

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 12, 2017

SUBJECT: Report for the December 2017 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	2017	\$96,866,951	\$56,656,528	\$153,523,479
	2016	\$99,927,226	\$50,738,442	\$150,665,668
	Difference	(\$3,060,275)	\$5,918,086	\$2,857,811
	% YOY + / -	-3.1%	11.7%	1.9%
INDEPENDENT	2017	\$82,796,401	\$39,128,401	\$121,924,802
	2016	\$84,263,598	\$35,235,777	\$119,499,375
	Difference	(\$1,467,197)	\$3,892,624	\$2,425,427
	% YOY + / -	-1.74%	11.05%	2.03%
	% of STATE SALES	86.0%	68.8%	79.7%
CORPORATE	2017	\$14,070,550	\$17,528,127	\$31,598,677
	2016	\$15,663,628	\$15,502,665	\$31,166,293
	Difference	(\$1,593,078)	\$2,025,462	\$432,384
	% YOY + / -	-10.17%	13.07%	1.39%
	% of STATE SALES	14.0%	31.2%	20.3%

- Sales Management
 - This month's "Blitz Week" campaign began on November 27th and featured four price points which included \$2, \$5, \$10 & \$20 instant tickets.
 - Top Blitz Week Performers for November:
 - Carolyn Mack - 96% (Blitz Week Champion)
 - Scott Kershow - 95%
 - Rob Austeria - 93 %
 - Sales management attended a meeting to discuss options for improving the Expanded Cashing Authority Program (XCAP).
 - During November, the sales team supported the Communications department at a Lottery selling event at a Raven's game.
 - Four sales personnel are on extended leave which includes the director of corporate recruitment, two district managers and a corporate account manager. The management team has reassigned their retailers to others for coverage during their absence.
 - Sales also worked with the Human Resources department to post a vacant district manager (T-15) position.
 - The monthly sales meeting was conducted on November 14th & 15th in split sessions allowing for two regions and the management team to have an update meeting while the other two regions received gemIntelligence training by the gemIntelligence support staff.
- Central System Conversion
 - Sales continues planning and modification of the retailer training sessions, training materials and equipment installation schedule.
 - Working with SGI to develop and modify listings for distribution and installation of new monitors, self-service vending units and pilot retailers for new equipment testing.
 - Sales also provide a listing of seasonal locations (primarily on the Eastern shore) for equipment removal, training and new installation considerations.
 - Sales moved from the "sandbox" testing environment on November 15th to full operations of the new sales force automation tool, gemIntelligence. Early feedback suggests that gemIntelligence is more robust in reporting and analysis.
 - Sales teams participated in the retailer rally training sessions in Baltimore (pilot retailers) Clear Spring (Western Maryland retailers) and Cambridge (Eastern shore retailers) in November. With the exception of the pilot program retailers, each rally consisted of 4 days of 2 hour training sessions that start every half hour from 8:30 a.m. to 4:30 p.m.

- The management team is visiting the pilot locations to monitor the installation process and obtain user feedback.
- Field Support/Self-Service Vending Units
 - Currently working with gemIntelligence software developers to provide information that will allow the system to report accurately.
 - The DMs appear to be adapting and providing feedback for improvement to the new system.
 - Two new Last Activation Date books were identified for the month.
- Training
 - The training manager worked with the DMs during their duty days to train everyone on the new gemIntelligence software. This training will be on-going for several month as we progress through the conversion process. The goal is not to overwhelm the DMs but rather to provide the basic information and then expand upon this as their comfort level improves.
 - The training manager continued to work with new hires to bring them up to speed on field operations.

2) Corporate Sales

- Field Activity
 - Annual Business Reviews are underway with our corporate partners. For the month of December, the Corporate Sales Team will be meeting with Klein's ShopRite; Sheetz, Inc.; and 7-Eleven.
 - Meeting with Wawa during the upcoming retailer rally to discuss the conversion training and installation process.
 - Giant Foods will be moving forward with a pilot program to introduce lottery to their emerging gas station program.
- Corporate Partner Retailer Recruitment
 - We continue to engage in open dialogue with Ace Cash Express as they review their options on becoming a Lottery retailer. Their executive leadership team has decided to push their decision-making timeline to Q1 18.
 - The Rite Aid-Walgreens Asset Purchase process is underway, and Rite Aid has relayed to us that lottery will remain in some of the locations transitioning to Walgreens. Rite Aid will also retain lottery in certain stores as well as adding lottery to stores currently without lottery. Due to the holiday season, further discussions are put on hold until Q1 18.

3) Retail Recruitment

- Conversion
 - Agreement and comments were provided on 12/8/17 for the paperless application process.
 - Began working in gemIntelligence, pulling retailer averages and checking ownership status
- Recruitment Results
 - 20 completed applications sent to Agent Administration in November for approval.
 - CY 17 summary of total applications processed and installed = 158.
- Application Follow-up
 - Continue to follow up with Regional and Asst. Regional Managers for pending ADA & Pre-site paperwork to complete applications for Agent Administration.
 - Continued to follow up with new retailers to obtain missing parts of their application prior to fingerprints expiring and applications expiring.
 - Assisted new retailers in the application process and completing their applications correctly.
- Prospecting Activities
 - Continued to follow up on leads provided by District Managers. We have currently forwarded 46 completed applications to Agent Administration awaiting approval.
 - Awaiting partnership decision of Ace Cash Express to become retailers for the 33 location prospect. Should know in Q1 18. We have worked with Corporate Sales on this retailer.
 - Continued working with SGI's team on updates for leads previously submitted.

4) Analysis & Reporting

The November Instant ticket launch marked one year of tracking the saturation of new tickets in the marketplace the first week of launch. Year over year we saw a 13% increase in the percentage of retailers who activated all the new games of the monthly launch. Year to date in November, instant sales make up 36.7% of the Lottery's total sales - this is up 9% when compared to YTD November 2016.

The addition of the \$30 ticket has obviously attributed to the overall Instant ticket product growth, but there is also considerable growth in the \$10 price point.