

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 16, 2018

SUBJECT: Report for the October 2018 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	2018	\$103,990,898	\$62,047,708	\$166,038,606
	2017	\$100,500,735	\$57,515,365	\$158,016,100
	Difference	\$3,490,162	\$4,532,343	\$8,022,505
	%YoY +/-	3%	8%	5%
INDEPENDENT	2018	\$87,788,565	\$42,399,087	\$130,187,652
	2017	\$86,239,676	\$39,543,938	\$125,783,614
	Difference	\$1,548,889	\$2,855,149	\$4,404,038
	%YoY +/-	2%	7%	4%
	% of State Sales	84%	68%	78%
CORPORATE	2018	\$16,202,333	\$19,648,621	\$35,850,954
	2017	\$14,261,060	\$17,971,427	\$32,232,487
	Difference	\$1,941,273	\$1,677,194	\$3,618,467
	%YoY +/-	14%	9%	11%
	% of State Sales	16%	32%	22%

- Sales Management
 - The “Blitz Week” campaign for September began on the 24th with four price points (\$1, \$5, \$10 & \$20 instant tickets).
 - Top Blitz Week Performers for August:
 - Todd Cearfoss – 101.8
 - John Mandley – 99.1
 - Working through some normal warehouse system issues as we strive to improve timely deliveries of new instant ticket inventory.
 - Sales supported only one selling event in September (a Ravens’ game) due to the inclement weather that plagued the area.
 - Sales began distribution of the retailer Holiday Bonus program and tracking sheet to the retailer network.
 - Sales management continued to work with HR to fill the vacant district manager position (territory 28 on the eastern shore).
 - The Sales team worked diligently to recruit retailers to attend the October Regional Advisory Board meetings in nine cities around the state.
 - The Sales team began preparing the XCAP retailers for the bi-annual recertification program.
 - Two members of Sales management began activities associated with review and assessment of the pending advertising and related services RFP.
- GemIntelligence:
 - District Managers report improved efficiencies in managing their time with retailers during Blitz Week activities with the enhanced “alert” system in gemIntelligence. They can now direct their time to those retailers who have confirmed but not activated the new games from the day before.
- GemOffice
 - Sales Management has been working with all stakeholders to provide gemOffice improvements and provide feedback for managing the processing of retailer applications and licenses.
 - All four regions continue to improve the processing of applications and requests through gemOffice.
- Field Support/Self Service Vending Units
 - Sales in conjunction with SG deployed one unit at the State Fair and 11 pilot retailer locations to test the PEX (draw games only) self-service units.
 - Sales has begun identifying viable locations (primarily bars, restaurants and social locations) that will benefit from the installation of the PEX self-service terminal. We anticipate up to 125 of the PEX units to be installed by the end of the calendar year.
- Training
 - gemIntelligence and gemOffice training is ongoing.
 - The use of forms in gemIntelligence and timely processing of applications in gemOffice were the major topics of discussion.
 - PHD (and soon PEX) self-service vending unit training also is an ongoing initiative.

2) **Corporate Sales**

- Field Activity
 - Business Reviews are currently underway. So far, the corporate sales team has had meetings with the following accounts:
 - Burchmart
 - Royal Farms
 - Goose Creek
 - Sheetz
 - Rutter's
 - Rite Aid
 - Business Reviews scheduled in October with the following accounts:
 - Wawa
 - Acme Markets
 - High's of Baltimore
 - Giant Foods
 - Safeway
 - Dash In
 - The corporate sales team has participated in the 7-Eleven sales rallies held for their respective markets. The rallies target their internal staff and allow the opportunity to promote an understanding of all Lottery products, services, and initiatives. The Corporate Account Managers also use this opportunity to schedule meetings with their respective field consultants. These meetings are held quarterly by the 7-Eleven Market Managers.
 - The corporate sales team will be attending a multi-state meeting hosted by Wawa at the corporate headquarters in late October. Wawa is in the process of making several changes and will introduce their marketing and operations teams that will now be supporting the lottery programs.

3) **Retail Recruitment**

- Recruitment Results
 - 13 new applications received and advanced to phase 2 of the approval process in September.
 - 14 new independent locations installed during September.
- Prospecting Activities
 - Actively pursuing 28 retailers with incomplete applications that are at different stages of completion. Working to get all paperwork submitted so we may approve and move on to Phase II for all the clearances from Agent Administration and Security Departments.
 - Buffalo Wild Wings - The presentation is complete and we are working on getting the contact information for each franchisee in the state. The location in Western Maryland has indicated that they can help with that contact information.

4) **Analysis & Reporting**

September's sensational sales brought the fiscal year-to-date on par with last year. This was led by all three of our rollover games, which have not had a top tier winner this month.

Additionally, Multi-Match and Mega Millions were faced with smaller jackpots in September 2017.

While the Numbers category has been lagging, the top-line growth in Scratch games maintains a 6% growth rate over last year.