

# A Look at the South Dakota Lottery

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## FUNDING, REVENUE & PRIZES

- The South Dakota Lottery is a totally self-funded agency. No tax dollars are used for its operation.
- From '87 through '14, the Lottery has raised over \$2.35 billion for state funds.
  - The Lottery has generated more than \$429 million for the state's general fund. Each year, nearly half of the general fund is used to support local K-12 schools, state universities and technical institutes.
  - The Lottery has provided more than \$1.8 billion to the Property Tax Reduction Fund. The fund reduces local property taxes on owner-occupied and agricultural land by 30%.
  - The Lottery has contributed more than \$73 million to the Capital Construction Fund. Local communities use these dollars to pay for rural water systems, community drinking water and wastewater improvement projects and waste disposal programs.
- In fiscal year 2015, SD Lottery paid out more than \$472 million in prizes.

## HISTORY TIMELINE

- In November 1986, 60% of the electorate in a statewide referendum voted to amend the state constitution to allow for a state-operated Lottery.
- On Sept. 30, 1987, six months after the legislation was signed into law, the Lottery sold its first instant ticket. The Lottery repaid its \$1.5 million start-up loan plus interest to the state in three months.
- On Oct. 16, 1989, SD pioneered the first state Video Lottery in the nation.
- On Nov. 15, 1990, the first Lotto ticket was sold in South Dakota.
- On Nov. 7, 2006, by a 67 % to 33 % margin, voters rejected a measure to repeal Video Lottery. This was the fourth time since 1992 South Dakota voted in favor of the Video Lottery.

## MORE INFORMATION

[Lottery.SD.gov/about](http://Lottery.SD.gov/about) and [Lottery.SD.gov/About/Where](http://Lottery.SD.gov/About/Where)



# South Dakota Lottery Research Executive Summary

Lawrence & Schiller collaborated with the SD Lottery to identify current lottery players in the state and to learn more about the variety and frequency of play. In addition, this research sought to understand current perceptions of the SD Lottery and opportunities and barriers that may influence 2016 strategies.

## Research Methodology



Survey Participant Distribution

### SURVEY

- Distributed via mail and online panels  
Online panels consisted of a third-party consumer panel of SD residents, the L&S consumer advisory panel, and the SD Lottery Players Club
- 1,700+ completed surveys
- Divided into players who are active (played within the last 6 months) and lapsed (have not played within the last 6 months)



### FOCUS GROUPS

- Conducted nine two-hour focus groups
- Traveled 882 miles to conduct focus groups in Sioux Falls, Aberdeen, and Rapid City
- 64 total participants
- 20 frequent players
- 44 infrequent players

### RETAILER/ESTABLISHMENT INTERVIEWS

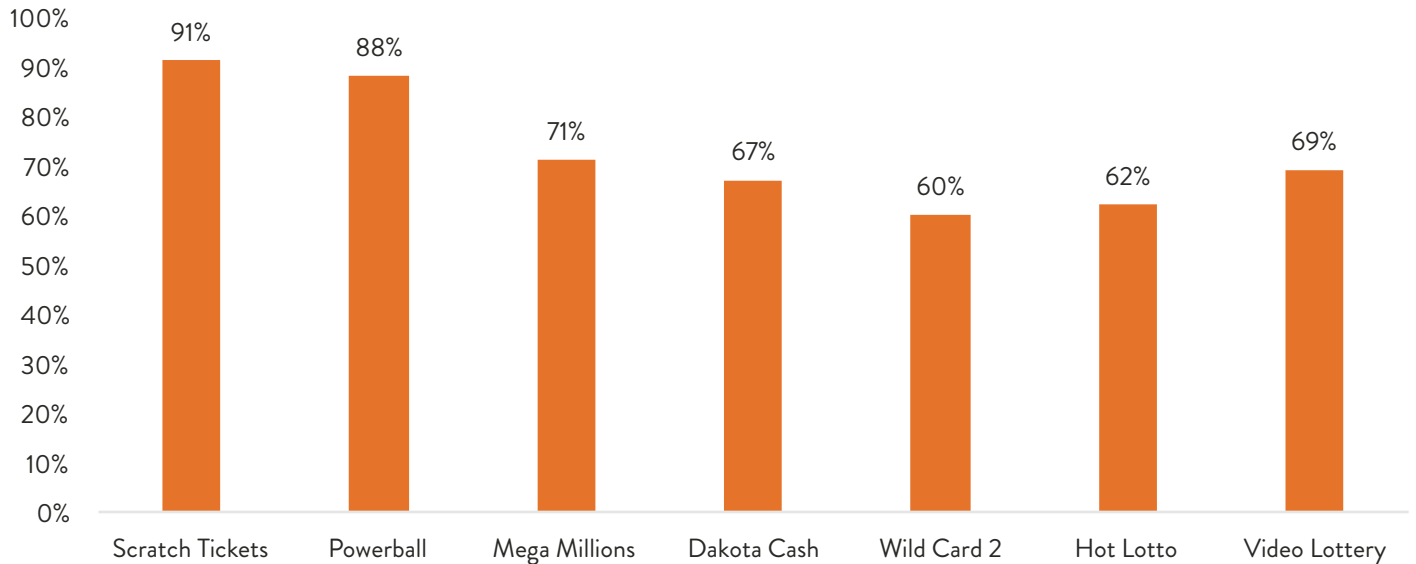
- Interviewed nine lottery retailers and video lottery establishment owners
- Conducted interviews via phone and in person when location allowed
- Interviewees were located across the state in Rapid City, Lemmon, Pierre, Winner, Aberdeen, Sioux Falls, and N. Sioux City
- Interviews ranged from 30-60 minutes



## Survey Findings

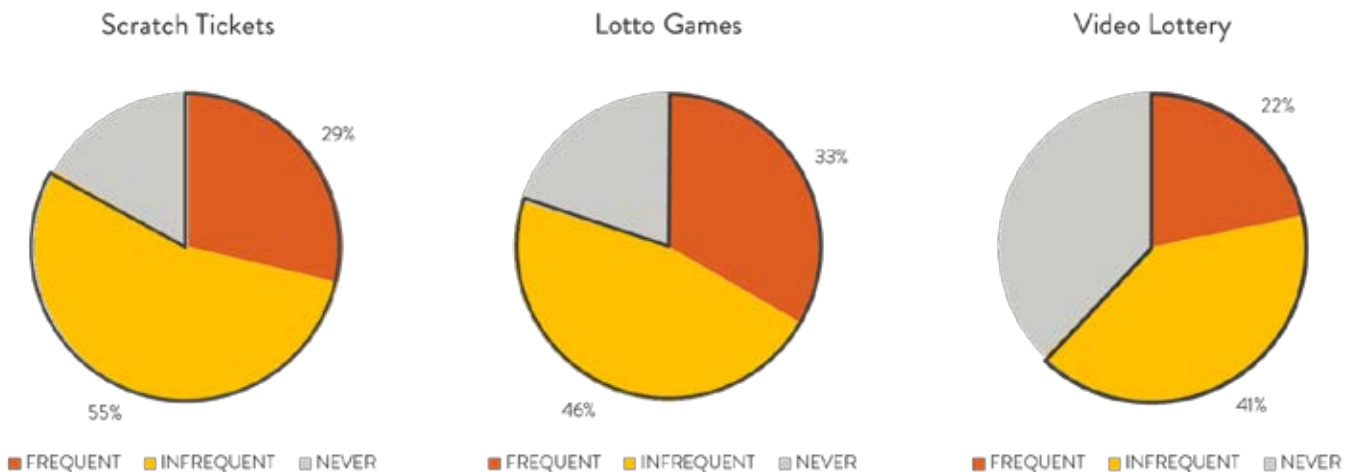
When asked whether SD residents have ever played the SD Lottery, we saw the majority have played at least one type of lottery game in the state with scratch tickets and Powerball being played by most.

### Have You Ever Played the Following Games in SD?



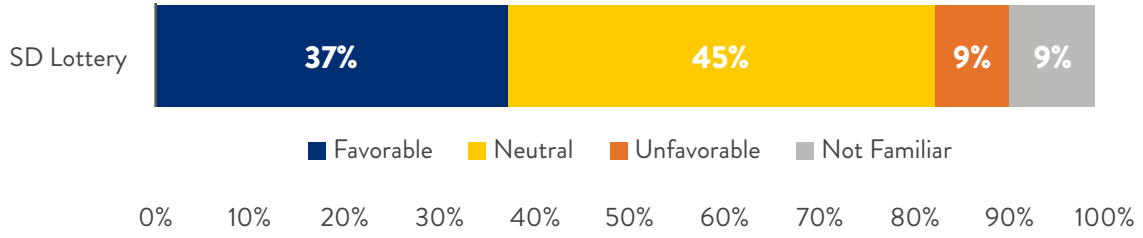
We also examined how often people play the lottery. What we saw is for each type of game, the majority of people outside of the those in the SD Lottery Players Club play infrequently.

### How Often Do You Purchase Each Game? – Non-Players Club Members

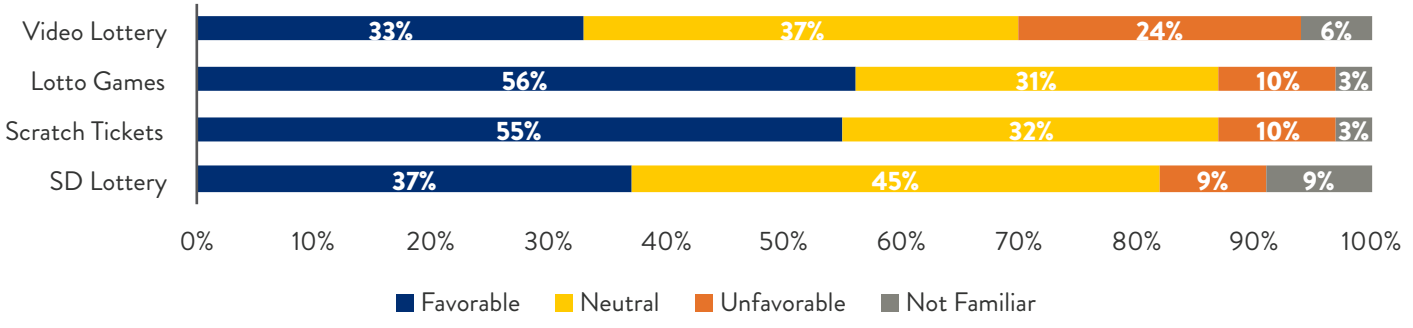


When we asked participants about their opinion of the SD Lottery, we found that 45% of respondents felt neutral about the lottery. This sentiment increased for lapsed players with 55% feeling neutral about the lottery. Since the majority of respondents feel neutral about the lottery, there's room for growth to help SD residents feel more positive about the organization and what it does for the state.

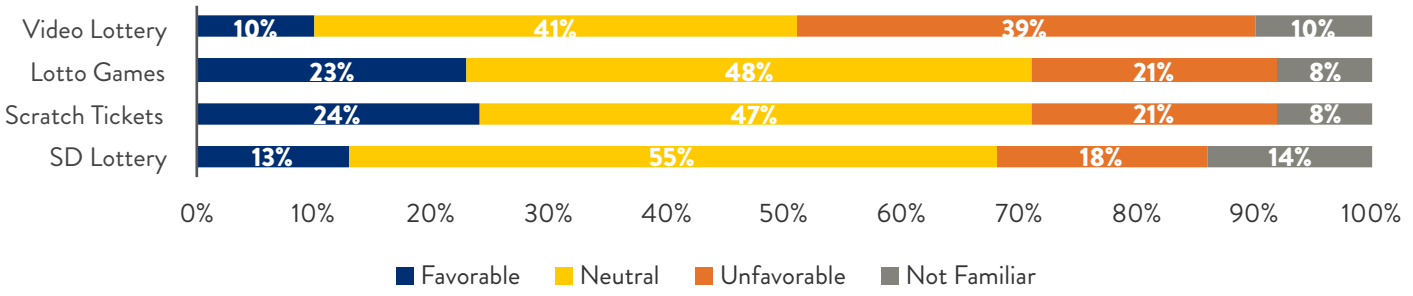
**How Favorable or Unfavorable is Your Opinion of: (All Respondents)**



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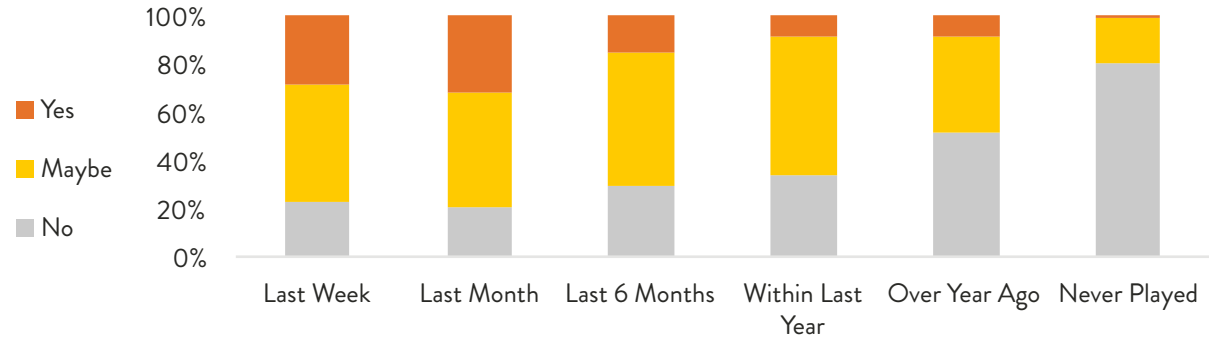


**How Favorable or Unfavorable is Your Opinion of: (Lapsed Players Only)**



We asked participants whether they would ever consider playing the lottery more. What we found was that 50-80% of those who have played the lottery would consider playing the lottery more often.

**Would You Consider Playing the Lottery More?**



**Most Recent Lottery Play**



## Focus Group Findings

To better understand what messages would resonate with the residents of South Dakota, we showed four lottery TV commercials from various states and five statements about the SD Lottery to focus group participants.

While some of the messages we tested were appealing, participants didn't believe them about the South Dakota Lottery as it stands today. Messages that provide insights for future campaigns include:

### **RESPONSIBLE GAMBLING (OREGON COMMERCIAL ON SETTING A TIME LIMIT AND BUDGET; SD LOTTERY ALWAYS ENCOURAGES PEOPLE TO GAMBLE RESPONSIBLY)**

- Both in the TV spot and statement that featured responsible gaming, participants connected with the message because it was how many of them approached playing the lottery. Seeing there was a way to play the lottery responsibly was appealing.
- While participants are aware of messages in SD for gambling responsibly, they thought the statement sounded like a disclaimer and that more could be done to share the responsible gaming message.

### **SD LOTTERY PAYS NEARLY \$100 MILLION INTO THE GENERAL FUND, SUPPORTING EDUCATION & MEDICAID**

- While this message was appealing, people hadn't heard of the funds being allocated nor seen examples of programs benefiting from lottery funds.
- The term "General Fund" was not appealing to participants. They preferred to know how the money was specifically being used by the state.

### **PLAYING THE SD LOTTERY CAN MAKE DREAMS COME TRUE**

- Elicits ideas of hope and possibility.
- Prior experiences playing the lottery and stories about people losing money cause people to be skeptical of this message.

### **ON AVERAGE THE SD LOTTERY PAYS OUT OVER \$1 MILLION PER DAY IN PRIZES**

- While appealing at first, it ultimately created more questions such as who is winning and how many people are playing.
- It causes doubt and skepticism because what participants have experienced does not match the statement.

## What's Next?

- Develop a marketing strategy that speaks to the lottery brand as a whole, as well as the specific types of games
- Begin strategy with a branding campaign in early 2016 and position the lottery as:  
Good for South Dakota. Fun for South Dakotans. **IT'S ALL GOOD FUN**  
It provides a vital source of revenue with a few smiles along the way  
The South Dakota Lottery wants to make the state a better place to live for everyone
- Develop strategies to promote scratch tickets, lotto games and video lottery after branding campaign

