



MECN
Media & Entertainment Consulting Network

Lottery Benchmarking Report 2017/2018 edition

London/Munich, November 2017

Go to www.lottery-benchmarking.mecn.net to obtain the full report

Summary

To compete successfully in the global marketplace, lotteries want to know as much as possible about benchmarking and success factors, as WLA benchmarking seminars and several regional initiatives have repeatedly shown. MECN is therefore proud to present the 2017/2018 edition of our “Lottery Benchmarking Report”.

The 2017/2018 edition again includes a large number of analyses of the Internet/digital segments. Since social media and networks, such as Facebook, and social gam(bl)ing are becoming more and more important, we again include analyses of activities and successes of lotteries in social media.

Content of report

The updated study includes:

- **Sales-related benchmarks** – Total sales and product-related sales (e.g., lotto, betting, instant, ...) benchmarks, such as per-capita sales analyses.
- **Sales channel benchmarks**, such as number of residents and sales per outlet, ...
- **Internet/digital segments and channels** – The report offers many analyses of the Internet/digital/mobile segments and channels, users, We have also included comparisons to private Internet gambling companies.
- **Social media and networks benchmarking and success stories** – In-depth analyses of the social media activities (Facebook, Twitter, YouTube) of lotteries.
- **Marketing benchmarks**, such as marketing/advertising expenses in % of total sales.
- **Operating expense benchmarks**, such as operating expenses in % of sales broken down into human resources (e.g., average personnel expenses, sales per employee), IT and communications, and other benchmarks.
- **Large number of lotteries analysed and most up-to-date information** – Analyses of data from ca. 130 state/public lotteries and operators for the years 2016 and 2015 as well as long-term trend analyses.

In total, the report has **56 pages and 49 graphs/exhibits**.

List of benchmarks

Sales-related benchmarks (excerpt)

- **Total sales** per capita
- Per-capita **total sales** as % of per-capita income
- **Lotto sales** per capita and lotto sales as % of total sales
- **Betting sales** per capita and betting sales in % of total sales
- **Instant lottery sales** per capita and instant lottery sales in % of total sales
- **Keno sales** per capita and keno sales in % of total sales
- **VLT net income** per capita and VLT net income per machine
- ...

Benchmarks related to sales channels (excerpt)

- Number of **retail outlets per 1,000 residents** and average number of residents per outlet
- **Sales per outlet**
- **Catchment area** of outlets – sq km per outlet
- **Interactive/Internet sales** per capita and interactive/Internet sales in % of total sales

- **Mobile sales** in % of total interactive/Internet sales
- Development of average **interactive sales** per capita
- **Registered users** of state/public operators and lotteries in % of population and in % of total Internet users
- **Interactive sales** per registered user and per active player
- ...

Expense-related benchmarks (excerpt)

- **Operating expenses** in % of total sales
- **Marketing/advertising expenses** in % of total sales
- **Personnel expenses** in % of total sales and average personnel expense per employee
- Average **sales per employee**
- Average **prizes** in % of total sales
- **IT and data communication** expenses in % of total sales
- **Retailer commission** in % of total sales
- ...

Social media benchmarks – Facebook, Twitter, ... (excerpt)

- **Facebook Likes/fans** of state lottery Facebook pages
- **Facebook Likes/fans of state lotteries in % of Internet users** in the respective country
- **Facebook Likes/fans of state lotteries in % of Facebook users** in the respective country
- **Twitter Followers of state lotteries in % of Internet users** in the respective country
- **YouTube subscribers** of state lottery YouTube pages
- **YouTube video views** of state lottery YouTube pages
- ...

Table of contents

- 1 INTRODUCTION AND OVERALL TRENDS
- 2 TOTAL SALES BENCHMARKS
 - 2.1 TOTAL SALES PER CAPITA
 - 2.2 “REAL” MARKET PENETRATION – PER-CAPITA SALES AS % OF PER-CAPITA INCOME
- 3 LOTTO SALES BENCHMARKS
- 4 BETTING SALES BENCHMARKS
- 5 INSTANT LOTTERY SALES BENCHMARKS
- 6 KENO SALES BENCHMARKS
- 7 VLT SALES BENCHMARKS

- 8 RETAIL CHANNEL BENCHMARKS
 - 8.1 DENSITY OF RETAIL OUTLETS
 - 8.2 SALES PER RETAIL OUTLET
 - 8.3 RETAIL STRATEGIES IN COMPARISON

- 9 INTERNET AND DIGITAL CHANNELS BENCHMARKS
 - 9.1 INTERNET/DIGITAL SALES
 - 9.2 REGISTERED USERS, SALES PER USER/PLAYER, AND OTHER RELATED BENCHMARKS
 - 9.3 DEVELOPMENT OF INTERNET/DIGITAL SALES OF STATE/PUBLIC OPERATORS
 - 9.4 MOBILE SALES

- 10 SOCIAL MEDIA BENCHMARKING – FACEBOOK, TWITTER, ...
 - 10.1 SOCIAL MEDIA AND NETWORKS – AN INTRODUCTION
 - 10.2 FACEBOOK, TWITTER, YOUTUBE – HOW DO STATE LOTTERIES PERFORM?

- 11 OVERALL COST BENCHMARKS

- 12 MARKETING BENCHMARKS

- 13 HUMAN RESOURCE BENCHMARKS

- 14 PRIZES / PAYOUT BENCHMARKS

- 15 IT AND DATA COMMUNICATIONS COSTS BENCHMARKS

- 16 RETAILER COMMISSION BENCHMARKS

- 17 METHODOLOGY
- 18 LIST OF EXHIBITS
- 19 ABOUT THE AUTHORS AND CONTACT
- 20 RELATED REPORTS

Exhibits

Benchmark Exhibits

- Benchmark Exhibit 1: Total sales per capita
- Benchmark Exhibit 2: Average total sales per capita – 2006 to 2016
- Benchmark Exhibit 3: Annual growth rates of total sales – 2008 to 2016
- Benchmark Exhibit 4: Average annual growth rate of total sales – 2008 to 2016
- Benchmark Exhibit 5: Per-capita total sales as % of per-capita income
- Benchmark Exhibit 6: Lotto sales per capita
- Benchmark Exhibit 7: Lotto sales as % of total sales
- Benchmark Exhibit 8: Betting sales per capita
- Benchmark Exhibit 9: Betting sales in % of total sales
- Benchmark Exhibit 10: Instant lottery sales per capita
- Benchmark Exhibit 11: Instant lottery sales in % of total sales
- Benchmark Exhibit 12: Keno sales per capita
- Benchmark Exhibit 13: Keno sales in % of total sales
- Benchmark Exhibit 14: VLT net income per capita
- Benchmark Exhibit 15: VLT net income (in EUR thousand) per machine
- Benchmark Exhibit 16: Number of retail outlets per 1,000 residents
- Benchmark Exhibit 17: Average number of residents per outlet

Benchmark Exhibit 18: Catchment area of outlets – sq km per outlet
Benchmark Exhibit 19: Sales per outlet (in EUR thousand)
Benchmark Exhibit 20: Internet/digital sales/wagers per capita
Benchmark Exhibit 21: Development of average Internet/digital sales per capita – 2008 to 2016
Benchmark Exhibit 22: Internet/digital sales in % of total sales
Benchmark Exhibit 23: Registered users of state/public operators and lotteries in % of population
Benchmark Exhibit 24: Registered users of state/public operators and lotteries in % of total Internet users
Benchmark Exhibit 25: Internet/digital sales per registered user
Benchmark Exhibit 26: Mobile sales in % of total Internet/digital sales
Benchmark Exhibit 27: Number of Facebook Likes/fans of state lottery Facebook pages
Benchmark Exhibit 28: Number of Facebook Likes/fans of state lotteries in % of Internet users in the respective country/region
Benchmark Exhibit 29: Number of Twitter Followers of state lottery Twitter pages
Benchmark Exhibit 30: Number of Twitter Followers of state lotteries in % of Internet users in the respective country/region
Benchmark Exhibit 31: Number of Tweets of state lottery Twitter pages
Benchmark Exhibit 32: Number of YouTube subscribers of state lottery YouTube pages
Benchmark Exhibit 33: YouTube video views of state lottery YouTube pages
Benchmark Exhibit 34: Operating expenses in % of total sales
Benchmark Exhibit 35: Marketing/advertising expenses in % of total sales
Benchmark Exhibit 37: Personnel expenses in % of total sales
Benchmark Exhibit 38: Average personnel expense per employee (in EUR thousand)
Benchmark Exhibit 39: Average sales per employee (in EUR million)
Benchmark Exhibit 40: Average prizes in % of total sales
Benchmark Exhibit 41: IT and data communication expenses in % of total sales
Benchmark Exhibit 42: Retailer commission in % of total sales

Other Exhibits

Exhibit 1: Development of average betting sales per capita – 2008 to 2016
Exhibit 2: Development of total betting sales of public/state operators – 2007 to 2016
Exhibit 3: Retail strategies in comparison
Exhibit 4: Development of Internet/digital sales of state/public lotteries and operators – 2005 to 2016
Exhibit 5: Economies of scale – Operating expenses in relation to total sales
Exhibit 6: Exchange rates
Exhibit 7: State/public lotteries and operators included in benchmark analysis

Sample pages of report

2 Total sales benchmarks

2.1 Total sales per capita

Relevant considerations:

- Lotteries with VLT business are not included – In this analysis, lotteries with VLT and/or casino business are not included as they would significantly impact the overall informative value of the analysis.

Benchmark Exhibit 1: Total sales per capita

2.2 Total sales before payout of prizes – The sales figures are all from online channels of sales to internet and mobile from private operators (not all in jurisdictions licensed, selling via app markets), and internet lotteries as well as other products such as keno or bingo. Revenue not related to lotteries, such as internet, is not included.

3.2 Development of Internet/digital sales of state/public operators

Many state/public operators have been operating on the internet for several years (e.g. Scandinavian lotteries, NJCJ, ...) now, and others have just launched their offers in recent years.

Exhibit 4: Development of Internet/digital sales of state/public lotteries and operators – 2009 to 2016

- The growth rates of total sales of state operators (see exhibit 4) start to stabilize (see red line in exhibit 2) and are more or less the same as the growth rates of private online gaming operators (see green line).
- Average growth rates down – In our sample the growth rates in 2012 were still exceptional but they went down similar to the growth of private online gaming operators). The average annual growth rate in 2016 was about 24%, an increase from the 2015 a year before (note: 22% down in exhibit 4).

3.4 Mobile sales

Similar to private online gaming operators, the mobile channel becomes of increased relevance to lotteries and is one of the key strategic areas. However, only very few lotteries conducted any research data about their mobile activities. Nonetheless, we have also analyzed the mobile sales in % of total internet/digital sales.

- Average of 25.9% – The average mobile sales in % of total internet/digital sales of the analyzed lotteries is 25.9% in 2016.
- Room for improvement – The average mobile sales for lotteries are significantly less than those of private operators which report an average of 53% across all games, and a mobile betting average of 76%.

Exhibit 1: Development of average betting sales per capita – 2008 to 2016

- The total betting sales of the state lotteries and operators we analyzed (see NJCJ, NJCJ, and Ohio Sports Lottery) changed by 41.9% in 2016 (see exhibit 2).
- The Scandinavian lotteries are top performers – Amongst lotteries the Scandinavian ones rank among the top performers when it comes to betting sales per capita. Although most lotteries have lost market share to private internet betting operators, the Scandinavian lotteries for the most part have been able to hold their ground.
- Australian lotteries have a limited chance against betting offers of the TAB – In the horse sports and sports markets lotteries. The other sports pools but have to compete against several huge competitors, such as TABcorp, who dominates the market in horse sports and sports betting (betting and particular betting).
- No betting by U.S. lotteries – Most state-owned lotteries in the U.S. do not offer any internet/digital products and games. There are only few exceptions such as the Florida Lottery.

Exhibit 2: Development of total betting sales of public/state operators – 2007 to 2016

As the number of people 'talking about this' is counted over a particular changing time period, the number change compared to benchmarks are considered. This in fact means the fluctuations were not as drastic as expected and could therefore only have a limited effect on the overall betting benchmarking results. Level of engagement – number of 'talking about this' per capita

- Average number of 'talking about this' – The average number of 'talking about this' is at 4,022 (Scandinavian Countries 2015). As mentioned above, the number refers to a changing seven-day period and can therefore fluctuate.
- Lottery National Denmark at the top – The historical change of the Lottery National Denmark has the highest number of 'talking about this' with a value number of nearly 5,000 (October 2015).

About authors and contact information

MECN - Media & Entertainment Consulting Network

MECN is a network of experts on issues concerning the media and entertainment industry. Together we provide in-depth knowledge, analysis, and advice to global clients. For the gambling industry, we provide market insights and strategic support to various clients ranging from bookmakers to state lotteries. For more information see www.mecn.net.

MECN U.K.
 207 Regent Street
 3rd Floor
 London W1B 3HH
 United Kingdom

MECN Germany
 Fürstenrieder Str. 279a
 81377 Munich
 Germany

E-mail: info@mecn.net
www.mecn.net



**Order form for the report:
*Lottery Benchmarking Report – 2017/2018 edition***

**Fax to +49 (0) 89 3835 6786 or +44 (0) 207 692 4089 or
 Email to reports@mecn.net**



Please send me an electronic version of the report:
Lottery Benchmarking Report – 2017/2018 edition

Please check the offer that applies



	One-time report	Subscription (-30%) (for more details, see bottom of page)
Single user license	Euro 985.00 (excl. VAT) <input type="checkbox"/>	Euro 690.00 (excl. VAT) <input type="checkbox"/>
Company license	Euro 1,970.00 (excl. VAT) <input type="checkbox"/>	Euro 1,380.00 (excl. VAT) <input type="checkbox"/>

Personal Information

Mr/Mrs/Dr: _____ First Name: _____ Last Name: _____

Company Name: _____ City: _____

Address: _____ Country: _____

Post Code: _____ Telephone: _____

Email: _____ Company VAT/TVA/MOMS/IVA number: _____

Signature: _____

Date: ____/____/____

Enter company tax/VAT no. to avoid VAT, EU countries only. Customers from non-EU countries are always exempted from VAT/sales tax.

Payment Details

Please invoice my company

or

Please charge my Visa Mastercard Amex

Card No.:

Expiration Date: /

Card Holder Name: _____

Signature: _____

Subscription details

- Subscribe to the yearly editions of the Lottery Benchmarking Report (one report each year).
- You can cancel your subscription at any time (after a minimum of 2 reports).
- Your subscription is renewed automatically – unless you cancel it.
- Invoiced only after delivery of report(s) – no prepayments required.

Contact us

For questions, please contact reports@mecn.net

London / UK
 207 Regent Street
 3rd Floor
 London W1B 3HH
 United Kingdom

Munich / Germany
 MECN Germany
 Fürstenrieder Str. 279a
 81377 Munich
 Germany

Tel.: +44 (0) 207 692 4088
 Fax.: +44 (0) 207 692 4089
info-uk@mecn.net

Tel.: +49 (0) 89 7412 0235
 Fax.: +49 (0) 89 7412 0102
info-germany@mecn.net