

Insights and Data to Help Manage Today's Changing Consumer Environment

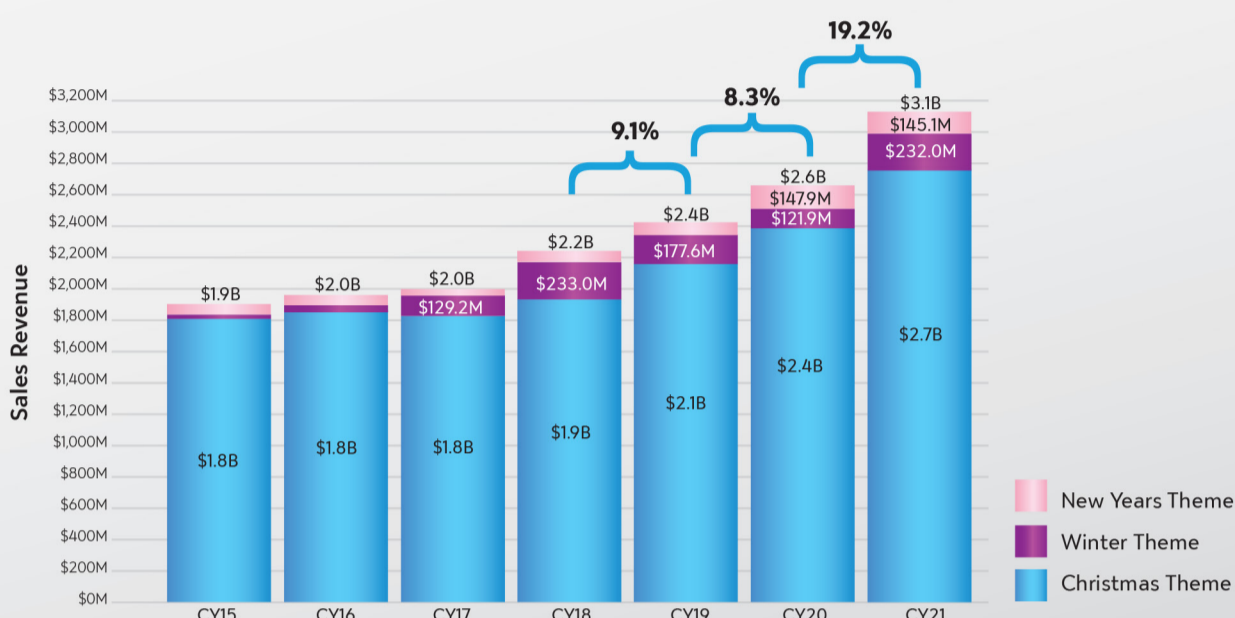
In this issue of Data in Motion, we provide an overview of this past season's holiday game sales and share an interesting observation on how the month of January may present an opportunity to extend the purchase of these games.

2021 Holiday Game Recap

2021 holiday game sales followed the general instant game trend of year-over-year growth. But as the chart below shows, the jump in holiday game sales from 2020 to 2021 was significantly greater than in past years. In fact, at +19.2%, the growth rate from 2020 to 2021 was more than double the growth rate of the previous two years (9.1% and 8.3%) and outpaced overall instant game growth rate by 7.7 percentage points (19.2% vs. 11.5%).

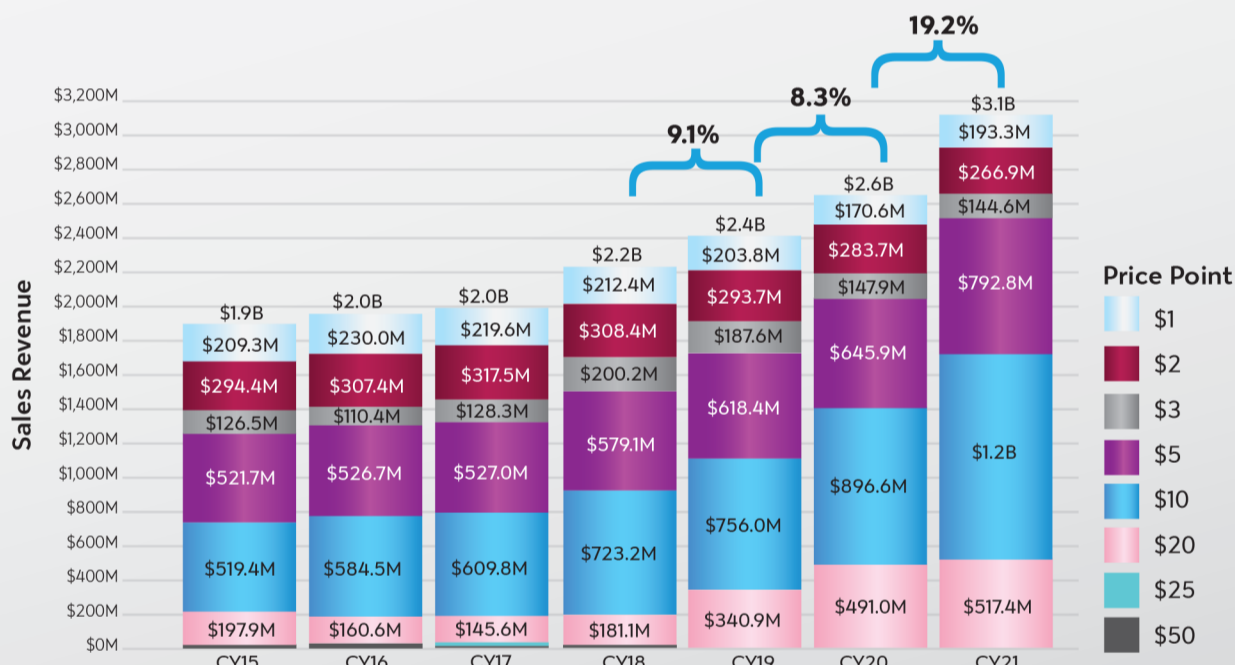
And while Christmas/holiday-themed games continued to be the greatest contributor to holiday game sales, winter-themed games saw a surge in growth compared to prior years.

Holiday/Seasonal Game Sales by Calendar Year



When we look at this same year-over-year data by price point, we see that 2021 holiday game sales generally followed the overall instant game trend of growth at the higher price points and recession at the lower price points. The \$10 price point had an especially strong showing with a 33% increase versus 2020 (\$1.2 billion versus \$896.6 million).

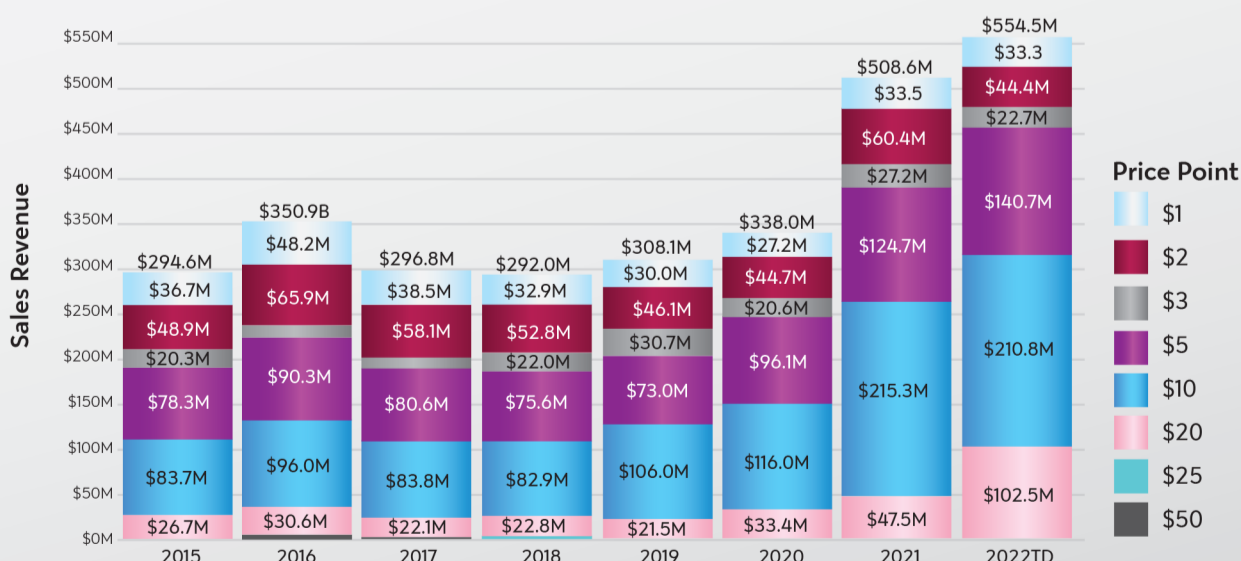
Holiday/Seasonal Game Sales by Calendar Year by Price Point



January Uptick

When we look at holiday game sales that occur in January (chart below), a couple of things stand out. First, the percentage of holiday sales that January contributes to total holiday sales grew from 13% in 2021 to 16% in 2022. And second, \$5 holiday game sales in January actually grew as a percentage of total holiday game sales from 2021 to 2022. This is interesting because when we look at overall January instant sales at the \$5 price point, there is a slight recession. We plan on watching this trend in the coming years but it suggests that we as an industry may want to consider launching winter- or New Years-themed games at the \$5 price point to take advantage of these late-in-the-season purchasers of scratch games.

January Holiday/Seasonal Game Sales by Calendar Year



Final Thoughts

The holidays always present an interesting strategic challenge for our industry. The sales period is relatively short and the motivations for purchase can vary as consumers consider lottery products as potential gifts/stocking stuffers. This, in turn, often exposes those who don't typically play lottery to our games for the first time. At the same time, we want to keep our regular players engaged, so it's important to offer a range of games this time of year with both players and non-players in mind. There can also be a lot more visual 'noise' at retail this time of year, making it all the more important that the games we have on sale grab the consumer's attention. We know many of you are planning for the 2022 holiday season now, so please feel free to contact us if we can provide any assistance.