

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

As the first month of 2022 comes to a close, we thought it would be a good time to share some year-end highlights from 2021. Game-specific issues of Data in Motion are currently in the works, but this issue provides an overall snapshot of how we as an industry performed this past calendar year.

Records Are Made to Be Broken

It should come as no surprise that calendar year 2021 was another banner year for lottery products. U.S. lotteries posted historically high revenue numbers for both instant and draw games and had total estimated sales of almost \$100 billion. Instant game sales came in at \$66.4 billion, up 12% compared to 2020. Instant game Gross Gaming Revenue (GGR) also increased 12%, coming in at \$18.3 billion. Draw sales were strong as well, up 23% for both sales and GGR at \$33.2 billion and \$15.9 billion, respectively (versus 2020).

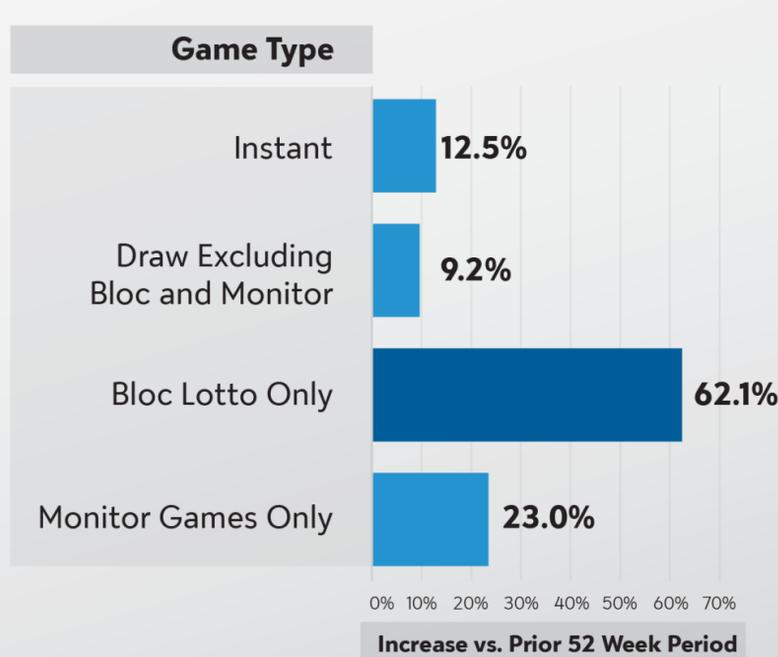
Long Term Industry Sales Trends*



Draw Games

As the chart below shows, Bloc Lotto games, Monitor games, and all other games excluding Bloc Lotto and Monitor games, were up the most recent 52 weeks (ending with the final week of 2021) versus the prior 52 weeks. Every lottery reported year-over-year increases in draw game sales and weekly per capita draw game sales collectively rose more than 21%, going from \$1.67 to \$2.03.

Domestic Sales Performance by Category

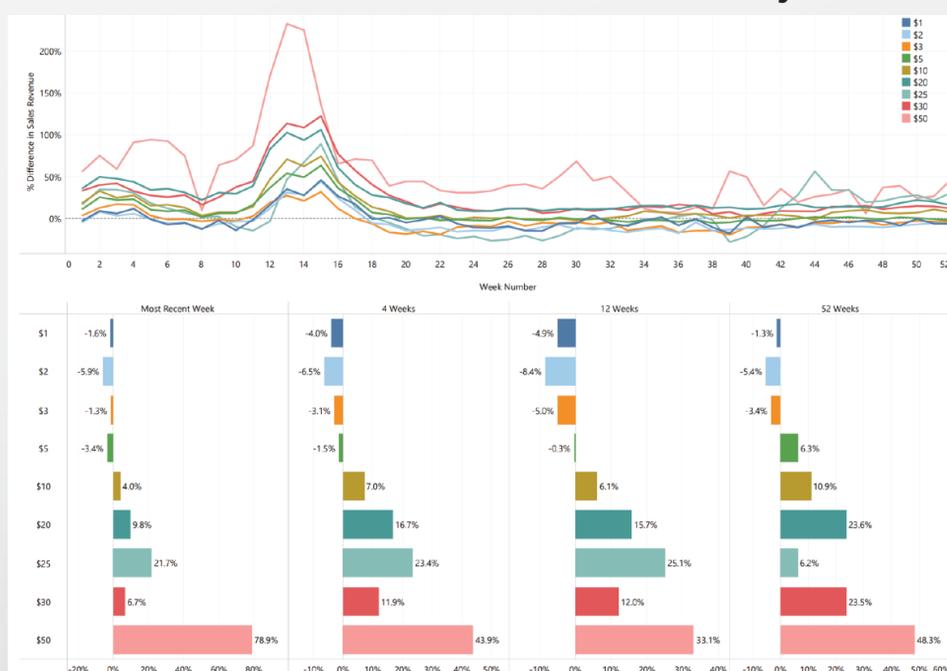


Instant Games

Instant game sales followed a similar trend with all but one lottery reporting increases and weekly per capita sales grew from \$3.56 in 2020 to \$3.98 in 2021, a 12% increase. This growth was primarily driven by higher price points, but the \$5 category grew by 6.3% year-over-year and the \$10 category grew by almost 11%.

The chart below compares average weekly instant sales in 2021 to the same week in 2020. The spike between weeks 10 and 16 reflects the COVID shutdowns in the spring of 2020. It is also important to note that the seeming volatility at the \$50 price point is primarily due to the fact that only seven states are currently selling that price point (three of these new in 2021). As a point of reference, \$50 games accounted for \$1.6 billion – or 2.3% – of total instant sales in 2021.

Domestic Instant Sales – 2021 Year Over Year Growth by Price Point



2021 Instant Game Sales by Price Point:

| PRICE POINT | 2021 SALES (in billions) | % OF TOTAL |
|--------------|--------------------------|-------------|
| \$1 | \$1.865 | 2.8% |
| \$2 | \$4.043 | 6.1% |
| \$3 | \$2.821 | 4.3% |
| \$5 | \$13.456 | 20.3% |
| \$10 | \$17.786 | 26.8% |
| \$15 | \$0.039 | 0.1% |
| \$20 | \$14.377 | 21.7% |
| \$25 | \$0.889 | 1.3% |
| \$30 | \$9.516 | 14.3% |
| \$50 | \$1.558 | 2.3% |
| TOTAL | \$66.350 | 100% |

All these increases meant that 2021 was a good year for retailers as well. The average instant game selling price was \$6.38 in 2021, up from \$5.88 in 2020. This translates to a 3 cent increase in commission per transaction (based on a commission rate of 6%). 2021 was also a record-breaking year for the absolute number of instant tickets sold: 10.4 billion units, 400 million more than 2020.

Final Thoughts

Given the many challenges of the past two years, we should be proud of all that we as an industry accomplished in 2021. But we should also be prepared for even greater challenges in 2022, including continued supply chain issues, high fuel prices, and labor shortages. Inflation continues to loom which the Federal Reserve is expected to counter with interest rate hikes. As the economy tightens, we can expect retailers and consumers to look for ways to make every dollar count. Players continue to look to lottery products as a price-stable entertainment option and retailers, more than ever, are seeking ways to provide what their customers want while reducing labor costs. If our industry hopes to continue the success we enjoyed in 2021, we need to be prepared to meet these challenges.