

The effects of new product and rollovers on lottery sales: An analysis of product portfolio cannibalization

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Abstract

Institutions that operate in highly regulated markets such as lotteries, expect the gambling activity to grow by the expansion of total demand. Few studies so far have focused on the impact of new game releases on preexisting games. The present study is the first to assess the impact of cannibalization on the Portuguese national lottery portfolio and is also the first to include games such as passive lotteries. Two longitudinal datasets of weekly and an annual (11 years) sales were used in this analysis. The results showed that cannibalization was found at the product category level and for individual products. Scratch-cards was the product that most cannibalized other products. Complementarity for product category and individual products was found. National lotto's sales and EuroMillions' sales reinforced each other, except when there is rollover in which case cannibalization occurs. The present study brings new findings that complement previous research on lottery cannibalization.

Subject Areas: *Marketing Strategy, New Product Development and Launch, Product Categorization, Product Management, Public Policy*

Track: Public Sector and Non-Profit Marketing