

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: August 9, 2016

SUBJECT: Report for the August 2016 Commission Meeting

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

1) Sales

June sales were overwhelmingly dominated by Mega Millions and Powerball in Year over Year comparisons. Mega Millions sales were up 101% and Powerball increased 172%. The two games combined for \$15.3 million growth over 2015 driving a 12.2% increase in draw game sales. Interestingly, the growth rate at corporate stores (e.g., grocery stores) was far greater than independents due to the higher proportion of infrequent players in that store type (see chart below). Instant ticket sales continued to grow however the pace has slowed to about a 5% increase.

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

| Store Sales | Draw | Instants | Total |
|-------------|-------|----------|-------|
| State-wide | 12.2% | 4.8% | 9.8% |
| Independent | 6.7% | 5.0% | 6.3% |
| Corporate | 44.5% | 4.2% | 24.1% |

- Sales Management
 - Primary focus for June was to meet our FY16 sales goals of \$1.9 billion by supporting the Mega Millions and Powerball jackpot runs.
 - Completed PEP reviews for all staff.
 - Worked to complete the XCAP renewal process in June. Continue to work with the claims department to secure un-submitted XCAP claim forms.
 - Continuing to support the Hard Recall initiatives by recovering identified games from the retailers' inventory. One additional hard recall was issued for the month of June (game #137).
 - Our Spring Refresh campaign continues in all Regions, focusing on exterior signage and replacing in-store merchandising (play centers).

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- Currently we have four extended leave situations and three vacant positions. Sales management is working strategically to provide coverage in the affected areas.
 - HR has given approval to begin hiring for vacant positions.
 - Vadawntae Brooks, effective July 27th, was promoted from a contractual position to a permanent district manager position covering territory 35 in Prince George's County.
- Sales meetings were held on June 22nd and July 27th. Beginning with the July meeting the sales department will conduct these meetings bi-monthly with the next meeting scheduled for September 21st.
- Worked with Creative Services to inform the retailer network about the updated and improved logos on some draw game tickets.
- The Sales team is engaging in an effort to improve activation percentages within the first two weeks of instant ticket launches. As a first step, all DM's will carry Ravens tickets (\$2 & \$5 price points) to ensure activation compliance at retailer locations at the time of their visit.
- Sales Training
 - The training manager continues to participate in field ride-alongs to ensure consistency in our sales approach among the district managers.
 - Conducted a Google drive and documents training sessions for all regions.
 - OnePlace sales force automation initiatives include a software upgrade to provide more accurate management reporting and the use of "Formstack" to complete surveys in support of the "Spring Refresh" program.
- POS Inventory
 - POS inventory is in good shape. Stock situation is good.
 - Damage was discovered with approximately 30 Play Centers which arrived from the vendor. The items were returned for replacement/repair. New POS items are being researched by the group currently.
- Promo Items
 - Ravens promotional items are arriving promptly. We have received Koozies, and Beanies; the new shirts should arrive by mid-August. Distribution of Ravens items will expand from stadium-only last year to include the field this year. This should help support the new Ravens scratch tickets. Items for Montgomery/Prince George's counties are in: Maroon t-shirts and hats with the Maryland Lottery Logo.

- Events
 - Supported the Communications department at 14 events during the months of June and July including multiple day events at the Capital Jazz Fest and the African American Heritage Festival.

2) Corporate Sales

We are conducting mid-year Corporate Account Reviews with our top corporate partners. During the Month of September will be reviewing FY16 year-end performance and introducing our Holiday Family of Games and FY17 initiatives.

3) Retail Recruitment

Next steps over the next several weeks include:

- Continue keeping OnePlace profiles and status sheet current.
- Work with OnePlace to transfer completed prospect files to retailer status after installation is confirmed.
- Follow up on applicants with outstanding administrative issues (taxes, articles, ADA compliance) inhibiting the application process.

4) Analysis & Reporting

The Analysis and Reporting department has been working to identify the percentage of our retailers merchandising the newest instant tickets within the first week of launch. This baseline penetration rate is a new metric we will monitor and improve upon in an effort to grow instant ticket sales. In July, the Sales management team introduced penetration rate to the sales force along with tools and tactics to help increase penetration rates at retail.