



NATIONAL LOTTERY PARTICIPATION AND ATTITUDES SURVEY IN SOUTH AFRICA

Study commissioned by

NATIONAL LOTTERIES COMMISSION

Study Conducted by

BUREAU OF MARKET RESEARCH (PTY) LTD

UNIVERSITY OF SOUTH AFRICA



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FOR SOUTH AFRICA**

March 2019

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THE NATIONAL LOTTERIES COMMISSION

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Headline Findings



<p>35.0%</p> <p>Percentage of people who participated in lottery activities or sport pools in the 12 months preceding the 2018/19 NLC study.</p>	<p>R156</p> <p>Average monthly amount spent on lottery and sport pool activities in 12 months preceding the 2018/19 NLC study.</p>
<p>47.7%</p> <p>Percentage of respondents who never participated in lottery or sport pools activities who listed disinterest in lottery/sport pools as major reason for non-participation.</p>	<p>4.3%</p> <p>Percentage of people who participated in Fafi in the 12 months preceding the 2018/19 NLC study.</p>
<p>47.4%</p> <p>Percentage of lottery activity participants who play LOTTO, LOTTO PLUS 1 and LOTTO PLUS 2 on a weekly basis.</p>	<p>41.0%</p> <p>Percentage of lottery activity participants who play PowerBall and/or PowerBall PLUS on a weekly basis.</p>
<p>77.9%</p> <p>Percentage of lottery activity participants who rate LOTTO, LOTTO PLUS 1 and LOTTOPLUS 2 among the top-3 most preferred lottery activities.</p>	<p>60.8%</p> <p>Percentage of lottery activity participants who rate PowerBall and/or PowerBall PLUS among the top-3 most preferred lottery activities.</p>
<p>23.2%</p> <p>Percentage of lottery activity participants who regard the chances of winning the LOTTO, LOTTO PLUS 1 and LOTTOPLUS 2 as 'very good' and 'good'.</p>	<p>6.7%</p> <p>Percentage of lottery activity participants who are aware of under-aged (<18 years) participation in LOTTO, LOTTO PLUS 1 and LOTTOPLUS 2.</p>
<p>27.8%</p> <p>Percentage of lottery activity participants using cell phones to participate in local promotional competitions.</p>	<p>36.3%</p> <p>Percentage of National Lottery participants who spent between R51 and R150 per month on National Lottery games.</p>

<p>74.3%</p> <p>Percentage of lottery activity participants citing the 'need for money' as a major reason for participating in lottery schemes/activities/games.</p>	<p>30.6%</p> <p>Percentage of lottery game participants who impulsively purchase lottery tickets on a regular or occasional basis.</p>
<p>20.5%</p> <p>Percentage of lottery activity participants who won lottery prizes in the month preceding the 2018/19 NLC study.</p>	<p>R110</p> <p>Average monthly amount of winnings on lottery schemes/activities/games.</p>
<p>70.0%</p> <p>Percentage of lottery activity participants who often dream of winning the lottery.</p>	<p>53.4%</p> <p>Percentage of lottery game participants who agree that lottery causes health problems, including stress or anxiety.</p>
<p>25.2%</p> <p>Percentage of lottery activity participants who usually spend more money on lotteries than budgeted/planned.</p>	<p>21.0%</p> <p>Percentage of lottery activity participants who regard themselves as compulsive/excessive/problem lottery players.</p>
<p>66.9%</p> <p>Percentage of people agreeing that playing lottery games is addictive.</p>	<p>43.7%</p> <p>Percentage of people agreeing that they are well informed about the NLC and its mandate.</p>
<p>R34.3 billion</p> <p>Total 2017/18 household gambling expenditure on 'games of chance' (licensed and unlicensed modes).</p>	<p>0.09%</p> <p>The propensity to play NLC lottery games in 2017/18.</p>
<p>27.7%</p> <p>Percentage of unemployed national lottery players.</p>	<p>23.9%</p> <p>Percentage of national lottery players who are recipients of government grants.</p>

Executive Summary



Preamble and research methodology

The political, social and economic circumstances and uncertainty on how these environments are affecting the operations of the National Lottery, have contributed to the need to explore the participation and attitudes of the general public of South Africa regarding the National Lottery. This priority was set by the National Lottery Commission at the end of 2018 in support of the need to constantly monitor the changing preferences, attitudes and participation levels of lottery players among the general public. Against this background, the Bureau of Market Research (Pty) Ltd (BMR) of the University of South Africa (Unisa) was commissioned by the National Lotteries Commission (NLC) to conduct a national representative survey on the attitude, behaviour and participation levels of South Africans in lottery activities and sport pools. In addition, the study aimed to determine the propensity to gamble/play lotteries as well as the extent of household expenditure displaced to gambling/lotteries. To achieve the study objectives, a hybrid of research methods was applied to collect information from 3 090 households across all nine provinces of South Africa. These included internal and external secondary and primary data collection methods that were co-designed in a complementary style to address the research objectives of the study. Whereas the external secondary research was essential to design the survey questionnaire and the sampling plan for the national survey, the internal secondary research largely serves to estimate the propensity and redistributive effect of gambling prizes. In turn, the primary research constituted computer-aided telephonic and face-to-face personal interviews proportionally distributed across all nine provinces of South Africa. This quantitative study was further complemented by qualitative research, inclusive of four group discussion sessions among judgmentally sampled lottery and non-lottery participants in the Gauteng, Limpopo and North West Provinces.

Key findings: Secondary Research

In an effort to analyse the impact of gambling and specifically National Lottery games on household welfare in South Africa, the study estimated the propensity to gamble, the redistributive effect of gambling activities, the impact of gambling on less affluent households as well as expenditure displacement effects.

Propensity to gamble

Total household gambling expenditure on ‘games of chance’ (that include both licensed and unlicensed modes) amounted to R34.3 billion in 2017/18. Almost 10 in every 100 gambling Rands spent in South Africa in 2017/18 were spent on lottery games.

The propensity to gamble on ‘games of chance’ (approximately 1% of household cash flow income of R3.4 trillion in 2017/18) remained fairly constant over the past four years – ranging from 0.96% in 2014/2015 to 1.03% in 2016/17 and 1.0% in both 2015/16 and 2017/18.

The propensity to play National Lottery games (based on the GGR of the National Lottery) shows a decline from 0.14% in 2009 to 0.08% in 2017 and 0.09% in 2017/18.

Redistributive effect of gambling prizes

The allocation of lottery winning money was used as a proxy to best reflect on the spending priorities of lottery players. In this regard, ‘household necessities’ appeared as the most dominant priority for allocating winning money among the unemployed (71.6%), low income earners (74.6%) and government grant recipients (73.5%). This was followed by re-purchasing of lottery tickets (46.7%) and transfer of winnings to spouses/partners/family (29.1%). The items typically favoured by the middle to higher income groups include travel/holiday, investments/savings purchase of fixed property and purchase of luxury items, which scored relatively low in relation to the need for household necessities.

Expenditure displacement effects

Expenditure on lottery tickets is financed from displacement from other household expenditure, increased household cash flow income and/or from dissavings. The impact of such redirection of household budgets is far more critical in the case of less affluent households who displace the bulk of their lottery expenditure from household necessities.

Impact of gambling on less affluent households

The less affluent population of South Africa represents a sizeable portion of lottery players, inclusive of the unemployed who represented 27.7% of National Lottery players. Also, about a quarter (23.9%) of National Lottery players are government grant recipients while 42.2% earn a monthly income of less than R5 000.

Key findings: Primary Quantitative Research

The findings emerging from the quantitative research conducted among 3 090 South African households across all nine provinces of South Africa are summarised below.

Overall participation in lottery and sport pool activities

- ✚ About six in every 10 respondents (61.9%) had never participated in any of the lottery activities or sports pools. People mainly avoid participating in lottery or sport pool activities due to disinterest, the risk of losing money, unaffordability, never winning and cultural/religious principles.
- ✚ Just more than a third (35.0%) of respondents participated in lotteries (including the National Lottery) and sport pool activities.
- ✚ Of those who participate in lottery activities and sport pools¹:
 - The bulk (91.7%) participated in lottery activities, including the National Lottery.
 - 4.3% participated in Fafi / iChina / mo-China/fhafee

Participation in lottery schemes/activities/games

- ✚ The dominance of LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 (89.7%) and PowerBall and/or PowerBall PLUS (73.7%) is evident from the behaviour among those who participate in lottery schemes/activities and National Lottery games.
- ✚ The need for money, good chances of winning and gratification top the list of reasons for participating in lottery schemes/activities/games.
- ✚ Of the 89.70% of participants who play LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2, about two-thirds (65.3%) also play PowerBall and/or PowerBall PLUS.
- ✚ RAPIDO and RAFFLE are the least frequently played National Lottery games, with less than 5% of the participants participating in these activities.
- ✚ Lottery activities/schemes/games that are most frequently combined with LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 include SPORTSTAKE 13 and local promotional competitions.
- ✚ Of the less frequently played lottery games, PICK 3 is mostly combined with LOTTO and POWERBALL.
- ✚ On average, people participate in 2.03 National Lottery games.
- ✚ Of those respondents who participated in any of the lottery schemes/activities and/or National Lottery games, approximately four in every 10 (47.4%) participate weekly in these games.
- ✚ The prime use of retail lottery outlets for buying tickets for National Lottery games is apparent from the analysis, while cell phones appear to be the most feasible mode used to participate in local promotional competitions.

¹ Lotteries (including the National Lottery), Fantasy sport, Lottery scratch card, sports pool/competition (excluding any scheme or competition in respect of horseracing) and Fafi /iChina /mo-China/fhafee).

- ✚ Almost a quarter (23.2%) of respondents regard the chances of winning LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 as 'good' or 'very good'. The chances of winning foreign lotteries and betting on the outcome of the National Lottery are regarded as far better than any other National Lottery games.
- ✚ Less than 10% of the under-aged (<18 years) are involved in lottery schemes/activities/games.

Lottery expenditure

- ✚ About a quarter (23.6%) of respondents who participate in National Lottery games spend between R21 and R50 per month on National Lottery games while approximately a third (31.9%) spend between R51 and R150 per month.
- ✚ Approximately two-thirds of lottery ticket-purchases are planned, while three in every 10 respondents could be classified as impulsive lottery ticket buyers due to their regular or occasional unplanned purchase behaviour.
- ✚ Respondents who claimed to have won from playing the lottery reported an average amount of R110 per month, which is lower than the average amount spent on lottery play (R156).

Lottery winnings

- ✚ Lottery prize winners mainly spend earnings on necessities and second chance winnings (lottery). In turn, those who had not yet won any lottery prizes, clearly have more luxurious items in mind.
- ✚ Most respondents (53.4%) are confident that they stand a better chance of winning if they pick their own numbers as opposed to using the 'quick pick' option.
- ✚ As high as seven in every 10 respondents (70.0%) who participated in lottery activities dream of winning the lottery.

Lottery behaviour and opinions regarding the lottery and lottery industry

- ✚ Only 55.6% of lottery players agree that the provision of National Lottery funding to targeted projects/programmes leads to positive social upliftment of vulnerable (poor/unemployed) people.
- ✚ Only 58.3% of lottery players agree that the provision of National Lottery funding to targeted projects/programmes leads to positive community upliftment.
- ✚ Only 40.8% of lottery players agree that the National Lottery funds are distributed equitably and expeditiously (in time and adequately) across South African communities.
- ✚ 59.0% of respondents agreed that lottery players should have a say regarding who should get funding for good causes.
- ✚ 52.9% of respondents attest that there are enough retail outlets.

- ✚ About a quarter (26.9%) of lottery players confirmed that they usually spend more on lottery tickets when big jackpots (i.e. R10 million or more) are at stake. Respondents indicated that they usually spend an average of R109 on lottery tickets, while an average of R185 (or 1.7 times more) is spent on lottery tickets when big jackpots (i.e. R10 million or more) are at stake.
- ✚ Respondents are mostly satisfied with lottery outlets/retailers selling lottery tickets (average satisfaction score of 7.96 out of 10, where 10 = extremely satisfied).

General perceptions regarding the lottery industry

- ✚ Most respondents (75.7%) agree that people should have the right to play lottery games whenever they want.
- ✚ Two-thirds of respondents (68.3%) claim to be well informed regarding the location of authorised retailer outlets that sell lottery products/tickets in South Africa. This finding bodes well on the visibility and marketing efforts of the National Lottery.
- ✚ As high as 65% of respondents had not accessed the National Lottery Website (knowledge hub) in the 12 months preceding the survey.
- ✚ Low levels of awareness about the National Lottery Distribution Trust Fund (NLDTF), ITHUBA Holdings (RF) Proprietary Limited ('ITHUBA') and the National Lotteries Commission (NLC) and its regulatory mandate was notable among at least a third of the survey population.
- ✚ About a third of the respondents (36.1%) disagree that the National Lottery industry in South Africa is an important source of income/financial wellness for households.
- ✚ Lottery players reveal higher confidence in the lottery than non-lottery players. However, both groups agree that they are not well informed about the National Lottery Distribution Trust Fund (NLDTF).
- ✚ Four in every 10 respondents agree that illegal lottery activities and illegal lottery outlets are a common phenomenon in South Africa.

Problem/compulsive lottery playing

- ✚ The self-assessment of respondents reveals serious concerns regarding compulsive lottery participation with most of the participants (50.7%) confirming that excessive or compulsive lottery game playing is a common in South Africa.
- ✚ Approximately two-thirds of lottery and non-lottery players confirmed that they perceive lottery game playing as addictive.
- ✚ One in five (21.0%) of lottery players agreed that they regard themselves as a compulsive/excessive/problem lottery player.
- ✚ About a quarter (25.2%) of lottery players agreed that they usually spend more money on lotteries than budgeted/planned.
- ✚ According to respondents, participation in lotteries poses a health risk (53.4%), contributes to financial problems (49.4%) and conflict/violence (43.8%) in households.
- ✚ Less than 10% of participants indicated that they use a credit card or borrow money to participate in lottery activities.

The self-assessment of respondents on the impact of problem/compulsive/excessive lottery playing should be viewed against the following context: The relatively high levels of lottery participation evident among a large portion of the poorer section of the population could imply that an expenditure amount of as little as R10 or R20 per lottery draw could easily lead to a feeling of ‘excessive/compulsive/problem gambling’. This view is further strengthened when taking into account that about a quarter of lottery players agreed that they usually spend more on the lottery than initially planned/budgeted.

Key findings: Primary Qualitative Research

The major findings emerging from the four focus group discussion are summarised below.

- ✚ The most common reasons for people playing National Lottery games is to win money to (i) improve their standard of living, and (ii) alleviate high levels of unemployment experienced, which contributes to poverty in urban and rural areas.
- ✚ Lottery games are seen to be an easy route for many people to get quick cash to get rich.
- ✚ People who participated in National Lottery games were also motivated by the contribution of the National Lottery funds for good causes.
- ✚ Lotto and PowerBall are the most frequently played games. The relatively higher participation frequency in these games is associated with intensive marketing of the games in the mass media and relatively higher payouts and big jackpot prizes, particularly for PowerBall.
- ✚ Participation in games such as Sportstake13 was influenced merely by the interest in sporting activities by participants.
- ✚ PowerBall appears to be the more popular game due to the perceived higher odds of winning associated with the game.
- ✚ A general preference for sports games over the lottery games was evident based on the broader betting options and instant payouts of the winnings offered by sports games. The fun element of betting on sports games was also highlighted as reason among those preferring these types of games.
- ✚ Inherently low levels of awareness in ‘other’ National Lottery games (Sportstake 13, Eaziwin, Raffle, Pick 3 and Rapido) were associated with poor marketing of the games, which was cited as the primary reason for the relatively low and/or non-participation in these games.
- ✚ Big jackpots attract a considerable number of participants from all walks of life, thus spending on big jackpot tickets is relatively higher than smaller jackpot prizes.
- ✚ There is a lot of scepticism regarding the odds of winning National Lottery games. There was a general consensus that the odds of winning the Lotto and PowerBall games are very slim particularly for more than three numbers. A number of question marks were raised regarding the odds of winning the jackpot and the distribution of winnings thereof. The odds of winning the jackpot were seen to be extremely low if not impossible, and that raised much suspicion, particularly in cases where very few people win with many numbers while the majority win with a few numbers (such as three numbers), which goes hand-in-hand with meagre payouts.

- ✚ The odds of winning with more than three numbers in the lottery were almost non-existent.
- ✚ Alternative strategies to mitigate the perennial downside of the National Lottery games associated with lower odds of winning came through strongly and were notable in various ways, including the suggestion to reduce the betting numbers (eg from 52 to 40), allocation and distribution of higher prizes (such as the jackpot prize), to lower winning numbers such as to three numbers (increasing the stake) instead of one person winning the entire jackpot prize.
- ✚ A sense of disdain and mistrust towards the National Lottery is apparent with participants indicating that they become downhearted by always losing.
- ✚ Efforts to provide any form of advice to the NLC to increase the chances of winning are regarded as a pointless exercise.
- ✚ The majority of participants in the focus groups were not aware of the Lotteries Act nor the NLC and its role. The lack of awareness of the NLC was attributed to the lack of interest in other gaming aspects except to win money.
- ✚ The majority of participants in all focus groups were of the opinion that National Lottery games are affordable.
- ✚ Some participants of the focus groups felt strongly that due to the nature of National Lottery games the likelihood of becoming addicted were very slim. The time it takes to play (buying a ticket and waiting for the draw in the evening) leads to less frequent play, which is highly unlikely to lead to addiction. Interestingly, there were counter-arguments in this regard with some participants being of the opinion that increasing the frequency of play and the amount spent to increase the chances of winning, especially after winning small amounts, may lead to addiction. It was also mentioned that people become obsessed with numbers (always thinking about the numbers), which may adversely affect their daily activities (such as poor levels of productivity at work). It was further emphasised that winning smaller prizes may trigger a desire to start spending more money to increase the chances of winning big jackpots resulting in irresponsible behaviour.

Recommendations

The 2018/19 NLC study among more than 3 000 households confirmed the frequent participation in and preference for LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 as well as PowerBall. From the study findings the motivation to win lottery prizes to enhance people's livelihoods as well as good marketing efforts of these National Lottery games among the general public, were largely motivated as key drivers of participation in these games. In turn, participation in other National Lottery games (SPORTSTAKE 13, EAZiWIN, RAFFLE, PICK 3 and RAPIDO) appears to be very low, which participants ascribe to poor marketing of these games, especially in urban townships and rural areas. Of these less popular National Lottery games, SPORTSTAKE 13 shows the highest potential for increased participation.

From the study outcomes it is evident that the general public regards the mandate of the NLC primarily to be to promote the winning of money. Should this be the case, there appears to be a misalignment with the mandate of the NLC to uplift the South African society and protect participants. Taking cognizance of these findings, as well as the fairly low public awareness levels of organisations that receive National Lottery funding, presupposes that the NLC should enhance its efforts to demonstrate its core values and social consciousness to the general public and likewise keep them informed about the funding of specific identified priority areas in the three funded sectors of Charities, Arts and Sports. In this regard the NLC should enhance their efforts to demonstrate to the general public the positive contribution through funding initiatives that have created employment, alleviated poverty and empowered women. It is thus suggested that the marketing and communication of the NLC, and the link between revenue and the funding of good causes, should improve. Likewise, the perceived lack of efforts on the part of the NLC to enlighten the public about the Lotteries Act are deemed to be another area requiring special efforts, especially when taking into account the relatively lower literacy level of some people who participate in National Lottery games.

Pertinent recommendations by respondents emerged from the 2018/19 NLC study, which could be considered to improve trust in the NLC, enhance participation in National Lottery games and attract new participants. These include more transparency and fairness in the system and methods used to draw winning Lotto and PowerBall numbers and the elimination of the long time-interval before the draw of winning numbers as an assurance that there is no manipulation of winning numbers. Likewise, participants recommended a loyalty programme that benefit recurrent play. Taking cognizance of the importance of social cohesion to inspire participation in Fafi, may also be considered as an important element to reconfigure more innovative lottery and community participation schemes. Furthermore, it was recommended that more could be done by the NLC regarding transparency and equitable distribution of funds. These recommendations resulted from perceptions that the allocation and distribution of NLC funds are biased towards Gauteng and that alleged favouritism was present in awarding funding for good causes. The study also recommended closer monitoring of fund recipients to ensure that lottery funding is utilized as intended. Finally, funding support for education institutions was exclaimed with students being identified as key beneficiaries of NLC funding. In this regard, the NLC could play an important role in the educational attainment of people and likewise fulfil its social mandate in addressing unemployment and alleviating poverty in South Africa.

CHAPTER 1

BACKGROUND, STUDY OBJECTIVES AND METHODOLOGY

1.1 BACKGROUND

The role and functions of the National Lotteries Commission (NLC) is clearly outlined in the Lotteries Act (No. 57 of 1997, as amended), which places an obligation on the organisation to support (directly and indirectly) the electoral mandate of the national government. From a strategic perspective, the vision of government priorities presents a major opportunity for the NLC to realise its mandate within the disciplinary context of social development and upliftment. These include addressing unemployment and alleviating poverty as outlined in the National Development Plan (NDP) of government. The NLC is therefore directed by government policies on economic and social development. To develop its strategic intent, the NLC has crafted the following vision:

'The catalyst for social upliftment'.

In the quest for achieving its vision and mission, among others, to regulate all lotteries and sport pools with integrity and to ensure the protection of all participants, the business of the NLC is influenced by the political and economic landscape of the country. The imminent 2019 National Elections could possibly influence a shift in the mandate of the organisation while the political instability in all spheres of government also contributes to the negative impact on the economy. In addition, the South African economy is no longer regarded as stable and has suffered increased economic pressure, which has been a major driver of strikes and protest actions. Alongside this, high levels of unemployment and unequal distribution of income are prevalent, which negatively affect disposable income in many South African households and concurrently may impact on potential household expenditure on the National Lottery. The falling levels in disposable income implies that basic needs come first and that the purchase of lottery tickets

may take less priority. During these challenging economic times, the NLC has envisaged that selling 'hope' through a game of chance, may prove to be lucrative to the sale of national lottery tickets (NLC 2018). Also, taking cognisance of the fact that the South African population (18+ years) is eligible to play the lottery, an unexploited lucrative market potential for lottery play remains a reality. These economic realities have already been observed through the stagnant revenue (in real terms) received from the National Lottery Operator for the past 5 years (NLC 2018), which also raises pertinent concerns regarding the potential of people deferring their participation to alternative unlawful lottery activities. In addition, the number of registered Non-Profit Organisations (NPOs) has increased significantly (NLC 2018), implying additional demand for funding.

The highlighted political, social and economic circumstances and uncertainty on how these environments are affecting the operations of the National Lottery, have all contributed to the need to explore the participation and attitudes of the general public of South Africa regarding the national lottery. This priority was set by the NLC at the end of 2018 in support of the need to constantly monitor the changing preferences, attitudes and the participation levels of lottery players among the general public. In addition, a number of prominent issues will always remain on the NLC agenda as part of their regulatory and social responsibility roles. These include awareness programmes to inform the youth on age restrictions on lottery play, awareness on the risks of excessive lottery play, possible negative effect of lottery play on the less affluent, the emergence and increase of illegal lotteries, protecting the integrity of the lottery industry, and ensuring that the lottery industry contributes towards socio-economic development. The need for contemporary research among the general public aims to provide answers to these pertinent matters with the aim of informing regulatory institutions and the government regarding future strategies, regulations and legislation.

Against this background, the BMR was commissioned by the NLC to conduct a national representative survey on the attitudes and participation of South Africans in the National Lottery. The selection of the BMR is due to its experience in previous research on the socio-economic impact of gambling in South Africa (2016/17), the North West Province (2016) and Mpumalanga (2015). Several related studies conducted by the BMR in the past include studies on:

- (i) the capacity of the Mpumalanga Province to sustain a fourth casino (2014);
- (ii) the size of the gambling sector in South Africa (2013);
- (iii) the economic impact of the gambling sector in South Africa (2013);
- (iv) stakeholder satisfaction survey for the Mpumalanga Gambling Board (2012);
- (v) analysis of drivers of gambling revenue outcomes – a basis to predict future casino revenue (2011);
- (vi) the role of the gambling sector in the South African economy (2009);
- (vii) the socio-economic impact of legalised gambling in South Africa (2009); and
- (viii) community attitudes, behaviour and participation in the national lottery (2003).

The objectives and methodology of the research study, which was conducted between November 2018 and February 2019, are described in detail in this chapter. These discussions are further supplemented in the subsequent chapters, which present a detailed analysis on outcomes of the secondary, quantitative and qualitative research findings.

1.2 **STUDY OBJECTIVES AND FOCUS**

The main objective of the research study was to establish the attitude, behaviour and the participation levels of South Africans in lottery activities and sport pools. Although the study specifically focused on lotteries and sport pools, the introductory part of the study included a focus on pertinent licenced and unlicensed gambling modes. This initial broad framework aligns with the intent of

the study to compare National Lottery games with other lottery and sport pool activities. Working from a general to a more specific focus, the primary scope of the 2018/19 NLC study was to determine the attitudes and participation levels of the South African population regarding the National Lottery. To facilitate these goals, the following pertinent focus areas were explored in the 2018/19 NLC study:

- Frequency/prevalence of participation in lottery activities (inclusive of local and foreign lottery schemes and activities and the National Lottery), sports pools and unlicensed lotteries;
- Expenditure on lottery and sport pool activities;
- Reasons for playing or abstaining from lottery games;
- The most frequent and preferred lottery schemes/activities/game(s);
- Perceptions on chances (probability) of winning lottery games;
- Gambling/lottery expenditure and budgetary behaviour;
- The prevalence and awareness of adult (18+ years) and under-aged gambling;
- The nature of lottery winnings and actual and/or potential spending of winnings;
- Lottery participants' perceptions regarding the National Lottery and lottery industry with specific reference to the following: (i) general perceptions regarding lottery play; (ii) real experiences of playing lottery games; (iii) lottery buying and spending behaviour and patterns; (iv) the impact of lotteries on people's lives; (v) the knowledge and influence of good causes (i.e. charities, arts, culture and sport) on lottery participation and communities/societies; and (vi) satisfaction with methods used to play the national lottery; and
- Non-participants' awareness levels of the NLC and the lottery industry in general.

In support of conducting cohort-analysis, the study also measured several demographic characteristics of participants, including the geographical spread, age, work status, educational attainment, population group, gender, income group and social grant recipient status. Including these cohorts, also served to estimate the

impact of lottery play on: (i) household welfare levels and livelihood, including the less affluent, and (ii) young and other vulnerable groups such as the unemployed, women and pensioners. In addition to addressing this supplementary objective, the empirical research design was also developed to estimate the prevalence of problem lottery play among lottery players. To further enrich the overall research design, the study also relied on secondary research to estimate the propensity to gamble (i.e. percentage of household income allocated to lottery games as well as other licensed gambling modes).

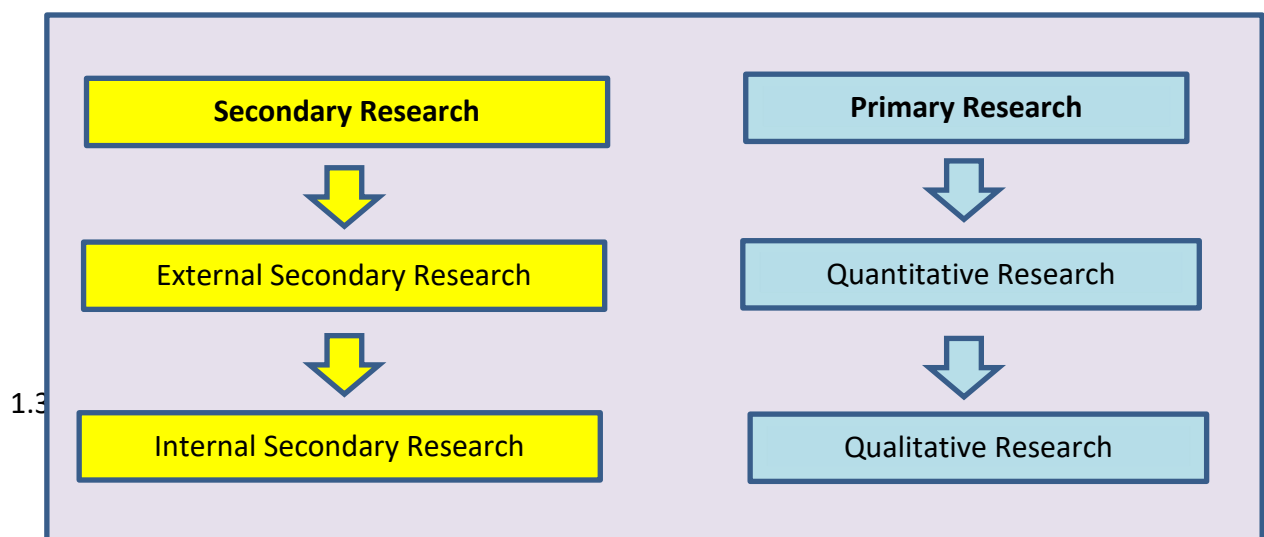
Finally, the collective efforts to achieve the various research goals intend to translate into possible solutions for the NLC to address challenges and areas of improvement (i.e. policy responses, communication strategies, awareness, and educational campaigns) based on public perceptions of a nationally representative sample.

1.3 RESEARCH METHODOLOGY

In view of the wide spectrum of study objectives outlined for the 2018/19 NLC participation and attitude study, various research methodologies were applied. These methods are displayed in exhibit 1.1 and later discussed in more detail in the sub-sections below.

EXHIBIT 1.1

RESEARCH METHODOLOGY: 2018/19 NATIONAL LOTTERY STUDY



A large volume of data was sourced from secondary sources to assist in calculating, inter alia, the propensity to gamble/play National Lottery games (i.e. the percentage of household expenditure allocated to gambling/NLC lottery games) and the most recent research on gambling prevalence and attitudes towards gambling/National Lottery games. For this, the following sources were consulted:

- NLC Reports, inclusive of the 2018/19 NLC Annual Performance Plan;
- Longitudinal data series on lottery expenditure sourced from the NLC;
- Articles published in scholarly journals;
- Local and foreign research reports on gambling; and
- Stats SA data on employment and population size.

This information was essential for assisting in designing the survey questionnaire and for constructing the final sampling plan for the national survey.

1.3.2 **Internal secondary research**

The BMR has researched the scope and structure of the household income and expenditure market for more than 50 years. The extensive database of the BMR contains historical and up-to-date household income and expenditure data, including expenditure on gambling and lotteries. For the 2018/19 NLC study, the BMR's income and expenditure database and methodologies proved to be sufficient to generate relevant and reliable information on, inter alia, the following:

- Propensity to gamble/play lotteries (i.e. percentage of household income allocated to gambling/lotteries);
- The extent and percentage of household expenditure displaced to gambling/lotteries;
- The identification of items from which expenditure is displaced; and

- Income and population cohorts with the highest incidence of gambling/lottery participation.

The importance of generating the business intelligence outlined above should be viewed against the background that a survey alone is rather limited in gathering gambling/lottery expenditure only and will not suffice to entirely address the desired research outcomes. This view is supported by past BMR experience, which shows that expenditure on gambling is perceived as negative conduct by a portion of the community, normally resulting in the under-reporting of gambling expenditure in single surveys. Consequently, access to the following BMR secondary data was essential to address the research goals and data requirements for the overall 2018/19 NLC study:

- Figures of population 18 years and older;
- Personal cash flow income per capita;
- Personal cash flow income by income group ranging from the poor to affluent categories;
- Household expenditure patterns including expenditure on gambling/lotteries; and
- Propensity to gamble/participate in lottery activities.

1.3.3 **Primary quantitative research**

To further supplement the secondary research phase, quantitative research was conducted as the primary component of the 2018/19 NLC study. The key components of this major phase of the research study are discussed in more detail in the sub-sections below. The discussion outlines the sampling and data collection methods that bear relevance to the construction of a national survey among a representative sample of the South African population. Whereas exhibit 1.2 outlines the overall sampling plan, a more detailed discussion on the sampling plan follows.

EXHIBIT 1.2

SAMPLING PLAN

<u>Sampling Plan - Overview</u>	
Sample Units:	Households in South Africa
Sample element:	18 years+ gambling/non-gambling household member celebrating his/her birthday soonest after the date of the actual interview
Sample location:	South Africa: 9 provinces subdivided in urban & rural clusters
Sampling method:	Multi-stage sampling method inclusive of cluster and systematic probability proportionate to the size of the South African household population by province
Data collection method(s):	Interviewer-aided – inclusive of computer-aided telephone (CATI) and personal face-to-face interviews
Sample size:	3 000 households
Survey instruments:	Web-based survey (CATI) Paper-based survey (Face-to-Face)

Exhibit 1.2 shows that the initial sample constituted 3 000 households proportionately sampled from all nine provinces of South Africa according to the relative distribution of households by geographic area. To secure a statistically representative and unbiased sample of South African households, a multi-stage sampling technique was applied. The different stages of the multi-stage sampling plan are discussed in detail below.

1.3.3.1 *Stage 1: Cluster sampling*

For the first stage of the sampling plan, cluster sampling was applied to select the geographic location of the survey. This process entailed a statistical analysis of the geographic spread of households across South Africa. Table 1.1 presents the outcome of this procedure, which displays the proportional distribution of households across all nine provinces of South Africa. The data analysis is further enhanced by a geo-spatial analysis of the relative spread of households across all

provinces. The geo-spatial distribution of households by province is outlined in map 1.1, which also displays the sample clusters (9 provinces) for the NLC 2018/19 sample.

TABLE 1.1

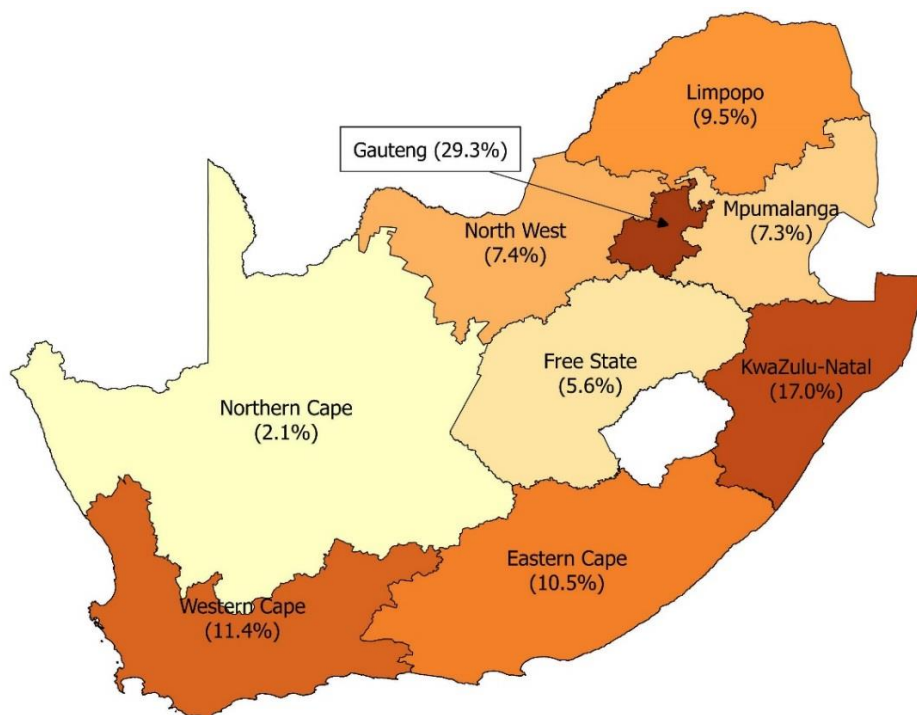
HOUSEHOLD DISTRIBUTION BY PROVINCE

Province	Number of Households	%
KwaZulu-Natal	2 875 843	16.99
Free State	946 639	5.59
Eastern Cape	1 773 395	10.48
Northern Cape	353 709	2.09
Western Cape	1 933 876	11.43
North West	1 248 766	7.38
Mpumalanga	1 238 861	7.32
Limpopo	1 601 083	9.46
Gauteng	4 951 137	29.26
Total	16 923 309	100.00

Source: Stats SA 2016 Community Survey

MAP 1.1

GEO-SPATIAL DISTRIBUTION OF SOUTH AFRICAN HOUSEHOLDS BY PROVINCE



The data displayed in table 1.1 and map 1.1 were used as basis to determine the geographic spread of the final 2018/19 NLC sample. Stage 2 of the sampling plan design elaborates in more detail on the application of a systematic probability proportionate to the number of households by province. From these discussions, it becomes evident that the type of data collection method (CATI and personal face-to-face interviews) alongside geographic area types (urban/rural) primarily guided the final sample distribution across provinces.

Prior to elaborating on stage 2 of the sampling plan design, an exposition on the actual method used to calculate the sample size for the national lottery survey is provided. The BMR previously conducted several gambling/lottery-related surveys, which were used as a basis for the design of the 2018/19 NLC study to finally ensure the design of an appropriate survey methodology to generate reliable and representative data. To build on this experience and in ensuring the collection of reliable information, the following statistical considerations were applied to determine the ideal sample size:

- Degree of variability of the survey population: The more heterogeneous the population, the larger the sample size should be;
- Degree of precision: The greater the precision required, the larger the sample size that is needed;
- Degree of confidence at a 95 % confidence level; and
- The extent of disaggregated analysis. For example, if the focus is only on an overall (provincial wide) calculation of the propensity to gamble, a smaller sample size would be required than if the intention was to calculate propensity levels by gambling mode. In practice, the above translates into a sample size of at least 30 units per homogeneous cluster (a cluster being, for example, a segment of the population residing in rural or urban areas).

Against this background, the following statistical formula was applied to establish the ideal sample size for the 2018/19 NLC study:

(a) Formula 1

$$n = \left[\frac{\frac{P[1-P]}{Z^2} + \frac{A^2}{N}}{R} \right]$$

Where: n = sample size required
 N = number of people in the population
 P = estimated variance in population
 A = Precision desired expressed
 Z = Confidence level of 1.96 for 95% confidence
 R = Estimated response rate as a decimal (100%)

(b) Formula 2

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 (N-1)) + (X^2 * P * (1-P))}$$

Where: n = sample size
 X^2 = Chi-square for the specified confidence level
 P = estimated variance in population
 N = Population size (16.9 million households – 37.1 million people above the age of 18 years)
 P = Population proportion
 ME = Desired Margin of Error

With both formulae, a population size of 16.9 million households in South Africa (see table 1.1), a confidence level of 95% and a margin of error of 2.0% were applied. The formulae presented the following sample sizes:

- Formula 1 : 2 373
- Formula 2 : 2 401

Based on these scientific computations, a sample size of 3 000 was proposed and finally approved by the NLC prior to commencing with the interviews. The final sample was distributed proportionally across all nine provinces of South Africa.

1.3.3.2 *Stage 2: Systematic probability sampling – Sampling Units*

The first consideration during the second stage of constructing the sampling plan, was to take account of the best-suited data collection methodology. For the 2018/19 NLC survey, an interviewer-aided survey approach was regarded as the most suitable method. More specifically, a combination of computer-aided telephone and personal face-to-face interviews was selected as the approach most preferred. This mixed-method approach guarantees the inclusion of households that are usually difficult to access via personal face-to-face interviewing, primarily due to security issues. Computer-aided surveys are ideally suited under such circumstance and were consequently applied in this study. However, this data collection method is less successful in areas where Telkom (fixed line) telephone ownership is low or non-existent. For this reason, interviewer-aided personal face-to-face surveys were given preference. Thus, in the second phase of constructing the sampling plan, the entire population sample was distributed according to in-house Telkom telephone ownership and non-ownership profiles. The matching data collection methods and targeted survey areas by household telephone ownership profile were as follows:

- Telkom telephone owners: Computer-Aided Telephone Interviews (CATI) conducted primarily with households located in selected cities/towns not included in the face-to-face sample; and
- Non-Telkom telephone owners: In-home personal face-to-face interviews conducted primarily with households located in selected urban/peri-urban (city, town, townships, informal settlements) and rural (tribal/traditional) areas.

This composition and fieldwork practicalities finally resulted in a third (34.1%) of the interviews being completed via CATI interviews, while 65.9% of the total realized sample were completed via face-to-face personal interviews. More specifically, CATIs were conducted primarily with households in suburban and commercial farming areas. Experienced interviewers selected from the BMR

fieldworker database conducted the interviews. Furthermore, for control purposes, interviews were conducted from the BMR CATI venue located in Pretoria. In this regard, it is important to note that the fieldworkers were skilled to conduct telephonic interviews in the respondent's language of choice.

To ensure a reasonable geographic spread of the sample, the CATI interviews were broadly distributed proportionally according to the number of household telephone entries included in the 19 telephone directories of South Africa. Ultimately, the provincial telephone directories served as the ideal sampling frame for the CATI survey. More specifically, a systematic random selection process was used whereby the n^{th} listed family name in the telephone directory was sampled for inclusion. The systematic sampling approach for the CATI survey was also guided by the population profile of households as well as the specific localities (cities and towns) earmarked for the face-to-face survey. This sampling approach largely prevented regional sample replication and safeguarded representative samples by population group.

As mentioned, the second stage of constructing the sampling plan for the 2018/19 NLC survey also accounted for households with limited or no access to landline telephones. Under these circumstances, personal face-to-face interviewing was selected as the ideal data collection method. Importantly, the design of the personal face-to-face sampling plan also took into account the type of areas targeted for the interviews, which typically include households that reside in suburban and rural townships, informal settlements and tribal/traditional areas. The urban/rural distribution was considered as important owing to the differentiated household income patterns of the two segments. To ensure an impartial inclusion of both urban and rural areas, data sourced from the 2016 Stats SA Community Survey was utilised. Thus the following distribution was applied for the 2018/19 NLC survey:

- Urban areas : $\pm 69.9\%$ of population
- Rural (tribal/traditional) areas : $\pm 30.1\%$ of population

This ratio ($\pm 70:30$) was finally applied to determine the urban/rural split for the face-to-face interviews. In the final sample composition, 40 geographic regions across South Africa were included.

The selection criteria of dwellings in townships, informal settlements and rural areas targeted for face-to-face interviews were applied as follows:

- Residential dwellings with either street or stand numbers ending with a 'zero' were selected for interviewing, and only one dwelling per street qualified for selection. This procedure allowed for the coverage of large areas (decent spread) in the selected location. However, exceptions were considered where unsystematic numbering of dwellings/stands occurred. In such cases, interviewers were trained to systematically sample each n^{th} (usually each 10^{th}) dwelling.
- Where no dwelling/stand numbers (especially in informal settlements and rural areas) exist, interviewers were trained to systematically sample every n^{th} dwelling (every 10^{th} dwelling in the majority of cases).

Interviewers were recruited, trained and controlled from the sampled survey areas. The familiarity of selected interviewers with the survey areas, and their ability to communicate in various languages, secured their final selection.

The BMR trained all interviewers and representatives of the NLC were invited and attended some training sessions. A comprehensive training manual was compiled for the survey and contained the following key elements:

- background information on the study;
- explanation of the aim of the study;
- interviewing procedures;
- the desired sample per region and interviewer;
- supportive documentation such as a letter of introduction;

- a survey time frame; and
- a 'dummy' questionnaire completed during the training session.

The management of interviewers was based on a sound control system of all fieldwork. In this regard regular fieldwork checks were conducted. Once the questionnaires were completed, they were returned to the BMR for central editing. This process entailed a more thorough scrutiny of the questionnaires to determine whether the data recorded on the questionnaires were acceptable for use as well as for data capturing and coding purposes. Finally, the quality of fieldwork was checked by telephone and personal follow-ups with a sample of respondents. The following procedures contributed to the quality control:

- (i) check backs of at least 20% of respondents;
- (ii) thorough training of fieldworkers;
- (iii) checking of first five questionnaires per fieldworker prior to continuation with the rest of his/her questionnaires;
- (iv) mystery shopping – surprise field visits;
- (v) telephone and personal follow-ups to respondents during the central editing process;
- (vi) completion of a limited number of questionnaires per fieldworker;
- (vii) clear indication (included in the contract) that no payment will be effected if cheating is detected; and
- (viii) computer checks on data.

1.3.3.3 *Stage 2: Systematic probability sampling – sampling elements*

Thus far, the sampling plan design revolved around the number of households sampled by provincial cluster, telephone ownership and rural/urban divide. Sampling of the actual household member (sample element or respondent) from the sampled household (sample unit) also plays a critical role in securing a representative and unbiased sampling methodology. In support of this goal, it is

important to note that only sample elements (respondents) older than 18 years of age qualified for inclusion in the CATI and face-to-face samples.

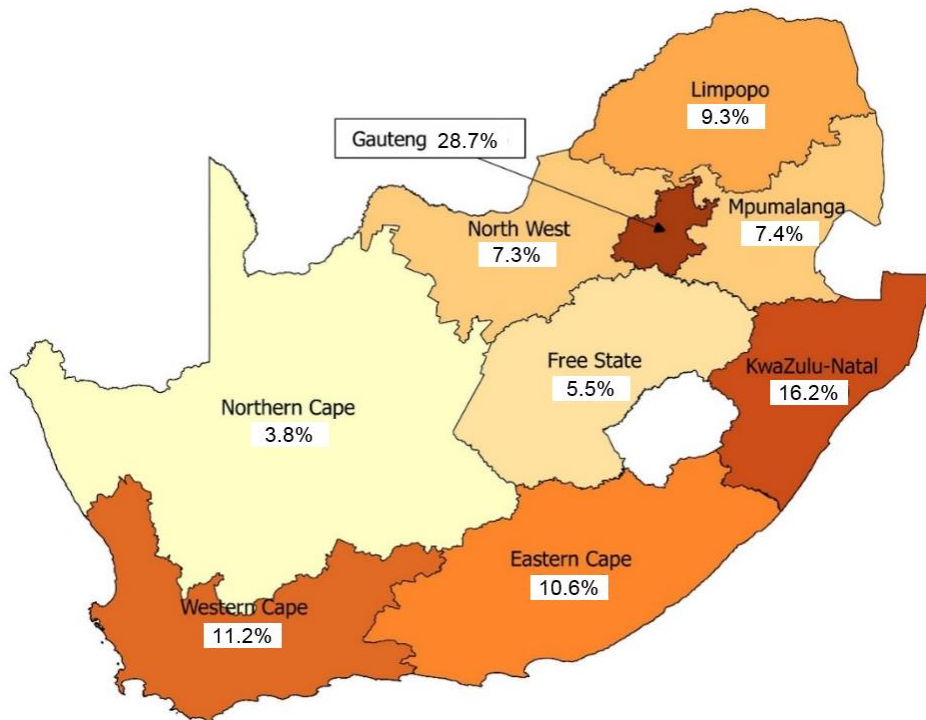
Following the systematic selection of households (sample units), a scientific method of selecting a qualifying respondent (sample element) within the household, was built into the BMR sampling plan design. Such selection criteria for respondents (sample elements) is regarded as critical in ensuring the elimination of any possible bias that may impact on the reliability and validity of the survey findings. Likewise, the selection error of respondents remains one of the biggest challenges in household surveys resulting in skewed data as a result of inconsistencies and a lack of a clear description and instructions in the selection of the sample element (respondent). From experience of previous BMR gambling/lottery studies, it is essential that sampling design and planning activities take cognisance of the risk of selecting predominantly household members who most frequently participate in gambling/lottery activities. Due to their familiarity with such activities, these household members usually perceive themselves as better equipped to answer questions and often insist on being selected as respondents. Should such potential sampling errors not be eliminated during the sample element selection process, inflated gambling/lottery incidence levels and skew research results will be obtained. To mitigate this potential sampling error, interviewers were instructed to strictly adhere to the desired selection criteria of respondents. Therefore, interviewers were trained to first list all household members 18 years and older. Thereafter, the household member whose birthday was celebrated soonest after the day of contact with the sampled household qualified as the final respondent. In this way unbiased results are secured.

Should a selected household member be unavailable, return visits (face-to-face interviews) or calls (CATI interviews) were continued up to a maximum of three visits/calls per household. Thereafter, and should a household member have refused participation (unwilling), the next qualifying household was sampled and approached to participate in the survey.

The end-result of the combined CATI and face-to-face sampling plans is displayed in the geo-spatial analysis exhibited in map 1.2. The distribution of the consolidated sampling plan closely mirrors the proportional distribution of households by province, demonstrating the consistency of the scientific sampling plan design.

MAP 1.2

GEO-SPATIAL DISTRIBUTION OF THE 2018/19 NLC SAMPLE



Sampling forms an essential phase of any research project. The BMR is confident that the scientific approach adopted for the 2018/19 NLC survey secured a representative and unbiased sample of household units and elements. The strengths of the sampling methods and accompanying interviewer selection and control mechanisms built into the 2018/19 sampling plan design, likewise present fertile ground for productive descriptive and inferential analysis that will be used to guide the future operational and strategic planning of the NLC. These analyses are described in more detail in the analysis chapters.

1.3.3.4 *Survey questionnaire*

The survey questionnaire was drafted by the BMR and finalised in close consultation with the NLC. Questionnaires previously used in gambling/lottery research studies by the BMR and the NLC were used as reference point in designing the 2018/19 NLC questionnaire according to the research objectives described in section 1.2. The final questionnaire addressed the following broad research themes:

- Participation in lottery and sport pool activities, inclusive of expenditure on lottery and sport pool activities and reasons for non-participation.
- Participation in 13 predetermined lottery schemes/activities/games, inclusive of the regularity, site/mode/venue of participation, most frequent and preferred activities, chances of winning and awareness of 18+ years and under-aged participants.
- Lottery winnings, inclusive of the amount of winnings and actual and potential expenditure on winnings.
- Lottery behaviour, experience and perceptions of lottery players measured on an agreement response scale for 40 predetermined statements.
- General perceptions of lottery and non-lottery players regarding the lottery industry measured on an agreement response scale for 28 predetermined statements.

These outcomes of these research findings are presented in chapter 2.

It is important to note that the questionnaire also included household income indicators as well as proxies such as unemployment for identification of the less affluent. The inclusion of these variables allowed for an analysis of the impact of gambling/lotteries on the less affluent stratum of the population. Similarly, the inclusion of an age indicator in the demographics section of the questionnaire allowed for a full analysis of adult youth (persons between the ages of 18 and 35 years) gambling/lottery patterns. Finally, it is worth noting that several statements

closely associated with ‘problem or compulsive gambling’ were included in the questionnaire to detect a self-assessment of potential financial, social and emotional problems experienced from lottery participation.

1.3.4 Primary qualitative research

In addition to the quantitative household survey, four qualitative focus groups discussions were conducted to further enrich specific objectives of the 2018/19 NLC study. In this regard, the focus groups specifically elicited behavioural and attitudinal information from participants. These included aspects such as motivation(s) for gambling, perceptions of gambling risks, benefits of gambling, problem gambling, gambling habits, and impact of gambling on personal health, interpersonal relationships, work, personal finance and potential areas for improvement by the NLC.

The four focus group discussions were held in the Gauteng, North West and Limpopo Provinces. Two focus groups were conducted among lottery players (Gauteng: Pretoria and Limpopo: Polokwane) and two were conducted among non-lottery players (North-West: Mmabatho and Gauteng: Tembisa). Overall, the four focus areas constituted two urban areas, one semi-urban area and one rural area.

Themes discussed in the focus groups are highlighted below:

Lottery players	Non-lottery players
<ul style="list-style-type: none"> • Reasons for and frequency of participation in national lottery games • Appropriateness of number of lottery games • Influence of large jackpot prizes • Probability of winning the lottery • Probability of winning the Powerball • Awareness of rights and protection of participants by the Lotteries Act and the NLC • Cost of lottery tickets 	<ul style="list-style-type: none"> • Perceptions, trust and reasons for non-participation in national lottery games
Lottery and non-lottery players	
<ul style="list-style-type: none"> • Awareness of lawful and unlawful lotteries • Funding for worthy causes: National Lottery Distribution Trust Fund (NLDTF) 	

The following methodology was applied in designing the focus groups:

- The BMR compiled a facilitator's guide in close consultation with the NLC.
- A senior BMR researcher facilitated the focus group discussions. The BMR was responsible for, inter alia, organising the focus groups, recruitment of participants, facilitating and recording the discussions. The BMR also transcribed the discussions.
- Eight to 12 participants were included in each focus group session.

1.4 **RESEARCH ETHICS**

Any research study involving humans requires the application of sound research ethics. To meet these requirements, the BMR ensured that all participants in the quantitative and qualitative studies were informed about the purpose of the research, the confidential nature thereof, the right to terminate participation, and what to expect from the research. Also, the following information was conveyed to research participants:

- An explanation of the purposes of the research;
- The expected duration of participation;
- The risk (although none anticipated) and benefits of participating;
- A statement that the research would not cause any form of harm to participants;
- A statement that subjects were free to withdraw from the research; and
- An invitation to ask questions.

Participants were requested to consent to participate at the start of the interview. Furthermore, prior to commencing with the study the BMR Research Ethics Review Committee (RERC) cleared the study to address any potential risk of humans (respondents) being harmed during the course of the study.

1.5 **PROJECT TIMELINE**

The project commenced in September 2018. Most of the time was spent on the national survey among 3 000 households across all nine provinces. This key phase of the project started in October 2018 and was finally concluded during early January 2019. The qualitative phase of the primary research was conducted during January and February 2019. Throughout the survey period, secondary research continued, while the data editing and quality control process commenced in December 2019 when the first questionnaires were returned from the field. Data capturing took place from December 2018 and continued up to January 2019. March 2019 was devoted to consolidating all secondary and primary information and data and finally reporting on the findings as contained in this report.

1.6 **SKILLS TRANSFER**

It is a standard approach of the BMR to make provision for the transfer of skills and knowledge to client institutions, which was also applied for the 2018/19 NLC study. For this purposes, the NLC assigned staff who attended a selection of the training sessions and focus group discussions.

Also of importance is that more than 100 fieldwork managers and interviewers were recruited and trained for the 2018/19 NLC study. Those recruited to conduct face-to-face interviews in the respective survey areas/communities were selected on the basis of their knowledge of the area, its culture and their ability to conduct interviews in the language predominant to the selected area. In addition to these advantages and skills transfer benefits, this strategy also served to economically advance interviewers and to reinvest part of the research revenues into communities targeted for participation in the 2018/19 NLC study. The same skills and economic benefits applied to the 40 CATI interviewers who were controlled from the BMR central CATI venue during weekdays and over weekends. This group were also responsible for the data capturing of the face-to-face interviews following the data editing process, which commenced in December 2018.

1.7 **DATA EDITING, CAPTURING, CLEANING, STORING AND ANALYSES METHODOLOGY**

Following the data editing and capturing process, the quantitative data were cleaned and stored for data analysis purposes. Likewise, the transcriptions of the focus groups discussions were concluded and stored for analysis purposes. The quantitative data was stored and analysed using the Statistical Package for Social Sciences (SPSS). The outcome of the descriptive analysis of the quantitative research among 3 090 respondents across all nine provinces of South Africa is presented in chapter 3, while the thematic analysis of the qualitative research phase is contained in chapter 4. Chapter 2 provides an analysis on the outcome of the secondary research findings, while the headline findings and executive summary at the start of the report consolidates the outcomes of the 2018/19 NLC study alongside some recommendations based on the outcome of the research.

1.8 **STUDY LIMITATIONS**

Gamblers normally participated in more than one gambling mode. In a 2017 BMR report (Ligthelm & Risenga, 2017) it was found that on average gamblers participated in 1.8 gambling modes. The most frequent modes include lottery games, betting on horses and Fafi. The level of participation increased to more than two modes per gambler among high intensity gamblers. By isolating only lottery games in the questionnaire, it may be difficult for respondents to accurately 'disaggregate' their gambling experiences from lottery games (on which they were interviewed), and their involvement in other gambling modes. It should also be noted that respondents had to recall their gambling experiences, spending, winnings, etc over a one-year period prior to the interview. Measurable survey findings such as spending on lottery games and winnings accumulated from the lottery should therefore be interpreted with the above in mind.

Perceptions on gambling experiences such as ‘I usually spend more on lotteries than planned’, ‘people have criticised me for spending too much on lotteries’, ‘I have borrowed money to play lotteries’, and ‘lottery caused health problems’, may also reflect a respondent’s total gambling experience (including non-lottery modes) rather than only those of his/her involvement in lottery games.

This cumulative and integrated personal gambling experience (inclusive of all gambling modes) by respondents, is of critical importance when interpreting the following (and similar) survey statements: ‘I regard myself as a compulsive/excessive/problem lottery player’. As will be discussed in section 3.7, this statement prompted a significant percentage of respondents to agree therewith.

It is therefore recommended that the survey findings that may prompt respondents to include their entire gambling experiences in his/her response, be interpreted in their wider context as set out above. Specific responses such as their involvement in particular lottery games, or their age, may be interpreted as indicated.

1.9 **CONCLUSION**

This chapter provided details on the background and research methodology of the 2018/19 NLC study on the attitudes and participation of South Africans in the National Lottery. Chapter 2 presents an analysis on the propensity to participate in gambling/lottery activities as well as the expenditure displacement and the redistributive effect of gambling activities. Chapters 3 and 4 analyse the outcome of the quantitative and qualitative survey results. The outcomes of the entire research study are presented in the headline findings and executive summary at the beginning of the report, with some recommendations resulting from the research findings.

CHAPTER 2

SECONDARY DATA ANALYSIS

2.1 INTRODUCTION

This chapter presents an analysis of the secondary research conducted to estimate the propensity to participate in gambling/lottery activities (i.e. percentage of household income allocated to lottery games as well as other licensed and unlicensed gambling modes). It also extracts selected data from the 2018/19 NLC survey pertaining to aspects such as expenditure displacement and the redistributive effect of gambling activities. All these aspects relate to the effect of gambling on household welfare levels.

A broad range of motivational factors may influence people to gamble. These include financial reasons, gambling for good causes, entertainment, excitement for risk taking, meeting new friends and many more. All these motives often culminate in the subjective proposition that gambling is a low-risk, high yield activity. However, the odds are always against gamblers with an extremely low probability of winning (especially large jackpots).

As a consequence, the gambling industry is often accused of having a negative impact on household welfare levels. In previous studies the BMR (Ligthelm & Risenga, 2017) found that this negative effect is particularly prevalent in less affluent households. Although they spend relatively small amounts per gambler, it may represent a relatively large percentage of their income. In the case of the Lotto and Powerball, for example, a relatively large number of persons (often more than one million per draw) buy Lotto/Powerball tickets while only a small percentage of approximately 5% reaped some benefits from their gambling (see section 2.3).

In an attempt to analyse the impact of gambling and specifically National Lottery games on household welfare in South Africa, the following issues will be discussed in this chapter:

- propensity to gamble (i.e. the percentage of household cash flow income allocated to gambling expenditure);
- four-year trend analysis of household income and gambling expenditure;
- the redistributive effect of gambling activities;
- the impact of gambling on less affluent households; and
- expenditure displacement effects.

It is important to mention at the outset that some of the figures presented in this chapter will not only contain household expenditure on national lottery games but also household expenditure on all modes of gambling (licensed and unlicensed). The official South African household income and expenditure data collected by Statistics South Africa (Stats SA), that forms the core of the analysis, contains only a single figure for expenditure on 'games of chance' (the term used by Stats SA to denote household gambling expenditure). This figure cannot be disaggregated by gambling mode such as lottery games. However, Gross Gaming Revenue (GGR) data by mode will be used to disaggregate this figure by gambling mode.

2.2 **PROPENSITY TO GAMBLE**

This section highlights the concept and methodology used when calculating the propensity to gamble of South African households. This concept denotes the percentage of household cash flow income allocated to 'games of chance' (gambling). The calculation of the monetary value extracted from household income for gambling purposes (expenditure) is sourced from two sets of data (De Clercq et.al, 2013).

The first data set is represented by a consolidation and modelling of official Stats SA and South African Reserve Bank (SARB) data. The primary sources in this regard consist of:

- household income and expenditure data from Stats SA's *Household Income and Expenditure Survey* (Stats SA 2012), which serves as the primary source of base data; and
- production, distribution and accumulation account data maintained by the SARB (www.resbank.co.za).

These two sources are enriched and modelled with household wealth data generated from the work done by the Personal Finance Research Unit (PFRU) of the BMR.

The second data set is GGR generated by the licensed gambling authorities of South Africa. GGR is defined as the rand value of gross revenue of an operator (e.g. sales of lottery tickets) calculated as turnover, less winnings paid to players. The winnings represent the portion of total turnover (or ticket sales) of an operator that reverts to the normal household income and expenditure stream (albeit in a strong redistributive manner – see section 2.3).

In summary, the major differences between these two data sets are the following:

- expenditure on 'games of chance' encapsulates expenditure on both licensed and unlicensed gambling;
- GGR data represent gambling expenditure on only licensed gambling modes;
- expenditure on 'games of chance' is presented only as a single figure while GGR data can be disaggregated by mode of gambling;
- the rand value of aggregate GGR is smaller than the value of 'games of chance' due to the exclusion of illegal gambling expenditure from total GGR; and
- GGR data allow for the disaggregation by gambling mode and, therefore, the detection of structural changes in the gambling behaviour of households.

Expenditure on 'games of chance' was R34.3 billion in 2017/18 compared to an estimated GGR value of R31.9 billion (see tables 2.1 and 2.3). The difference of R2.4 billion can therefore be regarded as expenditure on illegal gambling representing 6.9% of total gambling expenditure of South African households. Expenditure on illegal gambling may in all probability reflect some degree of undercount. It is generally found in household surveys that respondents are often reluctant or unwilling to divulge full information on illegal or 'negatively perceived' expenditure items such as expenditure on tobacco, alcohol and gambling (especially illegal gambling). Stats SA conducts national household surveys to collect household income and expenditure data. In contrast GGR data (reflecting gambling expenditure of households) are based on audited figures published by gambling operators.

2.2.1 Method

Based on the discussions in the above section, the method in calculating the propensity to gamble is summarised below.

With regard to household income and expenditure data, the following method is used for calculating the household propensity to gamble (on both licensed and unlicensed modes of gambling):

Calculation: Total expenditure on 'games of chance' at licensed and unlicensed operators
 ÷ (divided) by total household cash flow income
 = (equals) propensity to gamble expressed as a percentage of household cash flow income.

The official definition of household cash flow income is fairly extensive but can be summarised as total cash income derived by households from various sources of income such as salaries, rent and interest.

Concerning the GGR data, the propensity to gamble at licensed gambling modes is calculated as follows:

Calculation: Total amount wagered by gamblers or total ticket sales at licensed operators
 – (minus) winnings returned to players (reverting back into the household income stream)
 = (equals) GGR
 ÷ (divided) by total household cash flow income
 = (equals) propensity to gamble on licensed gambling modes expressed as a percentage of household cash flow income

When interpreting the above results, the following two aspects should also be considered:

The calculations imply that prize money paid out by gambling operators reverts to households as part of the household income and expenditure stream. However, it should be noted that although a number of people incur gambling expenditure, prize money (especially in some of the national lottery games) is heavily concentrated in one or a few individuals.

It is also important to note that a portion of gambling money is sourced from non-South African inhabitants. This implies that this 'imported' GGR cannot be regarded as gambling money sourced from household cash flow income of inhabitants of South Africa. The exact amount of GGR contributed by non-South Africans is unknown and therefore not subtracted from GGR figures for calculating the propensity to gamble. Consequently, this may result in a small over-estimation of the propensity to gamble of South African households using GGR figures.

2.2.2 **Propensity to gamble based on household cash flow income**

Table 2.1 depicts household cash flow income and expenditure on 'games of chance' for the four-year period 2014/15 to 2017/18. Household expenditure on 'games of chance' increased from R 26 149.6 million in 2014/15 to R34 279.5 million in 2017/18. The propensity to gamble shows marginal variations during the four-year period ranging from 0.96% in 2014/15 to 1.03% in 2016/17 and 1.0% in both 2015/16 and 2017/18.

TABLE 2.1

**HOUSEHOLD CASH FLOW INCOME AND EXPENDITURE ON 'GAMES OF CHANCE'
2014/15 TO 2017/18**

YEAR	HOUSEHOLD CASH FLOW INCOME (R million)	HOUSEHOLD EXPENDITURE ON 'GAMES OF CHANCE' (R million)	GAMBLING AS % OF CASH FLOW INCOME
2014/15	2 737 147.0	26 149.6	0.96
2015/16	2 953 071.5	29 493.4	1.00
2016/17	3 203 142.7	33 112.9	1.03
2017/18	3 432 645.8	34 279.5	1.00
Average annual growth	5.8%	7.0%	

Source: Data generated by the Personal Finance Research Unit (PFRU) of the BMR

The percentage (propensity to gamble) stabilised around 1% of household cash flow income during the past four years. However, it should be noted that the rand values in the table are expressed at current prices implying that household cash flow income and expenditure on 'games of chance' are not adjusted with the Consumer Price Index (CPI = inflation rate). This implies that the growth in household income and expenditure on 'games of chance' (as shown in the table) depicts both the increases as a result of inflation as well as possible structural changes in household expenditure allocations. The table confirms that the average annual increase in household expenditure on 'games of chance' amounted to 7.0% during the four-year period 2014/15 to 2017/18. This is slightly higher than the average annual increase in household cash flow income of 5.8% implying a small proportional shift of household expenditure towards 'games of chance'. A further perspective on these figures may be provided through a comparison with the Headline CPI year-on-year during the past four years namely:

	Headline CPI (Inflation)
• 2015	4.6%
• 2016	6.4%
• 2017	5.3%
• 2018	4.7%

Source: Stats SA, 2019(b)

This small proportional shift of household expenditure in favour of ‘games of chance’ is also confirmed by the fact that the average annual growth of 7.0% in expenditure on ‘games of chance’ is consistently slightly higher than the CPI over the past four years that ranged from 6.4% in 2016 to 4.6% in 2015 and 4.7% in 2018.

A further perspective on the household expenditure on ‘games of chance’ can be provided by comparing expenditure on ‘games of chance’ with household expenditure on other household expenditure items with more or less similar expenditure values.

Table 2.2 shows the household expenditure items that are comparable with the rand value of expenditure items just above and below the rand value of expenditure on ‘games of chance’ for 2018. These items include, inter alia, medical and pharmaceutical products (1.25% of total household cash flow income), tobacco (1.21%), footwear (0.96%), banking costs (0.91%) and water supply (0.81%). ‘Games of chance’ amounted to 1.0% of total household cash flow income in 2018.

TABLE 2.2

**TOTAL HOUSEHOLD CASH FLOW INCOME OF SELECTED
HOUSEHOLD EXPENDITURE ITEMS, 2018**

Expenditure item	R'million	% of cash flow income
Medical and pharmaceutical products	45 475.2	1.25
Tobacco	44 143.2	1.21
Games of chance	36 290.6	1.00
Footwear	34 916.1	0.96
Banking costs	33 119.7	0.91
Water supply	29 647.7	0.81

Source: Data calculated by the PRFU of the BMR.

It is important to note that table 2.2 reflects expenditure on ‘games of chance’ for 2018 while the expenditure values in table 2.1 reflect the values for the respective financial years.

2.2.3 Propensity to gamble based on GGR figures

Table 2.3 depicts the estimated GGR as well as the percentage share in GGR by gambling mode for the four year period 2014/15 to 2017/18. These values are also expressed at current prices. The last column shows the average annual growth by mode for the four-year period under review. An analysis of the latter would be able to give an indication of the structural changes by mode in the licensed gambling industry in South Africa by mode. However, this is not part of the brief of this project.

The average annual growth of the GGR generated through the games offered by the National Lottery (i.e. total ticket sales minus the estimated value of prizes) increased by an average of 7.7% per year. This is higher than the average annual growth of total GGR of only 5.0% for the past four years. This implies that although the estimated GGR of the National Lottery shows erratic growth during the four year period, its share in total GGR of all licensed modes increased from 8.9% in 2014/15 to 9.9% in 2017/18. The NLC's share was even as high at 10.4% in 2016/17.

TABLE 2.3

ESTIMATED GGR BY GAMBLING MODE, 2014/15 TO 2017/18

MODE	2014/15		2015/16		2016/17		2017/18		Average Annual Growth (%)
	R'm	%	R'm	%	R'm	%	R'm	%	
National Lottery ¹⁾	2 341.0	8.9	2 265.7	8.0	3 142.6	10.4	3 154.3	9.9	7.7
Casinos	17 234.9	65.7	18 236.7	64.6	17 900.7	59.4	18 417.1	57.7	1.7
Horse/Sports/Betting	3 463.0	13.2	4 448.8	15.7	5 085.6	16.9	6 136.8	19.2	15.4
LPMs ²⁾	2 079.3	7.9	2 363.5	8.4	2 696.8	8.9	2 960.8	9.3	9.2
Bingo	1 116.7	4.2	936.2	3.3	1 278.7	4.3	1 248.5	3.9	2.8
Total	26 234.9	100.0	28 250.9	100.0	30 104.4	100.0	31 917.5	100.0	5.0

¹⁾Total ticket sales less estimated value of prizes.

²⁾Limited Payout Machines.

Sources: NLC. Annual reports 2014/2015 to 2017/2018.

NGB. National Gambling Statistics 2014/15 to 2017/18.

The growth trajectory of the GGR of the National Lottery shows the following pattern based on estimated GGR:

2013/14 to 2014/15	:	1.8%
2014/15 to 2015/16	:	-3.2%
2015/16 to 2016/17	:	38.7%
2016/17 to 2017/18	:	0.4%

This erratic pattern can largely be attributed to the process of issuing the third lottery licence to Ithuba, effective from June 2015. The issuing of the licence in 2015 was preceded by a court challenge (NLC 2016).

Table 2.4 shows the propensity to gamble by gambling mode for 2017/18. The percentage of household expenditure allocated to licensed gambling modes stood at 0.93% of total household cash flow income. This figure is slightly less than the propensity to gamble of 1.0% calculated in table 2.1. The latter propensity includes also illegal gambling implying that approximately 0.07% of household cash flow income (i.e. R2 362.0 million) was allocated to illegal gambling in 2017/18. The rand value of illegal gambling is equal to 75% of the GGR generated through the National Lottery (GGR of National Lottery = R 3 154.3 million and value of illegal gambling = R2 362.0 million).

TABLE 2.4

PROPENSITY TO GAMBLE BY MODE BASED ON GGR FIGURES, 2017/18

MODE	GGR 2017/18 (R' m)	PROPENSITY (% of cash flow income)
National Lottery	3 154.3	0.09
Casinos	18 417.1	0.54
Horse/Sports/Betting	6 136.8	0.18
LPMs	2 960.8	0.08
Bingo	1 248.5	0.04
Total	31 917.5	0.93¹⁾

¹⁾ Total cash flow income of households amounted to R3.4 trillion in 2017/18.

The BMR conducted several calculations of household propensity to gamble at licensed gambling modes for selected years since 2005. These calculations were based on GGR data. Since the inception of the gambling industry in 1997 and especially the launching of the national lottery in 2000 (first ticket sales in March 2000), a rapid increase in the propensity to play lottery games was experienced. A propensity of 0.38% was recorded in 2005 (see table 2.5). At that stage the country experienced a fairly comprehensive geographical coverage of gambling facilities while the novelty effect of gambling was still prevalent. Economic growth was also substantially higher than the levels experienced during the past few years. The unemployment rate was also substantially lower. The percentage of household cash flow income allocated to National Lottery games declined to 0.14% in 2009. During the last two years, the percentage allocated to national lottery games stabilised around 0.08% to 0.09%.

TABLE 2.5

**PROPENSITY TO GAMBLE ON LICENSED GAMBLING MODES FOR SELECTED YEARS,
2005 TO 2017/18**

Year	Propensity to gamble (all licensed modes) (%)	Propensity to play National Lottery games (%)
2005	1.70	0.38
2009	1.34	0.14
2012	0.97	0.12
2017	0.97	0.08
2017/18	0.93	0.09

Source: Ligthelm & Risenga. 2017.

It is important to note that due to methodological changes in the calculation of household income during the 2005 to 2018 period, the percentages in the table should not be interpreted as exact figures but only as broad indicators. However, the trend shows a gradual decline in the propensity of South African households to gamble.

As discussed in section 2.2.2, the percentage of household cash flow income allocated to national lottery games (propensity to play national lottery games) will probably be maintained for the next couple of years. In current prices the total

GGR of the NLC will in all probability increase in tandem (or slightly above) with the CPI.

2.3 **REDISTRIBUTIONAL EFFECT OF GAMBLING PRIZES**

National Lottery prizes, like prizes in other modes of gambling, often have a significant redistributive effect among those participating in gambling. On average, a substantial number of gamblers spend relatively small amounts of money during a single gambling event while only a small percentage of gamblers receive large amounts of prize money.

The following two tables illustrate this redistributive effect. Table 2.6 shows the ticket sales and prize pool distribution of the Lotto draw of 29 December 2018 and table 2.7 shows the Powerball draw of 23 November 2018. These two draws were deliberately selected to illustrate this redistributive effect. Both these draws included division 1 prizes where large jackpots were at stake. However, many draws do not include large jackpot prizes accumulated through large rollovers.

All the data in the two tables were sourced from the NLC and Ithuba Websites with the exception of the number of people who bought tickets for the two draws in November and December 2018. The assumption was made that the average amount spent per buyer amounted to R10. This information is required to indicate the ratio of ticket buyers to prize winners.

Table 2.6 shows that around 1.7 million people contributed to the ticket sales of R16.6 million for the December 2018 draw. Only 88 073 people, representing 5.3% of ticket buyers, received something back in the form of prizes. One person received R3.2 million (division 1 prize), one person received R102 331.20 (division 2), 69 received division 3 prizes to the amount of R2 579.20 each. No less than 96.7% of the winners each received less than R100 in prize money (divisions 6-8 prizes).

TABLE 2.6

LOTTO TICKET SALES AND PRIZE POOL, SATURDAY 29 DECEMBER 2018

	Total amount R	Number of participants/ winners	Individual pay-out R
Total ticket sales	16 605 470.00	1 660 547 ¹⁾	
Total prize pool	7 472 379.50	88 073	
Prizes:			
Division 1		1	3 247 902.50
Division 2		1	102 331.20
Division 3		69	2 579.20
Division 4		110	2 022.30
Division 5		2 761	135.30
Division 6		3 339	97.30
Division 7		46 248	50.00
Division 8		35 544	20.00

¹⁾ Estimation. Based on assumption of R10 ticket sales per participant.
Source: www.Ithuba Holdings (RF) Pty Ltd

Table 2.7 reflects similar information for the Powerball draw of 23 November 2018. One person received the jackpot prize of almost R7.5 million (division 1 prize), 99.2% of the winners received less than R20 each, and 88.7% of ticket buyers received nothing.

TABLE 2.7

POWERBALL TICKET SALES AND PRIZE POOL, 23 NOVEMBER 2018

	Total amount R	Number of participants/ winners	Individual pay-out R
Total ticket sales	15 425 480.00	1 542 548 ¹⁾	
Total prize pool	10 853 266.80	174 853	
Prizes:			
Division 1		1	7 453 479.50
Division 2		1	293 756.40
Division 3		26	7 075.00
Division 4		389	801.70
Division 5		939	375.50
Division 6		16 039	18.30
Division 7		11 824	18.60
Division 8		57 569	15.00
Division 9		88 065	10.00

¹⁾ Estimation. Based on assumption of R10 ticket sales per participant.

²⁾ Source: www.Ithuba Holdings (RF) Pty Ltd

The above confirms that many people (more than 1.5 million) each spent relatively small amounts on tickets while prizes were heavily concentrated in only one person (division 1 prize).

However, it is important to note that the NLC, through its funding of good causes, contributes substantially to non-profit organisations that play a role in the upliftment of the South African community and indirectly benefits thousands of households. This will very briefly be introduced in the next section.

2.4 **GRANT FUNDING THROUGH THE NLDTF**

The effect of the NLC on household welfare levels is surely not only linked to household expenditure on national lottery games and the deposit of prizes back into the household income stream, but also to grant allocations to institutions that indirectly benefit thousands of households. Table 2.8 shows the grant allocations of the NLDTF for the period 2014/15 to 2017/18. These funds were broadly allocated to projects in the following categories:

- arts, culture and heritage projects
- charities
- sports and recreation projects
- miscellaneous

Table 2.8 confirms that the amounts are substantial and vary between R1 139 million in 2014/15 and R2 449 million in 2015/16. The allocation to the National Lotteries Distribution Trust Fund (NLDTF) stood at R1 506 million in 2017/18.

TABLE 2.8

**GRANT ALLOCATIONS THROUGH THE NLDTF TO NON-PROFIT ORGANISATIONS,
2014/15 TO 2017/18**

Financial year	Grant allocation to NLDTF (R'million)
2014/15	1 139
2015/16	2 449
2016/17	1 524
2017/18	1 506

Source: NLC Annual Reports. 2014/15 to 2017/18.

The benefits of NLC grant allocations to the NLDTF that ultimately benefit South African households include, inter alia, the following (the figures quoted below relate to the 2017/18 financial year according to the NLC Annual Report 2017/18):

- A total of 14 414 temporary and permanent employment opportunities were sustained and/or created by NLC funded projects;
- A total of 691 146 people have been reported to have either been served or reached with various services offered by NLC beneficiaries;
- A total of 4 273 beneficiary organisations in all nine provinces have been supported; and
- A process of localisation of procurement for provincial offices has been introduced. A total of R55 million was allocated for preferential procurement to designated groups.

The above stand in addition to the staff complement of 300 employees of the NLC.

2.5 THE LESS AFFLUENT AND GAMBLING

A clear indication emerges from the 2018/19 household survey that the less affluent part of the South African population are important participants in National Lottery games. For purposes of this analysis the following proxies are used in defining the less affluent:

- unemployed people;
- households with a monthly income of R5 000 or less; and
- recipients of government grants.

Players of National Lottery games are defined as all those who played the following games during the year preceding the survey: Lotto, Lotto Plus 1, Lotto Plus 2, Powerball, Powerball Plus, Sportstake 13, Eaziwin, Raffle, Pick 3 and Rapido.

Table 2.9 shows the share of the unemployed and grant recipients in the total sample population. The table also depicts the share of the unemployed and grant recipients as percentage of all those participating in National Lottery games.

The table shows that 30.1% of the sample population described their work status as unemployed. This figure closely correlates with the national unemployment rate of 27.1% as recorded by Stats SA in the fourth quarter of 2018 (Stats SA 2019(b)). The table also shows that 27.7% of those who participated in National Lottery games during the year preceding the survey, recorded their work status as unemployed. This implies that the share of unemployed in National Lottery games (27.7%) is almost proportional to the share of the unemployed (30.1%) in the total sample population.

Based on the results of the household survey conducted at the end of 2018, table 2.9 further confirms that just more than one in every four (27.6%) of the sample population (i.e. South Africans 18 years and older) received government grants. The share of grant beneficiaries as a percentage of national lottery players stood at 23.9% implying that just less than a quarter of all National Lottery players are grant recipients – mainly recipients of child support grants and old age pensions.

TABLE 2.9

LESS AFFLUENT (i.e. THE UNEMPLOYED AND GRANT RECIPIENTS) AS PERCENTAGE OF THE SAMPLE POPULATION AS WELL AS NATIONAL LOTTERY PLAYERS

Subpopulation	Share in sample population (%)	Share in National Lottery games (%)
Unemployed (people looking for work)	30.1	27.7
Government grant recipients	27.6	23.9

Table 2.10 shows the distribution of the sample population as well as National Lottery players by household income. The table confirms that the proportional distribution of income groups participating in National Lottery games, closely resembles the proportions of the total sample. For example, 42.2% of the total sample population received a household income of less than R5 000 per month. The percentage of national lottery players stood at 41.8%.

In more detail the table shows the following:

- 1.8% of national lottery players received a monthly income of less than R500;
- 4.7% of national lottery players received a monthly income of between R500 and R1 000;
- 11.3% of national lottery players received a monthly income of between R1 001 and R2 000; and
- 24.0% of national lottery players received a monthly income of between R2 001 and R5000.

TABLE 2.10

DISTRIBUTION OF SAMPLE POPULATION AND NATIONAL LOTTERY PLAYERS BY MONTHLY HOUSEHOLD INCOME

Monthly household income	Percentage share of sample population (%)	Percentage share of National Lottery players (%)
<R500	1.9	1.8
R500 – R1 000	4.9	4.7
R1 001 – R2 000	11.8	11.3
R2 001 – R5 000	23.6	24.0
Subtotal <R 500 – R 5 000	42.2	41.8
R5 001 – R10 000	17.6	19.6
R10 001 – R20 000	11.4	10.7
R20 001 – R30 000	5.9	6.9
>R30 000	5.7	6.5
Confidential	17.1	14.7
Total	100.0	100.0

Taking into account the fact that a portion of those who were not prepared to divulge their monthly household income, will probably also fall in the less than R5 000 per month income bracket, close to half the National Lottery players earned a monthly household income of less than R5 000.

2.6 **HOUSEHOLD EXPENDITURE DISPLACEMENT EFFECTS**

Household expenditure patterns are constantly experiencing structural changes. Households are often trading off existing allocations for new expenditure items. Priorities change due to new lifestyles and product and service alternatives. Expenditure items that show favourable growth over the last few years include, for example, mobile phones, education, medical and dental services, household computers and Internet data, and security. Increased expenditure on these items could be financed either from increased income, dissaving or displacing existing expenditure in favour of the new expenditure priorities.

The above pattern is also relevant for existing and/or increased expenditure on national lottery games. Of particular importance in this regard is the fact that almost a third of national lottery players (30.6%) confirmed that their buying behaviour of lottery tickets could be described as impulsive buying without any planned or budgetary processes. However, both impulsive and planned or budgetar-based buying of national lottery tickets imply, for the vast majority of households, a process of displacing some of their household expenditure needs in favour of gambling. Buying some household items that may range from household necessities to luxury items (or even dissaving) has to be allocated to lottery tickets.

The magnitude of expenditure displacement may be minimised in a regime of reasonably to high salary/income increases. This implies that allocation of gambling expenditure may be sourced from salary/income increments or other discretionary expenditure. This scenario is almost non-existent among the poorer segments of the population, who are prominently characterised by, inter alia, high proportions of unemployment and grant recipients. The potential income flowing from lottery activities (prizes) are also limited. Many people spend relatively small

amounts on lottery tickets, while the income stream is concentrated in a limited number of pay-outs to fewer persons than originally participating in gambling expenditure. However, it should be noted that although relatively small amounts are expended on lottery tickets, it may represent a sizeable percentage of the income earned by poor people.

To analyse possible displacement effects in this study, the following question in the household survey was used as indicative of the possible items from which lottery money may be displaced:

Question: 'For any prizes won in the past year, what did you spend the winnings on?'

The rationale for the above approach is based on the fact that the allocation of winning money would probably best reflect spending priorities of lottery players.

The findings of the household survey are shown in table 2.11. Household necessities materialise as the most dominant priority for allocating winning money. More than seven in every 10 lottery prize winners classified as unemployed (71.6%), low income earners (74.6%) and government grant recipients (73.5%), selected household necessities. This is followed by re-purchasing of lottery tickets (46.7%) and transfer of winnings to spouses/partners/family (29.1%). It should be noted that the percentages refer to the number of respondents that confirmed their allocation of winnings to the mentioned expenditure items. Most respondents (winners) mentioned more than one item and therefore did not indicate what percentage of winnings would be allocated to the nominated items. Consequently, the responses to this question provide only the expenditure items prioritised by winners and not the actual percentage distribution of winnings to the various items.

The items typically favoured by the middle to higher income groups included travel/holiday, investments/savings purchases of fixed property and purchase of luxury items, which scored relatively low in relation to the need of household necessities.

TABLE 2.11

ITEMS ON WHICH LESS AFFLUENT LOTTERY WINNERS SPENT THEIR PRIZE MONEY ON¹⁾

Items	Unemployed winners (%)	Winners with household income <R 5000 (%)	Winners receiving government grants (%)
Household necessities	71.6	74.6	73.5
Lotteries	33.6	43.7	37.8
Give to spouse/partner/family	19.0	26.8	20.4
Pay debt/loan/bond	9.5	11.3	7.1
Entertainment/leisure	4.3	2.8	6.1
Purchase of luxury items	5.2	1.7	2.0
Payment of study fees	6.9	5.6	7.1
Purchase of fixed property	7.7	7.0	2.0
Investments/savings	0.0	0.0	0.0
Gambling (excluding lottery)	4.3	1.4	3.1
Start a business	0.9	1.4	1.0
Donations to charity	2.6	2.8	0.0
Travelling/holiday	2.5	0.0	0.0
<i>n</i>	433	181	433

¹⁾ Winnings during year preceding the survey

Previous surveys conducted by the BMR (Ligthelm & Risenga, 2017) clearly suggest a far more negative impact of gambling among less affluent households compared to more affluent households. The following population segments often featured more prominently in this regard: younger respondents, the unemployed, those with no or limited schooling, the lowest income categories and government grant recipients.

2.7 SUMMARY

Household expenditure patterns are continuously changing mainly due to the availability of new products and services as well as changing in lifestyle priorities. In the 2018/19 NLC study, the majority of lottery players (74.3%) also advanced the

'need of money' as the main motivational factor for participating in lottery games. This factor is of particular importance to the large proportion of the less affluent participating in lottery games.

Total household gambling expenditure on 'games of chance' (that include both licensed and unlicensed modes) amounted to R34.3 billion in 2017/18. Almost 10 in every 100 gambling rands spent in South Africa in 2017/18 were spent on lottery games.

The propensity to gamble on 'games of chance' (approximately 1% of household cash flow income of R3.4 trillion in 2017/18) remained fairly constant over the past four years – ranging from 0.96% in 2014/2015 to 1.03% in 2016/17 and 1.0% in both 2015/16 and 2017/18. These calculations are based on current prices implying an annual increase in household expenditure on 'games of chance' more or less equivalent (or slightly above) the CPI (inflation rate). The CPI for 2017 was 5.3% and for 2018 it amounted to 4.7%.

The propensity to play National Lottery games (based on the GGR of the National Lottery) shows a decline from 0.14% in 2009 to 0.08% in 2017 and 0.09% in 2017/18. It is therefore predicted that the percentage of household cash flow income allocated to lottery games will probably stabilise around 0.09% to 0.1% over the short term. (The GGR of the NLC is calculated as total value of ticket sales minus the prizes allocated to winners).

Expenditure on lottery tickets is also characterised by huge redistributive effects. Tens of thousands of lottery players spend relatively small amounts on lottery tickets per draw while only a small minority (approximately 5%) benefit from prizes.

The entire community, including the less affluent and middle to higher income groups, participate in lottery games. However, the less affluent represents a sizeable portion of lottery players. This is evident from the following:

- the unemployed represented 27.7% of national lottery players according to the 2018 household survey;
- 23.9% of national lottery players were government grant recipients; and
- 42.2% of national lottery players earned a monthly income of less than R5 000.

Expenditure on lottery tickets is financed from displacement of other household expenditure, increased household cash flow income and/or from dissavings. The impact of such redirection of household budgets is far more critical in the case of less affluent households. It appears that the latter displaces the bulk of their lottery expenditure from household necessities.

CHAPTER 3

ANALYSIS OF QUANTITATIVE RESEARCH

3.1 INTRODUCTION

This chapter presents the outcome of the quantitative research phase of the study conducted among 3 090 respondents across all nine provinces of South Africa. The provincial spread of the respondents who participated on the 2018/19 survey is outlined in table 3.1. The information outlined in the table corresponds closely with the initial sample plan design of the study and discussed in chapter 1.

TABLE 3.1

INITIAL AND REALISED SAMPLE

Province	Realised Sample (n)	%		Initial Sample (n)	Difference
Gauteng	888	28.7		875	+13
KwaZulu-Natal	500	16.2		500	0
Free State	170	5.5		160	+10
Eastern Cape	327	10.6		310	+17
Northern Cape	117	3.8		90	+27
Western Cape	345	11.2		345	0
North West	227	7.3		220	+7
Mpumalanga	229	7.4		220	+9
Limpopo	287	9.3		280	+7
Total	3 090	100.0		3 000	+90

Of the total realized sample, 1 053 or 34.1% interviews were conducted via CATIs, while 2 037 or 65.9% were conducted via face-to-face personal interviews. To further contextualize and conceptualize the outcome of the findings, figure 3.1(a)-(j) provides an overview of the 3 090 respondents according to selected demographic cohorts.

FIGURE 3.1

COHORT ANALYSES OF SURVEY POPULATION

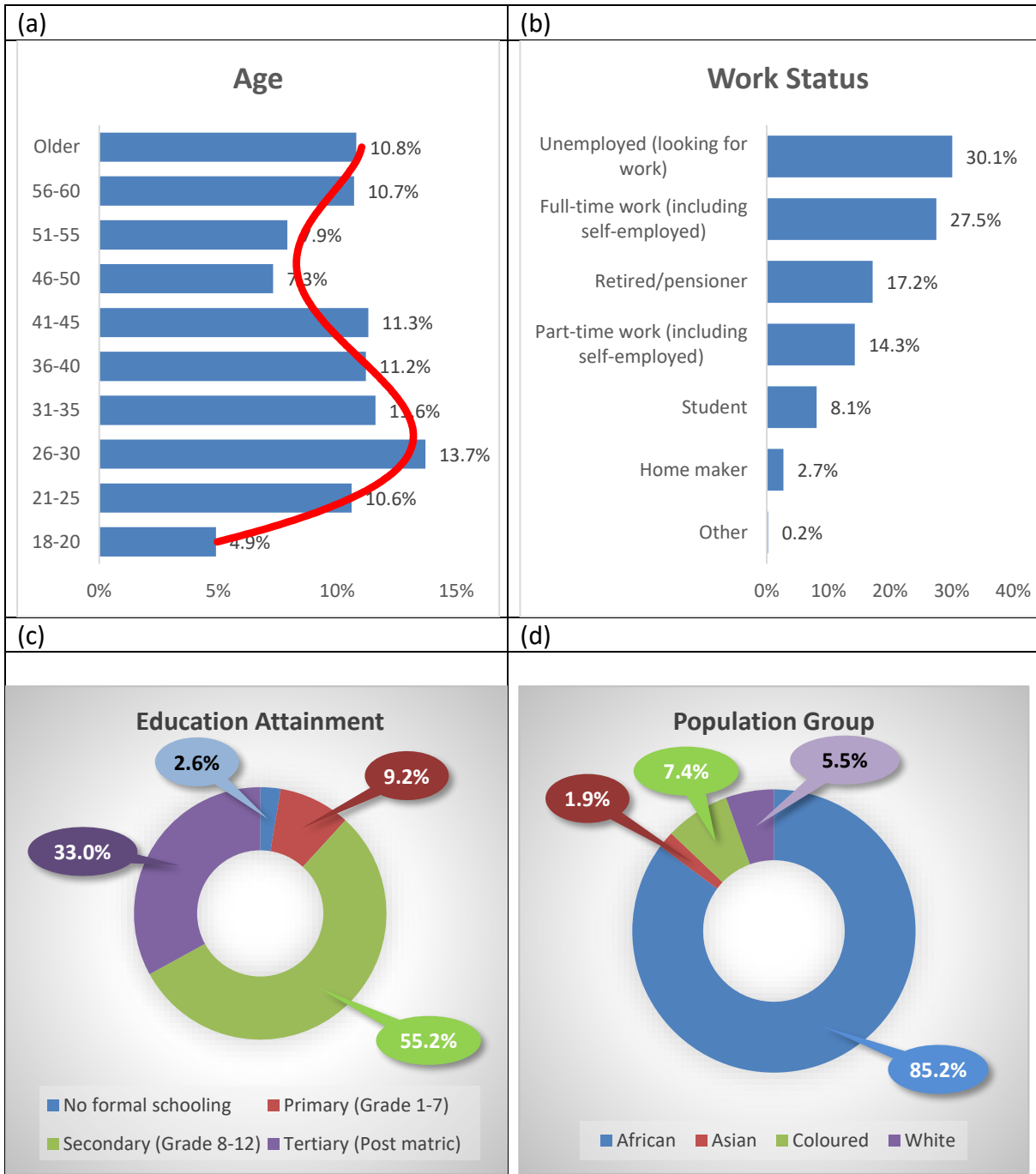
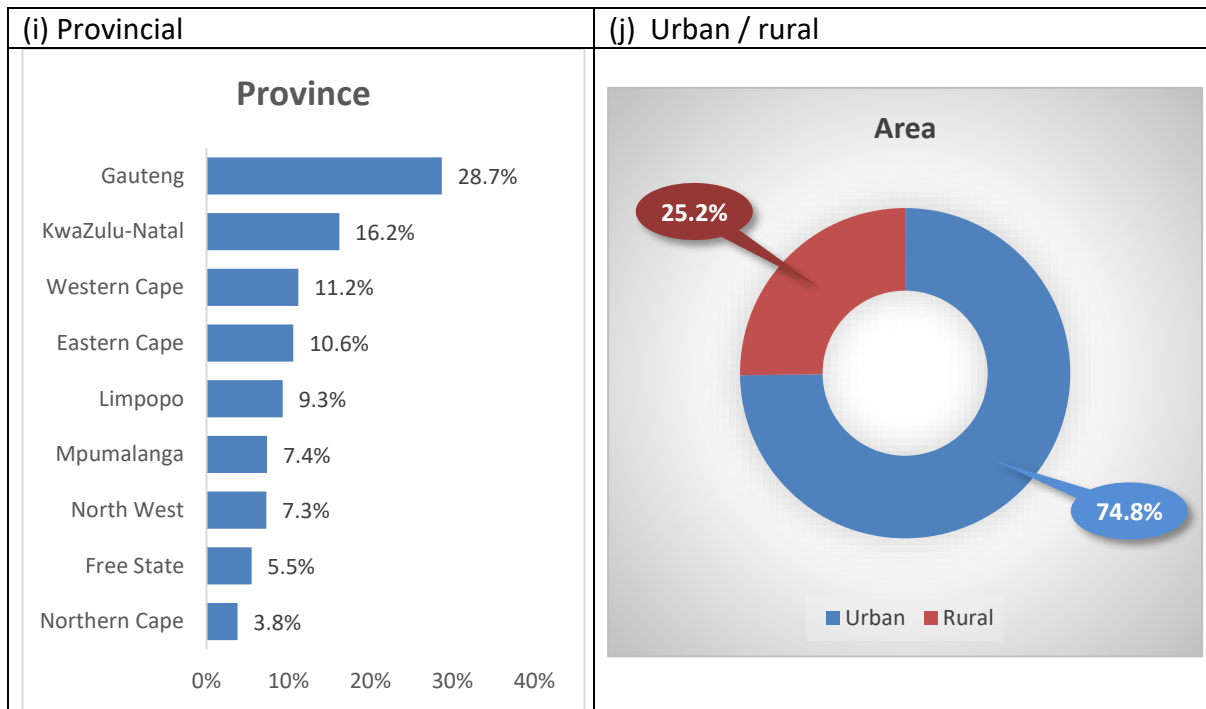


FIGURE 3.1 (continued)



FIGURE 3.1 (continued)



3.2 PARTICIPATION IN LOTTERY AND SPORT POOL ACTIVITIES

As an introduction to the survey, all respondents (n = 3 090) were requested to indicate in which lottery activities or sports pools they had participated in the **12 months preceding** the survey. Respondents who affirmed participation (n = 1 178) were also requested to indicate the (i) most **frequent** and (ii) most **preferred** activity. The outcomes of these findings are presented in figures 3.2 to 3.5.

FIGURE 3.2

PARTICIPATION IN LOTTERY AND SPORT POOL ACTIVITIES

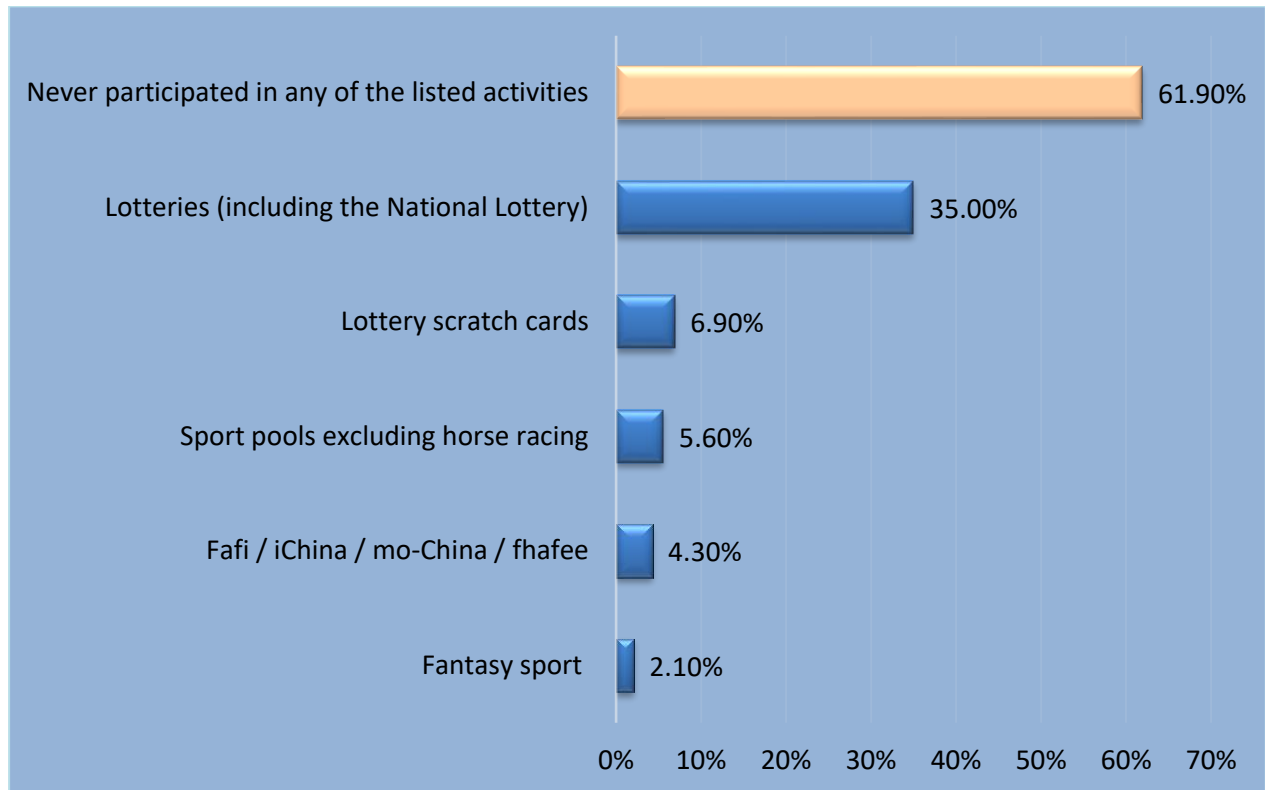
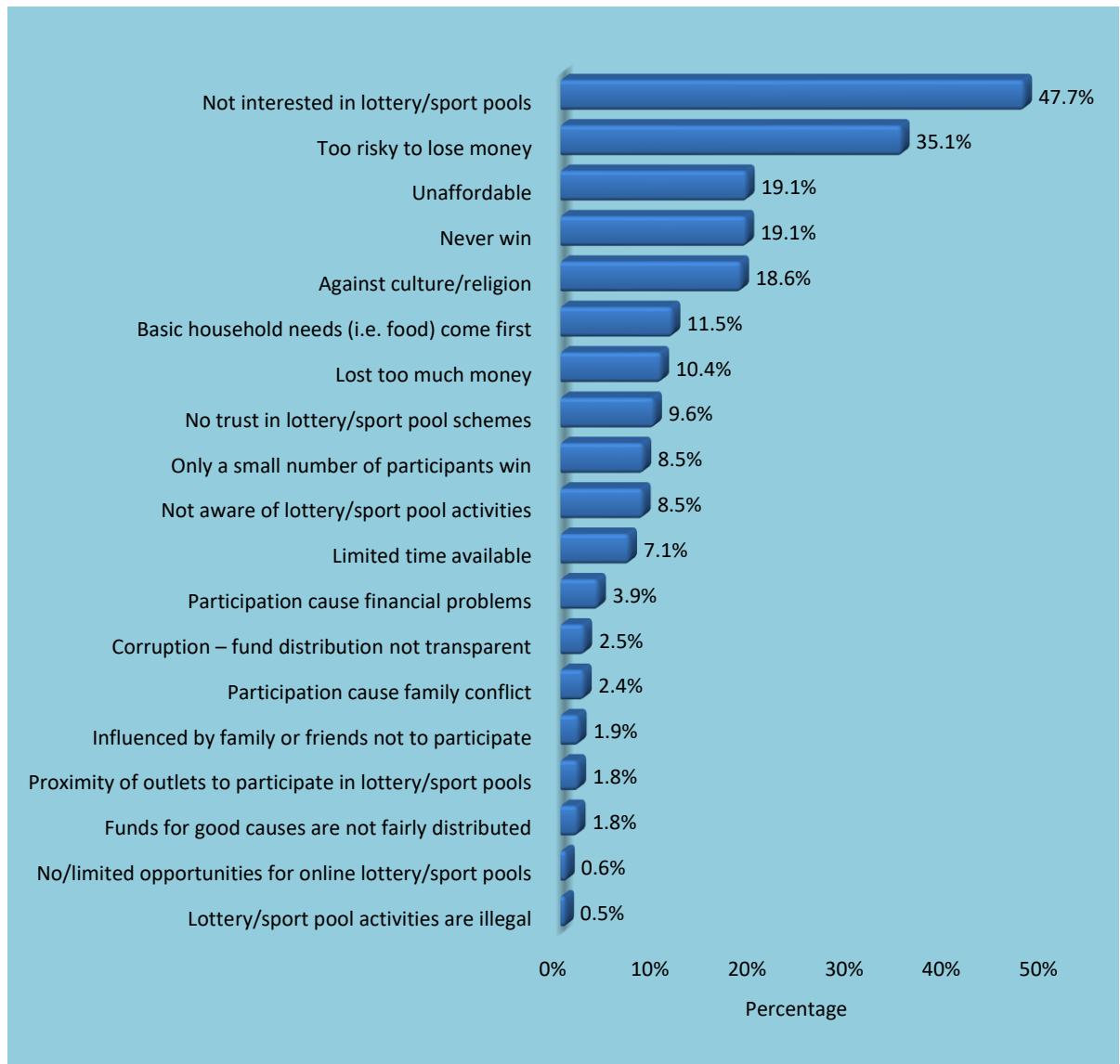


Figure 3.2 shows that about six in every 10 respondents (61.9%) never participated in any of the lottery activities or sport pools. Just more than a third (35.0%) had participated in lotteries (including the National Lottery). Prior to analysing the lottery activities of participants, figure 3.3 first explores the main reasons for NEVER participating in any lottery or sport pool activities during the 12 months preceding the survey. It is important to note that respondents ($n = 1\,912$) could provide a maximum of THREE reasons for non-participation.

FIGURE 3.3

MAJOR REASONS FOR NOT PARTICIPATING IN LOTTERY OR SPORT POOL ACTIVITIES



It is clear from figure 3.3 that people mainly avoid participating in lottery or sport pool activities due to disinterest, the risk of losing money, unaffordability, never winning or cultural/religious principles.

Reverting to those respondents who participated in any one or more of the predetermined lottery activities or sports pools in the 12 months preceding the survey (n = 1 178 or 38.1% of total sample), figure 3.4 indicates that the bulk (91.7%) of respondents participated in lottery activities, including the National Lottery.

FIGURE 3.4

PARTICIPATION IN LOTTERY ACTIVITIES OR SPORT POOLS

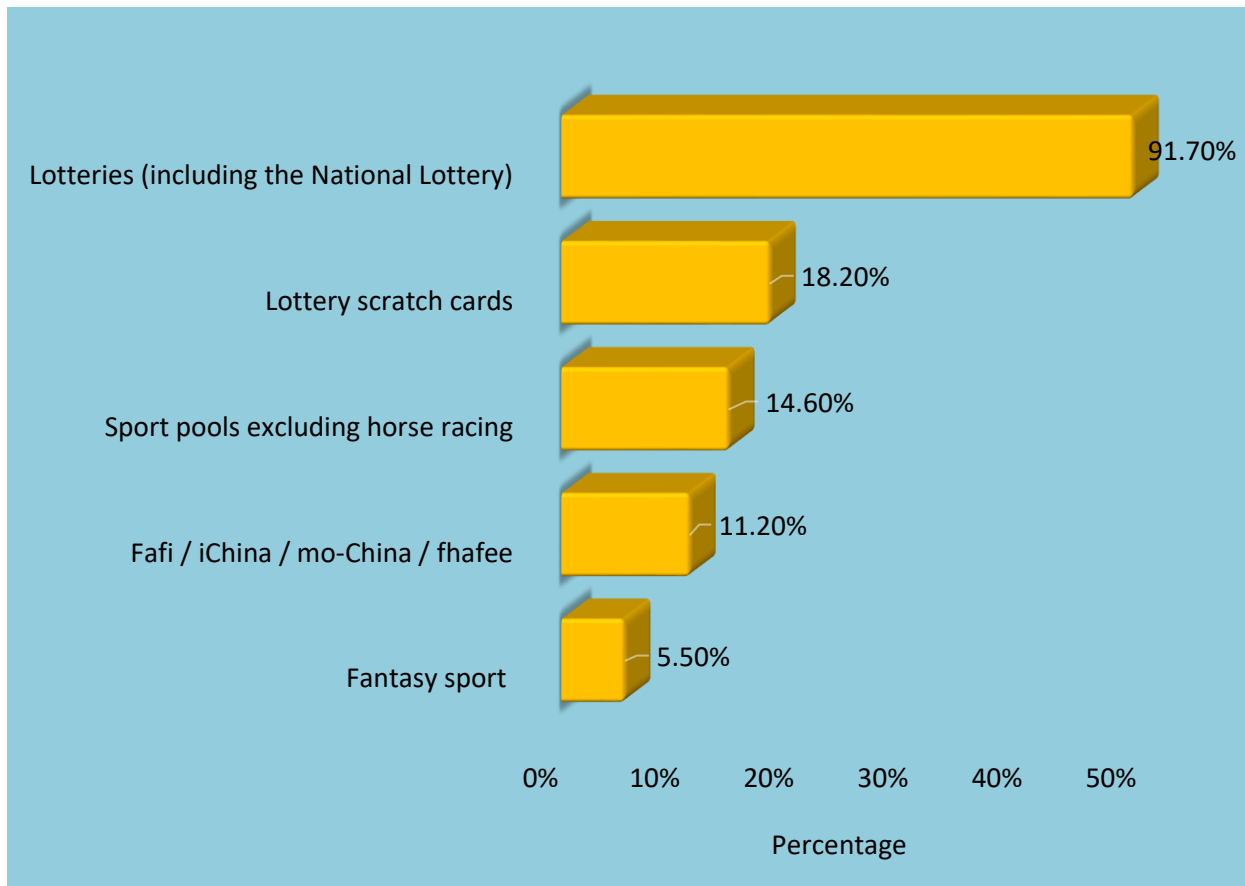
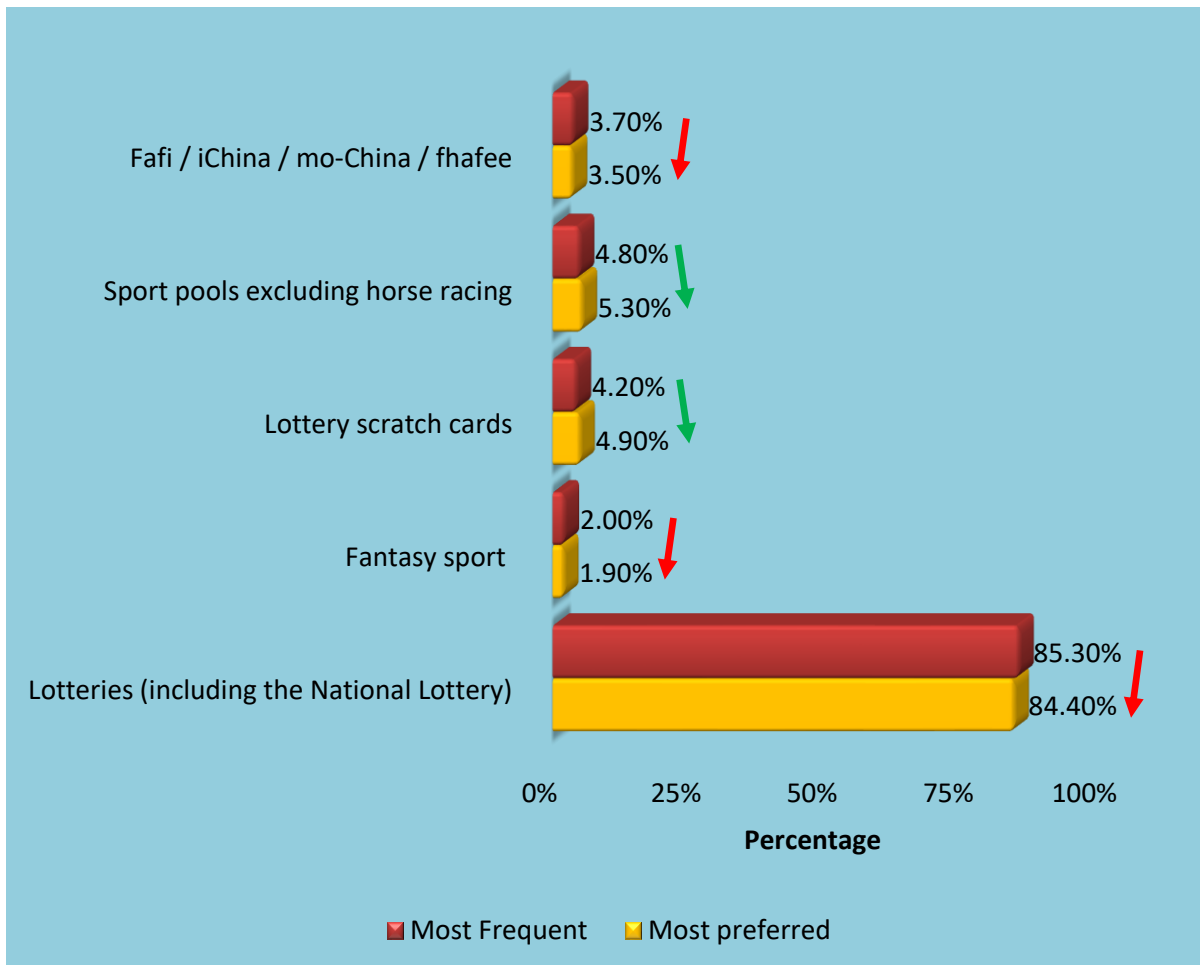


Figure 3.5 presents a more confined analysis of the most frequent and most preferred lottery activities or sport pools. Whereas lottery activities are the most frequent activity (85.3%) played among the five listed, a lower proportion of respondents (84.4%) who frequently play the lottery also prefer this activity. The opposite trend is notable for lottery scratch cards and sport pools, where more respondents prefer these activities to those who frequently participate in these activities. The relative preference for these activities increases when compared to the frequency of playing these activities.

FIGURE 3.5

MOST FREQUENT AND PREFERRED LOTTERY ACTIVITIES OR SPORT POOLS



n = 1 178

When reflecting on the average monthly amount (Rand) that participants had spent on lottery or sport pool activities in the 12 months preceding the survey, it is clear that respondents spent almost 1.7 times more on lottery activities than sport pools/competitions and lottery scratch cards, which are the second largest expenditure activities. Whereas R156 per month is spent on lottery activities, an average of R93 and R95 is spent on sport pools and lottery scratch cards respectively. Those who played Fafi/iChina/mo-China/fhafee, on average spent R74 per month on this activity. This is more than double the average monthly expenditure on fantasy sport, accounting for a monthly average expenditure of R30.

3.3 PARTICIPATION IN LOTTERY ACTIVITIES

The core focus of the study was committed to respondents' participation in lottery schemes/activities and National Lottery games. Exhibit 3.1 highlights the 13 lottery activities/schemes/games that were measured in terms of:

- (i) regularity of participation (daily, weekly, monthly, never played or stopped participation);
- (ii) participation site/venue/mode;
- (iii) most frequent and preferred activities;
- (iv) the chances of winning; and
- (v) awareness of anyone above or below the age of 18 years who participates in lottery schemes/activities/games.

EXHIBIT 3.1

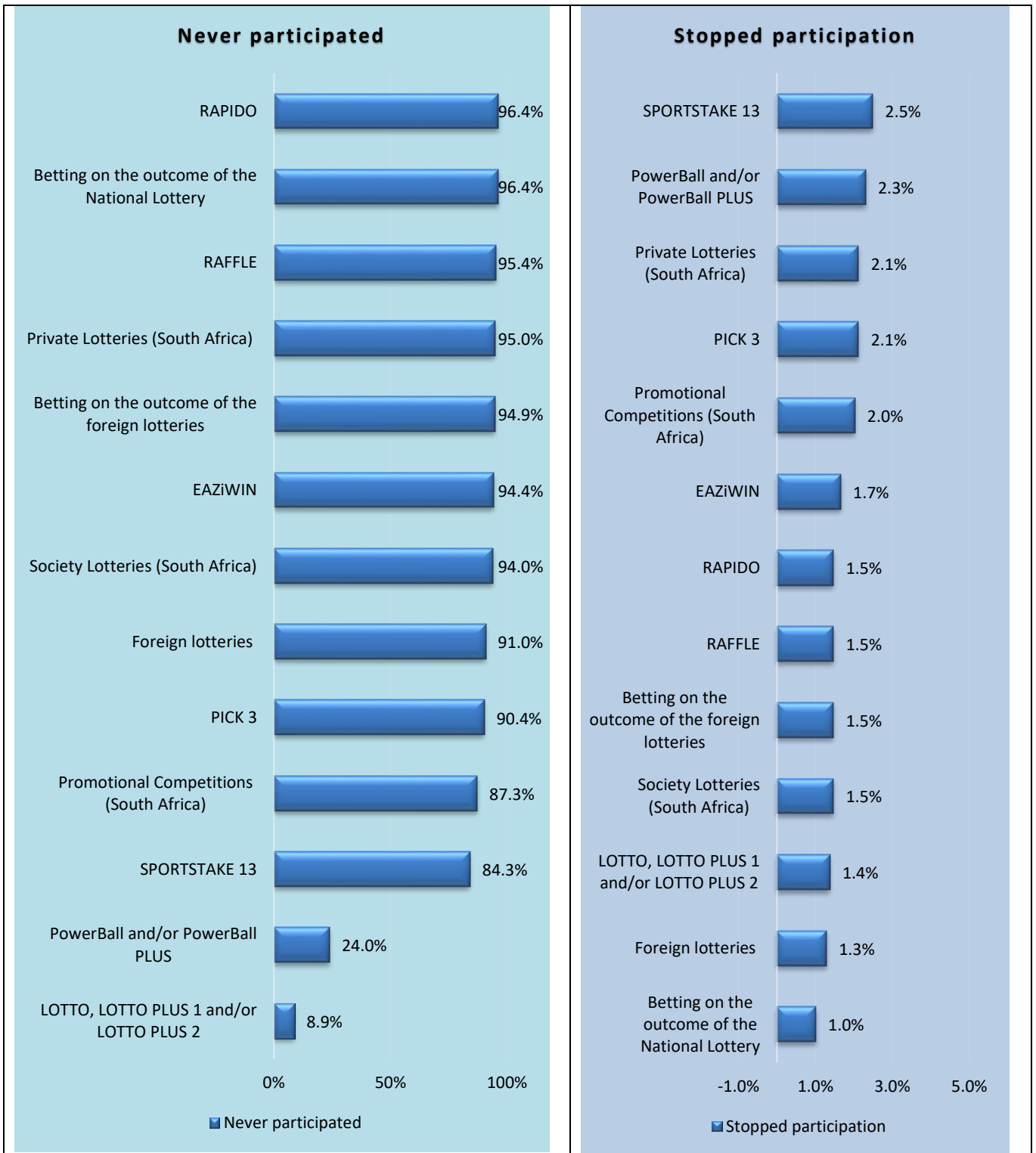
LOTTERY SCHEMES/ACTIVITIES/GAMES

Lottery schemes / activities	National Lottery Games
<ul style="list-style-type: none"> ▪ Betting on the outcome of the National Lottery ▪ Society Lotteries (South Africa) ▪ Private Lotteries (South Africa) ▪ Promotional Competitions (South Africa) ▪ Foreign lotteries ▪ Betting on the outcome of foreign lotteries 	<ul style="list-style-type: none"> ▪ LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 ▪ PowerBall and/or PowerBall PLUS ▪ SPORTSTAKE 13 ▪ EAZiWIN ▪ RAFFLE ▪ PICK 3 ▪ RAPIDO

To determine respondents' levels of participation in lottery schemes/activities and National Lottery Games, figure 3.6 firstly profiles respondents according to abstaining from or terminating participation in lottery schemes/activities and National Lottery games. From this analysis, it is clear that LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 and PowerBall and/or PowerBall PLUS are by far the games played by most respondents. Less than 10% of respondents never played LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2. Likewise, one in every four respondents never played PowerBall and/or PowerBall PLUS. Slightly more of the respondents stopped playing PowerBall and/or PowerBall PLUS (2.3%) than they did LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 (1.4%). Furthermore, SPORTSTAKE 13 and PICK 3 were the top two National Lottery games that respondents stopped playing.

FIGURE 3.6

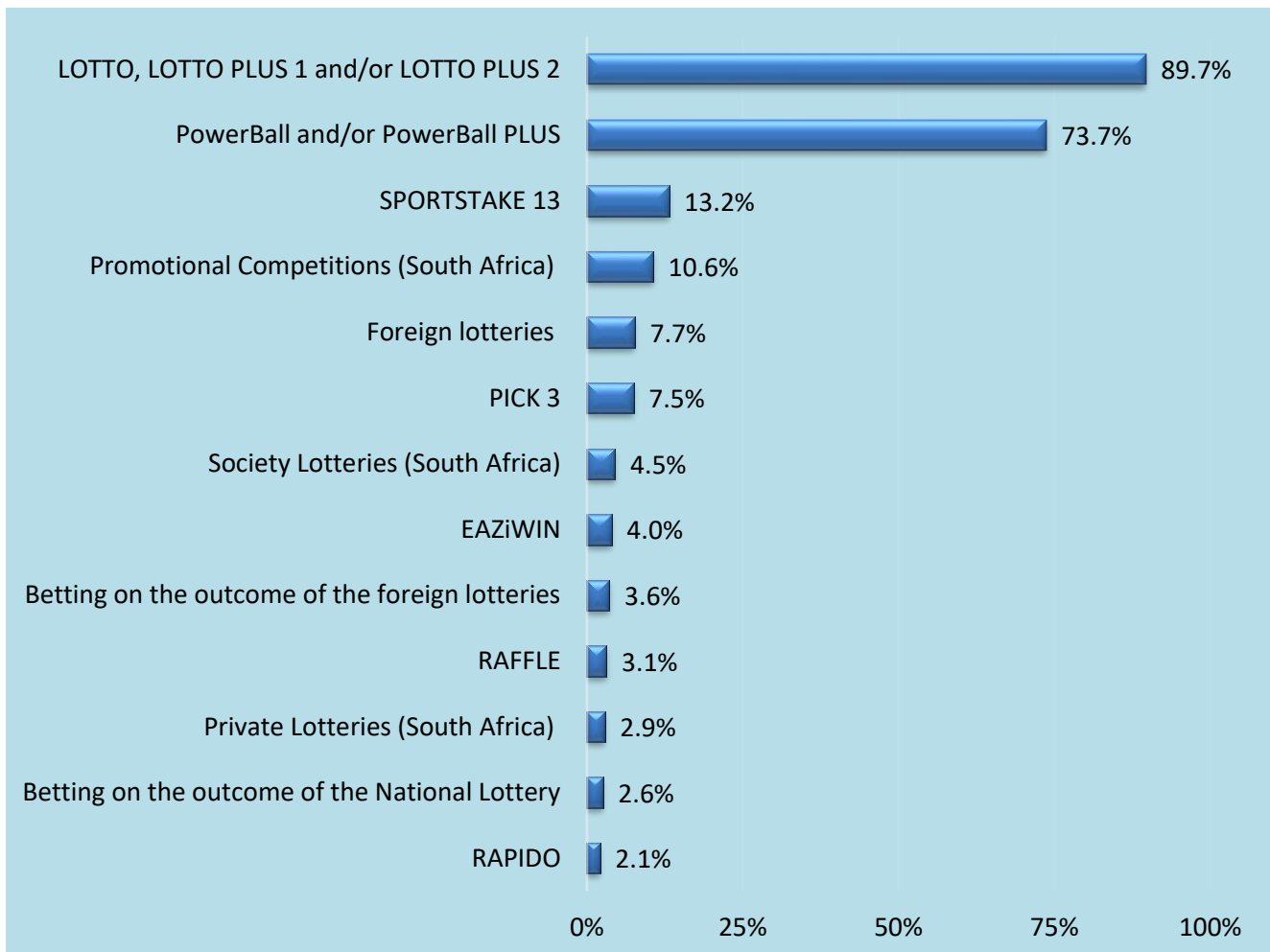
ABSTAINING FROM OR TERMINATING PARTICIPATION IN LOTTERY SCHEMES/ACTIVITIES AND NATIONAL LOTTERY GAMES



With regard to respondents participating in lottery schemes/activities and National Lottery games (n = 1 080), figure 3.7 shows the dominance of LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 (89.7%) and PowerBall and/or PowerBall PLUS (73.7%). Among the lottery schemes/activities, promotional competitions (10.6%) top the list. RAPIDO and RAFFLE are the least frequently played, with less than 5% of the survey participants participating in this activity.

FIGURE 3.7

**PARTICIPATION RATES IN LOTTERY SCHEMES/ACTIVITIES
AND NATIONAL LOTTERY GAMES**



When reflecting on the participation rate of lottery activities in the preceding 12 months (n = 1 080), the analyses reveal the following:

21.5% participated in one or more of the following lottery schemes/activities (n = 232):	99.1% participated in one or more of the following National Lottery games (n = 1 070)
<ul style="list-style-type: none"> ▪ Betting on the outcome of the National Lottery ▪ Society Lotteries (South Africa) ▪ Private Lotteries (South Africa) ▪ Promotional Competitions (South Africa) ▪ Foreign lotteries ▪ Betting on the outcome of foreign lotteries 	<ul style="list-style-type: none"> ▪ LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 ▪ PowerBall and/or PowerBall PLUS ▪ SPORTSTAKE 13 ▪ EAZIWIN ▪ RAFFLE ▪ PICK 3 ▪ RAPIDO

To further expand on the analysis displayed in figure 3.7, table 3.2 reflects on combinations of lottery schemes/activities and National Lottery games. The analysis reveals the strongest grouping between LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 and PowerBall and/or PowerBall PLUS. Of the 89.7% respondents who play LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2, about two-thirds (65.3%) also play PowerBall and/or PowerBall PLUS. These two games have the highest probability of being played by the same person who participates in lottery activities/schemes/games.

Other lottery activities/schemes/games that combined with LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 include SPORTSTAKE 13 and local promotional competitions. Of those respondents who play LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2, 11.4% and 10.2% respectively also play SPORTSTAKE 13 and participate in local promotional competitions. Of those who participate in local promotional competitions (10.6%), 9.4% also play PowerBall and/or PowerBall PLUS. Also, interesting to note are the low levels of combining the top three National Lottery games (LOTTO, POWERBALL and SPORTSTAKE 13) with other less frequently played games such as EAZiWIN, RAFFLE, PICK 3 and/or RAPIDO. Of the less frequently played lottery games, PICK 3 is mostly combined with LOTTO or POWERBALL. In addition to presenting a good overview of the combined participation rates in lottery schemes/activities and National Lottery games, the analysis also presents a good platform for designing marketing campaigns.

The average participation rates for the various lottery schemes/activities/games measured in the study are as follows:

- On average, respondents participated in 1.49 of the six lottery schemes/activities;
- On average, respondents participated in 2.03 of the seven National Lottery games; and
- On average, respondents participated in 2.31 of any of the 13 lottery schemes/activities and National Lottery games.

TABLE 3.2

COMBINATIONS OF LOTTERY SCHEMES/ACTIVITIES AND NATIONAL LOTTERY GAMES (%)

	Betting on the outcome of the National Lottery	Society Lotteries (South Africa)	Private Lotteries (South Africa)	Promotional Competitions (South Africa)	Foreign lotteries	Betting on the outcome of the foreign lotteries	LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	PowerBall and/or PowerBall PLUS	SPORTSTAKE 13	EAZIWIN	RAFFLE	PICK 3	RAPIDO
Betting on the outcome of the National Lottery	2.60	0.20	0.10	0.60	0.30	0.10	2.40	2.10	0.40	0.10	0.10	0.30	0.10
Society Lotteries (South Africa)	0.20	4.50	1.50	2.70	1.00	0.40	4.30	4.10	1.50	0.30	0.20	1.60	0.30
Private Lotteries (South Africa)	0.10	1.50	2.90	1.90	0.60	0.20	2.70	2.40	1.20	0.40	0.30	0.70	0.30
Promotional Competitions (South Africa)	0.60	2.70	1.90	10.60	2.40	0.70	10.20	9.40	2.60	1.10	0.80	2.10	0.50
Foreign lotteries	0.30	1.00	0.60	2.40	7.70	1.90	6.30	6.50	2.60	0.50	0.60	0.80	0.40
Betting on the outcome of the foreign lotteries	0.10	0.40	0.20	0.70	1.90	3.60	3.10	2.40	1.40	0.60	0.40	0.60	0.40
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	2.40	4.30	2.70	10.20	6.30	3.10	89.70	65.30	11.40	3.80	2.70	6.90	2.10
PowerBall and/or PowerBall PLUS	2.10	4.10	2.40	9.40	6.50	2.40%	65.30	73.70	11.90	3.70	2.60	6.80	2.00
SPORTSTAKE 13	0.40	1.50	1.20	2.60	2.60	1.40	11.40	11.90	13.20	2.20	1.90	3.00	1.80
EAZIWIN	0.10	0.30	0.40	1.10	0.50	0.60%	3.80	3.70	2.20	4.00	1.90	2.10	1.60
RAFFLE	0.10	0.20	0.30	0.80	0.60	0.40	2.70	2.60	1.90	1.90	3.10	2.00	1.70
PICK 3	0.30	1.60	0.70	2.10	0.80	0.60	6.90	6.80	3.00	2.10	2.00	7.50	1.80
RAPIDO	0.10	0.30	0.30	0.50	0.40	0.40	2.10	2.00	1.80	1.60	1.70	1.80	2.10

Further to the analyses displayed in figures 3.7 and table 3.2, the frequency of participation (daily, weekly or monthly) is explored in figures 3.8(a) and 3.8(b). It is important to note that the figures do not tally to 100% due to the exclusion of figures for 'never' and 'stopped participation' (see figure 3.6). Once again, the dominance of LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 (89.7%) and PowerBall and/or PowerBall PLUS (73.7%) are apparent from the analysis presented in figure 3.10(a). Of those respondents who participated in any of the lottery schemes/activities and/or National Lottery Games, approximately 4 in every 10 (47.4%) participate weekly. Monthly participation rates in these games range between 27.1% for PowerBall and/or PowerBall PLUS and 34.4% for LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2. Less than 10% of respondents play any of the other National Lottery Games (SPORTSTAKE 13, PICK 3, EAZiWIN, RAFFLE or RAPIDO) on a monthly basis. Apart from the National Lottery Games, the only lottery activity showcasing some appeal include local promotional competitions, which are played monthly by 8.1% of the respondents (see figure 3.8(b)).

FIGURE 3.8(a)

**DAILY, WEEKLY OR MONTHLY PARTICIPATION IN LOTTERY GAMES
(EXCLUDING 'NEVER' AND 'STOPPED' PARTICIPATION)**

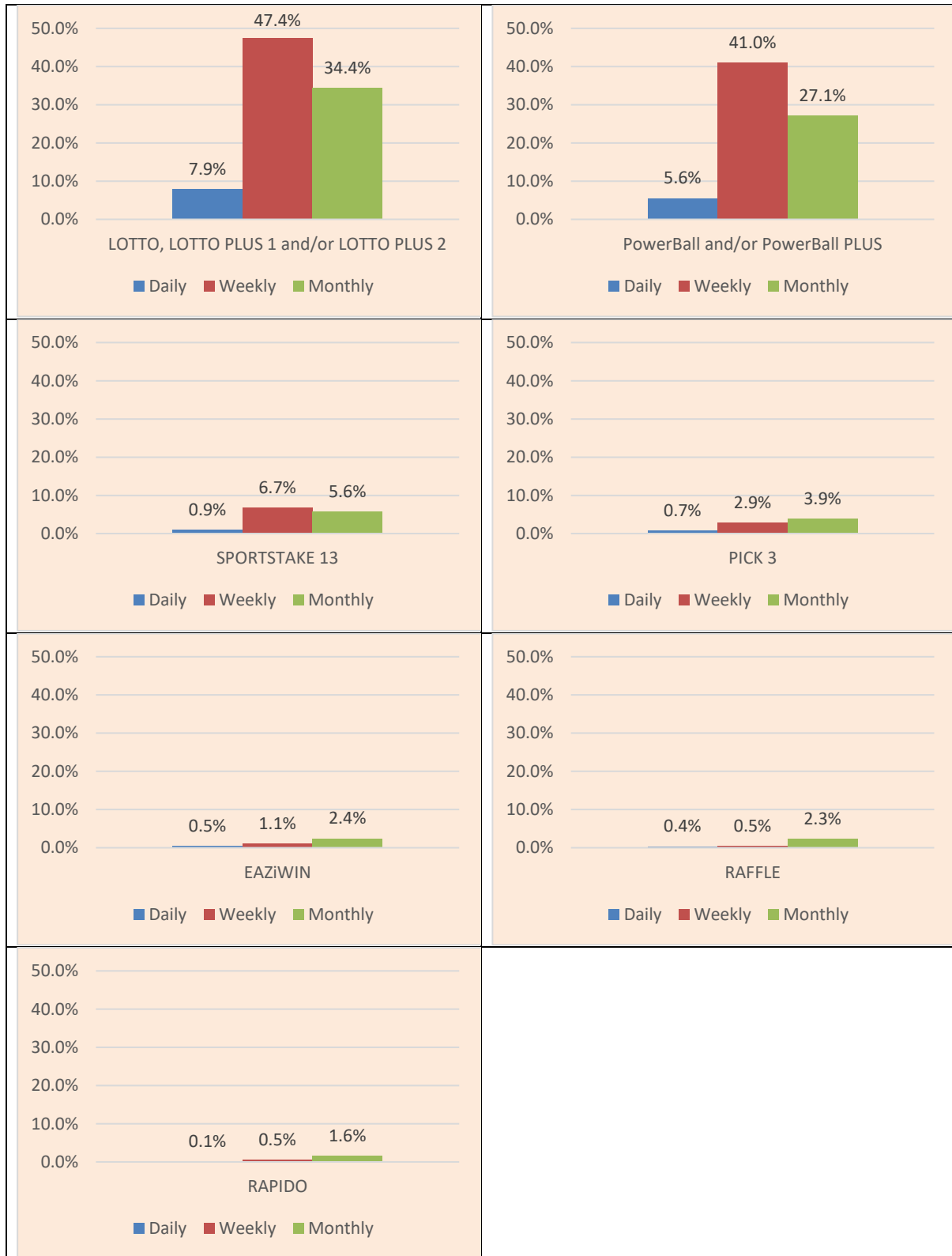
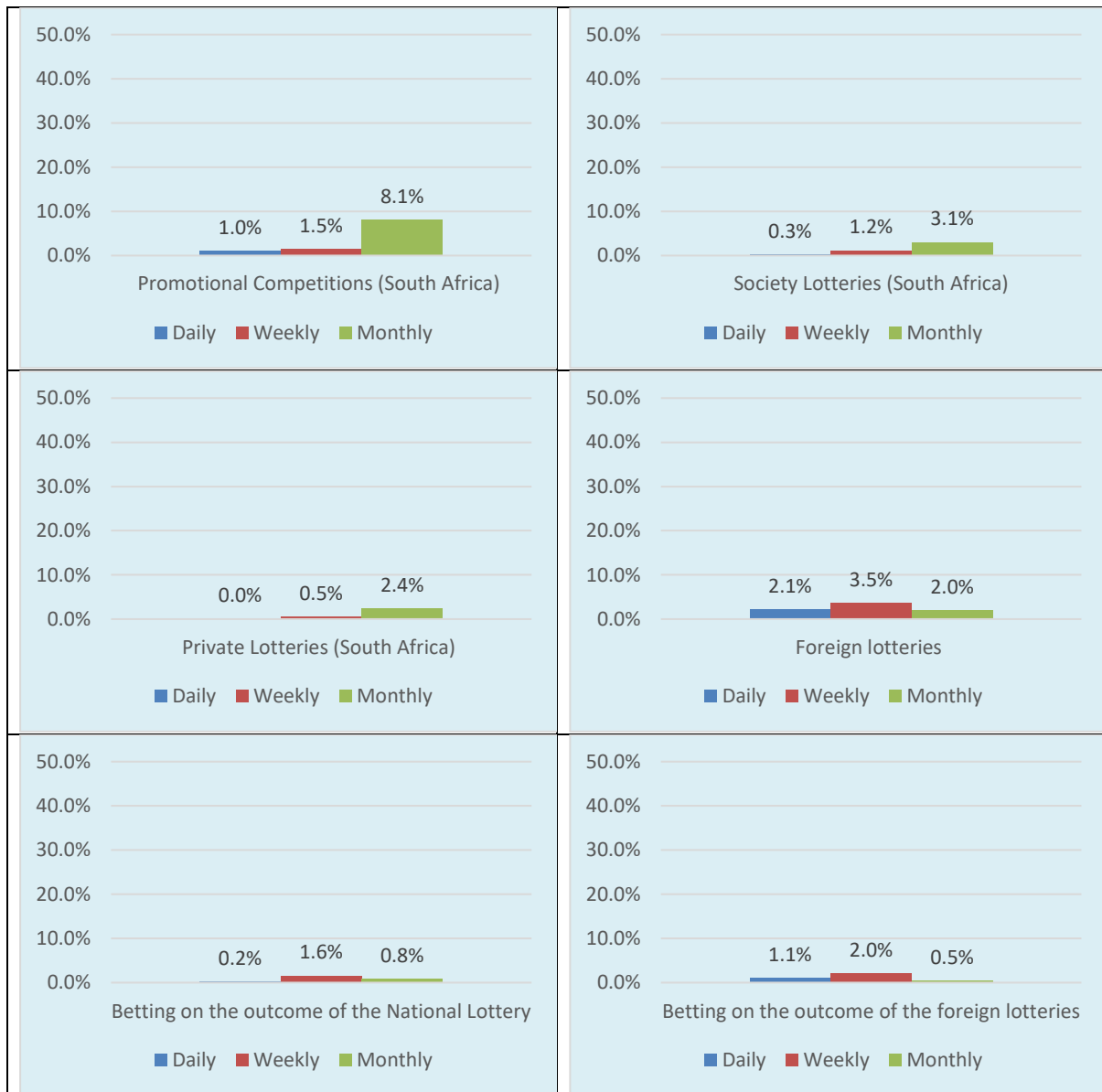


FIGURE 3.8(b)

DAILY, WEEKLY OR MONTHLY PARTICIPATION IN LOTTERY SCHEMES



To further reflect on respondents' behaviour regarding lottery participation, table 3.3 presents an overview of the most recent sites/venues/modes used by participating respondents in the 12 months preceding the survey (n = 1 080). The prime use of retail lottery outlets for buying tickets for National Lottery games is apparent from the analysis. Participants who bet on the outcomes of the National Lottery or foreign lotteries, mainly make use of bookmakers. Approximately a quarter of respondents used their cell phone to participate in local promotional competitions.

TABLE 3.3

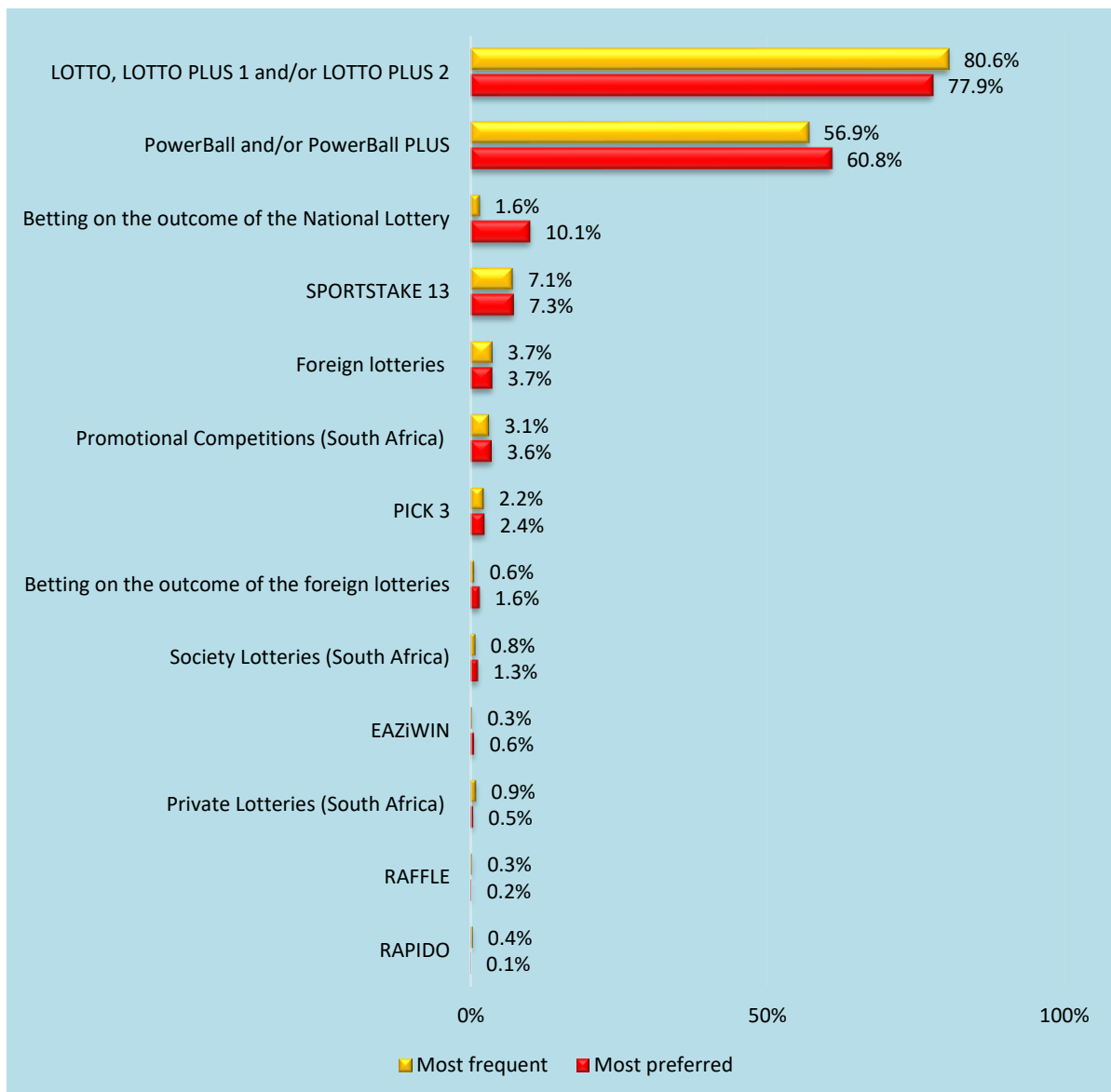
SITES/VENUES/MODES USED TO PARTICIPATE IN LOTTERY SCHEMES/ACTIVITIES/GAMES (%)

	Retail lottery outlets	Bookmakers	Online local sites	Online foreign sites	Online Banking	Bank ATM	Cell phone	ITHUBA Website	Organizations/Societies
Betting on the outcome of the National Lottery		53.6	28.6		14.3		3.6		0.0
Society Lotteries (South Africa)	36.7	4.1	4.1						55.1
Private Lotteries (South Africa)	12.9	0.0	0.0				9.7		77.4
Promotional Competitions (South Africa)	60.9	0.9	5.2				27.8	1.7	3.5
Foreign lotteries	60.2	28.9	2.4	4.8	1.2			1.2	1.2
Betting on the outcome of the foreign lotteries		94.9	0.0	2.6	0.0				2.6
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	93.3	3.3	1.5		0.8	0.2	0.7		0.1
PowerBall and/or PowerBall PLUS	92.5	3.8	1.5		1.0	0.5	0.6		0.1
SPORTSTAKE 13	91.6	4.2	1.4		0.7		2.1		
EAZIWIN	93.0	0.0	0.0	2.3	2.3			2.3	
RAFFLE	97.1	0.0	2.9						
PICK 3	84.0	4.9	2.5				8.6		
RAPIDO	100.0	0.0	0.0						

Figure 3.9 reflects on respondents' most frequent and preferred lottery schemes/activities/games. The analysis displays the outcome of the research that investigated the three most preferred and most frequently used activities. An interesting finding emerging from the analysis is the drop in preference for LOTTO games from 80.6% to 77.9%. In comparison, an increase in the preference for PowerBall is noteworthy.

FIGURE 3.9

MOST FREQUENT AND MOST PREFERRED LOTTERY SCHEMES/ACTIVITIES/GAMES



The participation patterns of respondents in lottery schemes/activities/games are further investigated in figure 3.10 according to the winning chances ranging from 'very good' to 'very poor'. Overall, the 'predicted' chances of winning appear to be unrealistically high. For example, there are 20 358 520 different combinations that can be played when choosing 6 numbers from 52 LOTTO PLUS 1 and LOTTO PLUS 2 numbers. In this example, the probability of winning either a LOTTO PLUS 1 or LOTTO PLUS 2 prize is thus very slim. Against this background, respondents' views on the probability of winning may also be interpreted against the perceived high levels of optimism of winning.

FIGURE 3.10

CHANCES OF WINNING LOTTERY SCHEMES/ACTIVITIES/GAMES

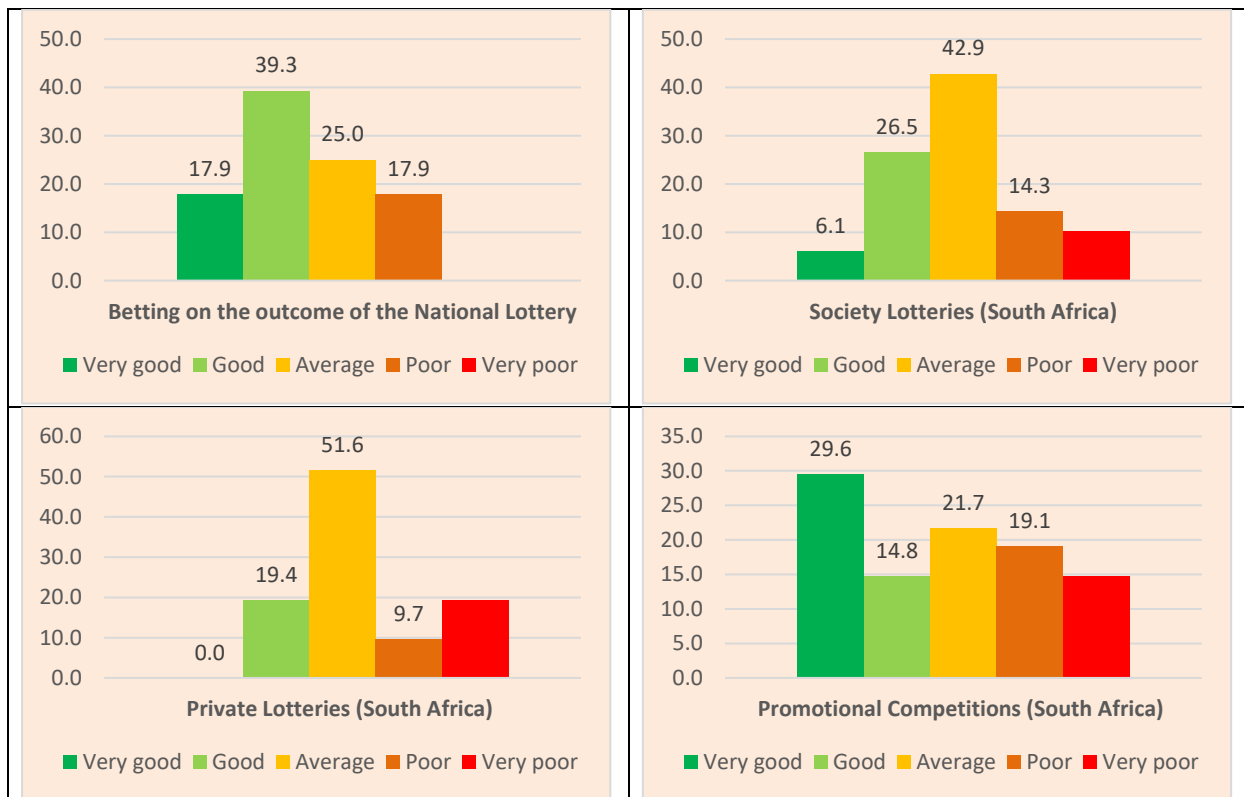
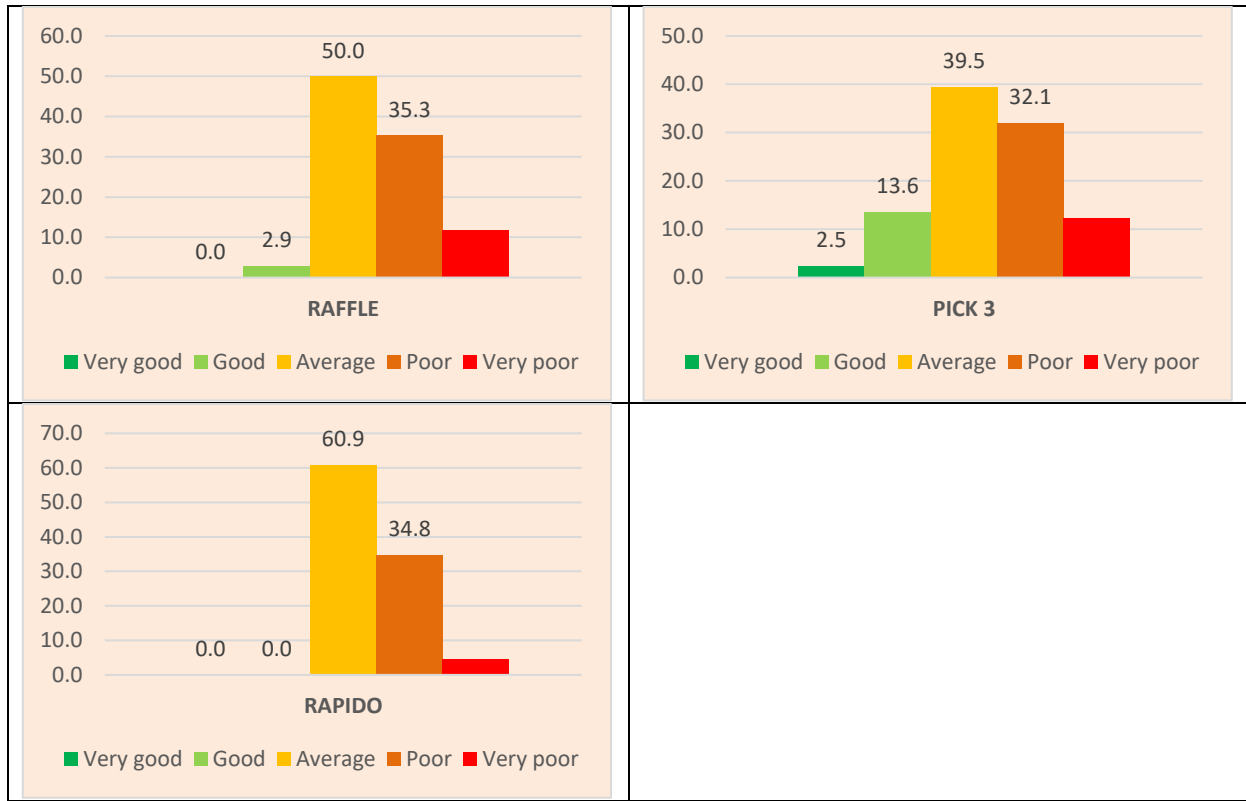


FIGURE 3.10 (continued)



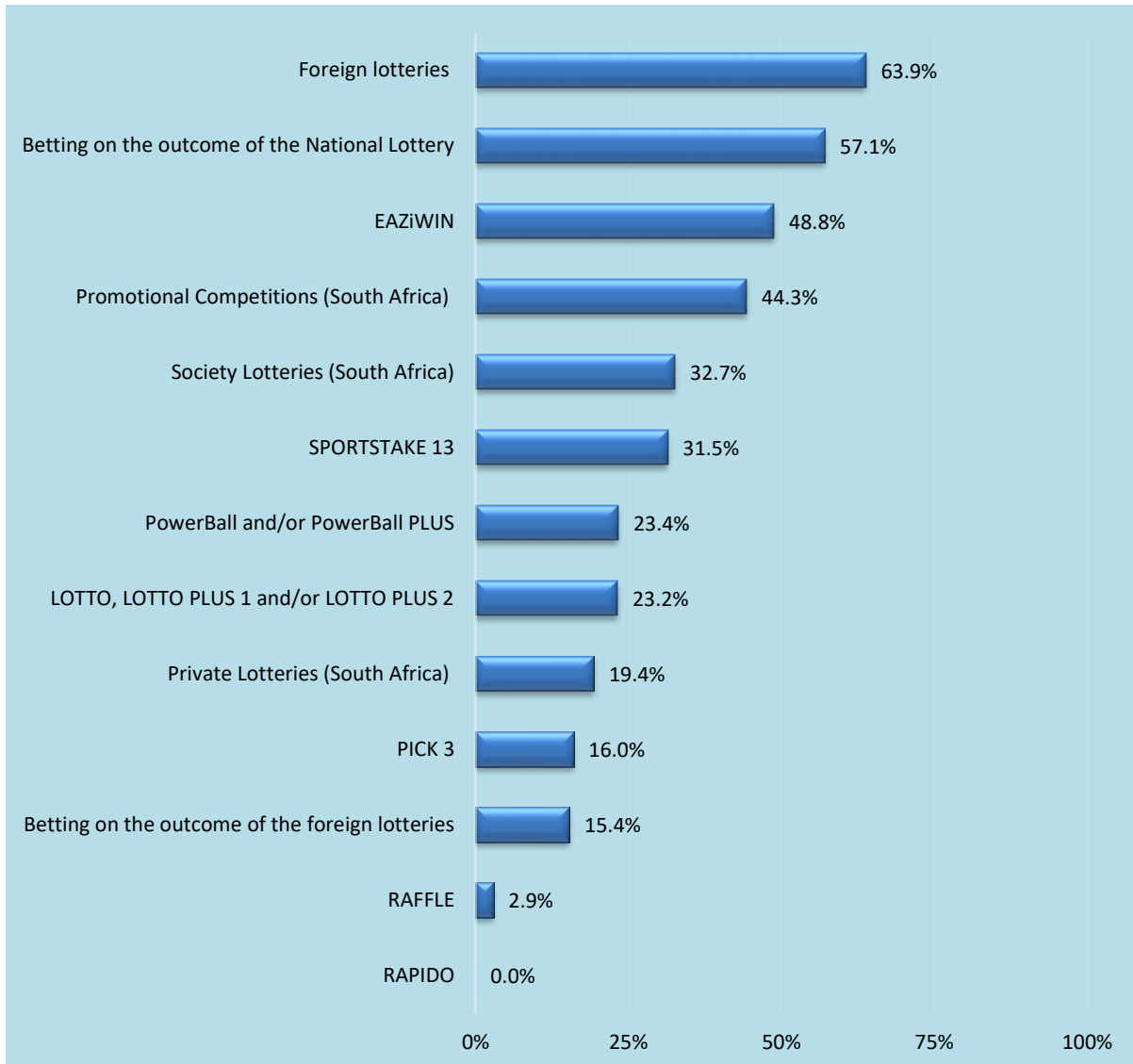
FIGURE 3.10 (continued)



When consolidating the 'good' and 'very good' chances of winning lottery schemes/activities/games, a pertinent finding emerges as demonstrated in figure 3.11. It is evident from figure 3.9 that although Lotto and PowerBall games are most frequently used and preferred, the chances of winning are significantly lower when compared to other lottery schemes/activities/games. Among the National Lottery games, EAZiWIN recorded the highest chance of winning money while the overall highest confidence in winning money from lottery schemes/activities/games, were recorded for foreign lotteries.

FIGURE 3.11

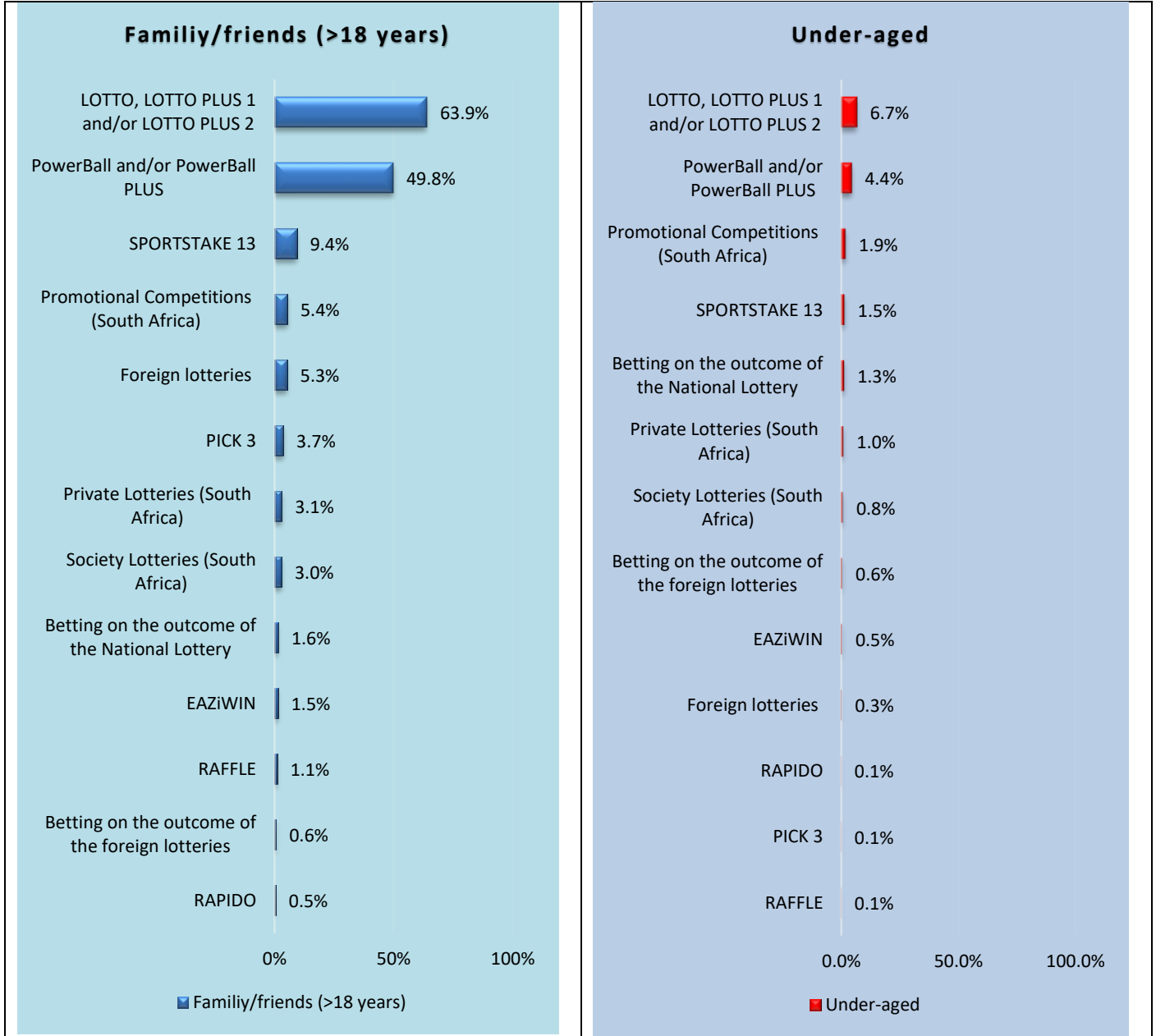
GOOD AND VERY GOOD CHANCES OF WINNING LOTTERY SCHEMES/ACTIVITIES/GAMES



The analysis presented in figure 3.12 reflects on the awareness levels of respondents regarding the participation of family/friends above the age of 18 years as well as under-aged (<18 years) participation in lottery schemes/activities/games. For both groups, Lotto and PowerBall activities dominate, although at a significantly lower level for under-aged participation.

FIGURE 3.12

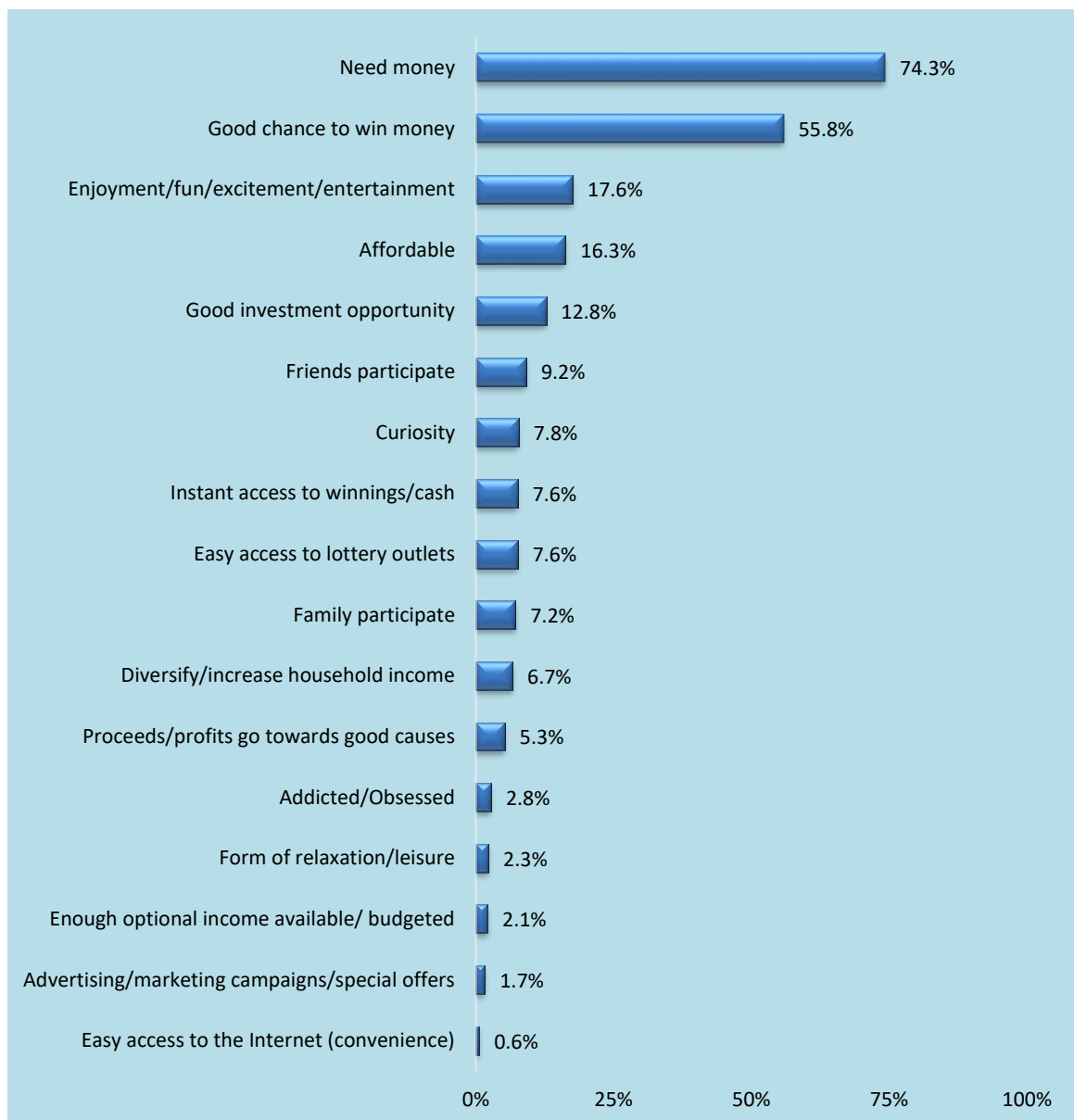
AWARENESS OF FAMILY/FRIENDS (>18 YEARS) AS WELL AS UNDER-AGED PARTICIPATION IN LOTTERY SCHEMES/ACTIVITIES/GAMES



Respondents who participated any of the lottery schemes/activities/games in the 12 months preceding the survey (n = 1 080) were also requested to indicate up to a maximum of three reasons for such participation. Figure 3.13 presents the outcomes of this research finding. The need for money, good chances of winning and gratification top the list of reasons for participating.

FIGURE 3.13

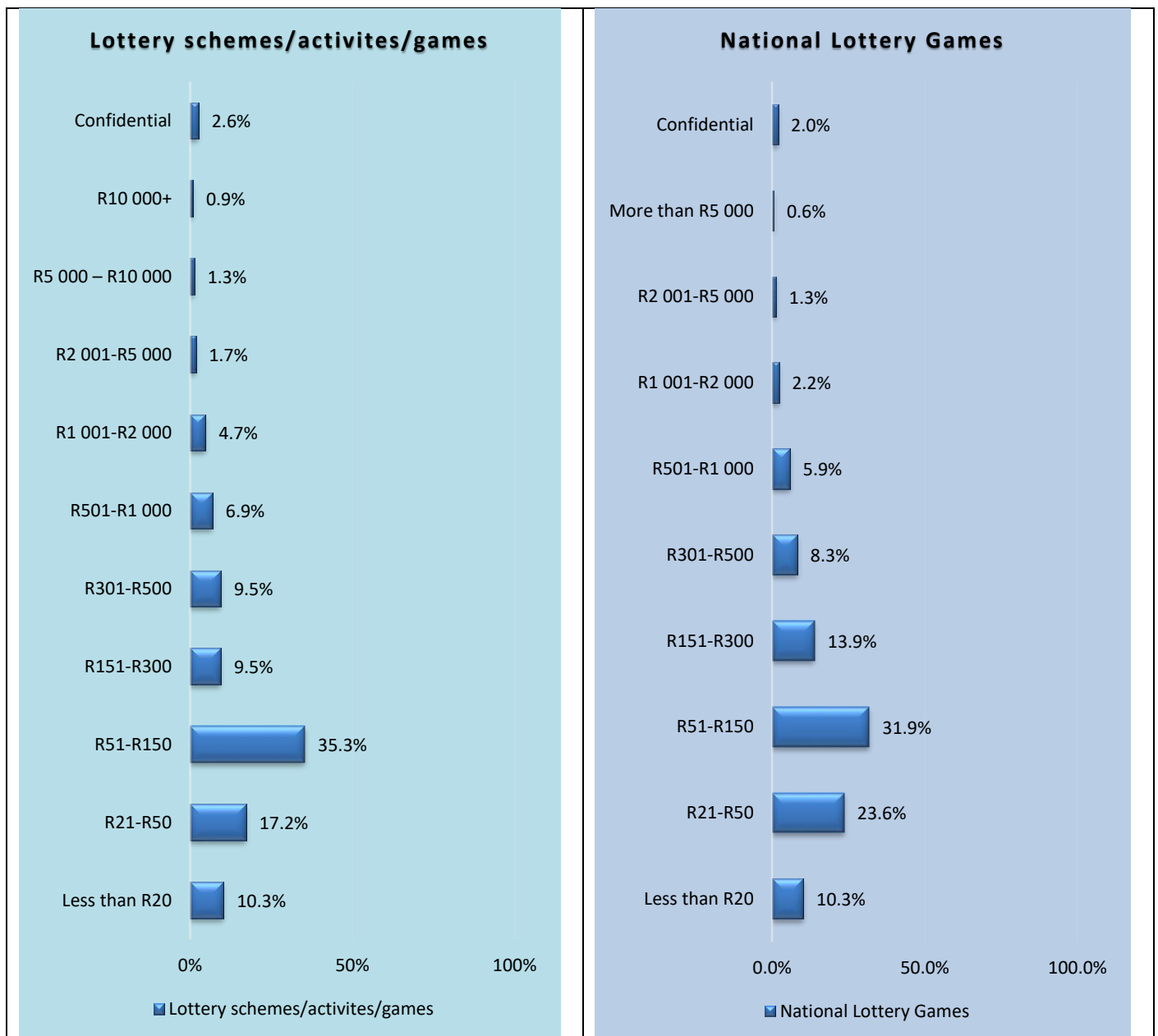
MAIN REASONS FOR PARTICIPATING IN LOTTERY SCHEMES/ACTIVITIES/GAMES



The questionnaire was also designed to gain some insight into the average expenditure on lottery schemes/activities/games and National Lottery games. The average monthly expenditure for the 12 months preceding the survey is captured by expenditure category in figure 3.14.

FIGURE 3.14

**AVERAGE MONTHLY EXPENDITURE ON LOTTERY SCHEMES/ACTIVITIES/GAMES
AND NATIONAL LOTTERY GAMES**



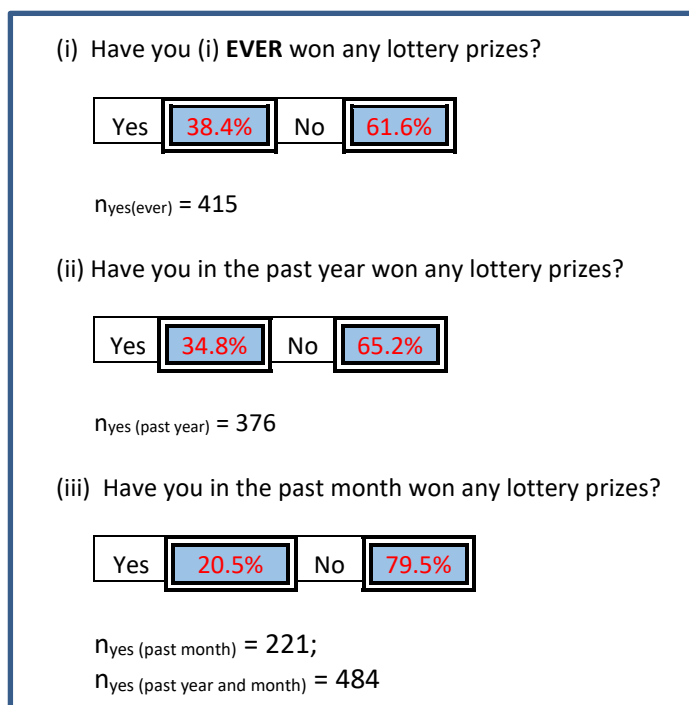
The section that investigated the participation in lottery activities in the 12 months preceding the survey, was concluded by determining the purchase behaviour of respondents when purchasing lottery tickets. The finding of the 1 070 respondents who purchased a lottery ticket is summarised below.

Planned buying on regular basis	43.6%
Planned buying on occasional basis (now and then)	25.9%
Impulsive (unplanned, quick) buying on a regular basis	14.7%
Impulsive (unplanned, quick) buying on an occasional basis (now and then)	15.9%

The analysis displayed above indicates that approximately two-thirds of lottery ticket-purchases are planned. In turn, three in every 10 respondents could be classified as impulsive lottery ticket buyers due to the regular or occasionally unplanned purchase behaviour observed in this group.

3.4 LOTTERY WINNINGS

An entire section of the questionnaire was dedicated to profile lottery winners, the amounts won from playing the lottery and to determine the expenditure patterns of winners and those who have never won. The response from the 1 080 participants in this category are highlighted below.



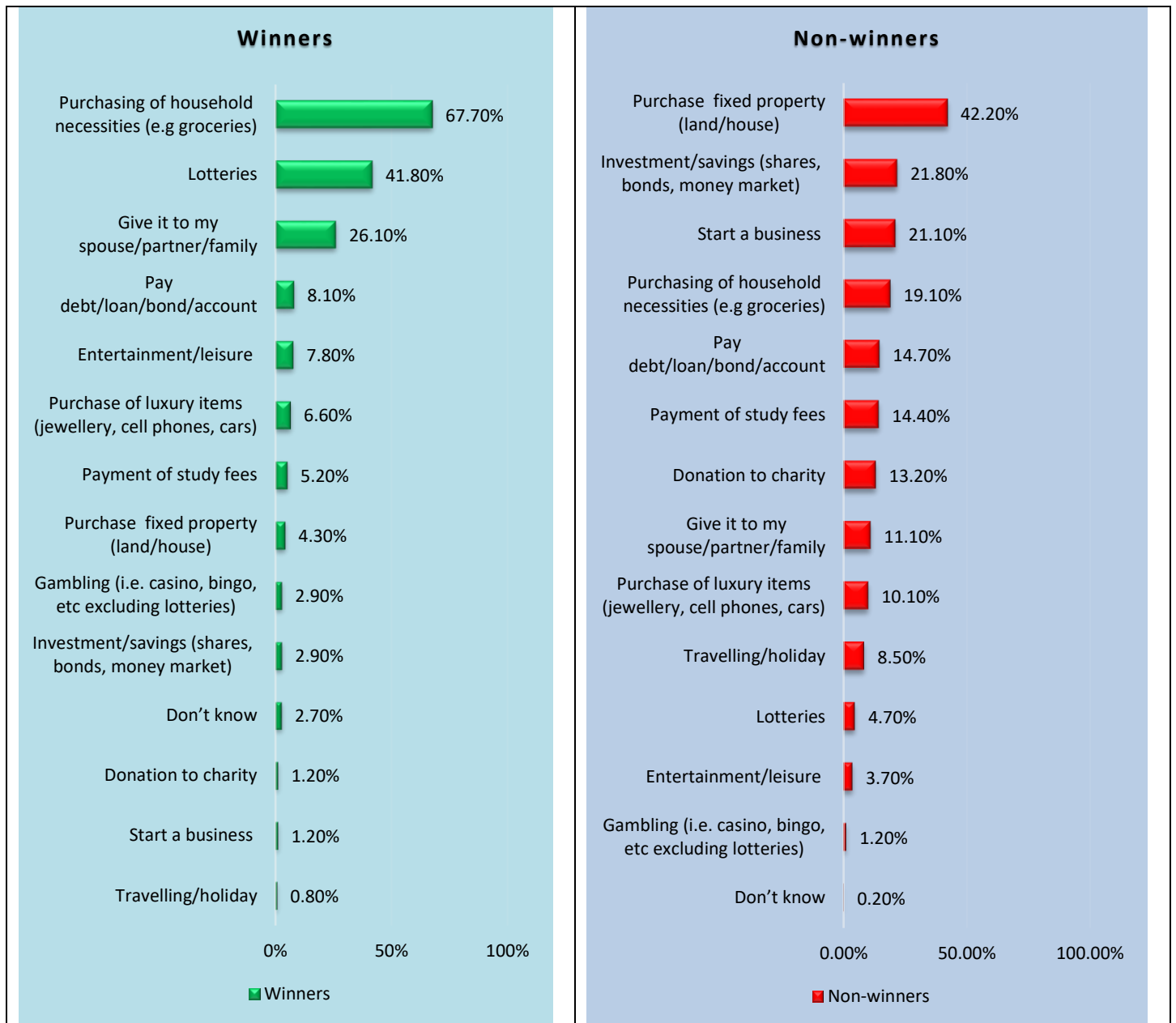
The figures highlighted above must be contextualized by emphasising that prize monies could range from fixed winnings of as little as R10 for 'Division 9 – Match Power Ball' to several millions of Rands for jackpot winnings. From the discussion in chapter 2 it was evident that only approximately 5% of players win per draw, for which the earnings of more than 90% are very low. Thus, although a relatively high proportion win prizes, the amounts won by the majority are very low and often less than the amount spent.

With regard to the amount spent on lottery winnings, it is firstly important to note that almost a third (35.3%) of respondents who claimed to have won lottery prizes in the preceding year or month, could either not recall the winning amount or indicated that they would not disclose the information. Likewise, there is the possibility that respondents also could not differentiate between the winnings from other gambling activities and those from lottery.

Against this background, the data analysis reveals an average amount of R1 315 per annum or R110 per month reported by 313 (or 64.7% of the 484) respondents who claimed to have won from playing the lottery. When taking into account the average monthly expenditure amount of R156 on lottery activities, the average estimated winning amounts appear to be below the amount spent on lottery activities. As a follow-up question, those who indicated that they had won lottery prizes during the preceding year (n = 483), were also requested to disclose information regarding the expenditure items bought from the winnings. The same question was posed to those respondents who had not won any prizes in the preceding year (n = 597), although this group was requested to indicate the expenditure items that they would most likely purchase in the event of winning a prize. The outcome of these research findings are displayed in figure 3.15 that provides a comparative analysis of lottery prize winners and non-winners. From the analysis it is clear that lottery prize winners spend earnings on necessities and second chance winnings (lottery). In turn, those who had not yet won any lottery prizes, clearly have more luxury items in mind.

FIGURE 3.15

ACTUAL AND POTENTIAL SPENDING BY LOTTERY WINNERS AND NON-WINNERS



Relevant to the discussion on lottery winnings, are the views of respondents regarding their chances of winning when using a 'quick pick' option or choosing their own numbers. Although a more detailed analysis regarding respondents choosing their own numbers will be discussed later, it is appropriate to mention that 53.4% of respondents are confident that they stand a better chance of winning if they pick their own numbers as opposed to using the 'quick pick' option. As many as seven in every 10 respondents (70.0%) who participated in lottery activities dream of winning the lottery. Also, approximately a third (34.9%) of lottery players confirmed that lottery winnings have improved their financial situation. On the contrary, almost six in every 10 lottery players (59.4%) indicated that they have lost more money than winning on the lotteries. Finally, about a quarter (26.7%) of lottery participants regularly search for information to determine where winning lottery tickets are mostly sold.

3.5 **LOTTERY BEHAVIOUR AND OPINIONS REGARDING THE LOTTERY AND LOTTERY INDUSTRY**

For those respondents who had participated in lottery activities in the preceding year, a total of 40 predetermined statements related to lottery behaviour and opinions regarding the lottery and lottery industry were formulated. Respondents were requested to rate their level of satisfaction with each of the statements. The outcome of this finding is displayed in table 3.4.

TABLE 3.4

**LOTTERY BEHAVIOUR AND OPINIONS REGARDING
THE NATIONAL LOTTERY AND LOTTERY INDUSTRY**

Statement	Agree	Neither	Disagree	Don't know	N/A	Total
I use a credit card to participate in lotteries	7.1%	3.8%	88.3%	0.7%	0.0%	100.0%
I have borrowed money to participate in lotteries	9.1%	3.2%	86.9%	0.7%	0.1%	100.0%
I regard myself as a compulsive/excessive/problem lottery player	21.0%	8.0%	68.2%	2.8%	0.0%	100.0%
People have criticized me for spending too much money on lotteries, regardless of whether or not I believed them	21.1%	4.4%	70.1%	4.4%	0.0%	100.0%
I only buy lottery tickets when big jackpots (i.e. R10 million or more) are at stake	24.9%	9.3%	62.8%	3.1%	0.0%	100.0%
I usually spend more money on lotteries than budgeted/planned	25.2%	9.7%	63.7%	1.4%	0.0%	100.0%
My parents play(ed) lottery games	26.4%	3.7%	61.9%	8.1%	0.0%	100.0%
I regularly search for information to determine where winning lottery tickets are mostly sold	26.7%	8.1%	58.2%	7.0%	0.0%	100.0%
I usually spend more on lottery tickets when big jackpots (i.e. R10 million or more) are at stake	26.9%	5.2%	64.5%	3.3%	0.0%	100.0%
I have stopped playing lottery games but could not resist the urge to play again	27.4%	7.4%	63.0%	2.2%	0.0%	100.0%
I often spend more money on lotteries to get the same feeling of excitement	28.4%	7.7%	61.6%	2.3%	0.0%	100.0%
My family and friends influence me to participate in lotteries	29.9%	6.9%	61.3%	1.9%	0.0%	100.0%
I spend significantly more on lotteries than three years ago	31.6%	9.4%	55.3%	3.8%	0.0%	100.0%
I am aware of programmes to assist compulsive/excessive lottery players	33.3%	6.8%	44.9%	15.0%	0.0%	100.0%
Lottery winnings helped me to improve my financial situation	34.9%	7.2%	54.5%	3.2%	0.1%	100.0%
Despite feeling guilty of playing lotteries, I continue participation	35.8%	5.6%	55.9%	2.6%	0.0%	100.0%
I have a better chance of winning if I use a 'quick pick'	36.1%	13.6%	39.2%	11.1%	0.0%	100.0%
National Lottery funds are distributed equitably and expeditiously (in time & adequately) across South African communities	40.8%	8.8%	23.6%	26.8%	0.0%	100.0%
I am well informed regarding the newest National Lottery games	41.0%	10.2%	36.6%	12.2%	0.0%	100.0%
I am aware of the procedure to follow if lottery tickets are stolen/lost	42.5%	5.6%	35.5%	16.4%	0.0%	100.0%
National Lottery games provide great entertainment value	47.1%	10.6%	31.5%	10.7%	0.0%	100.0%

TABLE 3.4 (continued)

Statement	Agree	Neither	Disagree	Don't know	N/A	Total
Contributions to good causes (i.e. charities, arts, cultural and sport) motivate me to spend more on lotteries	47.4%	9.0%	34.9%	8.7%	0.0%	100.0%
I will stop participating in lotteries if money is not fairly distributed	48.7%	8.1%	31.3%	11.9%	0.0%	100.0%
If the National Lottery introduced more playing alternatives I would play them	50.0%	10.6%	29.1%	10.3%	0.0%	100.0%
I am aware of the National Lottery Helpline (Player Helpline / Toll-free service) to assist/guide/inform me regarding lottery-related issues	50.0%	5.4%	30.6%	14.0%	0.0%	100.0%
All numbers in the LOTTO, LOTTO PLUS 1, LOTTO PLUS 2 and PowerBall games have the same chances of being selected with each draw	52.1%	7.8%	27.5%	12.6%	0.0%	100.0%
There are enough retail lottery outlets	52.9%	6.8%	32.1%	8.2%	0.0%	100.0%
I am aware of organisations that received National Lottery funding	53.1%	6.9%	26.9%	13.1%	0.0%	100.0%
Lottery causes health problems, including stress or anxiety	53.4%	9.3%	29.7%	7.6%	0.0%	100.0%
I have a better chance of winning if I pick my own numbers	53.4%	13.8%	26.9%	5.9%	0.0%	100.0%
The provision of National Lottery funding to targeted projects/programmes lead to positive social upliftment of vulnerable (poor/unemployed) people	55.6%	6.9%	20.0%	17.5%	0.0%	100.0%
The provision of National Lottery funding to targeted projects/programmes lead to positive community upliftment	58.3%	8.0%	17.8%	15.9%	0.0%	100.0%
A large enough variety of National Lottery games exist	58.4%	8.4%	16.2%	16.9%	0.0%	100.0%
Lottery players should have a say regarding who should get funding for good causes	59.0%	7.4%	25.3%	8.3%	0.0%	100.0%
I have lost more money than I won with lotteries	59.4%	5.6%	31.4%	3.6%	0.0%	100.0%
National Lottery games relate and are relevant to local South Africans	60.0%	8.7%	16.8%	14.5%	0.0%	100.0%
I am aware of the claim period for prizes	67.7%	5.6%	19.5%	7.2%	0.0%	100.0%
I am aware of all the rules to play the National Lottery games	68.1%	6.7%	19.4%	5.8%	0.0%	100.0%
I often dream of winning the lottery	70.0%	6.4%	22.4%	1.2%	0.0%	100.0%
I am aware of the risks of excessive participation in lotteries	72.1%	3.2%	19.9%	4.7%	0.0%	100.0%

The data analysis in 3 is re-configured in figure 3.16.

FIGURE 3.16

LOTTERY BEHAVIOUR AND OPINIONS REGARDING THE LOTTERY AND LOTTERY INDUSTRY

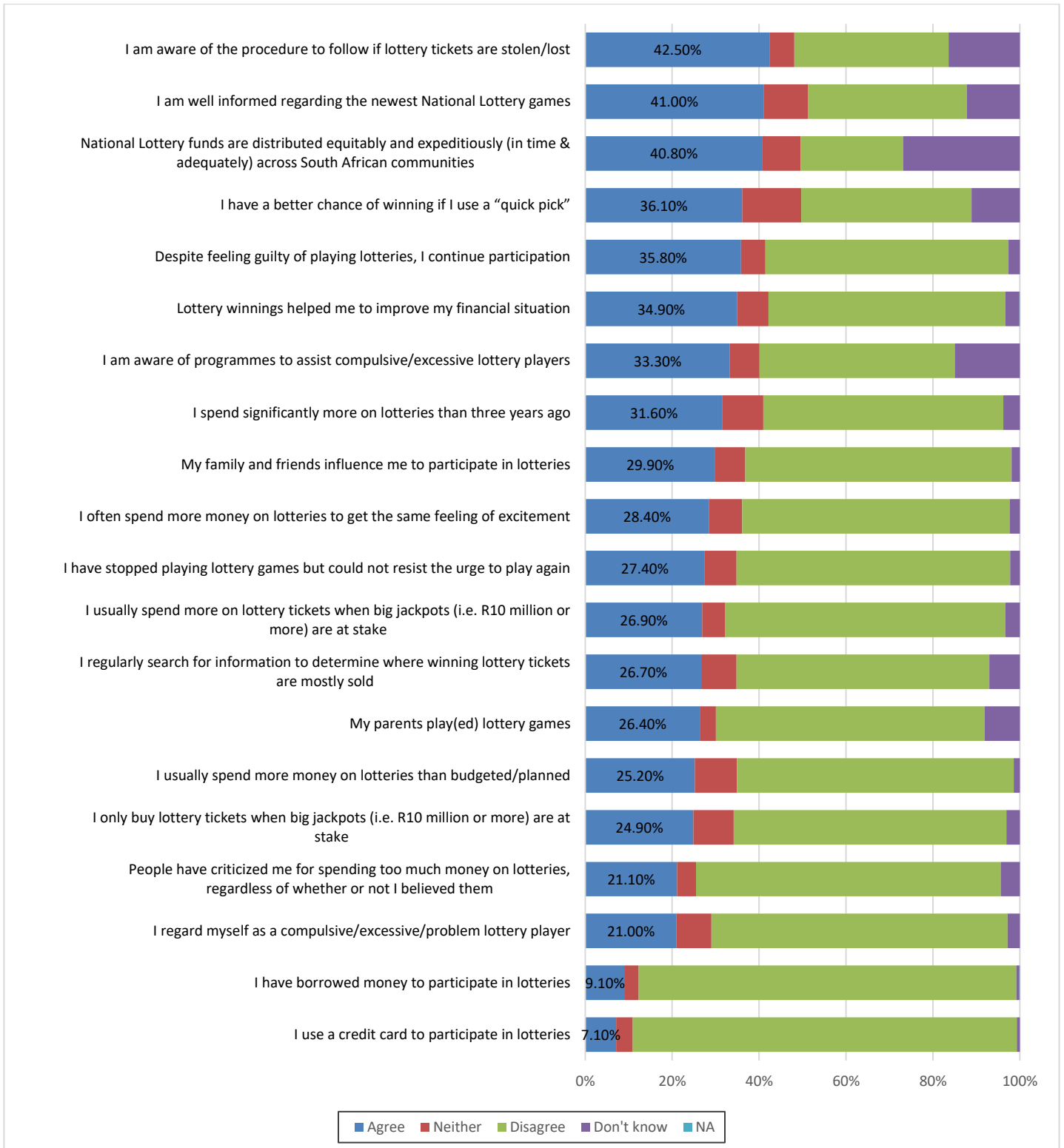
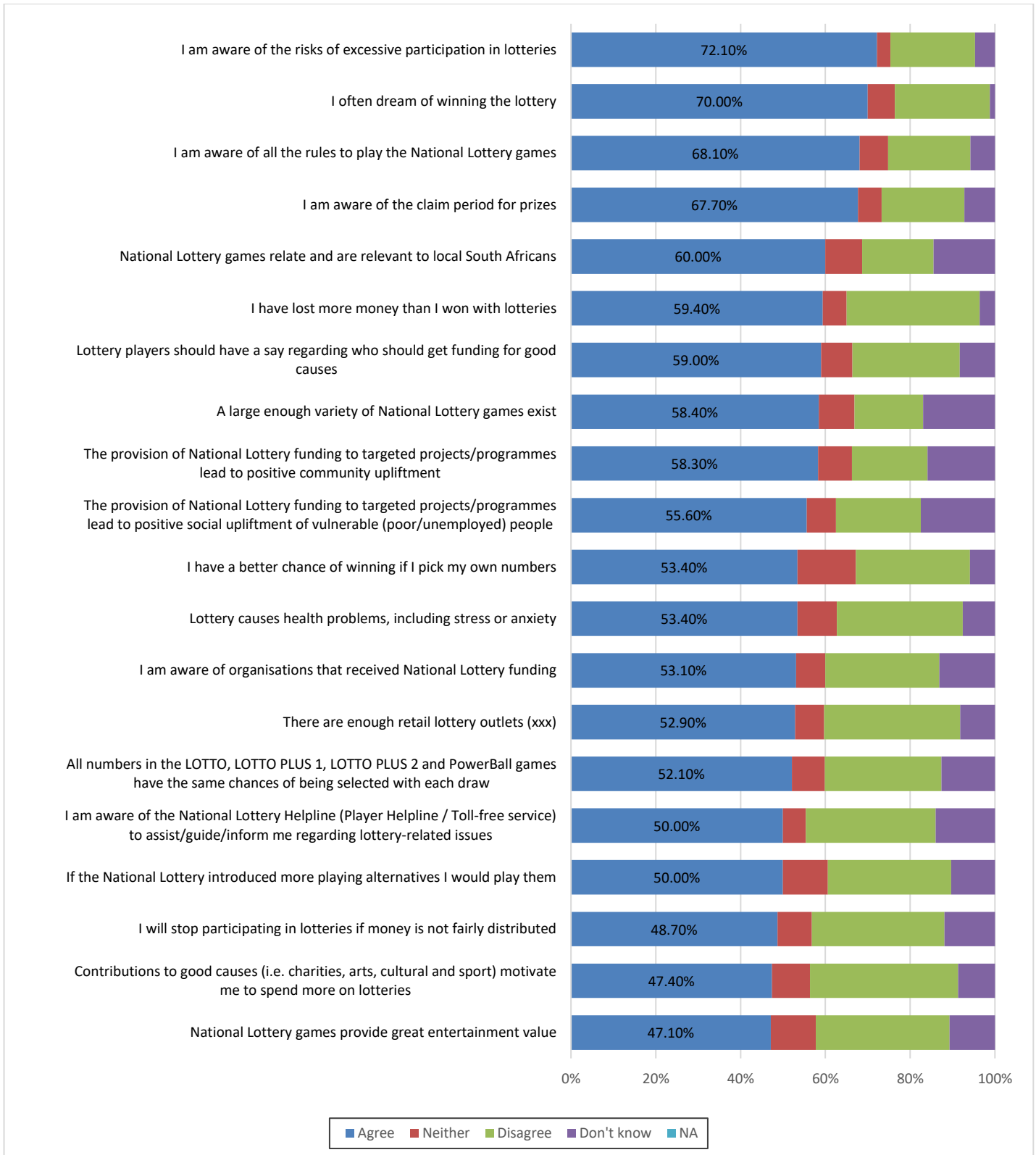


FIGURE 3.16 (continued)



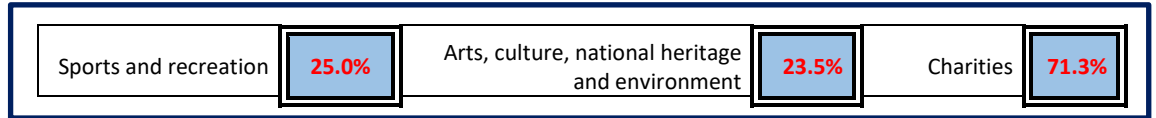
A closer analysis of selected items showcase that the mission of the NLC to be '**a catalyst of social upliftment**' has not yet reached its full potential based on the following evidence:

- Only 55.6% of lottery players agree that *the provision of National Lottery funding to targeted projects/programmes leads to positive social upliftment of vulnerable (poor/unemployed) people;*
- Only 58.3% of lottery players agree that *the provision of National Lottery funding to targeted projects/programmes leads to positive community upliftment;* and
- Only 40.8% of lottery players agree that *the National Lottery funds are distributed equitably and expeditiously (in time & adequately) across South African communities.*

These findings, as well as the fairly low public awareness levels (53.1%) of organisations that receive National Lottery funding, presuppose that the NLC should enhance its efforts to demonstrate its core values and social consciousness to the general public. Likewise, it should keep them informed about the funding of specifically identified priority areas in the three funded sectors of charities, arts and sports. In this regard the NLC should enhance their efforts to demonstrate to the general public the positive contribution through funding initiatives that have created employment, alleviated poverty and empowered women. It is therefore proposed that the marketing and communication aspects of the NLC, and the link between revenue and funding of good causes, should improve.

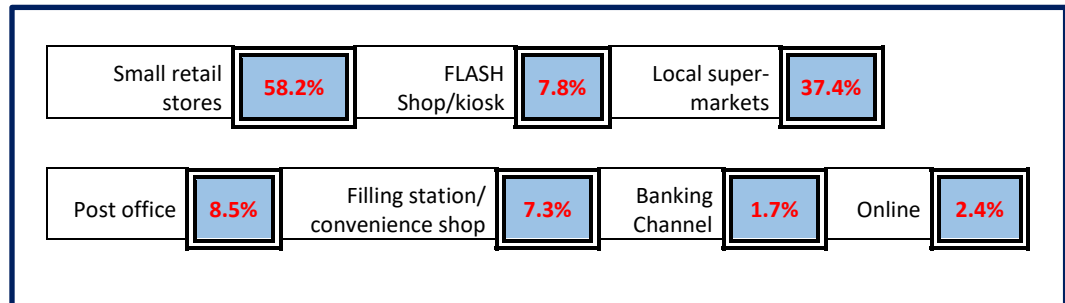
A more confined investigation of the public opinions regarding specific lottery and lottery activities, revealed the following:

- (i) With 59.0% of respondents agreeing that lottery players should have a say regarding who should get funding for good causes, funding support for the National Lottery were mentioned for the following organisations/beneficiaries:

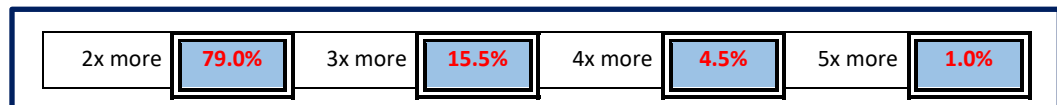


Other beneficiaries mentioned by a small portion of respondents included vulnerable groups, small businesses, schools, old age homes/orphanages, education and churches.

- (ii) With 52.9% of respondents indicating that there are sufficient retail outlets, the normal points of purchase of lottery tickets are:



- (iii) With about a quarter (26.9%) of lottery players confirming that they usually spent more on lottery tickets when big jackpots (i.e. R10 million or more) are at stake, the additional amounts spent are as follows:

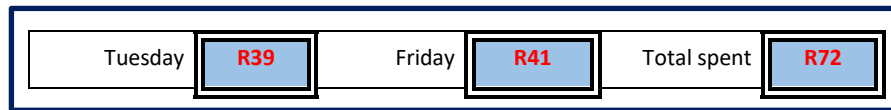


Respondents indicated that they usually spend an average of R109 on lottery tickets, while an average of R185 (or 1.7 times more) is spent on lottery tickets when big jackpots (i.e. R10 million or more) are at stake.

- (iv) Respondents who bought LOTTO tickets, indicated that they split their spending on lotto (LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2) tickets as follows between Wednesday and Saturday draws:



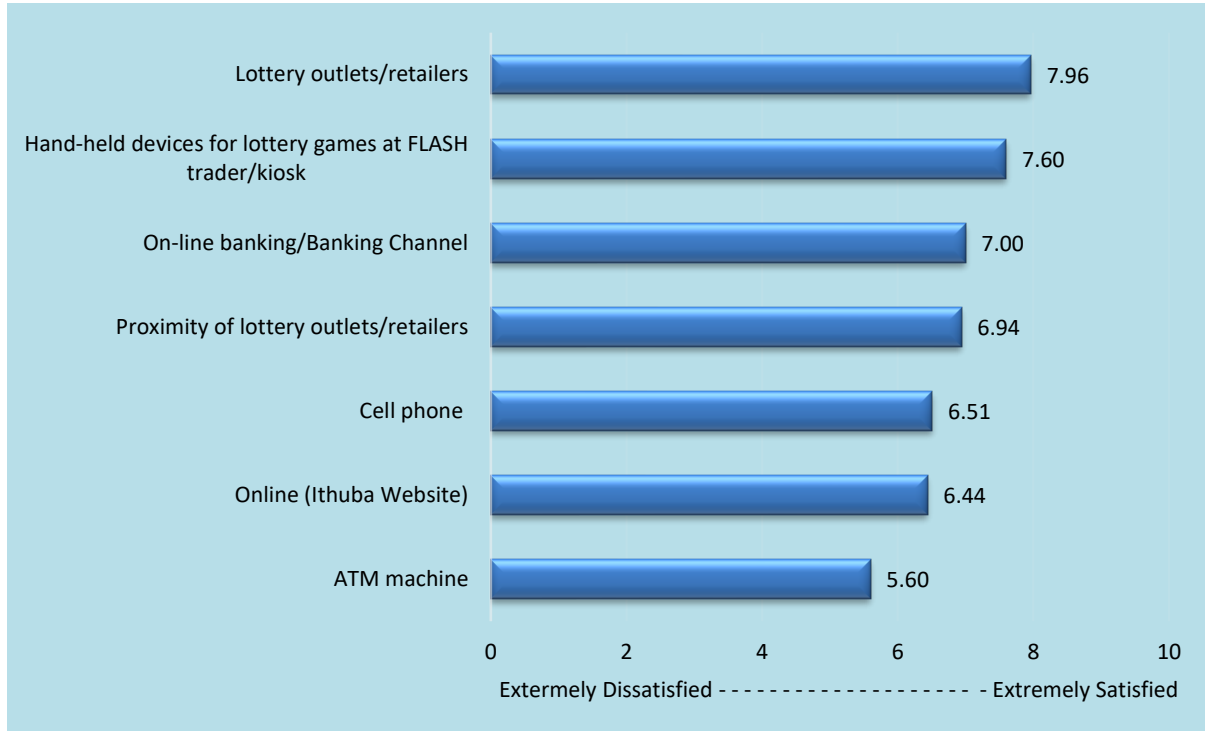
With reference to Powerball and/or PowerBall PLUS tickets, the expenditure split between Tuesday and Friday draws is as follows:



- (v) To conclude the section on the investigation of lottery participants' behaviour and opinions, respondents were requested to rate their **level of satisfaction** with the methods used to play National Lottery games and related aspects, where 1 = extremely dissatisfied and 10 = extremely satisfied. The average satisfaction ratings score for each of the aspects measured are displayed in figure 3.17.

FIGURE 3.17

**SATISFACTION WITH METHODS USED TO
PLAY NATIONAL LOTTERY GAMES AND RELATED ASPECTS**



3.6 GENERAL PERCEPTIONS REGARDING THE LOTTERY INDUSTRY

The final section of the questionnaire requested all respondents (n = 3 090) to indicate their level of agreement with 28 predetermined statements regarding the lottery industry (see table 3.5). From the analysis it is clear that most respondents (75.7%) agree that people should have the right to play lottery games whenever they wish. Two-thirds of respondents (68.3%) claim to be well informed regarding the location of authorised retailer outlets that sell lottery products/tickets in South Africa. This finding bodes well on the visibility and marketing efforts of the National Lottery. Remarkably, 66.9% of respondents regard playing lottery games as addictive.

When analysing the levels of disagreement, it is also clear from the analysis that as high as 65% of respondents have not accessed the National Lottery Website (knowledge hub) in the 12 months preceding the survey. Low levels of awareness about the National Lottery Distribution Trust Fund (NLDTF), ITHUBA Holdings (RF) Proprietary Limited ('ITHUBA') and the National Lotteries Commission (NLC) and its regulatory mandate, were notable among at least a third of the survey population. About a third of the respondents (36.1%) disagree that the National Lottery industry in South Africa is an important source of income/financial wellness for households. Given that a similar portion of respondents (38.5%), agree with this statement, displays uncertainty among the general population regarding the actual and potential impact of the lottery on the income/financial wellness of households.

TABLE 3.5

GENERAL PERCEPTIONS REGARDING THE LOTTERY INDUSTRY

Statement	Agree (%)	Neither (%)	Disagree (%)	Don't know (%)	Total (%)
Participation in lottery games is an important leisure activity for South Africans	16.0	66.7	8.9	8.4	100.0
I have accessed the National Lottery website (knowledge hub) in the past 12 months	18.0	6.3	65.0	10.7	100.0
I am well informed about the National Lottery Distribution Trust Fund (NLDTF) who is responsible to distribute funds for good causes	29.9	9.2	43.7	17.2	100.0
I am well informed about ITHUBA Holdings (RF) Proprietary Limited ('ITHUBA')	32.4	10.2	41.6	15.9	100.0
Illegal lottery activities and illegal lottery outlets are a common phenomenon in South Africa	37.1	10.3	21.3	31.3	100.0
The National Lottery industry in South Africa is an important source of income/financial wellness for households	38.5	11.7	36.1	13.6	100.0
Sufficient information is available regarding the risks of excessive/compulsive lottery playing	39.0	9.9	27.4	23.7	100.0
I am well informed regarding all approved National Lottery products/games	42.4	9.4	32.5	15.7	100.0
I am well informed about the National Lotteries Commission (NLC) and its regulatory mandate	43.7	9.1	34.6	12.6	100.0
Most people play the lottery games sensibly	44.6	11.9	24.7	18.9	100.0
I understand the difference between 'Phanda Pusha Play' and 'Changing Lives'	45.4	7.4	30.6	16.7	100.0

TABLE 3.5 (continued)

Statement	Agree (%)	Neither (%)	Disagree (%)	Don't know (%)	Total (%)
Information technology (Internet and cell phones) enhance participation in lottery games	47.8	8.8	18.3	25.1	100.0
Illegal lotteries must be regulated as this practice reduces funding for good causes and increases the potential of corruption	48.1	9.1	18.9	24.0	100.0
Participation in lottery games contributes to conflict/violence experienced in households	48.1	10.9	25.1	15.9	100.0
The Lottery industry caters for people with disabilities and special needs	49.2	8.5	19.1	23.3	100.0
The National Lottery is operated in a secure and fair manner	50.0	12.6	15.7	21.8	100.0
Sufficient information of National Lottery products and services is available on information technology platforms (i.e. cell phones, Internet)	50.0	8.0	18.6	23.4	100.0
The Lottery industry of South Africa is well regulated	50.7	12.8	13.7	22.8	100.0
Excessive or compulsive lottery game playing is a common phenomenon in South Africa	50.7	11.4	17.0	20.9	100.0
The National Lottery is positively 'changing the lives' of South Africans	52.0	12.2	20.7	15.1	100.0
Participation in lottery games contributes to financial problems experienced in households	52.3	11.8	22.6	13.4	100.0
I understand what 'Phanda Pusha Play' is	55.9	4.9	25.4	13.8	100.0
Clearly identifiable National Lottery Signs and advertisements are notable in my community	56.4	11.1	22.6	9.8	100.0
I understand what 'Changing Lives' is	58.3	6.1	22.3	13.4	100.0
I am well informed about the requirements for responsible lotteries played in South Africa	59.2	7.2	21.2	12.4	100.0
Playing lottery games is addictive	66.9	9.4	14.2	9.5	100.0
I am well informed regarding the location of authorised retailer outlets that sell lottery products/tickets in South Africa	68.3	6.3	15.2	10.2	100.0
People should have the right to play lottery games whenever they like	75.7	5.3	11.4	7.7	100.0

When comparing the opinions of lottery and non-lottery players, lottery players appear to be more optimistic regarding the lottery industry. This finding is evident from table 3.6. The analysis shows the difference in the agreement scores between lottery and non-lottery players, from which it is evident that lottery players show more confidence in the lottery. Aspects where the two groups show similar views pertain to the adequacy of information available regarding the risks of excessive/compulsive lottery playing. Also, both groups agree that they are not well informed about the NLDTF. Furthermore, both players and non-players disagree equally regarding the National

Lottery industry in South Africa serving as an important source of income/financial wellness for households – similar to the generally low levels of confidence among the general public in this regard. Also interesting to note from the analysis is the level of disagreement among the two groups (lottery players – 19.4% and non-lottery players – 14.2%) that lottery games are an important leisure activity for South Africans. Four in every 10 respondents from both groups agree that illegal lottery activities as well as illegal lottery outlets are common in South Africa. Slightly more respondents from the non-lottery player group regard lottery playing as addictive. Most and more respondents from the non-lottery player group agree that lottery games contribute to financial problems and conflict/violence in households.

TABLE 3.6

**COMPARISON BETWEEN LOTTERY AND NON-LOTTERY PLAYERS
REGARDING THE LOTTERY INDUSTRY**

Statement	Lottery Player (%)	Non-player (%)	Total (%)	Difference (%)
I understand what 'Phanda Pusha Play' is	75.00	45.60	55.90	29.40
I am well informed about the requirements for responsible lotteries played in South Africa	77.20	49.50	59.20	27.70
I understand the difference between 'Phanda Pusha Play' and 'Changing Lives'	63.10	35.90	45.40	27.20
I understand what 'Changing Lives' is	73.80	50.00	58.30	23.80
I am well informed about ITHUBA Holdings (RF) Proprietary Limited ('ITHUBA')	47.00	24.50	32.40	22.50
I am well informed regarding all approved National Lottery products/games	56.70	34.70	42.40	22.00
I have accessed the National Lottery website (knowledge hub) in the past 12 months	31.90	10.60	18.00	21.30
The National Lottery is operated in a secure and fair manner	63.60	42.60	50.00	21.00
The Lottery industry of South Africa is well regulated	64.00	43.50	50.70	20.50
The Lottery industry caters for people with disabilities and special needs	61.20	42.70	49.20	18.50
Sufficient information of National Lottery products and services is available on information technology platforms (i.e. cell phones, Internet)	61.80	43.70	50.00	18.10
Information technology (Internet and cell phones) enhance participation in lottery games	58.10	42.20	47.80	15.90

TABLE 3.6 (continued)

Statement	Lottery Player (%)	Non-player (%)	Total (%)	Difference (%)
I am well informed about the National Lotteries Commission (NLC) and its regulatory mandate	53.50	38.40	43.70	15.10
Sufficient information is available regarding the risks of excessive/compulsive lottery playing	48.00	34.10	39.00	13.90
I am well informed regarding the location of authorised retailer outlets that sell lottery products/tickets in South Africa	77.00	63.50	68.30	13.50
The National Lottery is positively 'changing the lives' of South Africans	60.80	47.30	52.00	13.50
Most people play the lottery games sensibly	53.00	40.00	44.60	13.00
I am well informed about the National Lottery Distribution Trust Fund (NLDTF) who is responsible to distribute funds for good causes	38.00	25.60	29.90	12.40
People should have the right to play lottery games whenever they like	83.00	71.80	75.70	11.20
Clearly identifiable National Lottery Signs and advertisements are notable in my community	63.50	52.60	56.40	10.90
The National Lottery industry in South Africa is an important source of income/financial wellness for households	45.30	34.90	38.50	10.40
Illegal lotteries must be regulated as this practice reduces funding for good causes and increases the potential of corruption	53.70	45.00	48.10	8.70
Participation in lottery games is an important leisure activity for South Africans	19.40	14.20	16.00	5.20
Excessive or compulsive lottery game playing is a common phenomenon in South Africa	53.50	49.20	50.70	4.30
Illegal lottery activities and illegal lottery outlets are a common phenomenon in South Africa	39.70	35.70	37.10	4.00
Playing lottery games is addictive	65.10	67.90	66.90	-2.80
Participation in lottery games contributes to financial problems experienced in households	49.40	53.80	52.30	-4.40
Participation in lottery games contributes to conflict/violence experienced in households	43.80	50.40	48.10	-6.60

3.7 PROBLEM/COMPULSIVE LOTTERY PLAYING

To gain some insight into the experience and impact of problem/compulsive/excessive lottery participation, the research design used a self-assessment method whereby respondents were requested to rate their agreement with 11 predetermined statements. Although other studies apply clinical tests to measure compulsive/problem gambling, these were not considered for this study. Prior to discussing the self-assessment, the following pertinent perceptions cited by respondents (figure 3.16

and tables 3.4, 3.5 and 3.6) – suggest serious concerns regarding compulsive lottery participation:

- Excessive or compulsive lottery game playing is a common phenomenon in SA (50.7% of all participants agreed with this statement while 53.5% of lottery players in particular confirmed this perception);
- Playing lottery games is addictive (approximately two-thirds of lottery and non-lottery players confirmed this perception);
- I regard myself as a compulsive/excessive/problem lottery player (21.0% of lottery players agreed with this statement); and
- I usually spend more money on lotteries than budgeted/planned (25.2% of lottery players agreed with this statement).

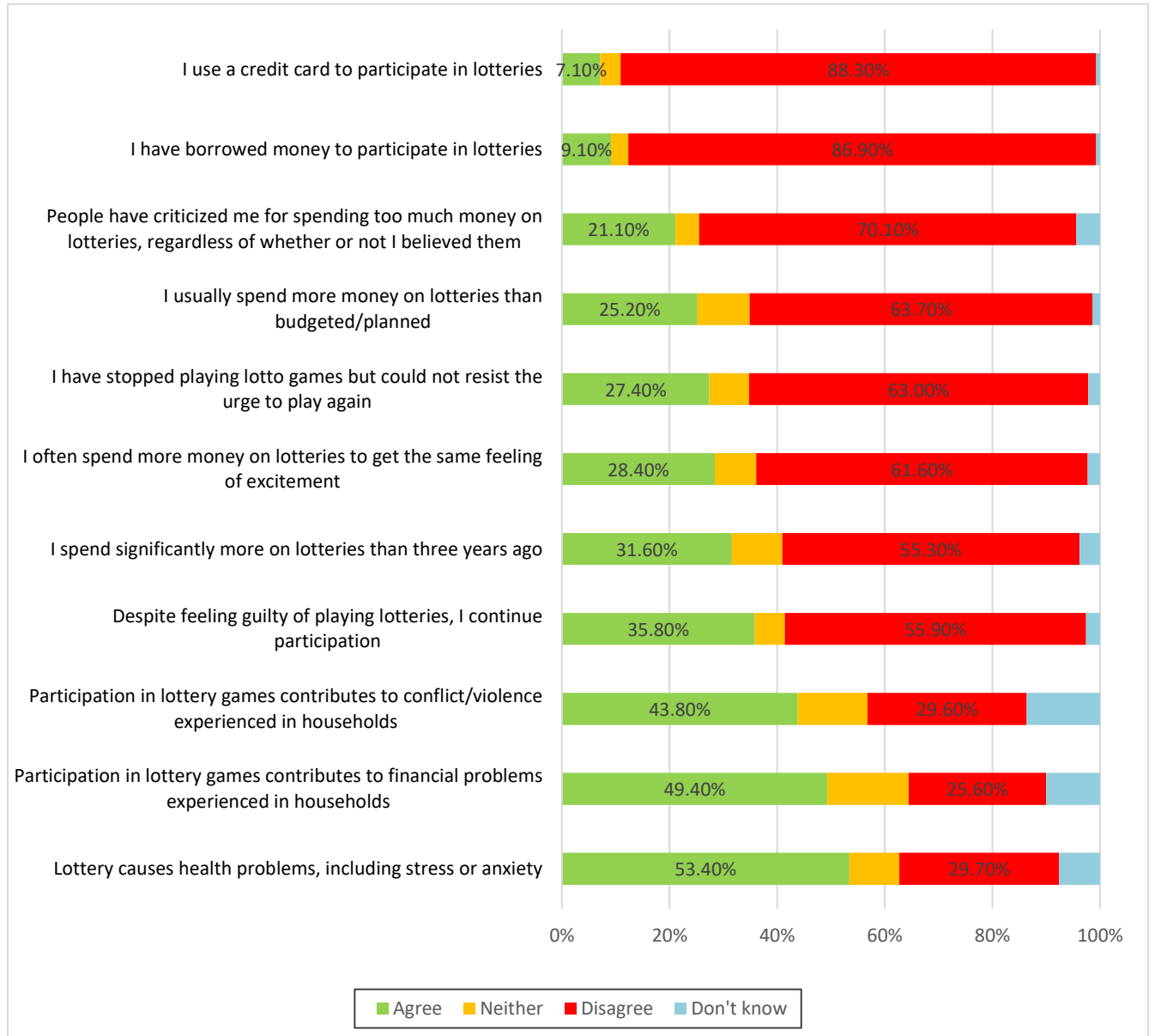
It is important to note that these examples largely support the analysis conducted in chapter 2. In this regard it was pointed out that approximately a third of the unemployed and four in every 10 of grant recipients are lottery players. The relatively higher levels of lottery participation evident among a large portion of the poorer section of the population could imply that an expenditure amount of as little as R10 or R20 per lottery draw could easily lead to a feeling of ‘excessive/compulsive/problem gambling’. This view is further supported by about a quarter of lottery players agreeing that they usually spend more on the lottery than initially planned/budgeted.

Building on the above analysis, the analysis in figure 3.18 presents an overview of selected statements closely associated with problem/compulsive lottery playing. According to the views of the majority of lottery players, participation in lotteries poses a health risk (53.4%) and contributes to financial problems in households (49.4%). Likewise, for four in every 10 households (43.8%), participation in lottery games contributes to conflict/violence. Less than 10% of participants indicated that they use a credit card or borrow money to participate in lottery activities. Around a quarter of lottery players spend more money on lottery than budgeted for, could not resist the

urge to play again after stopping to play and often spend more on the lottery to achieve the same feeling of excitement. One in every five lottery players has experienced disapproval from others for spending too much on lotteries.

FIGURE 3.18

PROBLEMATIC LOTTERY PLAYING

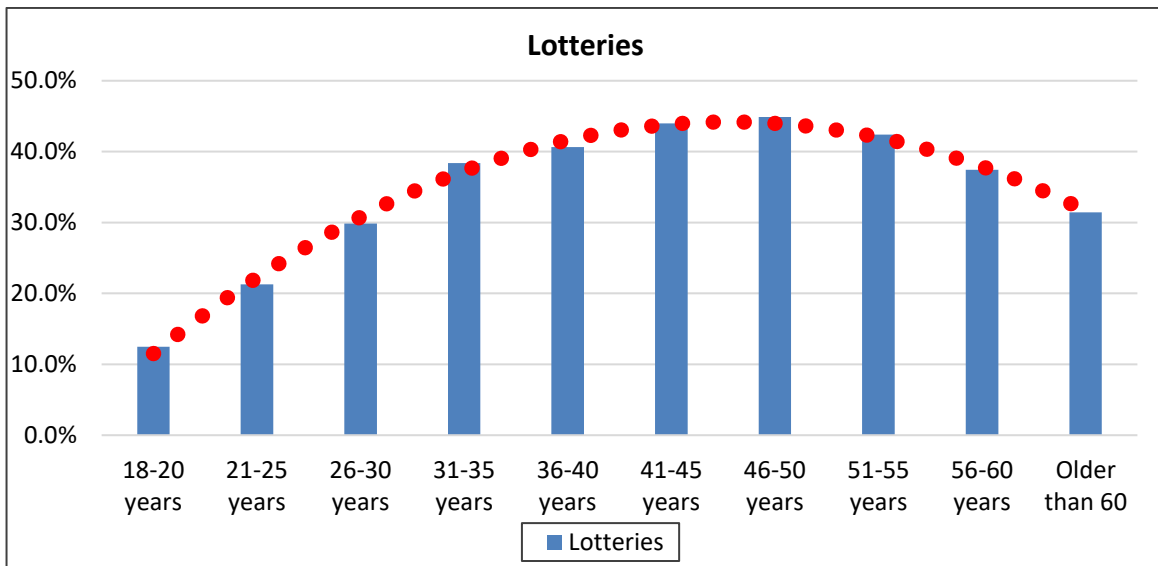


3.8 COHORT ANALYSIS

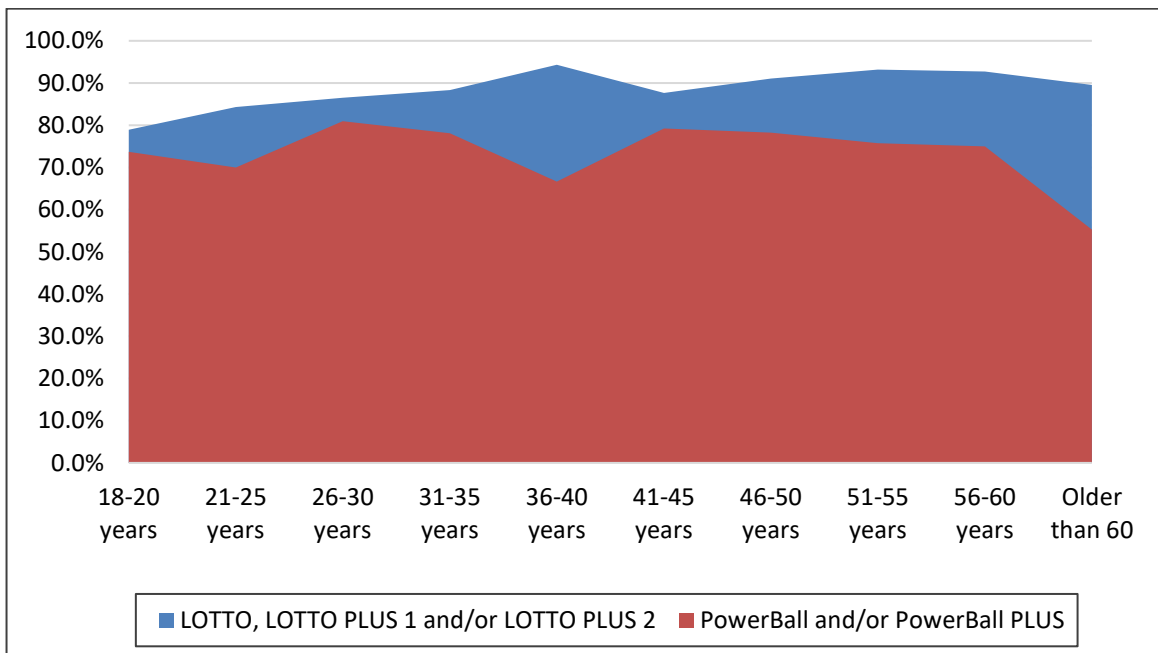
This section provides cohort analyses to profile lottery participants according to age, work status, educational attainment, population group, gender, household income, social grant recipient status, province and settlement type (urban/rural). Detailed cohort analyses of all demographic variables are presented in annexure A. Several trends emerged when examining the outcome of the cohort analysis. These are highlighted in the subsections below, which should be considered in tandem with the data contained in annexure A. When considering the outcome of the cohort analysis readers are cautioned not to overgeneralise sub-categories of cohorts containing smaller samples and not being in precisely the same proportion as the national total. For example, when comparing the demographic sub-cohorts of the survey with those of South Africa as a whole (based on the 2018 mid-year population estimates of Stats SA), the survey results may be slightly biased towards the Black female population. Generally, the 2018/19 NLC survey resembles a close fit with the provincial, age, gender and population group cohorts of South Africa. Against this background, the cohort analysis based on the survey findings are presented in the sub-sections below, but limited to the profiling of lottery activities.

3.8.1 Age analysis

- On the basis of the survey outcome, participation in lotteries (including the National Lottery) show relatively higher participation rates among people between the ages of 36 and 55 years. In turn, participation in lottery scratch cards predominates in the 46-55 year age cohort while participation in Fafi is relatively higher in the 51-60 age cohort.



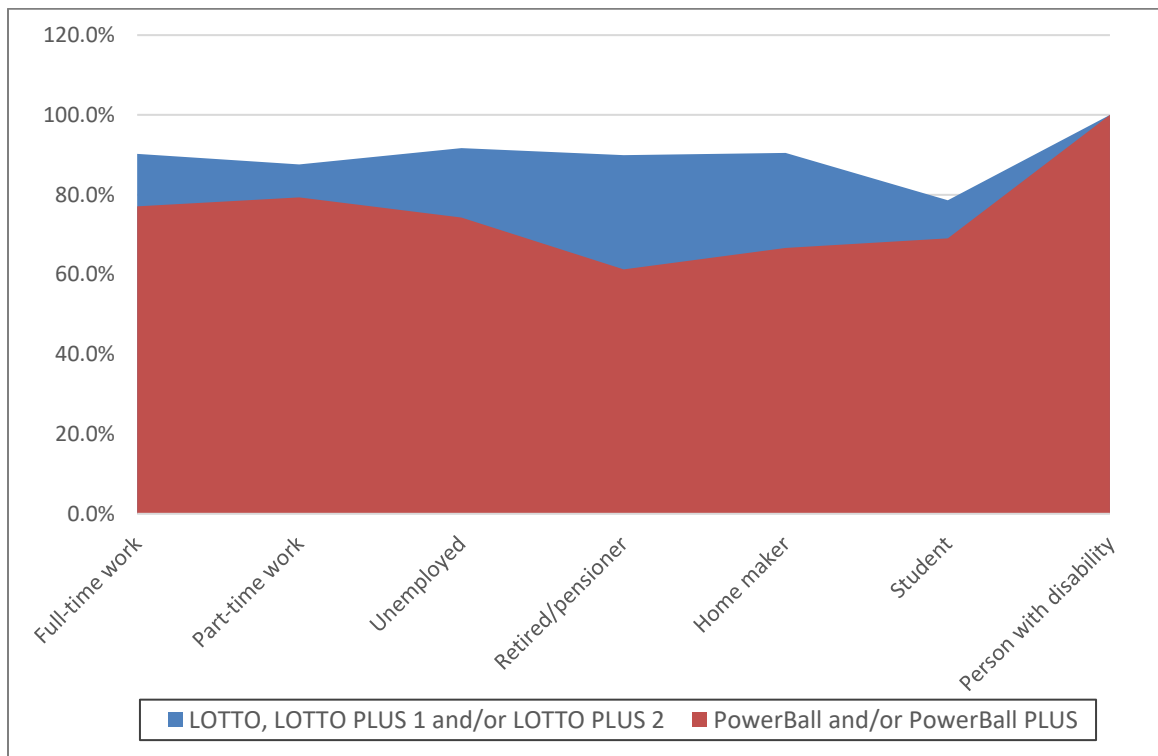
- When analysing National Lottery playing patterns by age group, relatively higher levels of participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 are notable among older people. LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 play spikes at the age of 36-40 years. In turn, PowerBall and/or PowerBall PLUS are more prevalent among younger age groups (26-35 years).



- Participation in promotional competitions and SPORTSTAKE 13 shows relatively higher participation rates among younger age cohorts, although at much lower participation levels than Lotto and Powerball.

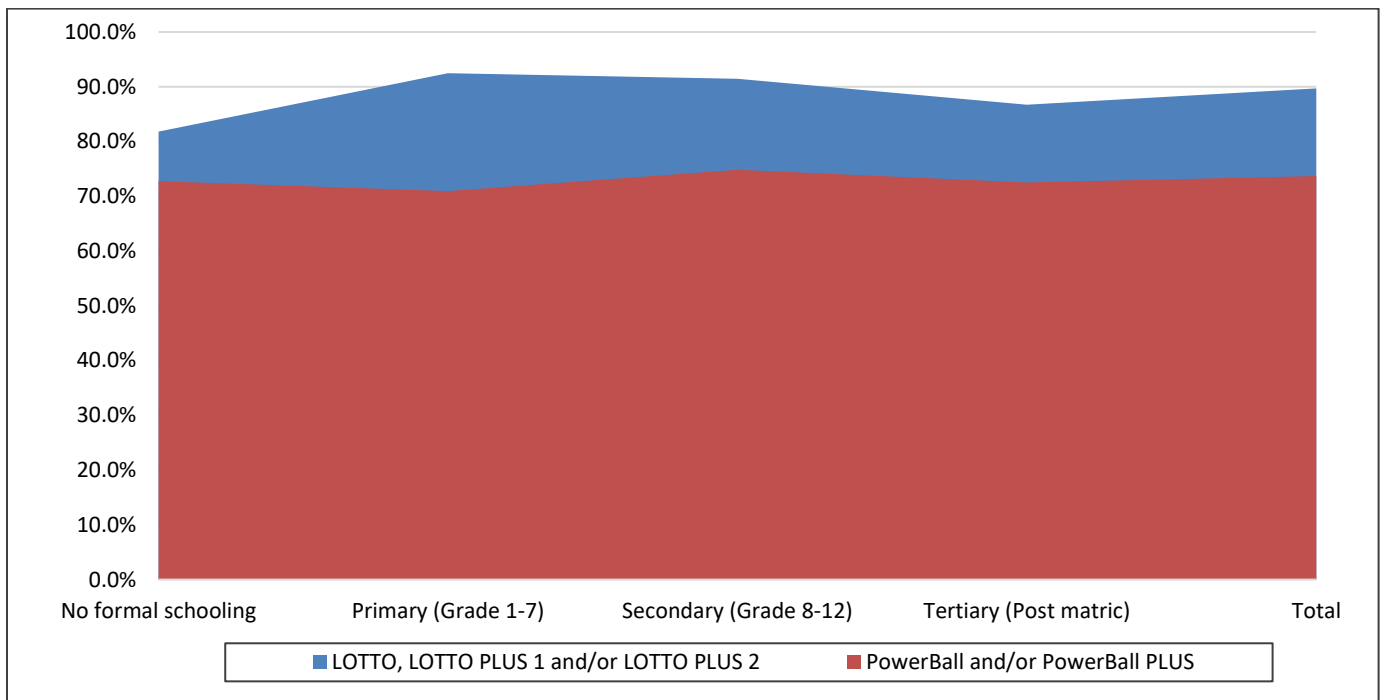
3.8.2 Work status analysis

- Participation in lotteries (including the National Lottery) is relatively higher among full-time workers. In turn, students show relatively lower levels of participation in lotteries.
- Relatively more part-time workers and unemployed participate in Fafi.
- Relatively higher levels of participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 are notable among the unemployed. In turn, relatively higher levels of participation in PowerBall and/or PowerBall PLUS are notable among full- and part-time workers and the unemployed. Persons with disability play both Lotto and Powerball. However, in relative terms, comparisons between this and other cohorts should be avoided due to small sample sizes. Participation PowerBall and/or PowerBall PLUS is lowest among pensioners.



3.8.3 Educational attainment analysis

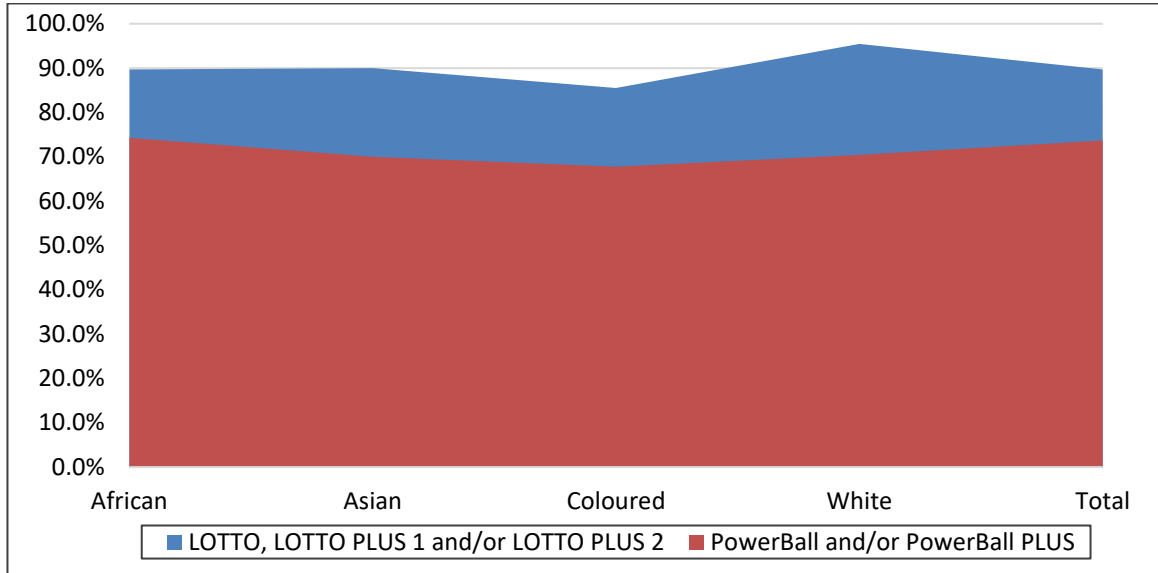
- Persons with no formal schooling show relatively higher levels of participation in lotteries (including the National Lottery). This cohort and people with a primary (grade 1-7) qualification also seem more inclined to participate in Fafi.
- Relatively higher participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 are notable among people with a primary or secondary education qualification. In turn, participation in PowerBall and/or PowerBall PLUS is relatively higher among the secondary education group (grade 8-12).



3.8.4 Population group analysis

- Black Africans show relatively higher levels of participation in lotteries (including the National Lottery) than other population groups. This cohort also shows relatively higher participation levels in lottery scratch cards, sport pools/competitions and unlicensed activities (Fafi).
- Asians show relatively lower levels of participation in lotteries than other population groups.

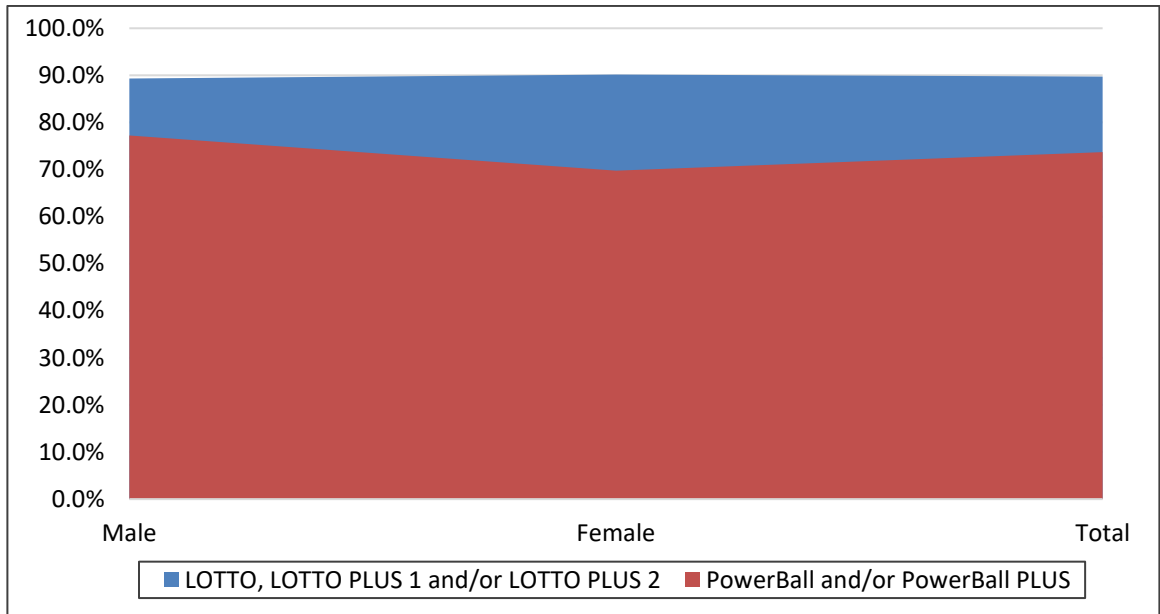
- In relative terms, participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 predominates among the White population, whereas a relatively higher proportion of the Black population purchase PowerBall and/or PowerBall PLUS.



- Excluding LOTTO and PowerBall, SPORTSTAKE 13 shows relatively higher levels of participation among the Black population.

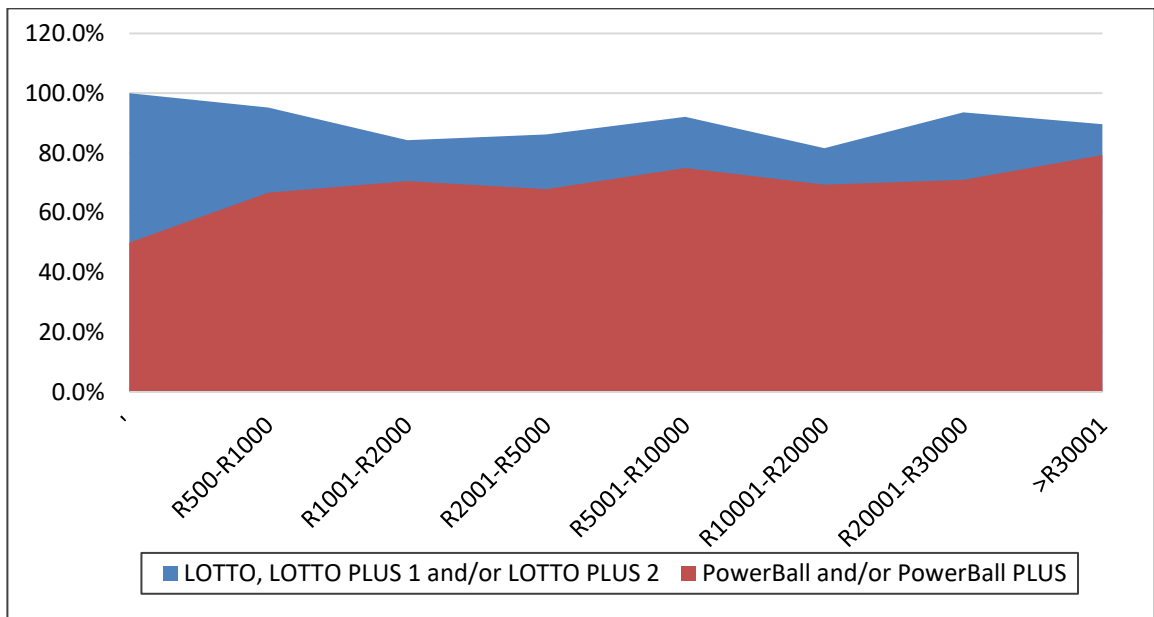
3.8.5 Gender analysis

- Males show relatively higher levels of participation in lotteries (including the National Lottery) than females.
- No gender bias is notable for participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2, while relatively more males purchase PowerBall and/or PowerBall PLUS tickets.
- Relatively more males participate in SPORTSTAKE 13.



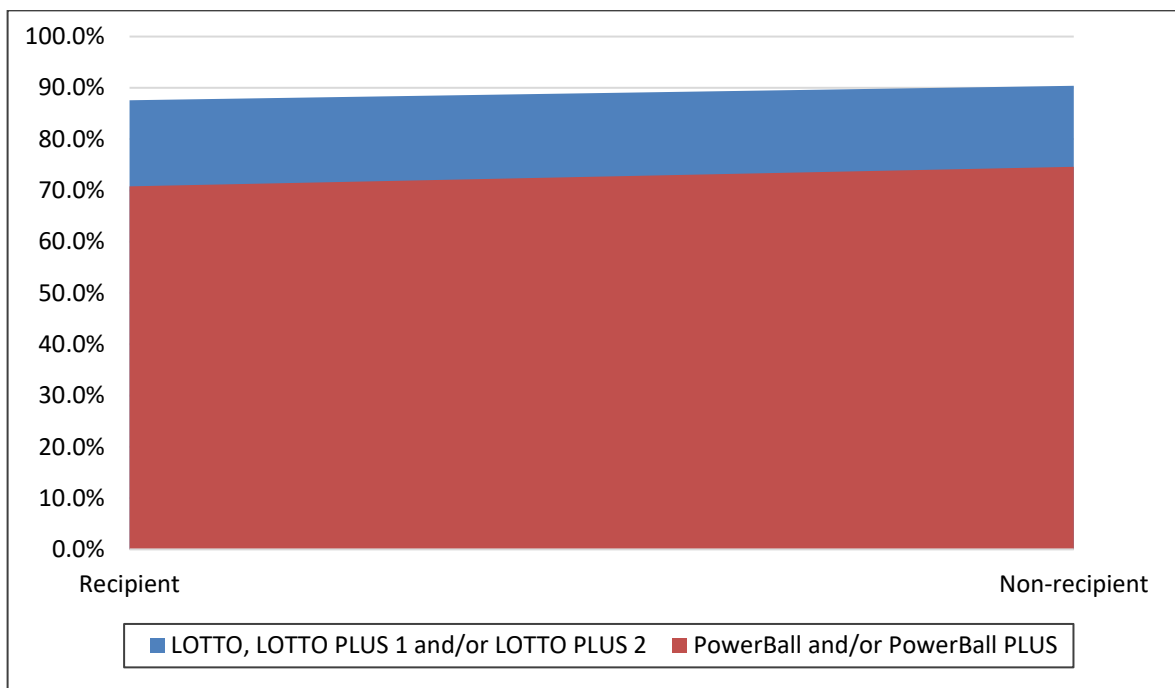
3.8.6 Household income analysis

- A slight bias towards higher income groups is notable for participation in lotteries (including National Lotteries).
- Relatively more people in lower income groups (R500 – R5000 income per month) participate in Fafi.
- Relatively more people in lower income groups participate in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 activities whereas participation in PowerBall and/or PowerBall PLUS increases exponentially with higher income earning households.



3.8.7 Social grant recipient analysis

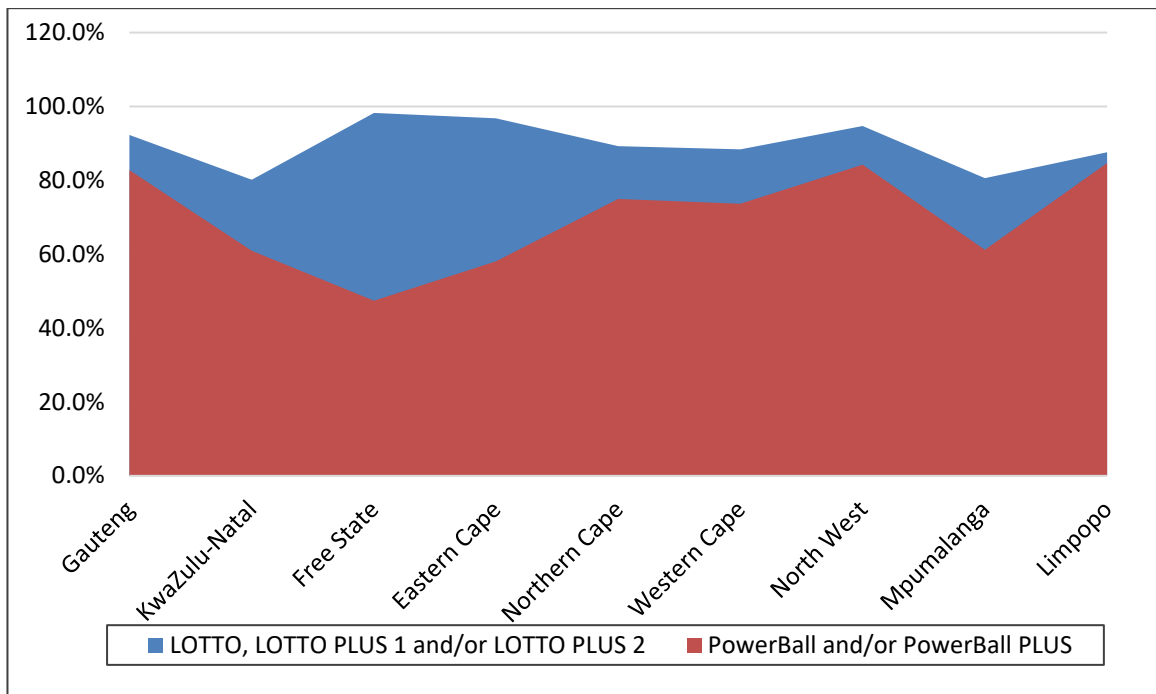
- Households not receiving social grants show relatively higher levels of participation in lotteries.
- Households with social grant holders appear to be relatively more inclined to participate in Fafi.
- Participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 and PowerBall and/or PowerBall PLUS is slightly more dominant among households not receiving social grants.



3.8.8 Provincial analysis

- Participation in lotteries in Limpopo and Gauteng is relatively higher than in other provinces. In turn, the Eastern, Northern and Western Cape Provinces show relatively lower participation rates in lotteries.
- The Free State Province shows relatively higher participation rates in lottery scratch cards and Fafi.
- Participation in sport pools/competitions is relatively higher Limpopo, KwaZulu-Natal and Gauteng.

- Relatively more people in the Free State and Gauteng Provinces are susceptible to Fafi.
- Participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 predominates in the Free State, Eastern Cape, North West and Gauteng Provinces.
- Relatively higher levels of participation in PowerBall and/or PowerBall PLUS are notable for the Gauteng, North West and Limpopo Provinces. Participation in PowerBall and/or PowerBall PLUS is relatively lower in the Free State Province.

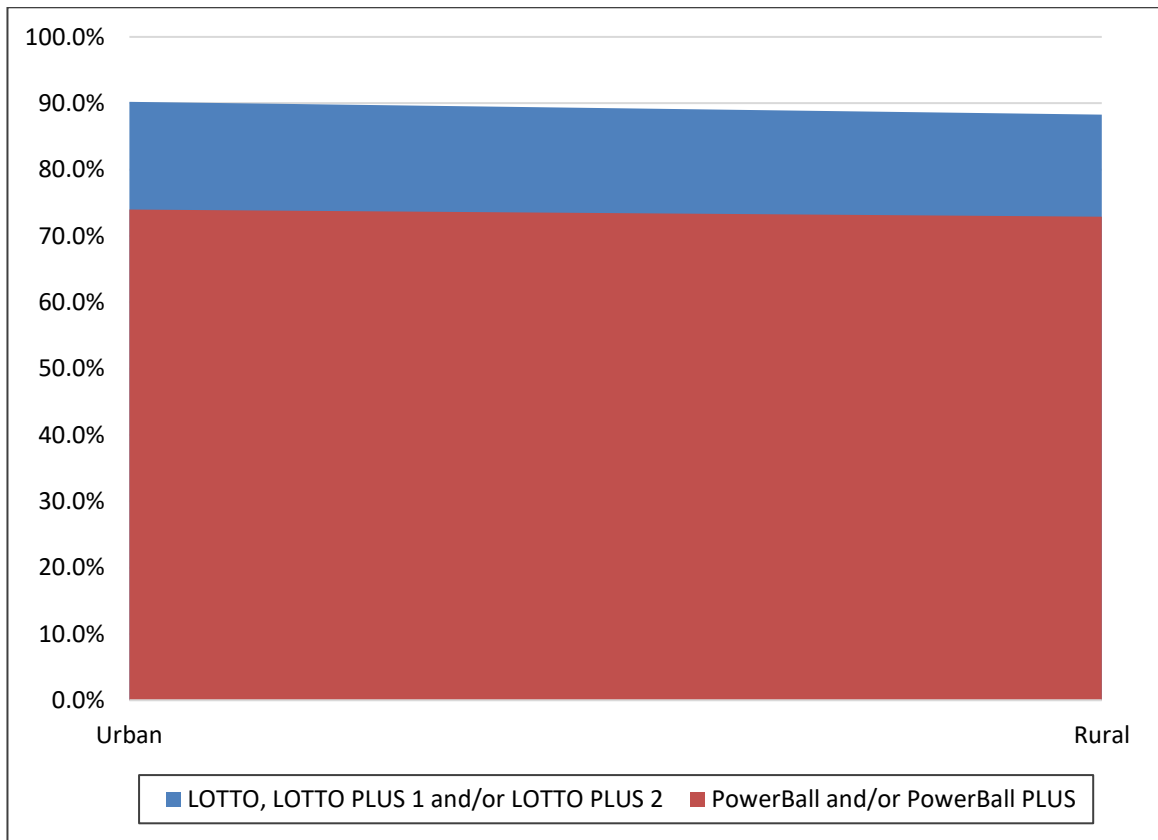


- Participation levels in SPORTSTAKE 13 are relatively higher in the Gauteng and Limpopo Provinces.

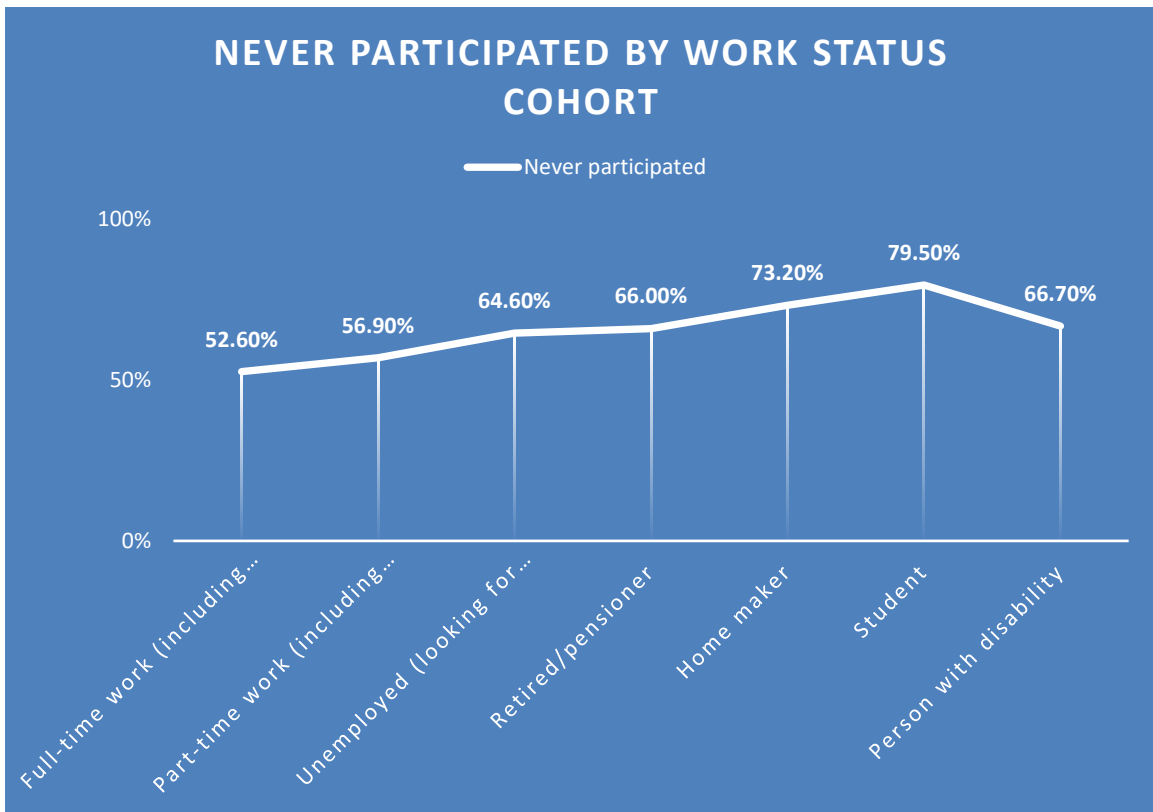
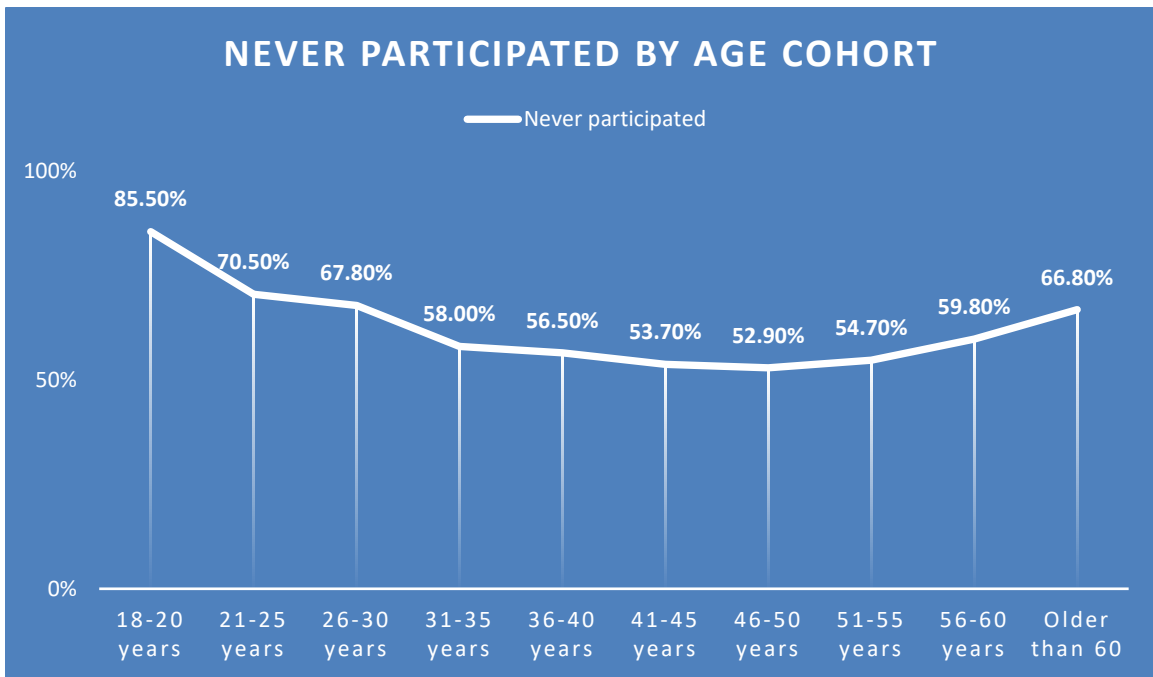
3.8.9 Settlement type analysis

- No significant differences are notable between rural and urban areas regarding the levels of lotteries participation.
- Relatively more people in rural areas participate in Fafi.
- No significant differences are notable between rural and urban areas regarding participation in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 and/or PowerBall and/or PowerBall PLUS. About 90% of people in urban and rural areas who

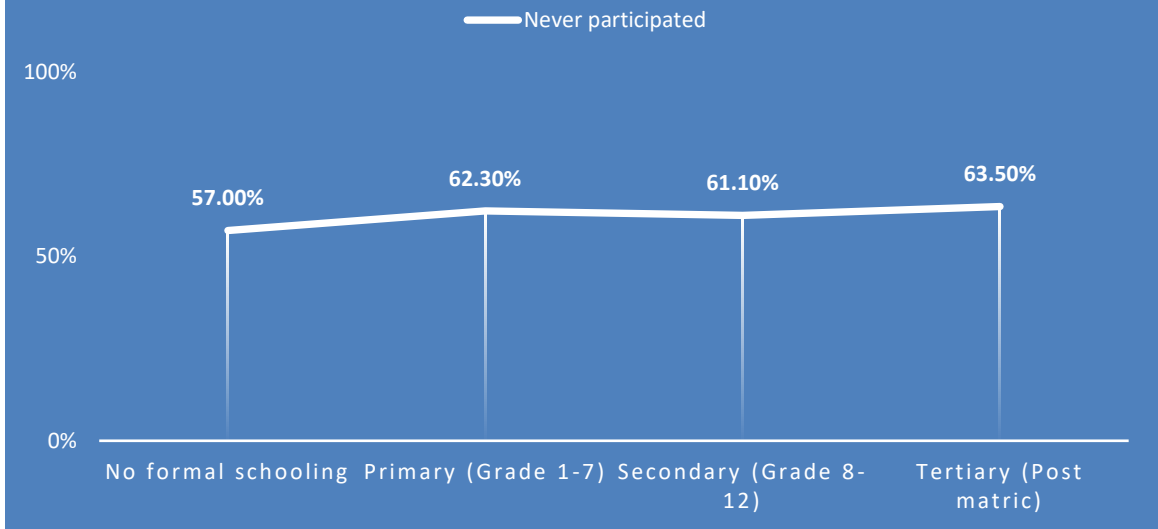
participate in lottery schemes/activities/games play LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2, while just more than 70% of people in urban and rural areas buy PowerBall and/or PowerBall PLUS tickets.



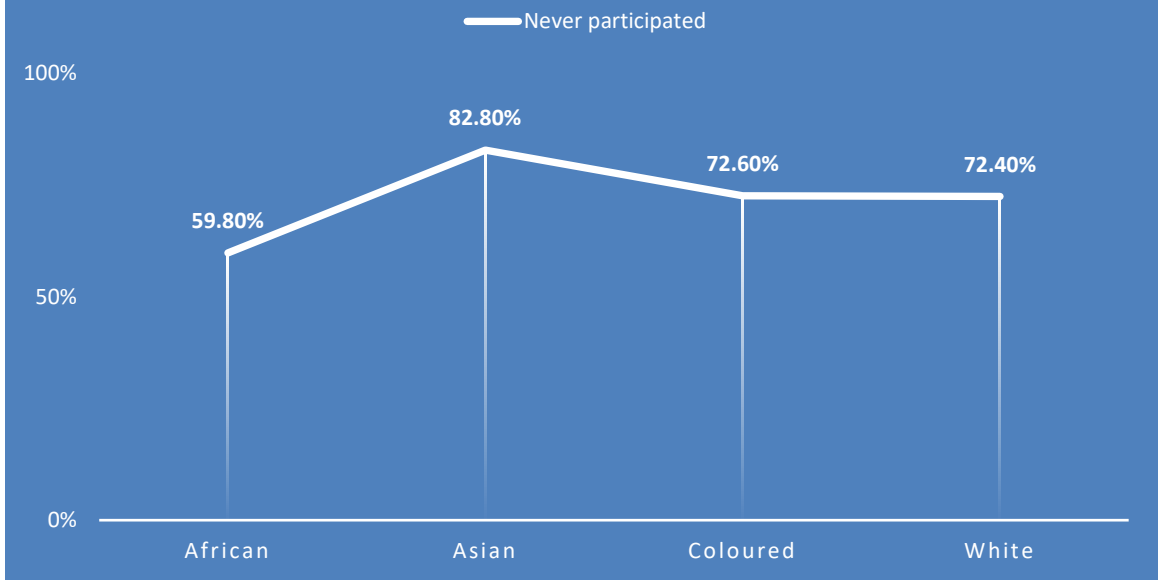
The cohort analysis is concluded by a supplementary analysis of the research population who never participate in any lottery activities or sport pools in the 12 months prior to the 2018/19 NLC study. The illustrations below presents the cohort analysis for the 1 912 (or 61.9%) respondents who did not participated in any of the lottery activities or sport pools in the 12 months prior to the study, mainly due to disinterest. These analyses may be useful to formulating future target market strategies by the NLC.



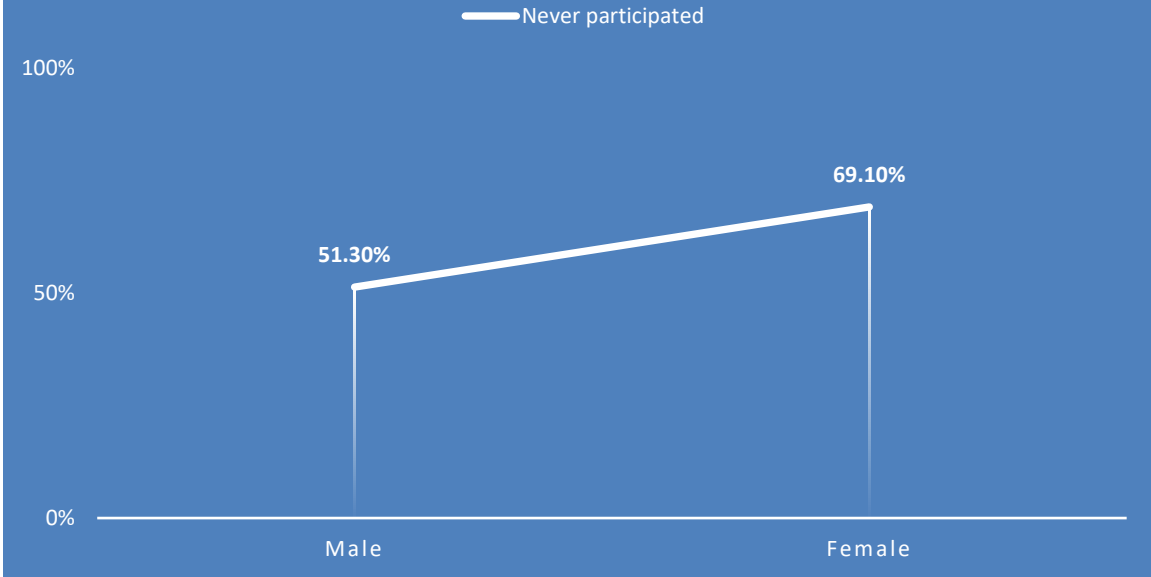
NEVER PARTICIPATED BY EDUCATIONAL ATTAINMENT COHORT



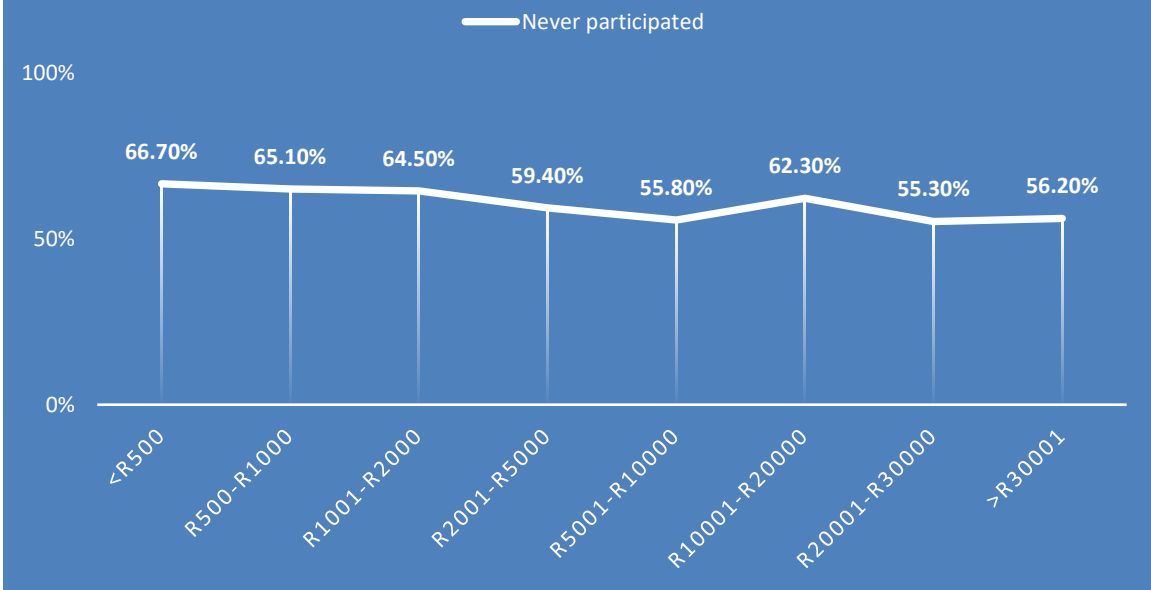
NEVER PARTICIPATED BY POPULATION COHORT

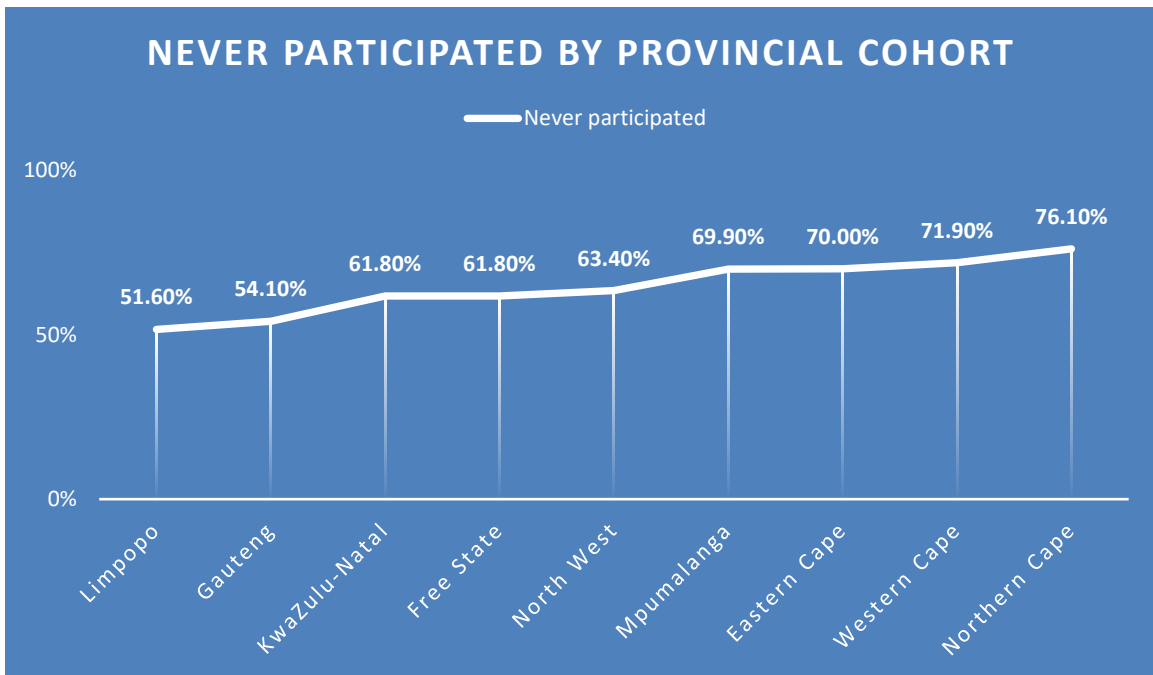
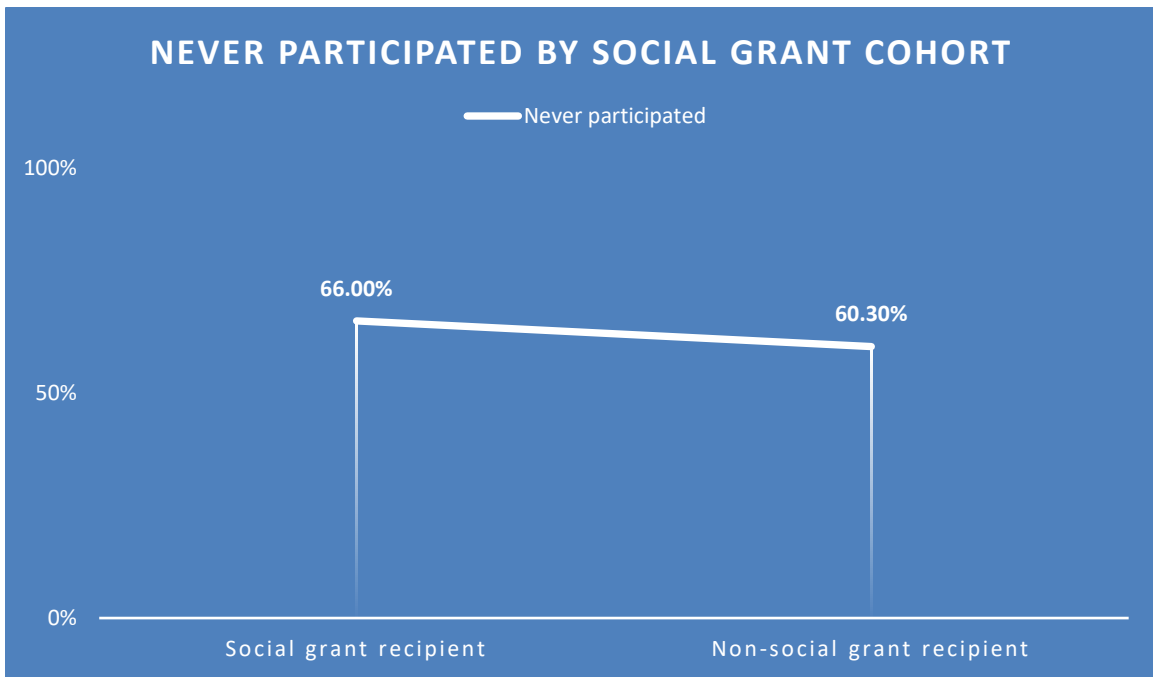


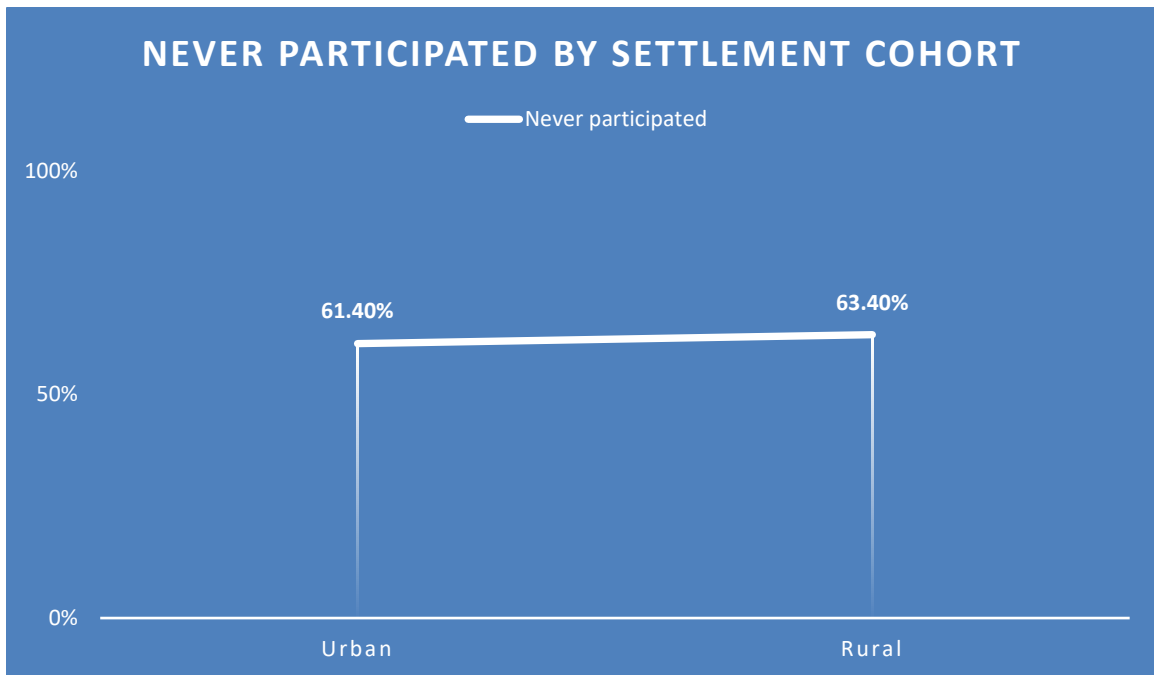
NEVER PARTICIPATED BY GENDER COHORT



NEVER PARTICIPATED BY HOUSEHOLD INCOME COHORT







3.9 CONCLUSION AND SUMMARY

This chapter presented the outcome of the quantitative research study concluded among 3 090 residents distributed proportionally across all nine provinces of South Africa. The analysis revealed that about a third of the survey population participates in lottery activities and sport pools measured by the survey (lotteries, fantasy sport, lottery scratch cards, sport pools/competitions) and Fafi. This implies that 61.9% of the population do not participate in any of the lottery or sport pool activities mainly due to disinterest. Of those who participated in the lottery and sport pool activities in the 12 months preceding the survey, most (91.7%) participated in lottery activities (including the National Lottery). On average, R156 was spent on lottery or sport pool activities in the 12 months preceding the survey. Of those who participated in the National Lottery, 47.4% participate in LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2 on a weekly basis. The corresponding figure for PowerBall and/or PowerBall PLUS is 41.0%. Lotto and PowerBall are the most frequent activities, with most respondents purchasing their tickets at retail outlets. Both Lotto and PowerBall are among the most frequent and preferred activities of at least 60% of the respondents. Respondents

indicated awareness of approximately 60% of family/friends being involved in lottery activities. Less than 10% indicated awareness of under-aged lottery participants.

The need for money, good probability of winning and enjoyment top the list of reasons for participating in lottery schemes/activities/games. About a quarter (27.0%) of respondents spent an average of R21 to R50 on National Lottery games in the month preceding the survey. A further third (36.2%) spent between R51 and R150 per month. About a third (30.6%) of lottery ticket purchases are impulsive/unplanned.

With regard to winning of lottery activities, an average amount of R110 per month was reported, which is lower than the average amount spent on lottery activities. Those who had won, spent their winnings on household necessities and further lottery playing. In turn, those who had never won, intend spending lottery winnings primarily on luxury items.

A closer analysis of selected items showcase that the mission of the NLC to be '**a catalyst of social upliftment**' has not yet reached its full potential based on the fact that only 55.6% of lottery players agree that *the provision of National Lottery funding to targeted projects/programmes leads to positive social upliftment of vulnerable (poor/unemployed) people*. Also, only 58.3% of lottery players agree that *the provision of National Lottery funding to targeted projects/programmes leads to positive community upliftment*; while only 40.8% agree that *the National Lottery funds are distributed equitably and expeditiously (in time and adequately) across South African communities*. These findings as well as the fairly low public awareness levels (53.1%) of organisations that receive National Lottery funding, presuppose that the NLC should enhance its efforts to demonstrate its core values and social consciousness to the general public. Likewise it should keep them informed about the funding of specifically identified priority areas in the three funded sectors of charities, arts and sports. In this regard the NLC should enhance their efforts to demonstrate to the general public the positively contribution through funding initiatives that have created employment,

alleviated poverty and empowered women. It is thus proposed that the marketing and communication aspects of the NLC, and the link between revenue and the funding of good causes, should improve.

From the analysis it is clear that most respondents (75.7%) agree that people should have the right to play lottery games whenever they wish. Two-thirds of respondents (68.3%) claim to be well informed regarding the location of authorised retailer outlets that sell lottery products/tickets in South Africa. This finding bodes well on the visibility and marketing efforts of the National Lottery. Remarkably, 66.9% of respondents regard playing lottery games as addictive.

It is also clear from the analysis that as high as 65% of respondents have not accessed the National Lottery Website (knowledge hub) in the 12 months preceding the survey. Low levels of awareness about the National Lottery Distribution Trust Fund (NLDTF), ITHUBA Holdings (RF) Proprietary Limited ('ITHUBA') and the National Lotteries Commission (NLC) and its regulatory mandate was notable among at least a third of the survey population. About a third of the respondents (36.1%) disagree that the National Lottery industry in South Africa is an important source of income/financial wellness for households. Given that a similar portion of respondents (38.5%) agree with the statement, displays uncertainty among the general population regarding the actual and potential impact of the lottery on the income/financial wellness of households.

When comparing the opinions of lottery players and non-players, in the most cases lottery players are more optimistic about the lottery industry and showcased higher levels of confidence in the lottery. Aspects where the two groups show similar views regarding the lottery pertain to the adequacy of information available regarding the risks of excessive/compulsive lottery playing. Also, both groups agree that they are not well informed about the NLDTF. Both players as well as non-players disagree equally regarding the National Lottery industry in South Africa serving as an important

source of income/financial wellness for households. Furthermore, four in every 10 respondents from both groups agree that illegal lottery activities as well as illegal lottery outlets are common in South Africa. Slightly more respondents from the non-lottery player group regard lottery playing as addictive. Most and more respondents from the non-lottery player group agree that lottery games contribute to financial problems and conflict/violence in households. The relatively higher levels of lottery participation evident among a large portion of the poorer section of the population could imply that an expenditure amount of as little as R10 or R20 per lottery draw could easily lead to a feeling of 'excessive/compulsive/problem gambling'. This view is further supported by about a quarter of lottery players agreeing that they usually spend more on the lottery than initially planned/budgeted.

To further supplement the outcomes of the quantitative research study presented in this chapter, the next chapter reflects on the outcome of the qualitative research phase, which included four focus groups discussions with judgmentally sampled lottery and non-lottery participants.

CHAPTER 4

FOCUS GROUP DISCUSSIONS

4.1 INTRODUCTION

This chapter presents the outcomes of the research findings emerging from the qualitative research phase of the study. This chapter presents a detailed analysis of the information obtained from the Focus Group Discussions (FGD) with the aim of gaining insights and an in-depth understanding of people's attitudes towards and participation in National Lottery games. The outcome of the analysis supports the research findings emerging from the quantitative research phase of the study.

More specifically, the qualitative research design was based on predetermined semi-structured research themes that were discussed during the FGDs. The quantitative research phase primarily informed the selection of the research themes. Inputs from the NLC and BMR were collated and incorporated to construct the final focus group facilitator's guide. The facilitator's guide was used to conduct four focus group discussion sessions with members of the public who had participated and those who had abstained from participation in National Lottery games in the 12 months preceding the quantitative survey.

In terms of the composition of the focus groups, it is also important to note that lottery game participants and non-participants were categorised according to geographical area/type (i.e. peri-rural/rural and peri-urban/urban). The provincial and geographic composition of the focus groups also supported the aim of including a diverse range of lottery players and non-players. To allow for homogeneity, separate focus groups were conducted with lottery game participants and non-participants.

The final focus group composition for the four focus groups conducted during February 2019 is outlined in table 4.1.

TABLE 4.1**FOCUS GROUP COMPOSITION**

Date	Type participants	Province	Area	Number of participants
11/02/2019	Lottery participants	Limpopo	Lebowakgomo	12
12/02/2019	Non-Lottery participants	North-West	Mahikeng	11
14/02/2019	Lottery participants	Gauteng	Pretoria	8
17/02/2019	Non-Lottery participants	Gauteng	Tembisa	12

4.2 COMPOSITION OF THE FGDs

All participants in the FGDs were above the age of 18 years, included males and females and were recruited from judgmentally selected areas (see table 4.1). Each FGD included between 8 and 12 participants. Recruiters involved in the recruitment of the focus group participants were highly experienced fieldworkers who were also involved in the quantitative data collection phase of the study. Their familiarity with the areas and demographic dynamics of their local communities made for easy identification and recruitment of suitable people who met the predetermined focus group recruitment criteria. In this regard, prospective participants were requested to indicate their age (>18 years) and whether they had actively participated in any National Lottery games in the 12 months preceding the study. Meeting these criteria, secured selection for participation. As part of this process, mention must be made that research ethics principles involving humans were strictly adhered to during the recruitment process. In this regard, the study objectives, reasons and conditions for participation were clarified during the recruitment process. Participants were also guaranteed confidentiality of participation and were offered an option to withdraw at any stage of the research process. Only participants who were willing to participate were finally invited to attend the focus group discussion sessions.

4.3 **DATA COLLECTION METHOD AND INSTRUMENT**

A senior BMR researcher was responsible for the facilitation of the FGDs, which were also attended by the NLC in an observation capacity. The semi-structured facilitator's guide, which contained several predetermined discussion topics/themes, was used for all four focus groups to ensure consistency in the facilitation process. Furthermore, the sessions were recorded to ensure that all discussions were captured. Following the discussions, the recordings were transcribed to allow for the use of verbatim statements as part of the qualitative analysis. This approach further enhanced the possibility of highlighting prominent aspects and comments emerging from the discussions.

4.4 **ANALYTICAL APPROACH**

The information gathered through the FGDs was analysed according to the research themes as presented to the National Lottery game participants and non-participants. For more confined analysis, the themes were divided into sub-sections, which also aligned with the structure of the facilitator's guide. In this regard, section A focused on the qualitative analysis based on the information obtained from those who participated in National Lottery games. Section B analysed the findings emerging from the discussions with those who had not participated in any of the National Lottery games in the 12 months preceding the survey. Finally, section C analysed the information relevant to both lottery game participants and non-participants.

4.4.1 **Research ethics**

In compliance with the Unisa/BMR research ethics policy, the personal identity of all focus group participants will remain confidential. To protect participants, anonymous identity coding was used for all verbatim quotes presented in the qualitative analysis. For this purpose, focus group participants were assigned an identity based on the location where the focus groups were conducted. More specifically, respondents were classified using the following regional coding system: G: Gauteng, NW: North West, L:

Limpopo, PTA: Pretoria (Gauteng). Against this background, the qualitative analysis on the outcomes of the FGDs is discussed in detail in the sub-sections to follow.

4.5 **QUALITATIVE ANALYSIS**

The analysis on the outcome of the FGDs is consolidated according to three distinct sections, namely (i) lottery game participants, (ii) lottery game non-participants and (iii) lottery game participants and non-participants combined. Each sub-section presents specific and collective views of lottery game participants and non-participants and presents sound insights into participation and behaviour in National Lottery activities.

4.5.1 **NATIONAL LOTTERY GAME PARTICIPANTS**

This section provides a detailed exposition and analysis of the themes that were discussed in the FGDs with people who participated in National Lottery games in the 12 months preceding the survey. A total of 14 different themes emerged from the discussions, the outcomes of which are discussed in more detail below.

4.5.1.1 *Reasons for participating in the National Lottery games*

It emerged from the discussions that one of the most common reasons for people playing National Lottery games is to win money to (i) improve their standard of living, and (ii) alleviate high levels of unemployment experienced, which contributes to poverty in urban and rural areas. The challenges of unemployment could also be linked to the high prevalence rate of debt that motivates people to participate in the lottery games with the anticipation of winning money to pay-off debt. This finding is consistent with the quantitative results that show that the majority of people play lottery games to win money.

*'Majority of people from rural areas, they're participating because of **poverty**'_L*

*'Yeah, not necessarily that people are playing Lotto simply because of money, but you see if you can look how things are, most of the people are **jobless**. They don't have work. So they are taking advantage of getting something in order to bring up their kids'_L*

*'I will say lot of people have a **lot of debt**. So they play Lotto to win ... so that they can **clear their debt**'_PTA*

Another interesting finding that emerged consistently during the discussions, is that lottery games are seen to be an easy way for many people to get quick cash or to increase their wealth.

*'I was saying to get **rich**'_L'*

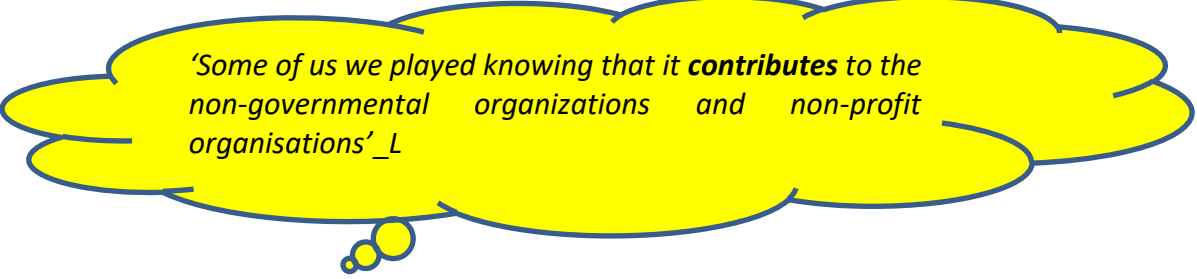
*I think most people, they just want to be **rich** just like other people who are rich in South Africa'_PTA*

*'They just want to try their luck ... be **rich**'_L*

*'It's a **quick money**. If you get it right'_L*

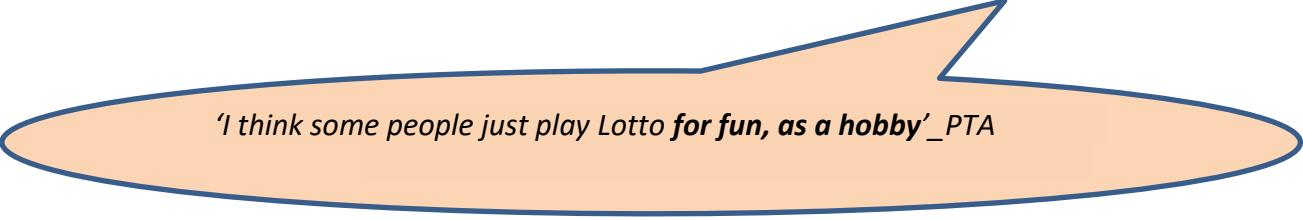
'And then sometimes they say it makes your dreams come true'_PTA

Several references were made that, apart from the prospect of winning money, people who participate in National Lottery games were also motivated by the contribution of the National Lottery funds to good causes



*'Some of us we played knowing that it **contributes** to the non-governmental organizations and non-profit organisations'_L*

The effect of big jackpots in National Lottery participation also emerged during the discussions as one of the main reasons why people participated, with specific reference to Lotto and PowerBall. Other reasons mentioned were associated with the element of fun and curiosity, particularly evident among those who had just started participating in the National Lottery games.



*'I think some people just play Lotto **for fun, as a hobby**'_PTA*

4.5.1.2 *Frequency of participation in National Lottery games*

There was consensus among the majority of participants that Lotto and PowerBall games were the most frequently played. Two main reasons that emerged regarding the relatively higher participation frequency in these games were associated with intensive marketing of the games in the mass media, relatively higher payouts and big jackpot prizes, particularly for PowerBall. It appears that participation in games such as Sportstake13 was influenced merely by their interest in sporting activities.

*'PowerBall and Lotto itself, **depending on the stake** that they are going to get. Most of the people plays PowerBall and Lotto. They **don't have information** with regard to other games. But with Lotto and Powerball, because they're being **advertised on TV**, now and then, most of the people are familiar with it due to publicity that it gets from television'_L*

*'Yeah, some people they like the PowerBall because the PowerBall **gives them more money**. Like the previous jackpot is 180 million. The next play on Tuesday is R190 million. That is why people like the PowerBall and the PowerBall Plus'_L*

*'...other ones, the Sportstake, is only **those who are having interest in sports**. They can match these sports clubs amongst which one is best with this on'_L*

*'I'll say Powerball, and the normal Lotto' because **it pays a lot'**_ PTA*

'Because comparing to other Lottery, the most popular one is PowerBall and Lottery'_PTA

*'I think PowerBall is **most advertised'**_ PTA*

4.5.1.3 Preferred National Lottery games

As with the relatively higher frequency of participation in the Lotto and the PowerBall discussed above, it was clear that a common sentiment that was shared among a number of participants is that Lotto and PowerBall games were most preferred. PowerBall appears to be the more popular game among the participants in comparison to Lotto – apparently due to the perceived higher probability of winning associated with PowerBall.

'It's Lottery, where I come from they prefer Lottery'_L

'With me, I have a different opinion. The PowerBall is the one'_L

'The division in the stake is having the attraction. That one can pay you back your R5 or R7, if you get the bonus ball correctly. If you get the bonus and then the one ball also, it pays. But in the case of the Lottery, it starts with the three numbers. So that's why most of the community prefers Powerball'_L

4.5.1.4 Preference of sport games over National Lottery games

Thoughts expressed by participants regarding the apparent preference for sport games over National Lottery games stems from their general observations and personal experiences of being involved in sport games. Some of the underlying reasons that came through strongly included the broader betting options and instant payouts of the winnings offered by sports games. The payouts were also associated with a relatively higher perceived probability of winning when compared to National Lottery games. A number of participants further alluded to relatively small betting amounts tied to higher payouts, and the convenience of extended operating hours allowing for more sports betting time. The level of excitement associated with the novelty effect (ie opening of new betting outlets) was also evident among participants where a number people are attracted to sports betting outlets. In addition, the fun element of betting in sports games, particularly among the participants who are inherently interest in sporting activities, was also highlighted.

*'Yes', 'yes', 'yes'. 'Because in those games, the ...and all those things, you can choose one, **you can play one number**'_L*

*'...when you bet those, whatever category you get to use games, you'll find that **they pay differently**'_L*

*'Even those who never played the Lotto, they **see more chances** in these ones than the Lotto'_L
'Because it **is attracting all people**'_L*

*'With this 'Beta Beta' and stuff, that they've introduced, most prefer it because like **with R2 you can get something like R500 or R300**, something like that'_L*

*'And some people, it's more **like a job to them**. They go there in the morning, they have the notes and everything ...because of being jobless and being unemployed, most of the people just go there from **morning up until late**. But some, some they're lucky because every day a person will go home with more than R2 000'_L*

'If it is working for them, then they'll always go for something that is introduced'_L

*'They **win at the same time they get the money'**_PTA*

*'So if you can check on a week, so it's only PowerBall that plays twice. So then they can't wait, and they don't wait for those two day per week. So **they play it each and every minute'**_PTA*

*'**It's exciting.** It makes you watch games, it makes you predict stuff, like it makes you part of sports as well. Predicts. I'm excited about it'_PTA*

*'I think that with Sports Stake, the reason why people are interested in it, if you are a sports fanatic, why not just **get paid for something that you enjoy watching?** So if you enjoy sport, and you understand it, it helps when you play Sports Stake that you also get paid for it'_PTA*

4.5.1.5 Preference for promotional competitions over National Lottery games

More participants, particularly in the rural areas, were of the opinion that the majority of people still prefer lottery games above promotional competitions. Notably, this view was slightly different to some of the FGDs in urban areas that showed a preference for promotional competitions. Despite this, not many of the participants could provide detailed insights regarding the level of participation in promotional competitions. This was evident from the lack of information regarding the number of people who prefer to participate in promotional competitions as compared to National Lottery games in urban and rural areas.

'I don't think so'_L

'No', 'No', 'No', 'No', ' people prefer the betting'_L

'Promotional, who's...to promotional? You might find that there' going to be only one winner'_PTA

'But with regard to lottery, maybe you can have 10 or more winners. I don't think they'll prefer promotional'_L

'I don't know. I just play a few'_PTA

'So ... go to Spar, spend R100 ... get R10 airtime and so on. At the end of the day you bought the product that you wanted. And on top of that you get that R10 airtime'_PTA

'There's usually ... number of winners for promotional competitions. They use number of winners'_PTA

4.5.1.6 Awareness of other National Lottery games

Findings from the quantitative phase show relatively low participation rates in other National Lottery games. This finding is clearly consistent with the outcome of the FGDs conducted in both urban and rural areas. Inherently low levels of awareness of 'other' games (Sportstake 13, Eaziwin, Raffle, Pick 3 and Rapido) were associated with poor marketing of the games, which was cited as the primary reason for the low and/or non-participation in these games. It appears that marketing priorities are directed at the Lotto and PowerBall, resulting in low interest and awareness of 'other' games. It also emerged from the discussion that in certain areas, particularly rural areas, some of these 'other' games are not available.

*'They **don't have information** with regards to 'other' games. But with Lotto and Powerball, because they're being advertised on TV, now and then. Most of the people are familiar with it due to publicity that it gets from television'_L*

*'No', 'No'. 'They are **not aware**'_L*

*I think publicity. They are **not doing enough publicity** about those things. But if there can be publicity, more specifically on TV, I think the people will play'_L*

*'You know we talk of rural places where there are no facilities, which we can grow this kind of thing to those places. They will not know them. So you cannot say they don't want that. It's because **it is not well marketed**'_L*

*'...always when I go over there to bet Lotto or Powerball, those tickets is ... somebody to say what this is all about? How do you play this? And then the workers there, who you buy from – let me not mention their names – the **workers there they don't even understand also**'_L*

*'**I don't even know the names.** What you know when you go and play Lotto, is you're going to fill in Lotto, you're going to play Powerball, then that's it'_PTA*

*'...but these others, yes, with me I can say **I've never even bother to play the scratchcard and all those**'_L.*

4.5.1.7 Adequacy of the National Lottery games

Discussions around the theme of the adequacy of the National Lottery games revealed that the number of National Lottery games are still insufficient in rural areas. This sentiment was shared by a number of participants, particularly in the rural areas, who raised concerns regarding the long distances they had to travel to access National Lottery game outlets, particularly poor rural communities that cannot afford transport costs. As a result, the prospect of incurring high transport costs simply to purchase a lottery ticket was seen to be a worthless exercise. In addition, the general view that emerged from the FGDs was that more priority was given to urban areas regarding accessibility of lottery games. With regard to the types of National Lottery games that communities required, there appears to be more interest in the Lotto and PowerBall games as a number of the participants alluded earlier to non-awareness of other games. This implies that people cannot be interested in games that they are not aware of. In areas where National Lottery games were deemed to be adequate, particularly in urban areas, no mention was made of games that should be scrapped or introduced as the participants appeared to be satisfied with the ones that are available.

*'I think there are **too many in the urban**, but in the rural there are no games'_L
'I think they are enough, they are enough. From my side. Because I only prefer Lotto and the Powerball. The other games, for me, is no-no. Because I don't want to be like addicted to those games'_PTA*

'I think you can't tell which games should be removed I can't tell you, because I never played them'. PTA

4.5.1.8 *The influence of large jackpot prizes on National Lottery games participation*

As expected, large jackpots greatly influence the level of participation in National Lottery games. This was evident from the comments that emerged from all FGDs. Big jackpots attract many participants in addition to increased spending on tickets for bigger jackpot prizes.

'When there's a jackpot you see all different people. But when it's lower, it's usually males'_ PTA

'Because sometimes you may find that some other people, when the jackpot is around 20 million, they don't even go to purchase the tickets. They only go there when it is more than 50 million. Some other people don't go if it is 10 million. When it is more than 50 million, 100 million, okay now I'm going to purchase tickets'_PTA

'Yes, the more it goes, the more ... would spend. I saw on social media, on Facebook, they were saying it is going 190, but people would say why don't it go to 200 and something? Like you can see the more it goes higher the more ... perform'_L

'Yes', 'Yes'. 'Because it's just when you talk, word of mouth. You cannot know about it but if someone tells you hey, the Lotto tonight or tomorrow is 190. It just automatically encourages you'. L

'Another thing that I observed, with the regulars we see new faces when Lott is ... [laughter] ...'_L

'It's true, it's true'_L

'Ja, you go around the local outlets, when I come, they know that I can come into the shop, but the last thing that I'll do or the first thing that I'll do is ... place to bet. But now on these huge amounts you'll see no faces ... [laughter]'_L

4.5.1.9 *The probability of winning – Lotto, Lotto Plus 1 and Lotto Plus 2; PowerBall and PowerBall PLUS*

Strong opinions and a lot of doubt regarding the probability of winning National Lottery games was evident. Interestingly, players of National Lottery games shared similar sentiments with non-players in this regard. There was consensus that the probability of winning Lotto and PowerBall games is slim particularly with more than three numbers. Questions were raised regarding the probability of winning the jackpot and the distribution thereof. The probability of winning the jackpot was seen to be impossible, which aroused suspicion, particularly since fewer people playing with more than three numbers are more likely to win, while the majority win somewhat meagre payouts by playing fewer numbers (such as three numbers).

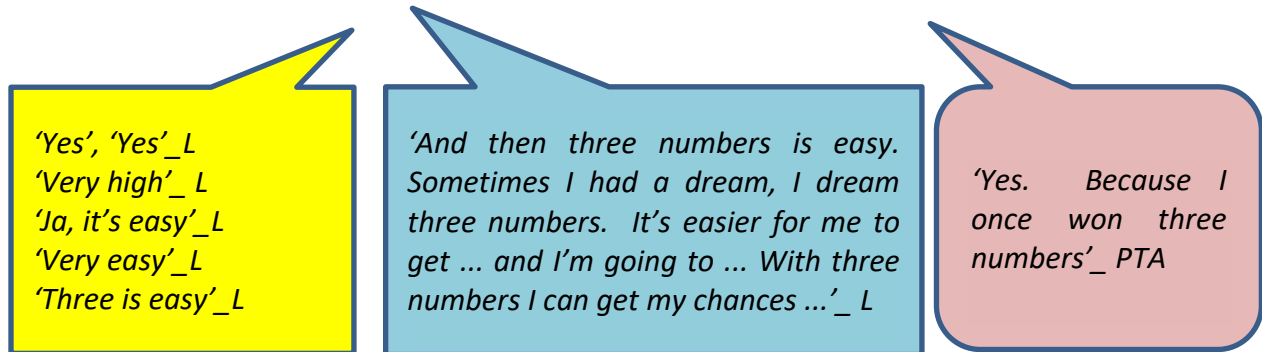
*'...why doesn't it ever happen that 200 000 people hit the jackpot and only two people hit the three numbers. And I said this thing actually to win it, is not a matter of you getting the numbers that they're going to pull out. **It's you choosing the numbers that the other people are not going to choose**, and I'm like what are the chances of that happening?' _G*

*'I think also if you were to ask the people that play Lotto on a daily basis, **who do you know that has won this 25 million? Nobody**. So you think you're going to be that one person. What are the chances that you're going to win after 20 years of playing Lotto and you just win R30 and here and there you win R100 and you've spent so much money playing. But how much are you getting back? So I think also families are investing so much into the Lottery and not necessarily getting it back, because the chances are, like low...' _G*

'The one reason I heard of that ... the odds are very slim, because many people are playing. That's what they're saying'_ PTA

(a) **Chances of winning with three lotto numbers**

It was clear from the discussions that the probability of winning with three numbers with the Lotto, Lotto Plus 1 and Lotto Plus 2 appears to be relatively higher as confirmed by a number of respondents.



*'Yes', 'Yes'_L
'Very high'_L
'Ja, it's easy'_L
'Very easy'_L
'Three is easy'_L*

'And then three numbers is easy. Sometimes I had a dream, I dream three numbers. It's easier for me to get ... and I'm going to ... With three numbers I can get my chances ...'_L

'Yes. Because I once won three numbers'_PTA

(b) **The probability of winning with four lotto numbers**

It was evident from all the FGDs that the probability of winning with more than three numbers in the Lotto were almost non-existent. This distrust was further motivated by the apparent lack of evidence regarding people who had won more than three numbers.

'I've never met someone who has won a four numbers'_PTA

'I've never got four numbers since I started playing Lotto'_L

'It's easy to get three numbers. Maybe sometimes you dream three numbers, and not six numbers. ... I'm going to take my chances with those three numbers and I am able to get a chance to win'_L

'You must be lucky'_L

'That target is difficult to achieve. Still, if you get those three numbers you can get something out of it. But it's luck. But imagine going to 4, 5 and 6, it's something else'_L

'Even if you have R200 it's too small. So ... saving a mere R10 for that Lotto. So he has to get only one line of six numbers from 52. But if you work it out, six numbers it can give you a lot of different combinations. Chances are so slim'_L

(c) **The probability of winning PowerBall and PowerBall Plus numbers**

As with Lotto games, participants were of the opinion that the probability of winning the PowerBall is also somewhat low, particularly when trying to match four or more winning numbers.

'Because I think any time when a person plays, they always think of limiting themselves to three numbers. It's easy to get three numbers, three is the standard'_L

'Usually I get the Powerball. If I win that side, it's about three numbers. I don't win three and Powerball, it's only three'_PTA

(d) **Comparison between the probability of winning of Lotto and PowerBall**

The discussion on the probability of winnings was further delineated by the comparison between the Lotto and PowerBall. Participants had differing opinions regarding which of the two would give players a better chance of winning. Such opinions stem from participants' personal experiences and general observations within their communities with just a marginal number perceiving PowerBall to have a slightly better chance of winning.

'I'd say the Powerball'_L

'Yes'. 'Powerball'_L

'I would say Lotto. Because with regard to Powerball, you still need to match the PowerBall itself. And the other ... numbers. Now with Lott, you just pick six numbers and if maybe there's a bonus to come out of that six numbers that you've picked. So I think, to me, Lotto, is much better'_L

'The chances of winning PowerBall are high. From my side, most of my winnings are on this Powerball'_PTA

'The PowerBall is difficult because of the numbers are less than on the other side of Lotto'_PTA

'Now I play PowerBall because it's where mostly I win. So I've stopped playing Lotto. Now I'm playing Powerball, PowerBall Plus'_PTA

4.5.1.10 Alternative strategies to enhance the probability of winning

Alternative strategies to mitigate the continuing downside of National Lottery games associated with lower probabilities of winning, came through strongly and were notable in various ways. These include a suggestion to reduce the betting numbers from, for example, 52 to 40, allocation and distribution of higher payouts (such as the jackpot prize), and allowing players with three winning numbers to share the jackpot. In addition to the suggestions emanating from the discussions, feelings of disregard and mistrust towards the NLC were apparent, particularly from participants who appeared to be disappointed by continuously losing at lottery games.

'I don't think they want people to win. Even if you provide them with a solution, they'll find a way to counter that solution'_PTA

*'Maybe **cut numbers from 52 to 40**. I think you will have chance to win. So at least when they reduce the numbers, the odds will become better'. PTA*

*'They must look at the payouts, and then they must **divide the amount to those three plus one'_L***

*'Three numbers. To relieve ourselves. I think they must just sympathize with the players. Today, because R190m jackpot was not caught by anybody, let's just take 1 million and **divide it to that three numbers plus down there'_L***

*'What I can advise them to do is to study, to engage real time ... like you, engage the real players for the promotions and everything. And then they must **study the model which is used by these other competitors ... maybe I can win something'_L***

4.5.1.11 Awareness of the rights and protection of participants by the Lotteries Act

The majority of participants in the FGDs were not aware of the Lotteries Act, which was as a result of an apparent lack of interest to learn about the existence of the Act. This can be explained by the fact that few participants had experienced any problems pertaining to any National Lottery games, and hence had no need to be aware of the Act. Furthermore, most of the participants also did not read the fine print on the tickets, which mentions the Act, but were interested merely in purchasing a ticket. In addition, the lower literacy level of some players of the National Lottery games also needs to be taken into account in this regard.

'Yes'. L

'No', 'No', 'No.' _ PTA

'No', 'No'. 'I'm not aware' _L

'I don't ever have time to read that Act' _ PTA

'No, even now, I'm a Master student here at Unisa. But I have never read that Act and I'm sure if maybe I'm going to meet some ordinary people on the street, they'll say no' _ PTA

*'Most of us, we don't want to read. We want to **look at what we are interested in**. But at the back of the ticket we don't even check what is written there. Most of the people didn't check. But I think it's a matter of reading, people wanting to know. **People don't read**, they don't want to know more. They want to know only what they are interested in' _L*

*'... once they encounter a problem ... want to check the Act so that you can approach them. **They've never given them problems** though, especially with the pay-out, because you get it immediately after you exchange your ticket. So I think it also plays a part' _PTA*

*'They're **not publicizing those Acts** ... And they will only say 'terms and conditions apply'. They don't elaborate, they'll just say terms and conditions apply. So if you haven't been to school then you won't understand terms and conditions apply. It's going to be a problem. Then can you just imagine – hey, I'm going to get a lot of bombastic ...' _L*

4.5.1.12 Awareness of the NLC and its role

As with the Lotteries Act, a lack of awareness of the NLC and its role was evident during the discussions. This can be attributed to a lack of interest on the part of players who are only concerned about winning money. However, it was also clear that a number of participants were not familiar with role of the NLC except for the NLC's involvement in community-based initiatives. The general impression was that only those persons who stood to gain from NLC donor funds, were fully aware of the NLC and its role.

*'I don't think people are aware. **Those who are aware** most of the time, they are the ones who maybe **would like to get grants** and all that. Then they get to know that there are people who do this in the lottery. It's not just about gambling. So that's the only time you can know about that, I think'_L*

'Yes. National Lottery Commission, we know about it. It's there. It is the mother body of our games. I think I've seen them in the news or something'_NW

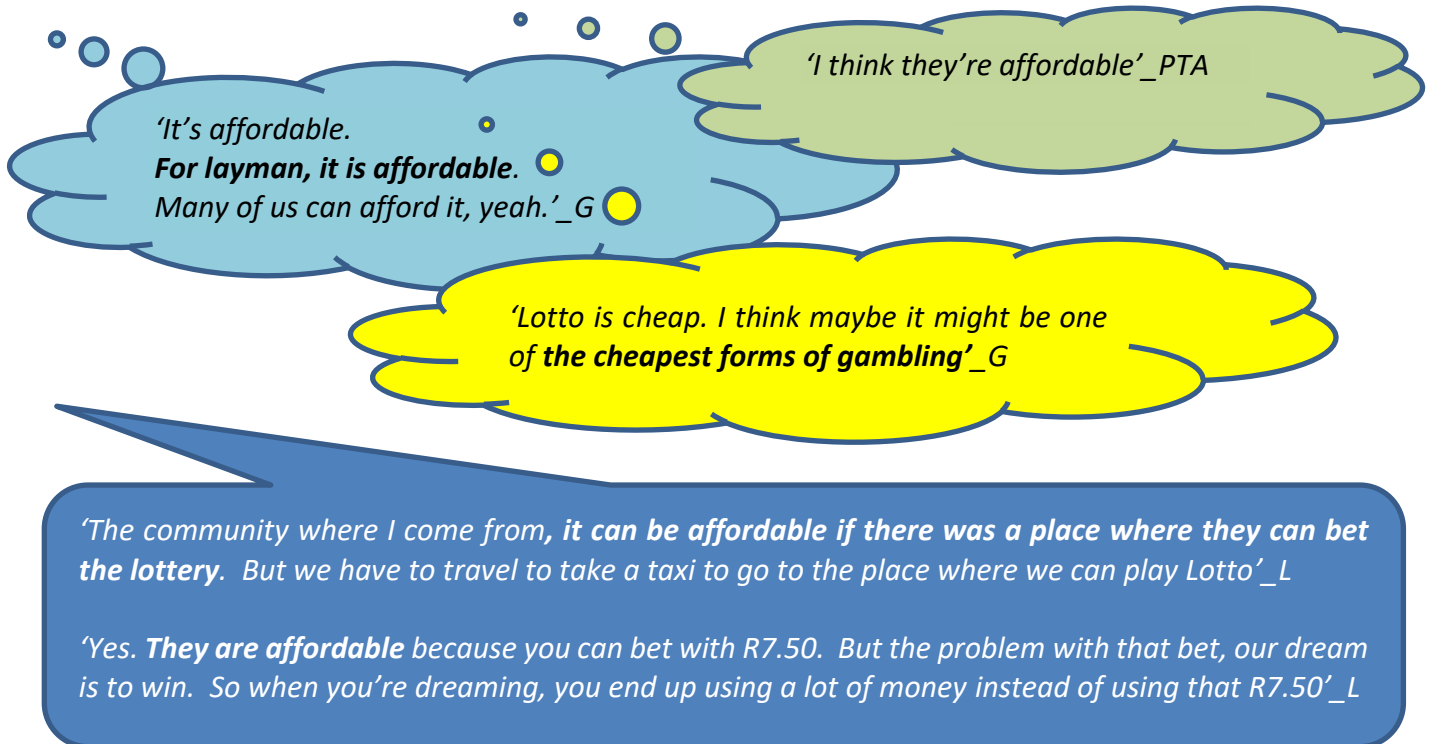
*'But we are not mostly interested in those because **we just want to win**. We just want the numbers ... So I think most of the time they do talk about those commissions and so on and what Lotto do to other communities, to uplift the community and so on. But people are not interested in those things. We just want to win'_PTA*

A further question was posed to participants during the FGDs to determine whether they felt adequately protected by the Act. As with the issue of awareness of the NLC, the Act appeared to be irrelevant to participants as they were of the opinion that they had nothing to gain from being aware of the benefits of the Act.

*'Nah, there's no need for that. I think the benefits of knowing that, emphasizing the benefits of knowing the Act, **we don't know the benefits of knowing the Act**. We don't know the benefits of knowing it like why. Why should I know it?'_PTA*

4.5.1.13 Affordability of National Lottery tickets

Interestingly, the majority of participants in all the FGDs were of the opinion that the National Lottery games were affordable.



4.5.1.14 Compulsive National Lottery players

A few participants in the FGDs were of the view that due to the nature of National Lottery games the likelihood of becoming addicted was very slim. The time intervals in which a person played as well as the frequency of playing the games played a role. This implies that games such as Lotto and PowerBall are played on specific days of the week and the draws for winning numbers are only once on specific betting days, which curbs the chances of addiction. The time taken to play (buying a ticket once and waiting for the draw in the evening) leads to less frequent play that is highly unlikely to lead to addiction. Another aspect that was raised was that playing lottery games could not lead to irresponsible behaviour usually associated with gambling addiction, such as being in such a financial position that the player was obliged to sell essential household and personal items. It is unheard of that someone would sell a personal item such as a cell phone simply to buy a lottery ticket.

Interestingly, there were counter arguments in this regard where some participants were of the opinion that increasing the frequency of play and the amount spent to increase the chances of winning, especially after winning small amounts, may lead to addiction. It was also mentioned that people become obsessed with numbers (always thinking about the numbers), which may adversely affect their daily activities (such as poor levels of productivity at work). Furthermore, winning smaller prizes may be an incentive to start spending more money to increase the chances of winning big jackpots resulting in irresponsible behaviour.

*'Yes'. 'Ja'. 'When you have won, especially small winnings – from R200 to 500, **you are encouraged to play more**. Because you always win. It's not like someone who doesn't win and then they're like okay, I'll maybe play the next month. But if you're always winning every time you play, you become addicted'_ PTA*

*'I'll say I think I saw a few people who I can see they're addicted to Lottery. Because you find a **person sitting in an office looking for numbers from the Internet'**_ PTA*

*'No, I think in Lottery the **chances of being addicted are slim**, I don't think they are high. Because **you are not expected to be there like at the machine every day**. Now and then than the other games, which you have to be there for lunch, for tea'_ PTA*

*'But for Lottery I don't think, there are people who can even **sell important things in their house for just to go and purchase a ticket**, no. I don't know of anyone doing this kind of things'_ PTA*

*'I wouldn't say it's addictive. Because **if a person's addicted**, that person **can even sell his or her car so that he can satisfy the needs for betting**. But I wouldn't say it's addictive. I would say it's just giving you an edge of getting something out of it'_ L*

*'I don't think it's addictive because we don't play, **the intervals are not enough to get you to get that kind of high to go extreme** and go into that category of being a gambler, or addicted' _ L*

*'According to my opinion, **I think it's addictive** because there are people who'll I just go there. Whenever it's a day to bet, **they'll always be there**. There's no way that you won't find them there' _ L*

*'As for me, Lotto, I think it's something which **you get addicted** to. What I've I noticed on Lotto, you start **winning small amount** and you think **let me put more amount** so that I can go better chances of winning ... You end up taking even the school fees for your child because you need more' Non-participant_ G.*

*'The bad thing **it is addictive**. **You win once**, a person wins and now **he wants to go again and again**. And chances of winning again, may we win that R200, then it will be I win more, I win more. It's sort of pulling you, it's magnetizing you to think that I'm going to win _ Non-participant_ G*

4.5.2 NON-PARTICIPANTS IN NATIONAL LOTTERY GAMES

This section provides an analysis of the research themes that were discussed with non-participants of National Lottery games. The discussions featured perceptions regarding National Lottery participants and participation, trust in the NLC and the underlying reasons for non-participation in National Lottery games.

4.5.2.1 *Perceptions of non-participants towards people who participate in National Lottery games*

Common insights consistently emerged in the FGDs from the groups that participated in National Lottery games and those that do not regarding the underlying reasons for participating in such games. For instance, unemployment was considered to be one of the main reasons for people participating in National Lottery games. In addition, the non-participant groups were of the opinion that people play lottery games out of desperation due to the high unemployment rate as their only hope of generating income was to win at lottery games. Another factor that was eminent between the two groups relates to the issue of winning money, where people who participate in the National Lottery games were characterised by the non-players as people who take chances to

quickly earn easy money. It is for this reason that the National Lottery was described as a type of 'get rich quick scheme' associated with reckless people who want instant gratification. Non-players further regard lottery players as having no ambition but getting pleasure by playing lottery games. An opinion was also raised to the effect that lottery games contributed to low work ethics when people benefitted more from playing lottery games than they did from employment.

*'I think it's the thing of rate of **unemployment**. People don't have money so they've got this belief that let me take a chance. Maybe I can win as well, some of them they **play out of desperation, due to this unemployment rate**'. _G*

*'There are people who are not working and **they don't see themselves as having a chance of maybe getting a job**. At least when they are playing Lotto, they wake up in the morning at least to bet and see whether maybe something good can come out of it' _G*

*'Instead of maybe having a plan of your life to strategize and working hard maybe to achieve. It ends up being the **only hope that a person has, is about winning**' _G*

*'Around the community there's **a lot of unemployment**. So people just, they even know they are not winning, but they have that **hope** that if I can get something out of that' _NW*

*'For me, people that play Lotto, most of them ... so I perceive most of them **as reckless**' _G*

*'So it's people that like **taking chances** ... they take out a lot of money, thousands, when they bet the Lotto. And unfortunately sometimes they don't win, for a long tim' _G.*

*'I think some people who are betting Lotto, **they are losing a lot of money** to bet it. Some they can bet it with more than R2000. Instead of saving it, they are losing it' _NW*

*'And mostly it's **people that don't have a vision of who they are or who they want to be** mostly in life. It's people that **just love instant money**' _G.*

*'In my opinion, I view them as people who want to **make easy money, and quickly. It's a 'get rich quick' kind of a scheme.** Even though they don't play pyramid, but they play with the hope that one day I'll become a millionaire, or a billionaire. So it's kind of robbery stuff'_ G.*

*'I think people that do the Lottery are **people that want instant things.** Because if I'm going to work Monday to Saturday, and I'm going to get 500, if I do the Lottery on Monday and I get a thousand, then I might as well not go to work in the morning'_ G*

*'People they wake up early in the morning just to ... **do nothing the whole day, just playing the Lotto.** Sit around'_ G*

*'I think it **kills good work ethics...** And those kind of **people they're the ones that don't work.** You can dodge work and quickly go and gamble'_ G*

4.5.2.2 Historical participation in National Lottery games by non-participants

When questioned on their previous participation in National Lottery games, the non-participant groups from urban and rural areas reported that the majority of them had in fact participated.

*'Yes, I have participated before in the Lottery'_NW
'I participated for about six month'_NW.
'I have participated before'_NW
'I don't remember, it's years back'_NW
'Well, I did way back' NW*

*'I did play in the past, I did collect several bucks.'_G
'Last year I tried. I actually did the betting and I won R50'_G
'I also used to bet a couple of years back'_G*

'I was at home. I used to play. My mom would like ask numbers. All of us would play. It was like a competition amongst ourselves'_G

'I also tried it on three different occasions, back then. Many many years ago'_G

'I was never much interested in Lottery because my surroundings, to see how much it is affecting the families. So this time it was just a family gathering. So actually I was forced to play Lotto'_G

4.5.2.3 Reasons for ceasing to participate in National Lottery games

Findings from the non-players pertaining to their reasons for discontinuing participation in National Lottery games were clearly consistent with findings from the quantitative research results. One of the major reasons that frequently emerged during the discussions relates to the downside of National Lottery games that are associated with the very low odds of winning. Notably, in all FGDs, the ‘poor odds of winning’ came through strongly as a main factor for stopping to participate. Non-participants felt that they were spending a lot of money without any indication or probability of winning (e.g. losing money for the entire year). As a result, a lot of speculation and doubt emerged regarding the lottery system and the manner in which it is operated. Many questions were raised regarding the jackpot prize always being won by only one person, implying that the system appears to be designed to make it impossible for many players to win the jackpot and share the prize. The issue of emotional commitment to win a lot of money is associated with high hopes and dreams resulting in high levels of anxiety manifesting in insomnia, frustration and disappointment. It was further mentioned that non-players became concerned that being emotionally committed to winning leads to more spending and higher participation rates to increase the chances of winning, which could potentially lead to addiction.

*‘But I realized that **I was pumping out money but there was no sign or chances for me to win.** So I was wondering how do people win this Lotto because there are a lot of people who play this Lotto. And if not, let me say millions of people. But **the first prize is won by only one person.** So, in other words it discouraged me’_ NW*

*‘The challenges after participating, **you don’t sleep at night.** Because you’re dreaming of that jackpot. And somewhere, somehow, even if you had plans, you end up shifting them focusing on that jackpot. **And then tomorrow you’re going to be disappointed.** So I had to change and say no, no, no, this thing is going to waste my time’_ NW.*

*‘**I’m not planning, I’m not doing anything,** I’m relying on the money that is out there – what are the chances of me winning? So I thought no, no, no. This is not. It’s sort discouraging me from making other plans. Because **I’m relying on the Lotto now. Sort of addiction’_ NW.***

*'The first thing is that I **am a Christian** indeed and why do I have to ... myself in that?' G*

*'Last year I stopped because I **saw you can lose the whole year**. I'm not like that. The whole year without even getting anywhere' _G*

*'And I **had high hopes**, but I **never won even one cent out of those three attempts**. And then I thought to myself, and I decided that no, this is not my thing and I got discouraged and I never played Lotto again'._G*

*'This thing to me it **sounds like robbery** of some kind. **People are given high hopes** and those pensioners they would rather take their last money of pension, instead of spoiling themselves in their last days of going to restaurants and do some other things, they'll take their money as it is and go and play that thing' _G*

*'...after couple of months betting, I saw I **was emotionally committed**. And even when I'm walking around I'm busy thinking of a number. Sometimes when I'm walking you just start imagining if you had three million just came in. Just imagine. You start planning money that you don't have'._G*

'...for us it's an emotional torture. To always hope for something that you can see is not comin' _G

*'And the reason why I stopped **was the disappointment**... you become more excited and then excitement so **when you bet and then you do not win, that also it knocks you**. So you try to give a shot again, you lose again and then that's when I decided to quit **because I didn't want it to grow more into an addiction'** _G*

*'I calculated it and then saw that **this thing is impossible to win**, But the reason why I don't play it, when I calculated it, knowing that **this business has to make money** and has to pay so many people, it cannot be that all the time when they catch numbers, the lower numbers are caught by many people. And **the figures are always the same**. I don't know what it was last week, but if I go and check it's going to be the same pattern. **The lowest numbers they're caught by the most people**. So it's highly impossible' _G*

*'...we were forced to walk. It's about two kilometres to just go and play Lotto because it was our first time. **I've never played since then because I was forced to play'** Lotto_G*

*'Okay, I **was just throwing money away**. I hoped. I did get R500 there, then R200. Because I played for a while. But it's not like, you win after six months that R200. R5 000 is already gone by the time you get. So no, the **chances of winning baba, are too slim**. Even for the experts'. G*

4.5.2.4 *Reasons for never having participated in National Lottery games*

A few non-participants indicated that they had never participated in any National Lottery games. As expected, the issues around the probability of winning also surfaced during the discussions. It was for this reason that most of them were discouraged from participating. Negative personal experiences for non-participation included the gambling addiction of family members and the fear of also becoming addicted. It was evident that participants who had never participated in lottery games, could not easily distinguish between National Lottery games and other common gambling activities.

*'When I was growing up, with the Lottery, from when I was growing up, they say that it's sort of like probability. If you know what probability is in maths, **it's about the chances** of you winning because of the number of people that are partaking in it, **becomes less**' NW*

*'I thought **Lotto is gambling**. So as **a Christian** I thought it wasn't right. That's my reason for not participating' NW.*

*'My late father was what I would call a **gambling addict**. As ... We didn't know the difference okay between gambling and lottery. So growing up with a parent that was gambling... I thought that I would never participate in anything related to gambling. Because I didn't know the difference. **So I didn't even want to get involved in anything that has to do with gambling**' NW.*

*'Because I've seen **how much it's affecting families and communities**.... And the very same people that have been playing for years, honestly, I've never, there's no one close to me, one that I can **point to say that house is from Lottery, or that sport field is from Lottery**. Like, I don't see any much. **I think it's more like a business**. What Lottery does. It's a business. It's one of legal scams, if I can put it that way. **It's a legal scam to say**'_G*

4.5.2.5 *Trust in the National Lottery system*

The discussions around the theme of trust resulted in lively discussions and revealed a high level of suspicion and distrust towards the National Lottery system. This was mainly due to the way in which the winning Lotto and PowerBall numbers were drawn. Non-players queried the time interval between the closing time for betting and the time when the draws took place, which caused them to speculate about manipulation of the

winning numbers. They furthermore compared the National Lottery to pyramid schemes such as the Ponzi Scheme as an example of indicating their mistrust.

The intense discussion around the topic of trust is evident from the verbatim statements reflected below.

'I don't trust it'_ NW.

'No, I don't trust it'_ NW

'I also think it's rigged, right! And by rigged I mean that like he was saying, as much as if the system was set in a way that they decide on Friday these are the numbers, and like whoever decides, decides that these are the numbers and then people play'_ G

*'So I would rather say it's not a scam **but it's not a fair system**. It's not a fair system in a sense that, because people play, play, play, and then there's that time, the **waiting period where people are not playing**. And in that time I feel like **that's the time that they decide okay, people played these numbers** so we can't let 100 people win 500 000. So now they decide okay these are the numbers that we know ... because these are the numbers that were not chosen, these are the number that are going to win'._ G*

*'There's a statement that says **'not everything that is legal, is right'**. So, that's one statement that I'll put on to say on Lottery, it's legal but the systems, **I don't think it's right**. ... of checking out things, it's the system, Lottery, the system. **We play the numbers first before they can decide which numbers – or there's certain machines that decide the numbers'**._ G*

*'**Why is it that there's a certain time when we should stop betting**. Like today there's Powerball. So there's a time where we stop betting. The thing is closed for two hours or three hours' NW.*

*'There **must not be a certain time where they stop and then they give out the numbers'** NW.*

*'... **we though it was rigged in a sense that the way the machine was built and the way it was facilitated and carried out**. So we actually thought it was something that was rigged. Those numbers are placed strategically' G*

*'I don't know if you've done your research – **how many of these people have actually won the Lotto?** And you've actually gone back to them and asked them or just find out how they are doing' NW.*

'For myself, I'm a little bit more suspicious on the system itself. Like now we are talking about the R190 million. So if you go out from R3 million up until R190, without anyone winning it... So every time you go to play, then you don't win then it's roll-over, roll-over until it reach. So that's where I don't trust the system of Lottery. That's where my problem is' NW.

'The thing is, Lotto ne, the odds, the chances of winning are slim. If it was possible maybe the chances were much greater. I think it was going to be better, for it was going to be ... But currently the way it is run, it is actually not beneficial to anyone who is playing it'_G

'I know it's a legitimate business. One thing, the bad part of it, is the chances of winning. So most people, because of losing, they end up thinking it's a scam. Lotto is not a scam'_G

'They get money from us and then they will just give back a small portion just to keep you guys excited, to keep you guys coming back for some more'_G

'...the Lottery is a business and ultimately each and every business' goal is to make profit'_ NW

'Like a Ponzi scheme. I don't know what was the reason for Lotto to shut down that time when it shut down, but I believe that there were some collapses that were happening. Just like any Ponzi scheme would collapse'_G

4.5.2.6 *Circumstances that could lead non-participants to participating in National Lottery games*

Non-players mentioned that they might consider participating in National Lottery games should the following concerns that were raised during the discussions be addressed by the NLC:

- (i) there should be more transparency and fairness in the system and methods used to draw winning Lotto and PowerBall numbers;
- (ii) elimination of extended long time-interval before the draw of winning numbers as an assurance that there is no manipulation of winning numbers;
- (iii) increasing the odds of winnings by allocating bigger prizes also shared by 3 winning numbers, and reducing betting numbers from 52;
- (iv) there should be more visibility of the initiatives and beneficiaries sponsored by the NLC funds for good causes, as well as an equitable distribution of funds; and
- (v) provision of incentives in the form of a reward system for people who show commitment to participating in National Lottery games, such as people who have

been participating consistently for a certain period of time without winning any prizes.

The verbatim statements supporting views of under what circumstances people would be persuaded to participate in the lottery, are outlined separately for each concern:

(a) **Transparency in the system and methods used to draw winning numbers**

'Ja, I think transparency' NW

*'**Make it transparent.** As simple as that... Where you put certain numbers in a basket and then ... to pick the numbers. But **with a machine it can be pre-determined** because it can actually scoop. You can programme it using computers. So hence the manipulation part. So make the system transparent. That's one way of doing it'_ NW*

(b) **Time-interval before the draw**

*'For me, I think **if they remove that waiting period.** If they remove that waiting period between the closing time and the time that the results come out'_ G*

*'...if you consider how many people play Lotter in the North West, **by now we should be having a school, a fully-fledged school saying sponsored by National Lottery.** And through that, I wouldn't even mind, even if I don't win, to contribute maybe R10 a week, just go and try my luck. But I know Lottery has said they have a target to build us another school in Mafikeng. We need to see, it needs to be visible'_ NW.*

(c) **Increasing the odds of winning**

*'Maybe out of those 40 numbers, maybe **even if you get one number,** you get ... [laughter and speaking simultaneously] ... lot of winning'_ G*

*'If there was a **whole lot of people hitting the jackpot at one go.** Like if the numbers could change from always 1 or 2 or 3 people hitting the jackpot, but sometimes you have ... hundred thousand people hit the jackpot. One thousand people hit the jackpot'_ G*

(d) **Visibility of good causes sponsored by the NLC**

'As for me to play Lotto, if I will see most of the things the Lottos are doing, helping children, building schools and stuff. That is good for community. It makes me play when I know they are doing something'_G

'Yeah, me too. If, maybe they were transparent. If they could open their books so that we can see how much is going to. I believe Lotto should be contributing more than 60% of what they're doing. Because they're taking people's money and giving it one person. And they keep a certain per cent for themselves, and a certain per cent they contribute to the community. If the percentage that goes to the community, if they were transparent in that area, so that we could see ... schools, they have bursaries'_G

'...if we know where the money goes, then we can say ja, at least, even if I've lost, someone is gaining from it'_G

'Start at least giving back to the community ... keeping some of the portion and just let them ... something that will keep the community working. I think if they could give more to the community because they're making a lot of money anyway. So if they can give back to the community, probably, maybe'_G

(e) **Incentive to encourage continued participation in the National Lottery games**

'If they were saying maybe if you played more than 1000 ticket, you get certain money back, maybe I was going to play'_G

4.5.3 **PARTICIPANTS AND NON-PARTICIPANTS**

This section presents an analysis of the outcomes of the research themes that were discussed with both participating and non-participating groups from all the FGDs conducted in rural and urban areas. The predominant themes that were discussed pertain to the following: (i) awareness of and differentiation between legal and illegal lotteries; (ii) trust in the National Lottery Operator and the NLC in conducting the lottery business; (iii) awareness of the difference between lotteries and other forms of gambling; and (iv) awareness of the National Lottery funds distribution for good causes. Each of these themes is discussed in more detail in the sub-sections below.

4.5.3.1 Awareness of legal and illegal lotteries

The outcome of the discussion regarding awareness of illegal lotteries shows that the majority of participants as well non-participants are aware of illegal lotteries and were also able to differentiate between illegal and legal lotteries. Awareness of illegal lotteries was evident from the discussion regarding proliferation of unlawful online lotteries and the prevalence of Fafi – also referred to as muChina, particularly in townships and some rural areas. The popularity and familiarity of Fafi as one of the illegal forms of gambling resulted in the discussions being centred predominately on Fafi rather than other forms of illegal lotteries.

'Fafi' _L

'No, muChina, Fafi'._G

'Yes, Very, Fafi is very is very popular' _ L

'I don't know' _G

'No, **people are not aware**. I don't think they are' _PTA

'You go to Tembisa you find every spaza, they go around. When I was staying there they go around with a van, the spaza shops, ... Somalians, every Somalian spaza shop, there is a group of people there waiting for muChina. So the muChina passes by there, collects the money' _G

'Because **where I'm from, because there are no Lotto outlets** within, then **they turn to Fafi**. Because it's there every dav. in the mornina. in the afternoon is there' L.

4.5.3.2 Differentiation between legal and illegal lotteries

It was interesting to note that during the discussions a number of participants as well as non-participants pointed out that most communities were aware of the illegal status of Fafi. With regard to other forms of illegal lotteries such as online lotteries and betting on the outcome of the National Lottery, it was clear that the majority of focus group participants were totally unaware of their illegal status apart from Fafi. More

specifically, betting on the outcome of the National Lottery, which appears to be prevalent in the sports gambling outlets, was perceived to be legal merely by a virtue of being offered at a licensed gambling venue. It is for this reason that the majority of participants and non-participants of Lottery games could only share their experiences with regard to Fafi, which a number of them had experienced in their communities.

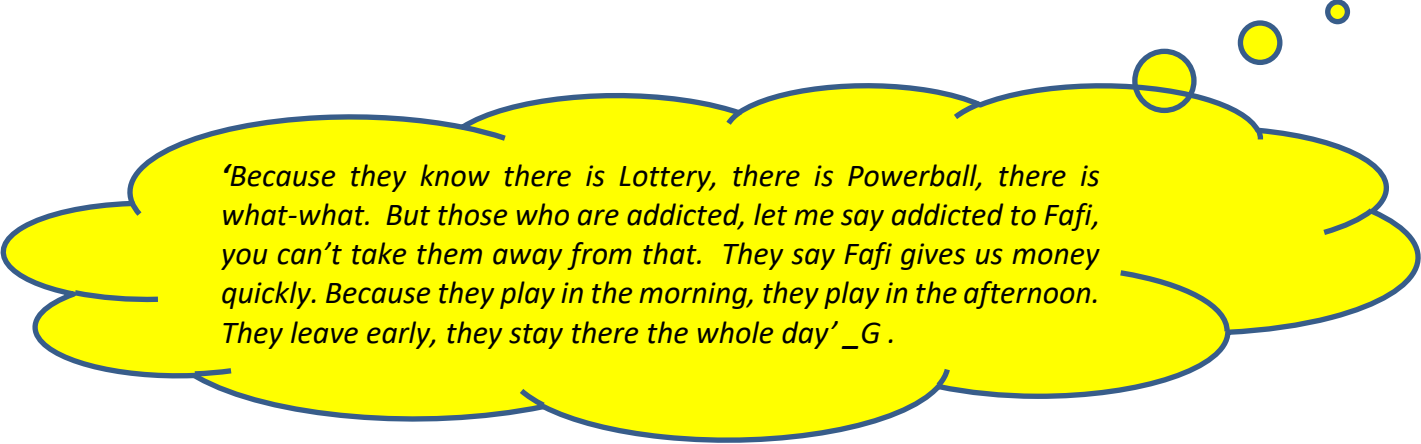
'They know' 'They know, because if they can see a police van, they hide. They know very well that it is not legal. If they can see the police van, they hide'_G

'The senior citizens are very much aware because at the time when we were growing up, the policemen used to chase the Chinamen at ... They are very much aware. Ever since I was a child I know it'_G.

'..up until today I didn't know that fafi was illegal. I grew up with people playing it and they've never had problems with police where I'm coming from. So, with regulating that one, it's going to be a problem. And I also don't think fafi is a threat to Lotto'_PTA

4.5.3.3 Perceptions towards illegal lotteries

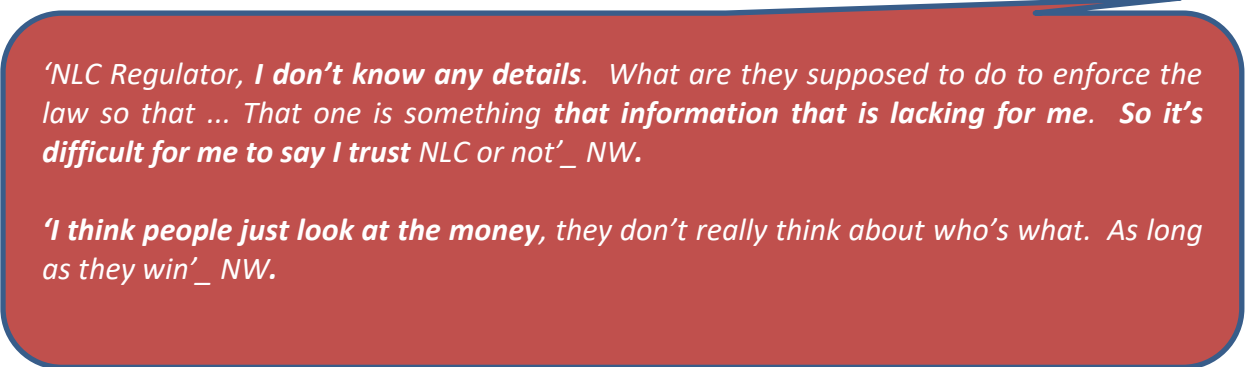
The popularity of Fafi among communities in urban areas (mainly townships) and rural areas shows that it is seen as an alternative and convenient gaming activity to National Lottery games despite its illegal status. It was clear from the discussions that there are a number of underlying factors that contribute to the communal interest in Fafi. The main attraction would appear to be a social element that embodies Fafi where community members gather at a specific location that allows for social interaction. Furthermore, the traditional betting process involved is seen to be transparent and fair and payouts are immediate. The element of trust between the operator of Fafi and the participants within different communities contributed to the inherent popularity and success of Fafi.



'Because they know there is Lottery, there is Powerball, there is what-what. But those who are addicted, let me say addicted to Fafi, you can't take them away from that. They say Fafi gives us money quickly. Because they play in the morning, they play in the afternoon. They leave early, they stay there the whole day' _G .

4.5.3.4 Trust in the National Lottery Operator and the NLC in conducting the lottery business

The element of trust in the National Lottery Operator and the NLC in conducting the lottery business was perceived to be less important to the majority of participants in National Lottery games. It was also evident during the discussions that some of the non-participants as well as participants in National Lottery games could not contribute any valuable insights regarding their opinions on this issue. As with the earlier discussion regarding awareness of the NLC and the Lotteries Act, the main reason for their indifference was based on the lack of complaints from the public generally. As a result, FGD participants were of the opinion that the NLC was successfully marketing Lotto and PowerBall, as well as accessibility of outlets and payout of winning tickets. Discussions around the NLC and its Operator further revealed that a number of players and non-players of Lottery games could not distinguish between the roles of the two entities.



*'NLC Regulator, I don't know any details. What are they supposed to do to enforce the law so that ... That one is something **that information that is lacking for me. So it's difficult for me to say I trust NLC or not'** _ NW.*

'I think people just look at the money, they don't really think about who's what. As long as they win' _ NW.

'I wanted to say the same thing that there are like almost everywhere, like almost every corner you find a Lottery sign. So for the mere fact that they are there, and also on the advertising side, you hear them on radio, you see them on TV. So they're doing great in that business aspect of letting people know. And also being available at different places'_G

'... if there are no complaints about how the Lotto is running and other things, I don't think, I just think that they are doing the right thing. If there are no complaints. Obviously if we have complaints against the National Lottery and what, we'll know about somebody who has a problem and the National Lottery is not helping. So if we are not aware of the complaints, I've never heard complaints against National Lottery, I don't think there are problems with how they're running the business'_ PTA

4.5.3.5 Distinguishing between lotteries and other forms of gambling

The outlook that *'people are only interested in winning money'* persistently recurred during the discussions on the themes around awareness of the NLC, the Lotteries Act, and legal and illegal lotteries. It was also prominently apparent during discussions on the awareness of any differences between lotteries and 'other' forms of gambling. The inherent desire to win money is the prevailing reason for participation, irrespective of whether it is the Lottery or some other form of gambling. Therefore, the majority of players as well as non-players found it challenging to distinguish between the lotteries and other forms of gambling. It also emerged that the association of lotteries with other modes of gambling is based on the notion that since money is involved, National Lotteries are similar to other gambling modes.

'I think we are only concerned with getting the money. The other stuff, on how this is different to this one and this one. Even now, I didn't know about the difference between Lottery and this other one'_ PTA

'No', 'No'. L

'I've heard of Lotto Star but I'm not sure if it's legal or not. I know a lot of people play that one L. Online via ... but I'm not sure if it's legal or not'_ NW

'...for me my view for Lottery, is the same as other form of gambling. Because there is nothing that is promised to it, there's nothing that is to say if you play Lotto for five years, okay. It's more like a ... you're going to get at least this because you've been taking your money for this long. So it's very risk... It's a form of gambling because they take advantage of people that are desperate'_G

'To me, I think, no, most of the people don't know that. Even myself, I didn't know that Lotto is not gambling. I just see it as gambling. Why? Because most people, as long as there's a game that you have to play with money, it's gambling'_G

'I'd say most folks don't know'_G

'We can't tell. Because of the vigorous advertising that Lotto actually does'_NW

'I don't think that most people who play do care much about that, or rather are well informed about this regulator policy. They are gamblers afterall. All they ever want is just how do we get the money at the end of the day, whether this whole operation is being regulated properly or not, they do not care more about this. As long as of course they do satisfy their urge to play'_G

'I'd say most folks don't know. Including myself, I did not know. Lotto and gambling, they all play in the same field. It just like I said previously, that how Lotto has positioned themselves, they have not positioned themselves as gambling as such. Because for one, Lotto you find it in the shop where you buy your food and stuff'_G

'Very few realize that Lotto is part of gambling. When you ask is it gambling or not, he's not interested in that. He's not interested in knowing whether it's gambling, whether it's the same or not, he's just interested in getting the money'_G

'For me, I feel like Lottery, well the perception that I have is that Lottery and what they do at Hollywood, it's gambling all of it. So whether I play with the scratch card, do it online, or go to Hollywood, I'm gambling. So I don't see the difference between them'_PTA

4.5.3.6 *Funding of worthy causes: National Lottery Distribution Trust Fund (NLDTF)*

The outcome of the discussions regarding this theme shows that there are relatively low levels of awareness regarding the National Lottery distribution funds for good causes in some communities. This could be due to the fact that communities are not well-informed about the National Lottery distribution funds. Some FGD participants became aware either through personal experiences of the NLC support or through initiatives within their own communities. Very few became aware of the funding through media such as television. Despite their awareness, participants could not provide details regarding the nature of the causes supported or beneficiaries of NLC funding. Generally, concerns were raised regarding the lack of public awareness campaigns by the NLC to promote their funding for worthy causes.

'Yes, we are aware'_PTA.

*'I think most of us we are aware. Because like they build schools, they develop parks and so on. And after they ... **they put a board to show that it's been sponsored by Lotto.** So on that one I think most of us we are aware'_PTA*

'Yes, Some'_L.

*'I don't think they are aware. In a sense that, with the little knowledge that I have, where I'm working is ... **Most of our non-profit organizations, they're not aware that they can apply to the National Lottery for funding.** Take for instance, things like schools, they are not aware that you can apply to National Lottery Commission for them to do maybe playgrounds. Our schools are so bad there weren't playgrounds and all those things. But money's there at National Lottery'_L*

'...people are not aware, because we still have schools which are still in bad. But where I was working, because even in our pre-school, they got money from Lottery'_L.

'I don't think many people are aware. Because those who are aware, either you're politically inclined, or at the social level where you can see things happening and you want to change them'_ L

'Where I come from, No. Maybe if I do see some benefits, maybe that would encourage me to once in a while to play the Lotto. But, as it is now, no, I don't' NW

'There's nothing. And we don't know how to get hold of that. Because I think maybe the NLC must go to the ... communicate with the people, explain to them how they benefit from it, because we don't know'_NW

'..., from my village I learnt last year that there was a feeding scheme that runs as an NPO, so they got assistance from NLC. But there's another primary school, I think three years they've been applying, but no assistance'_NW

'But it is not always clear where are they really helping. Maybe we'll just hear once after six months they've helped a certain school or something'_G

'No, No. Not really. Most people they are not aware'_G

'I'm not aware of the good causes that Lotto does. But if they are doing good causes, I don't think it differentiates them from any other company, because as a company, the more money you make the more you have to give back to the community, the CSR. So if they aren't giving back to the community, it is their duty to give it back to the community'_G

'People are not aware of such initiatives by the Lottery. Maybe it's because the way they put it. Like normally on Saturdays or during the week. They put it as if they are doing the community a favour. Like we did this ... they do not encourage people to apply'_G.

'The way I see it, it's not properly advertised. So I think they don't advertise how they help. They advertise for people to come and bet. But they don't advertise how they help. So that must be balanced. Because people who go there for Lotto, but the same number of people, at least if you could help half of them'_G.

4.5.3.7 Awareness of the beneficiaries of the National Lottery fund for good causes

A general impression that emerged from the FGDs was that the allocation and distribution process of NLC funds is biased towards certain provinces such as Gauteng. Despite the concerns that were raised regarding the distribution process of funds for good causes, it emerged that communities were in fact aware of NLC funds being distributed in their areas, mainly to schools. The processes and criteria involved in applying for funding were also mentioned, as well as that it appeared that the NLC Board members favoured successful applicants.

*'When we switch on the TV, you can see ... National Lottery has done this and this and that. But you look at the province, **mainly we see Gauteng**'_ NW*

*'Yes, I think that people are aware. Where I'm from, **I remember one organization funded by Lotto**. And **some schools from my villages are funded by Lotto**. So I think they are aware'_ L*

*'I know **two crèches**, one was more much better than the other one. But this ladies do applied for the funds. That better crèche did get the funds. But that one that needed more help, didn't get. They just say 'did not qualify' and they did not give that old lady reasons why she did not qualify. But that better one got the funds'_ G.*

*'**Only people that are related to those that sit on the Board**, are the ones that always get the funding. Something to that effect. I don't know if it's this current panel of the Lotto or the previous years'_ NW*

4.5.3.8 *Impact of the National Lottery funds in local communities*

The impact of the NLC funds was evaluated against recipients within communities, including the number of organisations and initiatives that had benefitted from the funds. This would also include the level of media exposure and coverage of the beneficiaries in other areas and provinces. It is for these reasons that FGD participants regarded the impact of the NLC funds to be insignificant in their communities and other areas.

'It's very debatable. Because where I'm coming from I've never seen projects that are sponsored by National Lottery Commission. So I'll not say there are people who are complaining. There are people who are complaining and saying that we do not see anything'_PTA

'Where I'm coming from a rural area, I don't have anything that has been sponsored by Lottery. I think it goes back to a point of being lazy to read because for you to be able to know about these things, you need to read and you need to do research. How, where are you going to apply for those things. So if you are lazy to read, meaning in most cases, filling in forms is going to be another story for you'_PTA

'Ja, I don't think there's much impact as discussed that there's little advertisement and the lack of marketing people aware that there's benefits. They are doing it for their own good. Because it is part of – they call it social responsibility – so that the taxman, when they are taxed, the tax goes down. If they were doing it for the good cause, someone even made mention that they've heard of Lotto maybe sponsoring people for bursaries or building houses or old age homes or all those things. But all they want to do is just to collect and get money for themselves'_G

4.5.3.9 *Perceptions towards the value of National Lottery funding for good causes*

Notwithstanding concerns and misgivings that were mentioned regarding the NLC fund for good causes, there was a general consensus that this is a worthwhile initiative to benefit communities. However, it was mentioned that more still needs to be done especially with regard to transparency and the equitable distribution of funds.

*'Yes. I say yes it is very much important. It is very much important. But what I, maybe I'm asking. I'm making a plea to the National Lottery Commission **that they must make the communities aware that is very much important for the people who play Lotto.** Because the Lotto also come back and contribute, they make contribution to the community. Because I can say where I come from, in Zebedela, **there are two or three organisations helped by National Lottery.** And the only thing is that people must know that it is very much important to bet Lotto'_L*

4.5.3.10 Organisations or causes that should benefit from the National Lottery fund

Educational institutions ranging from foundation phase in basic education to tertiary level emerged as the ideal candidates to benefit from the NLC funding. Although FGD participants were aware that educational institutions did in fact benefit from NLC funding, they were of the opinion that further support is essential particularly in disadvantaged areas such as townships and rural areas. It was further suggested that students in tertiary institutions also benefit from such funding.

*'A school's foundation is important. You need to start down there. **The kids must have resources.** Because there are schools which have those things but the unprivileged, they don't have'_L*

*'National Lottery can **channel some of this money into NSFAS** so that it can at least try to help our government so that our student can get there. Free education in that regard'_L*

*'I think it can help for **disadvantaged schools.** Most of the schools in the area don't have computer, laps and stuff like that'_NW*

*'Sports facilities, **or recreational facilities**'_NW*

*'**Schools, orphanages, crèches.** Sponsoring the senior citizens because when you talk about **old age homes, how many do we have?** And how many old people are there suffering alone without being taken care of? And taking care of the **mentally challenged**'_G*

*'I think I should also add to that like **sports facilities.** At least it will keep kids away from doing **drugs** and going to do things that are out of ordinary'_NW*

4.5.3.11 *The effect of funding in influencing participation in National Lottery games*

The focus group discussions further revealed that funding for good causes had an overall positive influence on participation in National Lottery games. In particular, non-participants in National Lottery games mentioned that they would consider participating in Lottery games in future to contribute to funding for good causes. However, FGD participants were of the view that it was important to monitor recipients of the funds to ensure that the funds are used as intended.

(a) **National Lottery games participants**

'Yes, yes, definitely'_NW

*'Yes. Just one thing that I want to make mention of. I want to appeal to National Lottery Commission. If they funding ... my last organization, **they must monitor** how ... is using the money'_NW*

(b) **Non-participants in the National Lottery games**

*'**Yeah** I think. Even if you don't intend to win, but it's just to donate. Okay, this is for a good cause'_NW*

*'Come up **with a marketing drive**. That they can use to inform us about the Lotto and what it do and then secondly, if needs be, tell us how the money is actually being broken down'_NW*

*'Definitely, Yes. **If the winning, chances can be opened**. Maybe I can give it a try if they do it for good cause which we've mentioned all those reasons'_G*

4.6 CONCLUDING REMARKS

This chapter presented an analysis on the outcomes of the qualitative research phase of the study. The main objective of this research phase was to provide insights and a deeper understanding of the attitudes and participation in National Lottery games to support the findings of the quantitative research phase. During the qualitative research phase, four focus groups were conducted in urban and rural areas with a view to reflecting on a broader and diverse spectrum of the South Africans society. To ensure homogeneity, focus group participants were grouped as participants and non-participants in National Lottery games.

For analysis purposes, the themes were clustered into sub-sections. The first section focused on the themes that were discussed with those people who participated in National Lottery games in the 12 months preceding the survey. The second section involved non-participants, while the last section analysed those themes applicable to both participants and non-participants of National Lottery games.

In summary, the approach used in the analysis of themes largely corresponded with the themes included in the focus group facilitator's guide, which allowed for consistency in presenting the research findings. A total of 14 prominent themes emerged from the discussions with participants involved in National Lottery games. The discussions involving non-participants in Lottery games finally resulted in 6 prominent themes, whereas 11 themes emerged during the discussions with both players as well as and non-players of Lottery games. The analysis of the themes shows that there are high levels of consistency between the outcome of the FGDs and the findings from the quantitative research analysis.

The main findings from the analysis of participants in National Lottery games show that the underlying reason for participation in Lottery games was to win money. The most popular National Lottery games included Lotto and PowerBall due to high jackpot prizes and ease of access to these games. The probability of winning National Lottery games was seen to be very low, and as result some participants believed that the winning numbers were manipulated. A number of participants were not aware of the NLC or the Lotteries Act, the reason being that

players are only interested in winning money, and also that they had not previously encountered any problems with the payout of winnings. Generally, the cost of National Lottery games are regarded as reasonable. Also, the majority of participants felt that it is highly unlikely to become addicted to Lottery games, although this view was contradicted by non-participants in Lottery games.

With regard to non-players of Lottery games, the low probabilities of winning as well as high levels of doubt and lack of trust in the lottery system appear to be the main reasons for non-participation or for stopping to participate. A number of non-participants were prepared to start participating if the chances of winning are increased, if more transparency in the drawing of winning numbers is guaranteed, and if there is more visibility and equitable and fair distribution of the NLC funds for good causes.

Findings from the analysis of themes based on discussions with both participants and non-participants in National Lottery games revealed high prevalence rates of Fafi as an illegal lottery game. Unlicensed gaming activities are particularly evident in townships and rural areas. Easy accessibility, instant payouts, social cohesion and trust in the betting system appear to be the main factors for the popularity of Fafi despite its illegal status. It also emerged that National Lottery games are associated with other forms of gambling modes due to the marketing messages that place more emphasis on winning money rather than contributions to worthy causes in communities. There is a general awareness regarding NLC funding for good causes. However, there is some uncertainty regarding the insufficient promotion of good causes funded as well as the distribution process that is perceived as being not equitable and largely biased towards the Gauteng province.

Both non-players as well as players of Lottery games are willing to start participating more provided that there is a more fair and transparent distribution of NLC funds for good causes. It was suggested that the educational sectors ranging from the foundational phase in basic education to tertiary education level should be prioritised in the allocation of NLC funds.

Annexure A3: Education Attainment Cohort Analysis

Participation in lottery activities and sport pools	No formal schooling	Primary (Grade 1-7)	Secondary (Grade 8-12)	Tertiary (Post matric)	Total
Lotteries (including the National Lottery)	41.80%	32.70%	35.60%	33.90%	35.00%
Fantasy sport	1.30%	2.10%	1.90%	2.50%	2.10%
Lottery scratch cards	7.60%	6.30%	7.00%	7.00%	6.90%
Sports pool/competition	8.90%	4.20%	5.70%	5.40%	5.60%
Fafi / iChina / mo-China / fhafee	8.90%	7.00%	5.00%	1.90%	4.30%
Participation in lottery schemes/activities/games	No formal schooling	Primary (Grade 1-7)	Secondary (Grade 8-12)	Tertiary (Post matric)	Total
Betting on the outcome of the National Lottery	0.0%	2.2%	2.0%	4.0%	2.6%
Society Lotteries (South Africa)	6.1%	3.2%	3.6%	6.4%	4.5%
Private Lotteries (South Africa)	0.0%	1.1%	3.1%	3.2%	2.9%
Promotional Competitions (South Africa)	12.1%	6.5%	10.2%	12.4%	10.6%
Foreign lotteries	6.1%	4.3%	8.6%	7.2%	7.7%
Betting on the outcome of the foreign lotteries	3.0%	5.4%	4.3%	2.0%	3.6%
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	81.8%	92.5%	91.4%	86.7%	89.7%
PowerBall and/or PowerBall PLUS	72.7%	71.0%	74.8%	72.5%	73.7%
SPORTSTAKE 13	12.1%	11.8%	14.1%	12.1%	13.2%
EAZIWIN	0.0%	5.4%	4.3%	3.5%	4.0%
RAFFLE	0.0%	2.2%	3.0%	4.0%	3.1%
PICK 3	12.1%	10.8%	6.3%	8.4%	7.5%
RAPIDO	0.0%	2.2%	2.5%	1.7%	2.1%

Annexure A4: Population Group Cohort Analysis

Participation in lottery activities and sport pools	African	Asian	Coloured	White	Total
Lotteries (including the National Lottery)	36.60%	17.20%	27.00%	25.90%	35.00%
Fantasy sport	2.30%	1.70%	0.90%	1.20%	2.10%
Lottery scratch cards	7.60%	0.00%	3.50%	2.90%	6.90%
Sports pool/competition	6.30%	0.00%	1.70%	1.20%	5.60%
Fafi / iChina / mo-China / fhafee	4.90%	0.00%	0.40%	1.80%	4.30%
Participation in lottery schemes/activities/games	African	Asian	Coloured	White	Total
Betting on the outcome of the National Lottery	2.8%	0.0%	0.0%	2.3%	2.6%
Society Lotteries (South Africa)	4.7%	0.0%	4.8%	2.3%	4.5%
Private Lotteries (South Africa)	3.0%	0.0%	1.6%	2.3%	2.9%
Promotional Competitions (South Africa)	11.4%	0.0%	6.5%	2.3%	10.6%
Foreign lotteries	8.3%	0.0%	4.8%	0.0%	7.7%
Betting on the outcome of the foreign lotteries	3.5%	10.0%	4.8%	2.3%	3.6%
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	89.7%	90.0%	85.5%	95.5%	89.7%
PowerBall and/or PowerBall PLUS	74.3%	70.0%	67.7%	70.5%	73.7%
SPORTSTAKE 13	14.5%	0.0%	4.8%	0.0%	13.2%
EAZiWIN	4.4%	0.0%	1.6%	0.0%	4.0%
RAFFLE	3.3%	0.0%	3.2%	0.0%	3.1%
PICK 3	8.0%	0.0%	6.5%	0.0%	7.5%
RAPIDO	2.2%	0.0%	3.2%	0.0%	2.1%

Annexure A5: Gender Cohort Analysis

Participation in lottery activities and sport pools	Male	Female	Total
Lotteries (including the National Lottery)	45.70%	27.70%	35.00%
Fantasy sport	3.20%	1.40%	2.10%
Lottery scratch cards	7.10%	6.80%	6.90%
Sports pool/competition	9.50%	2.90%	5.60%
Fafi / iChina / mo-China / fhafee	3.30%	4.90%	4.30%
Participation in lottery schemes/activities/games	Male	Female	Total
Betting on the outcome of the National Lottery	2.5%	2.8%	2.6%
Society Lotteries (South Africa)	2.8%	6.5%	4.5%
Private Lotteries (South Africa)	1.4%	4.5%	2.9%
Promotional Competitions (South Africa)	9.8%	11.6%	10.6%
Foreign lotteries	7.9%	7.5%	7.7%
Betting on the outcome of the foreign lotteries	4.2%	2.9%	3.6%
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	89.3%	90.2%	89.7%
PowerBall and/or PowerBall PLUS	77.2%	69.7%	73.7%
SPORTSTAKE 13	18.2%	7.7%	13.2%
EAZiWIN	3.5%	4.5%	4.0%
RAFFLE	3.3%	2.9%	3.1%
PICK 3	7.0%	8.1%	7.5%
RAPIDO	2.5%	1.8%	2.1%

Annexure A7: Social Grant Recipient Cohort Analysis

Participation in lottery activities and sport pools	Recipient	Non-recipient	Total
Lotteries (including the National Lottery)	30.10%	36.80%	35.00%
Fantasy sport	1.10%	2.50%	2.10%
Lottery scratch cards	6.10%	7.20%	6.90%
Sports pool/competition	3.90%	6.20%	5.60%
Fafi / iChina / mo-China / fhafee	6.10%	3.60%	4.30%
Participation in lottery schemes/activities/games	Recipient	Non-recipient	Total
Betting on the outcome of the National Lottery	2.7%	2.6%	2.6%
Society Lotteries (South Africa)	2.7%	5.1%	4.5%
Private Lotteries (South Africa)	2.3%	3.0%	2.9%
Promotional Competitions (South Africa)	7.4%	11.7%	10.6%
Foreign lotteries	7.8%	7.7%	7.7%
Betting on the outcome of the foreign lotteries	3.5%	3.6%	3.6%
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	87.5%	90.4%	89.7%
PowerBall and/or PowerBall PLUS	70.8%	74.6%	73.7%
SPORTSTAKE 13	9.3%	14.5%	13.2%
EAziWIN	5.8%	3.4%	4.0%
RAFFLE	3.5%	3.0%	3.1%
PICK 3	7.8%	7.4%	7.5%
RAPIDO	2.3%	2.1%	2.1%

Annexure A9: Settlement Cohort Analysis

Participation in lottery activities and sport pools	Urban	Rural	Total
Lotteries (including the National Lottery)	34.9%	35.1%	35.0%
Fantasy sport	1.9%	2.7%	2.1%
Lottery scratch cards	6.7%	7.5%	6.9%
Sports pool/competition	5.6%	5.5%	5.6%
Fafi / iChina / mo-China / fhafee	4.6%	3.3%	4.3%
Participation in lottery schemes/activities/games	Urban	Rural	Total
Betting on the outcome of the National Lottery	2.5%	2.9%	2.6%
Society Lotteries (South Africa)	3.3%	8.1%	4.5%
Private Lotteries (South Africa)	2.5%	4.0%	2.9%
Promotional Competitions (South Africa)	9.2%	15.0%	10.6%
Foreign lotteries	9.7%	1.8%	7.7%
Betting on the outcome of the foreign lotteries	4.1%	2.2%	3.6%
LOTTO, LOTTO PLUS 1 and/or LOTTO PLUS 2	90.2%	88.3%	89.7%
PowerBall and/or PowerBall PLUS	74.0%	72.9%	73.7%
SPORTSTAKE 13	14.0%	11.0%	13.2%
EAziWIN	3.8%	4.4%	4.0%
RAFFLE	3.1%	3.3%	3.1%
PICK 3	6.1%	11.7%	7.5%
RAPIDO	1.7%	3.3%	2.1%

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