

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: September 16, 2015

SUBJECT: Report for the September 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) Current game promotions:

- (a) \$5 Keno Promotion: This new promotion ended on 9/7/15. During the promotional period, players who spent \$5 or more on a single Keno ticket had a chance to receive a free \$2 scratch-off.
- (b) Racetrax Doubler: For the first time, Racetrax players could receive a Doubler message on any bet type, and any prizes won on that ticket would be doubled. This promotion also ended 9/7/15.

ii) Upcoming tasks for this period:

(1) Upcoming game changes or promotions:

- (a) Powerball Game Changes: A matrix change (moving to 5/69 and 1/26 from the original dual matrix of 5/59 and 1/35), some prize tier enhancements and a 10x Power Play multiplier feature will go into effect 10/4 for the drawing on 10/7. The probability of winning the jackpot is now 1:292 million (from 1:175 million) which should result in larger jackpots; The probability of winning any prize will reduce to 1:25 (from 1:32), making it easier overall to win a prize, which should result in more winners.
- (b) Pick 3 Doubler: Scheduled to run 10/12 – 11/8, players could receive a Doubler message and any prizes won on that ticket would be doubled. This promotion has run before, however, this is the first time all Pick 3 purchases of \$1 or more are eligible.

- (c) Bonus Match 5 Doubler: Also scheduled to begin 10/12, this promotion will run for 5 weeks and end 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) Instant ticket products and promotions

i) Key accomplishments last period:

- (1) August instant ticket launches (8/24/15): \$3 *Fruit Explosion*; \$5 *Ultimate Cash*; \$10 *Poker Showdown*.
- (2) \$5 *Ravens*: After 6 weeks in market, \$5 *Ravens* is already 26% sold and is tracking slightly ahead of the last two Ravens game launches. The first drawing was held 8/21 and 69,570 entries were received.
- (3) \$2 *Betty Boop*: After 6 weeks in market, \$2 *Betty Boop* is 23% sold.
- (4) \$5 *Baseball Bucks*: After 24 weeks in market, this \$5 game is already 78.2% sold. The final drawing was held 8/31/15 – 394,433 entries were received.
- (5) \$5 *Harley-Davidson®*: After 24 weeks in market, this game is 62% sold.

ii) Upcoming tasks for this period:

- (1) September instant ticket launches (9/21/15): \$1 *Lots of Loot*; \$5 *Wizard of Oz*; \$5 *Bingo Multiplier*; \$10 *Gold Hard Cash*.
- (2) \$5 *Ravens*: Continue to promote sales of the \$5 instant ticket and engagement with the second-chance contest. The second drawing will be held 9/21/15; as of 9/8/15, 37,281 entries have been received. The third drawing will be held 10/19/15.
- (3) \$5 *Baseball Bucks*: Continue to promote sales of the instant ticket and winner awareness from the second-chance contest through the end of the Orioles season.
- (4) \$5 *Harley-Davidson®*: Continue promoting sales of the instant ticket and engagement with the second-chance contest. Second drawing date is still TBD (date will be determined by ticket sell-through rate) – as of 9/8/15, there have been 77,693 entries submitted.

2) Creative Services

a) Traditional Advertising

i) Key accomplishments last period:

- (1) FY16 Planning: The FY 2016 marketing budget has been allocated for the year. While detailed plans for each product or initiative will be developed throughout the year, the key initiatives have been identified as Ravens, Holiday, Cash4Life, The Walking Dead, Baseball, Home Depot, Monopoly Family, Keno and Jackpot.
- (2) Ravens Scratch-Off: All Ravens sponsorship elements have been implemented and the advertising campaign kicked-off with the start of the regular season.
- (3) Holiday:
 - (a) The Lottery approved several pieces of point-of-sale and released to the printer.
 - (b) The Lottery reviewed the media plan and provided initial feedback to Media Works. The Lottery also reviewed several creative campaigns and has asked GKV to develop a few additional options for the Lottery's consideration.

- (4) Cash4Life: The Lottery held a Cash4Life kick-off meeting with its media, creative, and digital advertising agencies. The Lottery introduced the game, shared Cash4Life creative and advertising plans from the other Cash4Life states, and the group discussed strategies and key considerations in developing Maryland's campaign. Following the meeting, the Lottery's creative agency submitted a creative brief and the Lottery has provided feedback.
- (5) Powerball – Jackpot Support: To promote the Powerball jackpot, the Lottery began running radio and digital outdoor on Fri, 9/11 and will continue to promote the jackpot until it is hit.

ii) Upcoming tasks for this period:

- (1) Powerball: The Lottery and GKV to finalize all point-of-sale materials in time for the game enhancements that take effect on October 4th.
- (2) Washington Redskins: The Lottery is working with the Washington Redskins to finalize the sponsorship contract and all sponsorship materials.
- (3) My Lottery Rewards:
 - (a) The My Lottery Rewards Mobile App launched on Tuesday, September 8, 2015. The Lottery and Media Works will finalize plans to promote and to encourage downloads.
 - (b) The Lottery and GKV will finalize a new consumer brochure that promotes the features and benefits of the Rewards program and also highlights the mobile app.
- (4) Holiday:
 - (a) The Lottery to finalize additional pieces of Holiday point-of-sale.
 - (b) The Lottery and Media Works will finalize the media plan and Media Works will move forward with purchasing all holiday media.
 - (c) A creative presentation is scheduled for late the week of 9/14. The Lottery will select a holiday campaign and GKV will move forward with production of the campaign.
- (5) Cash4Life: The Lottery is expecting a media brief the week of 9/14; the Lottery will review the brief and provide feedback. GKV is targeting mid-October to present initial campaign concepts.
- (6) Baseball: The Lottery will schedule meetings with the Orioles and MASN to review the 2015 season and to discuss planning for the 2016 season.
- (7) University Sponsorships: The Lottery will begin working with The University of Maryland and Towson University to develop all basketball sponsorship elements.
- (8) Jackpot Support: The Lottery is working with its agencies to identify ways to increase support of Mega Millions and Powerball when either or both jackpots are high. Additional marketing elements being considered include :15 television, two new digital bulletins in Silver Spring, digital and mobile advertising, and increased promotion through the Lottery's social platforms.

b) Merchandising

i) Key accomplishments last period:

- (1) Inventory management ongoing after warehouse assets and reorder points established. Orders were placed accordingly to keep items in stock. Prepared forecast for FY16 Merchandising budget.

- (2) Completed transfer of various responsibilities relating to self-service vending machines from Sales to Merchandising. Held several meetings to clarify ongoing responsibilities and how to effectively manage the program across departments. Documented duties to eliminate duplication of effort.
- (3) Continued implementation of SalesMaker 2015 in Region 4. Weekly reports sent to Senior Management with Region 4 projected to be complete by mid/late September. Region 3 sell-ins slated to begin late September.
- (4) Worked with Sales to develop a distribution plan for After Glow dispenser units in advance of the launch of the Holiday Family of Games scheduled for October. Placed order for additional units to support distribution plan.

ii) Upcoming tasks for this period:

- (1) Continue implementation of SalesMaker 2015 plan. Prepare for activity in Region 3. Region 1 is slated to start mid-to-late October. This will be the last region to receive sell-ins and makeovers for 2015.
- (2) Develop and maintain a transparent tracking system for all self-service vending machines. Effort is currently in process and should be complete by mid-September. Merchandising has scheduled meetings with various vendors, along with follow up meetings with Sales Management, to properly develop and implement the tracking system.
- (3) Continue to support the Sales Department efforts with After Glow units. Merchandising working with Sales to identify current retailers with After Glow units (via OnePlace) and track new units installed. Merchandising will identify prime locations within the SalesMaker network for potential placement of incremental After Glow units.

c) Web/Digital/New Media

i) Key accomplishments last period:

- (1) Soft launched My Lottery Rewards mobile app and associated landing page. In addition to supporting key functionality of the Lottery's player loyalty club, this app provides ticket checking functionality.
- (2) Began project to update digital properties for new "Cash4Life" game, launching in late January 2016.
- (3) Finalizing web updates for upcoming Powerball matrix changes.
- (4) Developing new social media marketing application using EngageSciences for Ravens scratch ticket.
- (5) Launched several on-going initiatives through My Lottery Rewards including:
 - (a) Apple Watch Package Giveaway.
 - (b) Laptop Giveaway
 - (c) Labor Day Sale.

ii) Upcoming Tasks for this period:

- (1) Launch My Lottery Rewards mobile download campaign and supporting graphics.
- (2) Implement Racetrax winning numbers and other related features into Keno app.
- (3) Develop Ravens and Holiday themed EngageSciences social media promotions.
- (4) Launch "Media Relations" web portal to support Communications efforts.
- (5) Develop holiday landing page and digital assets.

- (6) Continue planning "Cash4Life" digital updates, including website, mobile app, social, etc.

d) Research

i) Key accomplishments last period:

- (1) Completed general market study and utilized data to calculate indexes that will support the agency's FY 2017 budget submission (MFR measures).
- (2) Discussed ways Key Group could assist in rebranding project and developed recommendation for qualitative evaluation (focus groups) after initial logo design phase complete.
- (3) Finalized player tracking survey questionnaire to be fielded within the next month. Focus is on level of play, reasons for purchasing, influence of second chance drawings, awareness of rewards club and mobile applications. Anticipate receiving top level results in mid-October.

ii) Upcoming tasks for this period:

- (1) Continue planning for branding research focus groups.
- (2) Prepare summary of player demographic data, collected from recent general market study, and distribute to executive management.

3) Sales

i. Key accomplishments last period:

a. Field Sales

- i. Fred Masterson, regional manager, was promoted to the position of Sales Support Manager reporting to the Director of Sales.
- ii. One district manager remains on extended leave. Coverage of this western territory is being handled by other district managers (DM).
- iii. Began phase II of afterglow installations at retailer locations. Working to install 200 additional units.
- iv. The sales team began utilizing 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.
- v. Vacations and promotions dominated the activities of the field staff in August.
- vi. The field staff has been strongly supporting the recruitment of retailers to attend the regional advisory board meetings held at selective locations throughout the state.
- vii. Sales supported eight selling events in August including two Ravens games and the Maryland State Fair.
 1. The Lottery surpassed last year's State Fair sales by \$ 11,926 for a 9.7% gain.
 2. While online sales decreased by 3.6%, instant ticket increased with an outstanding 18.1% gain over 2014.

b. Sales Management

- i. The monthly sales meeting was conducted on August 20, 2015.
- ii. Met with my staff, Legal and Agent Admin to streamline the Retailer application process.
- iii. Began work with HR to fill all open positions of one regional manager and three DM positions.
- iv. Hired Vadawntae Brooks to fill the contractual position.

- v. The management team began to finalize the Sales Improvement Program that will concentrate on the ten lowest selling locations in each territory.
 - vi. Attended a networking session with retailers and business association attendees.
 - vii. Met with SGI (Tel Sell) and Lottery management to discuss the procedures needed to reduce inventory at some retailer locations.
 - viii. Met with Horseshoe Casino management to discuss and pre-site the venue for a possible 12/20 promotion.
 - ix. Worked with James Butler to gather data for the determination of Retailer Bonus payouts for FY15 & FY16.
 - x. Attended Pollard's quarterly review presentation to the Lottery in August.
 - xi. Supported Creative Services to complete their 2nd round of interviews for the Digital Manager recruitment.
 - xii. Sales management has met with sales personnel and union representation on several matters that address performance issues.
 - xiii. Met with the merchandising team to discuss the role of the ITVM/PAT/PCT coordinator.
- c. Training
- i. Continue training on OnePlace features.
 - ii. Worked with the district managers to explain the upcoming Powerball game changes.
 - iii. Trained DMs on the usage of TAGs for retrieval of data from OnePlace unit.
 - 1. This will help to identify retailers with special equipment such as ITVMs, Afterglow units, Jackpot signage, etc.
 - iv. Trained DMs on the installation and usage of the MLR app.
 - v. The trainer continues to conduct ride-along with the district managers to help improve their selling and customer service skill while developing a Standard Call Visit procedure.
- d. Corporate Accounts
- i. Each Corporate manager made a presentation to the sales management team on the State of their Accounts and their plan for growing sales at corporate accounts.
 - ii. August sales were up over last year, led once again by a strong increase in Instant Ticket sales.
 - 1. Pick 3, Pick 4, 5 Card Cash and Powerball were all down slightly but the big disappointment was Mega Millions which declined 35% or \$2,459,663.
 - 2. Lower jackpots had their effect -- 2014 saw total August Mega Millions jackpots of \$949 MIL compared to only \$295 MIL this year. This was the major reason for the decline in jackpot games in the corporate stores.

	Draw/IP	Instant	Total
State	-2.51%	9.71%	1.22%
Independent	-2.03%	13.58%	5.03%
Corporate	-5.61%	12.58%	2.97%

e. ITLM Program

- i. Continued with the recruitment process while looking to convert capable locations to traditional lottery retailers.
 1. The American Legion Convention, held in Ocean City, yielded at least 10 potential locations for expansion of the program.
- ii. As of 8/20/2015, 232 ITLMs in 55 unique posts are operational. A complete list of all ITLM locations can be found at atmdlotttery.com/veterans.
- iii. The current county breakdown for ITLM retailers:

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

ii. **Upcoming tasks for this period:**

- a. Field Sales
 - i. Support the launch of five new scratch-offs and instruct the retailers on the upcoming changes to the Powerball game.
 - ii. Continue with the installation of the afterglow units.
 - iii. Continue with the field initiatives to address the bottom 10 low sellers for sales improvement.
 - iv. Continue to support the RAB by securing retailer to attend.
- b. Sales Management
 - i. The September monthly sales meeting will be conducted on September 17, 2015.
 - ii. Continue to work with Tel Sell on inventory reduction at retailer locations.
 - iii. Work with senior management to submit an increased promotional spending budget for FY'17.
 - iv. Will work with Facility Management to improve mileage usage of underutilized vehicles.
- c. Corporate
 - i. Work with Corporate Managers to relocate PATs from low selling Rite Aid locations.
 - ii. Working with SGI to conduct a sales improvement test at the Wawa locations by using the PCT display screens.
- d. Training

- i. Continue with the OnePlace training and develop a standard call cycle visit procedure and also a new hire training presentation.
- e. ITLM
 - i. Continuation of recruitment and conversion to traditional lottery strategies.
 - ii. Work with Diamond Games to address low volume sellers by conducting promotions.
- f. Events
 - i. Sales will support five selling events in September which includes one Ravens game and two Winner Wednesday events.

4) Communications

a) Events

i) **Key accomplishments last period:**

- (1) Had a large booth and sales area in the Exhibition Hall at the Maryland State Fair in Timonium from 8/27 through 9/7. Lottery employees staffed a booth for each day of the fair, interacted with the public and gave away Lottery promotional items throughout the fair.
- (2) Conducted a Pick 3/Pick 4 evening drawing on-site at the fair on 8/28.
- (3) Organized and hosted a two-hour game show event for Maryland Lottery Day at the fair on 9/5. Thirty participants were selected after entering a contest on the My Lottery Rewards website. Participants won a total of \$50,000 in cash, with the top winner taking home \$10,000. During the two-hour event, the audience in attendance purchased 6 ½ books of *Ravens* scratch-off tickets were sold from the retailer who was on site. The retailer sold 34 books of *Ravens* tickets during the 11 days of the fair.
- (4) Set up a booth and promoted Lottery games and promotions at the following events: Ravens-Redskins preseason game in Baltimore 8/29; Mega Trade Show in Ocean City 9/11 and 9/12; In The Street Event in Frederick 9/12; Orioles-Red Sox game in Baltimore on 9/14; Delmarva Bike Week in Salisbury 9/18 and 9/19; Maryland Wine Festival in Westminster 9/19 and 9/20; ZERO Prostate Cancer Run/Walk in Towson 9/20.

ii) **Upcoming tasks for this period:**

- (1) Will have a booth at the Ravens-Bengals game in Baltimore 9/27; Orioles-Blue Jays game in Baltimore 10/1; A Purple Evening in Baltimore 10/5; Endless Cruisin' in Ocean City 10/8 through 10/11; Ravens-Browns game in Baltimore 10/11; Baltimore Running Fest in Baltimore 10/17; a University of Maryland Basketball event in College Park (date to be determined); Retailer party (date and location to be determined).

b) Casino program

i) **Key accomplishments last period:**

- (1) Released August 2015 casino revenue numbers on 9/4. The numbers included financials from both slot machines and live table games.
- (2) Prepared and designed the monthly Commission dashboard containing August casino and lottery financial and employment information.

ii) **Upcoming tasks for this period:**

- (1) Prepare dashboard detailing September 2015 casino and lottery revenue numbers. Release casino numbers on 10/5.

c) **Media relations**

i) **Key accomplishments last period:**

- (1) Answered three Public Information Act requests regarding lottery winners and retailer sales figures.
- (2) Wrote copy for the Retailer Report and began planning for the return of Retailer Report in a print format rather than digital-only. Content is posted twice a week on mdlottery.com's Retailer Corner.
- (3) Created and distributed ML&G's bimonthly internal newsletter, The Gazette.
- (4) Answered more than 300 e-mail inquiries from Lottery players sent to the Communications Division's public affairs address.
- (5) 61 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.
- (6) Interviewed winners and wrote more than 30 news releases that were posted on the Lottery website and/or sent to the media.
- (7) Erica Palmisano was featured in August's "Lottery Update" segment on WBAL TV-11 on 9/29.
- (8) Continued work on the winner awareness campaign, highlighting the wins of event attendees on Facebook, Twitter and Instagram.
- (9) Began creating and placing content on a 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) Carole Everett will be featured in September's Lottery Update segment on WBAL-TV 11 on 9/26.
- (4) Will begin to write and design the new print version of the quarterly Retailer Report. While the report was online-only for several months, lottery retailers expressed an interest in having a printed copy at their stores.