

# 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 11, 2018

SUBJECT: Report for the September 2018 Commission Meeting

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

## 1) Sales

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

		Draw/Monitor	Instant	Combined
<b>STATE</b>	2018	\$108,722,802	\$62,550,912	\$171,273,714
	2017	\$128,265,372	\$58,739,460,	\$187,004,832
	Difference	-\$19,542,570	\$3,811,452	-\$15,731,118
	%YoY +/-	-15%	6%	-8%
<b>INDEPENDENT</b>	2018	\$92,742,090	\$43,003,802	\$135,745,892
	2017	\$102,959,321	\$40,336,410	\$143,295,731
	Difference	-\$10,217,231	\$2,667,392	-\$7,549,839
	%YoY +/-	-10%	7%	-5%
	% of State Sales	80%	69%	77%
<b>CORPORATE</b>	2018	\$15,980,712	\$19,547,110	\$35,527,822
	2017	\$25,306,051	\$18,403,050	\$43,709,101
	Difference	-\$9,325,339	\$1,144,060	-\$8,181,279
	%YoY +/-	-37%	6%	-19%
	% of State Sales	20%	31%	23%

- Sales Management
  - The “Blitz Week” campaign for August began on the 27th with three price points of \$2, \$5 and \$10 instant tickets.
    - Top Blitz Week Performers for August:
      - Rob Austeria – 108.48
      - Todd Cearfoss – 97.52
      - Sherise Rascoe – 93.00
  - Sales management continued to work with HR to fill the vacant district manager position (territory 28 on the eastern shore),
  - Supported three selling events in August: two Ravens’ preseason games and the Maryland State Fair.
  - Sales created the retailer Holiday Bonus program and tracking sheet, which are now ready for distribution to the retailer network.
- Central System Conversion
  - Sales is working with some retailers and SGI to improve communications by optimizing the cellular network at the retailer’s location as well as installing new monitors and self-service vending terminals in other locations.
  - GemIntelligence:
    - Alerts are working well. The new high alert icon proved to help the DM’s manage the new games activations more efficiently.
    - Testing with regional managers and assistant regional managers using Office Forms through gemIntelligence is moving along. Working with vendor to correct issues.
  - GemOffice
    - Sales Management has been providing feedback to improve the effectiveness of gemOffice to manage the processing of retailer applications and licenses.
    - All regions have improved the processing of applications and requests through gemOffice.
  - GMS:
    - Mapping of new instant games for the PHD units is working. A new map will be set each month based on the ticket launch and seasonality of some games.
- Field Support/Self Service Vending Units
  - In conjunction with the installations of the PlayCentral HD (PHD) self-service units, Sales continued to conduct the Ambassador Program (AP) for customers and store personnel to ensure everyone can use the self-service vending units efficiently.
  - Charles Johnson, Sr. Merchandising Coordinator merchandised the play center units that installed in Royal Farms’ locations.
  - The phase II self-service deployment and AP, which supported convenience store chain locations such as High’s, Sheetz, and FastStop, were completed in August.
- Training
  - gemIntelligence and gemOffice training is ongoing.

- PHD self-service vending unit training also is an ongoing initiative.
- Conversion
  - The sales team visited the instant ticket warehouse to get a better perspective of the new instant ticket packing & shipping process.
  - The sales team also visited the SGI testing lab to provide retailer feedback and gain additional training on the new self-service vending equipment.

## 2) **Corporate Sales**

- Field Activity
  - Business Reviews are currently underway. So far, the corporate sales team has had meetings with the following accounts:
    - 7-Eleven
    - Weis Supermarkets
    - MGM National Harbor
  - Business Reviews scheduled in September with the following accounts:
    - Martin's Foods
    - Rite Aid
    - Sheetz
    - Giant Foods
    - Burchmart
    - Goose Creek (Cato Oil)
  - 7-Eleven has invited the corporate sales team to participate in their upcoming round of sales rallies for their respective markets. The rallies are directed towards their internal staff and allow the opportunity to promote an understanding of all Lottery products, services, and initiatives.
  - With the exception of some chains opening new locations and/or performing renovations on certain locations, the Corporate Sales division has completed its initial deployment of PHDs for 2018.
    - Rollout of additional PHD units for grocery chains, etc. set for early 2019.

## 3) **Retail Recruitment**

- Recruitment Results
  - 26 new applications were processed and advanced to phase 2 of the approval process in August.
  - 13 new independent locations installed during August.
- Prospecting Activities
  - During the initial 4 months of the new online application process, we have discovered a number of retailers who have submitted incomplete applications. We are having success in helping these retailers complete their online applications.
  - Buffalo Wild Wings - we are putting together a presentation with Corporate Sales to recruit franchise locations based on the success other states have had with this chain. We currently have one location in western Maryland finalizing their application.

#### **4) Analysis & Reporting**

August's lottery sales had difficult competition year over year, as Powerball's second highest jackpot of \$758 million was won on August 23, 2017. However, there are other lottery successes.

The Racetrax \$6 for \$5 promotion is yielding tremendous results; sales are up 11% compared to August 2017. Racetrax continues to grow and helps contribute to positive year over year growth for the monitor category. On the instant side, sales continue to increase year over year - up 5.3% compared to August 2017.