

CALL US “THE LOTTO!”

THE AD AGENCY’S STUDY OF SOCIAL MEDIA HAD DOCUMENTED THAT PEOPLE WERE ROUGHLY AS LIKELY TO SAY “THE LOTTO” AS “THE LOTTERY” WHEN THEY EVIDENTLY MEANT THE INSTITUTION, NOT THE GAME.



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“I mean, you have this old, boring game, not even your most important game, and people call you by that name? Like, you’re old and boring? How do we get away from that?”

This was how Jade framed the issue she had been working on, along with the creative team at their advertising agency. The team had brainstormed ideas about how to ‘get away from that:’

- 1) Retire Lotto. Replace it with a game where you choose symbols, not numbers.
- 2) Change the name of the game. “Lottery” sounds too much like “Lotto.”
- 3) Change the name of the Lottery. Choose something that communicates the kind of entertainment we want to provide.

The lottery asked me to swing by and talk with them. On the phone, I gathered that the lottery felt uneasy with the direction things were taking.

I settled into a conference room with Jade and Andrew. I was the oldest person in the room by a margin of thirty years or so. We began by reviewing the research. They were pretty clear about sources and findings.

“How many people call the Lottery, ‘the Lotto?’” I asked.

The ad agency’s study of social media had documented that people were roughly as likely to say “the Lotto” as “the Lottery” when they evidently meant the institution, not the game.

“And how many people play the game, Lotto?”

The current tracking study from the Lottery reported that three quarters of the population over 18 reported playing Lotto at some point in their lives, and that about a quarter had played in the past year.

“And the older they are,” added Jade, “the more likely they are to have played Lotto.”

Sometimes, I find, I have to work pretty hard to draw

people out. Other times all I have to do is play dumb. This time I took the easy way:

“And the problem is what?”

“You’ve got half the population thinking that there is nothing more to your brand than that tired old Lotto game! There are bigger brands, like Powerball and Mega Millions, that have more brand equity, but you are not tapping into that! Let alone positioning yourself for anything new. Once they understand Lotto, they know you have nothing more to offer!”

“And what do they understand about Lotto?”

“Well, they must know how to buy it, since most of them have done that before. And they know that the tickets are cheap. And they know that the prize is not as big as in Powerball.”

“Do you think that they know the size of the top prize, from one draw to the next?”

“Remember the focus groups we had last October? Hardly anybody knew the size of the jackpot.... even the ones who said they had played that week. “

“When we asked, people just went for their phones,” said Andrew, who had attended all the sessions, “Even though we had asked them to turn those off. But they do know that the jackpot increases if nobody wins.”

“Do they know how the game is built; how it works?”

Jade answered, “You mean, like, how many balls, and all that? Probably not. I mean, I don’t know exactly, and why should they? We know that most of them let the machine choose their numbers, right?”

Andrew confirmed that the Lottery had told them that least 80 percent of the tickets in Lotto were quick-picks.

“Do they understand the odds?”

“What’s to understand? The top prize is crazy hard to win. But now and then, somebody wins it.”

“How about in comparison to Powerball, or Mega Millions?”

"I think people understand that those are even harder to win," said Andrew. "But when you start talking about chances of one in a million, one in ten million, one in a hundred million... you know, I hear the 'million' part, and that's all I need to hear. Ten, a hundred? No big difference. All nearly impossible."

"You know, the proof point is, does anybody win? And people do. I couldn't say that they win a lot more often in Lotto than in Powerball. Just the Lotto winners are all from here, and the Powerball winners usually are not."

"Comparing Powerball, Mega Millions, Lotto and whatever," said Jade, "it's confusing that they all basically cost the same."

"Powerball is \$2."

"Right! They're all cheap. So, either I'm in, as a matter of habit, or I'm not; the difference between \$1 and \$2 is just not worth talking about. If it takes something special to get me to play, then again the barrier is not the cost of the ticket, but the break in my routine."

"And you know," added Andrew, "when a company has

different products, usually there is a progression in user benefits that goes along with price. Here, it's all basically one price, and the value proposition as you go up the ladder is 'a worse and worse chance at a bigger and bigger prize.' It's hard to differentiate among the products that way. It's hard to say that one is better than the other."

"And yet you feel like you had rather have the Lottery linked with Powerball than with the in-state Lotto game?"

"It's a more powerful brand."

"Does it have to be one or the other?"

This question did not get an immediate response, and I went on:

"You see, I'm pretty much on board with how your players look at these games. To me, they are all variations on one thing. You remember I'm sort of a game mechanic, right? To me the similarities among your lotto game, Mega Millions, Powerball, and your five-number jackpot game are much more meaningful than the differences. It's like you have four flavors of ice cream. They are distinct, yes, but is one better than the other? And the generic term for these is 'lotto.' And

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if the outfit that sells them is 'the Lotto,' what's not to like about that?"

"How can you claim that 'lotto' is a generic term!?"

"Well there are a couple of ways of explaining that. One is historical, and the other has to do with math. Which do you prefer?"

Jade looked as if I had offered her a choice of sand or bugs on her ice cream.

"Let's go with history. Have I ever told you that I lived in Germany for a while, and knew people who had been American prisoners of war- that is, Germans whom we had captured?"

"You can't be that old," said Jade. "That was like, a hundred years ago?"

"These folks were youngsters during the Second World War, but yes thank you, even that was over before I was born. These guys got caught up in it, and each one I met was very glad to have been captured by us. Now, I did not know the fellow who invented Lotto personally, but he was among that lot - a fellow by the name of Lothar Lammers. We kept him in France for a while, and after we released him, he went home to Muenster in northern West Germany and took up the cause of rebuilding sports fields; for soccer mostly. A simple enough thing but it still needed money. And people did not have a lot of money. He figured out how to build a game for his good cause. It could have a huge top prize, but was cheap to play. It had a compelling value proposition: You pick six numbers, we will too; if our numbers match yours we will pay you at least a million times the cost of your ticket. And you don't have to match the numbers in order: how hard can it be?"

"What do you mean, 'in order'?"

"Do you remember our 'Pick 3' game? It's a numbers game where order matters. You pick from the numbers zero through nine, three times. Zero, one, three is a different choice than three, one, zero. You can pick any number between 000, and 999: one thousand choices. This game has been around for a really long time. It usually pays 500 times the wager for an exact match. You can build it out to four numbers, and let it pay 5,000 to one. If you were to build it out to six numbers, you could let it pay half a million to one. But the thing is: there is only the top prize. You cannot afford to pay the top prize, and also lesser prizes for 'almost' matching. Or if you do pay for partial matches, you must dramatically reduce the top prize."

"This sounds more like math than like history," said Jade.

"OK, you're right. So, back to postwar Germany.

Compared the games known up until that time, Lammers' innovation allowed for a big top prize that is really hard to win, and also lesser prizes that are within what players will reliably win if they play long enough. And yet it is just as profitable as the old 'numbers' games. The trick that allowed this was to say that the order of drawing the numbers does not matter at all. Further, each number can only be drawn once. But the range of choice is 1 through 49, rather than 0 through 9. Taken together, this gives nearly 14 million

possible number combinations for the top prize, yet allows us to pay a better-than break even prize to about one play out of 54. So when we talk about the overall odds of the game, of course we are talking mostly about that prize."

"Even better, Lammers' game provided for the top prize to grow from one drawing to the next if it was not won. The probabilities do not change, but the top prize gets bigger and bigger."

"What they call progressive, right?" asked Andrew.

"Exactly. Now, I understand that the word 'lotto' had been in use in Europe for some time, to describe some kind of game of chance. You may recall the English expression 'to draw lots,' invoking a chance process..."

At this point I realized that I had slid into my professorial persona, and was probably telling people more than they really wanted to know. So I squelched any further etymology, and also any further travel stories, and said, "So they called this new game 'Lotto 6/49.' It happens that that field size, that is the 49, works pretty well in lots of countries that have from a few million to several million potential players. It worked so well in so many places that 'Lotto,' in that form, came to mean just this: a game of chance that provides a huge top prize that grows, and also some more winnable prizes."

"OK," said Jade, "I get that Lotto is a thing with a name, and it works for lots of places. But why do you say that the other games are offshoots of Lotto? And I don't get why you think it's OK if players call us 'the Lotto'."

"Well, Lotto 6/49, unlike the earlier numbers games, did not work very well if you have fewer than a million players. To get that sort of player base, you need a big connected infrastructure, and basically you need to be the only game in town. This is more than informal gambling networks could put together. That is why 'Lotto' was, and still is, pretty much synonymous with games that are offered by government-sanctioned monopolies, like us. So if players call us 'the Lotto,' I think they are calling out a truth about the situation. It's a particular kind of value proposition, and we are the only place to get it."

Andrew said, "Wait. So, you're saying that not only is it sort of the defining game for a state monopoly, but in order to run it you have to be a monopoly? How about now, where if you were on the Web, you might be able to get several million people playing from all over?"

"I'm sure you are right that things are different now. But the monopoly idea made a lot of sense in the last century.

"Also, speaking of newer developments, Lotto 6/49 does not work so well if you have tens of millions of players: the jackpot does not get a chance to grow. So when people started working on the idea of bigger games, across different states, they needed to match a bigger player population to a bigger field of choice, that is, more than 49. But as the field gets bigger, it gets harder to match those three numbers to win a small prize. In order to keep the overall odds attractive, they 'split' the field so that we draw five numbers from one big set, and one number from another, smaller set. We can

pay people for matching just that one number from the smaller set, and manage the overall odds that way. Powerball and Mega Millions are built that way. They are just derivatives of Lotto.”

“On the other end, if you want to offer a smaller top prize that gets won more often, you can make the field smaller, and pick fewer than six numbers. That’s how your five-number game works.”

It dawned on me that I might have shared about as much of my own perspective as made sense for the meeting. I offered to wrap it up by tying back to the results of the agency’s brainstorming. “So, anyway, from both the historical and math points of view, these games are all different flavors of the same thing. And it’s been a government-monopoly thing. So whatever they call it, that’s what we are, at least on the draw-games side. From my point of view, you might consider embracing the ‘lotto equals lottery’ idea, rather than refuting it. But along with that, you understand, I am including maybe four of your current games, and certainly Powerball and Mega Millions, when I say ‘lotto.’ And, if you put up a game

that used some other kind of symbol, rather than numbers, it might still be ‘lotto’ to me.”

I was not at all sure that I had communicated effectively in this session. But to my surprise, both Jade and Andrew seemed to have assimilated something that interested them.

Andrew asked, “Do you think the Lotto derivatives are pretty well built out? I mean, is there anything else to be done?”

“I am sure there is still potential for new lottery games derived from Lotto.”

Jade asked, “Can you make a chart for us that shows how all these games are related? You know, something to use for reference?”

I have done that, and I will share the chart in a future article. ■

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