

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: August 14, 2018

SUBJECT: Report for the August 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 July Product Category by Store Segment

		Draw/Monitor	Instant	Combined
STATE	2018	\$110,383,574	\$65,100,152	\$175,483,726
	2017	\$104,028,203	\$59,748,825	\$163,777,028
	Difference	\$6,355,371	\$5,351,327	\$11,706,698
	%YoY +/-	6%	9%	7%
INDEPENDENT	2018	\$92,036,012	\$44,831,188	\$136,867,200
	2017	\$87,989,375	\$41,083,454	\$129,072,829
	Difference	\$4,046,637	\$3,747,734	\$7,794,371
	%YoY +/-	5%	9%	6%
	% of State Sales	86%	69%	80%
CORPORATE	2018	\$18,347,562	\$20,268,964	\$38,616,526
	2017	\$16,038,828	\$18,665,371	\$34,704,199
	Difference	\$2,308,734	\$1,603,593	\$3,912,327
	%YoY +/-	14%	9%	11%
	% of State Sales	14%	31%	20%

- Sales Management
 - The “Blitz Week” campaign for June began on June 25th with five price points of \$2, \$3 \$5, \$10 and \$20 instant tickets.
 - Top Blitz Week Performers for May:
 - Carolyn Mack – 100%
 - Sherise Rascoe – 91%
 - Jonathan McIntosh – 89%
 - The “Blitz Week” campaign for July began on July 23rd with four price points of \$1, \$2, \$5 and \$10 instant tickets.
 - Beginning in July, Sales Management developed and implemented a new formula for ranking the Top Performers based upon activations compared to the number of retailers in their territory. The new ranking is a function of the effectiveness of the District Manager’s ability to activate our featured new games while still managing their entire territory. The larger the numerical ranking, the more efficient the DM is while working a larger territory. An excellent ranking is in the 90’s; superior will be over 100.
 - Top Blitz Week Performers for June:
 - Todd Cearfoss – 92.2
 - Jonathan McIntosh – 91.5
 - Rob Austeria – 89.3
 - With the retirement of Tom Faulkner (territory 28 on the eastern shore), sales management began working with HR to fill the vacant district manager position in July.
 - We welcome Chuck Hamrick as our new Special Assignment District Manager.
 - Supported three selling events in June and endured rainouts in July. The events included the Capital Jazz Fest, Honfest and Beer, Bourbon & BBQ.
- Central System Conversion
 - Sales is working with some retailers and SG to improve communications by optimizing the cellular network at the retailer’s location as well as installing new monitors and self-service vending terminals in other locations.
 - Sales Management providing feedback to improve the effectiveness of gemOffice to manage the processing of retailer applications and licenses.
 - Modified the gemIntelligence application to better manage new instant ticket activations during Blitz Week. This helps our District Managers in their route planning and directing them where to focus their time during our Blitz Week activities.
 - The DM’s also began utilizing their phones as a scan card allowing them to sign in/out at retailer locations.
- Field Support/Self Service Vending Units
 - In conjunction with the installations of the PlayCentral HD (PHD) self-service units, Sales continued to conduct the Ambassador Program (AP) for customers and store personnel to ensure everyone can use the self-service vending units efficiently. The phase II AP has supported convenience store chain locations such as High’s, Sheetz, and FastStop.
 - The Merchandising team will be responsible for set-up of the Raven’s in-stadium selling units that include ticket loading of ITVMs and preparing hawker belts.

- Training
 - gemIntelligence and gemOffice training is ongoing.
 - PHD self-service vending unit training also is an ongoing initiative.

2) **Corporate Sales**

- Field Activity
 - The following corporate accounts are in the process of upgrading to the new PlayCentral HD vending option:
 - High's of Baltimore
 - Sheetz
 - Burchmart
 - Fastop
 - Shore Stop
 - The 7-Eleven ITVM rollout program is in the final stages with the remaining (40) locations that will be installed by the end of August 2018.
 - SGI has provided the support of one of their marketing representatives to become a liaison for the Corporate Sales team. The new addition will be utilized for training, account support, and events.
 - Continued communication and site visits with all corporate partners to discuss the conversion process and scheduling procedures.
 - Preparation for vending machine roll out for other Corporate Account retailers upgrading to the new PHD vending option.
- Corporate Partner Retailer Recruitment
 - Rutter's Farm Store is in the final stages of construction and will be opening their first Maryland location in Walkersville, MD.

3) **Retail Recruitment**

- Recruitment Results
 - 24 new applications were processed and advanced to phase 2 of the approval process in June; 21 new applications were processed and advanced to phase 2 of the approval process in July.
 - 16 locations installed during June; 11 locations installed during July.
- Prospecting Activities
 - Continue to contact any prospective retailer who submitted applications during the past year but may have had unresolved issues (i.e., taxes, articles, ADA compliance, etc.) and encourage them to reapply if they have rectified the issue.
 - Working with Corporate Accounts team to identify regional prospects.

4) Analysis & Reporting

Fiscal Year 2018 ended with record sales overall and impressive year over year sales in many draw games; the largest increase came from the instant category - 11% year over year growth. While much of this growth stems from the sales of the two \$30 tickets, there was also tremendous growth in the \$10 price point. Removing the sales of the \$30 ticket, the remaining instant ticket portfolio increased 3.7% year over year - signaling strength in the entire category.

	FY17	FY18	+/-
\$1	\$31,571,964	\$30,555,457	-3.2%
\$2	\$51,476,870	\$46,761,106	-9.2%
\$3	\$42,001,635	\$35,152,995	-16.3%
\$5	\$231,113,310	\$243,443,435	5.3%
\$10	\$182,391,440	\$219,328,430	20.3%
\$20	\$106,019,860	\$93,221,240	-12.1%
\$30	\$32,182,920	\$82,427,490	156.1%
	\$676,757,999	\$750,890,153	11.0%

July 2018 marks the fourth year we have tracked the saturation of the \$5 price point at retail. Since July 2015, we have increased the Ravens \$5 ticket saturation over 54% - beginning in July 2015 with 57% of the retailer network activating the Ravens ticket compared with 2018 where 88% of the retailer network activated the \$5 ticket.

