

PREPARE FOR THE PARADIGM SHIFT IN PLAYER BEHAVIOR



A combined article brought to you by Inspired Entertainment (Lorne Weil) and Lotto Research (Simon Jaworski) about the opportunities and threats currently encompassing the American Gambling and Lottery markets.

The research referenced in this survey was administered among past year gamblers in four key iGaming/iLottery states – Michigan, New Jersey, Pennsylvania and Virginia. The total sample was split evenly among the four states with almost 2,000 American gamblers interviewed.

20 key facts applicable to Americans who have gambled in the past year ...

Sports betting and young males still on a growth trajectory

1. More than half of male gamblers in the four states have bet on sports in the past year, and this reaches as high as 58% among 25-34 year olds men. Sports betting now has the second highest % of penetration for gambling and gaming activities among both 18-24 and 25-34 year olds, only behind Instant Scratch tickets (but ahead of National Lottery draw games).
2. Among the n=500+ iGaming (Online Casino Game) players across the four states, 66% have also bet on sports in the past year. However, this means that one third have not, **leaving a giant iLottery sized gap in the marketplace!**
3. Average monthly spend on sports betting is almost four times higher than average monthly spend on either Scratch games or National Draw games. Among 25-34 year olds it is five times higher.
4. 3.5% (net) of past year Gamblers in these four states say they will have a decline in spend in 2025. This 'net' is the % of gamblers who say they will spend more in 2025 (18%), subtracted from the % of gamblers who say they will spend less (21.5%). 60% claim their spend will be the same. There is expected to be a 'net' (-11%) decline in spend among female players.



Simon Jaworski
Founder & CEO, Lotto Research

5. However, in 2025, even though the average 'net' gain in terms of sports betting spend appears to be low (only 1%), there are two groups that say they will increase their spend, either significantly or slightly;
 - a. 17% of males say they will 'net' increase their spend on sports betting.
 - b. 24% 'net' of 25-34 year olds claim they will increase their spend on sports betting.

What does this mean for Lottery Draw games?

The introduction of a \$5 Mega Millions ticket on April 8th 2025 should hopefully help abate the slide of draw game sales for state lotteries in the short term. However, sports betting's hold on young men continues to grow, with no sign of slowing in terms of increased spend levels.

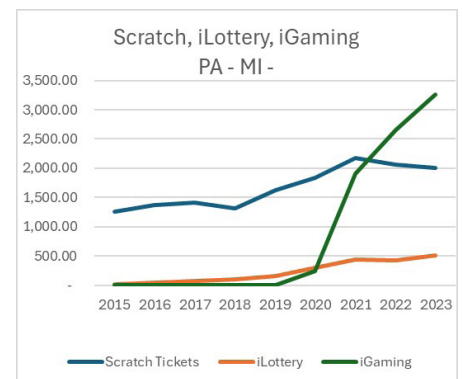
Lottery State Governors take note - Convenience is king!

6. Among those gamblers in the four states who say they'll increase their spend on Online Instant Win games in 2025, the top two reasons are related directly to convenience. 21% state that it is 'easy to play online or on their phone', while 19% state they can play 'whenever I feel like playing'. Convenience is paramount.
7. **Convenience** (the same two reasons, combined at 41%) is also the reason why gamblers say they'll increase their Online Casino spend in 2025. Among 25-34 year olds, the second highest reason (19%) is 'Casino Games Online are the most enjoyable form of



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- gambling'.
8. When asked how do you prefer to gamble, 58% of gamblers said they preferred to gamble in person, compared to only 42% online. **Great, right!?!? Well...**
 - a. Among 25-34 year olds these numbers are flipped, with 58% preferring to gamble online. It's also 54% among 35-44 year olds, and also a majority of 18-24 year olds who prefer gambling online.
 - b. A higher % of African Americans and Asians both have a preference for gambling online as opposed to in person.
 - c. A majority of men (52%) prefer gambling online compared to in-person.
 - d. However, there is no difference whatsoever across income breaks...



9. In terms of overall spend on Lottery, sports betting and casino in-person, gamblers in these four states predict a net increase of +9%, while +13% claim they will increase their spend online.

- a. Men are driving all the stated increases. A net +17% claim they will increase in person play in 2025, while a net +26% claim they will increase their spend online/on their phone
- b. In terms of age, 18-24 year olds claim their net increase in spend will be similar on both gambling formats, around 26-27%.
- c. However, among 35-54 year olds, the gap continues to widen. Only net +4% of 45-54 year olds claim their in-person spend on gambling will increase in 2025, compared to +17% net for those online/on their phone.

Winning isn't everything, it's the only thing. Not quite true ... however ...

- 10. The primary reason players state they are going to spend either significantly or slightly less on Scratch Games in 2025 is 40% state 'I never seem to win'. It's almost the same proportion for those who state their Lottery Draw Games will decline. Almost half state 'I never seem to win'
- 11. A quarter of those who say their Lottery spend will decline in 2025 state that they have simply 'started gambling less in general'. 13% state it is because they don't go to the store as much anymore.
- 12. And in terms of winning, between Lottery Scratch, Sports bet and Online slots game,
 - a. 47% of gamblers state Lottery Scratch has the best chance of winning, with a bet on sports in 2nd at 39%
 - b. However, among 18-24 and 25-34 the winning preference is flipped, with sports betting seen as a better winning proposition at 50% (compared to 38% for Scratch) and 25-34 year olds at 55% for sports betting and only 27% for Scratch.
- 13. It is the same ratios for 'most likely to win on'. Among 18-24 year olds, 69% say they are more likely to win on Online Casino Games compared to Lottery Online games and among 25-34 year olds they have a similar ratio (66 % think winning is easier on Online Casino Games)

Lotteries are still #1 for Trust

- 14. State lotteries still lead the way in trust! **83% of Gamblers trust their state lottery, compared to only 40% who trust FanDuel and 38% who trust Draft Kings!**

- a. However, the gap narrows among males. 77% trust their lottery, while more than 50% trust the two largest sports betting companies.
- b. Among 18-24 year olds and 25-34 year olds, the gap narrows even further.
 - 69% of 18-24 year olds trust their state lottery, but 55% trust Fan Duel.
 - 71% of 25-34 year olds trust their state lottery, but 54% trust Draft Kings
- 15. We also asked which is more fun – Michigan or Pennsylvania Lottery Online Games or Online Casino Games
 - a. 46% say Lottery, 54% say Online Casino Games
 - i. The disparity gets stronger among 18-24 year olds (63% Online Casino) and 25-34 year olds (69% Online Casino Games)
- 16. When asked, would you like to be able to add lottery to your family's grocery store deliveries or store pick-ups, among past year gamblers in the four states:
 - a. 25% said they would like to add lottery tickets to their grocery store pickups, which skews higher among African Americans and Asians.
 - b. 13% said they would like to add lottery to their grocery stores deliveries

The role and importance of sports fans in Gambling is undeniable.

- 17. Among the 1,974 past year gamblers, 17% are Super Fans (who go to games and watch sports a lot), whilst 26% are Passionate fans (who watch professional sports multiple times a week)
 - a. These two groups heavily over-index male (27% and 35% respectively) and 25-44 year olds (26% and 32%)
 - b. Only 26% are 'casual/social sports fans (and they over-index female at 35%)
 - c. Super Fans heavily over-index on a large majority of gambling types, including
 - i. 37% playing Lottery online (23% overall average)
 - ii. 73% bet on sports (37% overall average)
 - iii. 44% bet/gambled online (Casino style games), versus 27% average

- iv. They average 5 types of gambling in the past year compared to the average of 3.4
- 18. 2025 'net' increase of spenders (so those stating they will increase spend subtracted from those who will decrease spend) and among Sports Super Fans for the key gambling types are
 - a. Lottery draw games +17% net
 - b. Lottery Scratch +26% net
 - c. Sports betting +38% net
 - d. Casino Game Online +16% net
- 19. Thinking about gambling and gaming on your phone/online, how do you think your spend will change in 2025, for
 - a. **Super Fans...net +43% increase**
 - b. **Passionate Fans...net +26% increase**
- 20. However, those 'Not Interested in Watching Sports' have the highest average spend on Casino Games online at \$234 per month.

In Conclusion ... Ultimately, lotteries have to understand that older Americans have started to travel more, and so underlying trends of decreases in spend in gambling may well be accurate. However, in the online realm, low hanging fruit remains available. For instance, the third of the online gambler community currently uninterested in betting on sports represents a tremendous opportunity for iLottery to acquire new players. Of course, the online casino operators are already targeting the same player profile, so it's better for lotteries to start sooner than later. Alternatively, the Sports fan (and especially the Super Fan and Passionate Fan groups) remains a prominent focal point in gaming. One take-away from these data points is that a window of opportunity is there for the lottery industry to act now to attract this important consumer group, and to embark on this mission well before the NFL Powerball game arrives in September 2026. If any state lottery would like free access to the full report and data tabulations, please don't hesitate to contact Lorne at lorne.weil@inseinc.com.

Trust me, I'm a researcher (and this information is gold, Jerry gold!) ■

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