

A MarketSearch Study

**2002 South Carolina Education Lottery
Player Demographic Study**

November 2002

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Introduction

Background and Purpose

This report presents the independent findings of a comprehensive Player Demographic Study conducted on behalf of the South Carolina Education Lottery in accordance with legislative mandates set forth in the Lottery Act of South Carolina.

The South Carolina Education Lottery launched on January 7, 2002. At the time of the launch, South Carolinians could only purchase and play Instant games, often referred to as “scratch” games.

On March 7, 2002, the Lottery offered the first online or draw game, Pick 3. On June 17th, 2002, the Lottery introduced another online game, Carolina 5. Then, on October 5th, 2002, the Lottery launched the multi-state game, Powerball.

Background and Purpose

In an effort to monitor the Lottery's penetration and impact on state residents, the legislature issues a mandate calling for "a complete report of a demographic analyses of lottery players . . . including income, age, sex, education and frequency of participation of players.

The mandate required that a demographic study be started within six months from the sale of the first game. Given the Lottery's launch date of January 7, 2002, the demographic study, in accordance with the Lottery Act, had to be started no later than June 7th, 2002.

The Phase 1 demographic study, conducted by independent contractor, Franks & Associates, was started prior to June 7th, 2002, the findings of which were used as a benchmark to survey player demographics during that initial six-month timeframe.

Background and Purpose

During the time period in which Phase 1 of the study was conducted, South Carolina Lottery players only had the opportunity to play instant games and the previously referenced online game, Pick 3.

MarketSearch conducted the Phase 2 demographic study in November 2002, in consultation with Franks & Associates, after the introduction of the Lottery's complete line of games, including the aforementioned instant games and Pick 3, along with Carolina 5 and Powerball.

Results from Phase 2 of the demographic study, which represents player access to the Lottery's entire line of games, acts as the final demographic report as mandated by the legislature. Comprehensive results of the second phase of the study are presented in this report.

Methodology

In accordance with SC Education Lottery directives, surveys for Phase 1 and Phase 2 were conducted by independent firms experienced in demographic analyses. Franks and Associates, which conducted Phase 1, has extensive experience with collecting Census data for South Carolina. MarketSearch, which conducted Phase 2, is a professional market research company with extensive experience in survey research, representative sampling, and demographic analyses.

The survey instrument was originally developed by Franks & Associates, incorporating input from outside consultants, with final approval from the SC Education Lottery.

Interviewing for both phases was conducted by telephone.

Methodology

Respondents include adults over the age of 18 with the exclusion of: lottery officials, elected or appointed officials, and individuals who work at retail locations where Lottery tickets are sold.

To ensure representativeness of the survey, the sample was stratified to match actual population distributions throughout the state. Regional quotas were established (based on telephone prefix, according to specifications established by Franks & Associates during Phase 1), as well as quotas for respondent gender and age.

Because African Americans are frequently under-represented in survey research, ethnicity was “weighted” during data processing to match the state’s actual distribution.

Methodology

For the purposes of this study, “players” are defined as those who have “ever” purchased a South Carolina Education Lottery ticket.

Overall, 1,245 interviews were completed with South Carolina residents meeting the qualification specifications. Of these, 587 identified themselves as “players” of the South Carolina Education Lottery.

“Players” were then interviewed regarding games played, frequency of play, dollars spent, and purchase dynamics, as well as demographic information.

Demographic information only was collected among “non-players.”

Summary of Research Specifications

- ✓ Methodology: Telephone Survey
- ✓ Interviewing conducted between November 8 and 14, 2002
- ✓ Respondent Distribution and Specifications:
 - Statewide, stratified sample
 - Adults, 18+
 - No Lottery employees, elected/appointed officials
 - Age and gender quotas
 - Weighted during data processing to reflect appropriate distribution of ethnicity
- ✓ Sample Size = 1,245 Total, 587 Lottery Players
- ✓ Sampling Error = $\pm 4.0\%$ at the 95 percent confidence level among players; $\pm 2.8\%$ at the 95 percent confidence level among the total sample.

Report Format

Findings presented in this report were collected during Phase 2 of the **South Carolina Education Lottery Player Profile Study**. Unless otherwise indicated, data are presented in percent and based on a weighted sample of 611 players or 1245 residents.

As a general guide, graphs with green bars are based on “players” only, while graphs with blue bars are based on the total sample.

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Summary of Key Findings

Summary of Key Findings

- ✓ Almost half (49%) of all adults in South Carolina have played the South Carolina Education Lottery.

- ✓ In order of play, Lottery games with the most players are:
 - Scratch Tickets;
 - Powerball;
 - Pick 3; and
 - Carolina 5.

- ✓ Consistent with Phase 1, results from Phase 2 indicate that the following demographic groups are disproportionately represented among SC Education Lottery players:
 - African Americans;
 - Residents under the age of 55;
 - Men; and
 - Those with less than a college degree.

Summary of Key Findings

- ✓ Demographic profiles vary somewhat according to frequency of play and specific games played.

In general, “frequent players” (those playing Lottery games more than once a week) tend to be skewed most heavily toward men, African Americans, and households with incomes under \$50,000.

As play becomes less frequent, incidence of play among women, Caucasians, and households with household income over \$50,000 tends to increase.

- ✓ Profile differences based on games played:
 - Scratch players tend to have a strong skew toward younger players, households with income under \$20,000, African Americans, and men.

Summary of Key Findings

- Pick 3 players are very heavily skewed toward African Americans and households with income between \$20,000 and \$50,000, with only minimal differences based on age and gender.
- Carolina 5 players are not as dramatically skewed toward African Americans (as Pick 3 players are) and have more diversity in household income. They are, however, more heavily skewed toward the 35 to 54 year old age groups.
- Powerball players tend to have the broadest penetration. Although they are heavily skewed toward men, they are drawing in more older residents, Caucasians, and households with incomes over \$80,000 than other Lottery games.

Summary of Key Findings

- ✓ At this point, Powerball also tends to have the most “loyal” players among non-scratch games.

Fully 45% of Powerball players indicate they buy tickets for *all* or *most* drawings. This compares to 34% for Carolina 5 and only 17% for Pick 3.

- ✓ Most players (58%) are “active” Lottery players, meaning they play one or more games at least a couple times a month. Only about 11%, however, play all four games.

While Scratch tickets and Powerball are the most played games, Powerball and Pick 3 represent the most highest average dollar expenditure per player each month.

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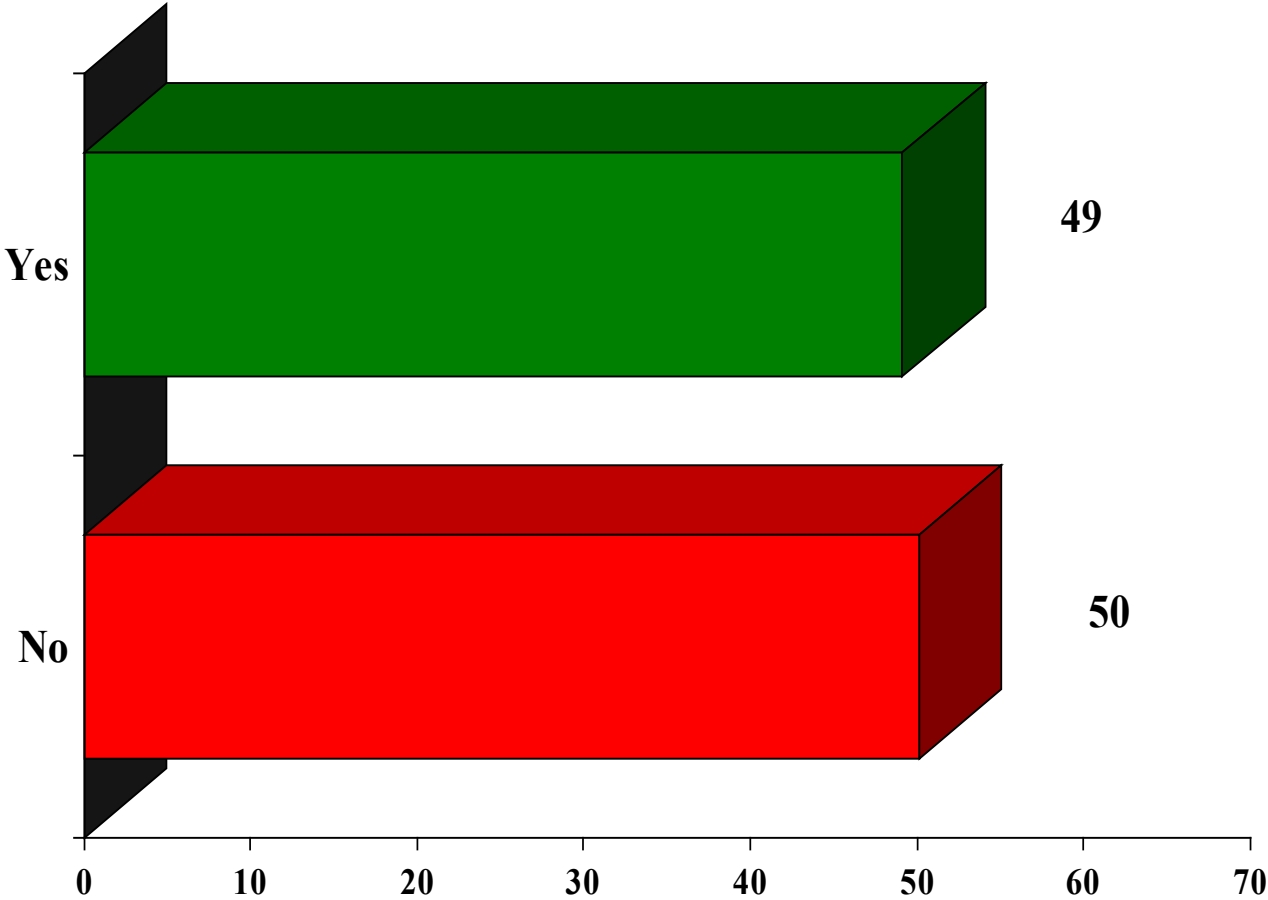
General Incidence of Lottery Play

General Incidence of Lottery Play

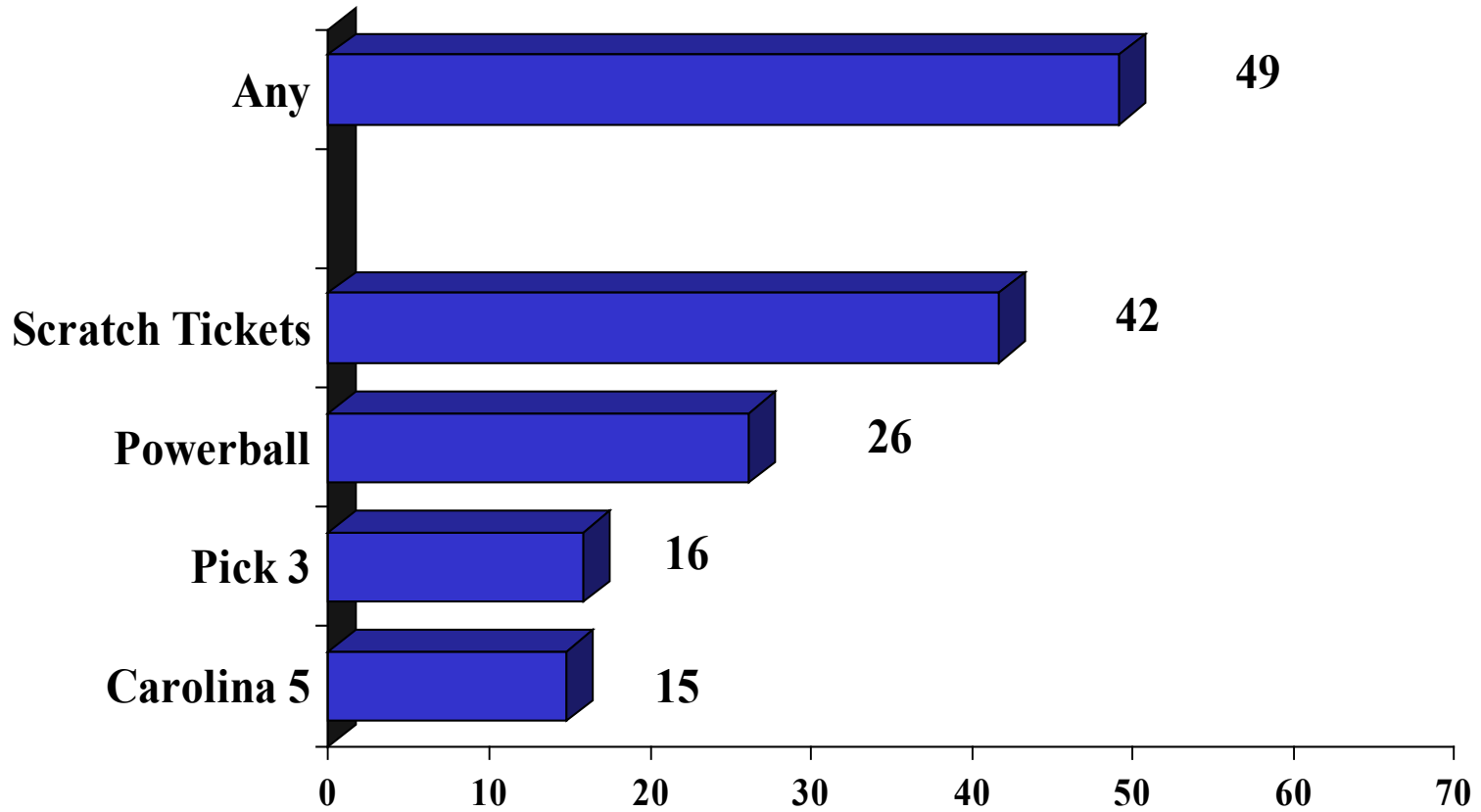
- ✓ Just under half (49%) of South Carolina adults indicate they have “ever” purchased as South Carolina Education Lottery ticket.
 - ✓ Scratch off lottery tickets are the most commonly played game, with 42% of all residents having bought at least one of these tickets since January.
- About one out of four (26%) has purchased a Powerball ticket from the SC Education Lottery, while purchase of Pick 3 (16%) and Carolina 5 (15%) tickets tends to be more limited.

Ever Played South Carolina Education Lottery

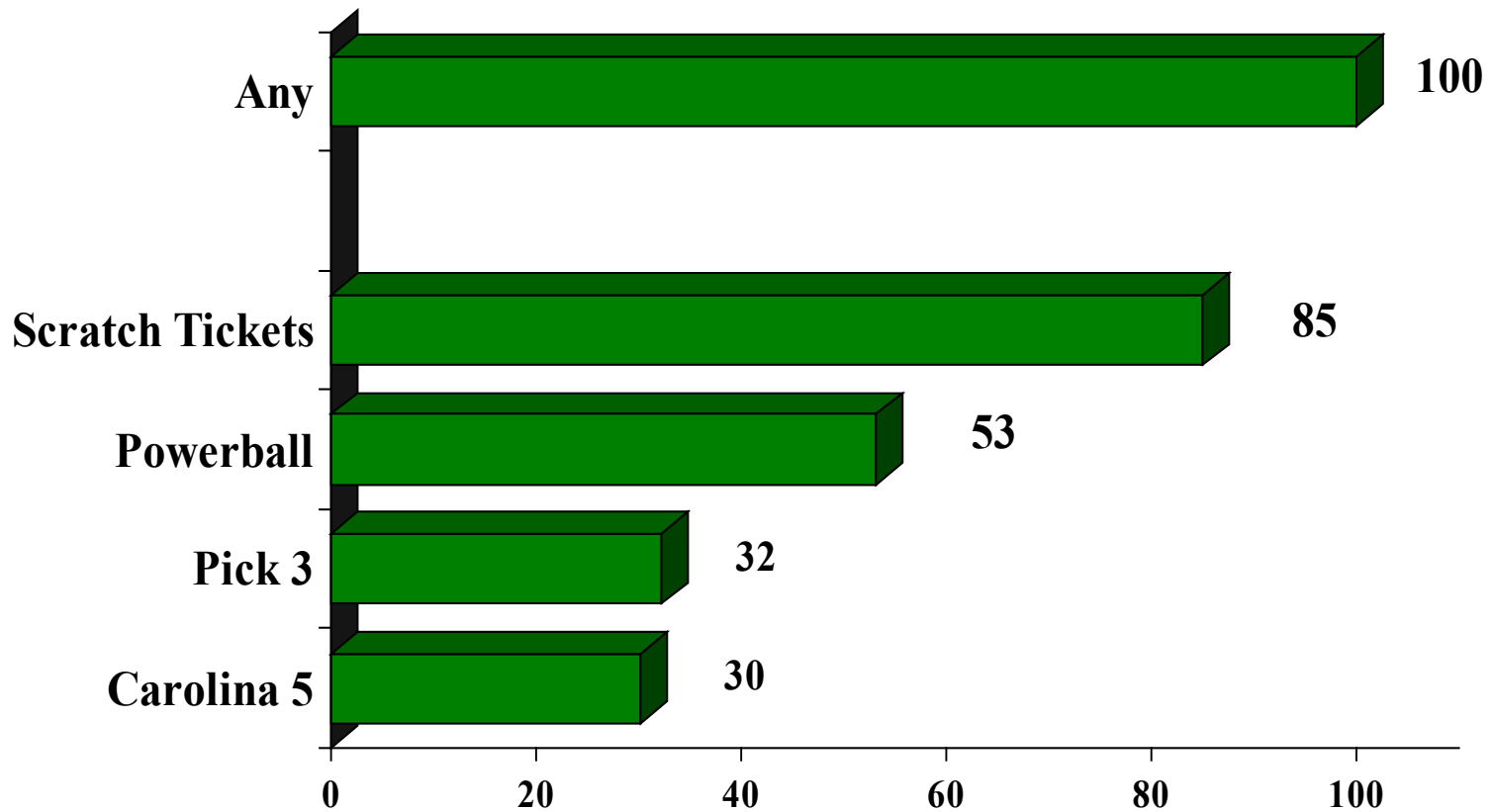
(among all SC residents)



Incidence of Specific Game Play (among all SC residents)



Incidence of Specific Game Play (among SC Education Lottery Players)



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Player Profile

Player Profile

- ✓ Consistent with findings from Phase 1, demographically, the majority of SC Education Lottery players:
 - are between the ages of 25 and 54 (67%);
 - are employed outside the home (67%);
 - are Caucasian (61%);
 - have at least some college education (60%);
 - have household incomes under \$50,000 (54%);
 - have 2 to 3 persons living in the household (54%); and
 - are married (51%).

Player Profile

- ✓ In large part, however, the reason that Lottery players have these demographic profiles is because these segments represent the majority of residents in general.

By looking at “incidence of Lottery play” among each of the demographic groups, we can get a better perspective of which segments are more inclined to play than others.

For example, 49% of all residents have played the South Carolina Education Lottery. Among African Americans, however, 60% have ever played. This compares to 44% of Caucasians. Therefore, although the majority of players are Caucasian, incidence is significantly higher among African Americans.

Player Profile

- ✓ The following demographic segments have a **disproportionately high incidence of Lottery play**:
 - African Americans (60%);
 - Those with household incomes between \$10,000 and \$40,000 per year (57% to 59%);
 - Those under 55 years of age (54% to 58%);
 - Those with High School or some College/Tech Education but no college degree (53% to 58%); and
 - Men (53%).

Player Profile

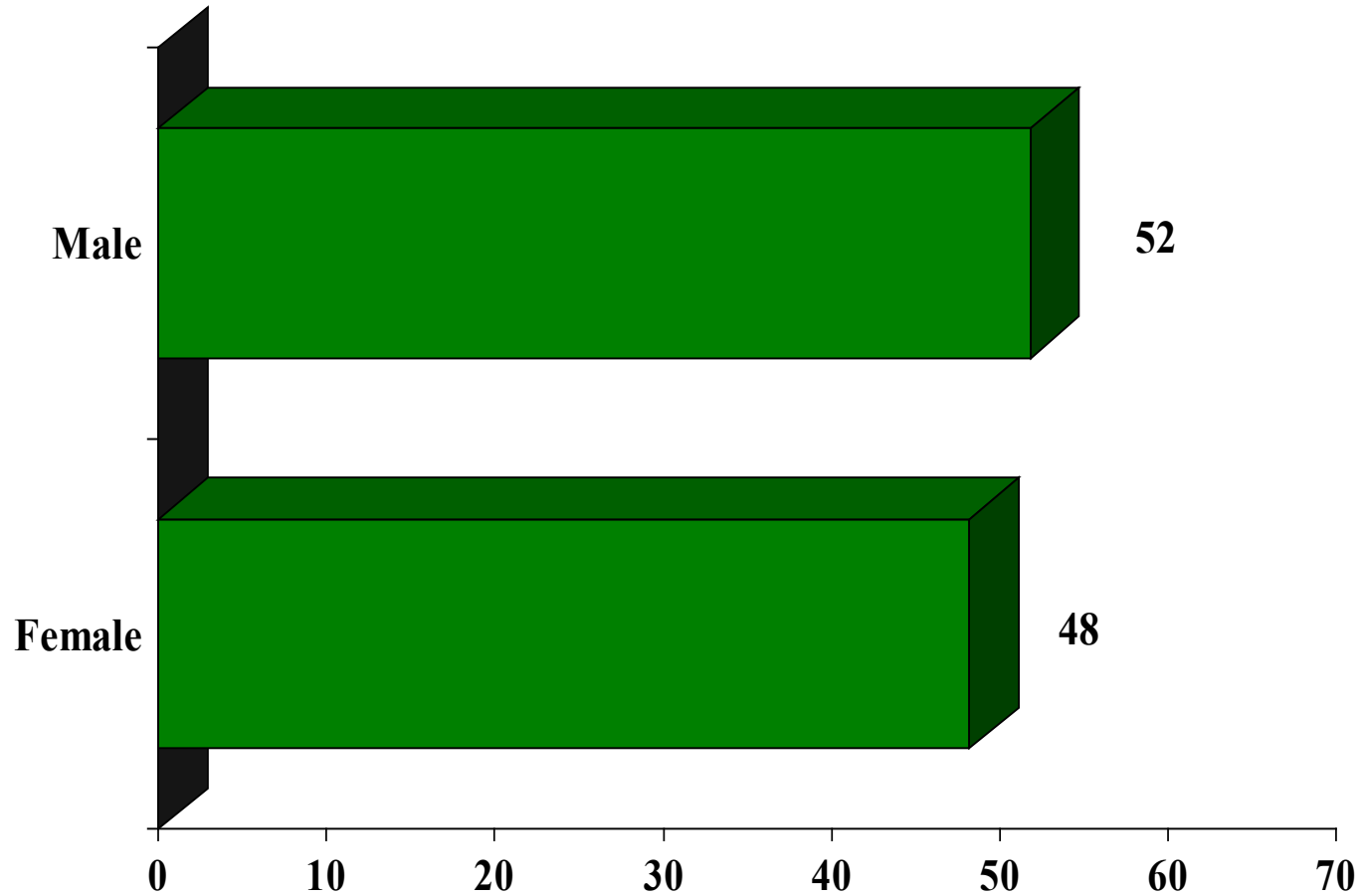
- ✓ Regionally, play tends to be evenly distributed throughout the state. Incidence of play, however, is disproportionately higher in the 843 area code.

Incidence of Lottery play by area:

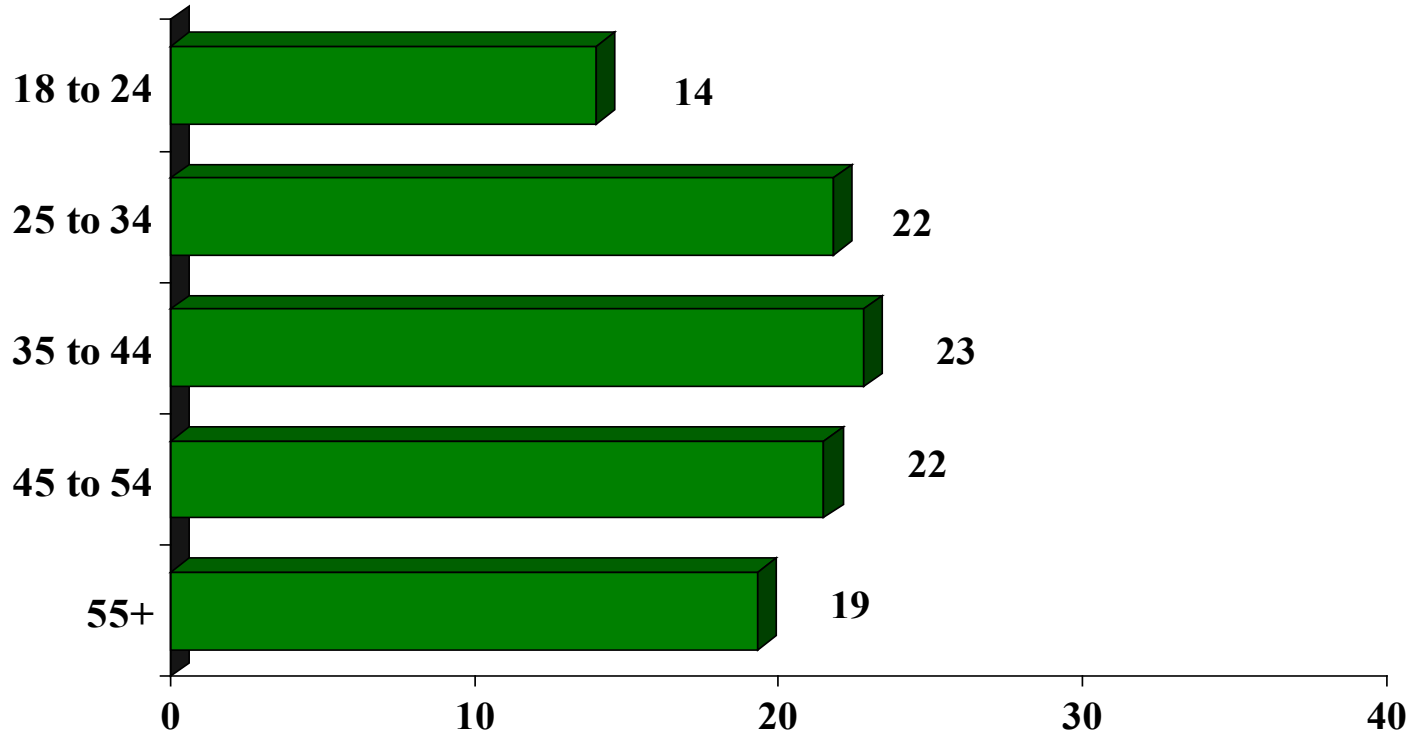
803	48%
843	54
864	45

- ✓ These findings are also generally consistent with findings from Phase 1.

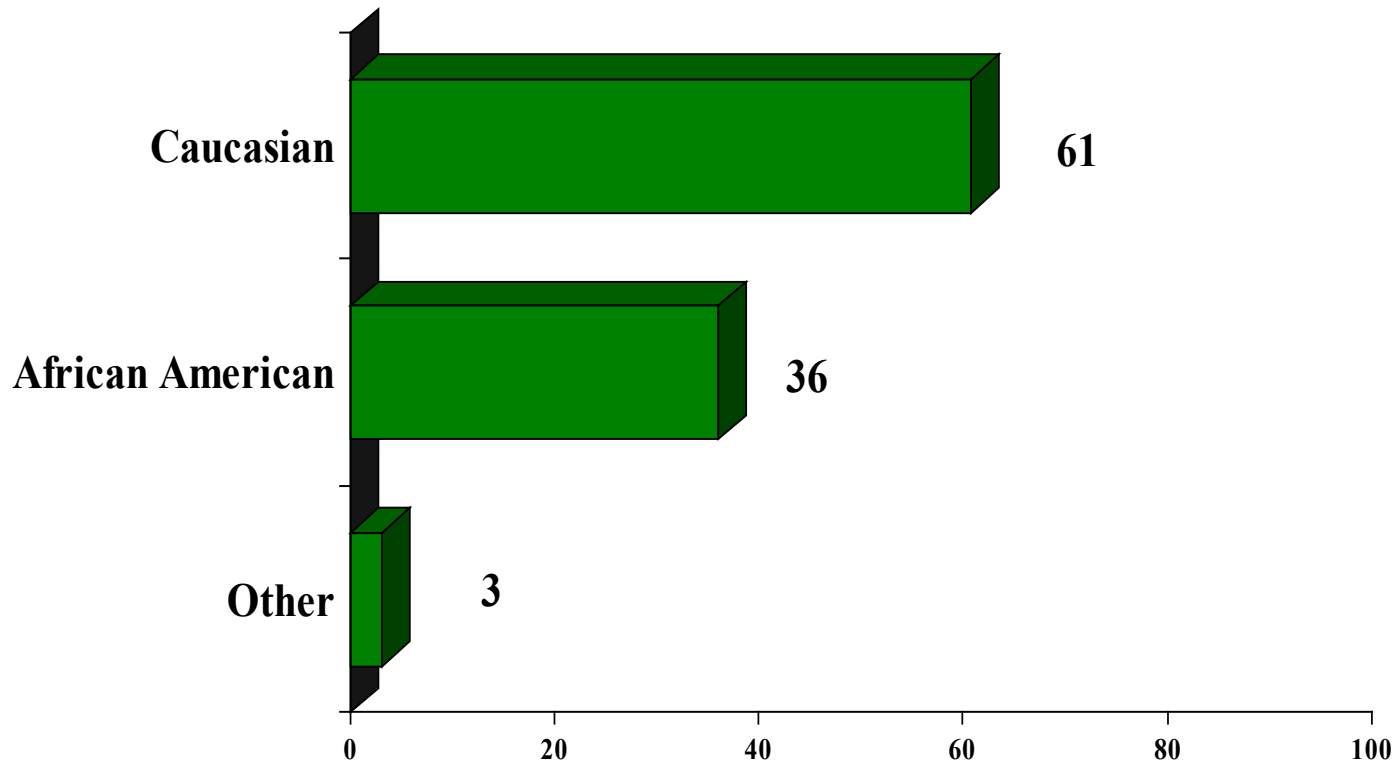
Player Demographics: Gender



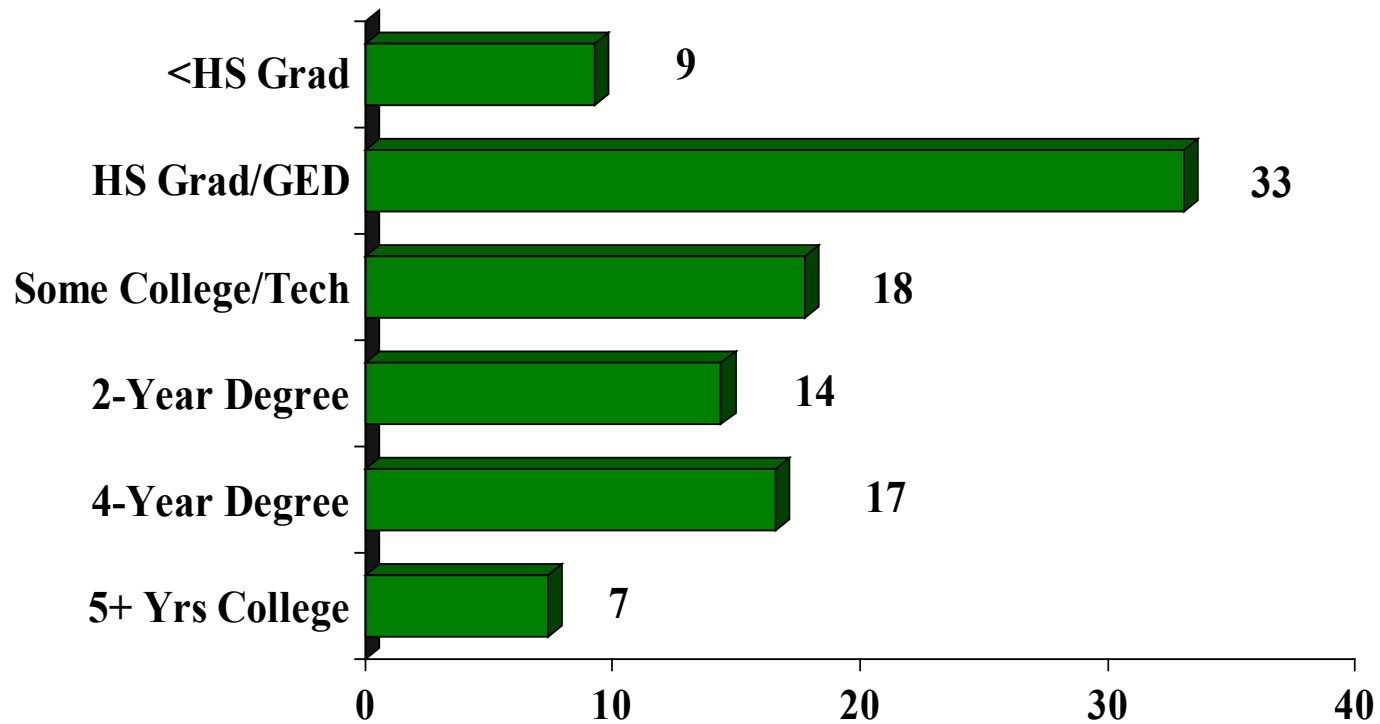
Player Demographics: Age



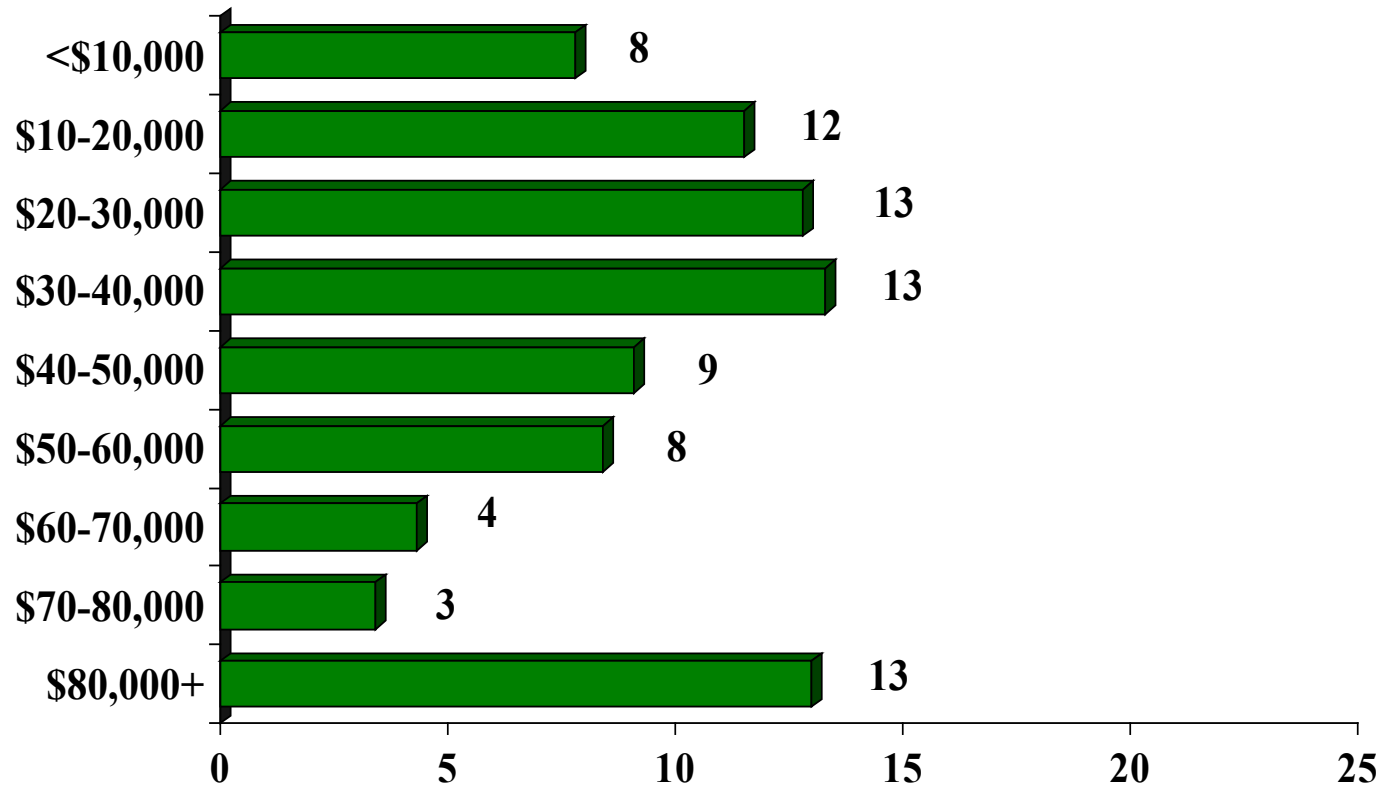
Player Demographics: Ethnicity



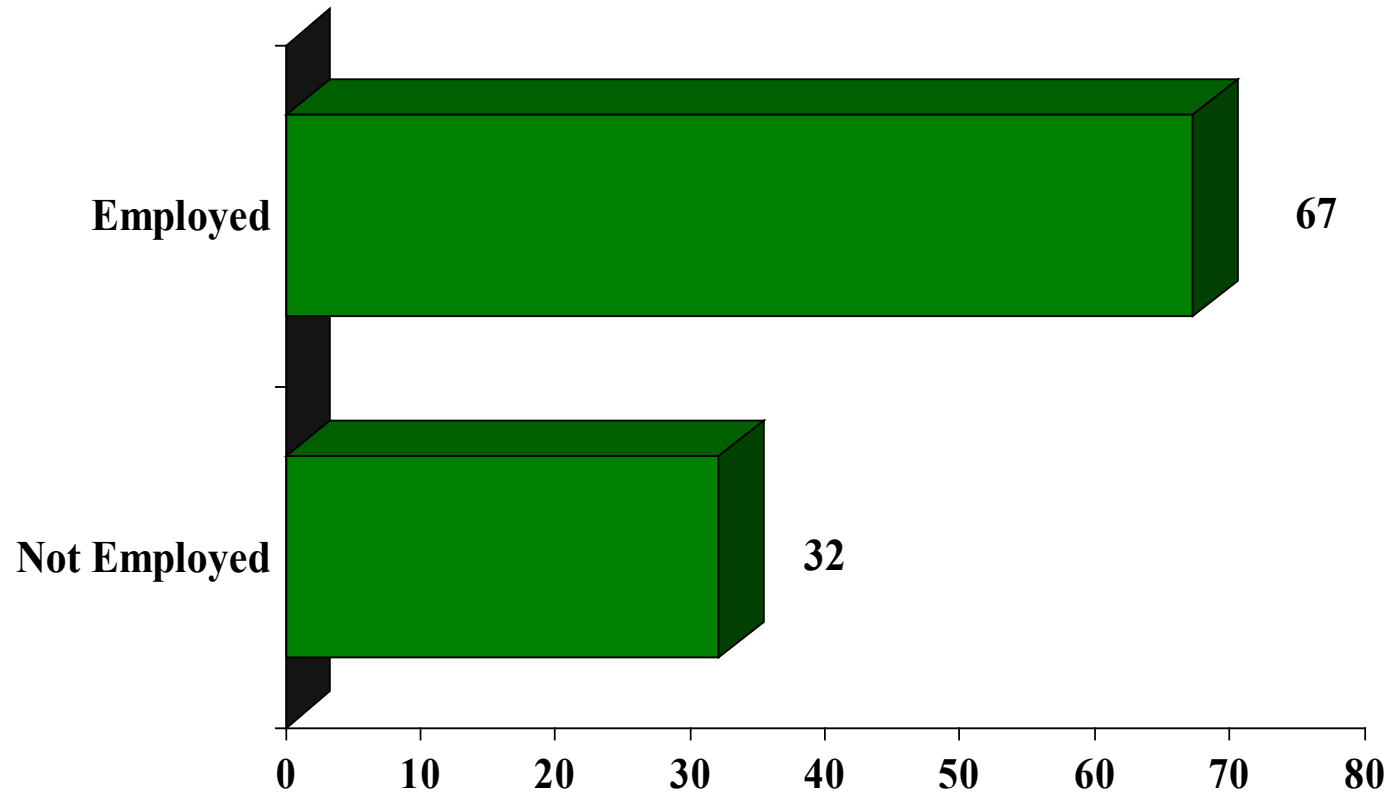
Player Demographics: Education



Player Demographics: Household Income

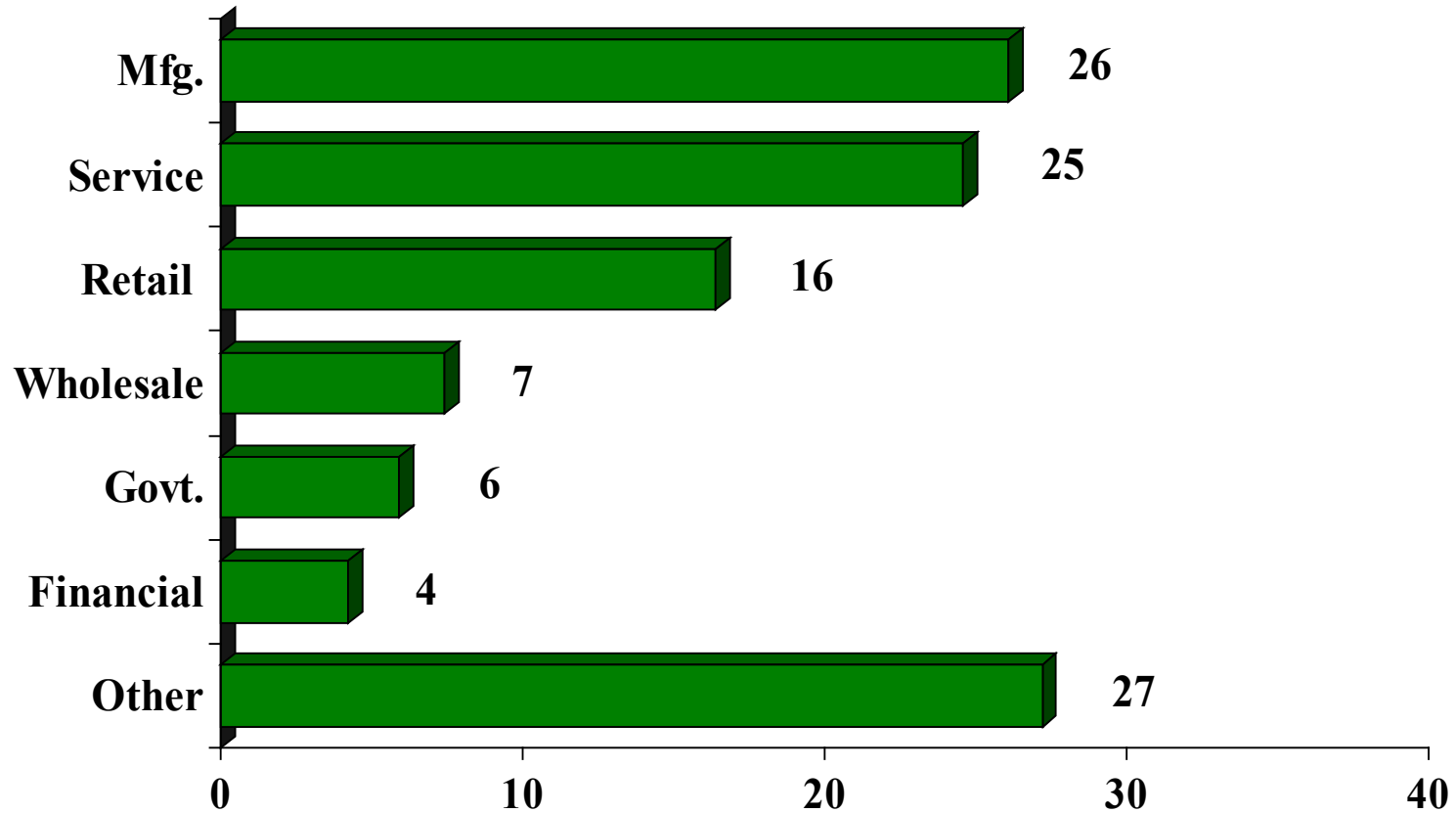


Player Demographics: Employment



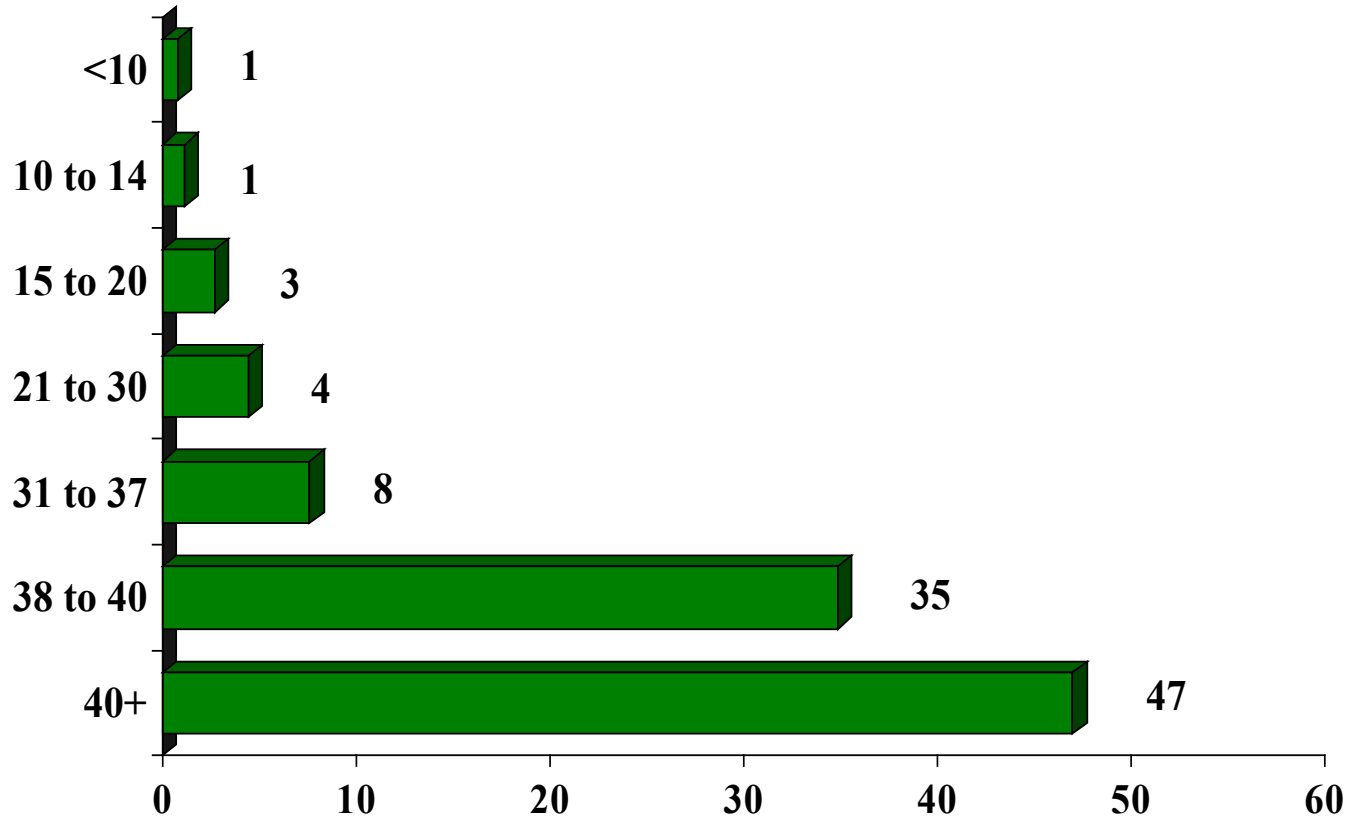
Player Demographics: Type of Business/Industry

(among those employed outside the home, N = 411)



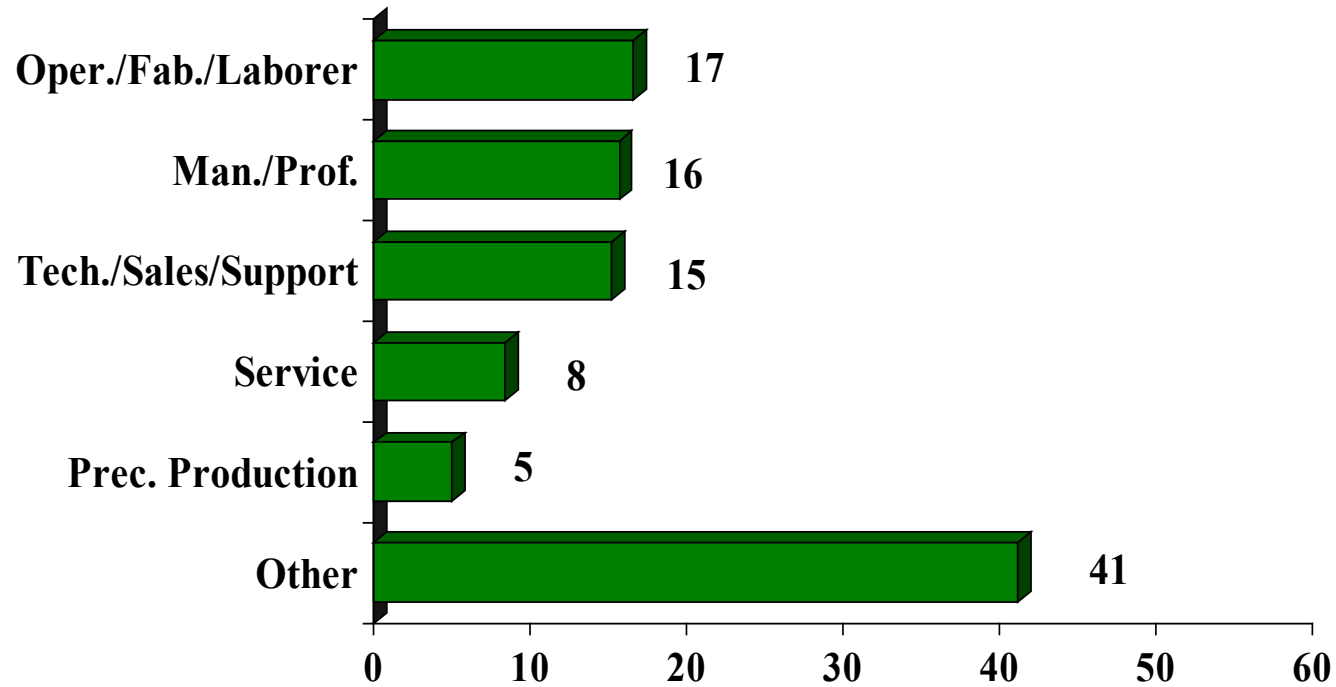
Player Demographics: Number of Hours Worked Per Week

(among those employed outside the home, N = 411)

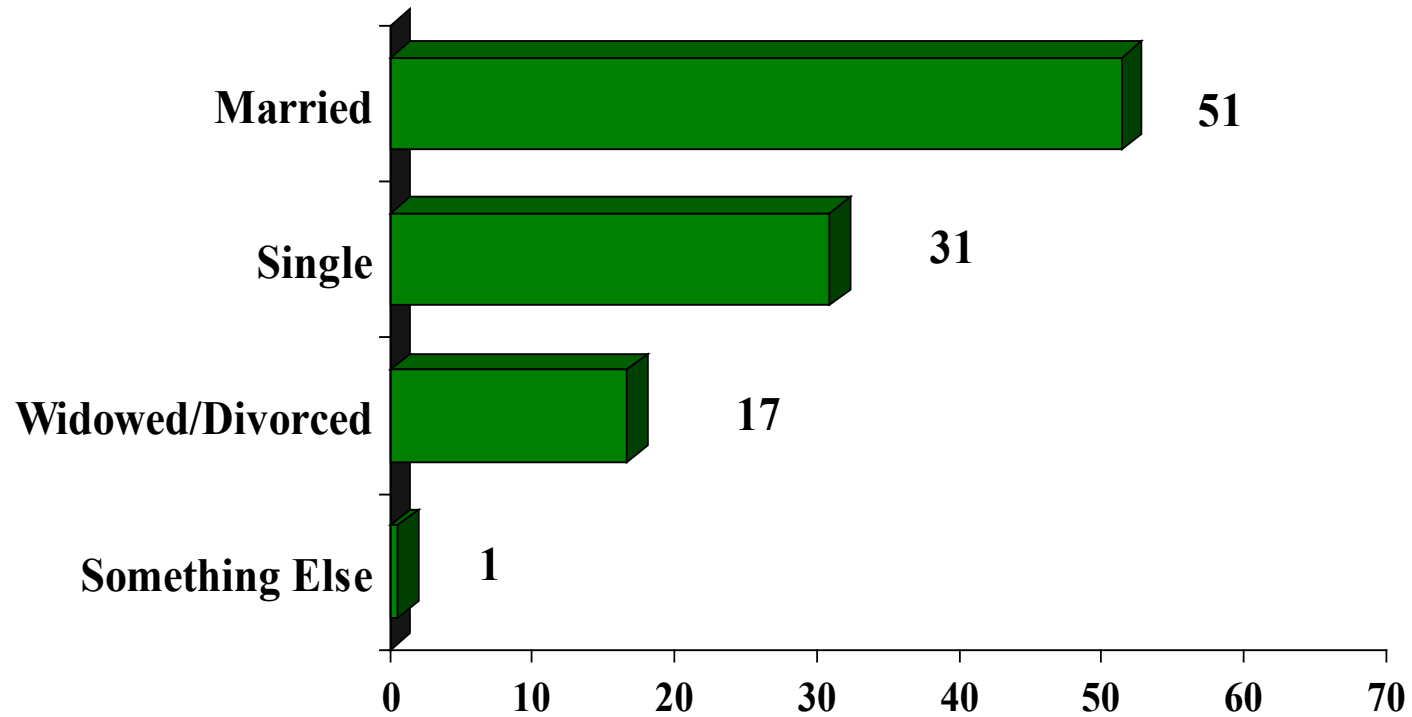


Player Demographics: Job Function

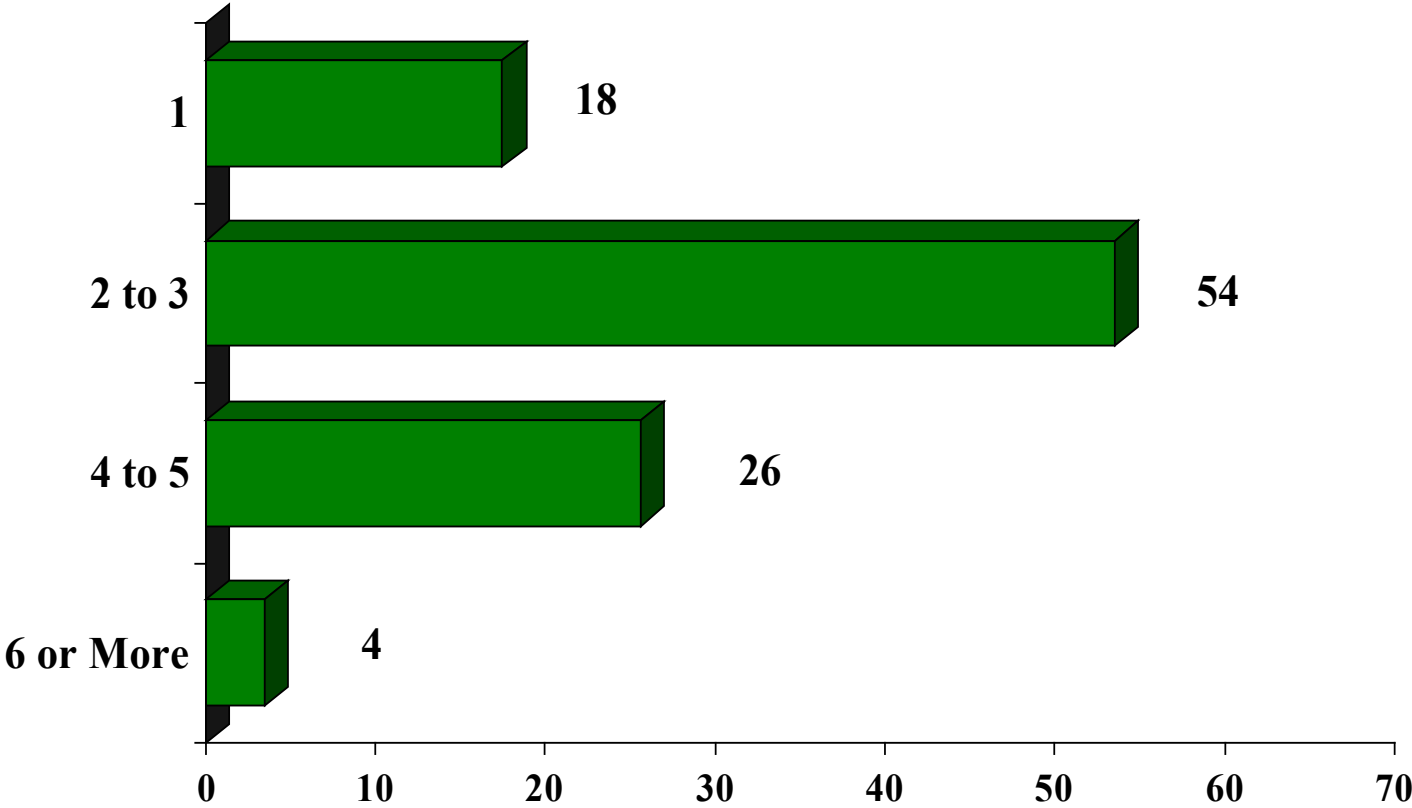
(among those employed outside the home, N = 411)



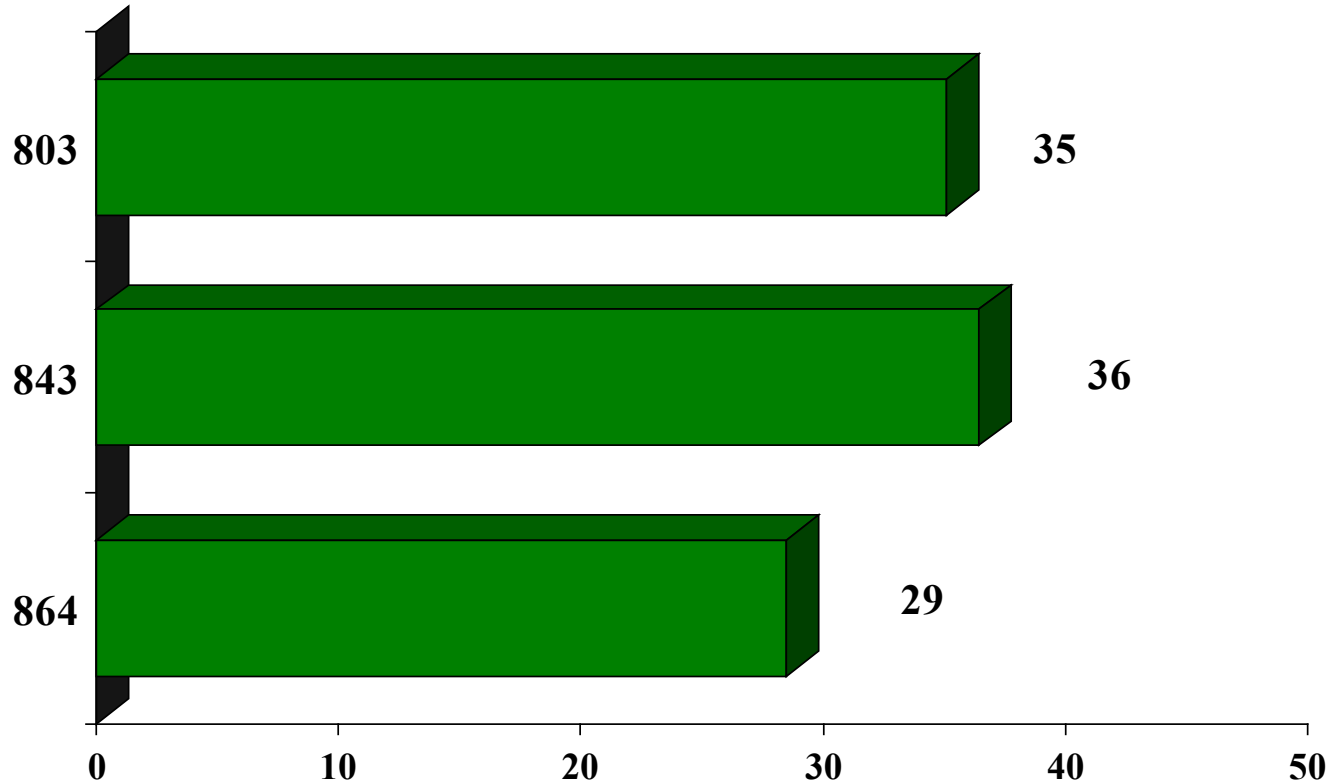
Player Demographics: Marital Status



Player Demographics: Household Size

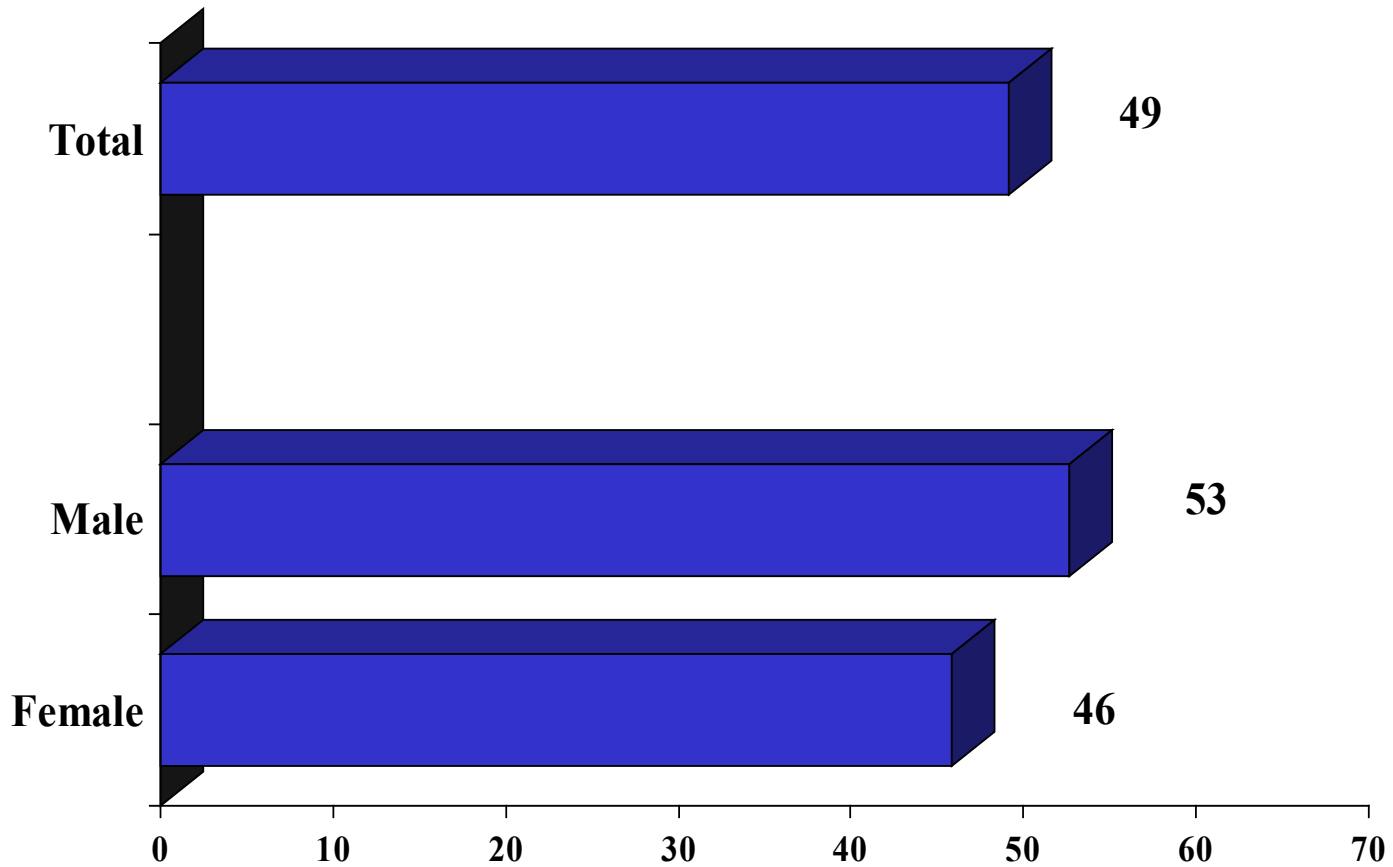


Player Demographics: Area Code



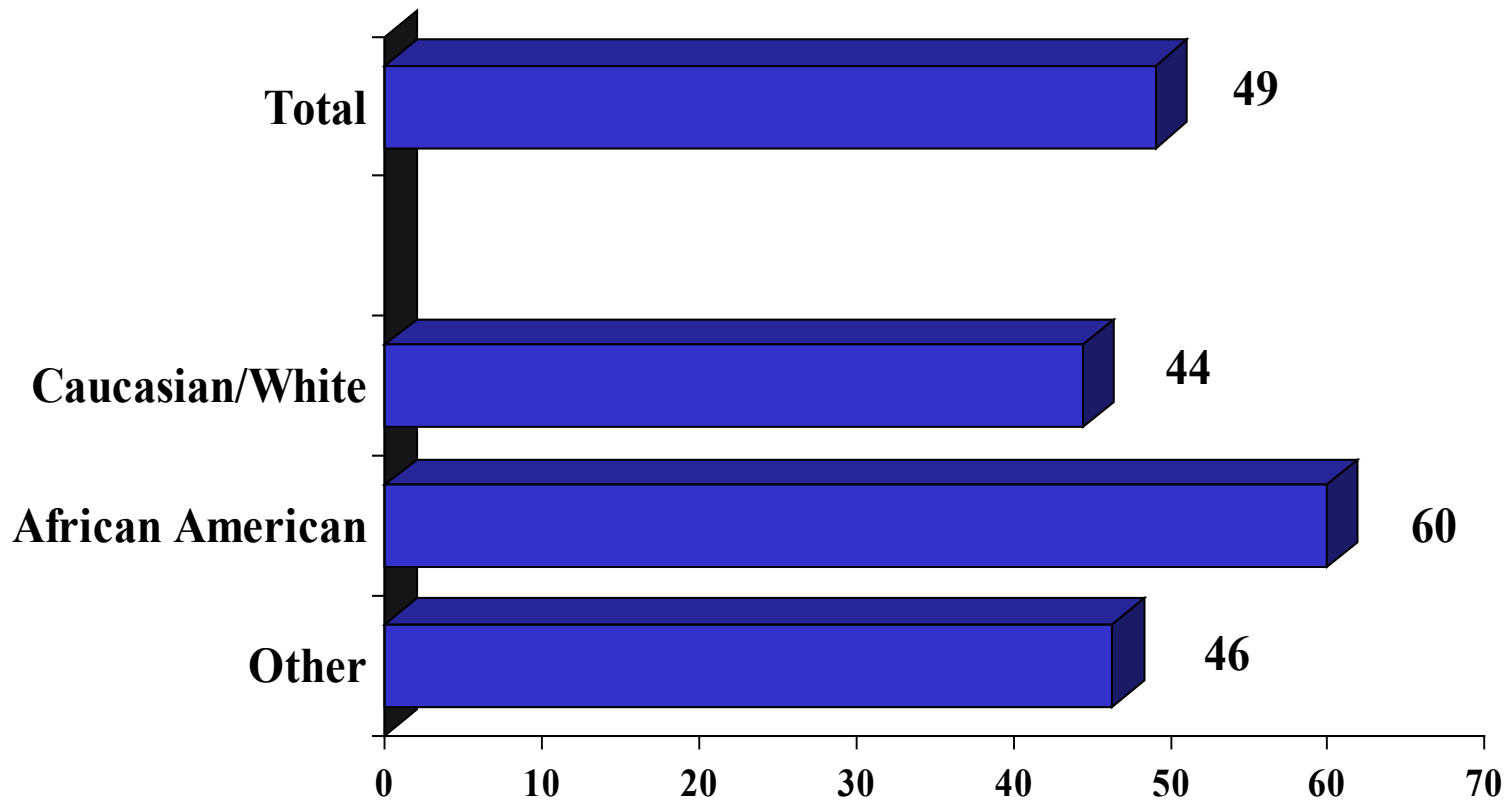
Player Incidence by Gender

(among all SC residents)



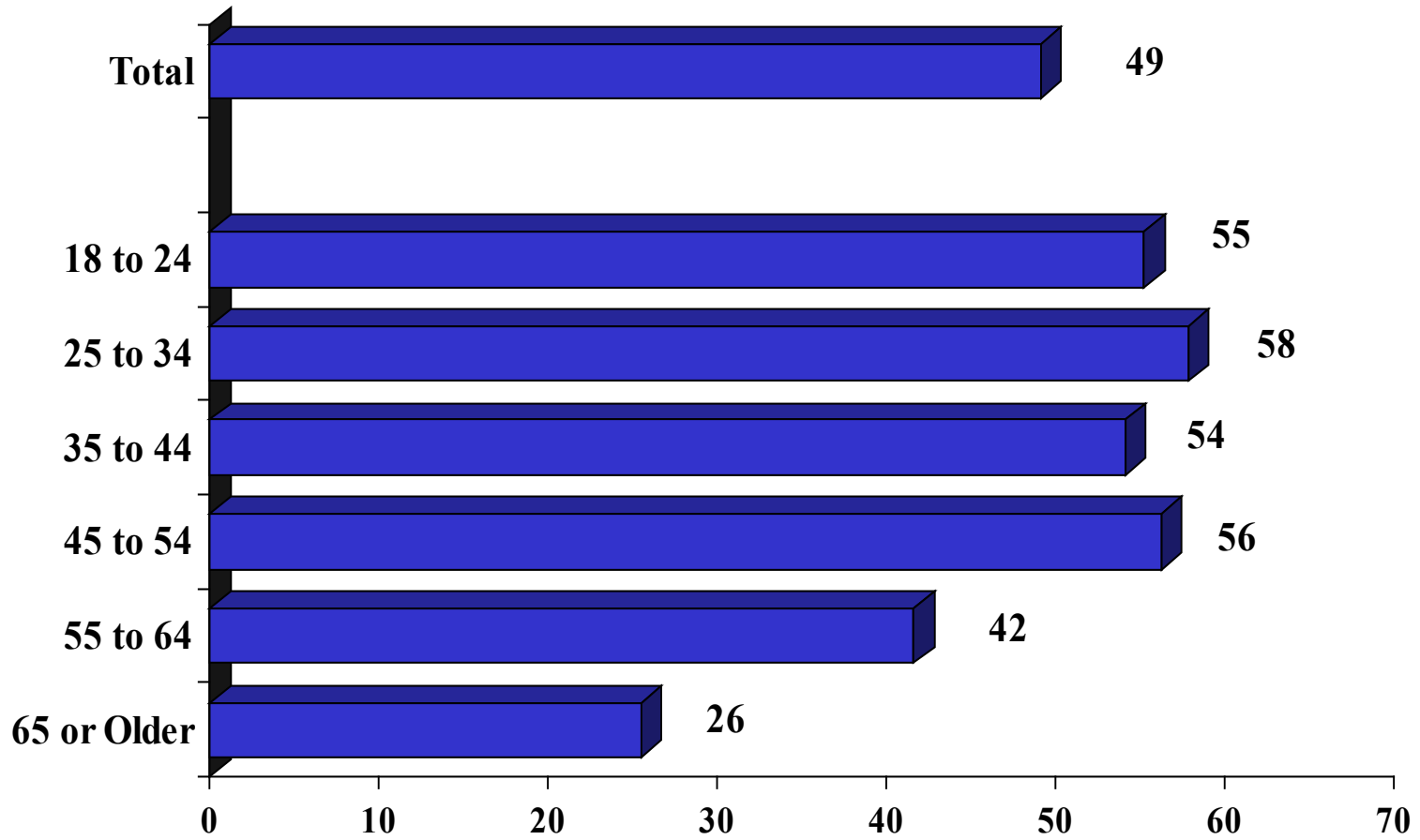
Player Incidence by Ethnicity

(among all SC residents)



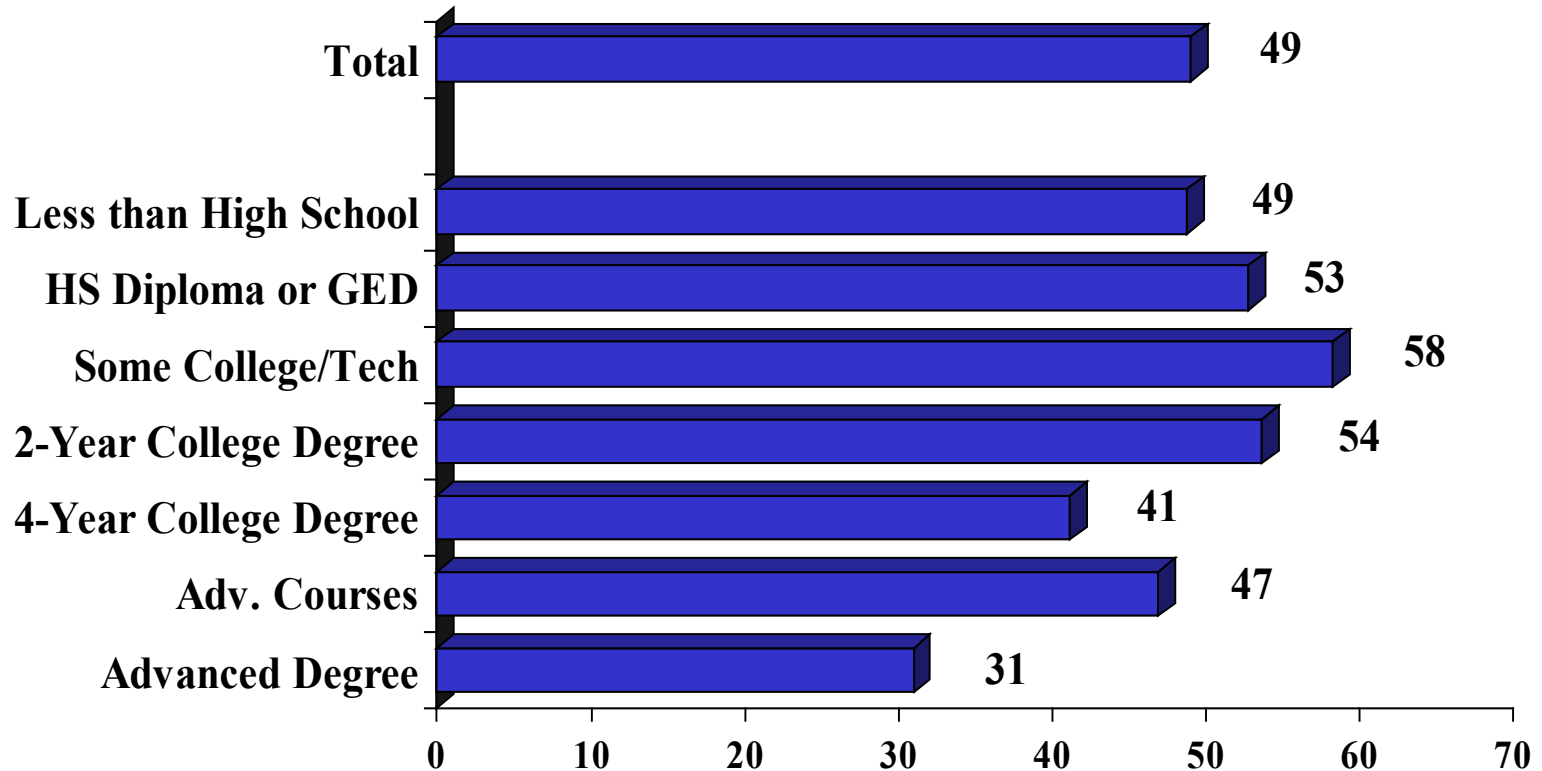
Player Incidence by Age

(among all SC residents)



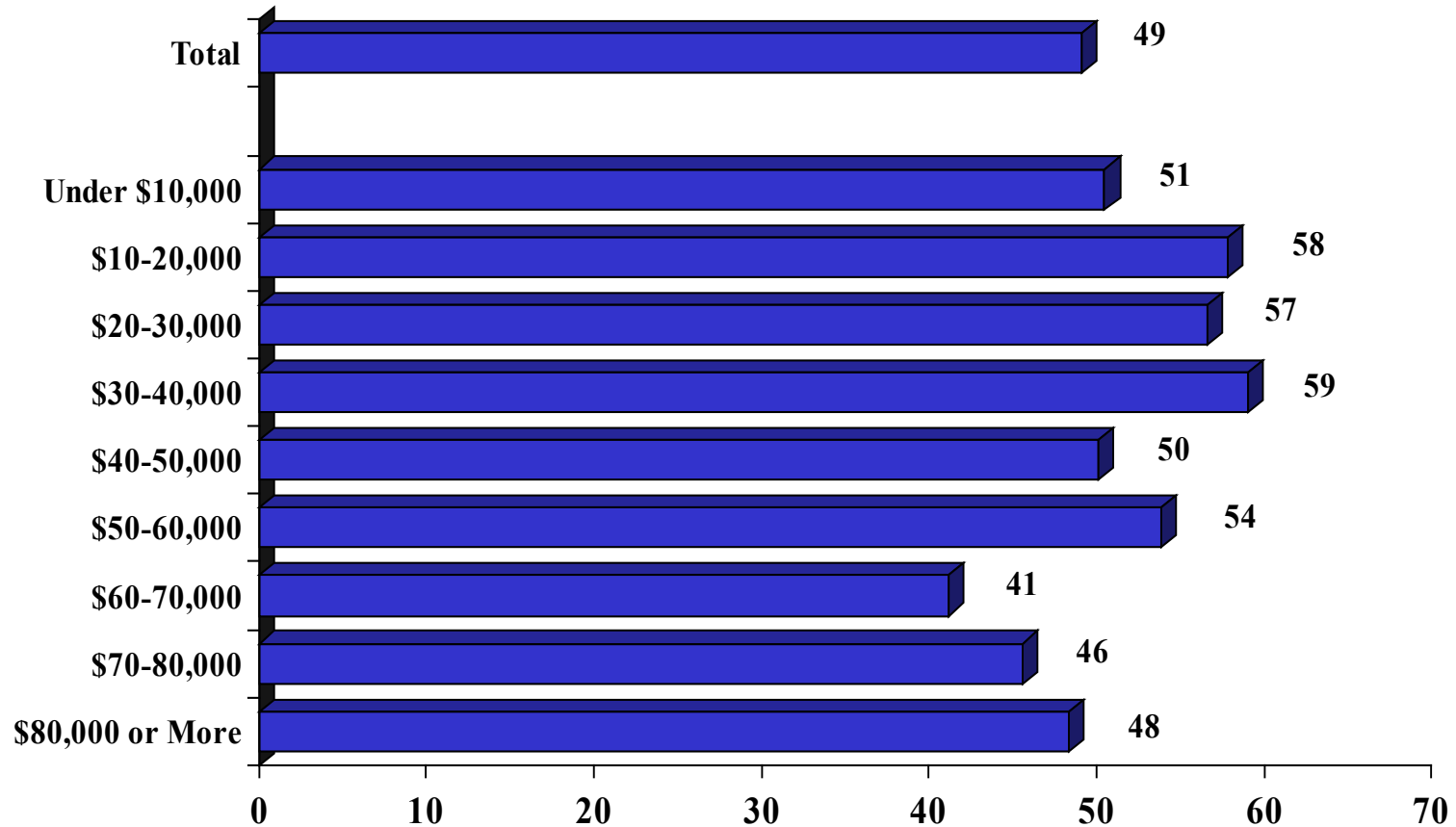
Player Incidence by Education

(among all SC residents)



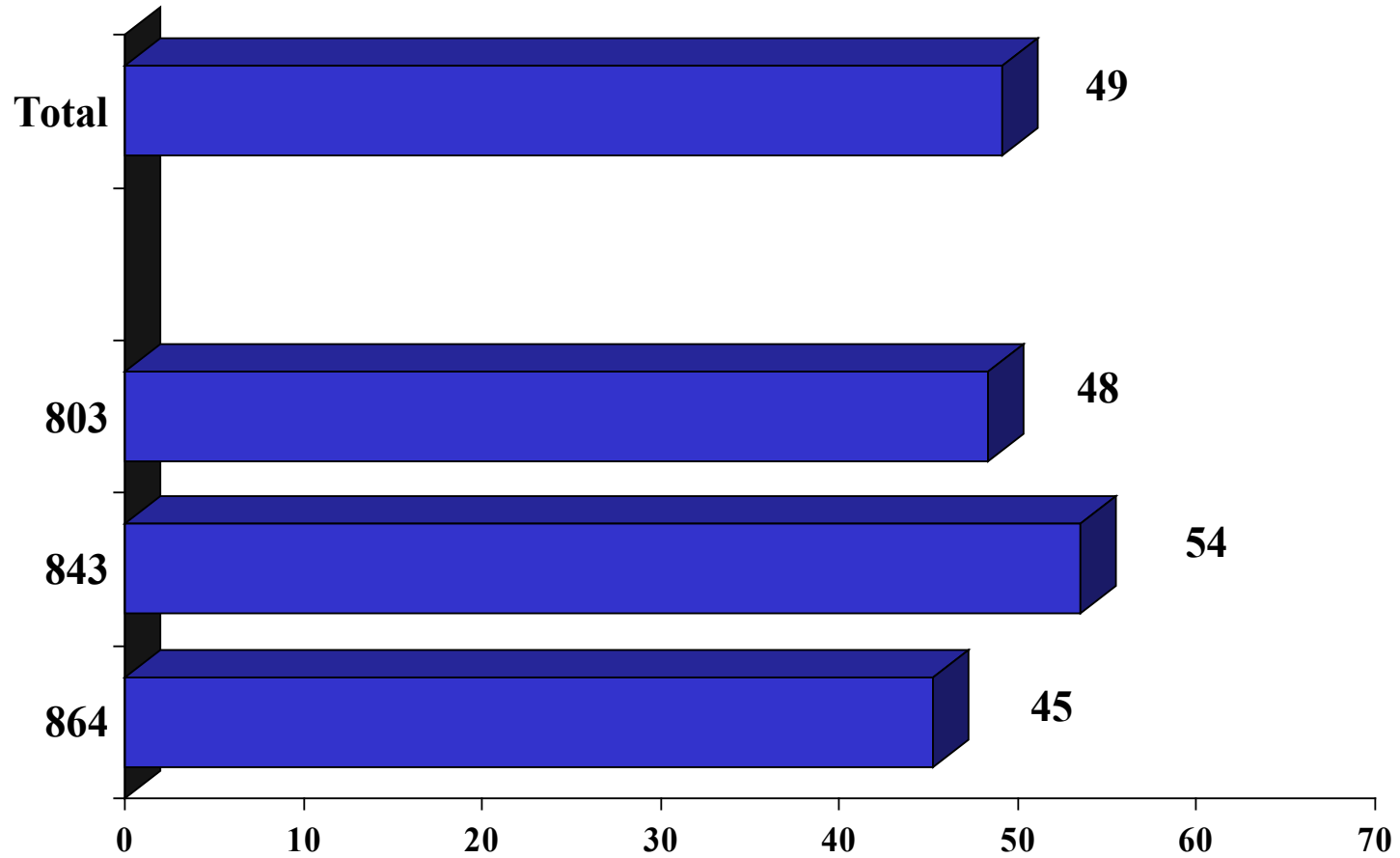
Player Incidence by Household Income

(among all SC residents)



Player Incidence by Area

(among all SC residents)



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Dynamics of Lottery Play

Dynamics of Lottery Play

- ✓ Players have been categorized in the following categories based on their frequency of play of any SC Education Lottery game:
 - “Frequent” – buy tickets for any game/games more than once a week – 18% of all players;
 - “Regular” - buy tickets for any game/games about once a week – 21% of all players;
 - “Occasional” – buy tickets for any game/games one to three times a month – 31% of all players; and
 - “Infrequent” – buy tickets for any game/games less than once a month – 30% of all players.

Dynamics of Lottery Play

- ✓ Most players play a combination of lottery games, but not necessarily all of them.

Among players, only 11% have ever played all four games.

Nearly a third (31%) play scratch off games exclusively, but only 5% play Powerball exclusively.

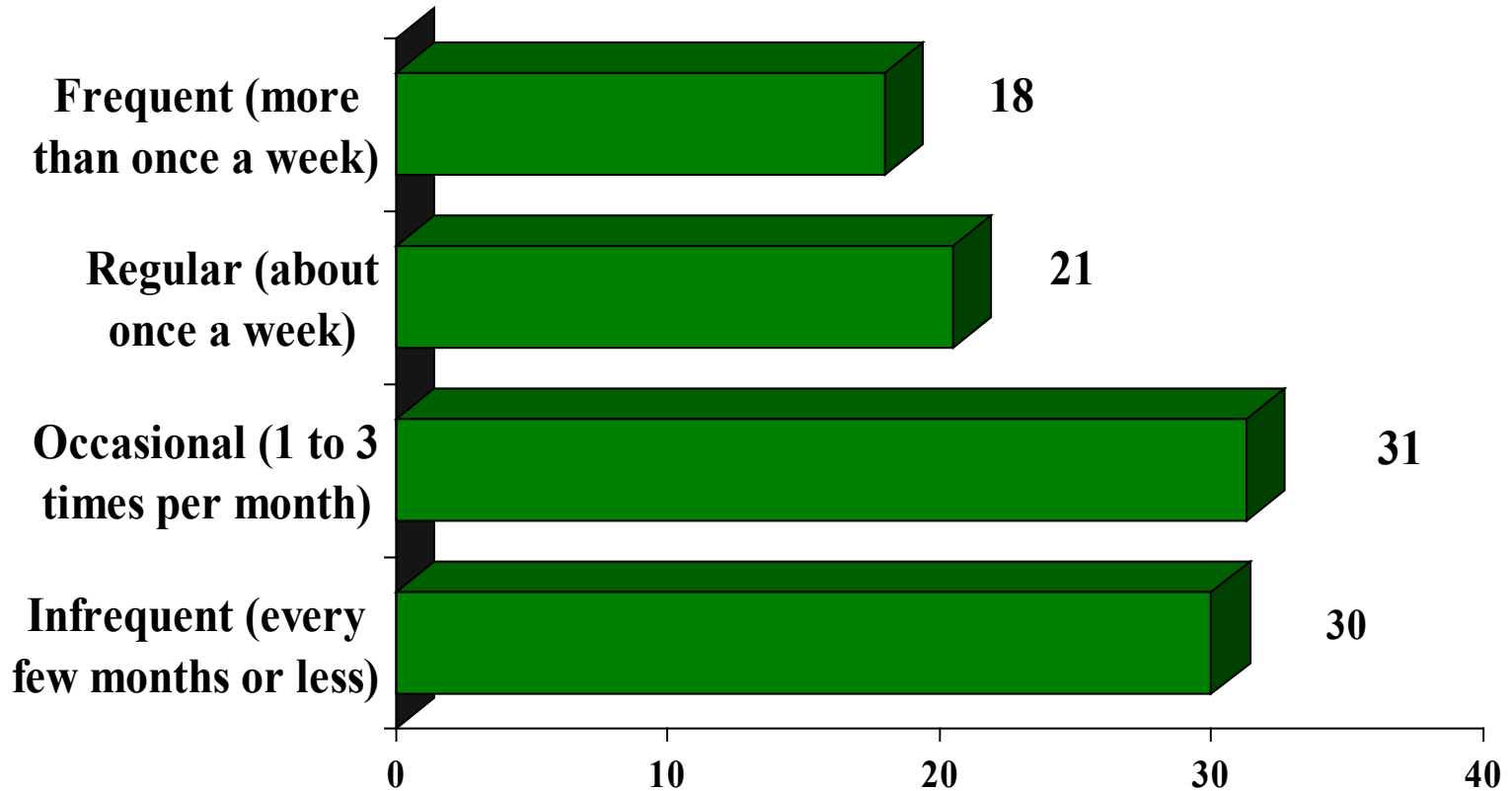
- ✓ Fifty eight percent (58%) of players are classified as “Active,” being that they play lottery games at least a couple times a month.
 - 43% of SC Lottery players buy scratch tickets at least a couple times a month;
 - 34% buy Powerball tickets at least a couple times a month;

Dynamics of Lottery Play

- 19% buy Carolina 5 tickets at least a couple times a month;
and
- 16% buy Pick 3 tickets at least a couple times a month.

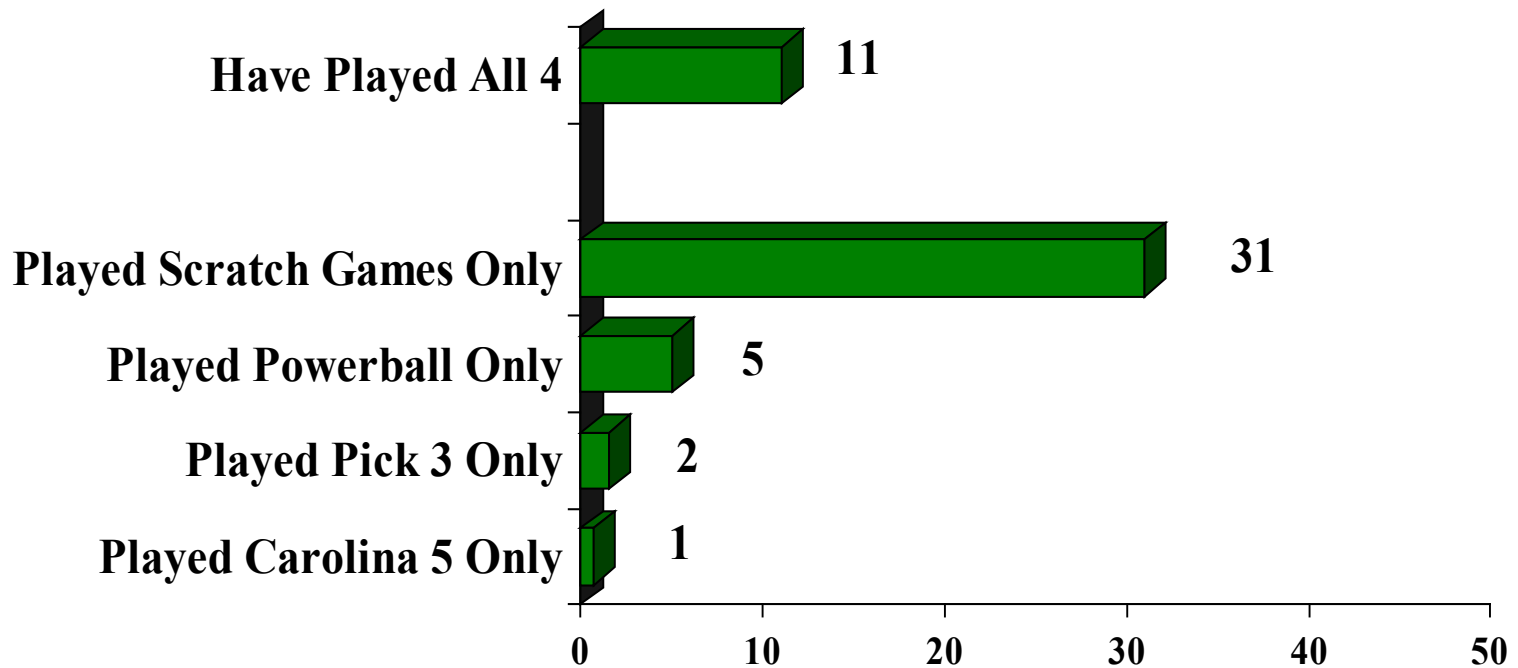
General Frequency of Play

(any game, among SC Education Lottery Players)



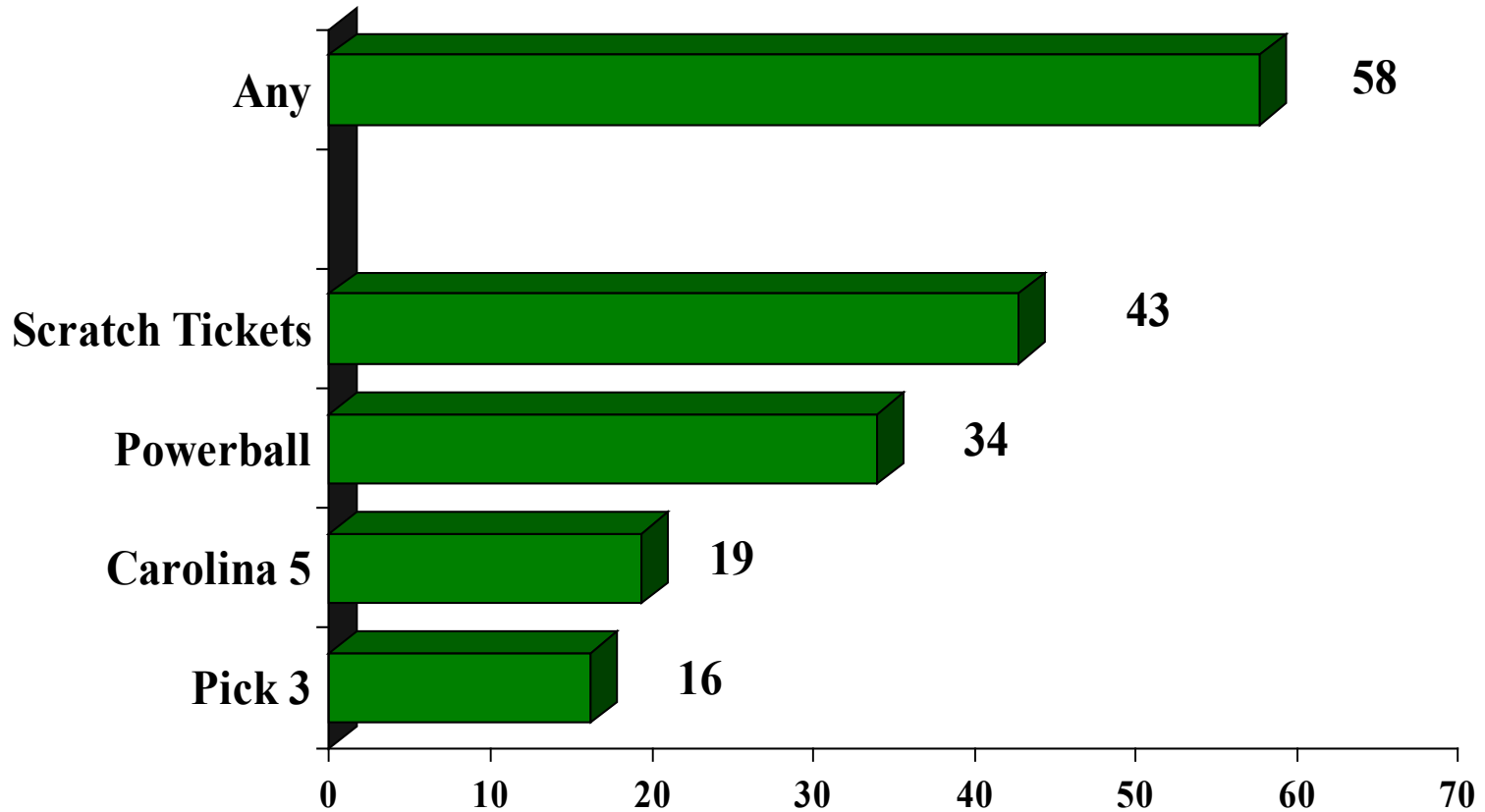
Game Combinations Played

(among SC Education Lottery Players)



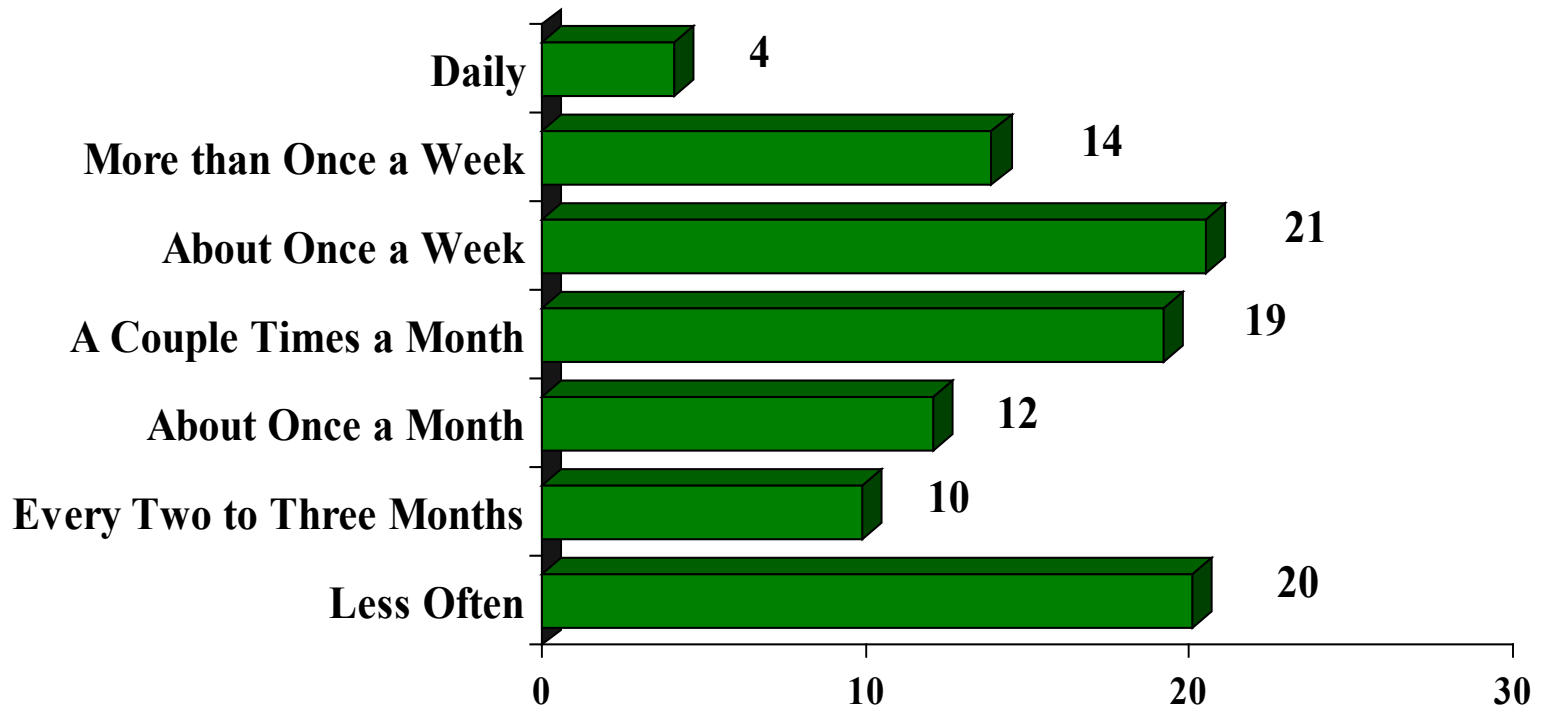
Incidence of “Active” Game Play

(buy lottery tickets at least a couple times a month,
among SC Education Lottery Players)



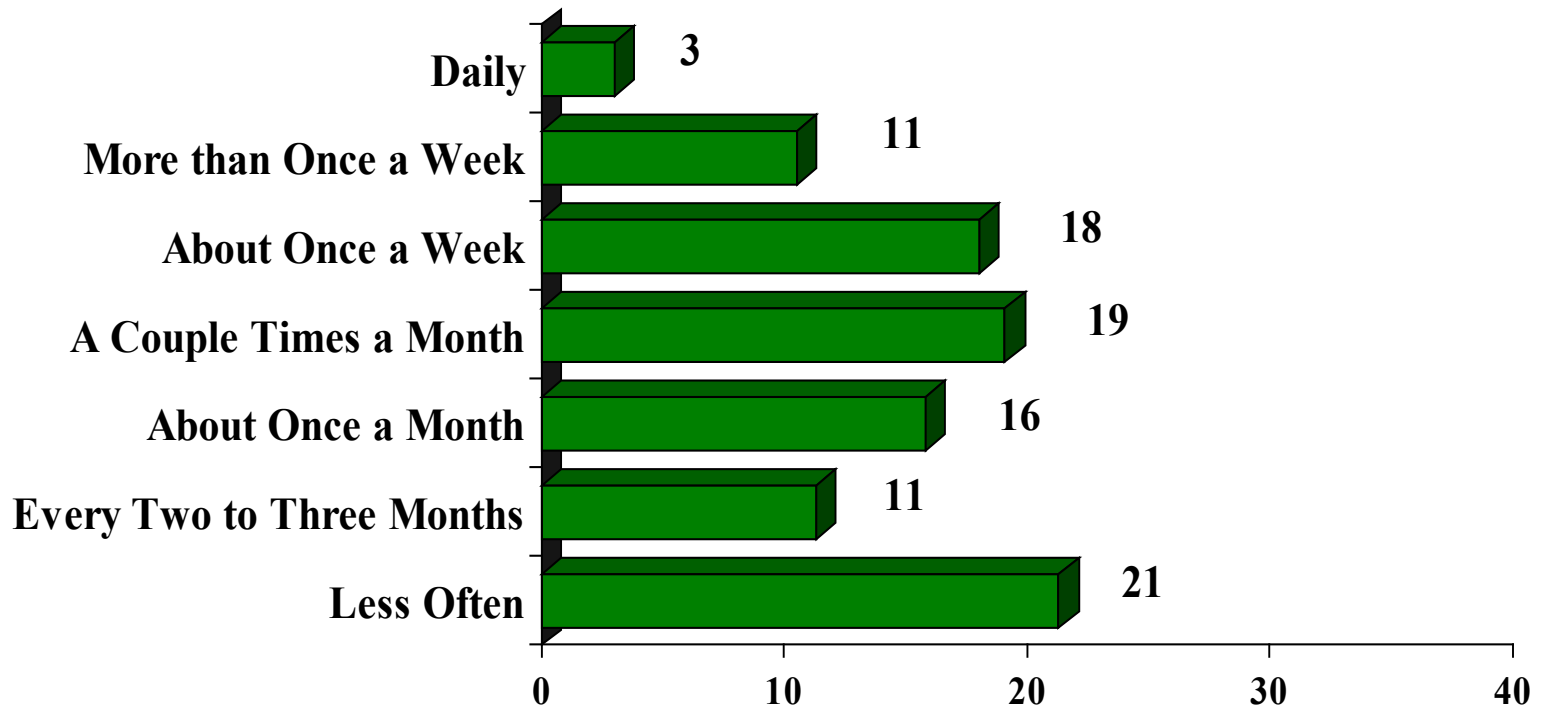
General Frequency of Lottery Play Since January

(among SC Education Lottery Players)



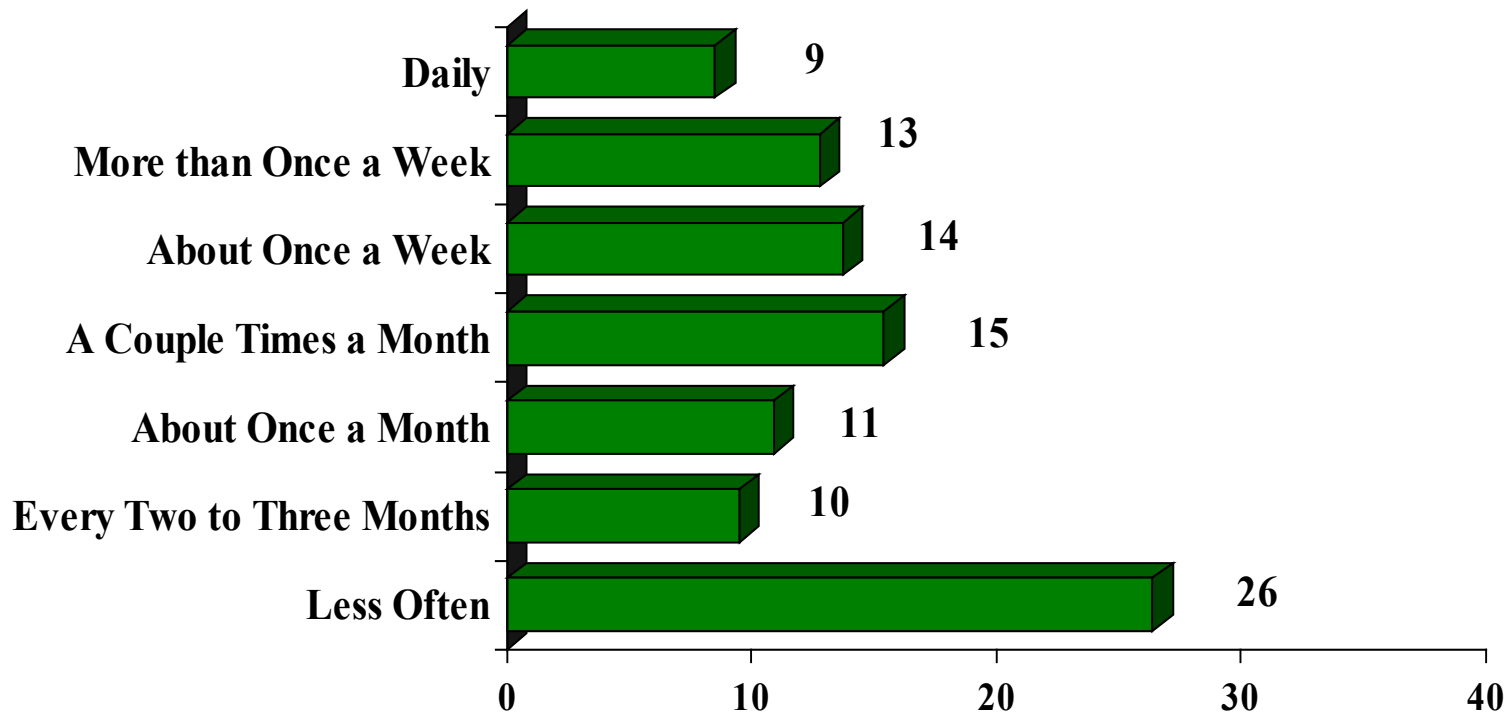
Frequency of Scratch Ticket Play

(among those who have ever purchased a SCEL Scratch ticket, N = 519)



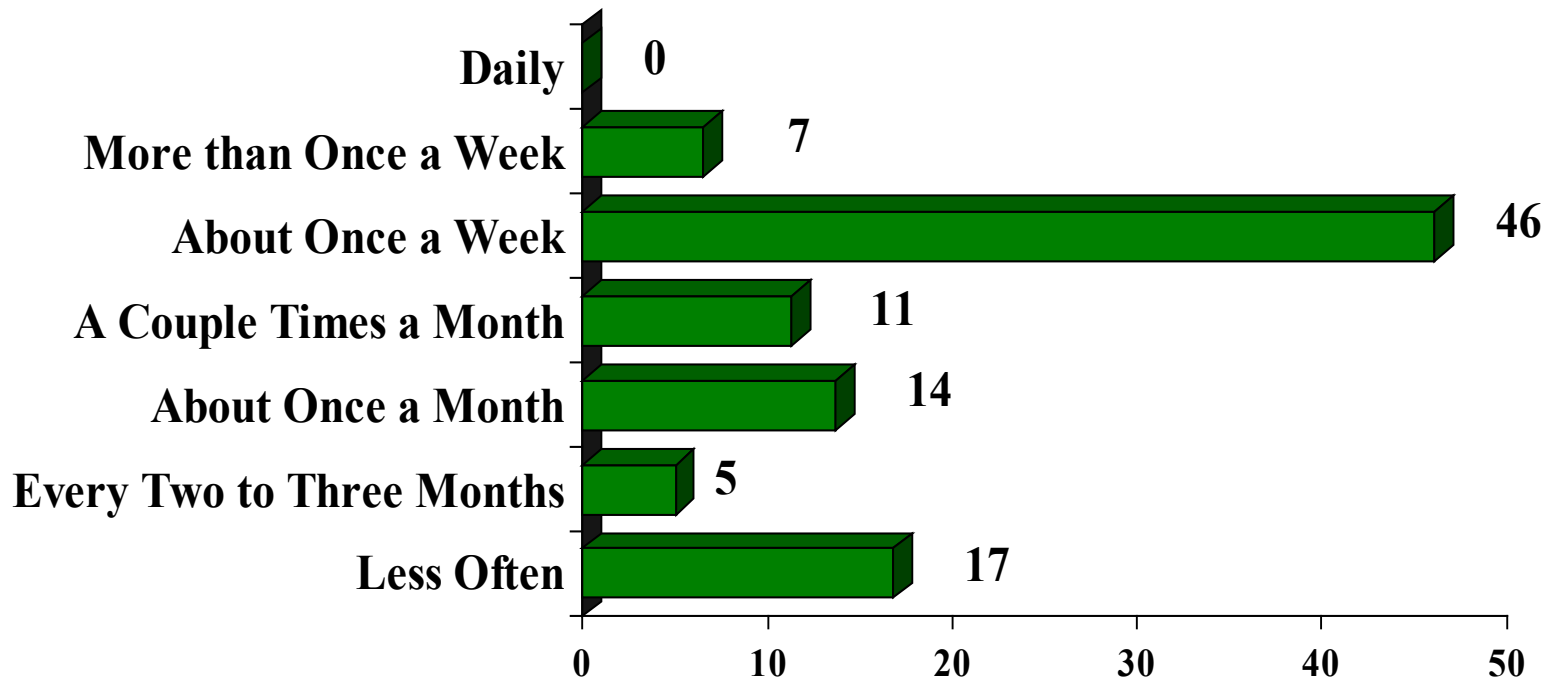
Frequency of Pick 3 Play

(among those who have ever purchased a SCEL Pick 3 ticket, N = 196)



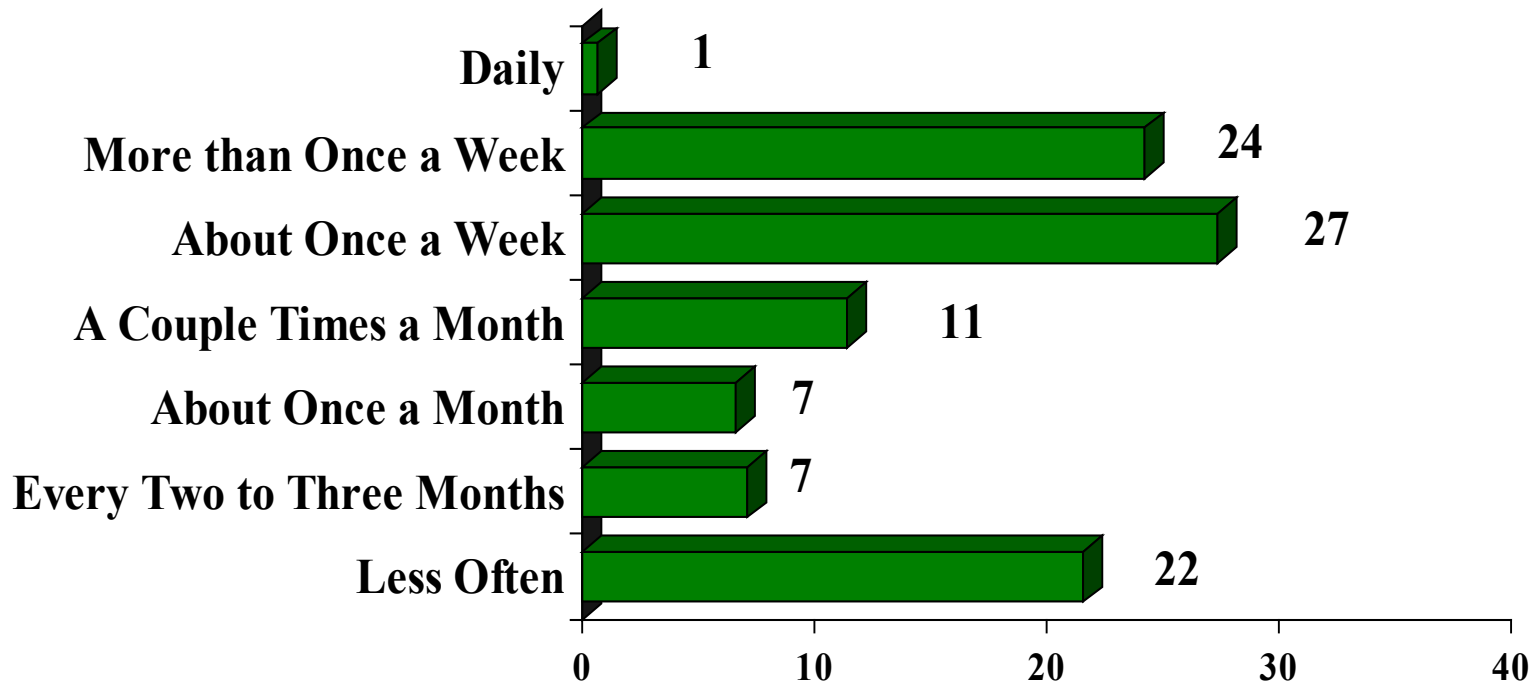
Frequency of Carolina 5 Play

(among those who have ever purchased a SCEL Carolina 5 ticket, N = 185)



Frequency of Powerball Play

(among those who have ever purchased a Powerball ticket from SCEL, N = 325)



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Variations in Demographic Profiles Based on Frequency of Play

Variations in Demographic Profiles Based on Frequency of Play

- ✓ While all players tend to have similar demographic profiles, there are some demographic differences among frequent, regular, occasional and infrequent players.

“Frequent” Players (play more than once a week):

- Higher incidence of men (11%) than women (7%);
- No difference by age (9% incidence among each of the three broad age groups);
- Incidence among African Americans (14%) more than twice that of Caucasians (6%); and
- Incidence among households with incomes under \$50,000 (14%) nearly three times that of households with incomes over \$50,000 (5%).

Variations in Demographic Profiles Based on Frequency of Play

“Regular” Players (play about once a week):

- Higher incidence of men (13%) than women (8%);
- Higher incidence of play among 35 to 54 year olds (12%), versus 10% among those under 35 and 8% among those 55 and over;
- Higher incidence among African Americans (14%) than Caucasians (8%); and
- Higher incidence among those with household incomes between \$50,000 and \$80,000 (13%) versus 11% for those under \$50,000 and 10% for those over \$80,000.

Variations in Demographic Profiles Based on Frequency of Play

“Occasional” Players (play about one to three times a month):

- Incidence of women players (15%) near that for men (16%);
- Incidence of play for those under 34 (19%) just slightly higher than for those between 35 and 54 (18%);
- Incidence among Caucasians (14%) growing nearer to that among African Americans (19%); and
- Reasonably consistent incidence levels across income categories – 16% among those with household incomes under \$20,000, 18% among \$20,000 to \$50,000, 16% among \$50,000 to \$80,000, and 15% among \$80,000+.

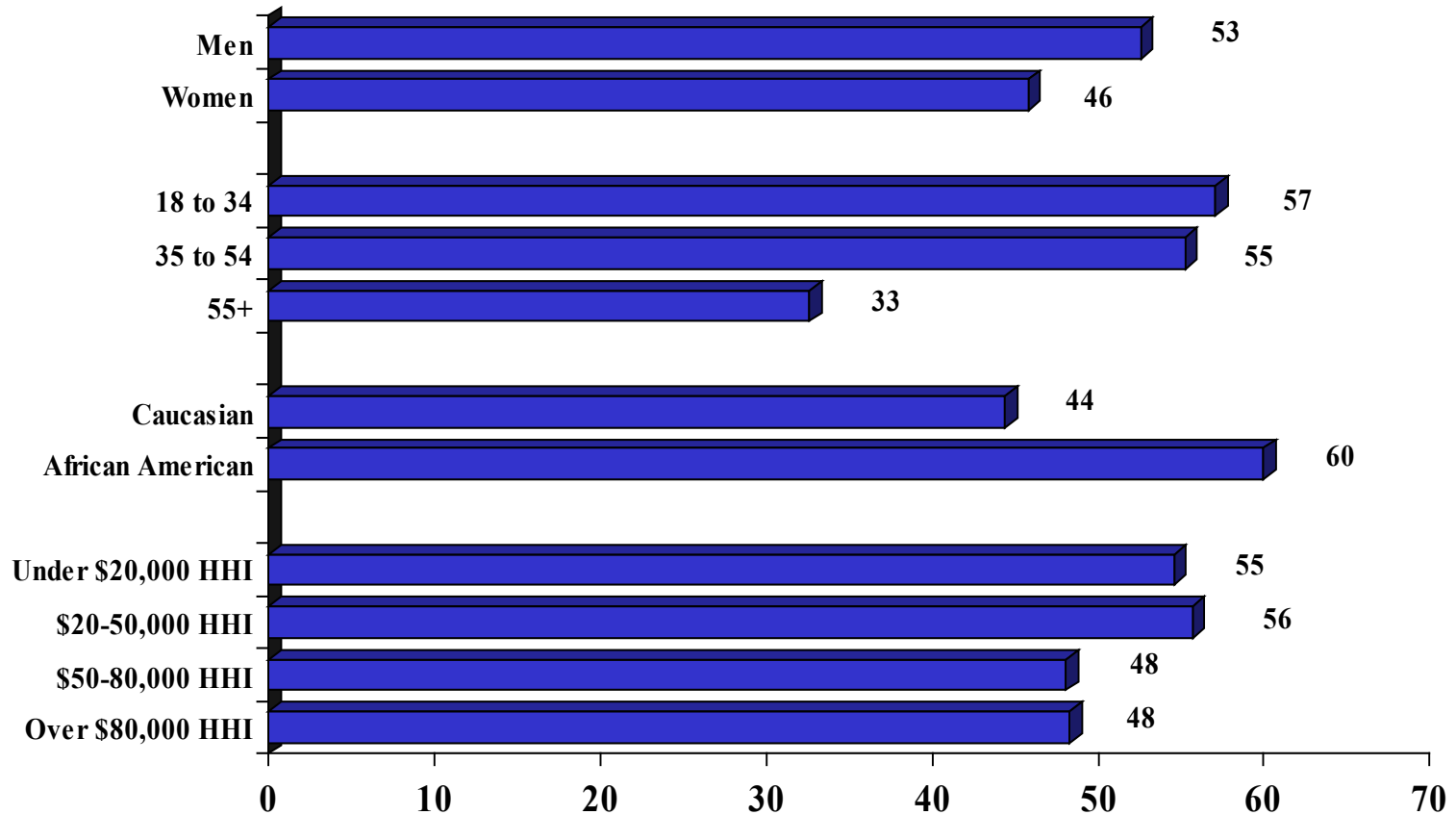
Variations in Demographic Profiles Based on Frequency of Play

“Infrequent” Players (play less than once a month):

- Higher incidence of women (16%) than men (13%);
- Higher incidence among those under 34 (19%) compared to 17% among those between 35 and 54 and 8% among those 55 and over;
- Incidence among Caucasians (16%) higher than that for African Americans (13%); and
- Highest incidence among those with household incomes over \$80,000 (19%), compared to 13% for those under \$50,000 and 15% for those \$50,000 to \$80,000.

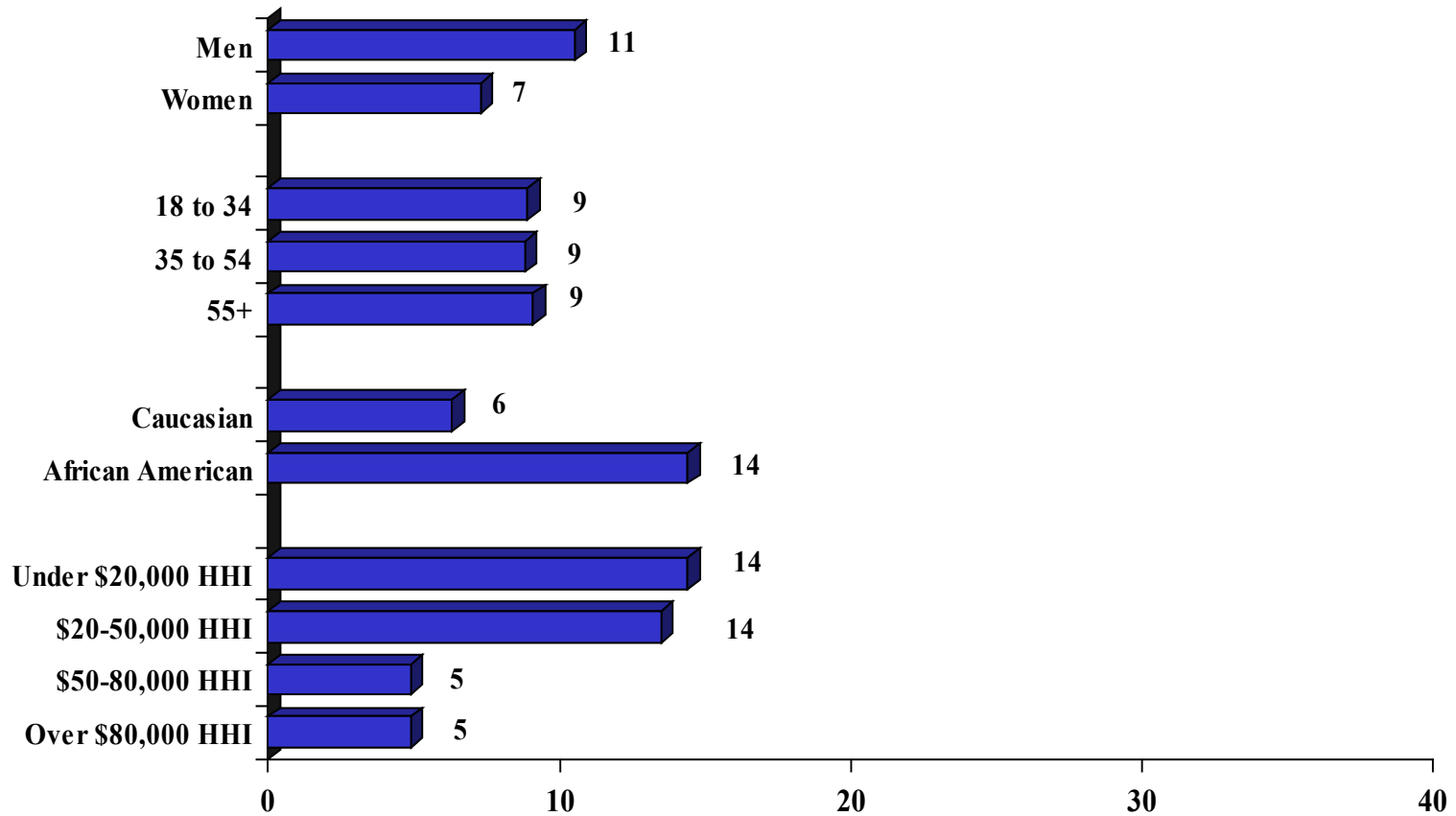
Player Incidence/Have Ever Played Lottery Games

(among all SC residents)



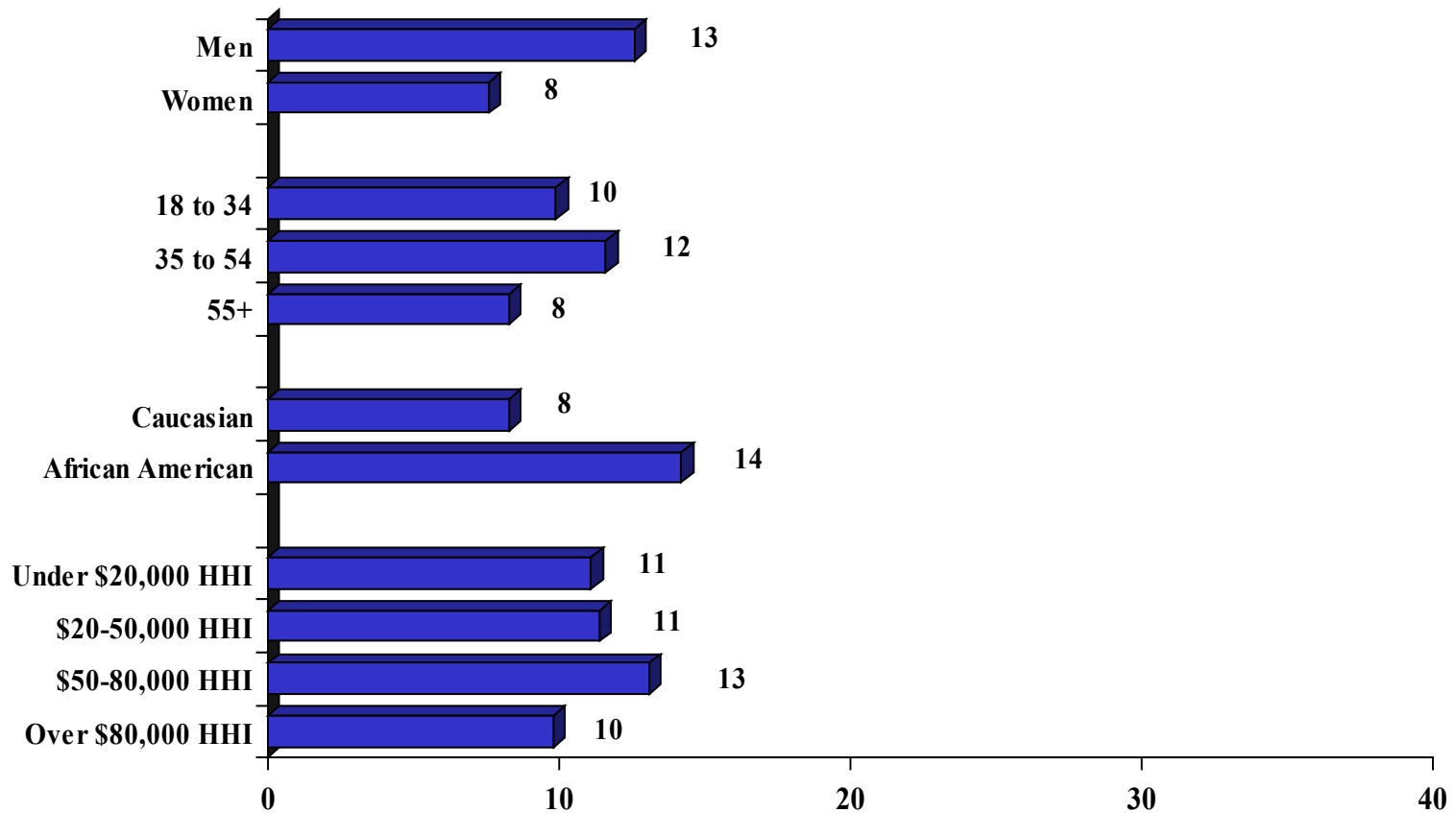
Player Incidence/Frequent Lottery Players

(play one or more games more than once a week, among all SC residents)



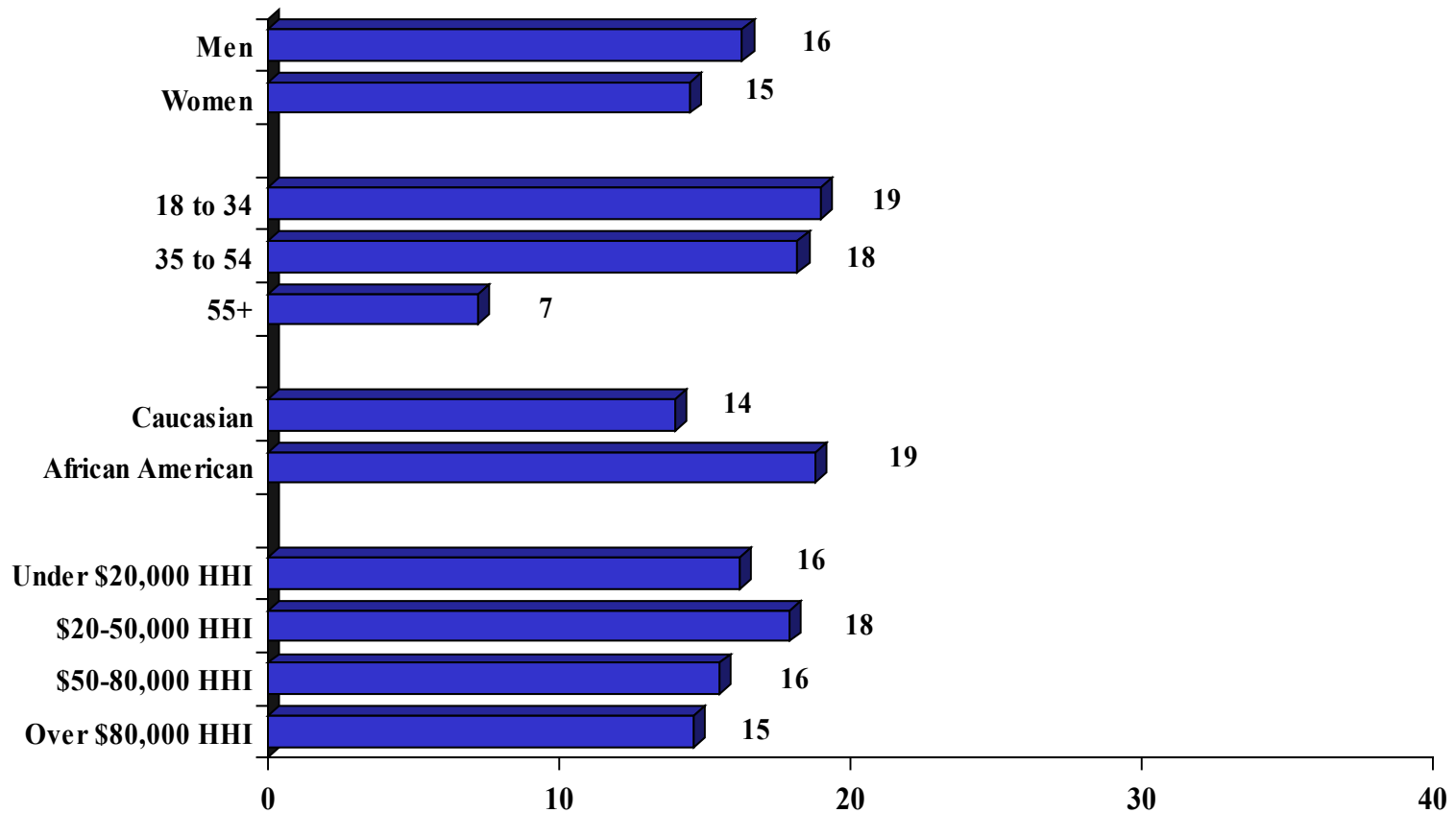
Player Incidence/Regular Lottery Players

(play one or more games about once a week, among all SC residents)



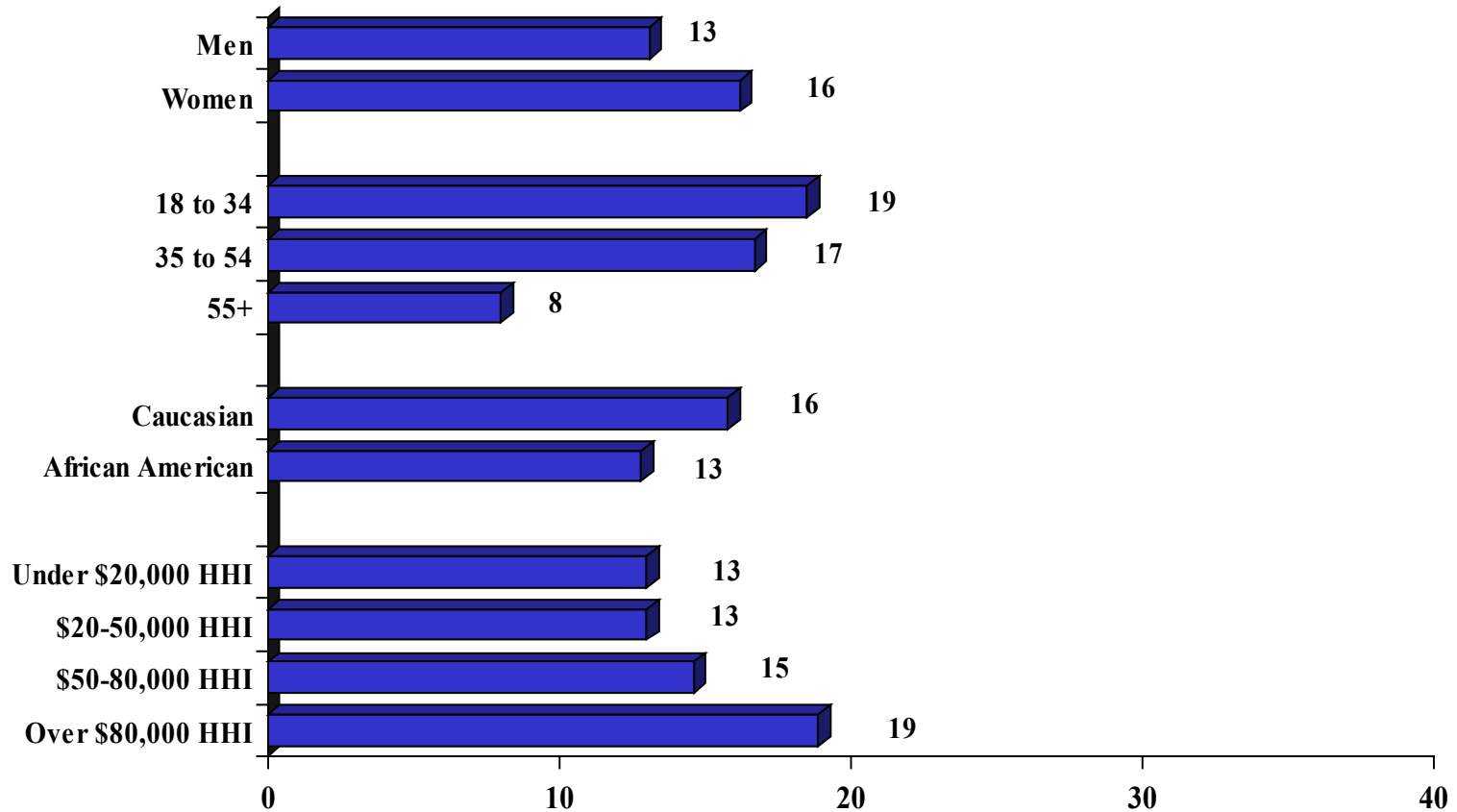
Player Incidence/Occasional Lottery Players

(play one or more games 1 to 3 times a month, among all SC residents)



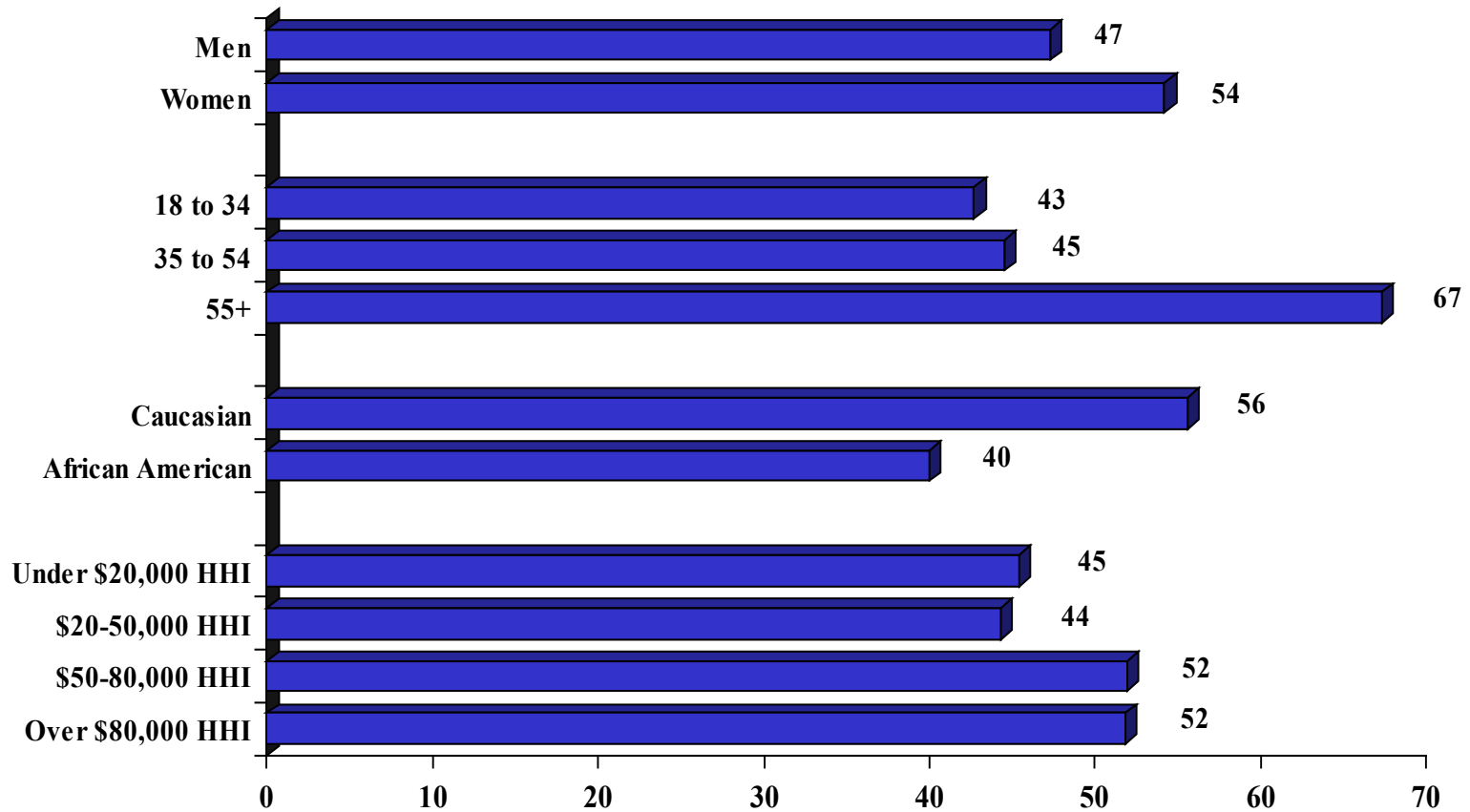
Player Incidence/Infrequent Lottery Players

(play one or more games less than once a month, among all SC residents)



Player Incidence/Non Players

(have never purchased a SC Education Lottery ticket, among all SC residents)



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**Variations in Demographic Profiles
Based on Game**

Variations in Demographic Profiles Based on Game

- ✓ There are also demographic variations in players depending upon which games they play.

Active “**Scratch**” Players (play at least a couple times a month):

- Higher incidence of men (23%) than women (19%);
- Higher incidence of play among those under 34 (25%) than those in the 35 to 54 age segment (23%) or those over 55 (15%);
- Incidence of play among African Americans (34%) more than twice that of Caucasians (16%); and
- Much higher incidence of play among the lower income segments – 32% among those with household income under \$20,000, 26% among those with incomes between \$20,000 and \$50,000, 18% among \$50,000 to \$80,000, and 13% among \$80,000+.

Variations in Demographic Profiles Based on Game

Active **“Pick 3”** players (playing at least a couple times a month):

- Only slightly higher incidence of men (9%) than women (7%);
- More consistent incidence of play among all three age segments – 8% among those under 35, 9% among those in the 35 to 54 age segment, and 7% among those over 55;
- Incidence of play among African Americans (19%) more than six times that of Caucasians (3%); and
- Highest incidence of play among \$20,000 to \$50,000 household income segment (12%), compared to 10% among <\$20,000, 6% among \$50,000 to \$80,000 and 4% among \$80,000+.

Variations in Demographic Profiles Based on Game

Active “**Carolina 5**” players (playing at least a couple times a month):

- Most similar to “Pick 3” Players (though not as dramatically skewed toward African Americans and more diversity in household income).
- Slightly higher incidence of men (11%) than women (9%);
- Higher incidence among 35 to 54 age segment (12%) and also reasonably high among over 55 (9%), compared to 7% under 34;
- Incidence of play among African Americans (15%) twice that of Caucasians (7%); and
- Highest incidence of play among \$20,000 to \$50,000 household income segment (14%), compared to 7% among <\$20,000, 9% among \$50,000 to \$80,000 and 7% among \$80,000+.

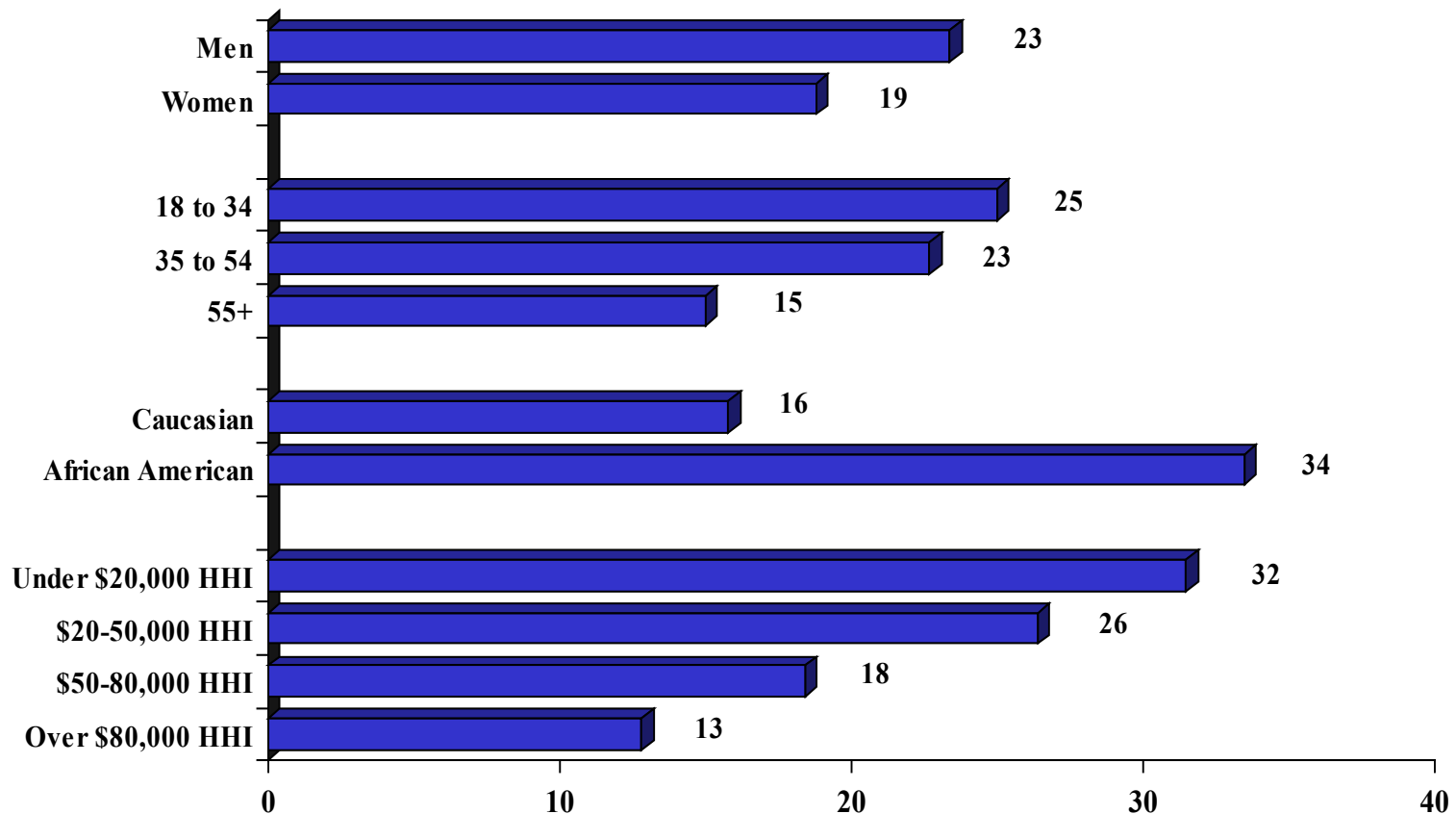
Variations in Demographic Profiles Based on Game

Active “Powerball” players (playing at least a couple times a month):

- Significantly higher incidence of men (21%) than women (12%);
- Stronger appeal to older segments. Incidence of play among those under 34 (11%) is much lower than among those 35 to 54 (21%) and those over 55 (16%);
- Incidence of play among African Americans (18%) and Caucasians (16%) nearly equal; and
- Highest incidence of play among those with \$80,000+ household income (23%), compared to 15% among those with household incomes under \$20,000, 21% among \$20,000 to \$50,000, and 14% among \$50,000 to \$80,000.

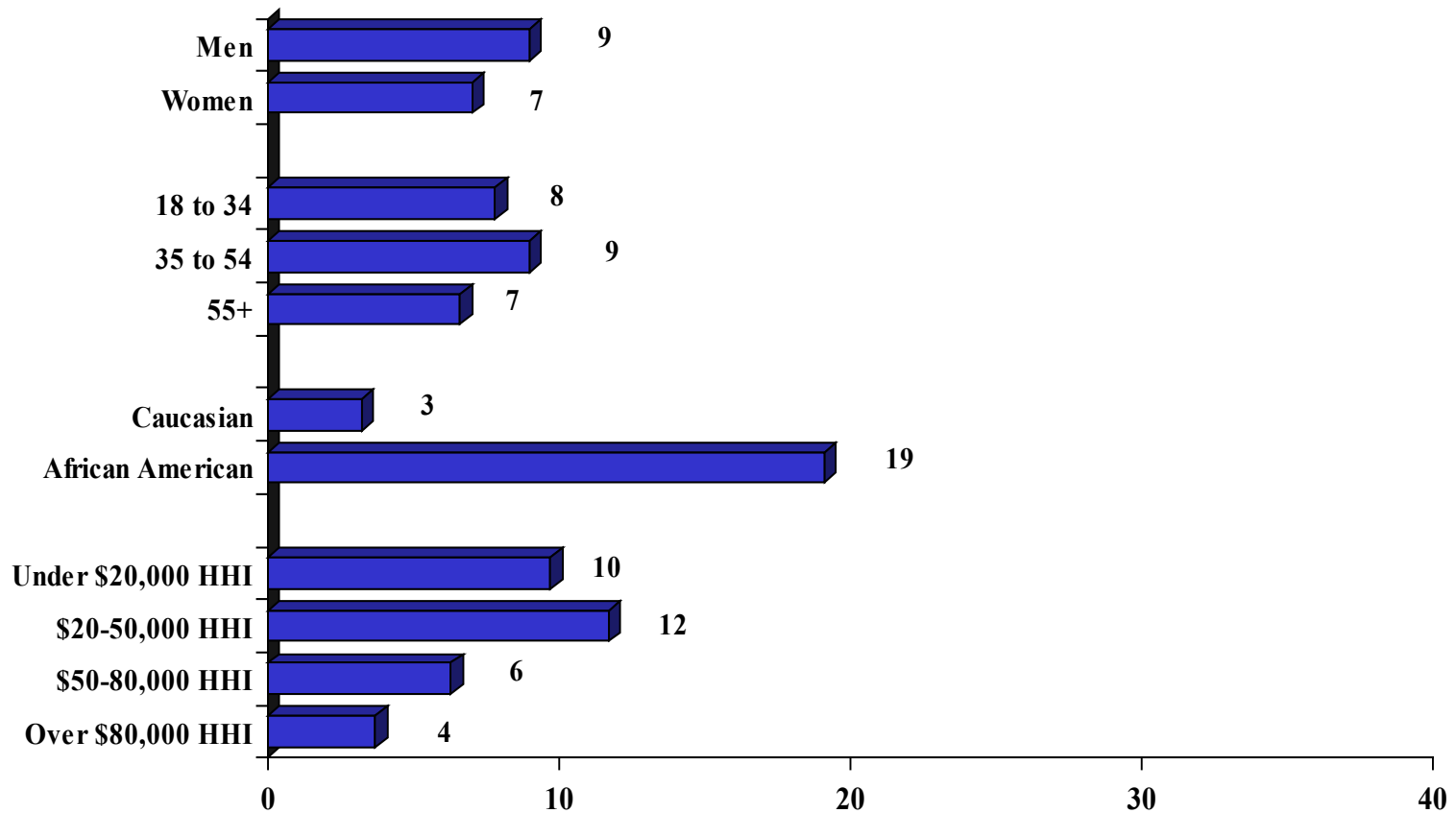
Player Incidence/“Active” Scratch Ticket Players

(buy scratch tickets at least a couple times a month, among all SC residents)



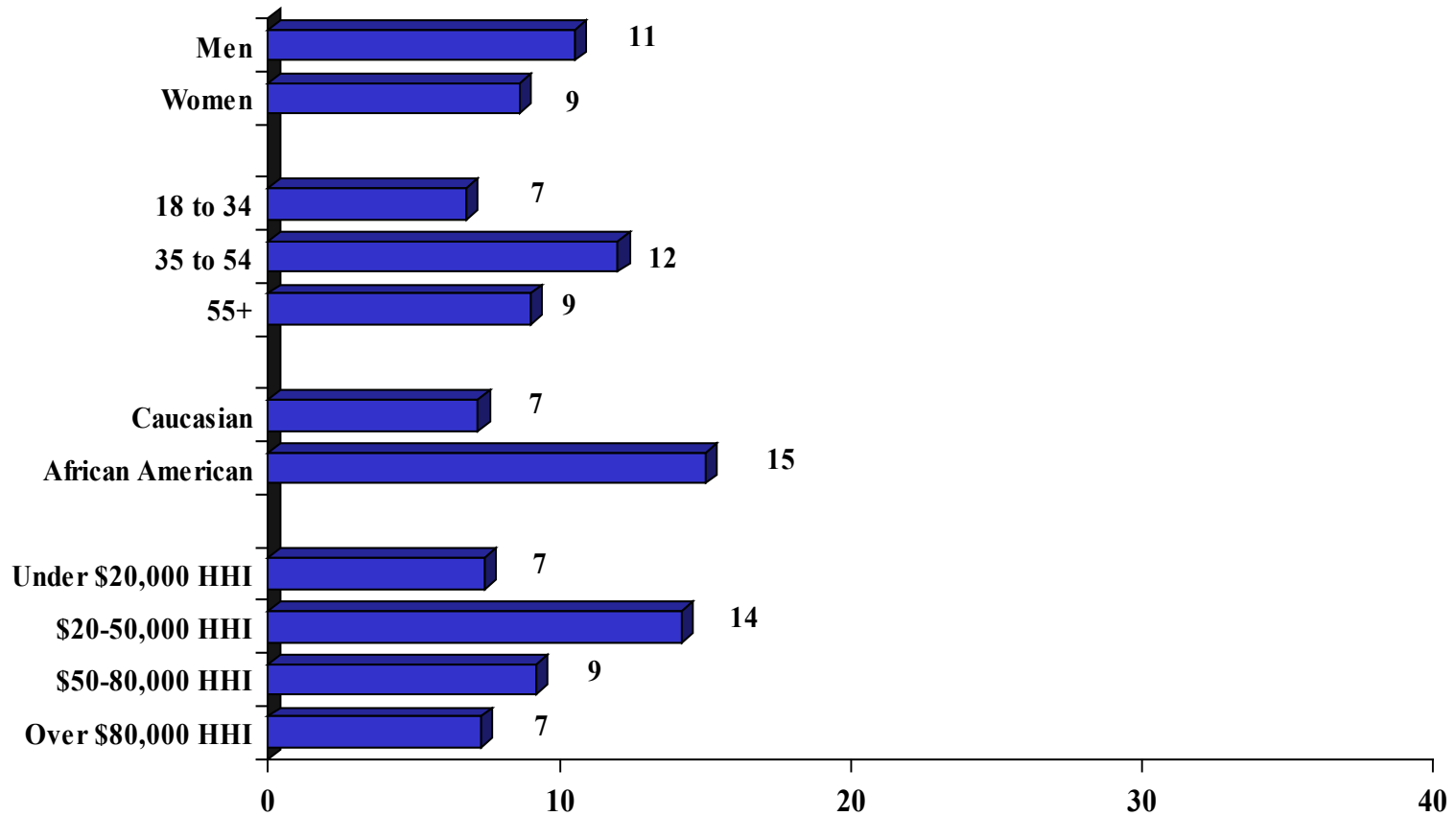
Player Incidence/“Active” Pick 3 Players

(buy Pick 3 tickets at least a couple times a month, among all SC residents)



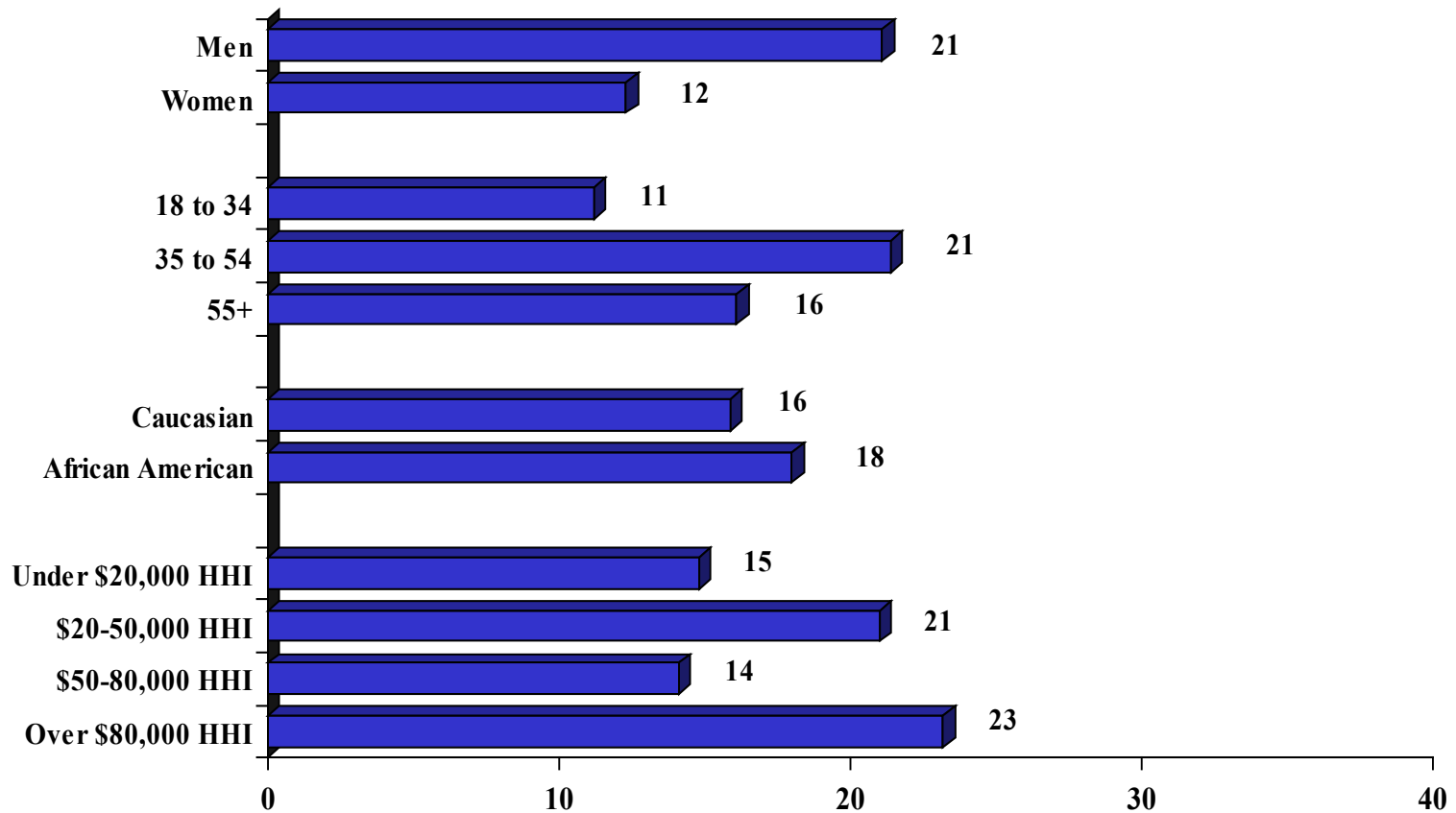
Player Incidence/“Active” Carolina 5 Players

(buy Carolina 5 tickets at least a couple times a month, among all SC residents)



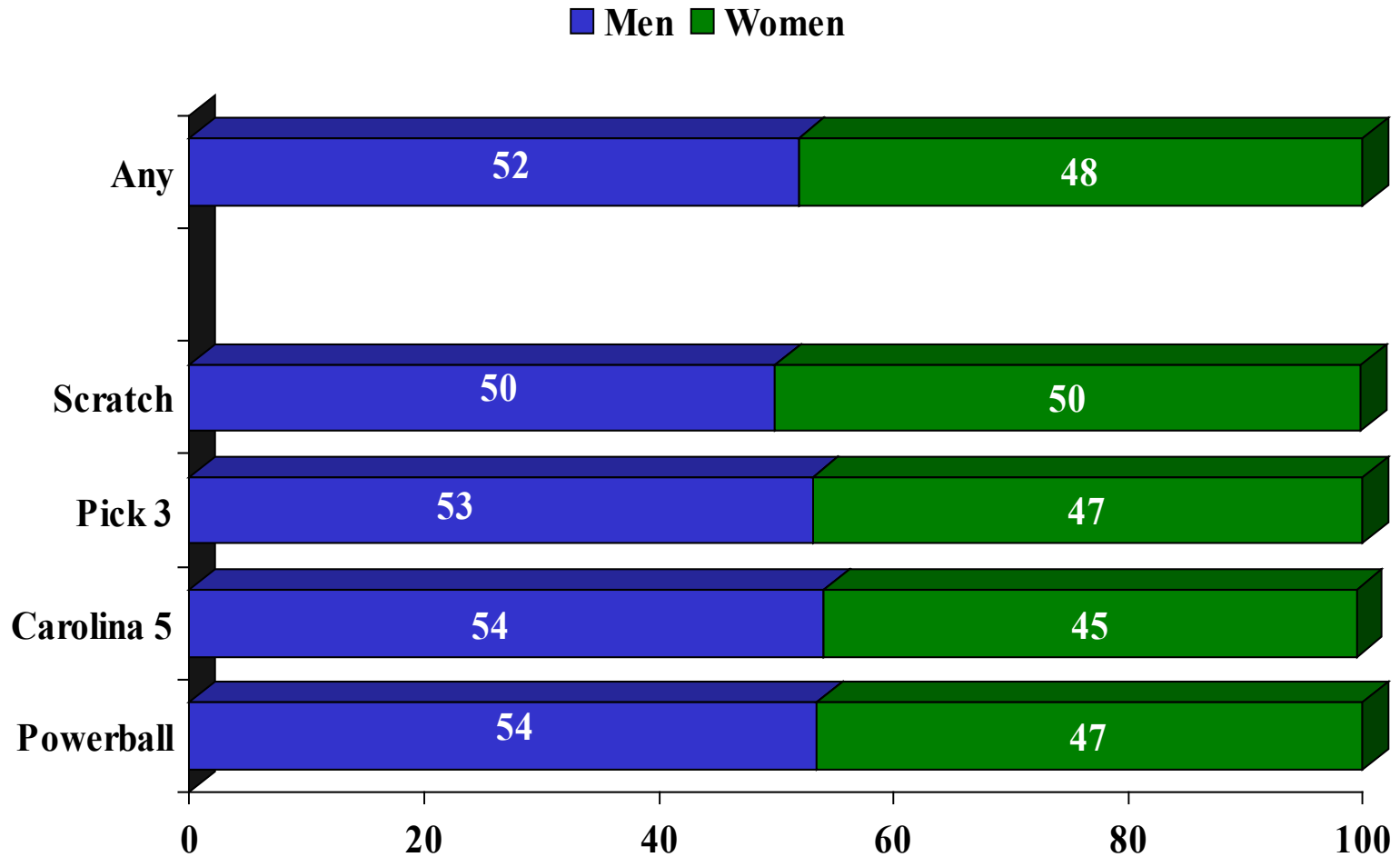
Player Incidence/“Active” Powerball Players

(buy Powerball tickets at least a couple times a month, among all SC residents)



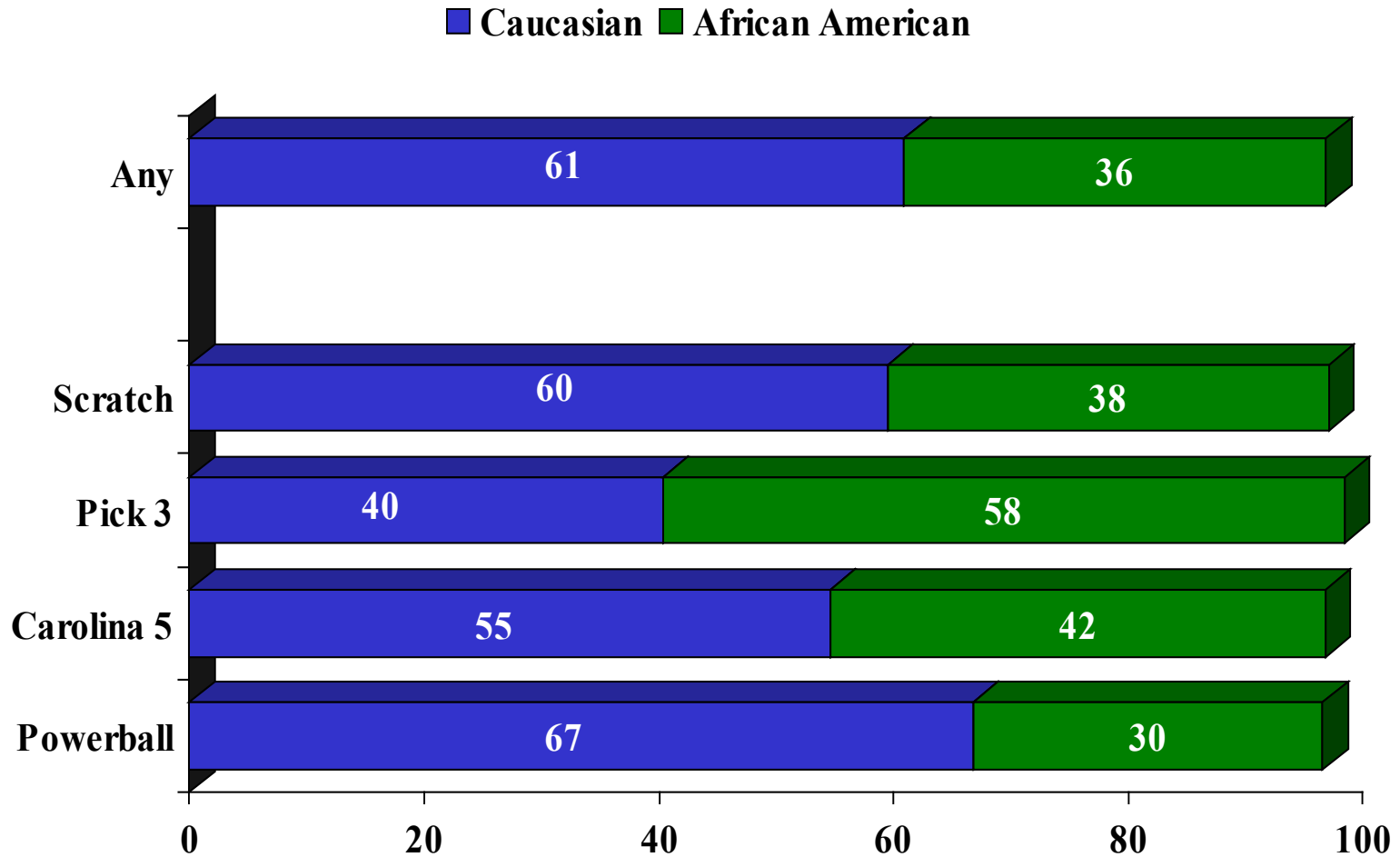
Gender Distribution

(among specific game players)



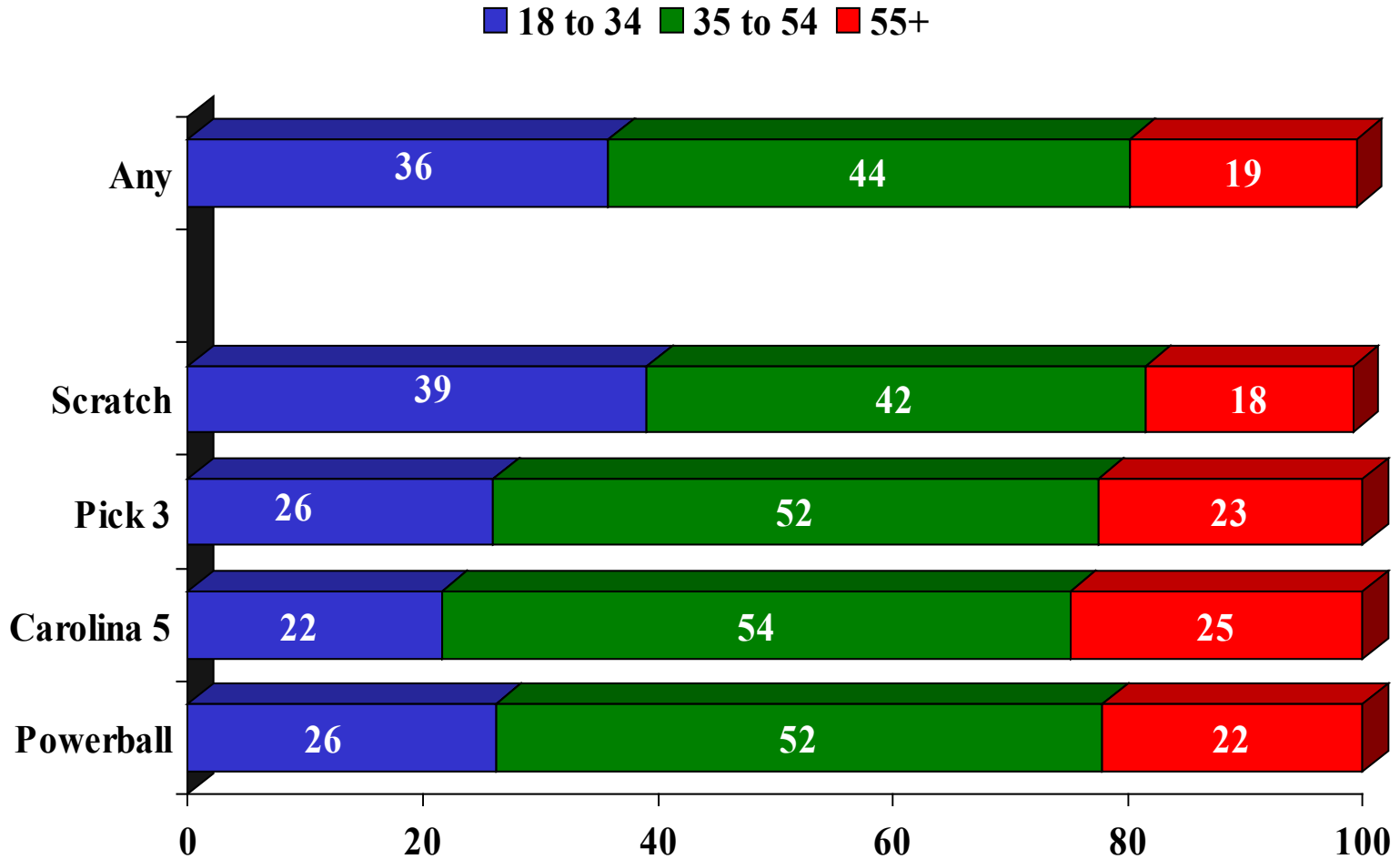
Ethnic Distribution

(among specific game players)



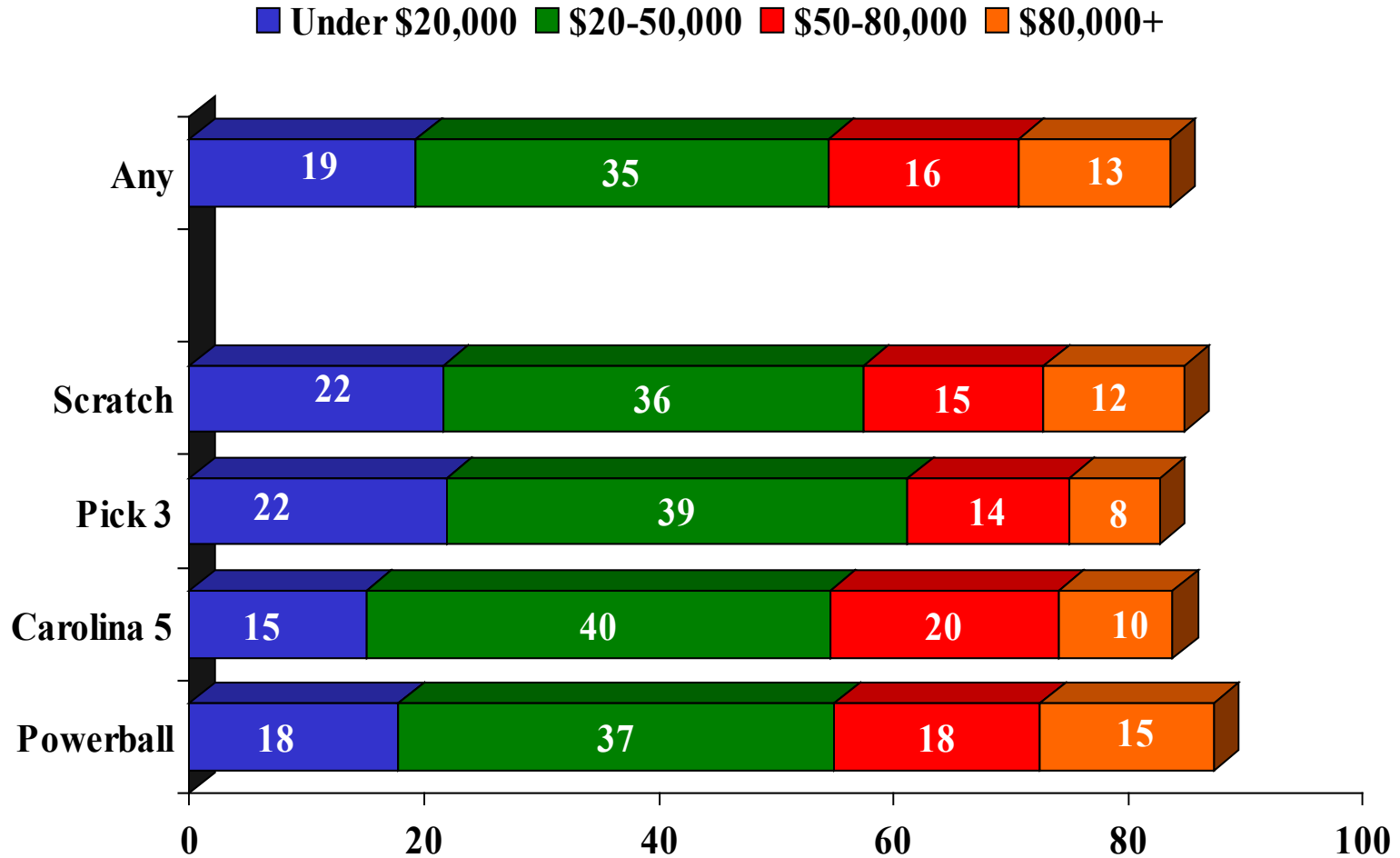
Age Distribution

(among specific game players)



Household Income Distribution

(among specific game players)



*Due to response refusals on income, data do not add to 100%

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Purchase Characteristics

Purchase Characteristics

- ✓ The overwhelming majority (87%) of SC Education Lottery players indicate they purchase their tickets at a convenience store that also sells gasoline.

- ✓ Weekdays tend to be the most common time for purchase (70%), though many also buy on the weekends (46%).

- ✓ Most (58%) buy tickets after 4:00 p.m. (before 8:00 a.m.).

- ✓ Among those who have ever played **Pick 3**:
 - 17% buy tickets for all or most drawings;
 - 18% buy tickets for some drawings;
 - 27% buy tickets for relatively few drawings; and
 - 20% say they don't buy tickets anymore.

Purchase Characteristics

- ✓ Among those who have ever played **Carolina 5**:
 - 34% buy tickets for all or most drawings;
 - 21% buy tickets for some drawings;
 - 24% buy tickets for relatively few drawings; and
 - 17% say they don't buy tickets anymore.

- ✓ Among those who have ever played **Powerball** (in South Carolina):
 - 45% buy tickets for all or most drawings;
 - 19% buy tickets for some drawings;
 - 23% buy tickets for relatively few drawings; and
 - 11% say they don't buy tickets anymore.

Purchase Characteristics

- ✓ On average, players indicate they usually buy multiple tickets/ plays each time they play a lottery game.

Average number of tickets purchased at a time (among those playing each respective game):

- 3.5 Scratch tickets;
- 2.9 Pick 3 tickets;
- 2.6 Powerball tickets; and
- 2.5 Carolina 5 tickets.

Average dollars spent on each game **per month** (among those playing each respective game):

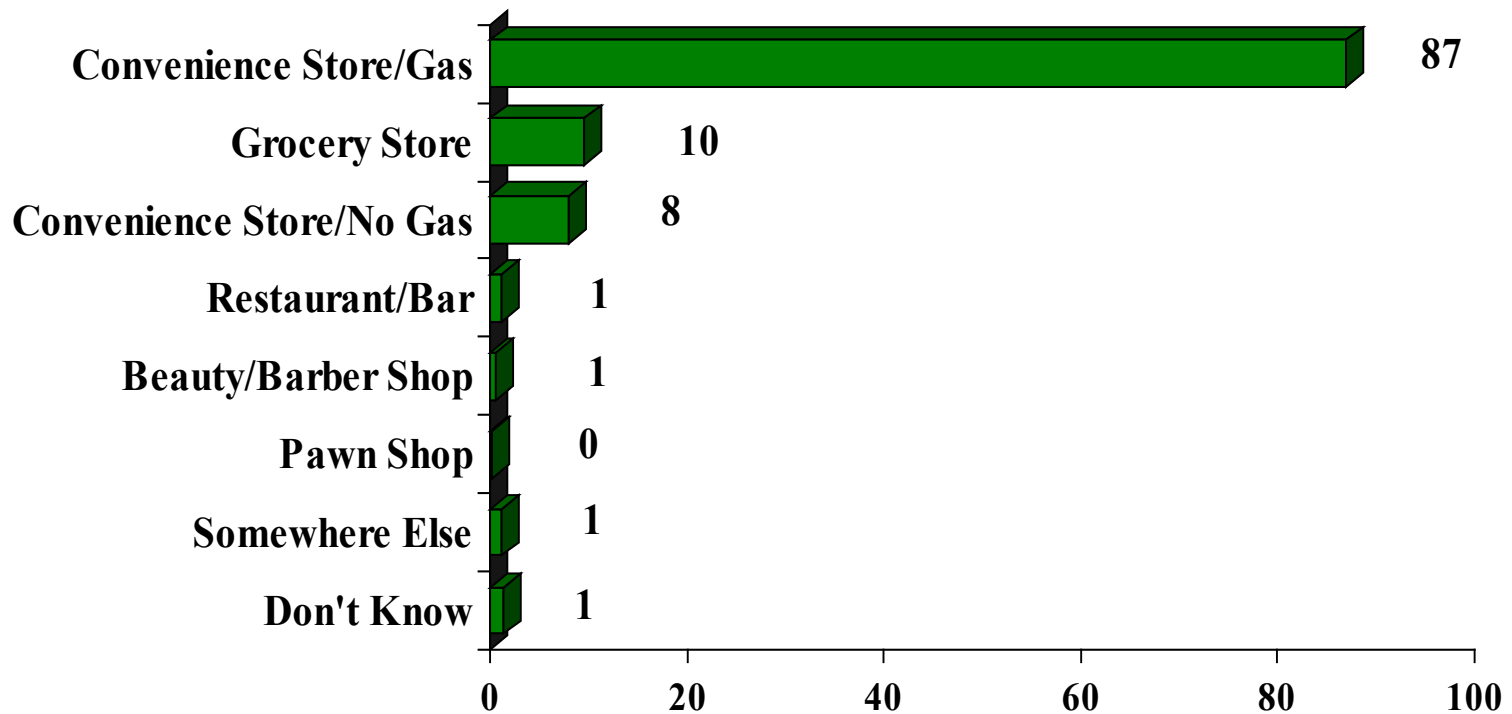
- \$16.22 for Powerball tickets;
- \$15.56 for Pick 3 tickets;
- \$13.52 for Scratch tickets; and
- \$12.23 for Carolina 5 tickets.

Purchase Characteristics

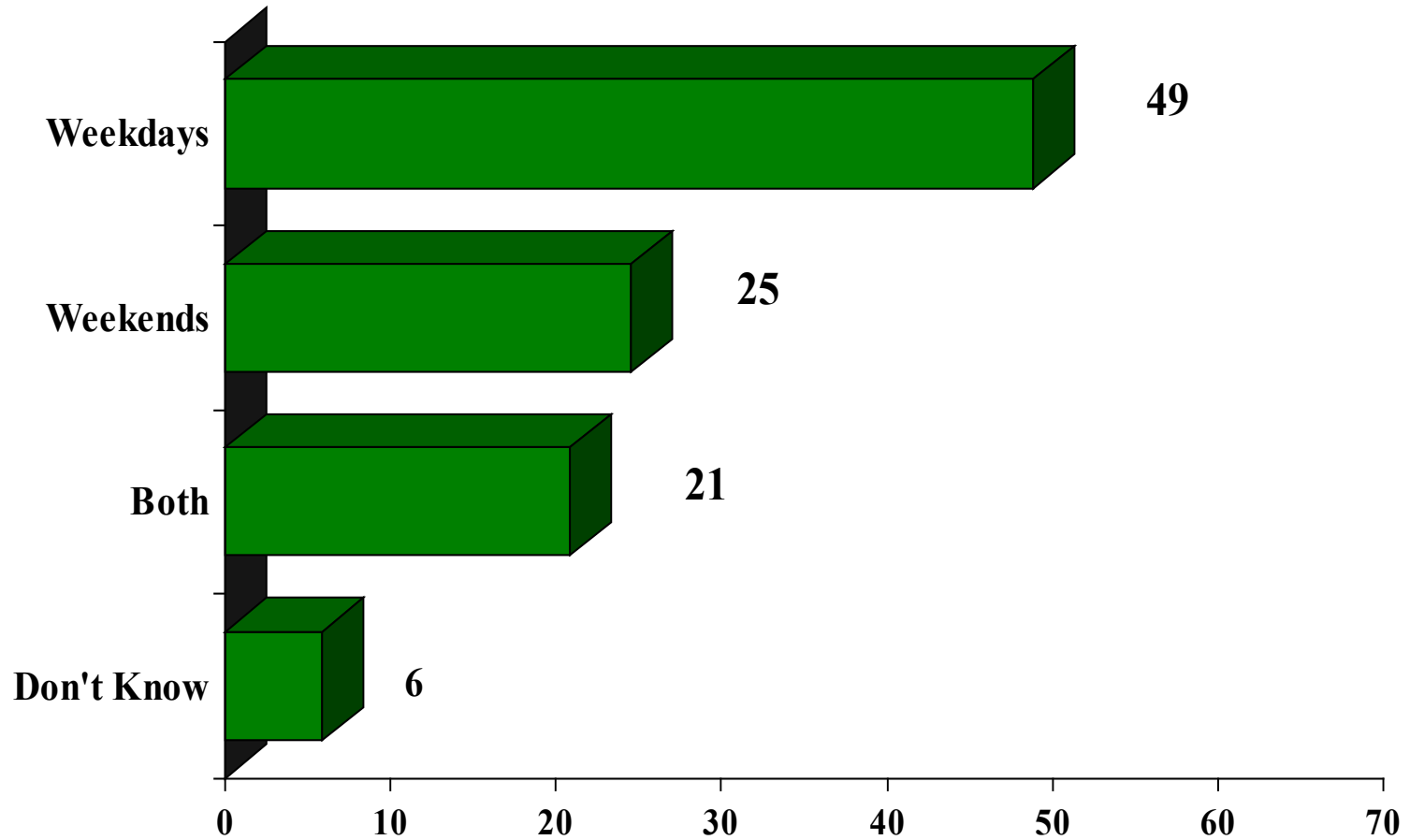
- ✓ Among those who have ever played Powerball through the SC Education Lottery, about a third say they *always* (30%) or *frequently* (6%) take advantage of the Power Play option. Thirty seven percent (37%) say they *never do*.

Where Usually Purchase Lottery Tickets

(multiple response)

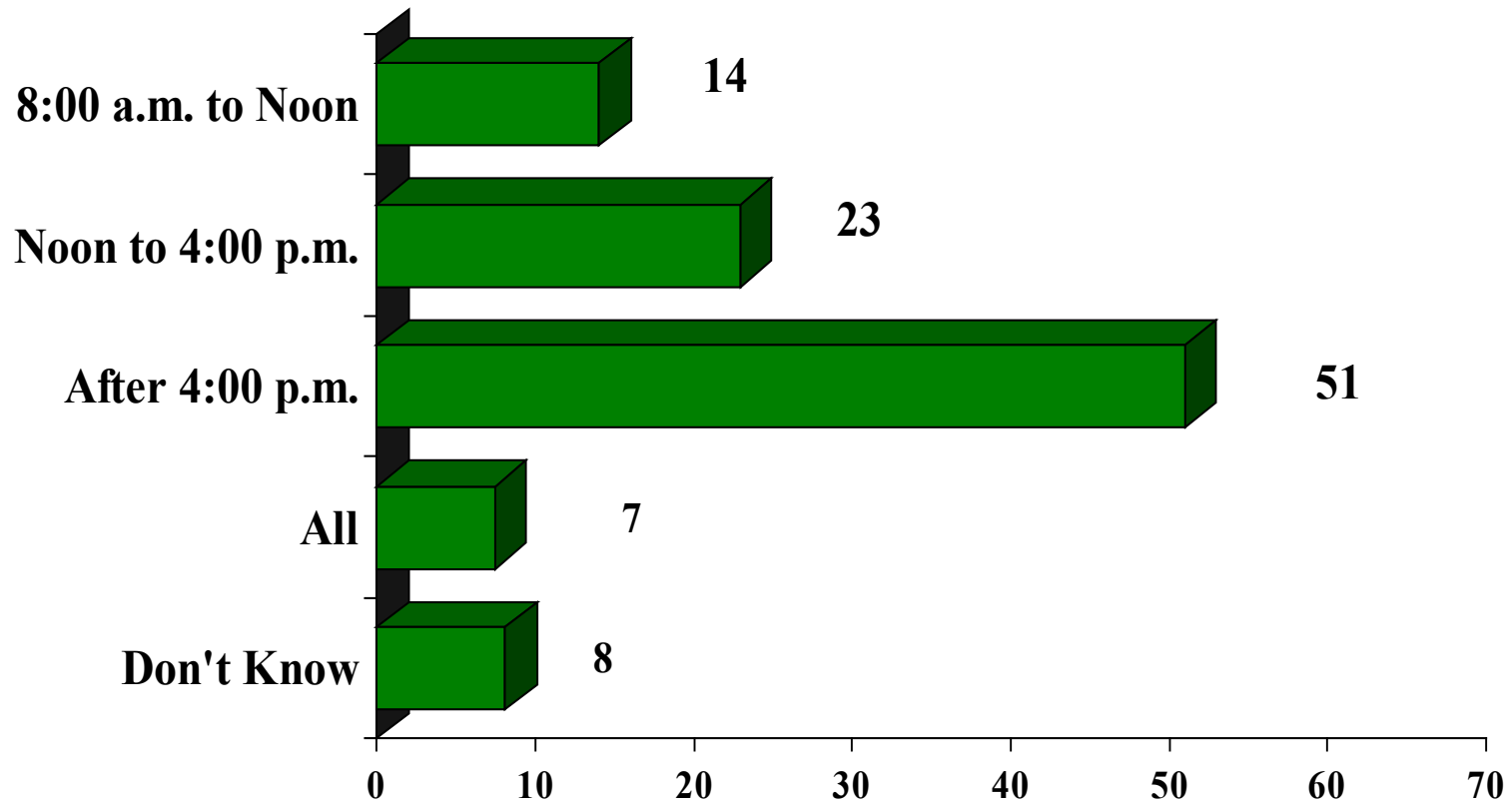


When Usually Purchase Lottery Tickets



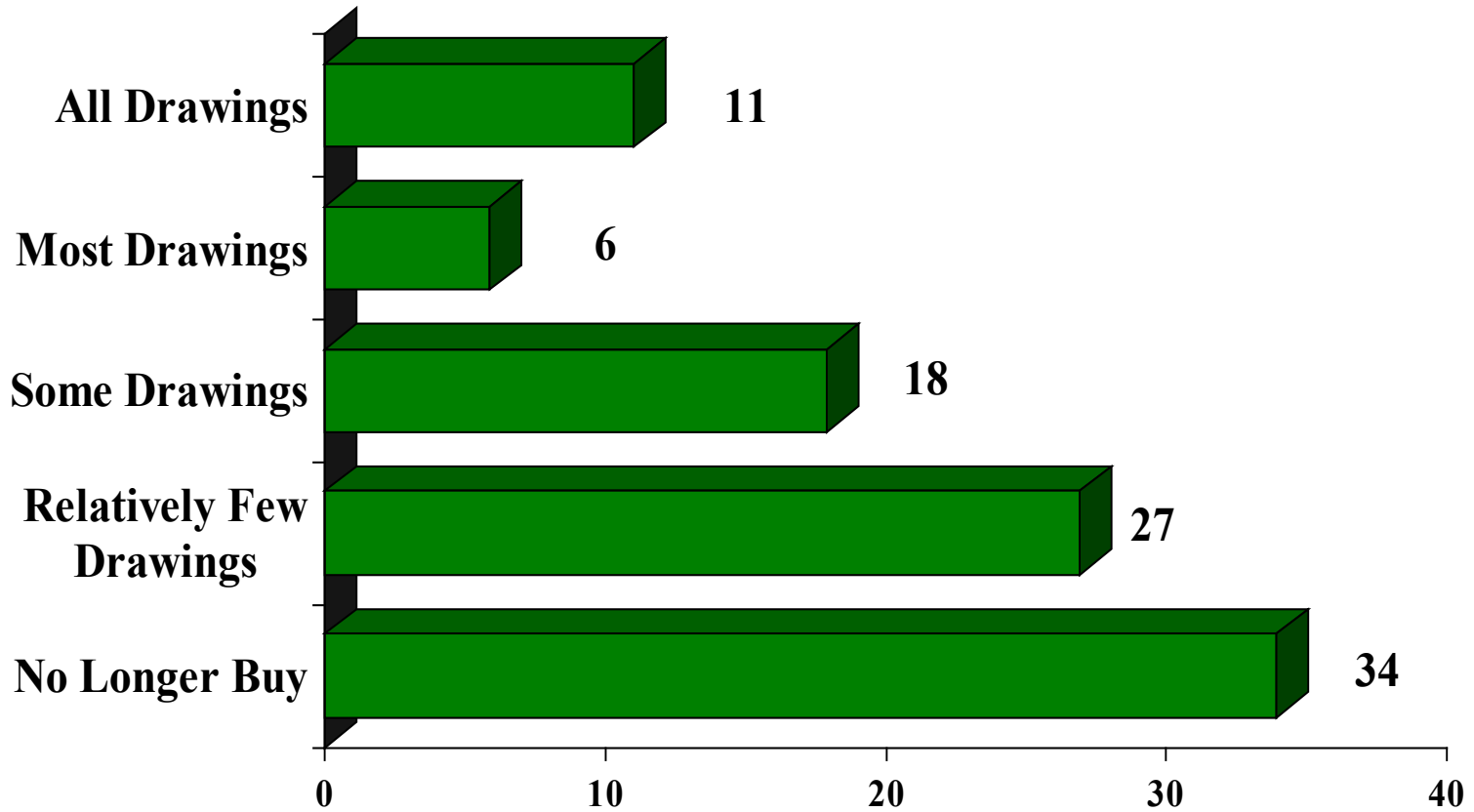
When Usually Purchase Lottery Tickets

(multiple response)



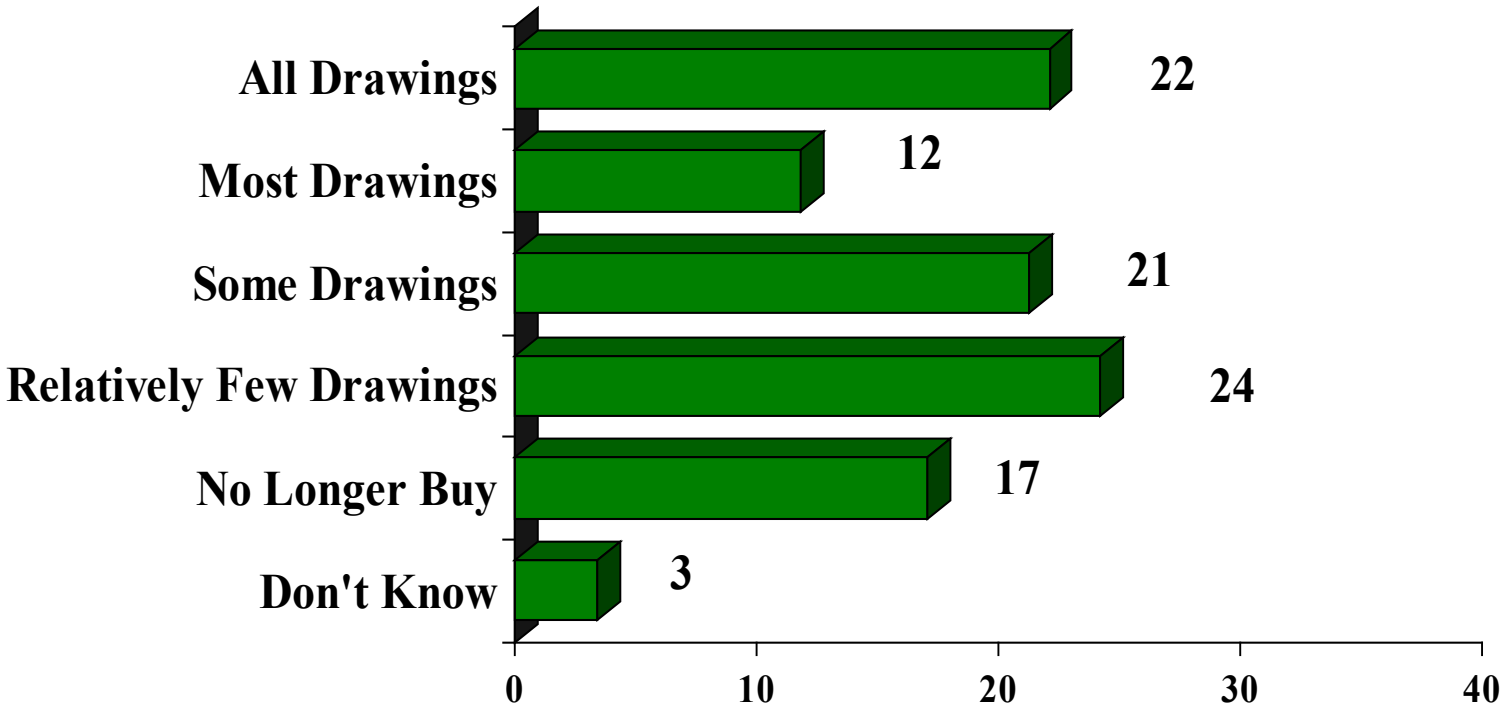
Frequency of Pick 3 Play

(among those who have ever played Pick 3, N = 196)



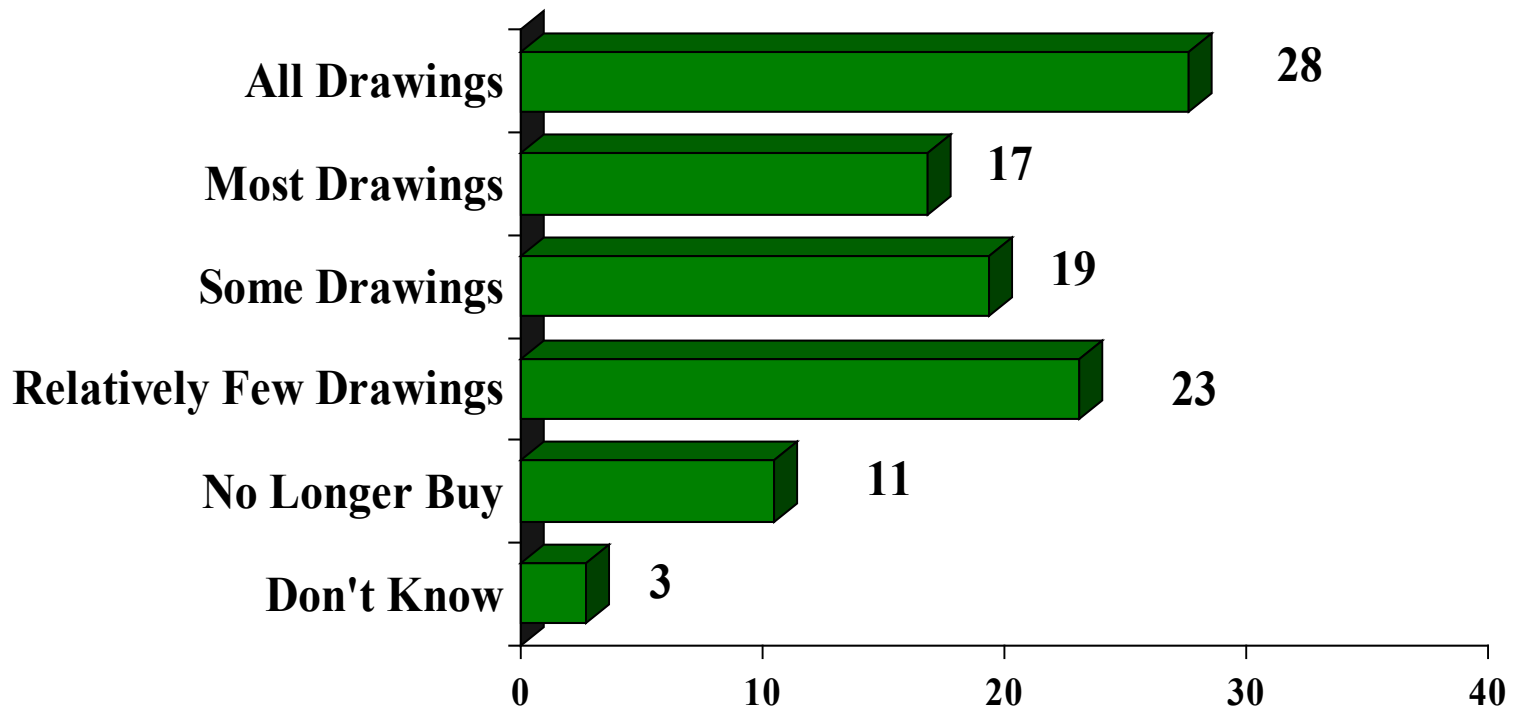
Frequency of Carolina 5 Play

(among those who have ever played Carolina 5, N = 185)



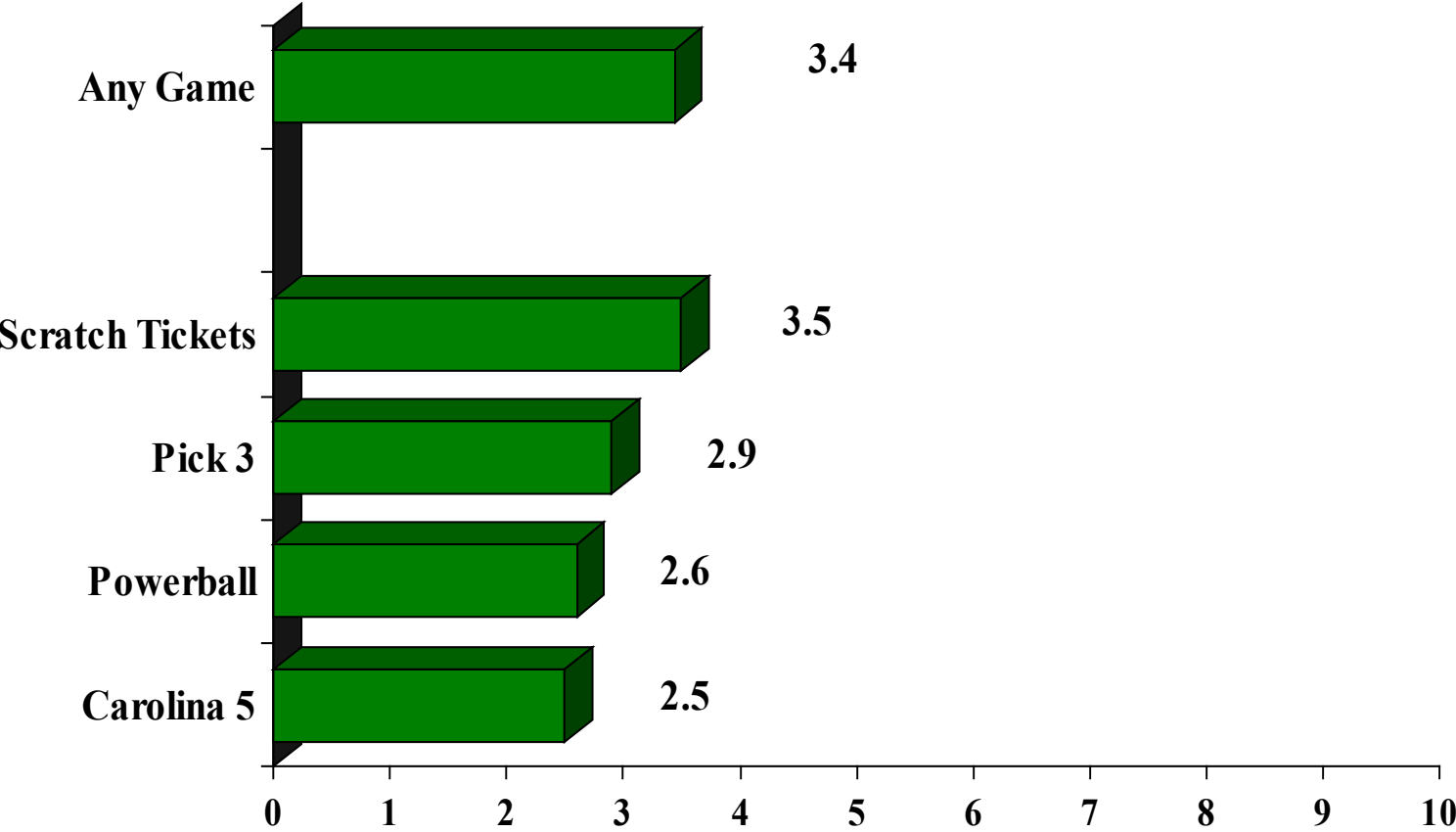
Frequency of Powerball Play

(among those who have ever played Powerball, N = 325)



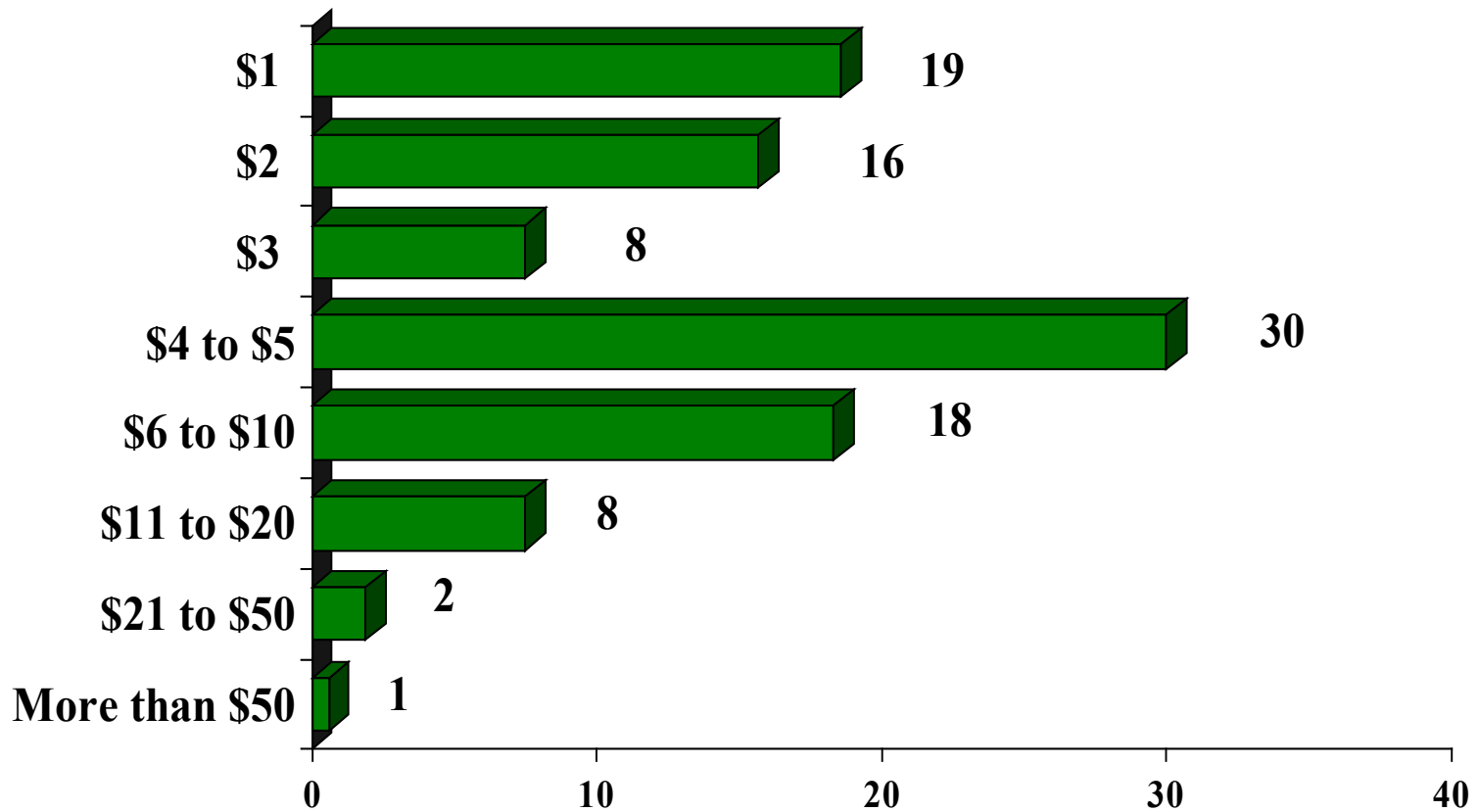
Number of Tickets/Games Purchased Each Time

(mean, among those who play each game)



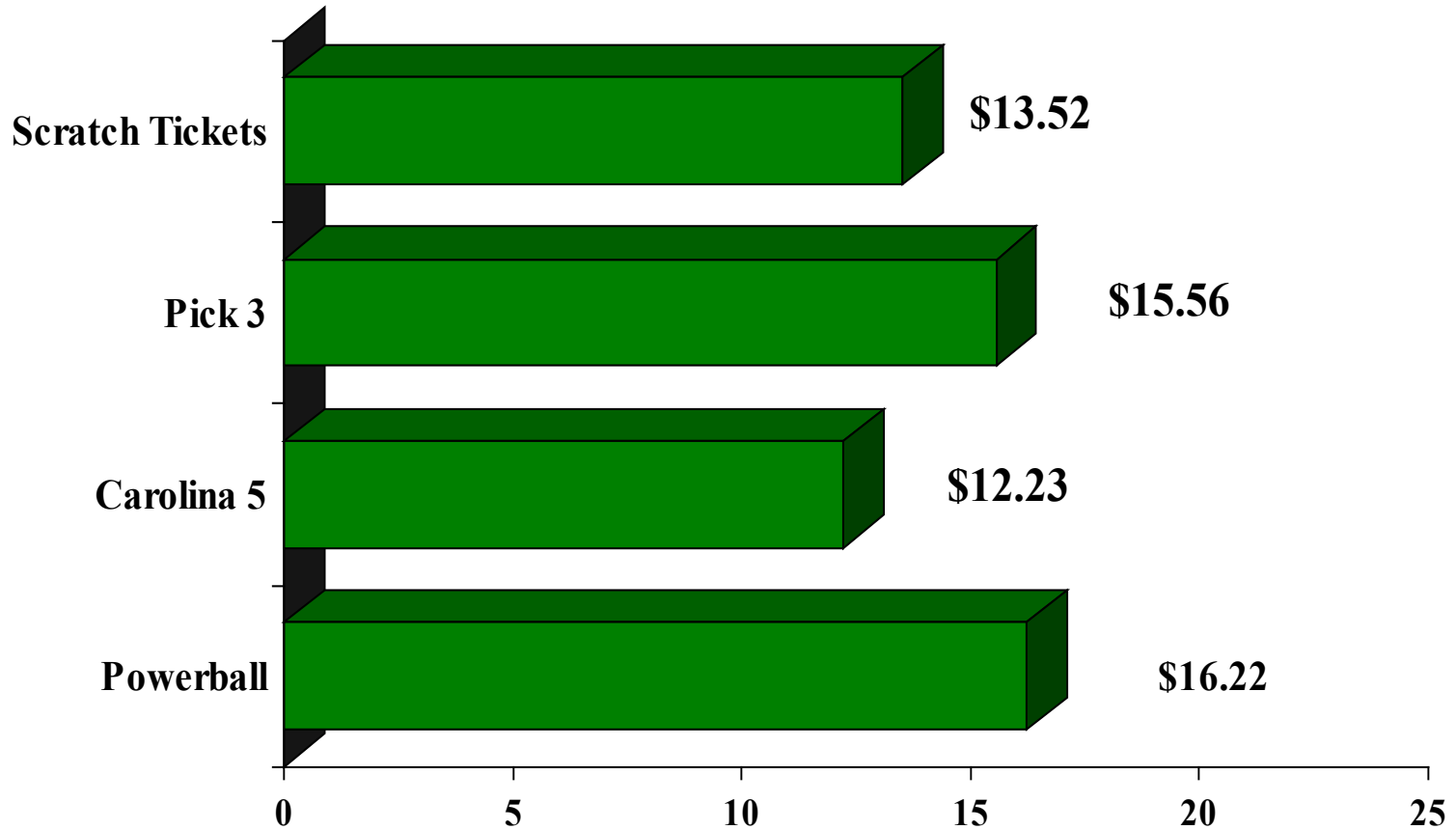
Average \$\$ Spent Per Lottery Purchase

(among SC Education Lottery players)



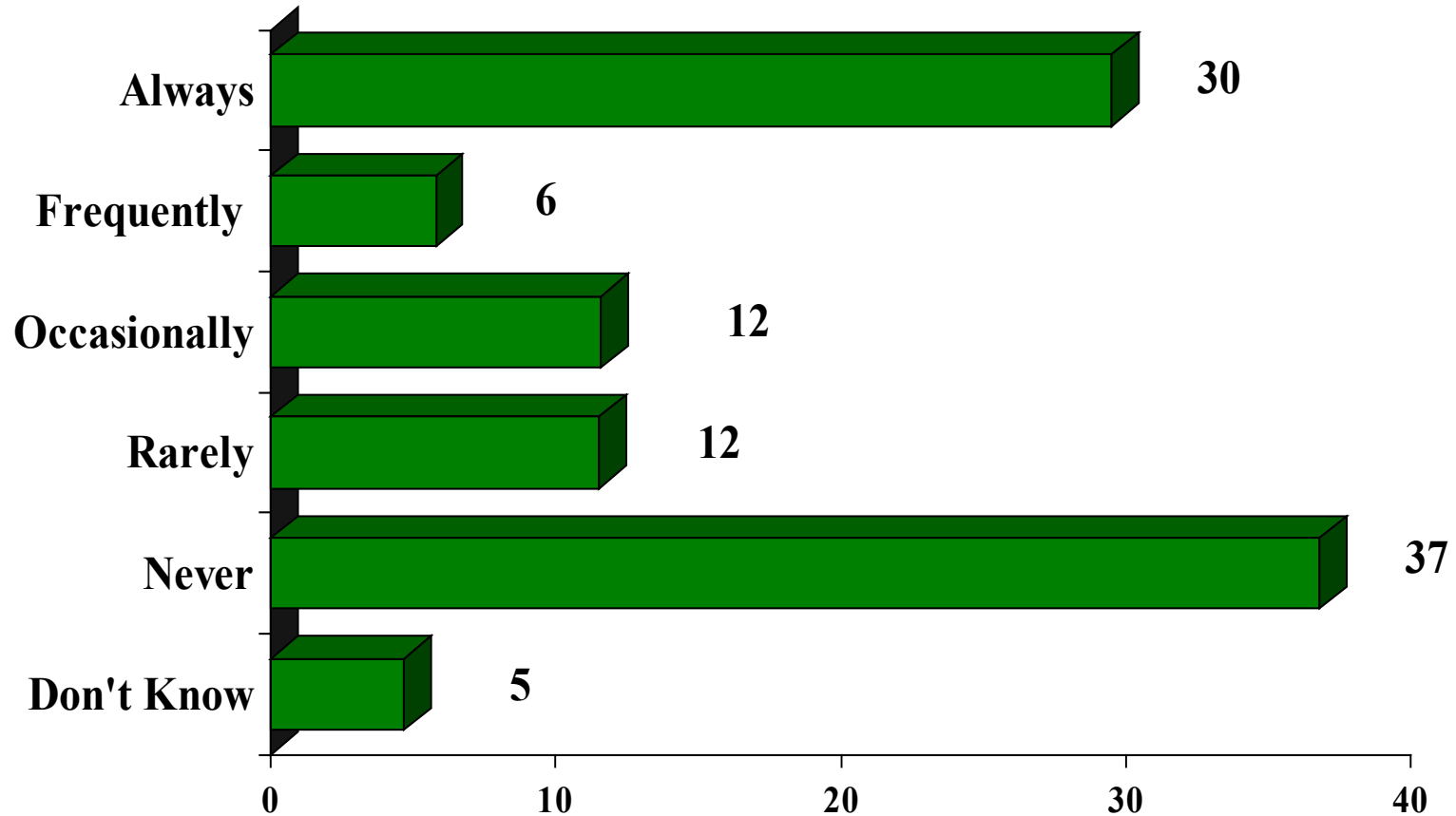
Estimated \$\$ Spent on Each Game per Month

(mean, among those who play each game)



Frequency of Taking Advantage of Power Play Multiplier Option

(among SC Education Lottery Powerball players, N = 325)

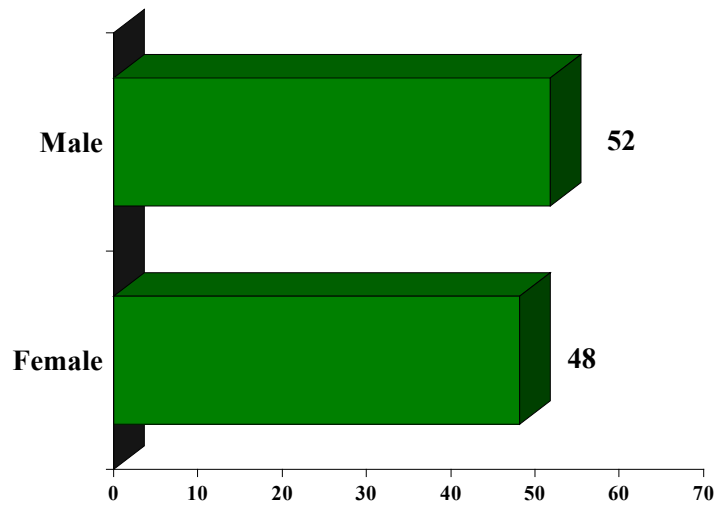


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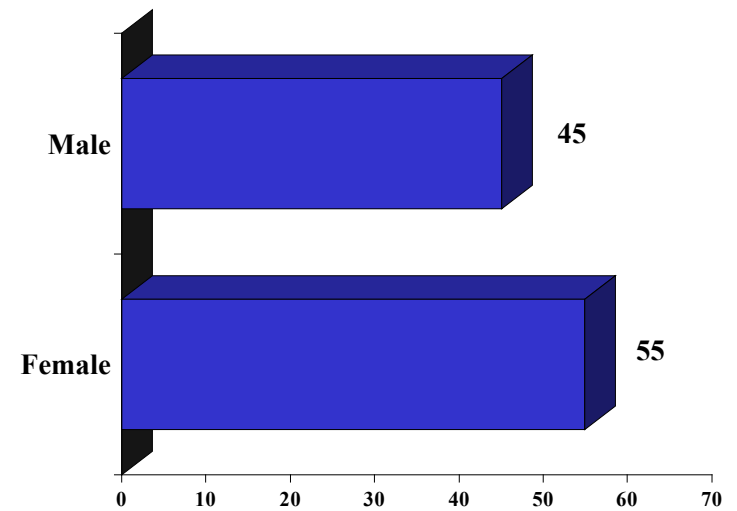
APPENDIX

Demographic Profiles: Gender

Players

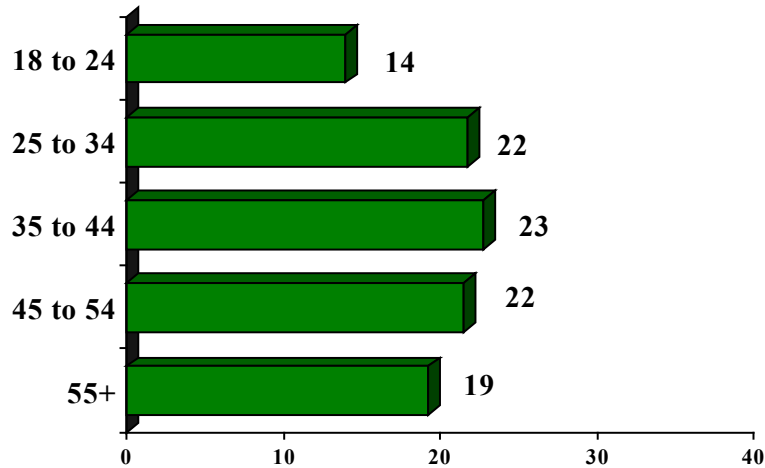


Non-Players

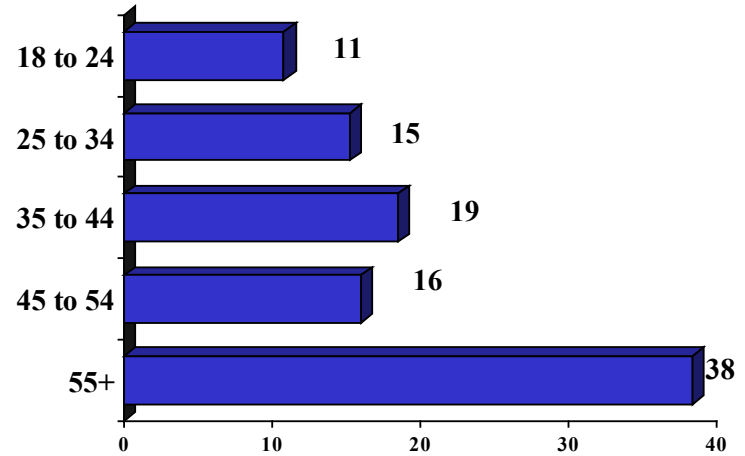


Demographic Profiles: Age

Players

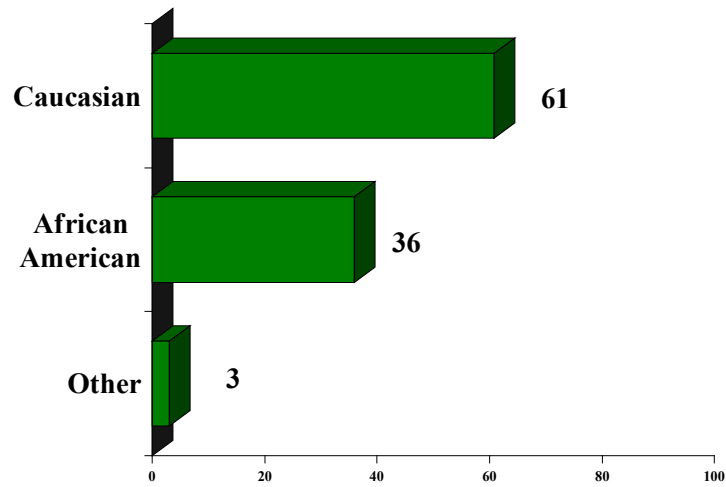


Non-Players

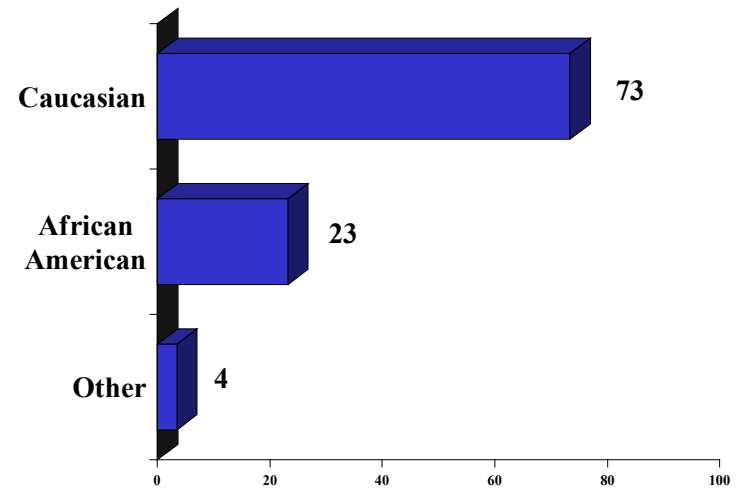


Demographic Profiles: Ethnicity

Players

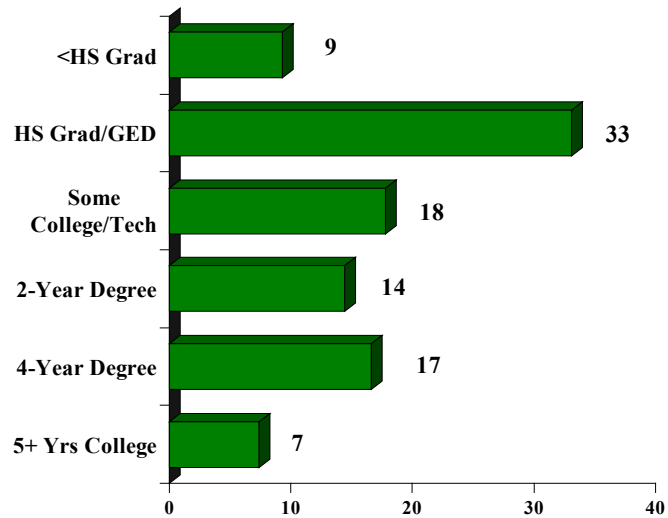


Non-Players

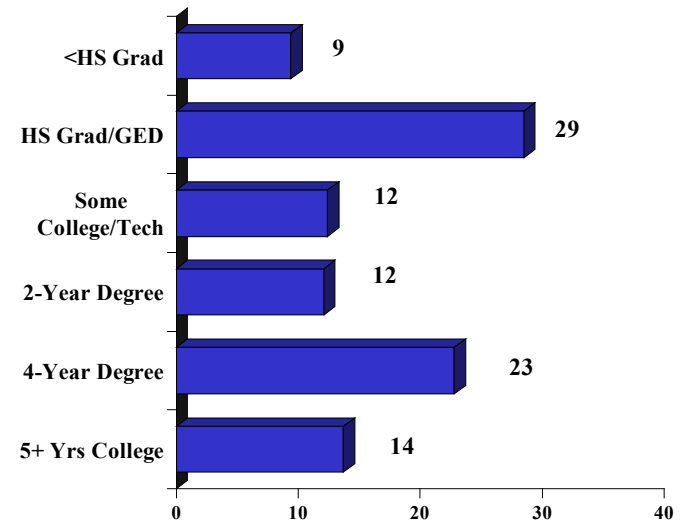


Demographic Profiles: Education

Players

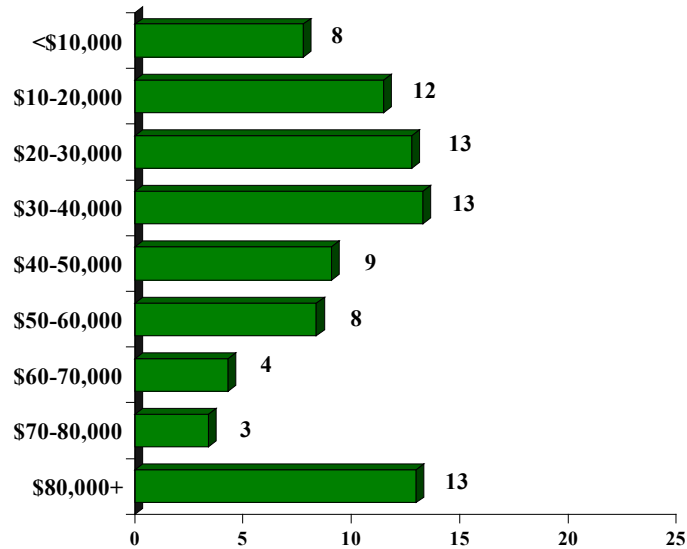


Non-Players

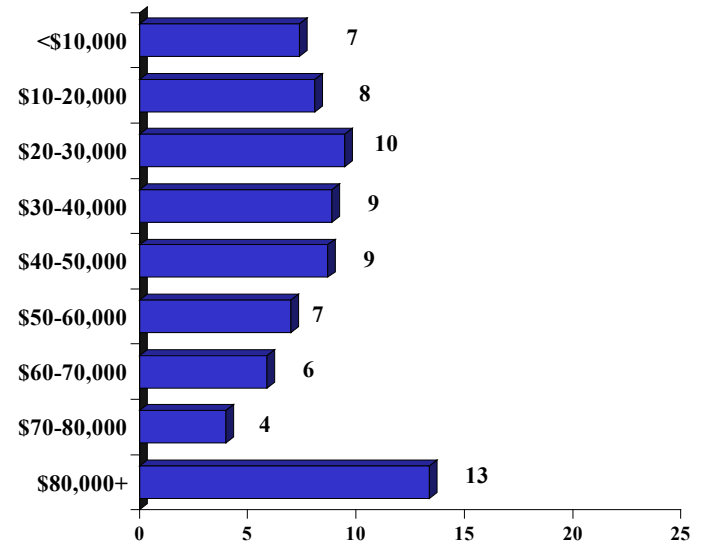


Demographic Profiles: Household Income

Players

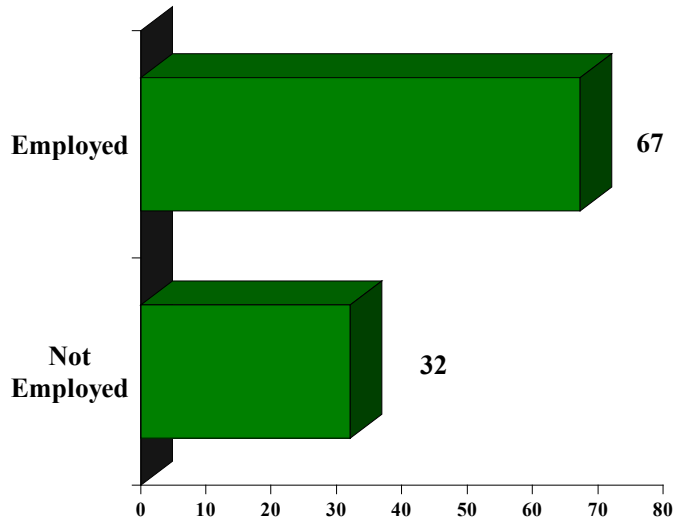


Non-Players

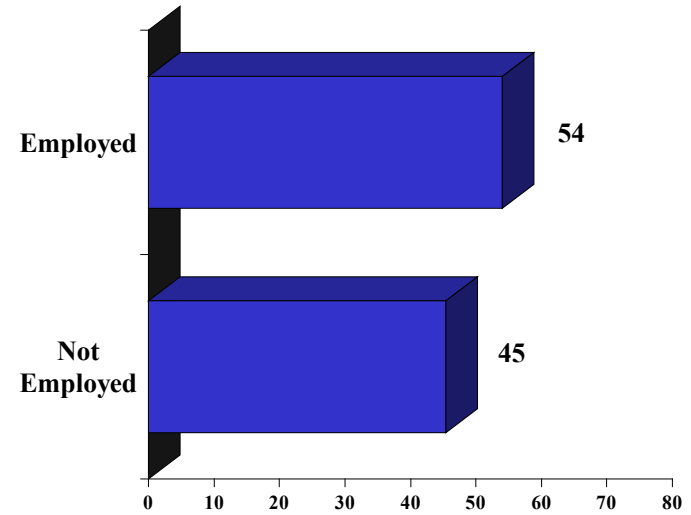


Demographic Profiles: Employment

Players



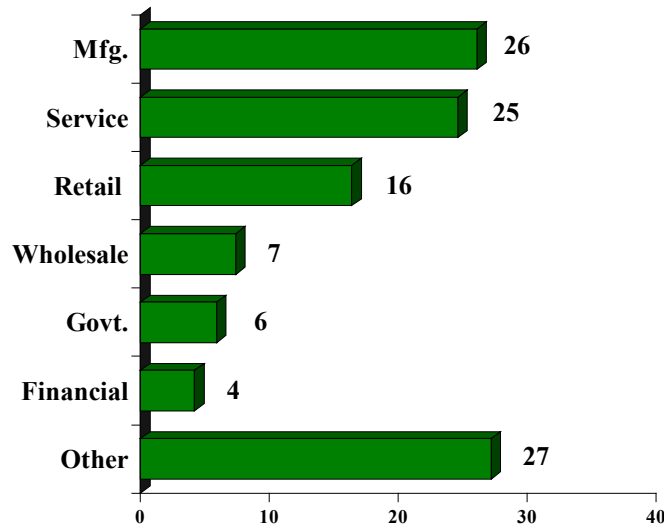
Non-Players



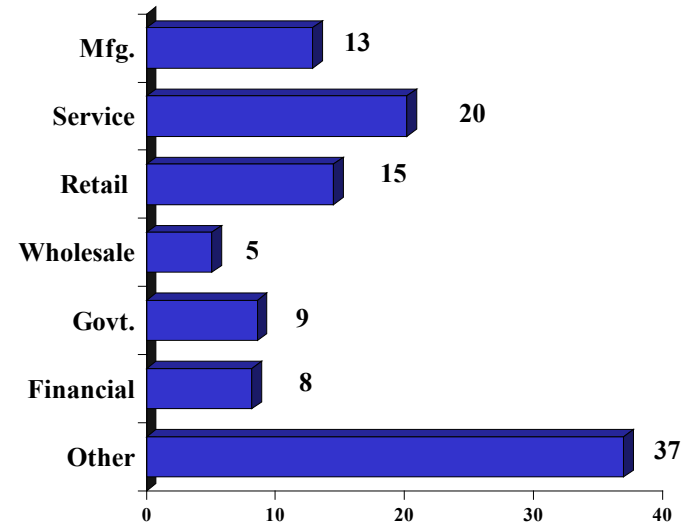
Demographic Profiles: Type of Business/Industry

(among those employed outside the home)

Players



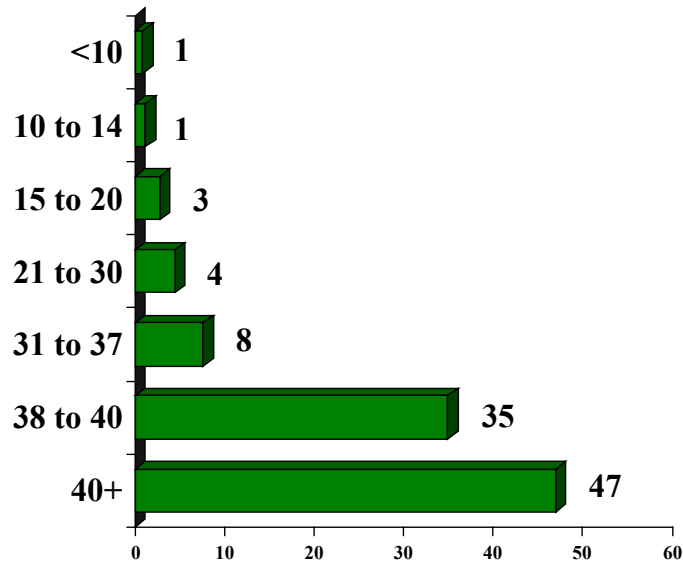
Non-Players



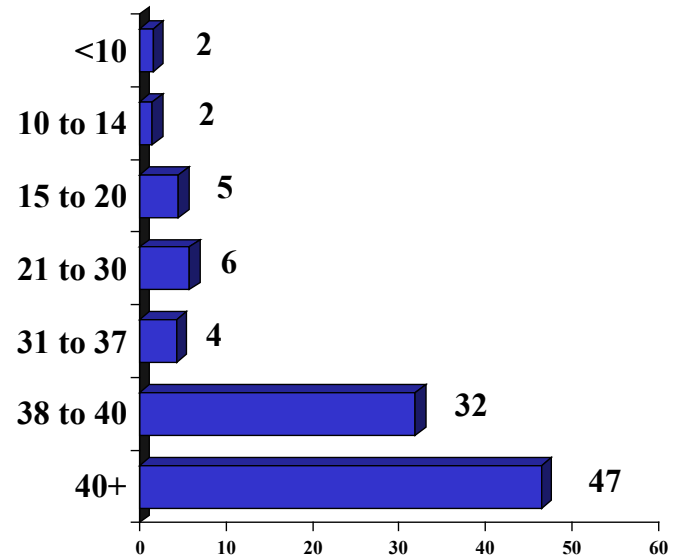
Demographic Profiles: Number of Hours Worked Per Week

(among those employed outside the home)

Players



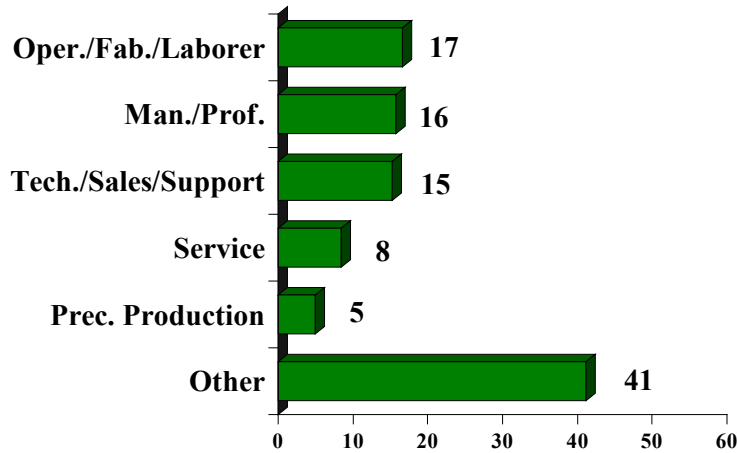
Non-Players



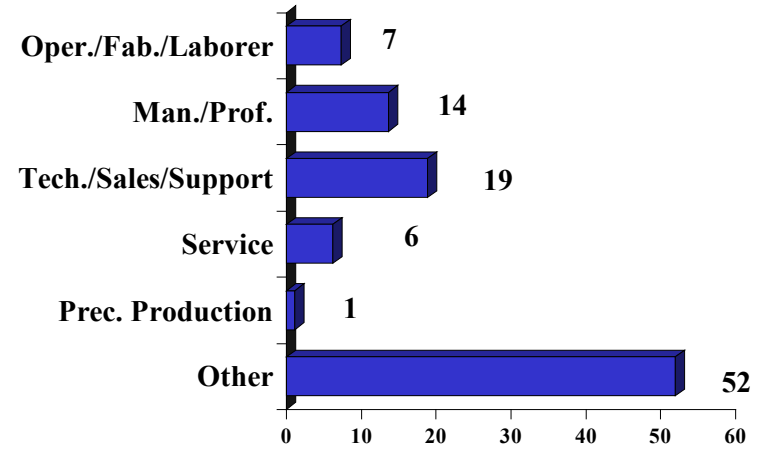
Demographic Profiles: Job Function

(among those employed outside the home)

Players

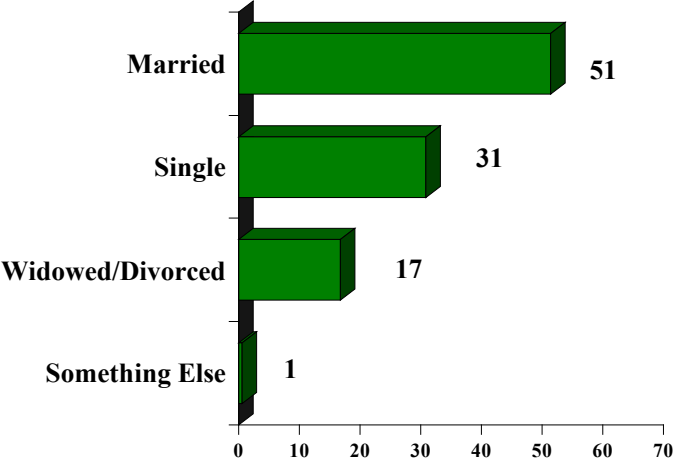


Non-Players

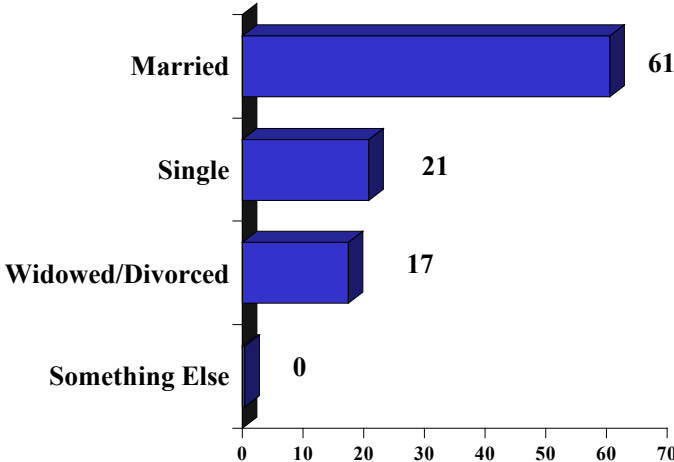


Demographic Profiles: Marital Status

Players

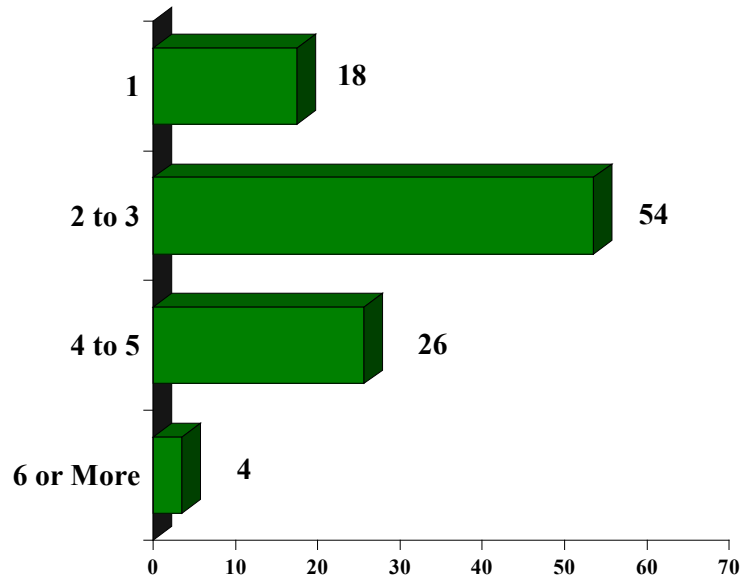


Non-Players

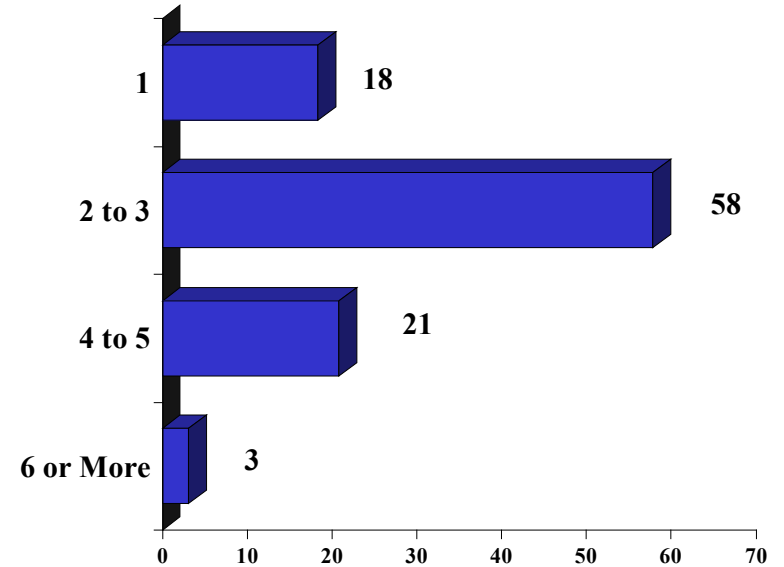


Demographic Profiles: Household Size

Players

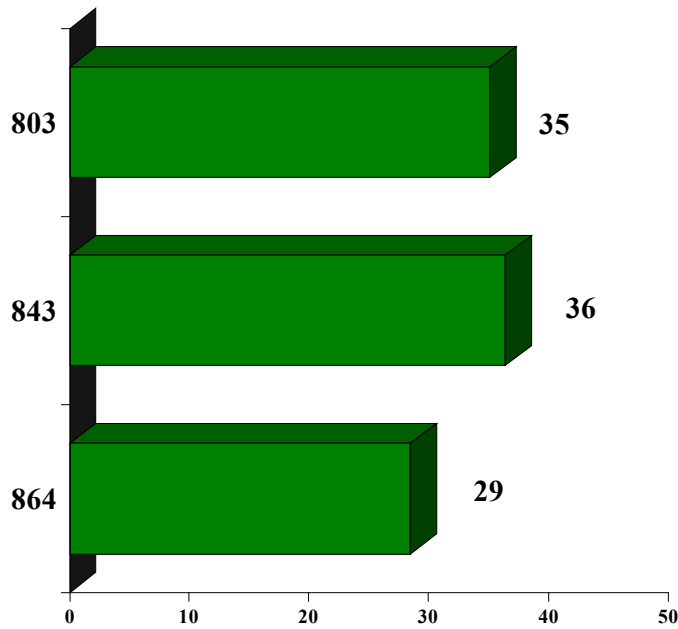


Non-Players



Demographic Profiles: Area Code

Players



Non-Players

