

Lottery Testimony 3/27/09 – Mercury Fuel

I AM BARBARA KOREN, RETAIL MARKETING MANAGER FOR MERCURY FUEL. WE ARE BASED IN WATERBURY. WE OWN AND OPERATE 22 GAS AND CONVENIENCE STORES, 18 OF WHICH SELL LOTTERY. WE EMPLOYEE OVER 250 PEOPLE. I AM HERE TO SPEAK ON BEHALF OF OUR COMPANY AND OUR EMPLOYEES ON THE PROPOSED LOTTERY COMMISSION CHANGE.

I WAS BORN IN CONNECTICUT – RAISED AND EDUCATED IN CONNECTICUT AND AS AN ADULT I CHOOSE TO LIVE IN CONNECTICUT FOR ITS BEAUTY AND ALL THAT IT HAS TO OFFER. I LOVE THIS STATE AND FULLY UNDERSTAND THE DIFICIT CONCERN OUR STATE HAS. I UNDERSTAND THAT ALL WITHIN THE STATE MUST PLAY A FAIR ROLE IN THE TURNAROUND.

1% SEEMS LIKE SUCH A SMALL REDUCTION TO ASK FOR... MINISCULE. HOWEVER, WHEN THE COMMISSION IS ONLY 5% TO BEGIN WITH A 1% CUT IN THIS COMMISSION IS ACTUALLY 20% OF THE FUNDS A RETAILER RECEIVES TO DEFRAY THE COST OF SELLING LOTTERY TICKETS. A 20% CUT IS HUGE AND IS ASKING A LOT OF THE RETAIL SECTOR OF OUR ECONOMY. THAT IS WHY WE ARE ALL HERE TODAY. IT IS TOO MUCH TO ASK.

I CAN'T MAKE THAT UP IN HIGHER LOTTERY SALES... THE BREAKEVEN IS TOO GREAT ESPECIALLY IN A DECLINING SALES MARKET ... LOTTERY SALES ARE DOWN 2% IN SALES YTD.

FOR THE PAST FEW YEARS OUR INDUSTRY HAS ACTUALLY REQUESTED A COMMISSION INCREASE

FROM THIS LEGISLATIVE BODY. THE 5% COMMISSION GOES BACK TO 1970'S – AT THAT TIME A FAIR COMMISSION BASED ON WAGES, EXPENSES AND A MUCH SMALLER AND LESS COMPLEX LOTTERY OFFERING THEN WE HAVE TODAY

TODAY THE LOTTERY IS ANYTHING BUT SIMPLE TO SELL AND CONTROL. IT IS TIME CONSUMING AND HOLDS UP OUR OTHER CUSTOMERS. I WAS IN ONE OF MY STORES LAST FRIDAY AND WATCHED WHILE ONE LOTTERY CUSTOMER CAUSED THE LINE AT THE REGISTER TO GROW TO 12 DEEP. 12 CUSTOMERS THAT JUST WANTED TO PAY FOR THEIR GAS AND THEIR STORE PURCHASE AND GO. 12 CUSTOMERS THAT MAY HAVE FELT THEIR NEEDS WERE NOT MET IN A FAST ENOUGH TIME FRAME...ALL BECAUSE OF AN EXTENDED LOTTERY SALE.

SINCE THE PROPOSAL TO CUT THE LOTTERY COMMISSION WAS FIRST SET FORWARD WE AT MERCURY BEGAN AN ASSESSMENT OF WHAT THAT WOULD DO TO OUR BOTTOM LINE. HOW WOULD WE MAKE UP THAT LOSS FUNDING...FUNDS THAT TODAY DO NOT COVER THE EXPENSE OF SELLING LOTTERY TICKETS.

THAT EXPENSE INCLUDES MINIMUM WAGE INCREASES THAT HAVE TAKEN PLACE ON AN ANNUAL BASIS FOR A FEW YEARS NOW. THAT EXPENSE INCLUDES HIGHER ELECTRICAL COSTS OVER THE PAST SEVERAL YEARS THAT HAVE MADE EVERYONE'S BOTTOM LINE SUFFER.

THAT EXPENSE INCLUDES HIGHER HEALTHCARE COSTS FOR OUR EMPLOYEES.

AMONG THE THINGS WE HAVE UNDERTAKEN AT MERCURY IS A REVIEW OF OUR 5 LOWEST LOTTERY SITES TO DETERMINE WHAT PERCENT OF THE SALES

ARE IMPULSE VS HABITUAL AND WHAT THE IMPACT WOULD BE IF WE REMOVED LOTTERY FROM THOSE 5 STORES. IT IS A DISTINCT POSSIBILITY THESE STORES WOULD STOP SELLING LOTTERY IF THE COMMISSION DROPPED AT THIS POINT.

WE ARE REVIEWING THE HOURS WE ARE OPEN AND WHEN LOTTERY IS GOING TO BE AVAILABLE TO THE CONSUMER. CAN I AFFORD TO LEAVE A BAD SERVICE IMPRESSION WITH 12 CUSTOMERS PURCHASING ITEMS THAT DO CONTRIBUTE TO MY BOTTOM LINE RATHER THEN SATISFY THE ONE LOTTERY CUSTOMER PURCHASING A PRODUCT THAT DOESN'T COVER THE EXPENSE TO SELL IT ANY LONGER? WILL I NEED TO REQUEST LOTTERY CUSTOMERS STEP ASIDE AND WAIT?

WILL WE CONTINUE TO OFFER ALL OF THE INSTANT GAMES AVAILABLE OR CUT THEM BACK TO A SMALLER OFFERING OF THE TOP GAMES? THE ROOM THAT WOULD FREE UP CAN BE USED FOR NEW PRODUCTS COMING TO OUR MARKETPLACE THAT HAVE THE CHANCE TO IMPROVE MY BOTTOM LINE AND NOT DRAG IT DOWN.

AS I SAID IN THE BEGINNING ALL BUSINESS', ALL CITIZENS WILL BE IMPACTED AS WE SHORE UP THE STATE'S DEFICIT. BUT IF THE TOOLS USED TO DO THAT RESULT IN LESS FUNDS FOR THE STATE AND FURTHER INSTABILITY IN VARIOUS BUSINESS SECTORS SUCH AS THE CONVENIENCE STORE RETAIL SECTOR, THE SUFFERING WILL BE GREATER IN THE LONG RUN AND THE DEFICIT WILL NOT BE CLOSED. FINDING WAYS TO INCREASE LOTTERY SALES WILL HELP WITH THE DEFICIT. REDUCING HOURS, REDUCING AVAILABLE GAMES AND EVEN REMOVING LOTTERY FROM A LOWER PERFORMING LOTTERY SITE WILL ONLY CAUSE THE LOSS' WE SEE TODAY IN SALES TO CONTINUE TO GROW.