

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: June 20, 2017

SUBJECT: Report for the June 2017 Commission Meeting

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

1) Sales

Instant sales continued to grow in May with a double digit increase of 18%. Draw game sales showed a slight decrease as compared to the same period in 2016. There were increased sales in Pick 3, Pick 4, Bonus Match 5 and Racetrax. All other draw games were down. Details below:

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

		DRAW/MONITOR	INSTANT	COMBINED
STATE	2017	\$110,449,231	\$64,403,036	\$174,852,287
	2016	\$110,522,543	\$54,429,715	\$164,952,258
	Difference	-\$73,312	\$9,973,321	\$9,900,029
	% YOY + / -	-0.1%	18.3%	6.0%
INDEPENDENT	2017	\$94,439,679	\$44,671,754	\$139,111,433
	2016	\$92,862,660	\$37,572,324	\$130,374,984
	Difference	\$1,577,019	\$7,099,430	\$8,736,449
	% YOY + / -	1.7%	18.9%	6.7%
	% of STATE SALES	85.5%	69.4%	79.6%
CORPORATE	2017	\$16,008,127	\$19,731,282	\$35,739,409
	2016	\$17,718,450	\$16,857,391	\$34,575,841
	Difference	-\$1,710,323	\$2,873,891	\$1,163,568
	% YOY + / -	-9.6%	17.0%	3.4%
	% of STATE SALES	14.5%	30.6%	20.4%

- Sales Management
 - Completed another “Blitz Week” monthly campaign to improve first week activation rates at all eligible instant ticket selling retailers.
 - Top Blitz Week Performers for May:
 - Carolyn Mack - 99% (Blitz Week Champion)
 - Leroy Thorne – 98%
 - Matt Boone – 96%
 - Working with Human Resources to fill three open positions. Offers have been made and accepted by one candidate to fill a DM position.
 - Region 3, after dealing with several vacancies, is now at full staff.
 - Karen Mitchell, an external candidate, will be assigned territory 35 in Prince George’s County.
 - Todd Cearfoss returned to territory 33 after an extended medical leave.
 - Jermaine Cain joined the Sales Division as an administrative aide.
 - Sales management is working strategically to provide coverage in the affected geographical areas until the new hires come onboard.
 - Sales continues to work with the Claims department to recover un-submitted claim forms from XCAP retailers for April/May 2017.
 - Conducted a retailer instant ticket contest (Home Run Riches) based upon activations and settlements during the month of May. Thirteen (13) retailers were selected to be our guests for the Orioles game on July 17th.
 - District Managers continue to support field inventory issues such as retrieving hard recall books, rotating stock that is over 90 days old and ensuring either pickup or activation of books that have been given a last activation date.
 - The DMs also distributed PAT cleaning cards to help better manage efficient processing of scratch-off tickets sold via these self-service machines.
- Central System Conversion
 - Attended the initial meeting that discussed how we plan to move to a paperless application and licensing process for new retailers.
 - Sales management is working with SGI and Lapis to assess which functions of the new sales force automation system may provide the greatest benefit.
- Field Support
 - OnePlace
 - The DMs are utilizing the survey feature to conduct the quarterly ITVM audit in May.
 - Field inventory
 - Two games on Hard Recall combined with Last Activation Date books are being picked up by DMs; few remain in the field.

- Merchandising
 - SalesMaker
 - Continued makeovers in Regions 2 and 4 during the month.
 - Worked with DC Media to complete or suggest locations that will benefit from our quarterly update of door graphics.
 - Vehicles
 - Sales is anxiously awaiting the arrival of new vehicles.
- Training
 - Dana Washington, Sales Training Manager, working with HR and James Butler, began training for the agency's Customer Service Training initiative that will be completed in June.
 - The training manager continued to provide training support for our new hires and promoted personnel.
 - With input from the Regional Managers the training manager reviewed and modified our new hire training procedures.
- Events
 - Sales supported the Communications department at an Orioles games, Wine in the Woods and Brew at the Zoo events in May.

2) Corporate Sales

We have concluded our second chance promotion with Wawa. We had a steady increase of approximately 15-18% in week over week sales with Cash4Life and finished with close to 3,500 entries into our second chance contest.

- Field Activity
 - Introductory meeting with Safeway's new Category Manager, Alicia Bell.
 - Meeting with Frank Schilling and the Royal Farms team to discuss the central system conversion process.
 - Working with Sheetz on finalizing in-store promotion for Q3 17.
 - Working with MGM National Harbor on finalizing a new promotion for Q3 17.
 - Initial conference call with potential retailer Rutter's. Rutter's is a family owned business which currently operates in Pennsylvania, Delaware and New Jersey. They have been looking into other states and have announced plans for expansion into Maryland. An in-person meeting has been scheduled for late June at their headquarters in York, PA.

3) Retail Recruitment

- Recruitment Results
 - 16 completed applications sent to Agent Administration in May for approval.
 - CY17 summary of total applications processed and installed = 69.
 - Estimated installation date of 7/13/17 for Hagerstown and Annapolis locations of the Tilted Kilt sports bar/restaurant franchise.
- Prospecting Activities
 - Made an initial call with James Young, Director of Corporate Sales, on a new chain with 27 locations.

4) Analysis & Reporting

The May instant ticket launch included the *Frenzy Family of Games* (\$1, \$2, \$5, \$10). The saturation of these games in the marketplace improved from our launch of the *Multiplier Family of Games* in January.

The May *Frenzy Family of Games* had a saturation rate of 74% - meaning that 74% of our instant ticket retailers had all four price points activated and on display within the first week. This is a 2% increase over the January launch where 72% of our retailers had the entire *Multiplier Family of Games* activated.

Further, we continue to see improvement in individual territories during Blitz Week. In May we had ten territories with a saturation rate of 85% or greater, compared to eight territories in January.