

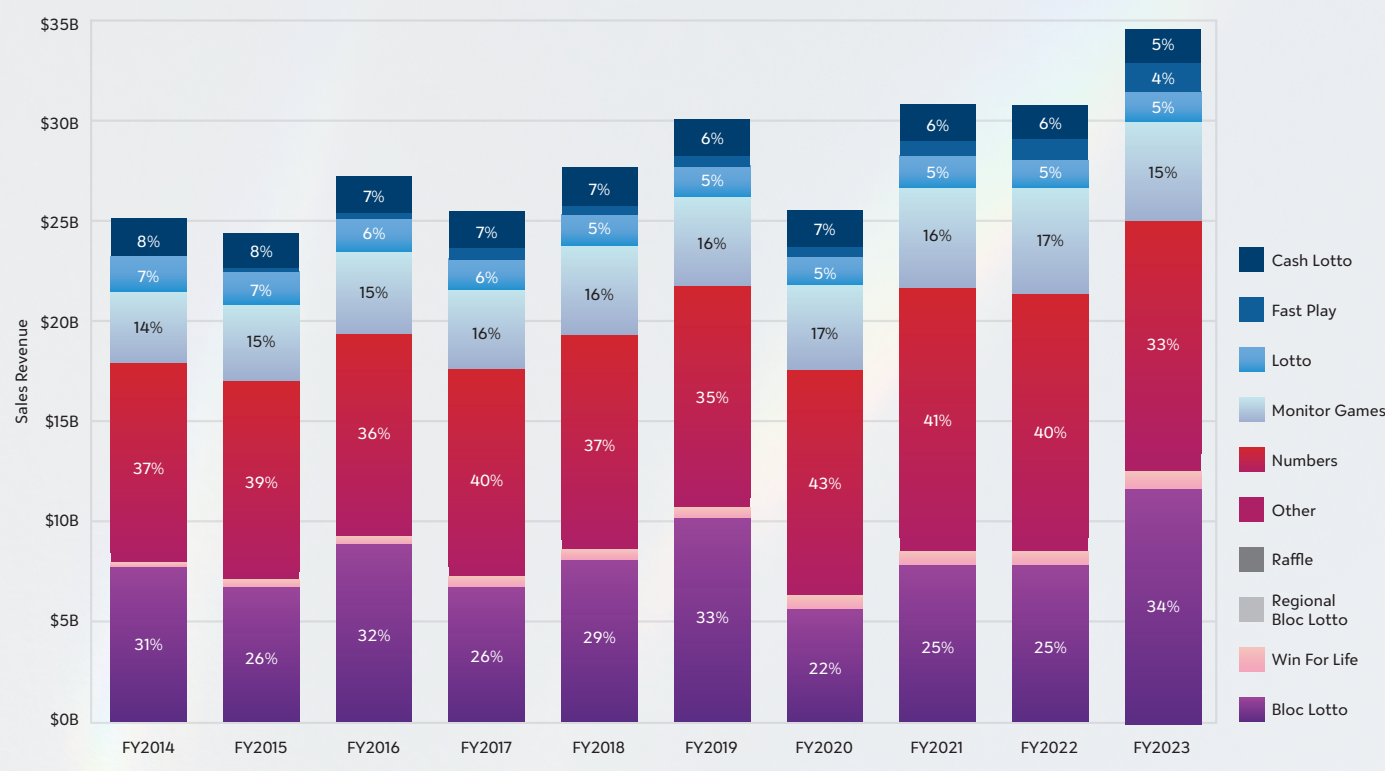
A Closer Look at Bloc Lotto

In our last issue of Data in Motion, we provided a high-level summary of U.S. lottery sales and gross gaming revenue (GGR) for FY2023. One of the more interesting tidbits in that issue was the fact that Bloc Lotto (i.e., Powerball and Mega Millions) surpassed Numbers games as the terminal-based game leader, making up 34.5% of all terminal-based game sales (vs. 33.2% for Numbers games). In this issue of Data in Motion, we take a closer look at Bloc Lotto and provide some context for this year's impressive growth.

Terminal-Based Game Sales Over Time

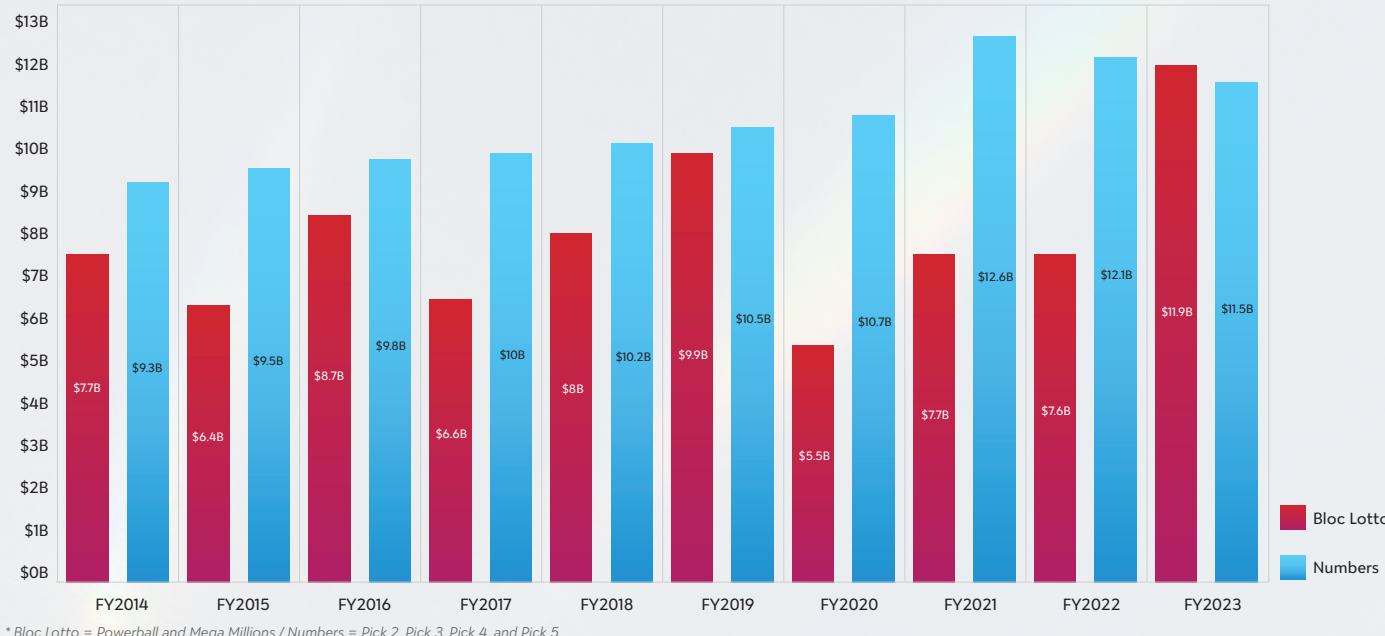
There are a couple of observations to be made from viewing the chart below, which tracks the share of terminal-based game sales by product over the past decade (FY2014 – FY2023). First, while some down years are sprinkled in, overall terminal-based game sales are generally trending upward, having increased by \$9.7 billion over the past ten years – with \$4.2 billion of that increase occurring in FY2023 alone. Of the 43 U.S. jurisdictions reviewed in this analysis, 41 grew terminal-based sales in FY2023 and over 75% of those lotteries recorded double-digit growth year-over-year.

Terminal-Based Game Sales by Product, FY2014 – FY2023



The chart also shows how Numbers games have long held the market share crown with Bloc Lotto a consistent second. The chart below, which carves out Bloc Lotto and Numbers games specifically, illustrates this product-driven "rivalry."

Bloc Lotto vs. Number Games Sales, FY2014 – FY2023

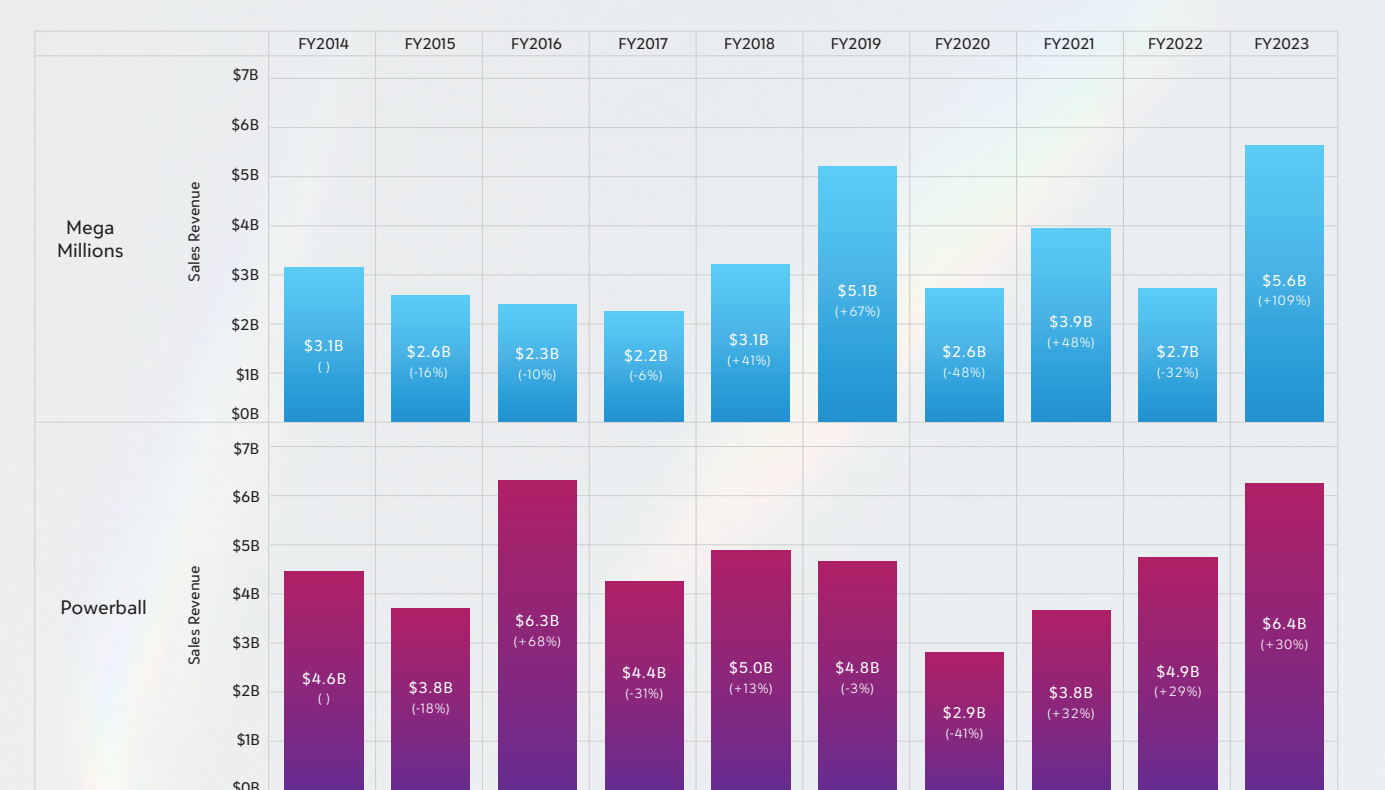


But thanks to some impressive jackpots and some softening in Numbers game sales, Bloc Lotto finally took the lead in FY2023 with sales of \$11.9 billion, \$436.7 million more than Numbers. Bloc Lotto even did an impressive job of outperforming itself, having increased year-over-year sales by \$4.4 billion (vs. FY2022), which is more of an increase than all the other terminal-based game products combined saw over that same time period. While not every jurisdiction grew overall terminal-based game sales in FY2023, Bloc Lotto sales grew by double digits in every jurisdiction. On average, Bloc Lotto comprised 46% of a jurisdiction's total terminal-based game sales, up from 38% in FY2022.

Game Changes

As a percentage, the Bloc Lotto category grew by 58% vs. FY2022. Mega Millions was the primary driver with 109% year-over-year growth. Powerball experienced lower year-over-year growth than Mega Millions (30%) but was the market share leader with 53% of total Bloc Lotto sales.

Mega Millions vs. Powerball Sales, FY2014 – FY2023



Both games have made adjustments over the years – some big, some small – to maintain and grow interest in the category. In 2017, Mega Millions changed its ticket price to \$2 and increased the starting jackpot from \$15 million to \$40 million. It also added an option called "Just the Jackpot" where players can pay \$3 for two entries that are eligible to win the big jackpot only and none of the lower prizes. Mega Millions also changed its matrix that year, going from a 5 of 75 and 1 of 15 matrix to a 5 of 70 and 1 of 25 matrix, creating slightly longer jackpot odds (1 in 303 million) but a better chance of winning at the lower prize levels.

For its part, Powerball added a Monday drawing and an optional \$1 add-on called Double Play in 2021. Double Play gives players another chance to match their Powerball numbers in a separate drawing with a top cash prize of \$10 million. Thirteen jurisdictions offered Double Play at its initial launch and five more have added it since then.

During COVID (2020), both Mega Millions and Powerball lowered their starting jackpots to \$20 million where they remain today.

Final Word

As noted in our last issue, the recent surge in Bloc Lotto sales can be largely attributed to some very healthy jackpot runs. Two of the five largest Mega Millions jackpots ever won were in FY2023 – an Illinois player won the second-highest Mega Millions jackpot ever in July 2022, \$1.337 billion, a record that would be broken in January 2023 by a player in Maine who won \$1.348 billion. And Powerball had two jackpots ranking in the game's top five including the \$2.04 billion jackpot won in California that still holds the current world record for the largest national lottery jackpot ever.

While these exciting runs made for a strong FY2023, we can't always rely on jackpots and the media coverage they receive to drive sales. Jackpots are, by nature, unpredictable so it's important to nurture and market those terminal-based games that deliver more historically consistent sales results, like Numbers games. With a little more than eight months to go in FY2024, it will be interesting to see how the terminal-based game category overall fares against a strong FY2023 and whether Numbers games will reclaim its market share crown.