

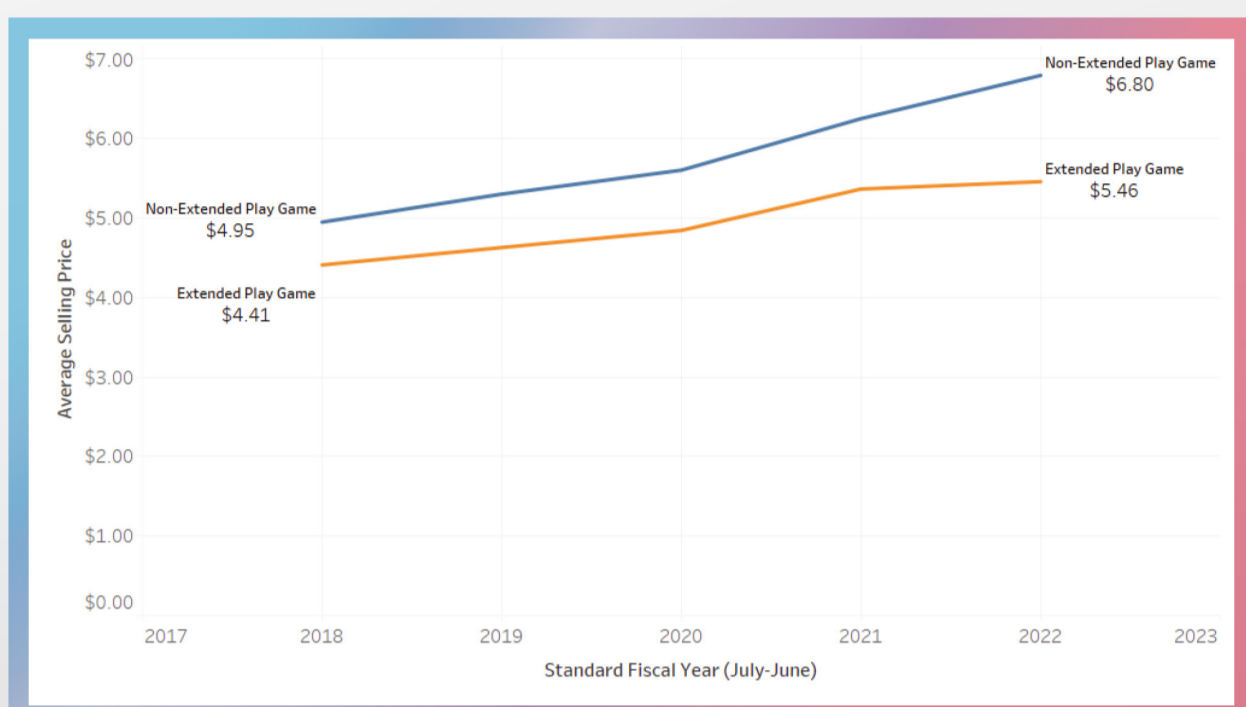
Insights and Data to Help Manage Today's Changing Consumer Environment

In previous issues of Data in Motion, we have covered how the Average Selling Price (ASP) for the instant scratch game has been steadily increasing as players continue to realize the value of higher price point games and move up the price point ladder. Over the past two years, this gravitation towards higher price points became more pronounced with a surprising number of new players choosing high price point games as their entry point. In this issue of Data in Motion, we continue the discussion of higher price point games with a focus on the Extended Play category (e.g., Bingo, Crossword, and others).

On the Upside

When we look at the ASP for Extended Play games over the past five fiscal years, we see that it follows a similar trajectory as non-Extended Play games. Both have been steadily increasing although the Extended Play category has done so at a slightly slower pace. Over this time period, the ASP for Extended Play games has increased by 23.8% compared to non-Extended Play games which has grown ASP by 37.3%.

Average Selling Price: Extended Play and Non-Extended Play Games

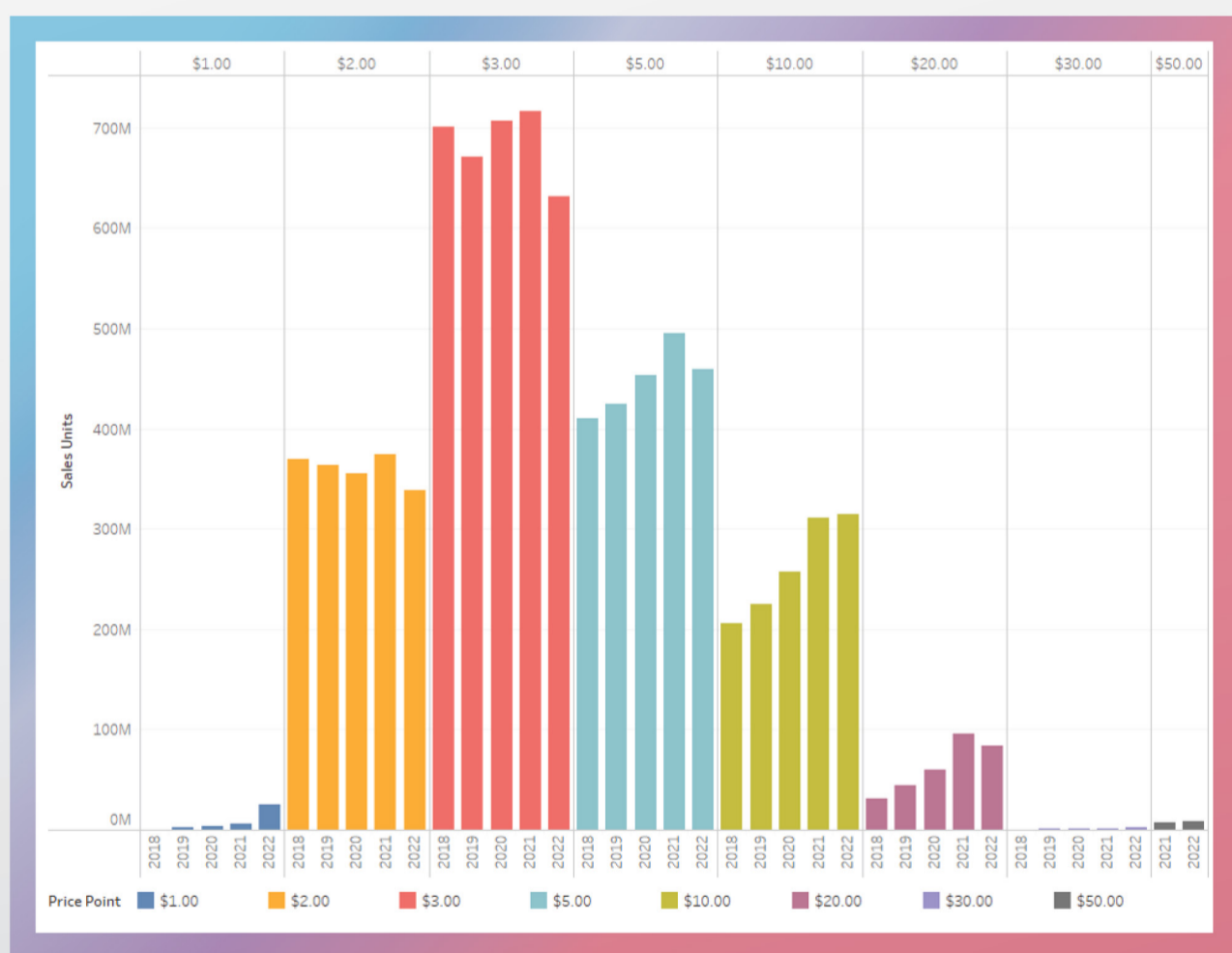


Beyond the \$3 Price Point

Historically, most lotteries offered Extended Play games at the \$3 price point and positioned the games as a niche product. Over the years, lotteries expanded their Extended Play price point offerings to include \$2, \$5, and \$10 price points and in 2008, \$20 Extended Play games made their debut.

More recently, and similar to other playstyles, Extended Play games have experienced a decrease in units sold at the lower price points and an increase in units sold at the higher price points (see chart below). While \$3 games are still the most popular price point for Extended Play games, units sold have decreased by 68.5 million (9.8%) from FY2018 to FY2022. In sharp contrast, all price points greater than \$3 saw an increase in units sold over the same period with the largest influx coming from \$10 and \$20 games which increased units sold by 108.9 million (53.9%) and 53 million (172.6%), respectively. And interestingly, 2022 saw an influx of 7.9 million units of Extended Play games at the \$50 price point!

Sales Units by Standard Fiscal Year - Extended Play Games



We have learned through recent research studies that Extended Play games aren't necessarily the niche products they were once perceived to be and can appeal to a much broader player base. For example, the most engaged players from Scientific Games' ONE Player Segmentation (Fans) find Extended Play games very appealing. Fans are also more likely to purchase games at the higher price points. An Extended Play game that offered meaningful prizes and a unique value proposition, therefore, would appeal to this important group, even (perhaps even especially) at a higher price point. But it's important that this be done in the context of a lottery's overall product portfolio and price point strategy.

Final Word

Overall, we believe Extended Play games at higher price points can be an effective tool for growing sales, especially if those games offer meaningful prizes and a unique value proposition. But our analysis suggests that simply launching a \$20 Bingo game (for example) is not a guarantee of that game's success. The decision to launch a higher-priced Extended Play game should not be made in a vacuum, but as part of a lottery's overall product and price point strategy. Using research to understand what motivates players to purchase different game types, including Extended Play games, is critical to optimizing your overall product portfolio and achieving your sales and revenue objectives.

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