

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 7, 2016

SUBJECT: Report for the December 2016 Commission Meeting

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

1) Sales

Total sales rebounded in November. Six games (Pick 3, Mega Millions, Multi Match, Keno, Bonus Match 5, and 5 Card Cash) were down (\$4 million) but the combined \$11.4 million increase from Pick 4, Racetrax, Powerball, Cash4Life and Instant tickets resulted in a \$7.4 million net gain. Large jackpots saw Powerball grow over \$6 million from the same period a year ago. Details below:

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

		DRAW/MONITOR	INSTANT	COMBINED
STATE	2016	\$99,927,266	\$50,738,442	\$150,665,708
	2015	\$95,233,484	\$48,058,203	\$143,291,687
	Difference	\$4,693,782	\$2,680,239	\$7,374,021
	% YOY + / -	4.9%	5.6%	5.2%
INDEPENDENT	2016	\$84,262,202	\$35,235,777	\$119,497,979
	2015	\$81,183,793	\$33,313,009	\$114,496,802
	Difference	\$3,078,409	\$1,922,768	\$5,001,177
	% YOY + / -	3.8%	5.8%	4.4%
	% of STATE SALES	84.3%	69.4%	79.3%
CORPORATE	2016	\$15,663,649	\$15,502,665	\$31,166,314
	2015	\$14,048,311	\$14,745,194	\$28,793,505
	Difference	\$1,615,338	\$757,471	\$2,372,809
	% YOY + / -	11.5%	5.1%	8.2%
	% of STATE SALES	15.7%	30.6%	20.7%

- Sales Management
 - Sales management executed our third “Blitz Week” monthly campaign to improve the first week activation rates at all eligible instant ticket selling retailers. This resulted in 83% or higher penetration rate across all four of the launched price points.
 - Continue supporting the hard recall initiatives by recovering identified games from retailers’ inventory. One additional hard recall was issued for the month of November (games #246).
 - Continue to support the Claims department in the retrieval of non-submitted \$5K Claim Forms.
 - Sales management is working with the Human Resources department to fill open positions.
 - Currently we have three open district manager positions. Sales management is working strategically to provide coverage in the affected geographical areas.
 - Conducted our Sales meeting on November 16th.
- OnePlace
 - The software improvements to the New Game – High and Medium alerts helped to improve efficiency in the deployment of new games during our launch week.
- Events
 - Supported the Communications department at three Ravens game day events during the month of November.

2) Corporate Sales

Our corporate account managers continued to work with either the corporate headquarters’ staff or field contacts during Blitz Week to notify them of the activation bonus program and the need to activate all new games as soon as they have been received.

- Field Activity
 - The corporate team worked with MGM at National Harbor to install the Lottery equipment and train their staff in preparation for their December 8th opening day launch.
 - Worked with the Ravens to setup the ITVMs and hawkker equipment required for the three games in November.
 - Participated in store tours to determine placement of equipment in six Check Cash Depot locations.
 - Visited Wawa and Royal Farms in conjunction with the Creative Services initiative to produce new POS signage (bollard overlay) for these locations.
 - Worked with the E&C Corporation to process their Change of Ownership (COO) applications.

- Worked with Weis Markets locations on their “Go Live” date that was a result of their COO from Food Lion Corporation.
- Meetings
 - The corporate account managers traveled to Pennsylvania to participate in Wawa’s multi-state meeting in November.
 - Our corporate management team met with the Dash In new Category Manager to conduct a Business Review in November. Will continue to work with the Dash In team to improve their knowledge through equipment training sessions and unit growth at new and remodeled locations.

3) Retail Recruitment

OnePlace

- Retail Recruitment requested changes to the Prospect subsystem by removing stages that are not utilized. This will make the Prospect pages easier to navigate and populate.
- Goal for this period is to train all Regional Managers on populating the Prospect subsystem to capture new retailer information for all of the change of ownership's within their regions.

Trade Show Activities

- Retail Recruitment will be supported at the 43rd Annual Ocean City Hotel-Motel Restaurant Association Spring Trade Expo, March 5th & 6th, 2017 by Communications and Sales.

Recruitment Results

- Issued 18 prospect leads to the SG Marketing team for follow up.
- 15 completed applications sent to Agent Administration for approval processing.
- Since 1/1/16 we have a total of 142 new applicants installed and operational through November 30th.

4) Analysis & Reporting

The Analysis and Reporting department has been working closely with the lottery management team to refine and edit our system of Retailer Classifications by Business Type. We’re looking at our existing classifications and trying to match them to industry standards. This effort will allow us to track sales by business type to identify opportunities for sales and retailer growth.

We are also continuing our tracking effort of new game launches by looking at the saturation rate for each of November’s new ticket launches. At the conclusion of the first week of November’s launch 92% of our retailers had the \$5 game activated and 77% of our retailers had all new games (all price points) activated and on display.