

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: September 19, 2017

SUBJECT: Report for the September 2017 Commission Meeting

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

1) Sales

August's total sales were up 16% compared to July and are up 23% year-over-year. Powerball's second highest jackpot of \$759 million helped to increase game sales 325% when compared to August of 2016. The total sales for the game are 50% ahead of this time in FY17. Details below:

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

		DRAW/MONITOR	INSTANT	COMBINED
STATE	2017	\$128,265,372	\$58,807,320	\$187,072,692
	2016	\$103,244,365	\$48,877,054	\$152,121,419
	Difference	\$25,021,007	\$9,930,266	\$34,951,273
	% YOY + / -	24.2%	20.3%	23.0%
INDEPENDENT	2017	\$102,959,685	\$40,391,740	\$143,351,425
	2016	\$88,780,736	\$33,623,209	\$122,403,945
	Difference	\$14,178,949	\$6,768,531	\$20,947,480
	% YOY + / -	16.0%	20.1%	17.1%
	% of STATE SALES	80.3%	68.7%	76.6%
CORPORATE	2017	\$25,305,687	\$18,415,580	\$43,721,267
	2016	\$14,463,629	\$15,253,845	\$29,717,474
	Difference	\$10,842,058	\$3,161,735	\$14,003,793
	% YOY + / -	75.0%	20.7%	47.1%
	% of STATE SALES	19.7%	31.3%	23.4%

- 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 August:
 - Matt Boone - 89% (Blitz Week Champion)
 - Rob Austeria – 85%
 - Sales management developed a retailer bonus plan for the upcoming holiday instant tickets. This is a repeat of the 2016 plan that was very successful and well liked among the retailer network.
 - The sales team supported the Communication department at five Lottery selling events which included sporting events and the Maryland State Fair.
 - Sales is currently working with the Human Resources department to:
 - Fill one District Manager (DM) and one Regional Manager’s position.
 - An offer was made and accepted for our contractual DM position.
 - Van Daniels, DM – T42 was reassigned to T44.
 - Central System Conversion
 - Planning the retailer training sessions and equipment installation schedule.
 - Sales is working with SGI to develop a lists 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 gem Intelligence, our new sales force automation (SFA) tool.
 - Field Support/Self-Service Vending Units
 - Currently we have six scratch-off games on Last Activation Date of 10/9/17.
 - A new Sales Division portion of the Google drive was completed to provide a single place for storage and retrieval of pertinent information.
 - Training
 - The sales training manager conducted three ride alongs during the month in support of training new DM’s.

2) Corporate Sales

- Field Activity
 - Sheetz promotion is underway, with three drawings for prizes completed, and two additional drawings left. The Sheetz promotion will conclude on September 30th, 2017.
 - Working with MGM National Harbor on their new Halloween Lottery Ticket Giveaway promotion, which will be held on October 31st, 2017.
 - Market meetings with 7-Eleven are being scheduled for the months of October and December 2017.

- Annual Business Review meetings with corporate partners starting in early October.
- Wrapping up the conference calls with corporate partners to discuss the conversion process as it relates to their respective accounts i.e. equipment types, training and installation schedules, etc.
- Corporate Partner Retailer Recruitment
 - Due to construction delays, Rutter's Farm Store's first Maryland location open date has shifted from December 2017 and has an anticipated open date of May 2018.
 - Ace Cash Express, a Texas-based check cashing company with 950 locations in the U.S. and 32 locations in Maryland has expressed interest in becoming a lottery retailer. The corporate sales team has had one meeting with them so far, with the second delayed due to activities of Hurricanes Harvey and Irma plaguing their businesses in other jurisdictions. Rescheduled meeting will be set for early-mid October 2017.

3) Retail Recruitment

- Conversion
 - Working with SGI conversion team on paperless retailer application process to be set up on the Lottery web page. Finalizing technical specifications for in house application processing.
- Recruitment Results
 - 13 completed applications sent to Agent Administration in August for approval.
 - CY17 summary of total applications processed and installed = 114.
- Prospecting Activities
 - We continue to follow up on leads provided by our District Managers. We currently have forwarded 68 completed applications to Agent Administration and are awaiting approvals.

4) Analysis & Reporting

The annual State Fair promotions for Keno and Racetrax also contributed to August's impressive total sales. The Keno Sprinkler promotion helped bump sales by 6.4% from the previous month, while the Racetrax \$6 for \$5 experienced a 5.6% sales increase.

Finally, our continued focus on Instant Ticket growth, including the Blitz Week strategies, continue to produce double digit year-over-year sales growth - August 2017 Instant Ticket sales were nearly \$11 million dollars higher than August 2016, a 22% gain.