

# 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 6, 2016

SUBJECT: Report for the September 2016 Commission Meeting

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

## 1) Sales

August sales, while not overwhelming, increased 5% from a year ago. Multi Match, Bonus Match 5, Keno and 5 Card Cash declined slightly but all other games showed increases. The standouts were Racetrax, up 29% and Powerball up 13%. Instant ticket growth slowed considerably, only increasing 2%. Detail below.

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

		DRAW/JACKPOT	INSTANT	COMBINED
<b>STATE</b>	2016	\$103,244,365	\$49,092,916	\$152,337,281
	2015	\$97,028,180	\$48,121,956	\$145,150,136
	Difference	\$6,216,185	\$970,960	\$7,187,145
	% YOY + / -	6.41%	2.02%	4.95%
<b>INDEPENDENT</b>	2016	\$88,779,275	\$33,799,467	\$122,578,742
	2015	\$83,067,638	\$33,251,407	\$116,319,045
	Difference	\$5,711,637	\$548,060	\$6,259,697
	% YOY + / -	6.88%	1.65%	5.38%
	% of STATE SALES	85.99%	68.85%	80.47%
<b>CORPORATE</b>	2016	\$14,463,629	\$15,293,449	\$29,757,078
	2015	\$13,959,145	\$14,870,549	\$28,829,694
	Difference	\$504,484	\$422,900	\$927,384
	% YOY + / -	3.61%	2.84%	3.22%
	% of STATE SALES	14.01%	31.15%	19.53%

- Sales Management
  - Director of Sales, Alvin Ringgold, attended the NASPL Professional Development Seminar in Pittsburg in August.
  - Continue working with the claims department to secure un-submitted XCAP claim forms.
  - Continue supporting the hard recall initiatives by recovering identified games from retailers' inventory. Two additional hard recalls were issued for the month of August (games #202 & #220).
  - Currently we have one extended leave situation and three vacant positions. Sales management is working strategically to provide coverage in the affected areas.
    - HR has given approval to begin hiring for vacant positions.
  - Sales began our bimonthly format with a Sales meeting in July and conducted a Sales training session on August 24<sup>th</sup>. Our next Sales meeting will be September 21<sup>st</sup>.
  - The Sales team is focused on improving activation percentages within the first two weeks of instant ticket launches.
    - Each month, the launch week of the new instant tickets will become a Blitz week in which all efforts will be channeled toward getting all newly launched price points activated at all retailers that sell instant tickets.
    - The Sales management team conducted conference calls with the Michigan and New Jersey lotteries to discuss their penetration rate success. We learned how they applied route management and other systems to attain higher activation rates.
  - The Sales management team participated in the interview process to fill the Director of Corporate Sales position in August.
  - The Sales management team developed the 2016 retailer Holiday Bonus program targeted to help drive sales during the holiday season.
  - Visited the construction site of the MGM casino at National Harbor to determine proper placement and installation needs for lottery equipment.
  - Meeting with chronic NSF retailers to get them back on track to successfully executing the normal weekly financial sweeps.
- Sales Training
  - The training manager continues to participate in field ride-alongs to ensure consistency in our sales approach among the district managers.
  - Conducted a training session for all sales personnel during the monthly sales training session.
  - Conducted Google drive training for all regions in August.

- Participated in the testing of updated software for the OnePlace sales force automation system utilized by the field staff.
- OnePlace
  - Testing version 7.2.2 in the hopes of upgrading all production systems at the September Sales meeting.
- POS Inventory
  - POS inventory remains in good shape. Stock situation is good.
  - New POS items are being researched by the group.
- Promo Items
  - Ravens Promo t-shirts are expected to arrive mid-September.
- Events
  - Supported the Communications department at 6 events during the month of August including a multiple day event at the Maryland State Fair.

## ADDENDUM 9/13/16

- **Holiday Retailer Bonus Programs**

### **ENTIRE RETAILER NETWORK**

**FIRST WEEK – *First Week Activation Blitz (Oct. 24 – Oct. 30)* Activate all five HFG price points – earn \$7 bonus per book. (Paid by invoice adjustment)**

**WEEKS 2 – 5 – *Top Performer \$1,000 Bonuses (Oct. 31 – Nov 27)* The retailer who activates the most HFG books each week statewide with at least three of the five price points earns a \$1,000 bonus and tokens for activated books which will qualify for the Grand Prize drawing. Winners of Top Performer prizes are excluded from that week's random drawing. (Bonuses paid by retailer bonus check to six winners)**

### **WEEKS 2 – 5 – *Random Drawing (Oct. 31 – Nov. 27)***

- **Earn tokens for each book activated per week. A computerized random drawing will take place weekly to determine winners of 22 cash prizes. (Four \$400, Six \$200, Twelve \$100)**
- **Activate at least 3 of the 5 HFG price points each week to start earning tokens.**
- **Winners of Top Performer prizes are excluded from that week's random drawing.**

- **TOKEN SCALE: \$1 = five tokens; \$2 = five tokens; \$3 = two tokens; \$5 = one token; \$10 = one token**
- **Grand Prize Bonus Drawing week of November 28 2016**
  - **Open to retailers who qualified and earned tokens during the promotion.**
  - **Win one of four \$1,000 bonus prizes per region or two \$500 prizes statewide. Regional winners cannot win the statewide prize.**

## Corporate Chains

### Top 5 stores achieving the largest sales increase (vs. 2015)

- **Minimum of 15% growth in Holiday instant ticket activations (year over year)**
- **\$500 in cash or promo tickets to each qualifying store**
- **District Manager with the largest percentage increase also receives \$500**
- **October 24, 2016 through January 1, 2017**
  - **First 6 weeks coincide with retailer Holiday bonus program for ALL retailers**
  - **Includes per book bonus commission and weekly cash prize drawings**

## 2) Corporate Sales

We are conducting mid-year Corporate Account Reviews with our top corporate partners. During the Month of September will be reviewing FY16 year-end performance and introducing our Holiday Family of Games and FY17 initiatives.

## 3) Retail Recruitment

Next steps over the next several weeks include:

- Continue keeping OnePlace profiles and status sheet current (ongoing).
- Work with OnePlace to transfer completed prospect files to retailer status after installation is confirmed.
- Follow up on applicants with outstanding administrative issues (taxes, articles, ADA compliance) inhibiting the application process.
- Working with Agent Administration to purge all applications older than 6 month.
- Since 1/1/16 we have 87 new applicants have been installed and are operational.

## 4) Analysis & Reporting

The Analysis and Reporting department is working closely with the sales force to monitor and increase penetration rates of new instant ticket launches - an initiative that is

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becoming increasingly important in helping us meet our FY17 sales goal. Additionally, we are looking to optimize our Sales Force Automation tools to help in our analysis and prioritization of sales initiatives.