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**The Jackpot  
Is up to  
What?!**

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**And Cal20  
& 4Q Sales  
Reports?!**

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## Good Causes Benefit from High Price Point Game Sales in Pandemic

While most of us want to leave 2020 behind, the year saw trends that are continuing into 2021 and may be here to stay. One explosive trend is consumers' continued demand for high price point instant games.

In 2020, 45% of retailers noted a higher proportion of both existing and new players contributing to the popularity of higher price point lottery games.

"In the last 52 weeks, \$50 instant game retail sales in the U.S. are up 86%, \$30 games are up 27% and \$20 games are up 24%, and this is significant growth," said Cameron Garrett, VP Analytics & Insights for Scientific Games, whose teams of analysts and data scientists follow sales data and consumer trends in the industry.

Garrett noted that although higher price point game retail sales are climbing, lotteries' profits from instant games are coming in strong and—combined with the recent frenzy around the higher bloc lotto jackpots—total lottery profits will benefit.

The \$30 category gained attention in 2014 when sales jumped from \$231 million the year prior to \$1.5 billion. In 2020, \$30 games represented more than \$7.6 billion in sales and \$1.8 billion in gross gaming revenue.



Currently, 27 U.S. lotteries offer a \$30 game, and less than five offer a \$50 game, which is still an opportunity for the industry to carefully adopt and position in the marketplace.

"From a portfolio management perspective, it's not about rushing to launch the next higher price points until you make sure you are getting the most out of your existing products, whether \$20 games, or even if you have a \$25 games, before launching a \$30 or higher," Garrett explained. "And that comes down to healthy play strategy."

As other forms of entertainment, from movie theatres to concerts and casinos, shut down or were restricted, the pandemic brought an estimated 20 million new players to lottery scratch games, and studies show that a whopping 80% plan to continue playing.

With the higher price point purchase, like any other consumer product, players expect a premium experience—higher levels of payout, more exciting prizes and higher top prizes.

"There is tremendous opportunity to launch a product that becomes your new hero. Positioning it correctly could make it one of the most exciting products—or exciting series of products—ever. The higher price of the ticket allows lotteries to offer higher return value to players and that's really the healthy entertainment people want," shared Garrett.

Scientific Games noted that 85% of games \$30 and higher launched by customers featured product enhancements, like Sparkle®, holographic, foil and metallic to deliver a premium experience. The company's Sparkle option is the number one enhancement selected by lotteries over the last 12 months.

"We're seeing all tides rise with higher price point games right now," said Garrett. "In the next few years, we'll see more lotteries adopt the \$50 category and which will result in significant benefit for good causes."

## New Hampshire Lottery Prevails In Federal Wire Act Case

Judges William Kayatta and Sandra Lynch of the United States Court of Appeals for the First Circuit ruled in favor of the New Hampshire Lottery on January 20, holding that the 1961 Wire Act does not apply to non-sports betting or wagering activity like state lottery activity. The First Circuit ruling affirms the ruling of the United States District Court for the District of New Hampshire, which ruled in June 2019 the Wire Act applies only to transmissions related to bets or wagers on a sporting event or contest.

"We are extremely pleased with this ruling, which marks a monumental win for lotteries across the country, as billions of dollars in critical funding for education and other good causes have hung in the balance," said Charlie McIntyre, Executive Director, New Hampshire Lottery. "We are grateful

to Judges Kayatta and Lynch, who together rendered a thoughtful and thorough 49-page ruling that allows the New Hampshire Lottery and lotteries nationwide to continue offering legal gaming products to support important causes. We have remained confident in this outcome from the start and we appreciate the judges' attention not only to the intent of the law, but also to the extraordinary impact this U.S. Department of Justice opinion stood to have in New Hampshire and nationally."

The New Hampshire Attorney General's office, on behalf of the New Hampshire Lottery, had challenged the United States Department of Justice's November 2018 opinion that the Wire Act applies broadly to all forms of gaming, including sales of lottery tickets over the Internet. The United States

Department of Justice had appealed the United States District Court ruling in August 2019.

The 1961 Wire Act is a federal law that prohibits the use of wire transmission facilities to place bets or wagers, transmit information assisting in the placement of bets and wagers, or transmit a communication, which entitles the recipient to receive money or credit as a result of a bet or wager.

The New Hampshire Lottery noted in its initial filing the U.S. DOJ opinion had far-reaching consequences potentially impacting all aspects of modern lottery operations, not just direct sales over the Internet.

The New Hampshire Lottery argued the U.S. DOJ's opinion was wrong, defeats the purpose of the Wire Act and creates "absurd and impractical results."

# SGEP

Enhanced Partnership

## Your Bottom Line is More Than a Number

*SGEP* Lotteries have weekly per capita sales that are **56%\* higher** than self-managed lotteries and **27%\* higher** than lotteries managed by other vendors. Drive more to your bottom line and to the good causes your lottery supports.



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\*Based on CY 2019 Weekly Per Capita Instant Game Sales