

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: October 17, 2017

SUBJECT: Report for the October 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 September Product Category by Store Segment

| | | DRAW/MONITOR | INSTANT | COMBINED |
|--------------------|------------------|---------------------|----------------|-----------------|
| STATE | 2017 | \$100,279,164 | \$57,561,537 | \$157,840,701 |
| | 2016 | \$96,978,193 | \$47,540,726 | \$144,518,919 |
| | Difference | \$3,300,971 | \$10,020,811 | \$13,321,782 |
| | % YOY + / - | 3.4% | 21.1% | 9.2% |
| INDEPENDENT | 2017 | \$86,240,046 | \$39,583,344 | \$125,823,390 |
| | 2016 | \$83,053,980 | \$32,905,902 | \$115,959,882 |
| | Difference | \$3,186,066 | \$6,677,442 | \$9,863,508 |
| | % YOY + / - | 3.8% | 20.3% | 8.5% |
| | % of STATE SALES | 86.0% | 68.8% | 79.7% |
| CORPORATE | 2017 | \$14,039,118 | \$17,978,193 | \$32,017,311 |
| | 2016 | \$13,924,213 | \$14,634,824 | \$28,559,037 |
| | Difference | \$114,905 | \$3,343,369 | \$3,458,274 |
| | % YOY + / - | 0.8% | 22.8% | 12.1% |
| | % of STATE SALES | 14.0% | 31.2% | 20.3% |

- Sales Management
 - Completed another “Blitz Week” monthly campaign to improve the first week activation rates at all eligible instant ticket selling retailers.
 - Top Blitz Week Performers for September:
 - Carolyn Mack - 100% (Blitz Week Champion)
 - Leroy Thorne – 96%
 - Matt Boone – 91%
 - During September, the sales team supported the Communication department at five Lottery selling events which included a Raven’s game, festivals, trade shows and the Maryland State Fair.
 - Valarie Blackwell, Region I regional manager retired on August 29, 2017. To Valarie, we simply state, “Job Well Done”.
 - Two district managers (DM) are out on extended leave. The management team has reassigned their retailers to other DMs for coverage, during their absence.
 - Sales is currently working with the Human Resources department to fill one district manager and one regional manager position.
- Central System Conversion
 - Sales continues planning and modification of the retailer training sessions, training materials and equipment installation schedule.
 - Sales is 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 is working with SGI to develop a “sandbox” testing site for our new Sales Force Automation system - gem Intelligence.
- Field Support/Self Service Vending Units
 - Currently we have six games on last activation date of 10/9/17 with very little inventory left in the field.
 - No new hard recalls, but current recalls are moving along very well.
- Training
 - The Sales training manager continued the ride along program, during the month, in support of training new DMs.
 - Duty Day training sessions were conducted for all regions to discuss usage of the Google Drive.
 - The training manager worked with our contractual personnel during September to present the new hire orientation and OnePlace (route management software) training.

2) Corporate Sales

- Field Activity
 - The Sheetz promotion has ended. There were a total of 21 winners drawn from the entry pool, and all winners have been contacted.
 - Working with MGM National Harbor on their new Halloween Lottery Ticket Giveaway promotion, which will be held on October 31st, 2017.
 - Annual business reviews are underway where we discuss year over year performance, new products, conversion, as well as our priorities and initiatives for 2018. So far, we have conducted annual business reviews with the following corporate partners:
 - High's of Baltimore
 - MDBEP
 - Food Lion
 - For those partners who have regional offices in MD, we will be scheduling meetings now through mid-November. We are in the process of planning annual business reviews with the following corporate partners:
 - 7- Eleven
 - Sheetz
 - Safeway
- Corporate Partner Retailer Recruitment
 - There was a follow up conference call with Victor Faszczuk, Vice President of Business Development for Ace Cash Express to further discuss becoming a retailer. We discussed reporting, commission structure, equipment options and answered several other questions from them. Mr Faszczuk will be meeting with his executive leadership team in late October to make their final decision.

3) Retail Recruitment

- Conversion
 - Preparing for meeting October 20th by reviewing functionality on test site for our new Sales Force Automation application, gem Intelligence. The software will be used to help our department manage and track all Retail Recruitment efforts.
- Recruitment Results
 - 13 completed applications sent to Agent Administration in September for approval.
 - CY17 summary of total applications processed and installed = 132.
- Prospecting Activities

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- We continue to follow up on leads provided by our District Managers. We currently have forwarded 48 completed applications to Agent Administration and are awaiting approvals. Also working with Agent Administration to clean up the backlog of pending new retailer installations in advance of our system conversion.
- Working with our Director of Corporate Sales on recruiting the Ace Cash Express chain account with 33 locations.

4) **Analysis & Reporting**

The Pick 3 Promotion - Double Play on Box Play produced a 5% increase in sales, \$859,669, when compared to the same time frame last year. The promotion, which is designed to increase player spend on the Pick 3 Box Play, was successful in directing players to choose that bet type. We saw an 11.9% increase in Box Play bet types during the promotion - 70% of the sales increase during the promotion was spent on a box play bet.