

Maryland Lottery and Gaming Control Agency

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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: John Martin, Assistant Director for Lottery

DIVISIONS: Product Development, Creative Services, Sales and Communications

DATE: November 12, 2015

SUBJECT: Report for the November 2015 Commission Meeting

Following is a status update of ongoing and special projects in Product Development, Creative Services, Sales and Communications.

1) Product Development

a) Draw/monitor games products and promotions

i) Key accomplishments last period:

- (1) Pick 3 Doubler: The Pick 3 Doubler ended its debut appearance on 11/8. During the promotion, players could receive a Doubler message and any prizes won on that ticket would be doubled. This promotion had been run previously; however, this was the first time all Pick 3 purchases of \$1 or more were eligible.

ii) Upcoming tasks for this period:

- (1) Upcoming game changes or promotions:
- (a) Bonus Match 5 Doubler: This promotion began on 10/12 and runs through 11/15. During the promotion, players could receive a Doubler message, just by playing Bonus Match 5. The Lottery will also pay taxes on top prizes won during the promotion.
- (b) Keno Sprinkler: This promotion is a player favorite, and will return on 11/30 for 5 weeks, ending on 1/3/16. During the promotion, players could receive a Doubler or Tripler message on their Keno tickets – any prizes won on those tickets would be doubled or tripled.

b) Instant ticket products and promotions

i) Key accomplishments last period:

- (1) October [Holiday] instant ticket launches (10/26/15): \$1 *Penguin Doubler*; \$2 *Cookies and Cash*; \$3 *Tic Tac Dough*; \$5 *Holiday Lucky Times 10*; \$10 *Let It Snow Tripler*.
- (2) \$5 *Ravens*: After 14 weeks in market, \$5 *Ravens* is 52.8% sold and is tracking ahead of the last two *Ravens* game launches. The third drawing was held 10/20/15; 80,383 entries were received.
- (3) \$2 *Betty Boop*: After 14 weeks in market, \$2 *Betty Boop* is 44.5% sold.

ii) Upcoming tasks for this period:

- (1) November instant ticket launches (11/23/15): \$1 *7-11-21*; \$5 *Double Your Dollars*; \$10 *Diamond 7s*.
- (2) Holiday second-chance promotion: Players can enter \$10 worth of non-winning holiday scratch-offs into My Lottery Rewards for one entry into the holiday second-chance contest. 192 Prizes will be awarded, including cash prizes (\$1,000 x 160; \$5,000 x 20; \$10,000 x 4) and 8 trips to the Warehouse Dash (players will receive a trip to Chicago, each winner and a guest will have 90 seconds to race through the warehouse grabbing as much merchandise as they can. Winners get to keep everything they are able to grab during their dash). Four drawings will take place, 11/9/15, 11/30/15, 12/21/15 and 1/18/16; entries will not be cumulative. 51,250 entries were received into the first drawing.
- (3) \$5 *Ravens*: Continue to promote sales of the \$5 instant ticket and engagement with the second-chance contest. The fourth drawing will be held 11/17/15; as of 11/9/15, 51,092 entries have been received.
- (4) \$5 *Harley-Davidson®*: Continue promoting sales of the instant ticket and engagement with the second-chance contest. The second drawing date has been determined: 12/7/15. As of 11/9/15, there have been 144,438 entries submitted.

2) Creative Services

a) Traditional Advertising

i) Key accomplishments last period:

- (1) Holiday:
 - (a) Phase 1 of the media plan began running on 10/26 and continues through 11/15. Phase 2 will run from 11/27 – 12/20. All media buys placed.
 - (b) All outdoor creative – digital outdoor, 30-sheet posters, bus sides, and Wawa pump toppers – have been approved.
 - (c) The :30 Holiday TV (on 10/30) is currently in post-production.
- (2) Mega Millions: Radio and Digital Outdoor began running on 11/5 to support the rolling jackpot.
- (3) University of Maryland & Towson University Basketball Sponsorships: All Lottery sponsorship assets, including program ads, LED signage, court side signage, etc., completed in time for the start of the basketball season.
- (4) Orioles: The Lottery met with the Orioles team and MASN to begin discussing the 2016 season. Both organizations submitted proposals; we are in the process of evaluating and negotiating the submissions.

- (5) Cash4Life: The launch of Cash4Life is a large and important initiative. The Lottery has been working with its agencies to develop an all-encompassing marketing plan. Several items have been accomplished:
- (a) The Lottery's creative agency presented several campaign options to the Lottery and the Lottery selected a creative direction.
 - (b) The Lottery has been working with its creative agency to develop a point-of-sale kit that will be mailed to retailers in early January. The point-of-sale kit will include informational pieces to educate the retailers on Cash4Life and several point-of-sale pieces that the retailer will use to merchandise the game in-store.
 - (c) The Lottery's media agency presented a draft plan and the Lottery is in the process of reviewing the plan.

ii) Upcoming tasks for this period:

- (1) Holiday:
 - (a) The :30 Holiday TV spot is being edited and will be finalized in time to begin airing the week of 11/23.
 - (b) The :30 Holiday Gift-Giving Radio spot scheduled to be recorded 11/12.
- (2) Gold Rush Family: The Lottery is working with its creative agency to develop point-of-sale to promote the Gold Rush family of scratch-offs when it launches on 1/25. The creative process is under-way and the Lottery expects to see creative options in mid to late November.
- (3) The Walking Dead: The Lottery is working with its creative and media agencies to develop a marketing plan to support the launch of The Walking Dead; the ticket is scheduled to launch on 2/22.
- (4) Cash4Life:
 - (a) The Lottery will finalize all point-of-sale and move into the production phase for the point-of-sale kits.
 - (b) The Lottery's creative agency is moving into the production phase of the campaign with TV and Radio planned to be shot and recorded in December. Other campaign elements, including website, digital, print, outdoor, etc., are being developed on an on-going basis.
 - (c) The Lottery will work with its media agency to finalize the media plan.

b) Merchandising

i) Key accomplishments last period:

- (1) Inventory management ongoing. Warehouse inventory is monitored weekly and orders are placed accordingly to keep items in stock. Cross referenced with Merchandising budget to confirm all items have arrived, stocked and paid for accordingly for October.
- (2) Final meetings held regarding the transfer of various responsibilities relating to self-service vending machines from Sales to Merchandising. Brief weekly meetings are scheduled to track machine movement and ensure contract terms are met. For October, there were 9 requests for ITVMs, 6 requests for PATs and 2 requests for PCTs.
- (3) Continued implementation of SalesMaker 2015 in Region 3. Weekly reports sent to Senior Management with Region 4 meeting its projected completion date of late September. Region 3 sell-ins began immediately in late September with a target completion date of late October.

- (4) Additional “After Glow” components were ordered and delivered as Merchandising worked with Sales to develop a distribution plan for these units in advance of the launch of the Holiday Family of Games. Further discussion for future launches in development.

ii) Upcoming tasks for this period:

- (1) Continue implementation of SalesMaker 2015 plan. Prepare for activity in Region 1, which is slated to start late October. This will be the last region to receive sell-ins and makeovers for 2015. Target completion date for Region 1 is mid-November.
- (2) Confirm completion of DC Media window stripping and door decals. Current door change out will be from Harley Davidson to The Wizard of Oz. There were 173 locations that will have the door decal change out take place. Additionally, there are 15 new locations that were approved by Merchandising to install new window stripping and The Wizard of Oz door decal. Audit to be performed by Merchandising team prior to next change out to ensure each location currently meets or exceeds SalesMaker performance requirements.
- (3) Begin identifying underperforming retail locations within the SalesMaker network for Senior Merchandising Coordinator visits. Updated Sales Reports provided by SGI will be used to identify locations along with District Manager input for each territory.
- (4) Continue to work with Sales regarding future family of games initiatives such as Gold Rush and MONOPOLY.

c) Web/Digital/New Media

i) Key accomplishments last period:

- (1) Launched the Holiday “Warehouse Dash” landing page.
- (2) Developed multi-app landing page featuring all MD Lottery mobile apps (3).
- (3) Started development on an EngageSciences Facebook promotion focused on jackpots.
- (4) Developed Holiday “carousel ads” for Facebook.
- (5) Launched several on-going initiatives through My Lottery Rewards, including:
 - (a) Apple® Entertainment Package Giveaway.
 - (b) Gaming System (Xbox One) Giveaway.
 - (c) Samsung Smart TV Giveaway.

ii) Upcoming Tasks for this period:

- (1) Launch My Lottery Rewards mobile download campaign.
- (2) Launch EngageSciences social media marketing promotion on Facebook:
 - (a) “Ravens Scratch-Off Stadium Search”.
 - (b) “What’s Your Jackpot Destination”.
- (3) Launch multi-app landing page.
- (4) Launch holiday “carousel ads” for Facebook.
- (5) Complete phase one of mdlottery.com website redesign.

d) Research

i) Key Accomplishments last period:

- (1) Completed fielding of Player Tracking Study to help in rebranding efforts.
- (2) Began discussion with the Key Group about a twelve month research plan.

ii) Upcoming tasks for this period:

- (1) Review and analyze results from Player Tracking Study with the Key Group. Distribute internally.
- (2) Continue discussion about agency's research needs and develop plan.

3) Sales

i. Key accomplishments last period:

a. Field Sales

- i. Supported the launch of the five new Holiday Game scratch-offs and educated retailers on the associated bonus plan designed to stimulate activations throughout the holiday season.
- ii. The Holiday Games/Retailer Bonus launch with a total of 11,131 activations. Region 4 had an impressive 3,158 activations representing 28% of the overall total.
- iii. Continued with the field initiatives to address the bottom 10 low sellers for sales improvement.
- iv. Supported Communication with six selling events during October which included one Ravens game, the Ocean City Cruisin' promotion and the Ravens Purple Evening event in which the sales team sold 32 Ravens ticket books during the 5 hour event.
- v. The sales team also conducted two Keno parties at retailers during the month.
- vi. Two district managers (DM) and one corporate manager are on extended leave.
- vii. The sales team is continuing to utilize their OnePlace tablets to identify their ITVM, PAT or PCT units as well as the afterglow units installed at their respective retailer locations using the TAG feature.
- viii. The DMs will be utilizing OnePlace to account for scratch-off facings in the field.
- ix. The DMs are conducting their quarterly ITVM surveys to audit the sales and profitability of each unit.
- x. Supported Wawa ambassador program at 47 locations during October. The program was designed to reintroduce players to self-service play on the Play Central Terminal (PCT).
- xi. Continued to grow the retailer network to meet goal of 500 new locations.

b. Sales Management

- i. Supported the final Regional Advisory Board meeting on Oct 1st for the Belair/Aberdeen retailers.
- ii. Attended planning meetings to finalize C4L launch strategies for retailer education, retailer bonus and POS distribution.
- iii. The management team selected Lisa Reilly, territory #16, as district manager of the first quarter FY16.
- iv. Continued to work with HR to fill all open positions including one regional manager. Offers were made and accepted for three DM positions.
- v. The monthly sales meeting was held on October 21st.
- vi. Continuation and review of the Sales Improvement plans for each territory.

- vii. Met with Diamond Games account manager and our ITLM manager to discuss ways of promoting the game at the veteran locations.
- viii. Worked with the IT department to upgrade management cell phones.
- c. Training
 - i. Continued with training on OnePlace features.
 - 1. Software upgrade and TAG training
 - ii. Continued to conduct district manager ride-a-longs to improve standard operational procedures.
- d. Corporate Accounts
 - i. Managed the Wawa ambassador program at 47 locations during October.
 - ii. Continued to work with SGI to identify and relocate PATs from low selling Rite Aid locations.
 - iii. Continued to work with SGI to conduct sales improvement test at the Wawa locations by using the PCT display screens.
 - iv. Sales Comparison
 - 1. October sales were up over last year in all games with the exception of Mega Millions, Match 5, Powerball and 5 Card Cash.
 - a. Draw/Jackpot sales were down \$2.2 million.
 - b. Mega Millions experienced a 44.93% decline (\$4,583,674)
 - c. Powerball was down 12.48 (\$791,261)
 - 2. The lack of jackpots was the cause of both game's decline in October.
 - 3. Instant tickets continue to show double digit percentage increases with October sales up \$5.6 million, a 12.8% increase.

	Draw/JP	Instant	Total
State	-2.19%	12.84%	2.32%
Independent	-0.17%	13.55%	3.41%
Corporate	-12.54%	11.27%	-1.81%

- e. ITLM Program
 - i. Continuation of recruitment and adding traditional lottery strategies.
 - ii. Continued to work with Diamond Games to address low volume sellers by conducting promotions.
 - iii. Inventory Status
 - 1. The current ITLM inventory of 17 units is projected to be down to 3 machines at the end of 2015 with an expected re-order of 35 ITLMs that will arrive around the same time to allow for continued growth of the program.
 - iv. As of 11/3/15 there are 253 ITLMs in 61 unique veterans' posts that are currently operational.
 - 1. The current county breakdown for ITLM retailers:

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

ii. Upcoming tasks for this period:

- a. Field Sales
 - i. Begin C4L district manager education process.
 - ii. Continue to conduct ITVM audit surveys.
 - iii. Begin collecting outstanding 2015 \$5,000 claim forms from retailers.
- b. Sales Management
 - i. Participate in a field survey to ascertain feedback on the new Racetrax HD software.
 - ii. Begin interview process to fill an open regional manager's position.
 - iii. The next monthly sales meeting will be held on November 18th.
- c. Corporate
 - i. Managing C4L in-store merchandising strategies for corporate accounts.
- d. Training
 - i. Duty day training on C4L for DM and management team.
- e. ITLM
 - i. Continuation of recruiting strategies.
- f. Events
 - i. Support the Communication department with three Ravens game selling events.

4) Communications

a) Events

i) Key accomplishments last period:

The agency had a presence at six events, including:

- (1) Held two "Winner Wednesday" events at Maryland Lottery retailers. Met with players and talked about Lottery products/promotions at Stevensville Citgo (Queen Anne's County) on 10/21 and Gem's Liquors (Prince George's County) on 11/18.
- (2) Set up a booth and promoted Lottery games and promotions at the following sporting events: Maryland Terps vs. Penn State in Baltimore on 10/24; Ravens vs. Chargers game in Baltimore on 11/1; and Ravens vs. Jaguars game in Baltimore on 11/15.

- (3) Had a booth/tent and sold tickets at the annual "Across the Bay 10K" over the Chesapeake Bay Bridge on 10/7.
 - ii) **Upcoming tasks for this period:**
 - (1) Will have a booth/sell tickets on RavensWalk at the Ravens vs. Rams game on 11/22 and Ravens vs. Seahawks on 12/13.
 - (2) Will hold Winner Wednesday events at EZ Convenience in Towson on 11/25 and Merritt Boulevard Shell in Dundalk on 12/9.
 - (3) Finalize details on Cash4Life debut at Maryland Terps game on 1/28.
- b) **Casino program**
- i) **Key accomplishments last period:**
 - (1) Released October 2015 casino revenue numbers on 11/5. The numbers included financials from both slot machines and live table games.
 - (2) Prepared and designed the monthly Commission dashboard containing October casino and lottery financial and employment information.
 - ii) **Upcoming tasks for this period:**
 - (1) Prepare dashboard detailing November 2015 casino and lottery revenue numbers. Release casino numbers on 12/7.
- c) **Media relations**
- i) **Key accomplishments last period:**
 - (1) Answered more than 300 e-mail inquiries from Lottery players sent to the Communications Division's public affairs address.
 - (2) 67 Maryland lottery and casino-related articles were printed in local and regional papers and on news/blog websites, including the Baltimore Sun, Washington Post, Baltimore Business Journal, the Daily Record and more.
 - (3) Interviewed winners and wrote 37 news releases that were posted on the Lottery website and/or sent to the media.
 - (4) Gathered historical drawing information for a drawings article that appeared on the Sun's front page on 11/6.
 - (5) Carole Everett was featured in October's "Lottery Update" segment on WBAL TV-11 on 10/31.
 - (6) Doug Lloyd of Communications was interviewed live on WBAL-AM from the Ravens game on 11/1.
 - (7) Began to contact media partners about the Lottery's holiday tickets and second-chance contest. Scheduled interviews and on-air promotions.
 - (8) Continued preparations on communications plan and media kit for Cash4Life, which is due to debut in Maryland in late January.
 - (9) Crafted a new crisis communications plan for the agency.
 - (10) Answered three Public Information Act requests regarding lottery winners and retailer sales figures.
 - (11) Wrote copy for the Retailer Report for the new print version of the *Retailer Report*, which is due to be distributed in January 2016. Content will continue to be posted twice a week on mdlottery.com's Retailer Corner.
 - (12) Wrote copy, designed and distributed ML&G's bimonthly internal newsletter, the Gazette.
 - (13) Continued work on the winner awareness campaign, highlighting the wins of event attendees on Facebook, Twitter and Instagram.

- (14) Finished adding copy to the Maryland Lottery & Gaming Media Center website aimed at providing members of the press with a one-stop shop for quick access to general information about the agency.
- ii) Upcoming tasks for this period:**
- (1) Will continue to promote the Maryland Lottery's Lottery Voluntary Exclusion Program.
 - (2) Will continue to promote the My Lottery Rewards program and the mobile app at events.
 - (3) Erica Palmisano will be featured in November's Lottery Update segment on WBAL-TV 11 on 11/28.