

LEADING THE WAY IN THE LONE STAR STATE



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INSIGHTS

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Focus On: iLOTTERY

An iLottery Primer • Words of Wisdom
Player Strategies • Instant Success • Fast Play

The Science Behind the \$50's Success

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Instant products have evolved tremendously since the game category's debut at retail nearly 50 years ago. What began with a single \$1 key number match ticket has grown into today's \$69.6 billion industry in North America with price points ranging up to \$50, and even an occasional \$100, that offer a wide variety of ways to play. Most importantly, after five decades instants continue to provide growth opportunities for lotteries and increased revenue return for their beneficiaries.

The category has continuously transformed through the introduction of engaging new play styles, innovative prize structures, advanced printing technology, iconic licensed brands, digital extensions, and expanded price points, creating exciting game options that provide players with entertainment value and inspire the fun they're looking for.

Player Experiences and Sales Performance

An instant game's visual elements are often what initially draws a player's attention to a particular game, but it's both the art and the science behind it that best positions a game and lottery's instant portfolio for success. A critical element of that science is the strategic design,

differentiation and positioning of new offerings in context with the whole portfolio, which becomes even more nuanced as additional higher price points are introduced to the mix. A lottery's most engaged players require this attention to detail to understand the value of purchasing one game over another.

Instant game sales have soared during the past two years with high price point games driving that growth. In calendar year 2021, more than 65% of instant sales came from \$10+ games. As spending on higher-price-point games continues to flourish and players drive increased demand for games like the \$50, deep market research combined with advanced portfolio management is necessary to continue delivering what consumers want while maximizing profits for good causes.

Most simply put – we need to be a bit more deliberate in what we do and how we do it.

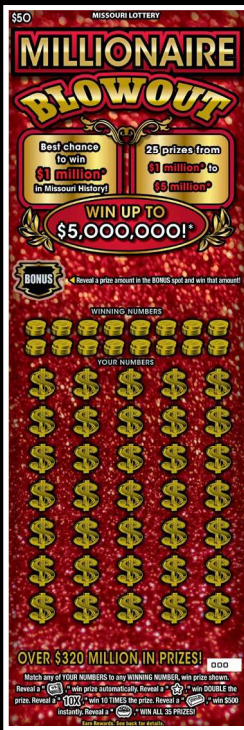
Scientific Games customers benefit from analytic-driven go-to-market strategies aimed at minimizing portfolio cannibalization and, ultimately, growing lottery sales and profits.

To inform its \$50 game category strategic recommendations, the company conducted significant market research to dig deeper into what consumers expect from this high price point product and other aspects of play that must be

included to deliver an experience players expect.

The product development process started with several core educated hypotheses we believed would prove out in the research based on findings seen over and over again in testing with engaged players. These include incorporating prize levels that have resonated as credible, meaningful wins with engaged players in both research settings and the market; callouts spotlighting best-in-history prizes or features that deliver a value proposition specific to their local market; unique bonus features; and best-chance odds to win a \$1 million prize without minimizing the credible lower-tier wins. These hypotheses served as the basis of intense analysis and discussion among the company's cross-departmental subject matter experts who conceptualized and brought \$50 product solutions to consumer testing for evaluation and further refinement.

Considering markets where \$50 games were already in existence, as well as those where the category would be novel, the company's product strategists developed an array of \$50 game options with unique prize structures and value propositions that would be clearly differentiated from other existing games to appeal to the most engaged players.



Insights on Recent \$50 Launches

While the \$50 game is not new to the industry, lotteries are responding to consumer demand for higher price point experiences by expanding their portfolios. Since November 2021, five U.S. lotteries introduced \$50 products and there are several additional states slated to launch this year.

Four of those five lotteries introduced the \$50 price point as an additional game launch and did not replace the launch of another high price point game.

In general, most of these lotteries have used “best chance to win” elements in prize structures, primarily for the \$100 and \$500 prize tiers. Some lotteries undertook additional research to tailor artwork and callouts, which was an element of Scientific Games’ go-to-market recommendations to help further differentiate the value of the games and new price point for the most engaged players.

The phenomenal sales have demonstrated the public’s embrace of these new \$50 products. Players are speaking with their dollars and

retailer response to the games has also been very positive. In some states, retailers who did not carry the \$50 at launch have since requested inventory – an encouraging sign that buzz surrounding the games is driving even more consumer demand.

As expected, some cannibalization of \$20 and \$30 games has been reported. But total retail sales for higher price points, and most importantly total profit, are positive for all five lotteries that introduced \$50 as a new price point.

Sustainable Portfolio and Profit Growth

With several \$50 games now in the market and additional higher price point and higher payout game launches planned and being contemplated across the country, lotteries must be ready to make intentional, strategic changes to engage in more advanced portfolio management to be able to continue offering what consumers want to buy while balancing the need to grow return to beneficiaries. Changes not only to the instant product portfolio but across

the entirety of the product offerings.

This involves careful analysis of prize structures across the portfolio to identify areas where money could be moved to more meaningful spots, as well as looking at potential ways to completely redefine the positioning of the lower and middle price point products and what they deliver.

Collaboration between a lottery and its supplier throughout the game development process on analytics, strategy and marketing support is key to building successful games that contribute to a balanced, profitable instant portfolio. All products in the portfolio have to pull their weight in the market to truly deliver on consumer needs and maximize funding to good causes.

Something we’ve always known is that sustained growth isn’t accomplished one game or price point at a time. Results are driven by full portfolio management and approaching the entire business with an eye for optimization. ■

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Inspire

The Fun.

We're always thinking about the player experience.
Because it's not just a game.
It's an instant of optimistic fun.





THE TIME IS NOW

There are **50 Million** reasons your players will love the new Linked Game!

SCIENTIFIC GAMES

ENTER TO WIN A TRIP TO LAS VEGAS FOR THE CHANCE TO WIN UP TO \$50,000,000 IN THE COME ON DOWN CHALLENGE!
(See back for details!)

What's Up For Bid

YOUR BID ACTUAL RETAIL PRICE PRIZE

GAME 1

GAME 2

KEY NUMBER

YOUR PUNCHBOARD NUMBERS

PLINKO BOARD

BONUS ROUND

SHOWCASE 1

YOUR BID
ACTUAL PRICE
PRIZE

SHOWCASE 2

YOUR BID
ACTUAL PRICE
PRIZE

Win UP TO \$0,000,000!

SEE TICKET BACK FOR PLAY INSTRUCTIONS.

SCIENTIFIC GAMES

ENTER TO WIN A TRIP TO LAS VEGAS FOR THE CHANCE TO WIN UP TO \$50,000,000 IN THE COME ON DOWN CHALLENGE!
(See back for details!)

100X

WHEEL NUMBERS **PRIZE**

BONUS ROUND

Uncover a **100X** in the **BONUS ROUND**, win \$100 instantly!

Scratch off play area on right to uncover 18 "WHEEL NUMBERS" and 18 "PRIZE" amounts. Match any of the "WHEEL NUMBERS" to any of the five "WINNING NUMBERS" to win that prize. Uncover a **500X** or **1000X** symbol to automatically multiply and win that corresponding prize. Uncover a **SS** symbol, WIN ALL 18 PRIZES AUTOMATICALLY!

WINNING NUMBERS

Win UP TO \$000,000!

SCIENTIFIC GAMES

Enter to win a trip to Las Vegas for the chance to win up to \$50,000,000 in the COME ON DOWN Challenge!

WIN UP TO \$00,000!

Match any of your **YOUR NUMBERS** to any of the **WINNING NUMBERS**, win PRIZE shown for that match. Get a symbol, win PRIZE for that symbol automatically! Get a symbol, win 5 TIMES the PRIZE shown symbol! Get a symbol, win automatically! Get a symbol, win all 20 PRIZES shown!

SHOWCASE 1

YOUR BID
ACTUAL PRICE
PRIZE

SHOWCASE 2

YOUR BID
ACTUAL PRICE
PRIZE

Winning numbers

your numbers

Win UP TO 21 TIMES!

Contact your Scientific Games representative today for more details.