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Want False Hope With That Lottery Ticket?

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'Our research has determined," the authors of a comprehensive new taxpayer-funded study conclude, "that there is no correlation between lottery sales and poverty in which anyone can reasonably conclude that poorer residents of Connecticut are more inclined to play the lottery."

Anyone? That is laughable - except the joke is on the poor and uneducated.

Study after study has concluded that lotteries - whatever you think of them - rely on low-income customers because they are the frequent players. That's how they **make money** - off people with nothing else to lose. In Connecticut, that means \$20 and \$30 scratch tickets, which are the big moneymakers.

But the new report by Spectrum Gaming Group reasoned that because the most successful lottery retailers were not located in higher poverty neighborhoods, there is no connection between income and ticket sales.

That's the opposite of what I found in 2002 with colleague Jack Dolan when we looked at the marketing strategies of lotteries throughout the country. This included the Connecticut Lottery Corp., which lost a Freedom of Information Act fight with us over access to internal customer research documents at the quasi-state agency.

According to its own research, the best customers are lower-income and the least-educated residents. One analysis by Kopel Research Group Inc. for the Connecticut Lottery said that "those with less **education appear to be significantly more likely to have played the instant games, and to play them more frequently than those more educated."**

Instead of merely looking at where the retailers who sold the most tickets were - which is what Spectrum did - we looked at where the lottery's most frequent players were in an analysis comparing education and income with lottery winners by ZIP code. Because high concentrations of winners reveal where people play the most on the lottery, we were able to determine that people living in the poorest cities - Bridgeport, Hartford and New Haven - account for a disproportionately large **share of lottery customers.**

Even the Spectrum report had to hint at this. Problem gambling **rates** were found to be much higher in Hartford and New Haven in the study. It offered no reason why.

Back in 1999, the National Gambling Impact Study Commission recommended that "the states with lotteries reduce their sales dependence on low-income neighborhoods." The commission's report said that "there is also concern that lottery ads target particularly vulnerable populations, specifically youth and the poor."

Economists Charles Clotfelter and Philip Cook, authors of "Selling Hope: State Lotteries in America," have long argued that lotteries amount to a tax on the most disadvantaged members of society. A study last year by Carnegie Mellon University researchers found that poverty plays an essential role in the consumer's decision to buy lottery tickets.

Meanwhile, Cornell University economist David Just and colleagues have found "a strong and positive relationship" between lottery ticket sales and poverty rates after examining data from 39 states over 10 years.

"Finding that desperation motivates lottery consumption by the poor has some troubling policy implications," Just and his fellow researchers concluded. "Rather than seeking fun and exciting entertainment, the poor appear to play because of an ill-conceived belief that participation will improve their financial well-being."

Paul Sternberg, vice president for sales and marketing for the Connecticut Lottery, told me that he didn't think low-income residents make up a disproportionate share of his customers. Perhaps he is unaware of his own agency's internal research reports from the past.

"I can't tell you every single person who walks in and walks out" out of a lottery retailer, he said.

I know the lottery isn't going anywhere. Our free-spending legislature needs the nearly \$300 million that the lottery turns over to the state every year. Nobody is forcing anyone to buy those ridiculous \$30 scratch tickets.

But let's not pretend that everything's fine with lottery gambling, because that's not the case. You can look it up - just not in our new comprehensive study of gambling.

Rick Green's column appears on Tuesdays and Fridays. Read his blog at <http://courant.com.rick>.