

# Jackpot Effects

The Canadian Experience



Nice, eh?



# Canada

- Modern lotteries formed in the 1970's
  - Five jurisdictions, 31.6 million population, \$6.7 billion sales
    - Ontario (OLG), 12 million population
    - Quebec (LQ), 7.5 million
    - Western (WCLC), 5.5 million
    - British Columbia (BCLC), 4.1 million
    - Atlantic (ALC), 2.3 million
  - Wide array of gaming options

# Products

- Sales by draw/jackpot were analyzed for two big jackpot games, LOTTO 6/49 and SUPER 7
  - LOTTO 6/49
    - Launched 1982 @ \$1 per selection
    - Moved to \$2 in 2004
    - 14MM field size
  - SUPER 7 (7/47)
    - Launched 1994 @ \$2 for 3 selections
    - 21MM field size per \$2 play

# Per Capita Sales

- Canada strong lotto/spiel sales performer
- National lotto games comprise 40% of Canadian lottery sales

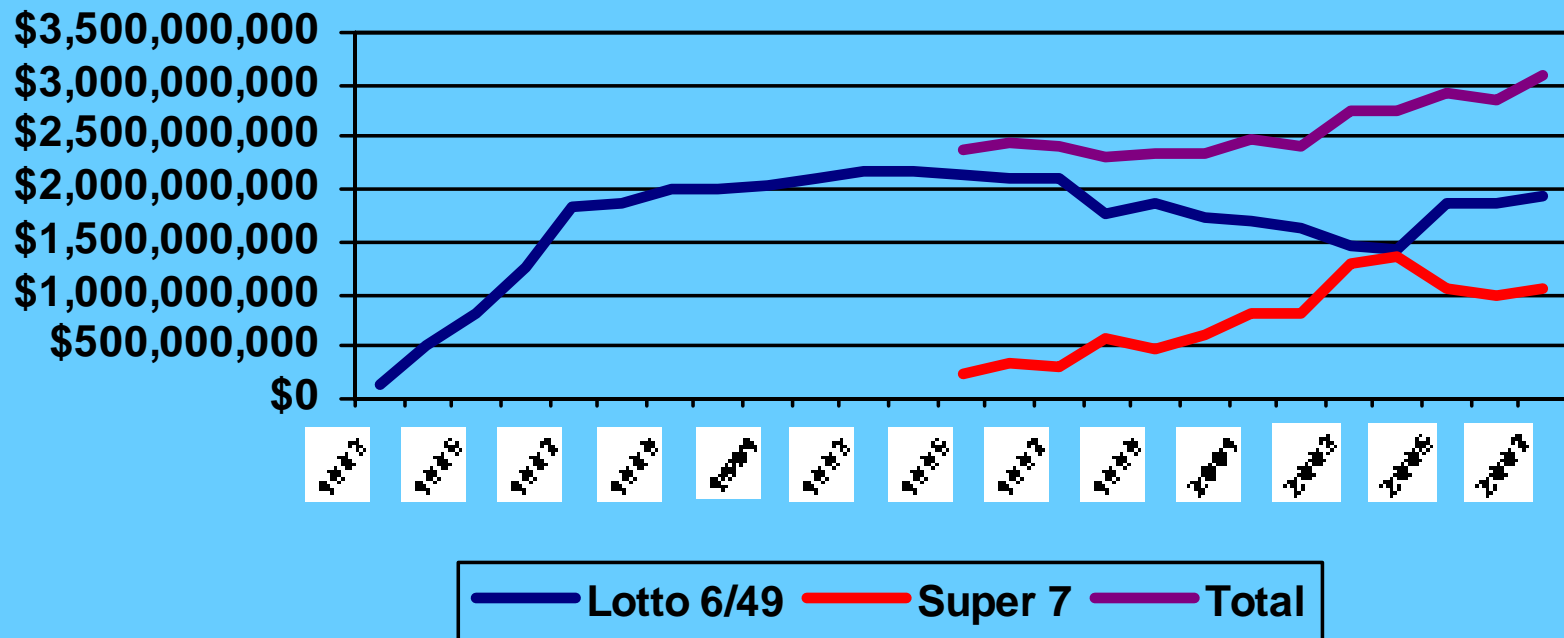
Region	2006 PC Sales	World Rank
LQ	\$107	27
ALC	\$101	30
OLG	\$97	34
WCLC	\$84	38
BCLC	\$82	39

Source: LaFleur's 2007 World Lottery Almanac

# Historical Sales

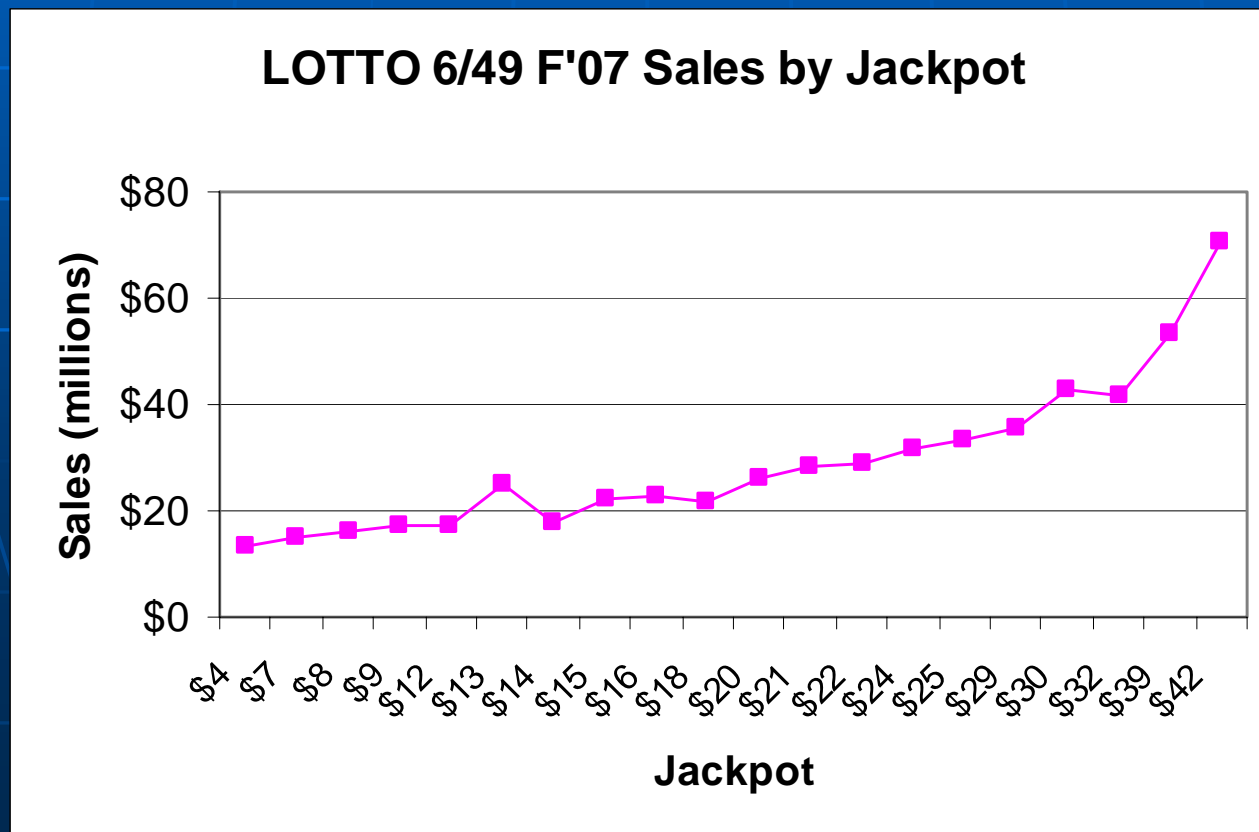
- Sales reflect managed growth

ILC BIG LOTTO SALES SUMMARY



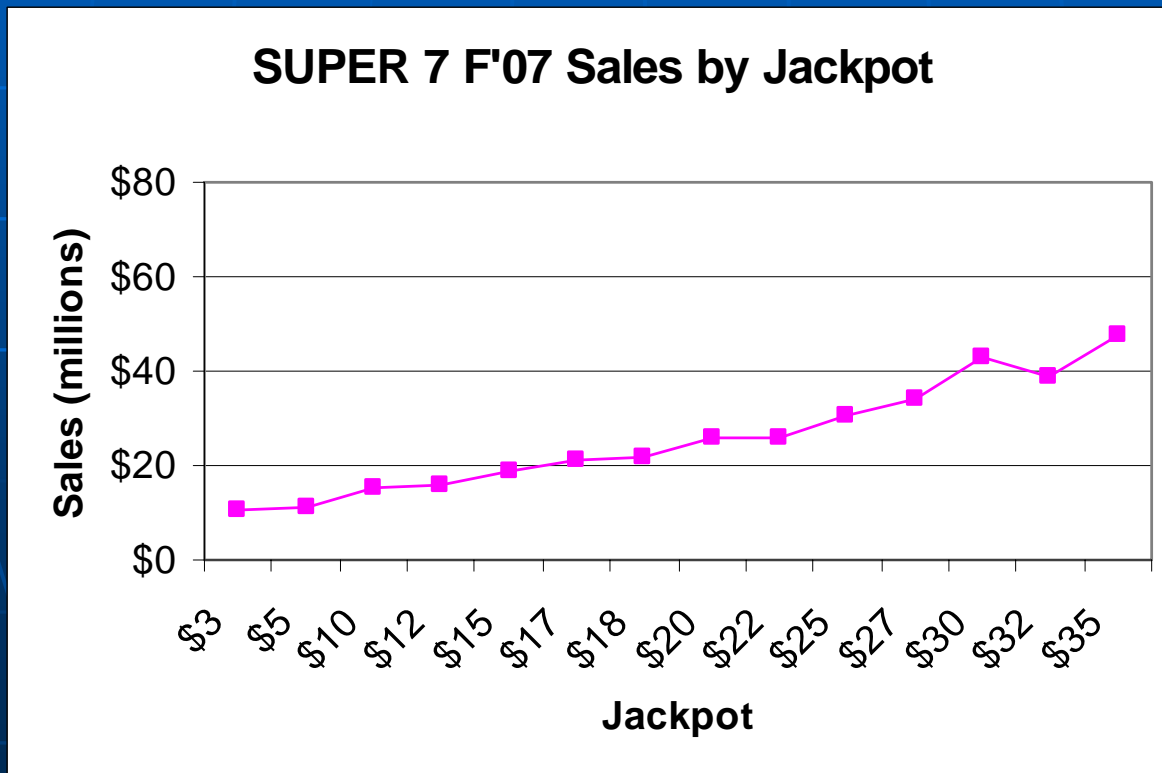
# LOTTO 6/49 Sales Progression

- Sales double from base by 3<sup>rd</sup> roll
- Sales triple from base at \$30MM jackpot



# SUPER 7 Sales Progression

- Sales double from base by 5<sup>th</sup> roll
- Sales triple from base at \$30MM jackpot

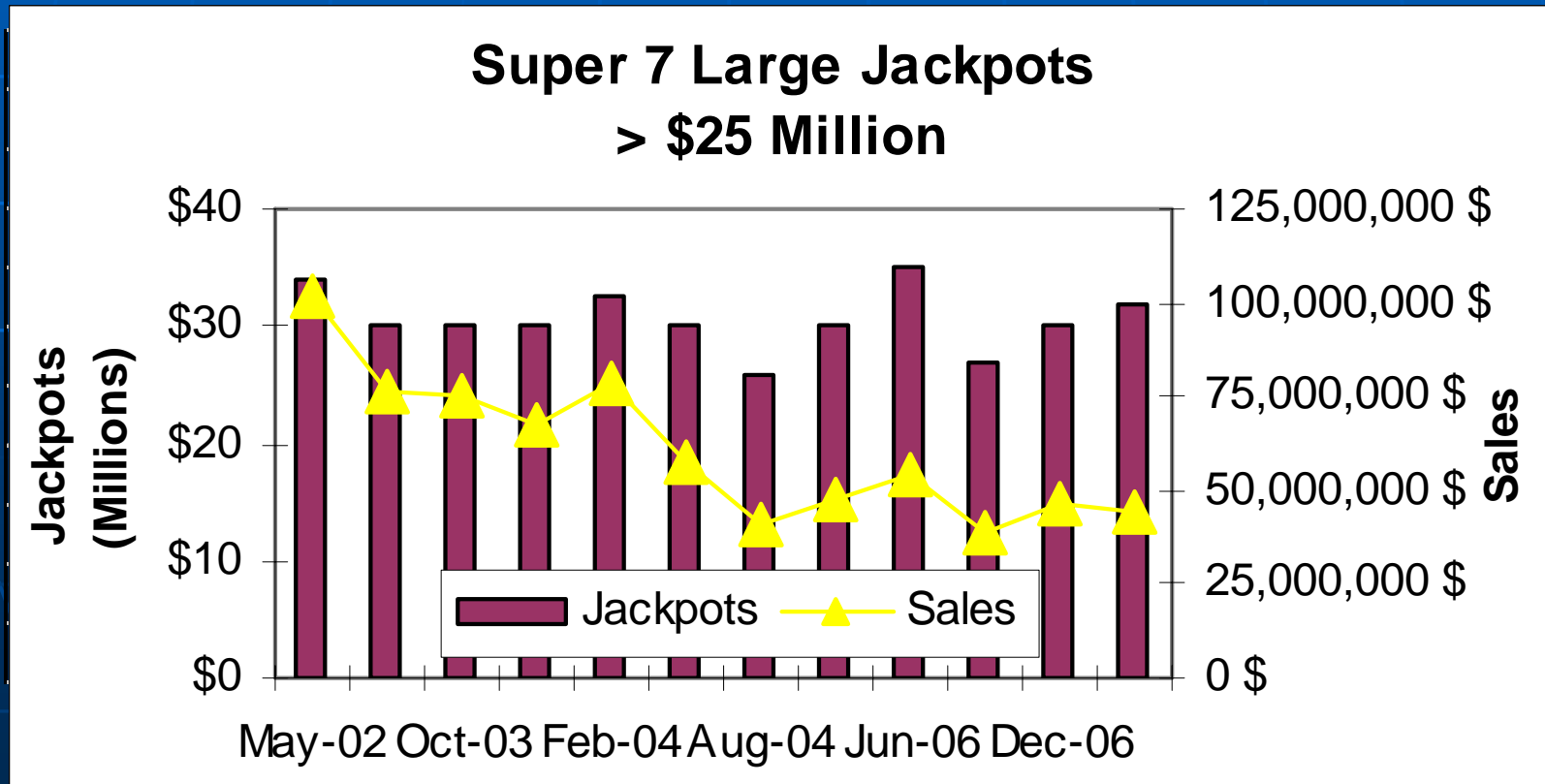


# The Canadian Perspective

- Big jackpots are the lifeblood of the product category
- Jackpot fatigue exists, but in a non-drastic fashion, offset by other benefits
- Long term success comes from
  - Managed jackpot growth
  - Managed jackpot frequency

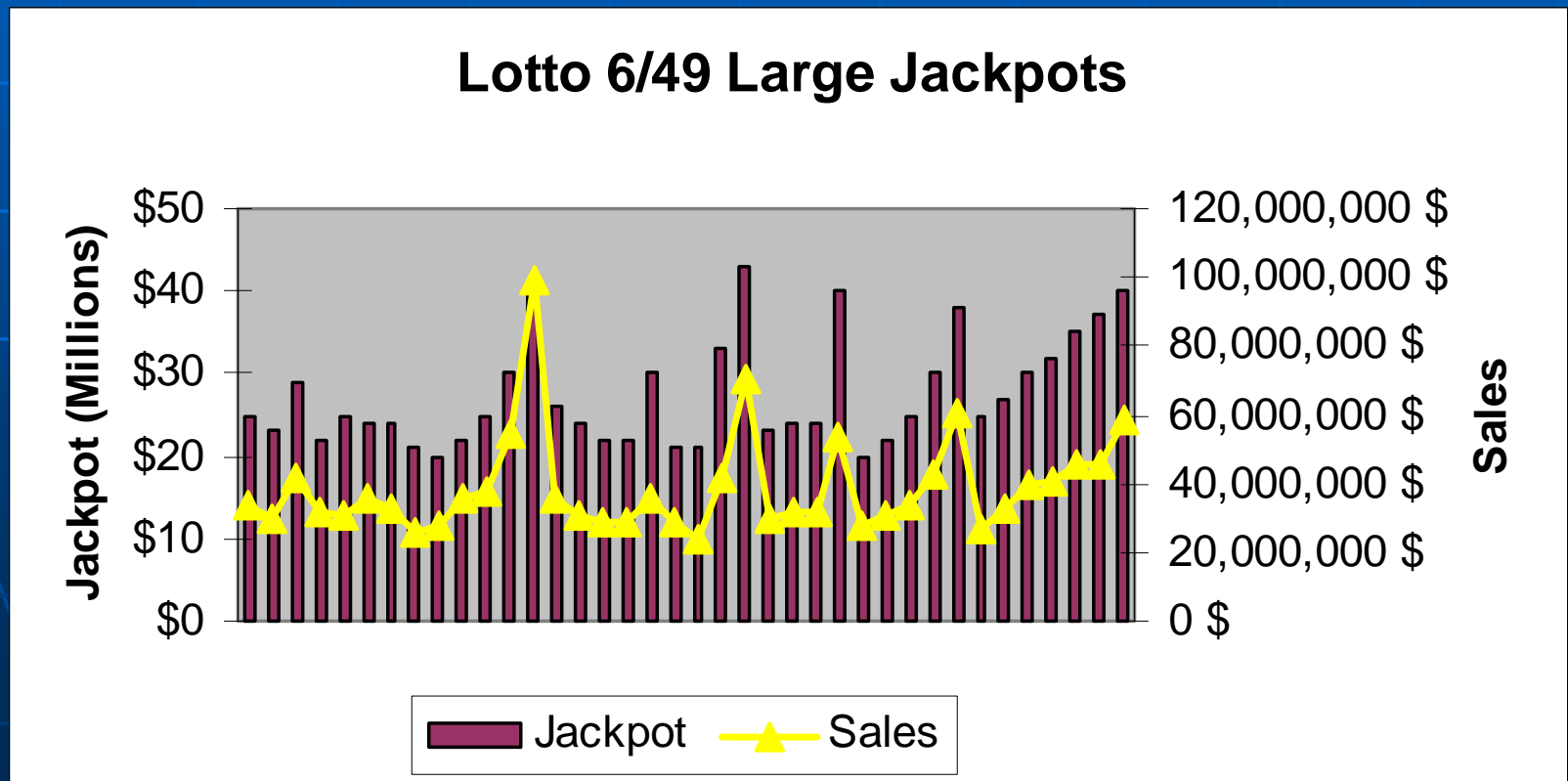
# Jackpot Fatigue

- Jackpot fatigue evident on SUPER 7 jackpots over \$25 million



# Jackpot Fatigue

- LOTTO 6/49 no noticeable jackpot fatigue

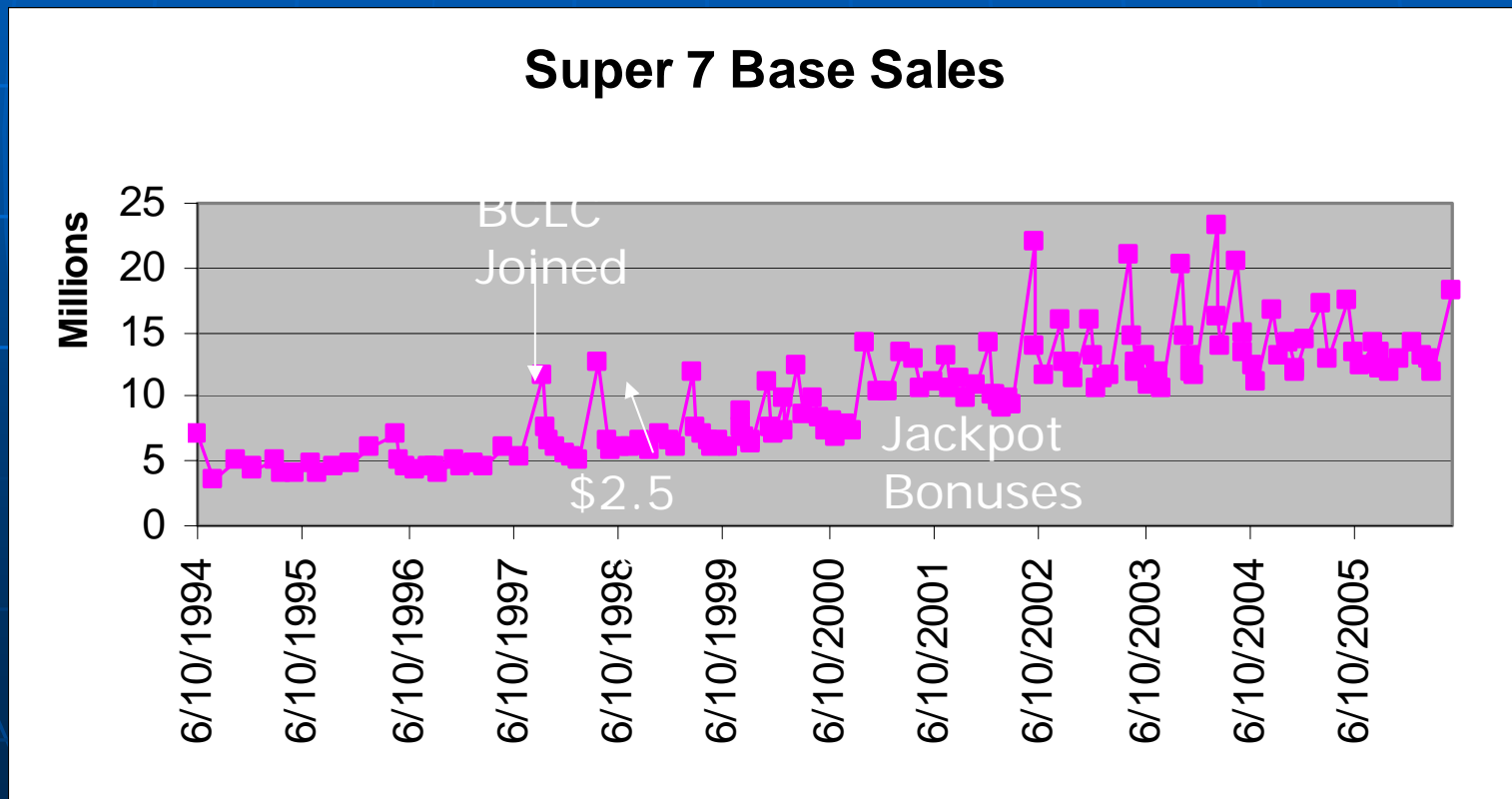


# SUPER 7 Jackpot Halo

- A positive impact on SUPER 7 base sales exists following large jackpot events of \$20 million or more.
- On average, base sales following large jackpots are +22% higher than normal.
- One Roll jackpots also achieve sales levels approximately 13% higher than average.

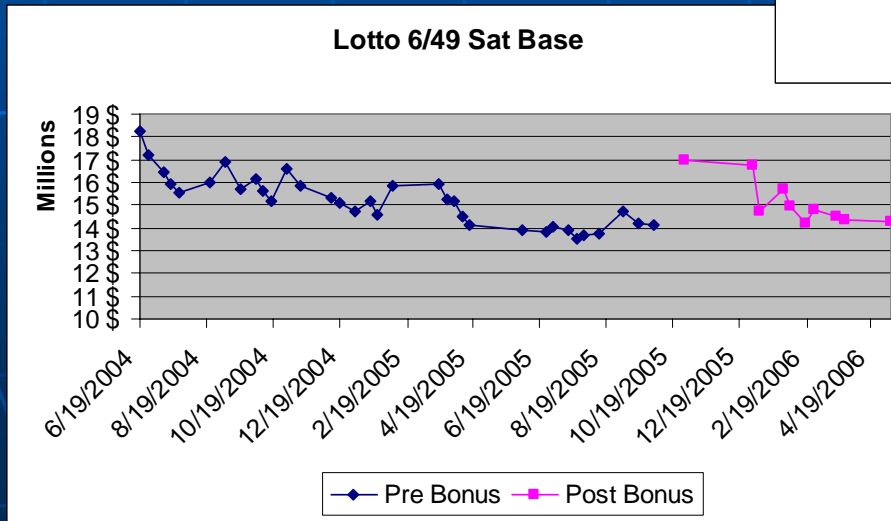
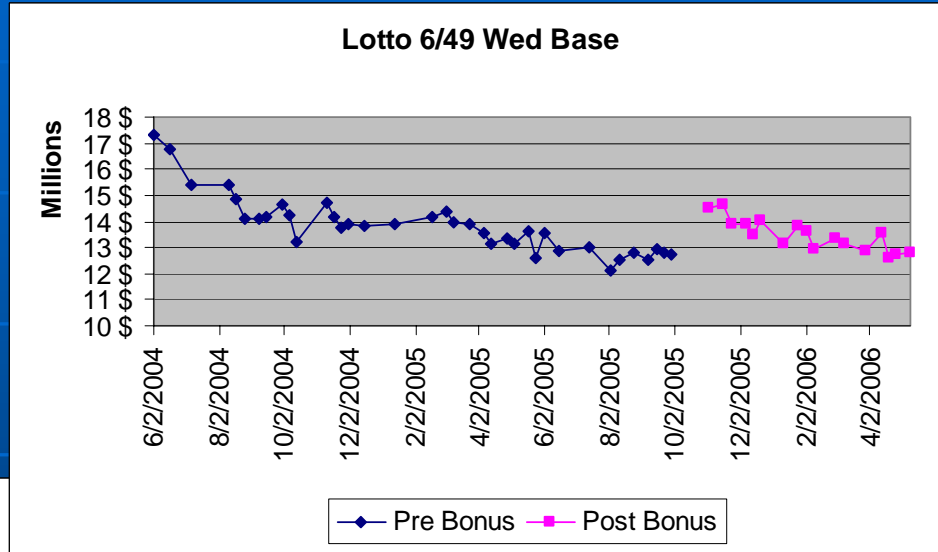
# Jackpot Halo

- SUPER 7 base draw sales have increased over time



# Jackpot Halo

- LOTTO 6/49 shows a positive sales response to large jackpots

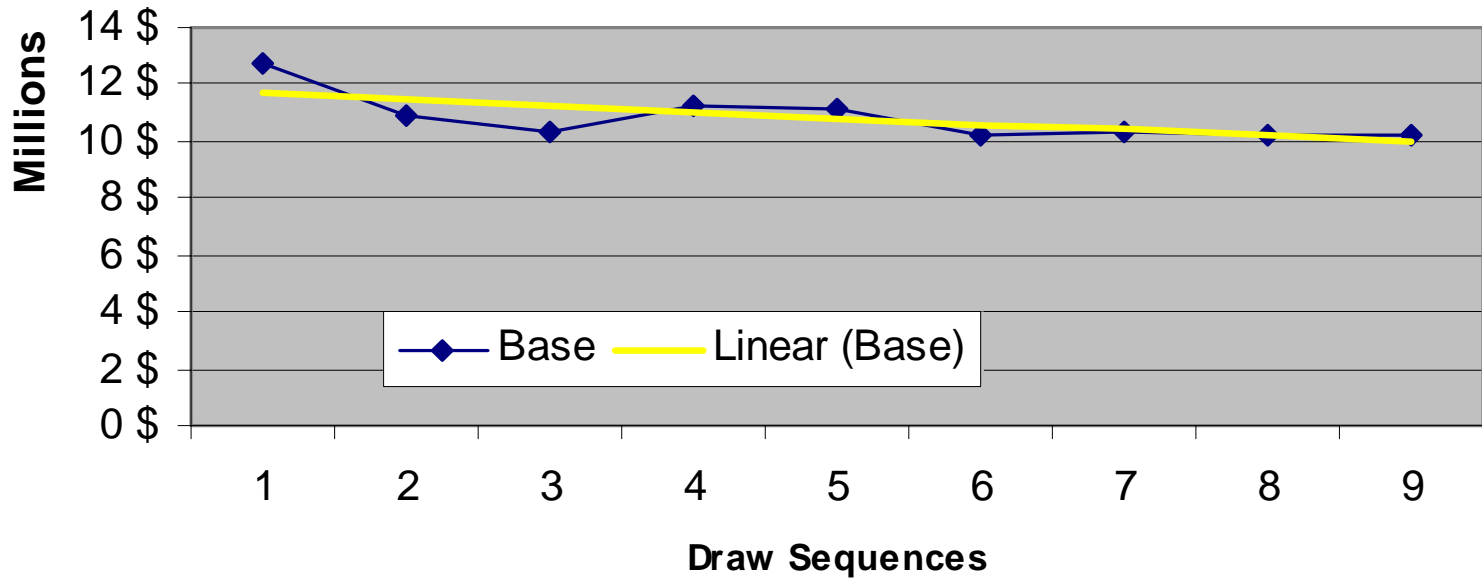


# Jackpot Drought

- SUPER 7 base sales decline during large jackpot droughts
- LOTTO 6/49 Wed. base jackpot sales decline during large jackpot droughts

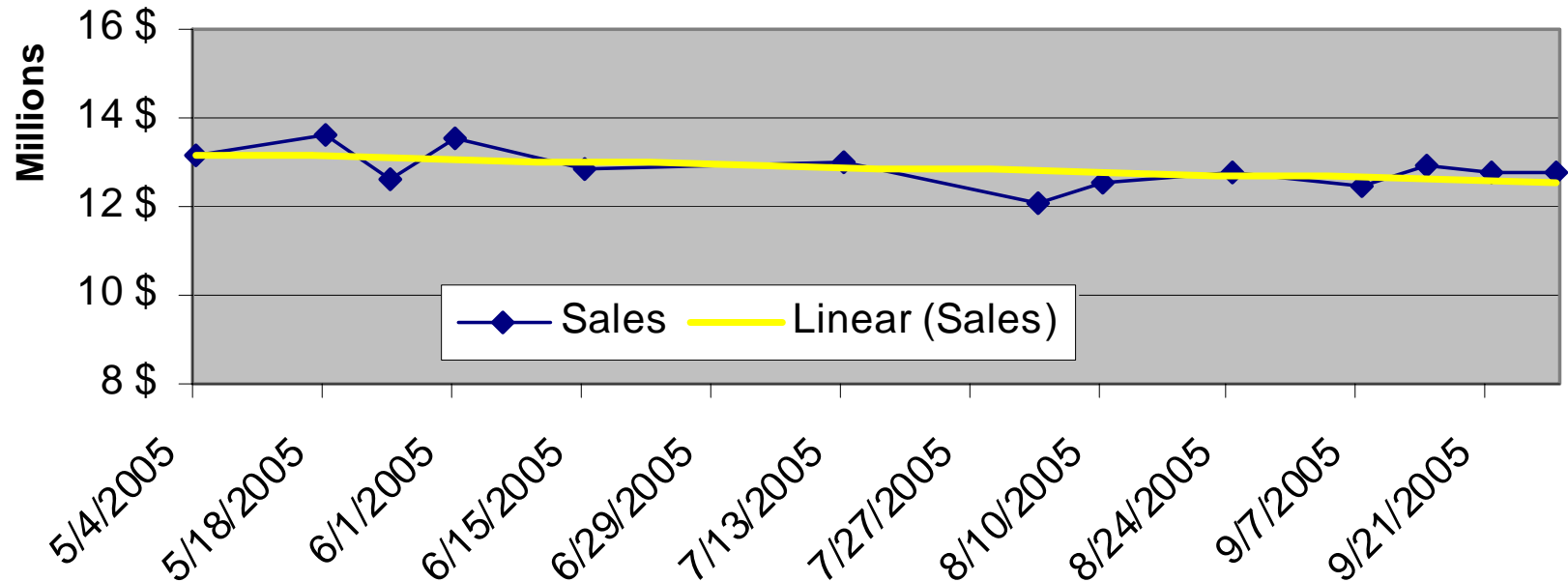
# Jackpot Drought

**SUPER 7 Net Base Sales  
May to Dec 2005**



# Jackpot Drought

Lotto 6/49 Wed Base  
May to Oct 2005

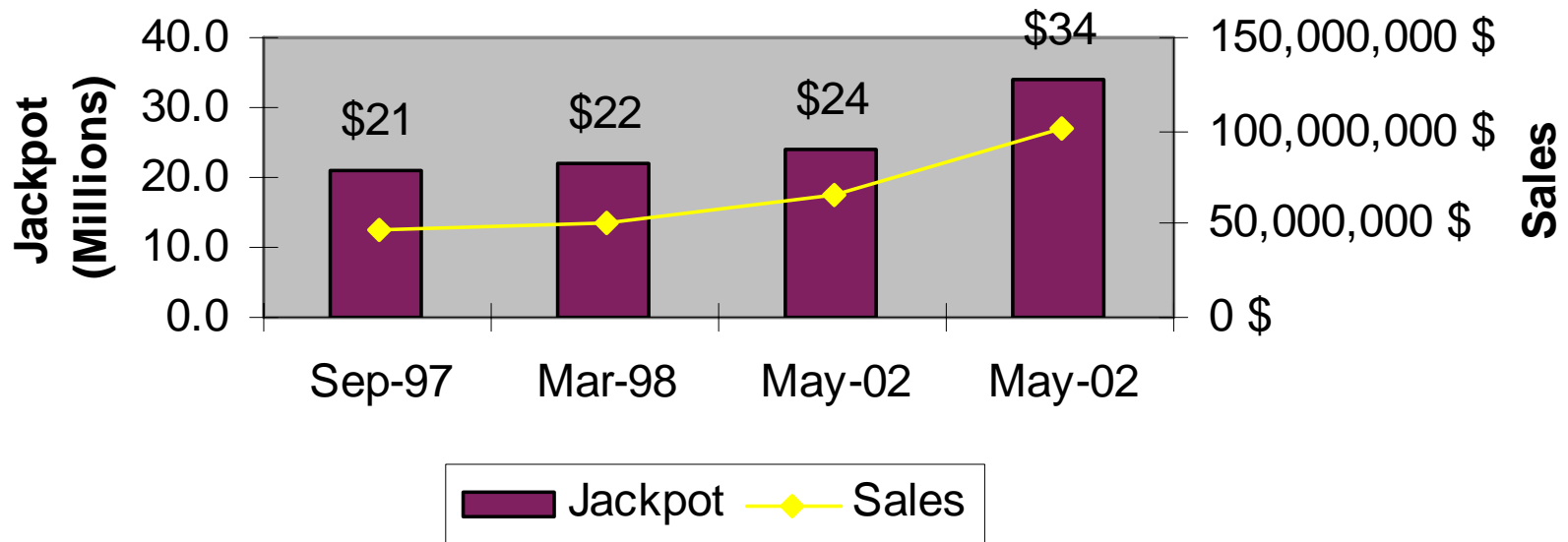


# Jackpot Records

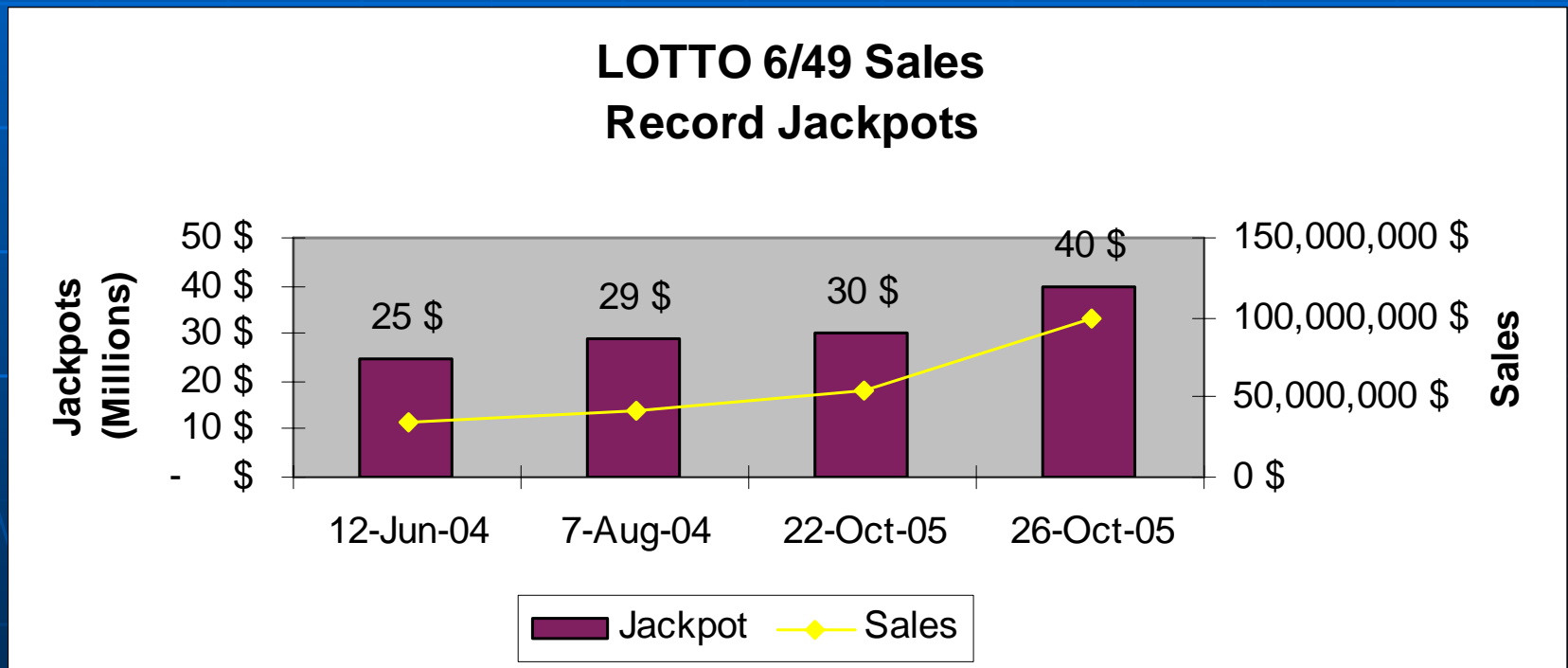
- SUPER 7 sales for the record \$34 Million advertised jackpot in May 2002 reached \$107 Million, surpassing the previous sales high by +54%.
- The record LOTTO 6/49 jackpot in October 2005 achieved sales of \$99 million representing an increase of +22% versus the previous high sales level.

# SUPER 7 Record Jackpots

## SUPER 7 Sales Record Jackpots



# LOTTO 6/49 Record Jackpots



# Summary

- Large jackpots are the lifeblood of lotto
  - Need to manage their growth
    - Jackpot caps
  - Frequency as important as size
    - Avoid droughts, reinvigorate player base
    - Artificial bonuses, jackpot progressions