

L5 | PERSPECTIVE

Rethinking the Lottery Proposition:

New Players, New Realities,
New Dreams



What Happened to The Dreamers?

It may seem strange to consider, but the dream of winning the lottery seems to be fading. In research Level5 conducted earlier in 2023 among 500 Canadians, those in younger generations were a third less likely to have played lottery in the past year as compared to respondents in older generations. Waning engagement is a real concern: a self sustaining player base is key for the long term viability of the sector and to ensuring that the positive impact generated by government sanctioned lotteries continues on into the future.

For years the draw of ‘winning it big’ was a compelling proposition. However, as players age and new generations are brought into the fold, the lure of this dream seems to be tarnishing.

Younger generations were **1/3 less likely** to have played the lottery in the past years compared to older generations.

— Level5 Primary Research, 2023

The Slow Death of ‘The Dream’

Jackpot lotteries in Canada, and in most of the world, speak to the notion of a dream – a dream based on winning an exceptionally large jackpot prize. They all offer both the chance to win (ultimately applicable to very few players) and, even more importantly, the chance to dream about what you would do with the win (applicable to all players).

And, in turn, our research found that the most widely held motivation for playing the lottery amongst all players was the chance to win the top jackpot. Essentially, the dream prevails universally. However, what was fascinating was how that motivation changes drastically by generation. The intensity of the motivation declines as you move to younger generations.

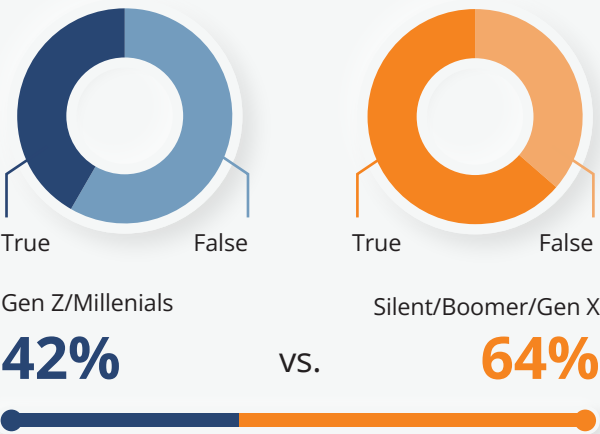
As younger players are less motivated than they have been historically by the jackpot dream, then it’s not shocking that the engagement with these games fades.

The softening of this motivation, we believe, is linked to generational context: differences in generational values on top of harsh economic and societal realities are shifting what it means to dream. ‘The Dream’ isn’t dead but it is changing.

What motivates you to play the lottery?



I like to dream of what I’d do if I won



The Age of the Realists

Generational attitudes are very often a product of their times. Heightened economic challenges, constant technological advancements, environmental degradation, a heightened focus on social issues, and even COVID-19 has shaped the way Gen Z and Millennials see the world compared to their older generational counterparts. We see these differences manifested through varying perspectives about what it means to 'dream'.

Gen X and Baby Boomers grew up shooting for the American Dream: a good house, perhaps in the suburbs, a stable job, and a comfortable retirement. As 75% of American Baby Boomers own a home, many achieved the American Dream in one form or another. The dream the lottery provided was a way to short circuit this and go way beyond it. The lottery ticket was compelling as the basics, for many in these older generations, was in the process of being achieved.

On the other hand, Millennials and Gen Z tend to see less opportunity in their futures—they have more basic priorities, as they see it, to attend to than a white picket fence or two-car garage. Consider the following four realities impacting younger players and diminishing the value of 'the dream'.

Economic Realities:

Gen Z and Millennials are not in a financially secure place. 65% of Gen Z and 74% of Millennials believe they've started off further behind financially than

earlier generations at their age. Younger players aren't necessarily thinking about what would happen should they 'win it big', rather they're focused on what they need to do to get by.

Social Realities:

Younger generations are highly engaged in social issues. Whether it be equality in the workforce, social justice, inclusivity and the like, social issues are largely on the radar for these younger players – and these factors influence purchase behaviour and consumer choices.

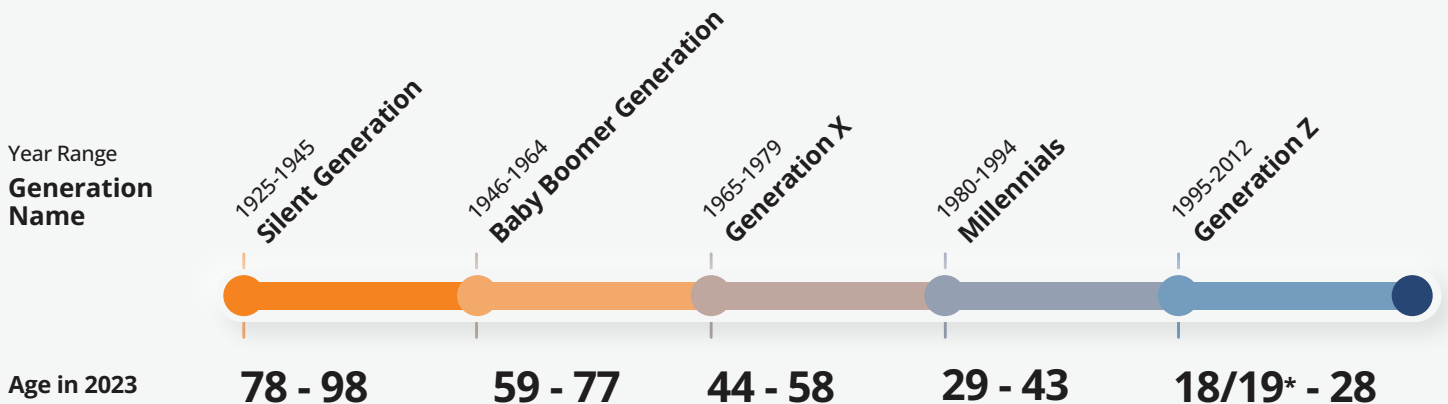
Environmental Realities:

Younger generations are facing the realization that climate change is directly affecting them and will continue to do so now and into the future. The immediacy of the concern keeps it top of mind and impacts spending behaviour. In fact, Gen Z is willing to spend 10% more on sustainable products, and 75% of Millennials are eco-conscious to the point of changing their buying habits to favour environmentally friendly products.

Health Realities:

Mental health concerns are top of mind for Gen Z and Millennials. These generations experience more negative emotions than others. Rates of depression and anxiety are disproportionate. These deeply impactful concerns at an individual level also impact spending.

Reference: Generations defined



*depending where players are situated in the country

The Path Ahead

At Level5, we help our clients form a deep understanding of their customers, and then work with our clients to craft the right promise to grow their business and the right programs to keep their market promise consistently. For lotteries looking to engage younger players, it's crucial to understand who these consumers are, their values, and how these factors influence their behaviours. This context can be used to build foundational strategies, value propositions, positioning, and executional programs. In the jackpot lottery context this can help guide decisions, such as:

Game Design: Reorient game design around the values, activities, and behaviours of younger players, focusing on attributes that matter to this demographic, such as interactivity and social interaction / connection, and bigger causes.

Prizing: The appeal of the big dream for these generations may just be too far out there. Consider different prizing structures that not only feel more relatable but allow for more "wins" which can be redefined in countless new ways.

Experience: For realists, pragmatic benefits are important. Value must be delivered not just in the form of a prize, but also as part of the experience. Experiential games that promote the benefit of social connection might resonate better with this audience.

Impact: Beyond communicating and educating about the positive impact lottery has on communities, meaningfully integrate causes and issues that these generations care about into the design, mechanics, and experience of games.

The burden of these realities has shifted the values of younger generations, what they prioritize and what it means to dream.

Is your lottery looking to capture new and younger players? Are you looking to think differently about your players and your offerings to drive future growth? Feel free to connect with our lottery experts:



Efram Lebovits
Managing Partner



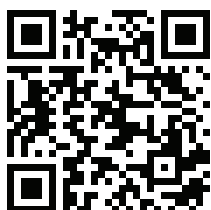
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