

Bangor Daily News, Bangor, ME, September 22, 2008

Lottery ticket sales, revenue drop in Maine

By Mal Leary, Capitol News Service

AUGUSTA, Maine — Fewer Mainers appear to be trying to win a little or a lot.

Sales of lottery tickets, for online games and instant tickets, are below estimates for the first two months of the budget year.

“It’s a reflection of the economy,” said Lottery Director Dan Gwadosky. “People are spending \$60 to fill up their car. They don’t have the disposable income they used to have.”

He said the sales of the popular instant ticket games were down 5 percent in July and August, and the online games, such as Powerball and Megabucks, were down 17 percent.

“That’s a little deceiving because online games are jackpot-sensitive,” he said. “As those jackpots climb, those numbers will be better. They go up and down with the size of the jackpots all year.”

The sale of the scratch tickets generates three-fifths of all the revenue of the lottery, but they are not as profitable as the online games with the large jackpots. The Powerball game alone accounts for 20 percent of lottery revenues.

“Scratch tickets are very popular,” he said. “But we think the economy is causing people to cut back on what they are buying, but not stopping.”

That is also what Independent Lottery Research, a Chicago-based consulting firm, has found in its national surveys of lottery players. The firm’s monthly newsletter for August indicated 20 percent of regular players surveyed are playing less often or buying less expensive tickets.

While Maine is seeing fewer tickets sold, 29 of the 42 states with lotteries are reporting increased

sales. That is because some lottery players will cut personal spending in other areas to continue to gamble on winning the lottery, studies show.

“When normal revenue growth softens during economic downturns, states often consider expanded gambling operations among other options for balancing budgets,” concluded a report from the Rockefeller Institute of Government at the State University of New York system earlier this year.

The report indicated that while lottery revenues for the states have been steadily increasing, the highest growth rate was during the 2001-02 recession.

Gwadosky said he believes there are instances where regular players have stopped playing the more expensive ticket games, such as the \$10 and \$20 tickets, but are still playing the lottery for the smaller instant games and the online games.

“The Megabucks game is a dollar, the Powerball is a dollar, two dollars with the power play — that is a pretty modest investment for the chance to win big,” he said. “We think there is some of that shifting going on.”

The lottery barely made its revenue target for the budget year that ended July 1, but Gwadosky said the lottery is seeking to increase revenue and change its mix of games and is using studies and focus groups to figure out what games Mainers will play and why.

“I think you are going to continue to see an impact on sales from the economy,” he said. “We need to come up with new ways to interest people.”

Gwadosky said that a couple of times a year Scientific Games, through its contract to handle all aspects of ticket design and production, conducts research trying to determine what tickets will sell. He

said the lottery has an agreement with Scientific Games to pay only for the printing costs of tickets that are actually sold, so the company has a “strong” interest in producing only tickets that sell.

Gwadosky said he does not pretend to understand the motivations of those who play the lottery, relying on the studies to decide what sells. He said anything with a lobster on a scratch ticket sells better than other tickets, and he has no idea why.

For example, he said, some of the best-selling scratch tickets have been “Lobster Roll” and “Claws for Cash.” Another holiday big seller was “Sandy Claws” that featured a caricature of a lobster wearing a Santa cap.

He said that last year Maine had the 10th highest per-capita sale of scratch tickets in the country.

Gwadosky said that part of an effort to increase state revenues from lottery operations to \$60 million from the current \$48 million will be to bolster the percentage of online sales by getting the online machines into more retail outlets and through promotion of the games.

“We have a relationship, an economic relationship, with 1,300 businesses that are distribution points,” he said. “We contributed \$16.7 million in commissions to small businesses across the state last year.”

Any entirely new games will have to be approved by lawmakers, he said. The big effort will be to get more retail outlets and “more effective” promotion.