



More States Launch

\$2 Lotto to Provide

New Value for Players

Key takeaways

- To reverse downward sales trends, many states are increasing the price point of their in-state lotto games from \$1 to \$2, and providing players with attractive value propositions in return.
- \$2 Lotto represents a refresh of a flagship lottery product and has seen sales success in several jurisdictions including Colorado, Indiana, New Jersey, and Florida.
- IGT's Sales Development team partners with lotteries offering a \$1 Lotto game to identify growth opportunities and potential enhancements to maximize sales and profitability.

By the numbers

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IGT-partner lotteries that have re-launched a \$2 Lotto with embedded multipliers in the past six years

+39.7%

Increase in average base draw game sales in New Jersey in the first six months after the launch of \$2 Pick 6™ Lotto in 2022

17.7%

Percentage of players opting into the new Double Play® add-on feature in New Jersey

The evolution of in-state Lotto

A core product in many portfolios, the in-state jackpot-style lotto draw game has a long and rich history for state lotteries.

Players are drawn by the chance to win a life-changing jackpot prize for a small investment, traditionally just \$1. For lotteries, the in-state lotto game is often a profit driver, with an efficient prize matrix and a consistent player base.

With an increasingly diverse selection of state-based and national draw games, a wide array of instant games offering better odds, and increased competition from other forms of gaming, in-state lotto games across the country have seen diminishing sales in recent years.

IGT's Sales Development team has partnered with several lotteries to analyze the root causes of these sales decreases and offer solutions to boost sales and overall profitability, while continuing to provide the draw game experience that players demand.



The widening road to \$2

IGT research has indicated that players generally support the move of lotto games to a higher price point. Since 2016, four IGT-partner lotteries have invigorated their flagship lotto product by changing to a \$2 format with embedded multipliers and add-ons, resulting in impressive success and incremental growth.

Lotteries have implemented several successful strategies to reinvigorate in-state lotto products:

- Moving to a higher price point
- Increasing the number of drawings per week
- Starting jackpots at a higher level
- Adding automatic multipliers for non-jackpot prizes
- Offering an add-on feature such as a second draw, increasing the overall odds of winning a prize

Offering lotto at \$2 instead of \$1 gives lotteries more flexibility with the prize structure of the game, with the option of shortening odds, improving subsidiary prize amounts, and increasing average jackpot win size – while still managing total payout and profitability. In exchange for a higher price point, players expect a stronger value proposition as part of the game.

The \$2 in-state lotto product introduced by IGT has been completely refreshed to offer more value to players in terms of both

jackpot size and larger secondary prizes. These value-add strategies include offering a multiplier as part of the base game, which is a common bonus feature in both draw and instant games. This multiplier increases the value of non-jackpot prizes by up to 10x and is pre-printed on players' tickets automatically at the time of purchase. The pre-printed multipliers provide more anticipation for the draw and incentivize players to purchase another ticket prior to the draw if they receive a lower multiplier value.

Another enhancement in each of the recent \$2 Lotto changes is an add-on where, for an additional \$1, players can opt-in to a second drawing held immediately after the main jackpot draw. In this second drawing, the prize payout is focused on the lower tier prizes, which players have better odds of winning. The drawing features the same odds of winning as in the primary game, effectively doubling their chances of winning a prize at only half the initial cost.

These strategies support the overall goal of attracting players with new value propositions, boosting revenue, and supporting profitability for good causes.

New Jersey Pick 6™

The most recent lottery to make an entrance into the \$2 Lotto arena is the New Jersey Lottery. In April 2022, with help from IGT's Sales Development team, the Lottery increased its price point with some new benefits for players: Overall odds were improved by slightly altering the prize matrix. The lottery also introduced the add-on game Double Play®.



Including a personalized multiplier in the base game provides every ticket with a random chance of multiplying non-jackpot winnings by 1x, 2x, 3x, 4x, 5x, or 10x. The \$1 add-on for Double Play® features a much larger share of lower-tier prizes, with 48.2% of sales to non-jackpot prizes, providing players with more meaningful wins.



PLAY VIDEO

The New Jersey Lottery supported the game change with a comprehensive marketing strategy, which included TV and radio spots, point-of-sale displays, and promotions.



The results were immediate. In the 58 draws since the change, average base game sales by draw were up 39.7%. This growth came with little cannibalization to other draw games, as average weekly sales were up 33.8% in the same timeframe.

Players are excited about the changes to New Jersey's original big jackpot game, Pick 6™. In fact, since the April 2022 launch, increased sales have spurred faster jackpot growth. As of February 2023, five lucky players have already won the jackpot and two have won the Double Play® jackpot.

James A. Carey, Jr. Executive Director, New Jersey Lottery



New features: Embedded multipliers and double play

In the past six years, the Hoosier Lottery, Colorado Lottery, and Florida Lottery were able to achieve remarkable success by moving to the \$2 price point while adding embedded multipliers in the base game and the addition of the Double Play[®] or Plus[®] second-chance add-on.

Launched 2016	Launched 2019	Launched 2020
		
<p>First year data:</p> <ul style="list-style-type: none"> Base Game sales +5.7% The playthrough for Plus[®] averaged 26% 	<p>First year data:</p> <ul style="list-style-type: none"> Base Game sales +8.8% The playthrough for Plus[®] averaged 48.8% Total average sales by draw were up 35% 	<p>First year data:</p> <ul style="list-style-type: none"> Base Game sales +59% The playthrough for Double Play[®] averaged 31.1% Total average sales by draw were up 40.1%
<ul style="list-style-type: none"> Hoosier Lottery increased Hoosier Lotto +PLUS[®] from \$1 to \$2 with a random embedded multiplier included in the base game +PLUS[®] second-chance \$1 add-on was introduced as a replacement to the existing add-on EZMatch, with a payout percentage of 53% +PLUS[®] sales were double that of EZMatch in the first 12 months post-launch 	<ul style="list-style-type: none"> Colorado Lottery re-launched Colorado Lotto+[®] with a \$2 Price Point and the Plus[®] add-on in place for \$1 There was an embedded multiplier added into the base game included in the \$2 price point (one multiplier per ticket) The \$1 Plus[®] add-on game payout is designed at 64% vs. the base game at 55% 	<ul style="list-style-type: none"> Florida Lottery re-launched FLORIDA LOTTO[®] with a \$2 Price Point and the Double Play[®] (second chance) add-on in place for \$1 The base game includes an embedded multiplier for the cost of \$2 (one multiplier per ticket) The Double Play[®] game payout is designed at 62.74% vs. the base game at 50%

The Hoosier Lottery was creative when launching Hoosier Lotto +PLUS[®], demonstrating how to play as part of their marketing efforts.



Expanding a winning strategy

IGT's Sales Development team continues to work with lotteries around the world to identify opportunities to enhance in-state lotto products to create incremental sales and increase overall profitability of these popular games.