

SHOULD POWERBALL GO GLOBAL?

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Among key U.S. Lottery personnel, there are two distinct camps of thought as to whether the current U.S.-only branded Powerball game should be sold in other countries. However, unlike the Brexit debacle over in my home country of England, and the widening of the political spectrum in America, there does appear to be potential for some middle ground. Imagine that. People working together towards a common goal of greater success for all.

The difference in this case is that the internal controversy over Powerball strategy emanates from one simple conflict. Team A is crying out for Revolution, while Team B simply wants Evolution. Two opinions, just one simple letter of difference. Both paths are qualifiable and quantifiable, and yet both teams have the same goal... to increase revenues to help the townsfolk of Lotteryville. What was once a relatively simple task, sitting back and watching as rolling Mega and Powerball jackpots ensured financial returns satisfied even the meanest of Governors (think Headley Lamar from Blazing Saddles), has become more onerous as the years have worn on.

Into the new decade, a 300 million bean jackpot win seemingly can't guarantee happiness for the average person in the street. A billion (or even half a billion) with its "B" has more of a ring to it, but when was the last time either jackpot game hit that magical mark? Not recently enough, according to leading lottery directors.

So how will another single letter swap help the current situation? After following these

discussions first-hand, your humble scribe from renowned lottery and gaming research experts Leger, decided to take a stand, and ask some questions relevant to this very issue on their December 2019 U.S. Omnibus.

80% of Past Month players will remain loyal

The first, and perhaps most important question simply defines whether Joe Public will continue to support Powerball if sales occur across borders. When asked whether 'we the people' would still play Powerball if it expands its selling base to other countries around the world, 42% of the U.S. population say they will still play, which translates to 80% of past month Powerball players.

Lapsed players are split

Perhaps more interesting are results from the lapsed players (these are former Powerball players who have not played Powerball in the past month, but have played in the past year), where opinions are almost evenly divided on their future purchase intent. 52% of lapsed players state they will play if Powerball expands, with the remaining 48% saying they will not. To Leger this seems to be the tipping point. Can U.S. lotteries, with their current monopoly, grow sales internationally, to compensate from losing 20% of their recent players and potentially half of the casual players?

So, is it seen as a 'positive' step?

One third of Americans feel the expansion to an 'internationally extended' Powerball will be a positive step, with almost the same proportion (30%) believing it to be negative, with the remaining third neutral. The 'positives' are driven by those 'aged 30-39' (48%) and families with children (42%), while the 'negatives' lean heavily on those '65+ year olds' (46%). These facts would seem to indicate that the greatest opposition to change, are the oldest age group, which is by no means a negative, given the fact older Lottery players tend to drop off a little in terms of play following retirement.

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Recent players see the benefits, lapsed players less so

Among the recent players, 62% of past month Powerball players claim the extension of the game is seen as positive, compared to only 29% of lapsed players. In fact, 43% of those lapsed players argue the move would be a negative for the game.

When you combine the fact that lapsed players, Americans who have played Powerball in the past year, but not in the past month, are unsure of the positive effect and half already claiming they will not play an international version of Powerball, how easy is it going to be to win back this key market with statistics like that.

Key positives of an expanded Powerball

"Bigger prizes and jackpots" are the key factors among those who favor the Revolutionary option, stating "It's a good opportunity, positive all around". However, those against the new plan simply shake their heads, with a dose of patriotism attached. "Our chances to win would be diminished, with much lower odds" and "it's an American game, it should stay American".

Player benefits track with recent jackpot games

Leger's survey also asked respondents the potential benefits of a newly expanded Powerball. The past month players were very vocal, with a number of critical attributes hitting the 50% + level. Players want 'Bigger jackpots more often' (63%), 'Better odds of winning' (58%) and "Higher prize levels for hitting just the Powerball number" (51%). From one side of the fence it could be

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argued that Powerball could achieve two of these three 'wish list' items with the current Powerball game, without allowing Johnny Foreigner a chance to win.

Taking a lead from Meghan and Harry

One of the critical questions of a potential jackpot game expansion is the 'where'. Some parties would no doubt like to see Powerball extended to the colonial headquarters, and to a certain extent the American public agrees, as 38% feel that the UK would be a good fit for expansion. However, it's our brethren on the upside of the northern border that seems like the most logical place to develop the jackpot game, with 53% stating Canada as a great fit. If members of the British Royal Family chose the Canucks over the Limeys, surely Powerball would be welcome in the Great White North. Both Mexico and Australia are also seen as options, selected by around one in five Americans as potential fits for Powerball.

Would Lotto Max get the cold shoulder?

As you, the reader, may already be aware, Canada already has two of their own jackpot games already, in Lotto 6/49 and Lotto MAX. That may well be the case but when pressed to choose just their favorite (i.e. number one choice) 39% of Americans, and possibly even more importantly 50% of past month Powerball players, state that the Land of Ice Hockey should be the first country to begin Powerball's expansion.

When asked why Canada, 38% of Americans recognize the close proximity geographically, while 19% state that we already share a border. Both reasonings seem logical to this author, almost a natural extension for the game. However, history also teaches us that not everything that crosses a border to the north succeeds. Isn't that right Montreal Expos fans? 13% also think that Canadians are the most akin to Americans. (Please note loyal reader, this last statement was challenged by all Canadians, and dismissed as simply rhetoric by their Cour suprême du Canada...I won't bother translating).

To spend, or not to spend, that is (another) question

Leger also asked whether players in the USA would continue to spend the same amount of money on Powerball if it was also in other countries. Based off the 'ever played' Powerball portion of the research, (n=676 people), it was determined that more than half (51%) would continue to spend the same amount they currently do on the game. One in six stated they would spend 'a little less', while 10% said they would spend 'significantly less' than current.

23% of 'ever play' players simply turn their collective noses up and, similar to an earlier answer, state they would flatly refuse to play Powerball again, if the game hit foreign shores.

New Powerball, new rules?

If players could sculpt the changes 'a guaranteed winner of \$100,000 per state', was the number one chosen benefit of a multi-country Powerball. This gained 48% of support from past month players, while even 38% of lapsed players gave it the jolly old thumbs up. 38% of past month players also felt 'Better odds of winning a \$10 prize' and 'higher prizes for hitting just 1 or 2 numbers' were the next two important potential changes. These two factors may lead one to believe that perhaps winnings can be split between a large jackpot, with something for even the little people. Ultimately, it appears, Powerball players simply want to feel like winners.

Where does Powerball's future lie?

Perhaps what the support for these three ideas (above) alludes to is that there may be room for both team's strategic goals based off this simple research, providing the core players have a say in the remodeling. Much like the October 2017 move to a \$2 Mega Millions game (from a \$1 ticket), a reinvention of the other domestic classic could perhaps be a tad overdue.

We live in an ever-shrinking world, and investigating whether there are potential friendly partners to expand the Powerball game globally seems like an acceptable next step, and should certainly not be dismissed based on the numerical evidence provided by Leger's research. MUSL and the key stakeholders in the U.S. should use more of this type of research to evaluate the potential of Powerball changes both at

home and abroad, and truly understand how we can increase money for good causes everywhere. This seems infinitely easier than trying to get Republicans and Democrats to agree on policy.

This research highlights some of the benefits and pitfalls of an idea being batted around the lottery world right now, but it barely even scratches the surface of potential for improvement and the obstacles to change. Some key issues jump out immediately. What happens to Mega Millions? Does Powerball move to a \$5 price to differentiate itself? What will truly happen if an 18-year-old from Montreal, or a retired insurance salesman from Manchester, scoops a major Powerball jackpot? Will that impact the perception of value on the part of U.S. players? Maybe Powerball should be kept domestically, and a completely new global game be developed? Is Globalball already patented? If Powerball is sold into other jurisdictions, will that mean that other jurisdictions can sell their lottery products into the U.S.? And if other jurisdictions can sell into the U.S., would that include safe-harbors of gray-area operators like Malta and Gibraltar, and "synthetic" lotteries like Lottoland? This is just the beginning of the discussions, and research into, another exciting Lottery adventure.

The numbers behind this story are available from Simon Jaworski and his Leger Lottery research team. Feel free to reach out about this, or any Lottery and Gaming research, to sjaworski@leger360.com

Trust me, I'm a researcher. ■