

Maryland Lottery and Gaming Control Agency



Larry Hogan, Governor • Gordon Medenica, Director

Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

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

FROM: John Martin, Managing Director and Chief Revenue Officer

DIVISION: Sales

DATE: April 11, 2017

SUBJECT: Report for the April 2017 Commission Meeting

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

1) Sales

Instant ticket sales were the big winner in March, up 23.3% for the month based on the successful introduction of our first \$30 ticket. Conversely, draw game sales were fairly flat, up a total of 1.26%. While most draw games were up for the month, Multi-Match was down 23.6% and Cash4Life was down 51.6%. Details below:

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

		DRAW/MONITOR	INSTANT	COMBINED
STATE	2017	\$108,214,448	\$68,766,389	\$176,980,837
	2016	\$106,864,399	\$55,754,647	\$162,619,046
	Difference	\$1,350,049	\$13,011,742	\$14,361,791
	% YOY + / -	1.3%	23.3%	8.8%
INDEPENDENT	2017	\$92,662,593	\$47,976,105	\$140,638,698
	2016	\$91,020,370	\$38,491,288	\$129,511,658
	Difference	\$1,642,223	\$9,484,817	\$11,127,040
	% YOY + / -	1.8%	24.6%	8.6%
	% of STATE SALES	85.6%	69.8%	79.4%
CORPORATE	2017	\$15,551,855	\$20,790,284	\$36,342,139
	2016	\$15,844,029	\$17,263,359	\$33,107,388
	Difference	(\$292,174)	\$3,526,925	\$3,234,751
	% YOY + / -	-1.8%	20.4%	9.8%
	% of STATE SALES	14.3%	30.2%	20.5%

- Sales Management
 - The Sales Division completed another “Blitz Week” monthly campaign to improve the first week activation rates at all eligible instant ticket selling retailers. Many territories improved during this month’s blitz period.
 - Top Blitz Week Performers for March:
 - Rob Austeria – 90%
 - Phyllis Dorsey – 93%
 - Carolyn Mack – 97%
 - Leroy Thorne – 99% (Blitz Week Champion)
 - Currently working with the Human Resources department to fill four open positions. Offers have been made and accepted by four candidates to fill the DM positions. Sales management is working strategically to provide coverage in the affected geographical areas until the new hires come onboard.
 - Selected District Managers began placement of “Play Lottery Here” bollard covers at Royal Farms locations to increase awareness in the marketplace.
 - Sales worked with the claims department to recover un-submitted claim forms from January and February 2017 from XCAP locations.
 - OnePlace
 - The field staff completed the input of new business class codes for all retailers in their district. This process will bring us more in line with industry guidelines on business classes.
 - Events
 - Sales supported the Communications department at The Beer, Bourbon and BBQ event during the month of March.

2) Corporate Sales

The Maryland Lottery has added an experienced sales manager to its team to support corporate retailers and help grow that sector while also increasing Lottery sales.

The new director of corporate sales is James Young. A native New Yorker, he came to Maryland to attend college and never went back north! Young earned a bachelor’s degree in marketing from Morgan State University and a Master of Business Administration degree from the University of Maryland University College. His 12 years of sales experience came from companies such as Sprint, Cricket Wireless and Safelite AutoGlass.

- Field Activity
 - Annual business reviews conducted in March and April with the following corporate accounts: High’s; Weis Market; Safeway; Wawa; Dash-In; and 7-Eleven. More to follow including Food Lion, Sheetz and Royal Farms.

- Corporate sales attended the Sheetz Market Place Day vendors meeting in March to discuss a potential multi-jurisdictional promotion campaign for later this summer.

3) **Retail Recruitment**

- One Place
 - Regional Managers are now responsible for input of all current change of ownership activities.
 - Retail Recruitment ongoing prospect information input of all new retailers.
- Trade Show Activities
 - The Recruitment Department manned a booth at the 43rd Annual Ocean City Hotel-Motel Restaurant Association Spring Trade Expo.
 - Twelve (12) leads were recruited for follow-up during the 2 days. We are working with these prospects to get all paperwork completed and submitted. 9 recruits from Ocean City area and 3 from outside the area in St. Leonard, Rock Hall, and Fishing Creek, Maryland.
- Recruitment Results
 - 20 completed applications sent to Agent Administration in March for approval.
 - CY 17 summary of total applications processed and installed = 38.

4) **Analysis & Reporting**

The Analysis and Reporting Department continues to monitor the new game saturation in the marketplace. This effort formally began in October 2016 with our Holiday Family of Games instant tickets launch. The sales force has been executing a strategy to help return older inventory in the field while activating new books by the end of launch week, an effort formally known as “Blitz Week”.

Prior to instituting “Blitz Week” only 72% of our retailer network was activating the \$5 price point the first week of launch. Since then we have seen consistent improvement in statewide saturation of the new games, we now average 86% of our retailer network activating the \$5 price point the first week of launch.

In conjunction with Blitz Week efforts we have also increased the number of retailers who are automatically receiving instant tickets - over 90% of the instant ticket retailer base receives new product the week of launch. Increasing the number of retailers who have the product in-store allows for the sales field staff to execute their Blitz Week strategies more efficiently.

Since instituting “Blitz Week” the Maryland lottery has had several record high instant ticket sales weeks and instant ticket sales are up 8.5% for FY17.