

# 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: January 21, 2016

SUBJECT: Report for the January 2016 Commission Meeting

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

## 1) Sales

December was a solid month resulting in a 10% increase over last year. Instant tickets led the way with a 16% increase. All games, with the exception of Mega Millions and Multi-Match were up.

	<b>Draw</b>	<b>Instants</b>	<b>Total</b>
State	7.62%	16.14%	10.21%
Independent	7.97%	16.72%	10.27%
Corporate	5.73%	14.87%	9.99%

- a) Sales Management
  - i) Working with senior management to define new sales roles for personnel, due to organizational changes.
  - ii) Completed the mid and annual Performance Evaluation Plans.
  - iii) Worked with HR to review information in the Workday System for accuracy.
  - iv) Begin training process for new Region IV Regional Manager, Rodney Berry, who started January 6th.
- b) Personnel
  - i) Two new District Managers (DMs), Shamika Veney and Sarah Proctor, joined the sales force in December to manage open territories in Howard and Prince George's counties.
  - ii) Two DMs and one Corporate Account Manager remained on extended leave.
- c) Training
  - i) Continuation of Cash4Life training for DMs.
  - ii) Work with Sales Training Manager to develop and refine training curriculum for new DMs.
  - iii) Began working with sales staff to instruct them on the Workday System.

- d) XCAP
  - i) Prepare for bi-annual XCAP audit to be conducted in first quarter CY2016.
  - ii) Continued the collection of outstanding 2015 \$5,000 claim forms from specific XCAP retailers.
  - iii) Developing process to address late claim form submissions in 2016.
- e) Merchandising/POS
  - i) Ensure delivery and proper placement of Cash4Life POS kits.
  - ii) Review new supplier for in-store counter change mats.
- f) Events
  - i) Assisted the Communications Department with three Ravens' game selling events. Also worked a promotion in conjunction with the Horseshoe Casino on December 20th.
  - ii) Planning to support the Communications Department at the Polar Bear Plunge on January 30th.
- g) Current Initiatives
  - i) Continue Cash4Life retailer education process, including retailer bonus and POS distribution schedule.
  - ii) District Managers completed Sales Improvement Plans (SIP) at their 10 lowest performing retailers in each territory.
  - iii) Manage instant scratch-off ticket inventory at retail to prepare for Gold Rush family of games launch on January 25th.

## 2) Corporate Sales

The first quarter of the New Year typically signals the beginning of the Corporate Account Annual Review meetings. Over the next several weeks we will be organizing, comparing, analyzing and reporting various measurements to compile a succinct review of Lottery sales within each of our major Corporate Accounts.

- a) Current initiatives
  - i) Business Development Managers are working with all corporate accounts to ensure a successful launch of Cash4Life by managing in-store merchandising strategies.
  - ii) Continuing to work with SGI to identify and relocate PATs from low selling Rite Aid locations.
- b) ITLM Program
  - i) Two new ITLM installations in Taneytown (three units at American Legion #120) and Indian Head (three units at American Legion #170).
  - ii) Inventory Status

- (1) A re-order of 35 ITLMs arrived between Christmas & New Year's Day with three leftover from the previous batch. This will provide us with sufficient quantity for late winter and spring 2016 installations.
- (2) As of 1/15/16 there are 270 ITLMs in 66 unique veterans' posts that are operational. The current county breakdown for ITLM retailers:

<b>County</b>	<b># of Veteran Posts</b>
Allegany	5
Anne Arundel	6
Baltimore	12
Carroll	7
Charles	3
Frederick	4
Garrett	2
Harford	6
Howard	1
Montgomery	5
Prince George's	9
Washington	6

### **3) Retail Recruitment**

With a stated goal of increasing our retailer network by an additional 500 locations, both staffing and systems were put in place for 2016. Effective immediately, the Corporate Account Managers have been reassigned as Business Development Managers, reporting to the Director of Retail Recruitment, Mike Hofferbert.

- a) Streamlining Retail Recruitment process with DMs providing initial leads for qualification and application processing by Business Development Managers. Currently managing over 50 new retail location applications.
- b) Expanding OnePlace capabilities by enabling prospecting features in the software to better manage and track new retail recruitment application efforts.

### **4) Analysis & Reporting**

Julianne Grim, Director of Analysis & Reporting, and Howard Benjamin, Sales Analyst, provide weekly insight by exploring the stories behind the numbers. We will be providing weekly sales data to RMI (Retail Market Insights) to better understand how our Corporate Chain Accounts perform relative to other jurisdictions.

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- a) Promotional Analysis
  - i) Timely analysis of consumer promotions at retail.
  - ii) Timely analysis of retailer promotions.
- b) Weekly Sales Report
  - i) High payouts on Pick 4 are maintaining the game at high levels due to the churn factor.
  - ii) For now, Multi-Match is showing a strong performance. The true test will be when Cash4Life competes on the same drawing days starting on January 28th.

Analysis of the Month: We examined hourly sales for the last three Powerball draw days leading up to January 13<sup>th</sup>'s record jackpot of \$1.5 Billion. Below, *Figure 1* illustrates the hourly sales for the January 6<sup>th</sup>, January 9<sup>th</sup> and January 13<sup>th</sup> drawings.

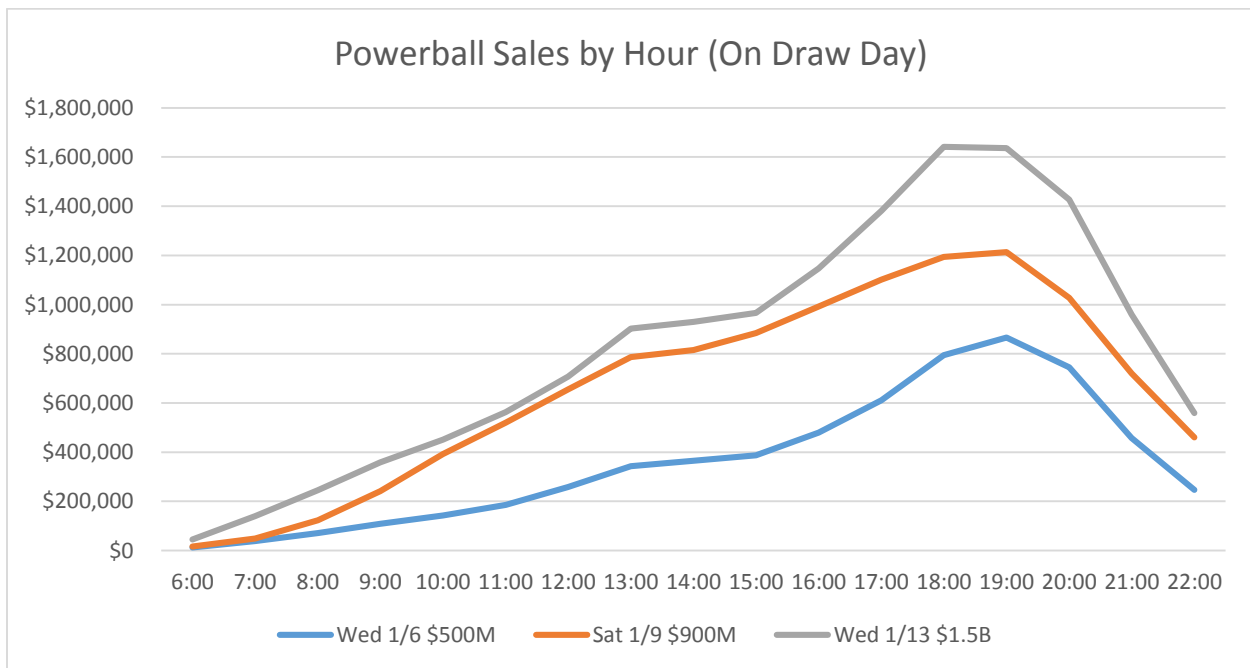


Figure 1

Total sales for the record Jackpot draw days were:

Draw Date	Jackpot	Draw Date Sales	Total Draw Sales
January 6 <sup>th</sup>	\$500 Million	\$ 6,132,448	\$8,974,999
January 9 <sup>th</sup>	\$900 Million	\$ 11,227,270	\$20,300,633
January 13 <sup>th</sup>	\$1.5 Billion	\$ 14,081,339	\$27,422,152

\*Source: Daily Sales Information provided by SGI.