

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: John Martin, Managing Director and Chief Revenue Officer

DIVISION: Sales

DATE: December 4, 2018

SUBJECT: Report for the December 2018 Commission Meeting

Following is a status update of ongoing and special projects in the Sales Division.

1) Sales

Year over Year Sales Growth for November Product Category by Store Segment

| | | Draw/Monitor | Instant | Combined |
|--------------------|------------------|---------------------|----------------|-----------------|
| STATE | 2018 | \$99,323,410 | \$62,559,893 | \$161,883,303 |
| | 2017 | \$96,866,952 | \$56,600,404 | \$153,467,356 |
| | Difference | \$2,456,459 | \$5,959,489 | \$8,415,948 |
| | %YoY +/- | 2.5% | 10.5% | 5.5% |
| INDEPENDENT | 2018 | \$83,726,578 | \$42,377,357 | \$126,103,935 |
| | 2017 | \$82,796,041 | \$39,079,913 | \$121,875,954 |
| | Difference | \$930,537 | \$3,297,444 | \$4,227,981 |
| | %YoY +/- | 1.1% | 8.4% | 3.5% |
| | % of State Sales | 84.3% | 67.7% | 77.9% |
| CORPORATE | 2018 | \$15,596,832 | \$20,182,536 | \$35,779,368 |
| | 2017 | \$14,070,911 | \$17,520,491 | \$31,591,402 |
| | Difference | \$1,525,922 | \$2,662,045 | \$4,187,967 |
| | %YoY +/- | 10.8% | 15.2% | 13.3% |
| | % of State Sales | 15.7% | 32.3% | 22.1% |

- Sales Management
 - The “Blitz Week” campaign for November began on the 26th with three price points of \$2, \$10 and \$20 instant tickets.
 - Top Blitz Week Performers for October:
 - Rob Austerer- 108.30
 - Chuck Hamrick - 103.88
 - Finalizing the XCAP retailer bi-annual recertification program. Notifications to be sent to all 360 XCAP retailers by year-end.
- Field Support/Self Service Vending Units
 - Assessing placement of both self-service vending machines for 2019.
 - We will deploy the full-service PHD units (selling both instants and draw games) in over 600 additional locations beginning in the first quarter of the calendar year. Currently we have nearly 550 PHDs in service.
 - We are primarily targeting the PEX (draw games only) machines for social settings with a prevalence towards monitor game (Keno and Racetrax) locations. Planning on approximately 250 of these machines installed statewide through 2019.
- Training
 - While gemIntelligence and gemOffice training is ongoing, bi-weekly duty day training has become a major initiative for our Sales staff to increase knowledge of field equipment and retailer call support tools.

2) Corporate Sales

- Field Activity
 - The Corporate Account Managers continue to reach out to the field management staff of their respective accounts in order to foster stronger relationships.
 - The corporate sales team will assist the field sales staff with the recovery efforts for instant game #399 throughout the market.
 - The Corporate Holiday Bonus Program is well underway with the participating accounts listed below. This is the first year of having a corporate grocery chain involved with the program.
 - Royal Farms
 - Sheetz
 - High’s of Baltimore
 - Wawa
 - Weis Supermarkets
 - Rutter’s Farm Stores will be opening its first location in the state of Maryland in January 2019 in Walkersville. With the evolution of their current locations in Pennsylvania, Rutter’s has decided to utilize the PHD vending machine, and will have Keno and Racetrax monitors on display for their customers. Rutter’s has plans to open two additional locations by mid-2019.

3) Retail Recruitment

- Recruitment Results
 - 15 new applications received and advanced to Phase II of the approval process in October.
 - 19 new independent locations installed during October.
- Prospecting Activities
 - Actively pursuing 28 retailers with incomplete applications that are at different stages of completion. Working to get all paperwork submitted so we may approve and move on to Phase II for all the clearances from Agent Administration and Security Departments.

4) Analysis & Reporting

While handily beating last year's totals, due mainly to the consistently strong Instant games, the Numbers and Keno have performed below par.

Additionally, the run up in all of the jackpot games has not kept pace with recent rollovers - signaling continued jackpot fatigue. However, sales in the final week of November ended on a high note. The coverage on the jackpot games remains low, which suggests slow but sustainable growth.