

Virginia Lottery Tracking Study

***FY18 Q3 Scorecard
January – March 2018***



Quarterly Notes

Methodology:

- This study is part of an ongoing internet-based survey done in cooperation with our vendor Leger.
- Qualified respondents = VA adults age 18 or older.
- A total sample of 1,300 interviews were completed this quarter (approx. n=100 per week).
- Significant differences from the previous quarter are shown throughout the report (↑↓).
- Comparative data from our previous vendor (TNS) is shown where applicable.

Note: Historical data for Q1 and Q2 may have changed by 2% - 3% points throughout this report. This was due to the need to weight the data to allow for a balanced gender split for Income. The weight scheme was then applied to the historical data that Leger has collected since July 2017. Although most of the changes are minimal, some may be slightly more prevalent among smaller sample sizes (for example, past month / past week playership for some games).

Key Findings FY18 Q3

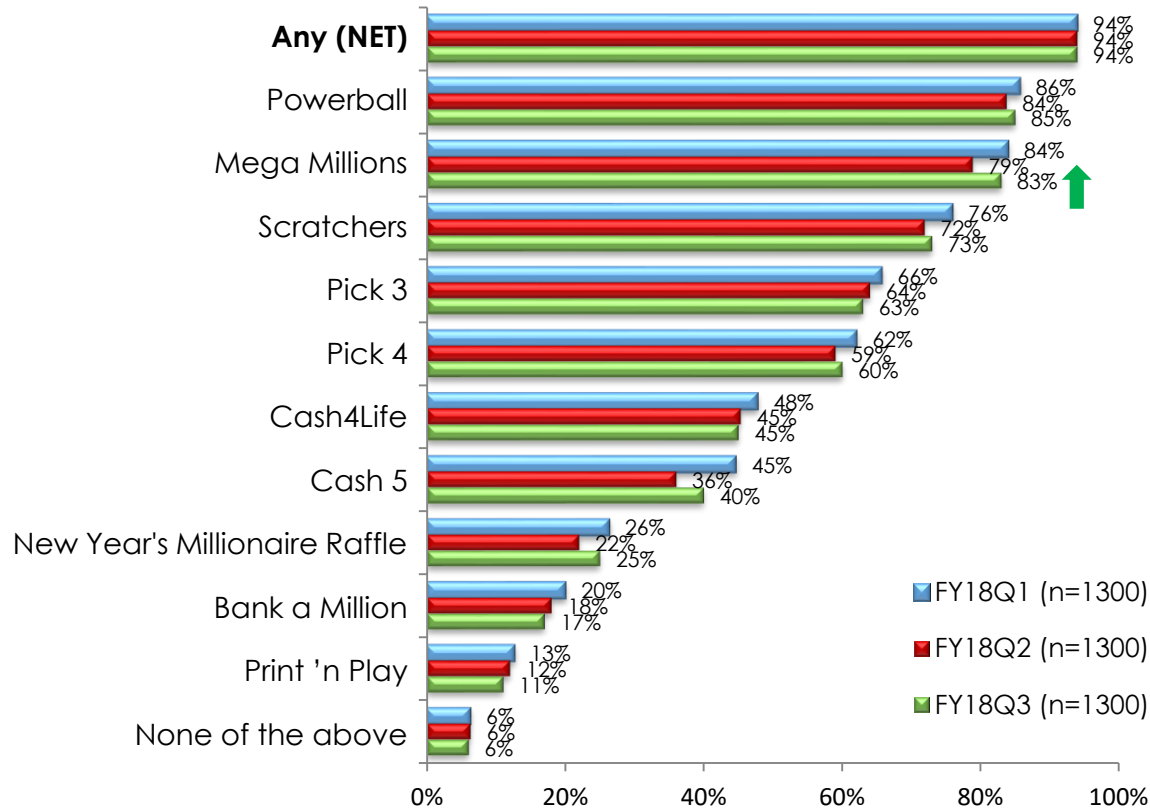
- Awareness of any Virginia Lottery game is holding steady from the last wave, at 94%, with Mega Millions showing a significant increase at 83%.
- Past month playership went up significantly to 45%, likely due to high jackpot levels for both Mega Millions and Powerball.
- The future likelihood to purchase games remained steady this quarter as well, while the likelihood to recommend a game showed a slight decrease.
- Game Guy awareness and likeability also remained stable. He was present on-court at 13 basketball events which led to a +4% increase in awareness from in-person events.
- 38% of respondents are aware of our subscription service, and Powerball and Mega Millions now have an equal number of subscribers at 21%.
- 78% of respondents are aware of our Game Machines. While being unfamiliar with the machines continued to be the top reason for not using them, this reason has decreased by 5% over the past two quarters.
- 34% of respondents say they visited the VA Lottery website at least once a month, a slight decrease over last quarter.

All Lottery Games

- Awareness of Mega Millions showed a significant improvement over last quarter at 83%. Also, past month playership of any VA Lottery game increased significantly last quarter to 45%. Both are likely due to high jackpot levels.

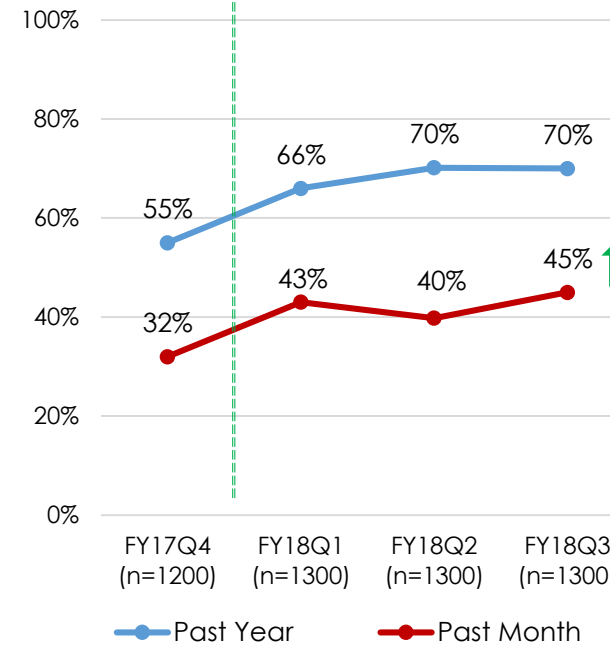
Game Portfolio Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



Player Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



Significant increases in Q3 FY18 for past month play are likely due to high jackpot levels for both MM and PB

| | Jackpot Levels (in Millions) | | |
|----------------------|------------------------------|----------|-------|
| | January | February | March |
| Mega Millions | 450 | 222 | 521 |
| Powerball | 570 | 293 | 455 |

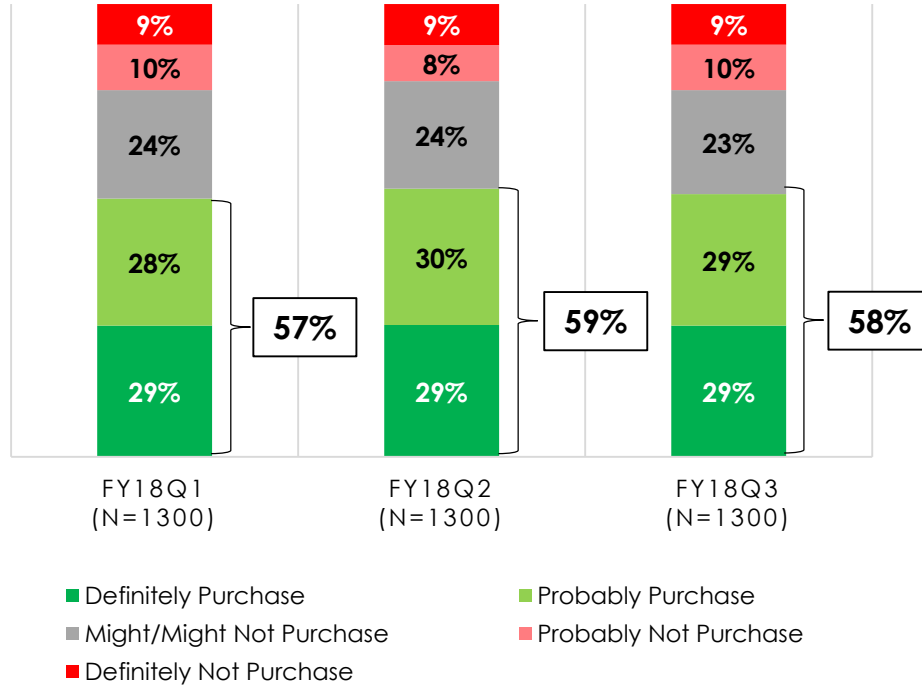
= Notes the transition to current Methodology

Arrows indicate FY18Q3 significantly higher/ lower than FY18Q2 at 95% confidence level.

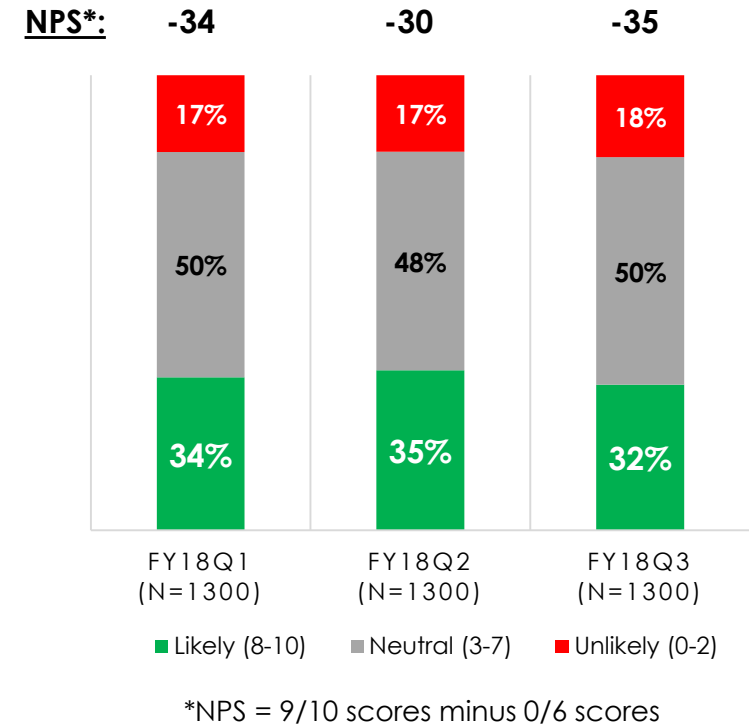
Attitudes and Behaviors

- The future likelihood of respondents purchasing games remained steady at 58%, while the likelihood to recommend showed a slight decrease when compared to last quarter.

Future Likelihood of Purchase
 "How likely are you to purchase Virginia Lottery games in the future?"

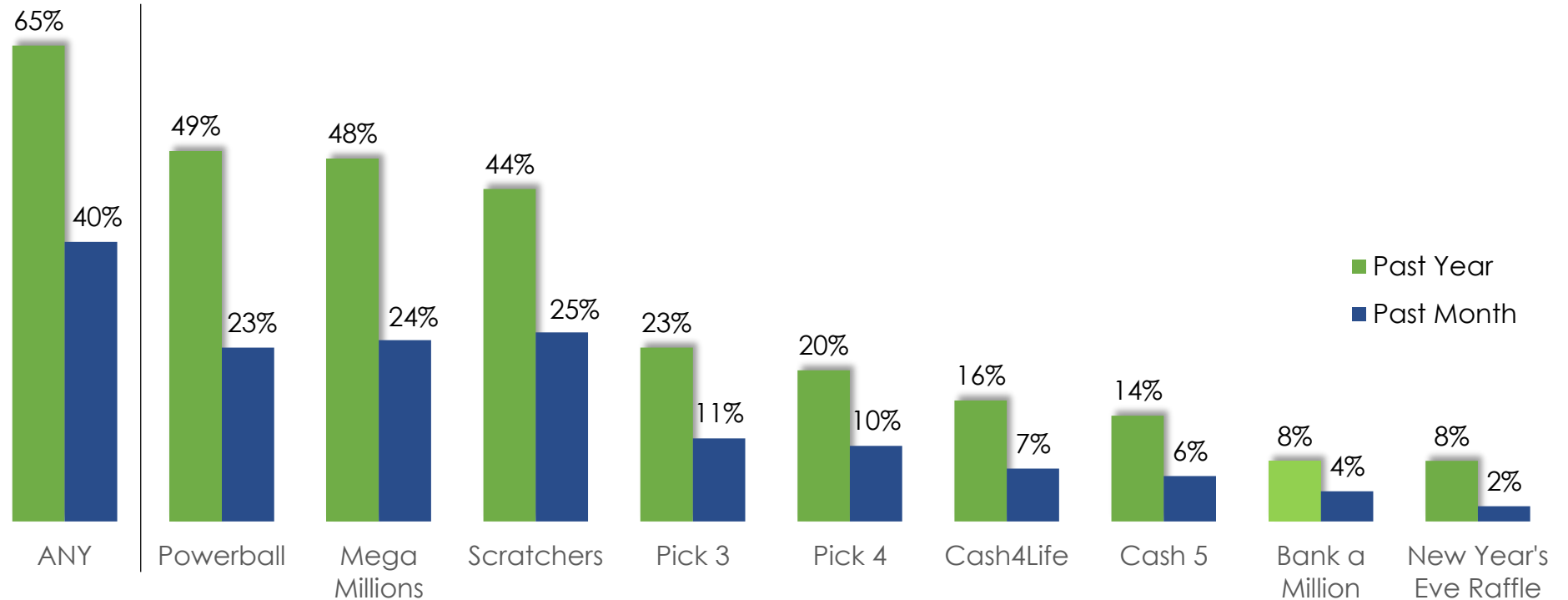


Recommendation of Virginia Lottery Games
 "How likely is it that you would recommend Virginia Lottery games?"



Past Year and Past Month Playership (12 Month Roll)

Past Year / Past Month Playership
"When was the last time you played a Virginia Lottery game?"



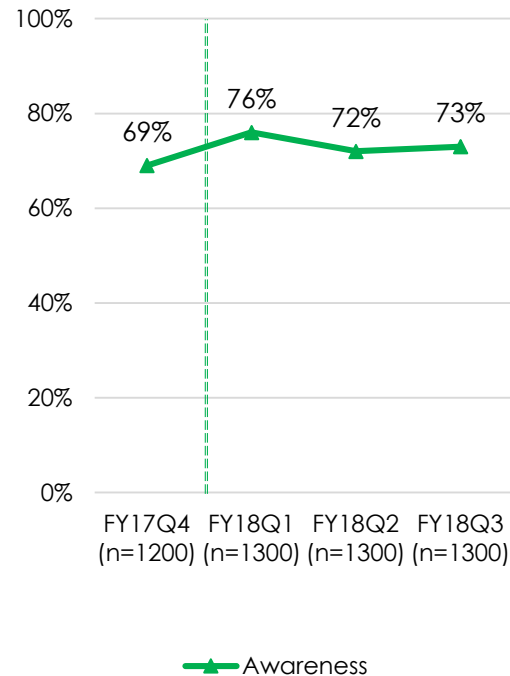
Note: Data rolled for past 12 months (March 2017 – March 2018).

Scratchers

- While awareness of Scratchers remained relatively stable, we saw a significant increase of past month play, to 30%. This was the highest percentage within the past year.

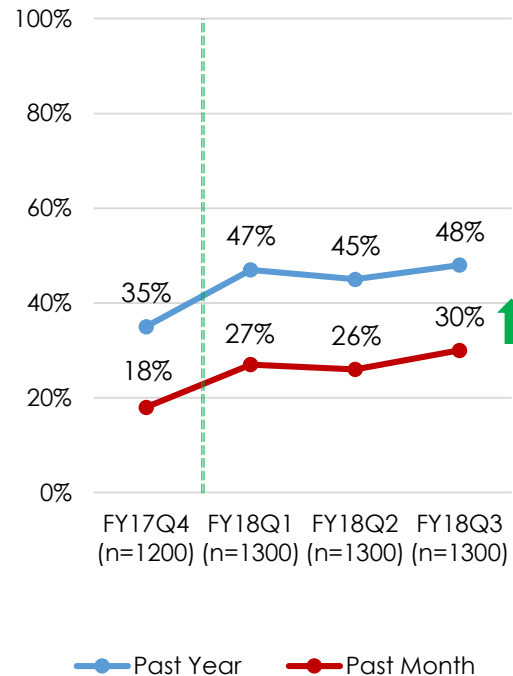
Scratchers Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



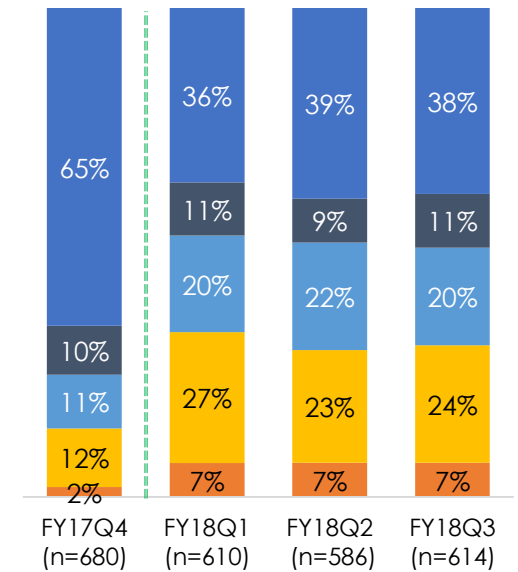
Scratchers Incidence – Past Year/Past Month

"When was the last time you played a Virginia Lottery game?"



Scratchers Play Frequency Past Year

"For each game listed, indicate how often you play that game?"



= Notes the transition to current Methodology

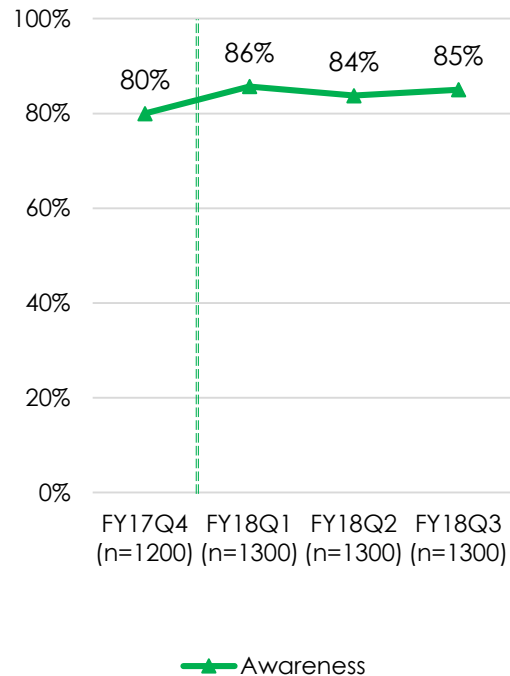
Arrows indicate FY18Q3 significantly higher/ lower than FY18Q2 at 95% confidence level.

Powerball

- Powerball playship over the past year remained steady while past month playership showed a significant increase. This was likely due to higher jackpot levels this quarter (Jan. 570 Million, Feb. 293 Million and Mar. 455 Million).

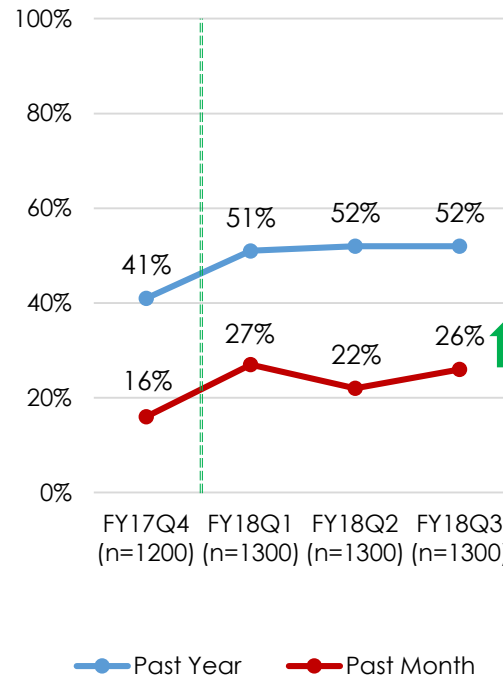
Powerball Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



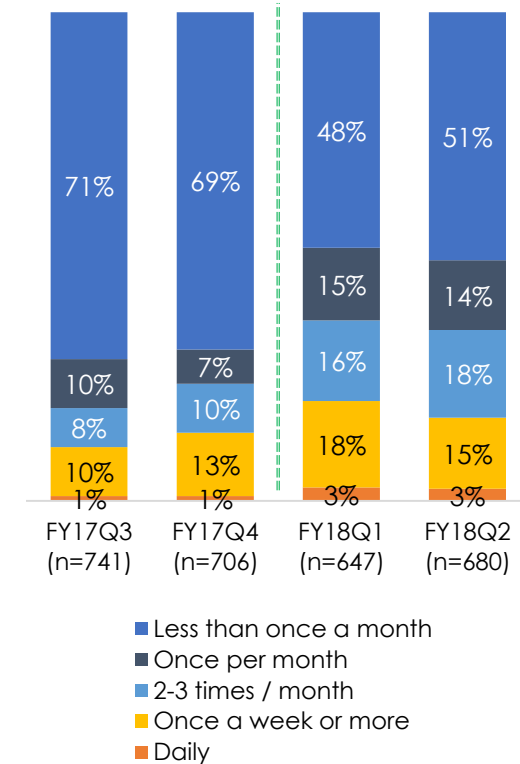
Powerball Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



Powerball Play Frequency Past Year

"For each game listed, indicate how often you play that game?"



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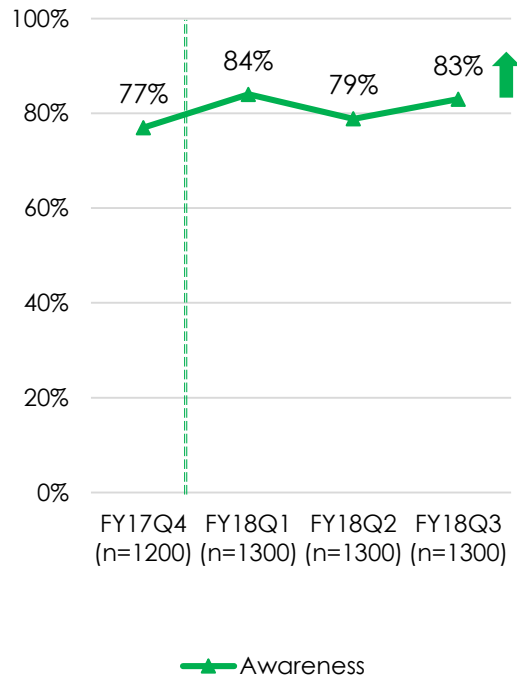
Mega Millions



- Mega Millions awareness and playership both showed significant increases. The numbers are now back on par with Q1. Again, this could be due to higher jackpot levels when compared to the previous quarter. Also, respondents could have adjusted to the price increase in Oct. 2017 and possibly returned to their regular purchasing habits.

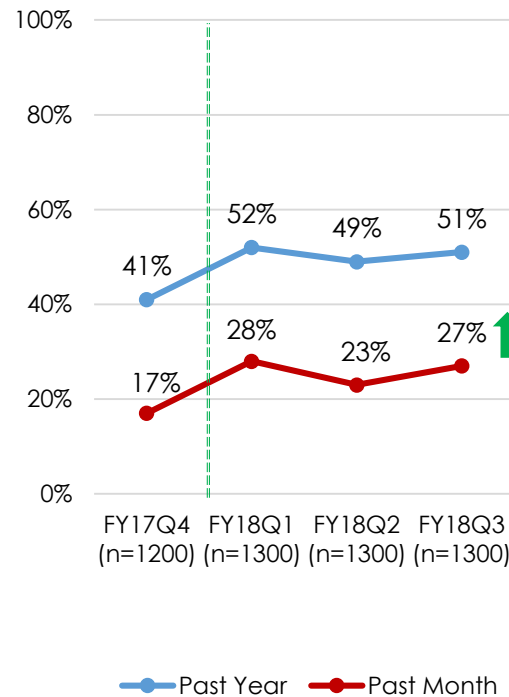
Mega Millions Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



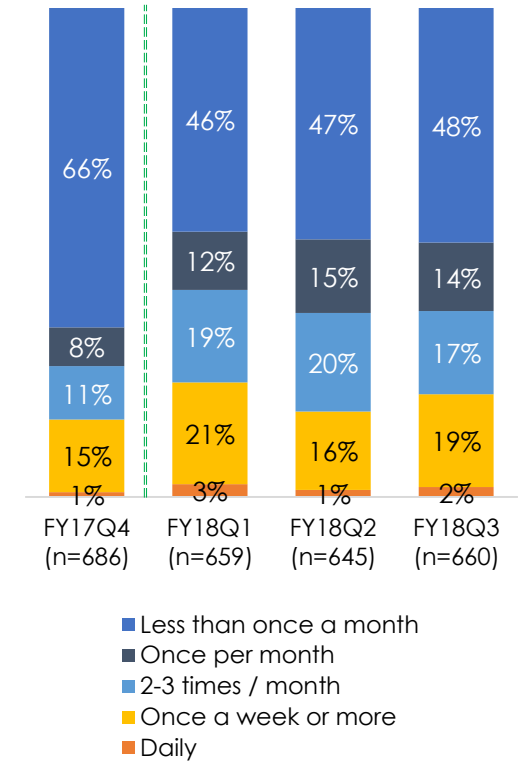
Mega Millions Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



Mega Millions Play Frequency Past Year

"For each game listed, indicate how often you play that game?"



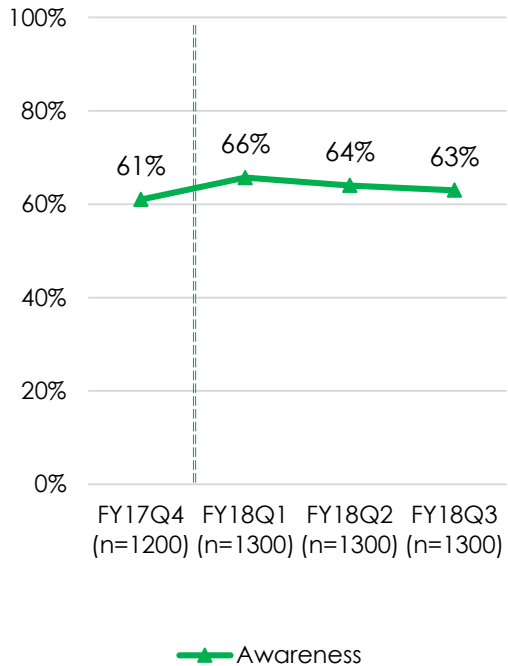
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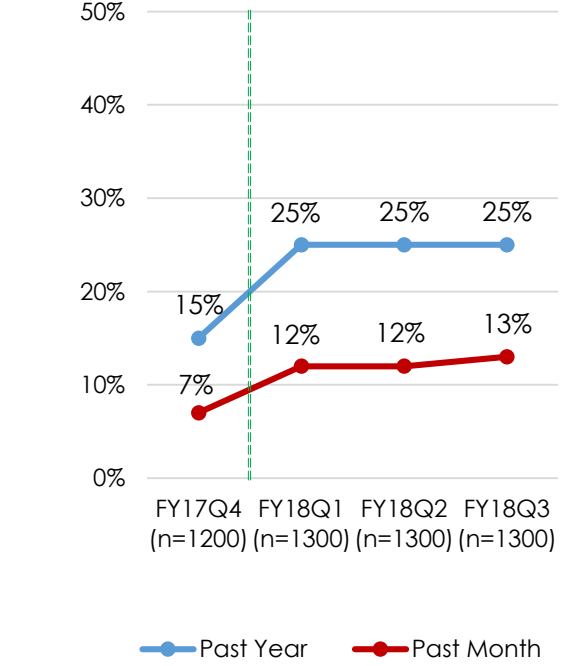
Pick 3

- Pick 3 awareness, playership, and frequency all remained relatively steady. Although awareness went down slightly, daily playership continued to grow each quarter. Looking at past annual sales data, February and March seem to be the strongest selling months of the year.

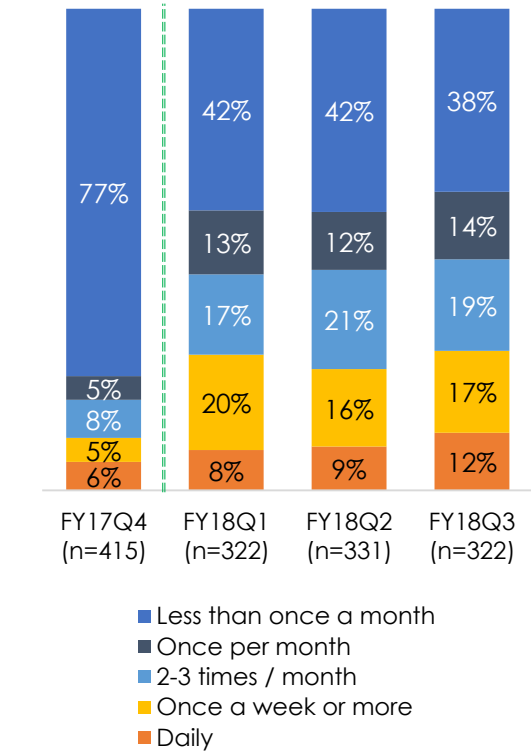
Pick 3 Aided Awareness
 "Which, if any, of the following Virginia Lottery game(s) are you aware of?"



Pick 3 Incidence – Past Year/1 Month
 "When was the last time you played a Virginia Lottery game?"



Pick 3 Play Frequency Past Year
 "For each game listed, indicate how often you play that game?"

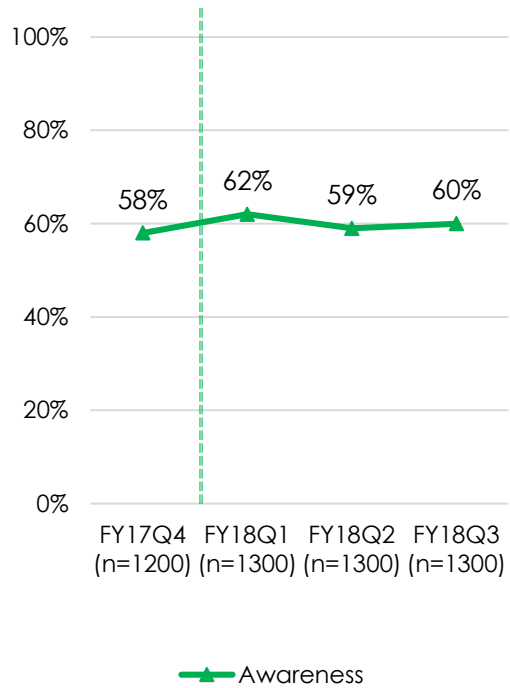


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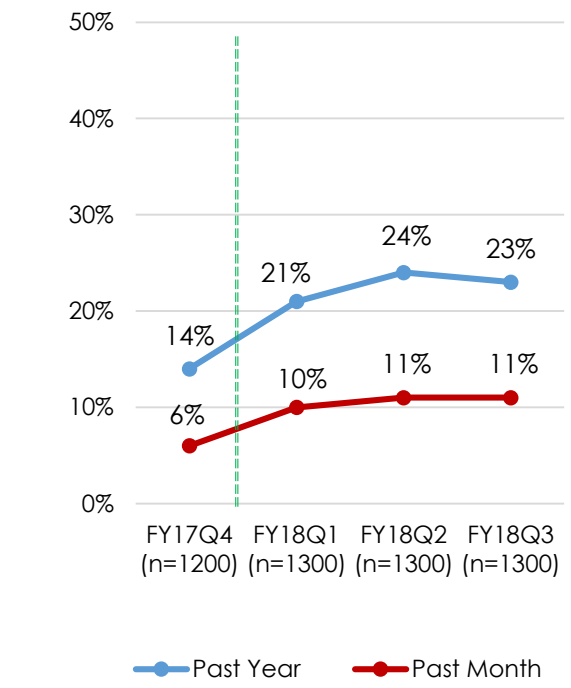
Pick 4

➤ Pick 4 awareness and playership both remained relatively stable when compared to last quarter.

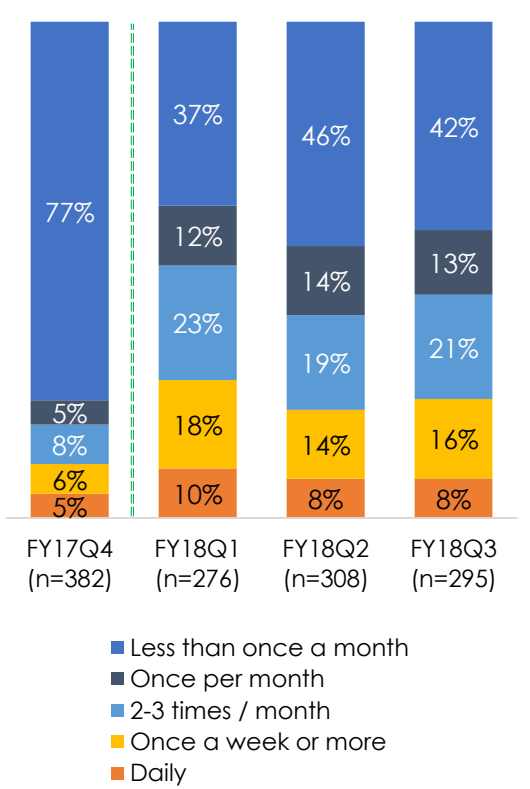
Pick 4 Aided Awareness
 "Which, if any, of the following Virginia Lottery game(s) are you aware of?"



Pick 4 Incidence – Past Year/1 Month
 "When was the last time you played a Virginia Lottery game?"



Pick 4 Play Frequency Past Year
 "For each game listed, indicate how often you play that game?"



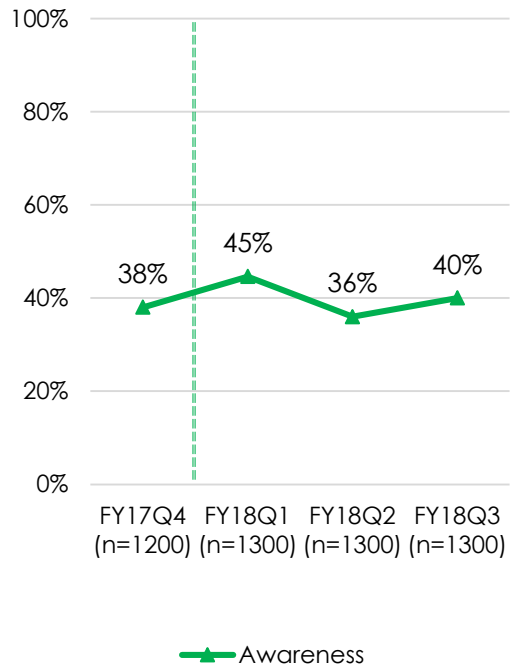
⋮ = Notes the transition to current Methodology

Cash 5

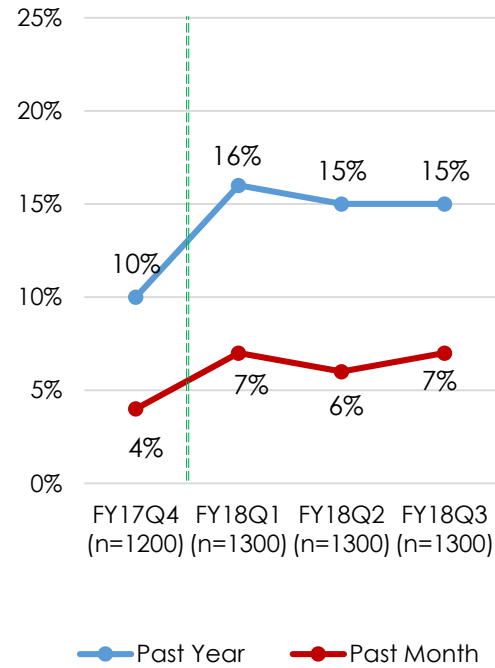


- Cash 5 awareness also increased over last quarter, and the percentages are starting to bounce back to Q1 levels. There was also a slight increase (+3%) in daily play.

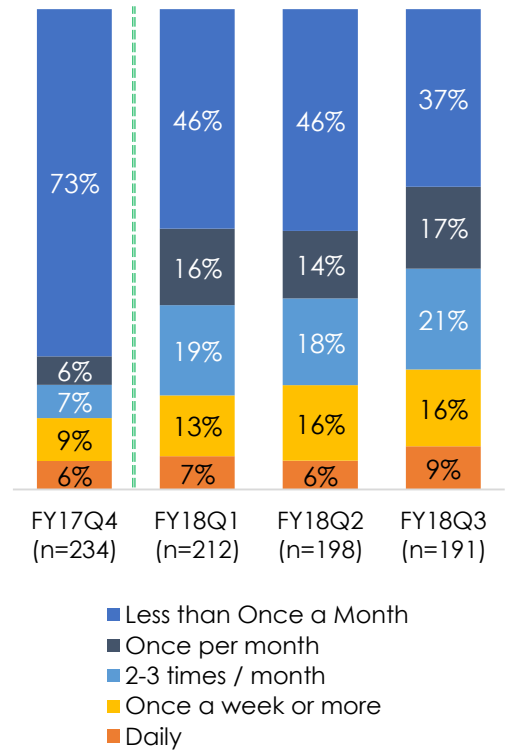
Cash 5 Aided Awareness
 "Which, if any, of the following Virginia Lottery game(s) are you aware of?"



Cash 5 Incidence – Past Year/1 Month
 "When was the last time you played a Virginia Lottery game?"



Cash 5 Play Frequency Past Year
 "For each game listed, indicate how often you play that game?"



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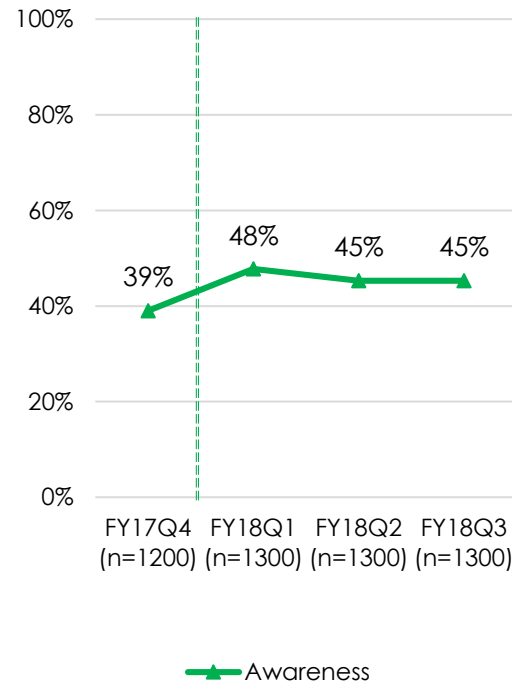
Cash4Life



- Cash4Life awareness and playership remained stable, however there was a significant increase in daily as well as 2+3 times per month playership. Q3 results are now back on par with Q1.

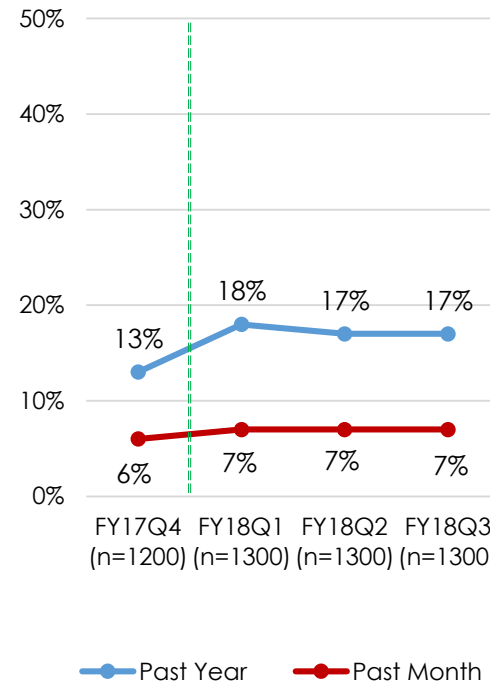
Cash4Life Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



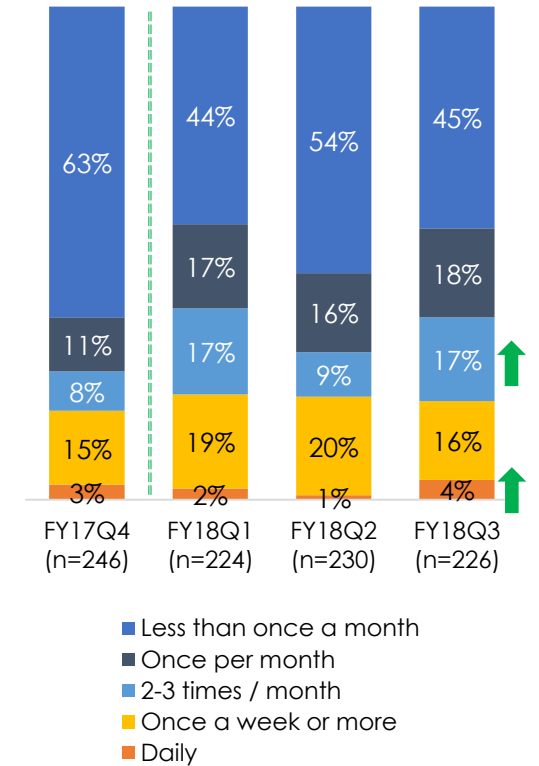
Cash4Life Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



Cash4Life Play Frequency Past Year

"For each game listed, indicate how often you play that game?"



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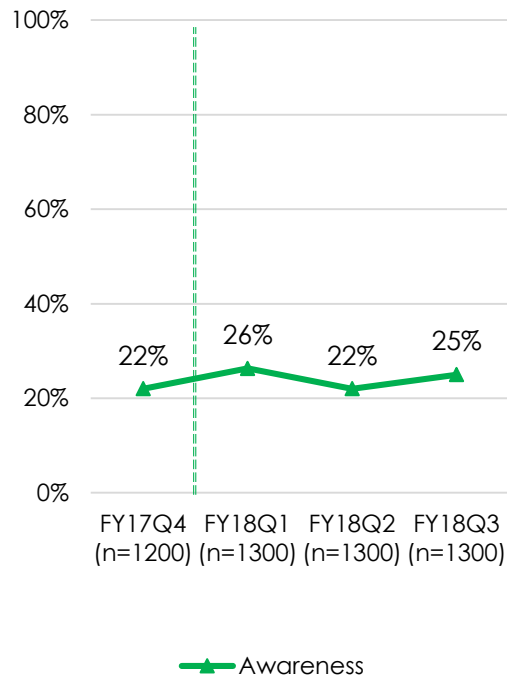
New Year's Millionaire Raffle*



- While tickets sold out on December 24th, 2017 New Year's Millionaire Raffle awareness increased slightly this past quarter possibly due to announcements and winner presentations via Facebook Live and other media.

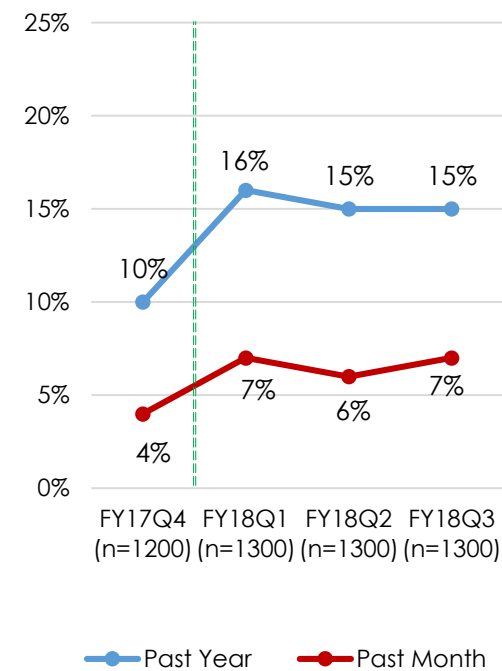
New Year's Millionaire Raffle Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



New Year's Millionaire Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



= Notes the transition to current Methodology

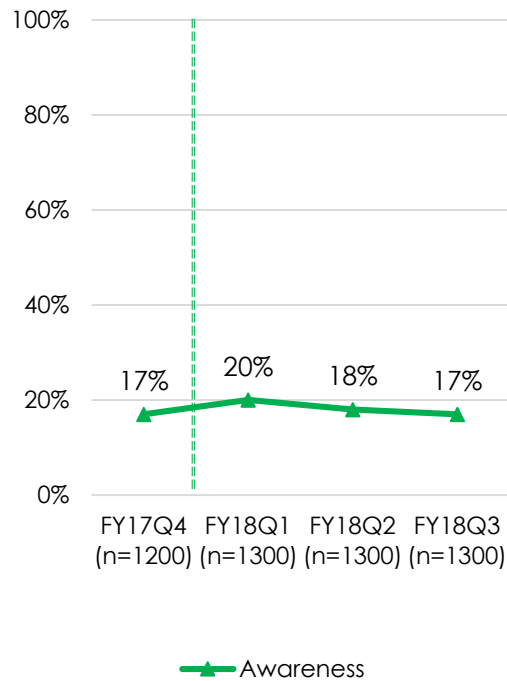
* Note: Raffle sales started November 7 and sold out December 24, 2017.

Bank a Million

- Bank a Million awareness and playership declined slightly this past quarter, however daily playership increased significantly by 5%. The A&G department added a Bank a Million winner awareness slide on the Flex Multi Media screens, which could have caused the increase this quarter.

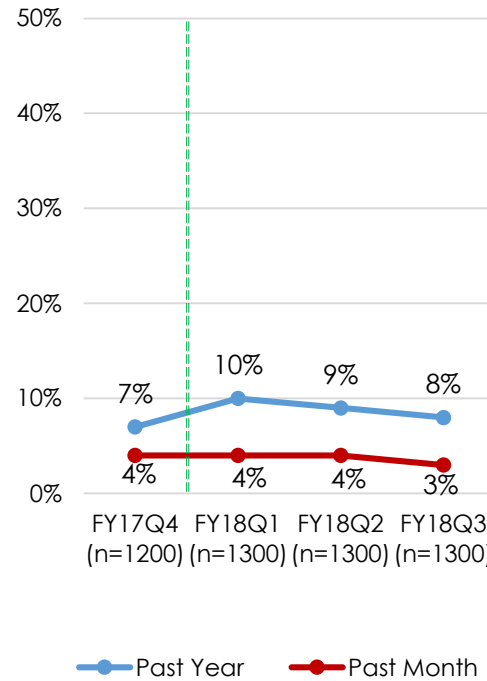
Bank a Million Aided Awareness

"Which, if any, of the following Virginia Lottery game(s) are you aware of?"



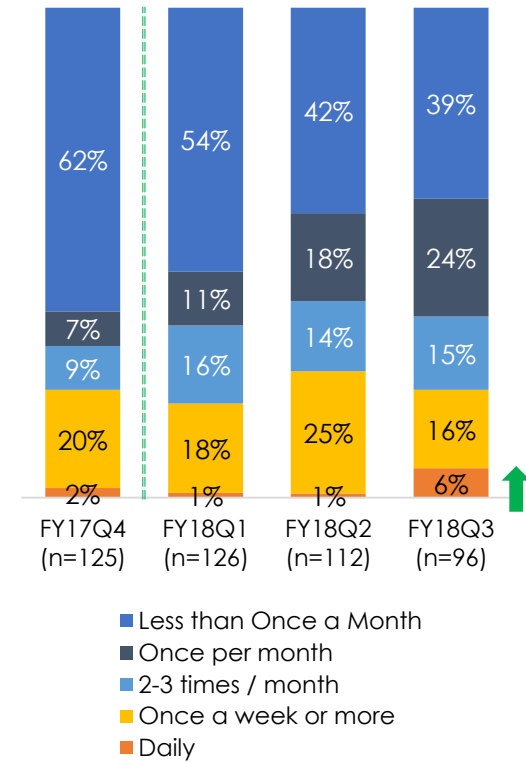
Bank a Million Incidence – Past Year/1 Month

"When was the last time you played a Virginia Lottery game?"



Bank a Million Play Frequency Past Year

"For each game listed, indicate how often you play that game?"



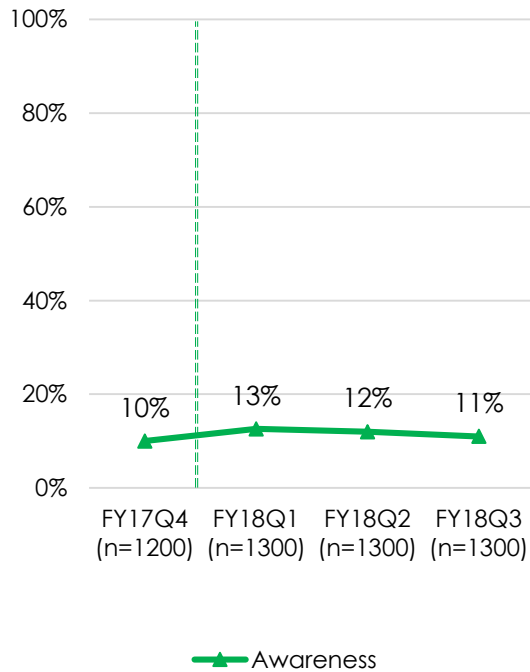
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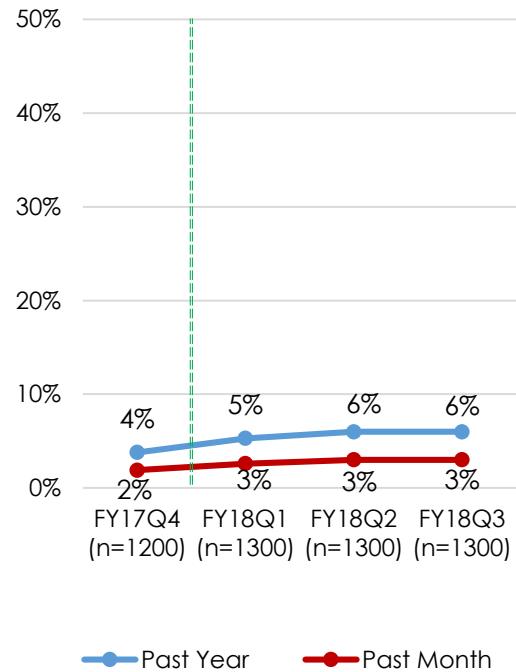
Print 'n Play

- Print 'n Play awareness continued to decrease 1% each quarter, while daily playership bounced back to Q1 levels.

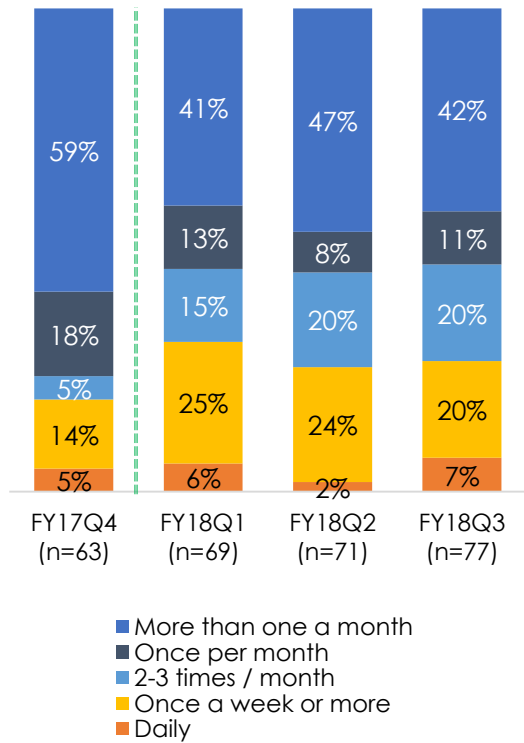
Print 'n Play Aided Awareness
 "Which, if any, of the following Virginia Lottery game(s) are you aware of?"



Print 'n Play Incidence – Past Year/1 Month
 "When was the last time you played a Virginia Lottery game?"



Print 'n Play Play Frequency Past Year
 "For each game listed, indicate how often you play that game?"



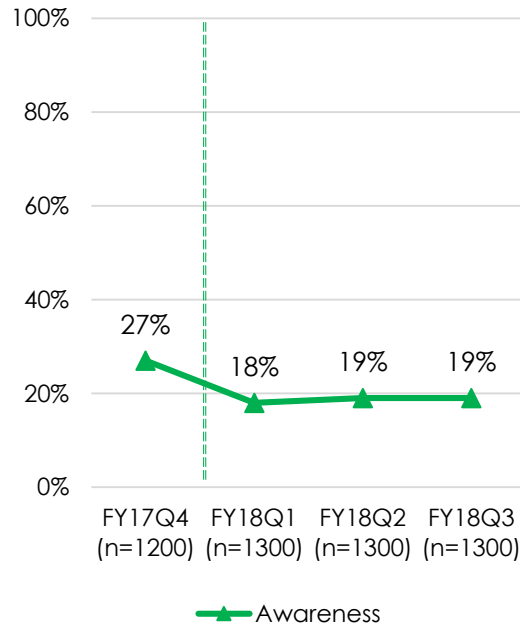
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Game Guy

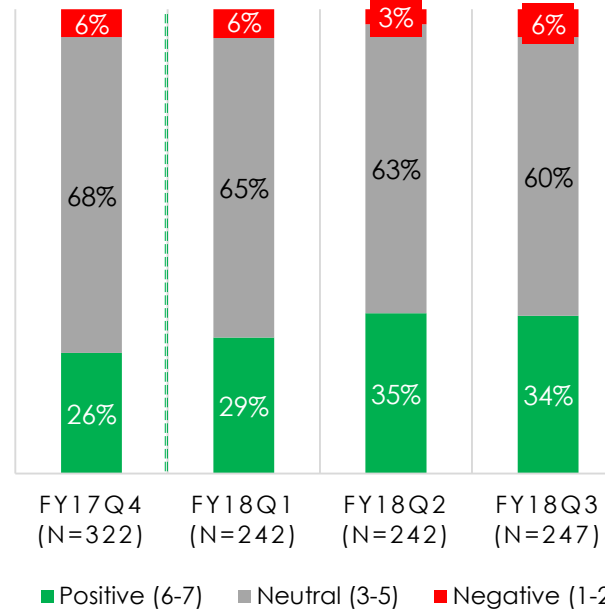
- Game Guy's awareness and likeability remained stable, with TV commercials being the top channel for awareness. Seeing Game Guy in person also had a significant impact. He was present on-court at 13 basketball events this past quarter.



Game Guy Awareness
 "Have you seen, read or heard about Game Guy?"



Game Guy Likeability
 "How much do you like or dislike Game Guy?"
 [Those aware of Game Guy]



Game Guy Ad Channel Recall
 "Where did you see, read or hear about Game Guy?"
 [Those aware of Game Guy]

| | FY17Q4 (n=322) | FY18Q1 (n=242) | FY18Q2 (n=242) | FY18Q3 (n=247) |
|-----------------------|----------------|----------------|----------------|----------------|
| TV commercial | 74% | 64% | 66% | 62% |
| Facebook | 21% | 20% | 22% | 22% |
| YouTube | 17% | 17% | 21% | 20% |
| Radio commercial | 9% | 7% | 6% | 9% |
| In person at an event | 9% | 4% | 3% | 7% |
| Twitter | 9% | 3% | 4% | 6% |

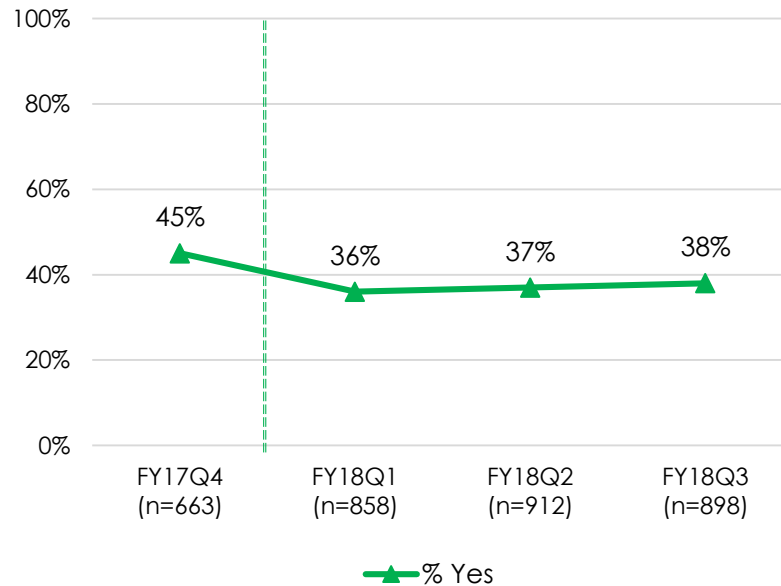
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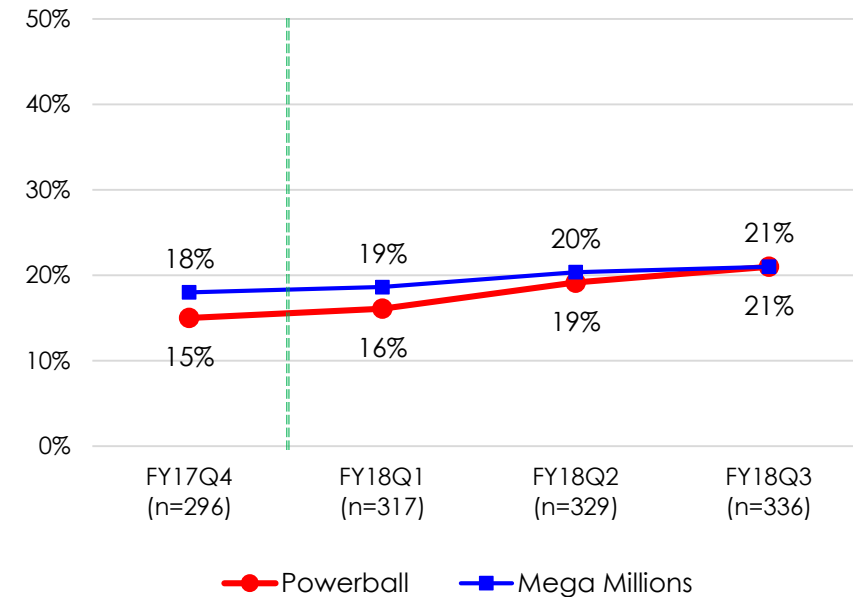
Subscription Service

- Awareness of the lottery subscription service continued to increase slightly, and Powerball and Mega Millions now have an equal number of subscribers at 21%. This is the highest percentage within the past year.

Subscription Awareness
 "Are you aware of this subscription service?"
 [Among those who have played any game in the past 12 months]



Powerball or Mega Millions Subscription
 "Do you currently have a subscription for Mega Millions or Powerball?"
 [Among those who are aware of a subscription]



| | % Subscription Only (Among those aware) | | | |
|----------------------|---|--------|--------|--------|
| | FY17Q4 | FY18Q1 | FY18Q2 | FY18Q3 |
| Mega Millions | 5% | 5% | 4% | 4% |
| Powerball | 2% | 4% | 3% | 4% |

— = Notes the transition to current Methodology

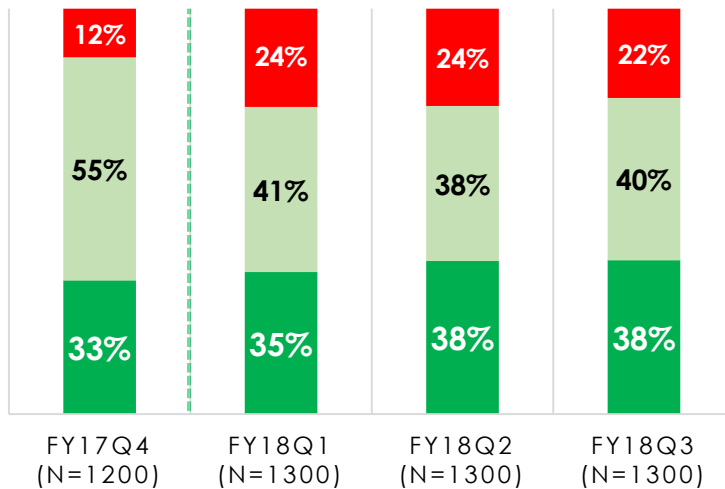
The Game Machine



- 38% of respondents used the Game Machine, which was the same as the previous quarter. While being unfamiliar with the machines continued to be the top reason for not using them, this reason has decreased by 5% over the past 2 quarters. Continuous efforts are being made to increase awareness through corporate promotions / incentives organized by the Sales team to drive players to the games machines.

The Game Machines Awareness and Use

"The Virginia Lottery has self-service lottery vending machines where lottery players can purchase their own lottery games. Are you aware of these self-service lottery vending machines?"



■ Yes, I use it ■ Yes, but I do not use it ■ No, I am not aware

Reasons for NOT using the Game Machines

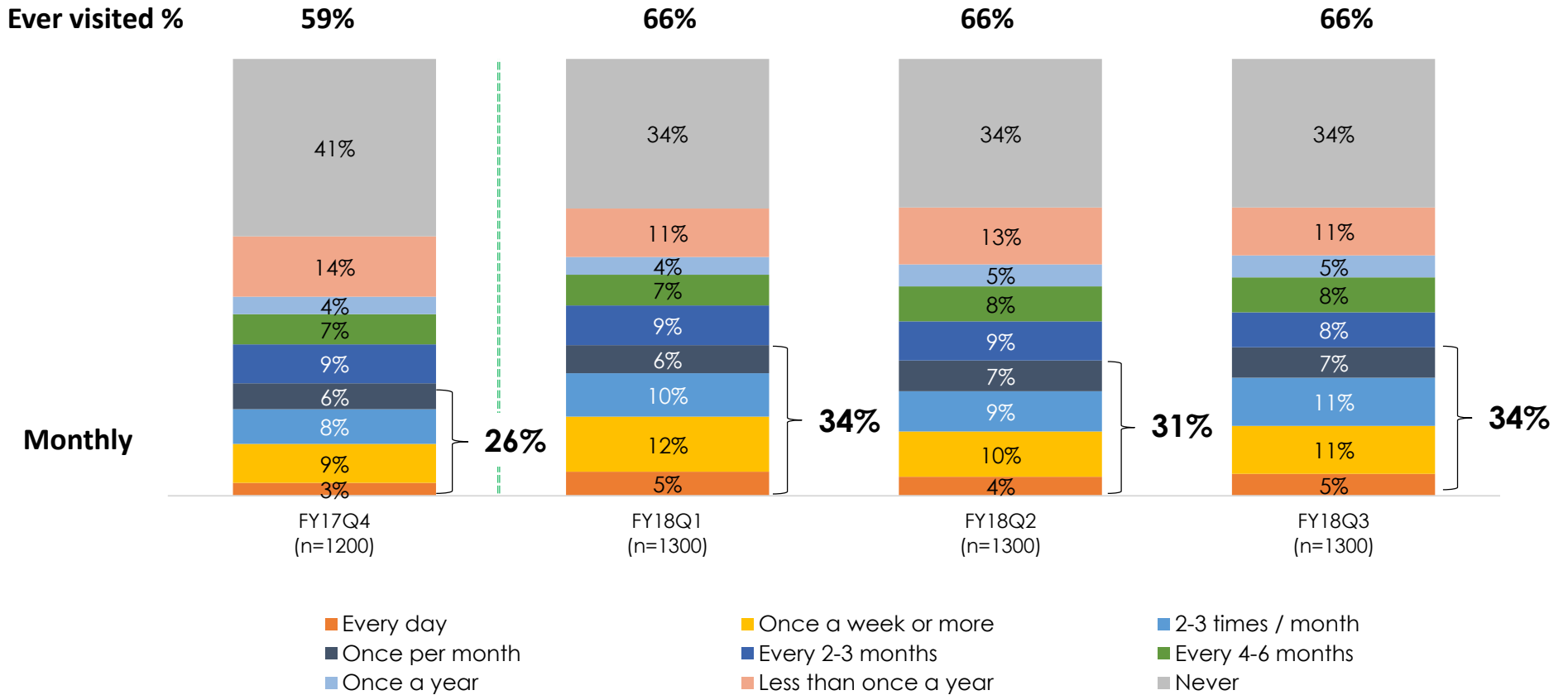
"Why do you choose not to play lottery by using the vending machine?"
[Among those who are aware but do not use; respondents could select all that apply]

| | FY17Q4 (n=659) | FY18Q1 (n=524) | FY18Q2 (n=501) | FY18Q3 (n=525) |
|---|-------------------|-------------------|-------------------|-------------------|
| Unfamiliar with machine | 33% | 47% | 44% | 42% |
| Machine not available in store where I usually purchase lottery | 12% | 21% | 20% | 18% |
| Machine does not give change back | 7% | 9% | 8% | 10% |
| Does not take credit card | 5% | 10% | 7% | 8% |
| Does not take debit card | 7% | 10% | 7% | 8% |

Virginia Lottery Website

➤ 34% of respondents said they visit the VA Lottery website at least once a month, a slight increase over last quarter.

Virginia Lottery Website Visitation Frequency
 "How frequently do you visit the Virginia Lottery's website?"

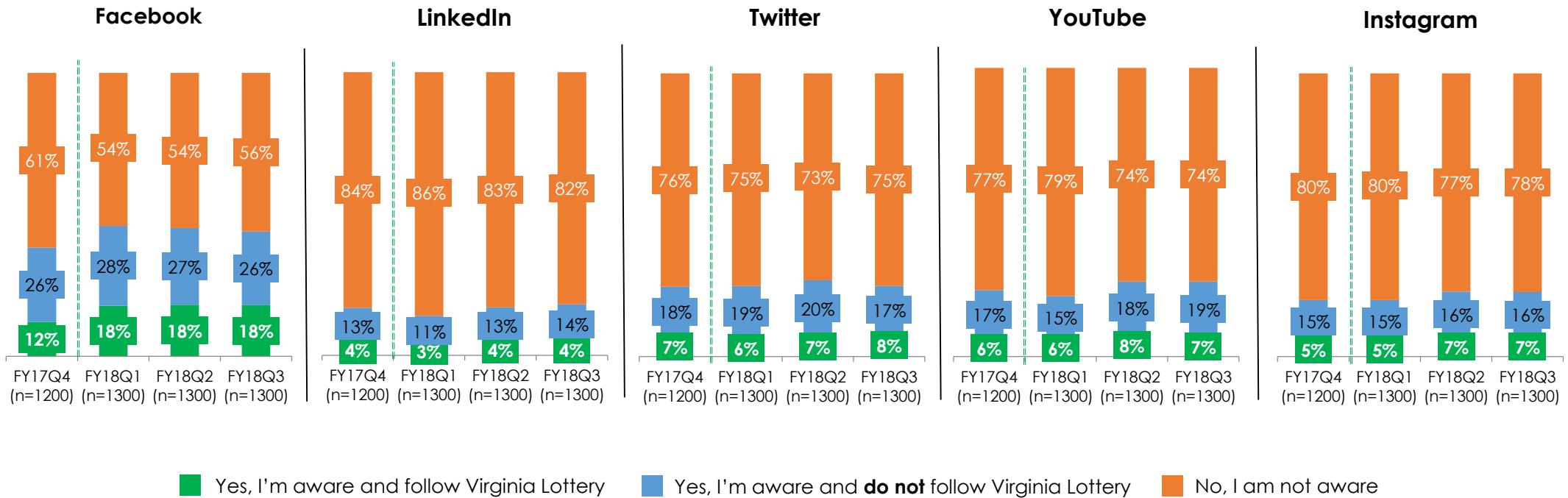


= Notes the transition to current Methodology

Social Media Presence

- 44% of respondents are aware that the VA Lottery has a presence on Facebook, however only 18% are following the Lottery on social media.

Virginia Lottery Social Media Presence
"Are you aware the Virginia Lottery has a presence on the following social media sites?"

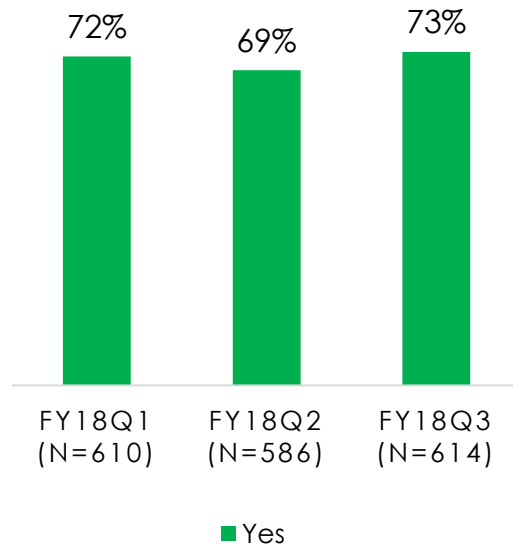


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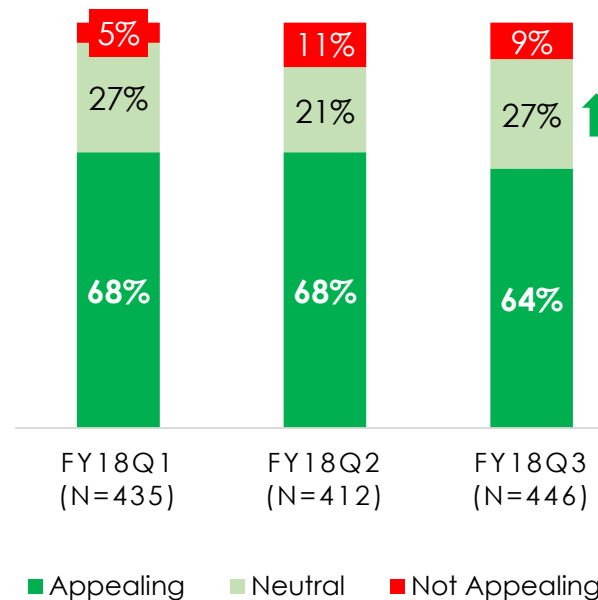
eXTRA Chances

- eXTRA Chances awareness increased by 4% while its appeal decreased by an equal amount. Scratch players with a neutral opinion of the promotion increased significantly vs. last quarter.
- Appeal for weekly prizes remained strong, with 31 Days of CA\$H and Shopping Bonanza! being the most appealing.

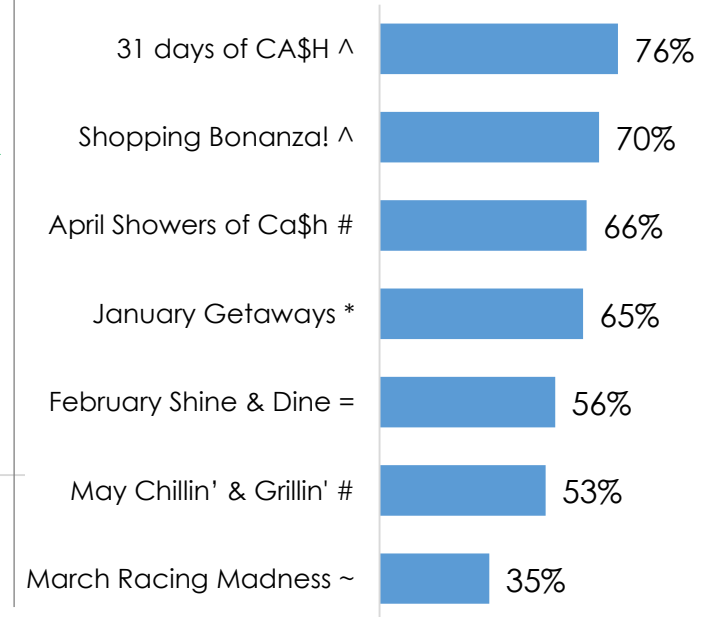
eXTRA Chances Awareness
 (Are you aware of this eXTRA play feature on some scratch games?)
 (Among past year Scratch players)



eXTRA Chances Appeal*
 (How appealing is it to you to be able to enter non-winning scratch tickets on valottery.com to win second chance cash prizes?)
 (Among those aware)



eXTRA Chances Weekly Prize Appeal*
 (How appealing are the eXTRA Chances weekly prizes being offered in the upcoming months?)
 (Among those aware)



^Data from Nov-Dec 2017
 *Data from Nov '17 – Jan '18
 =Data from Jan-Feb 2018
 ~Data from Jan-Mar 2018
 #Data from March 2018

* Note: New eXTRA Chances format started November 2017. We now offer weekly instead of daily drawings.

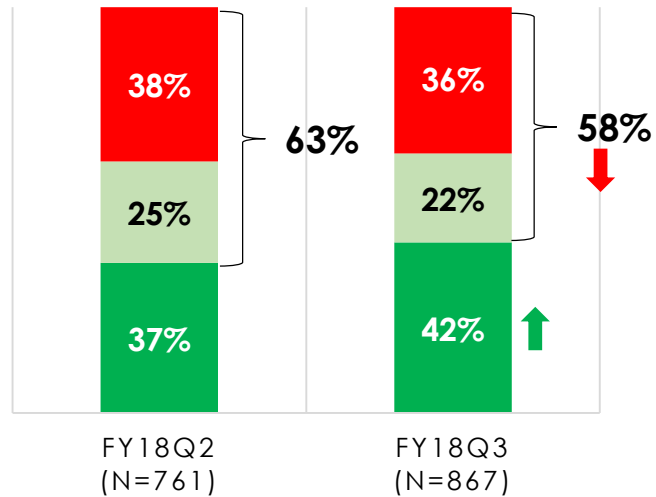
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Mega Millions Game Change*

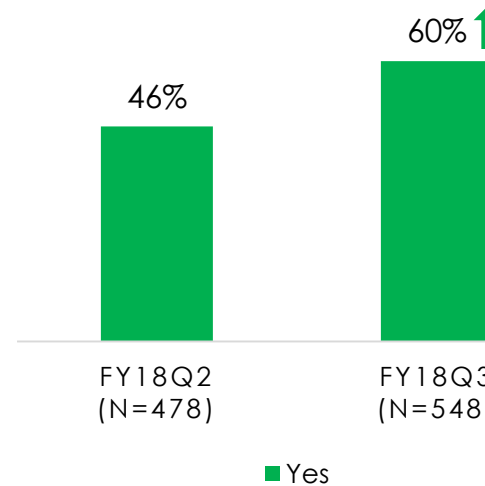
- 42% of respondents said that they are aware that the price of Mega Millions changed, a significant increase over last quarter.
- 60% said they are aware that the starting jackpot for Mega Millions is now \$40m, also a significant increase.
- “Just the Jackpot” awareness remained virtually the same.

Mega Millions Price Change Awareness
(Are you aware that the price for a MM ticket changed from \$1 to \$2 on October 28th?)
 (Total, n=761)

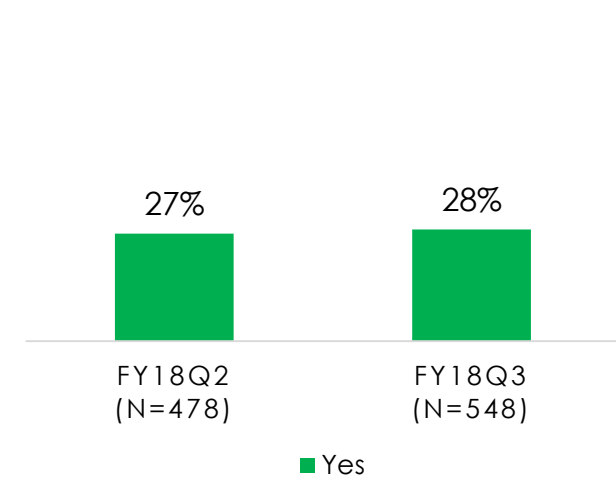


■ No, I am not aware but I don't play Mega Millions
 ■ No, I am not aware but play Mega Millions
 ■ Yes, I am aware

Mega Millions Jackpot Change Awareness
(Did you know that the starting jackpot for MM now starts at \$40 Million?)
 (Those aware of MM price change or unaware of price change but play, n=478)



“Just the Jackpot” Awareness
(Are you aware of the new “Just the Jackpot” option when purchasing a MM ticket?)
 (Those aware of MM price change or unaware of price change but play, n=478)



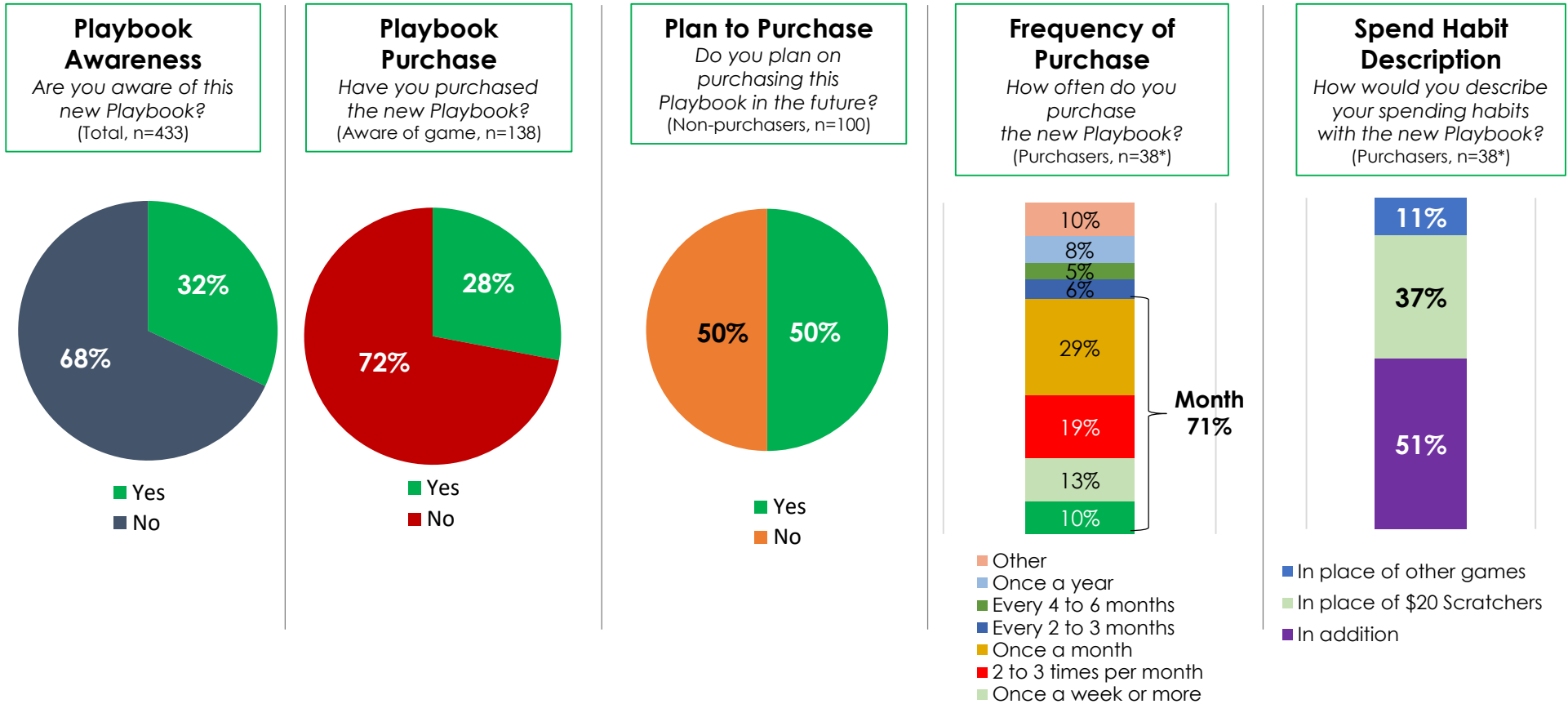
Note: These questions were added on November 7, 2017 during FY18Q2 and removed on March 1, 2018 during FY18Q3.

*Note: Ticket price changed from \$1 to \$2 on October 28th.

Arrows indicate FY18Q3 significantly higher/ lower than FY18Q2 at 95% confidence level.

Jewel 7s Playbook Awareness & Purchase Behaviors

- 32% of respondents are aware of the \$20 Book of Games called Jewel 7s Playbook while 28% purchased the Playbook.
- Half of non-purchasers indicated they plan to purchase the Playbook in the future.
- 71% would purchase it at least once a month, and 51% mentioned they would buy it in addition to other games they play. Base sizes were small and findings are purely directional.

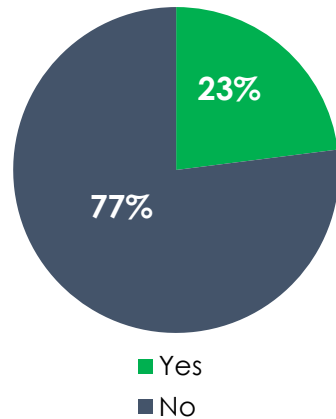


Note: These questions were added on March 1, 2018 during FY18Q3.
*Caution, low base size.

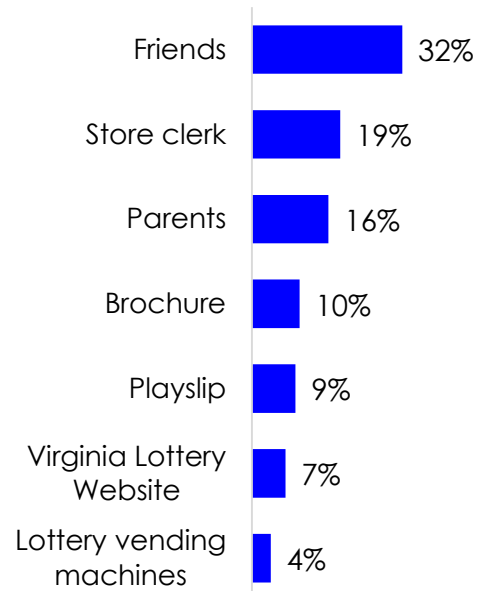
3,4,5 Play Promotion

- 23% of respondents currently play Pick 3 or Pick 4, with 32% citing friends as the top method for learning how to play the games.
- The main reason for not playing either game was due to a preference for other lottery games.
- In addition, 16% of respondents were aware of the 3,4,5 Promotion.

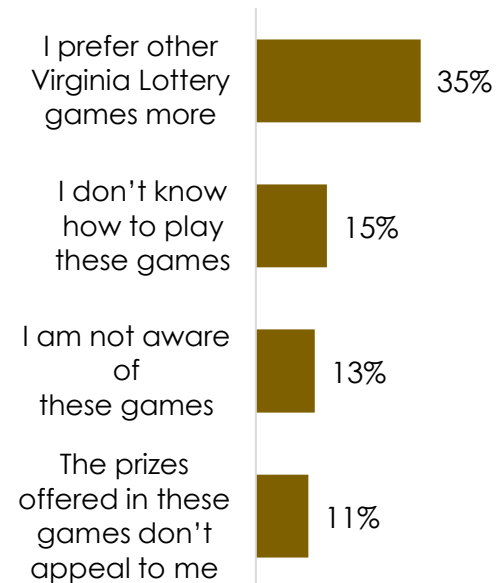
Pick 3 or Pick 4 Playership
Do you currently play Pick 3 or Pick 4?
[Total, n=433]



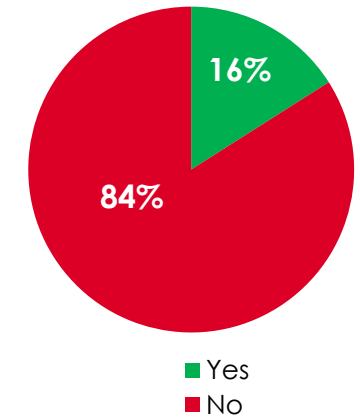
How Players Learned to Play
How did you learn how to play Pick 3 or Pick 4?
[Pick 3 or Pick 4 players, n=100]



Reasons for Not Playing
Why don't you play Pick 3 or Pick 4?
[Non-players, n=333]



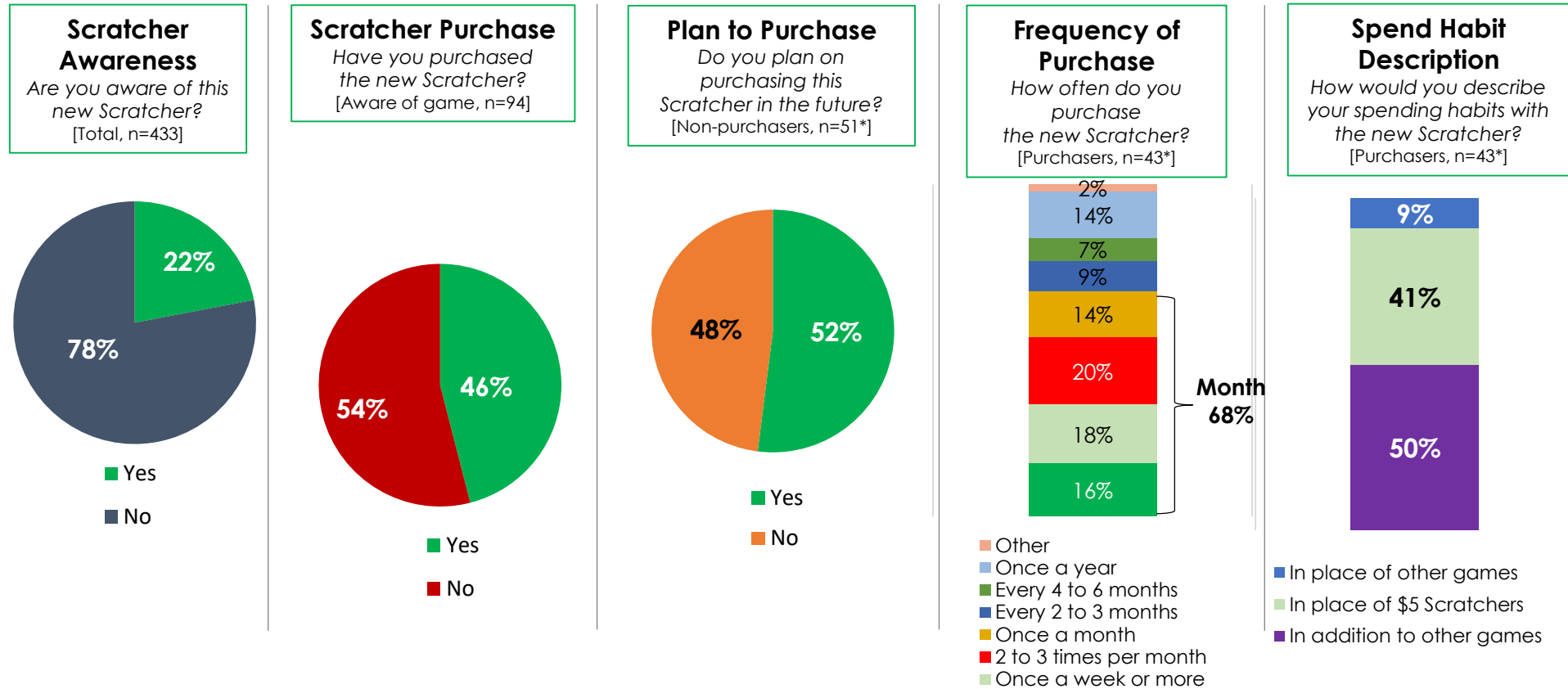
3,4,5 Promotion Awareness
Are you aware of the 3,4,5 Promotion?
[Total, n=433]



Note: These questions were added on March 1, 2018 during FY18Q3.

\$5 Super Crossword

- 22% of respondents said they are aware of the new \$5 Scratcher called Super Crossword, with nearly half purchasing the Scratcher at 46%.
- 52% of non-purchasers indicated they plan to purchase the Scratcher in the future, however base sizes were small and findings are purely directional.
- 68% indicated they would purchase the Scratcher at least once per month and 50% said they purchase it in addition to other games. Again, these results reflect small base sizes.



Note: These questions were added on March 1, 2018 during FY18Q3.
*Caution, low base size.

N=1,300 completes/quarter

| | <u>FY18Q3</u> | |
|-------------------------|---------------|-----|
| ▪ Gender | | |
| Virginia | | |
| • Female | 51% | 51% |
| • Male | 49% | 49% |
| ▪ Age | | |
| • 18-34 | 30% | 30% |
| • 35-44 | 17% | 17% |
| • 45-54 | 18% | 18% |
| • 55+ | 35% | 35% |
| ▪ Ethnicity/Race | | |
| • Non-Hispanic White | 62% | 62% |
| • African American | 20% | 20% |
| • Hispanic | 9% | 9% |
| • Asian | 7% | 7% |
| • Other | 2% | 2% |
| ▪ Income | | |
| • Under \$25k | 18% | 18% |
| • \$25k - <\$50k | 21% | 21% |
| • \$50k - <\$75k | 17% | 17% |
| • \$75k+ | 44% | 44% |

N=1,300 completes/quarter

| | <u>FY18Q3</u> | |
|--------------------|---------------|-----|
| ▪ Education | | |
| Virginia | | |
| • HS or Less | 37% | 37% |
| • Some College | 28% | 28% |
| • College + | 35% | 35% |
| ▪ Region | | |
| • Central | 20% | 20% |
| • Eastern | 2% | 2% |
| • Hampton Roads | 20% | 20% |
| • Northern | 34% | 34% |
| • Southside | 4% | 4% |
| • Southwest | 5% | 5% |
| • Valley | 6% | 6% |
| • West Central | 9% | 9% |