

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: February 19, 2019

SUBJECT: Report for the February 2019 Commission Meeting

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

1) Sales

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

		Draw/Monitor	Instant	Combined
STATE	2019	\$104,679,996	\$68,454,279	\$173,134,275
	2018	\$108,588,008	\$58,402,392	\$166,990,400
	Difference	(\$3,908,012)	\$10,051,887	\$6,143,875
	%YoY +/-	-3.6%	17.2%	3.7%
INDEPENDENT	2019	\$87,734,072	\$45,200,013	\$132,934,085
	2018	\$89,085,040	\$39,433,950	\$128,518,990
	Difference	(\$1,350,967)	\$5,766,063	\$4,415,096
	%YoY +/-	-1.5%	14.6%	3.4%
	% of State Sales	83.8%	66.0%	76.8%
CORPORATE	2019	\$16,945,924	\$23,254,266	\$40,200,190
	2018	\$19,502,969	\$18,968,442	\$38,471,411
	Difference	(\$2,557,045)	\$4,285,824	\$1,728,779
	%YoY +/-	-13.1%	22.6%	4.5%
	% of State Sales	16.2%	34.0%	23.2%

- Sales Management
 - The “Blitz Week” campaign for January began on the 21st with four price points (\$1, \$2, \$5 and \$10) in our Cash Payout! Family of Games instant tickets.
 - Top Blitz Week Performers for December:
 - Vivian Bell – 85.5
 - Rob Austeria – 78.7
 - Nicole Sample – 78.1
 - Worked with current Expanded Cashing Authority Program (XCAP) retailers re-certifying for the program.
 - Patricia Regalbuto, Eastern Field Sales Manager, announced her retirement from state services in January. Pat has served the state in different roles for 26 years. We will honor her many contributions at our February 20th sales meeting.
- Field Support/Self-Service Vending Units
 - Continued with installations of the PEX (draw games only) machines in retailer locations with social settings and a prevalence towards monitor game (Keno and Racetrax) sales. Installing 250 PEX machines through 2019.
 - Sales team surveying 7-Eleven locations with older instant ticket vending machines (ITVM) to inspect the condition of in-counter units so we may maintain, and increase, sales during the removal period for these machines.
- Training
 - While gemIntelligence and gemOffice training is ongoing, bi-weekly duty day training has become a major initiative for our Sales staff to increase knowledge of field equipment and retailer call support tools.
 - Retailers began accessing our e-Learning application to educate themselves on terminal functions and Lottery procedures.
- Merchandising Support
 - Working with procurement to secure a new vendor to supply “take one” boxes for retailer locations.

2) Corporate Sales

- Field Activity
 - Roll out of the self-service vending machines begins in early March. There will be 220 stores installed during this first phase; installing an additional 80 locations later this year.
 - Offering our new retailer reporting system, gemRetailer, to corporate retail accounts in late February. The first wave of retailers to receive access will be:
 - Giant Foods
 - Royal Farms
 - Wawa
 - Wegman’s
 - High’s of Baltimore
 - Scheduling business reviews for late February/ March. The following accounts are scheduled for reviews:

- Weis Supermarkets
- Martin's Foods
- Check Cash Depot
- 7-Eleven
- Rite Aid
- Corporate Retailer Recruitment
 - KPW Management, owner and operator of 14 Buffalo Wild Wings restaurants has agreed to become a Maryland Lottery Retailer. They have opted to use the PEX self-service vending machine along with monitors for Keno and Racetrax which will be displayed in their bar area.

3) Retail Recruitment

- Recruitment Results
 - 19 new applications received and advanced to Phase II of the approval process in January.
 - 6 new independent locations installed during January.
- Prospecting Activities
 - Actively pursuing 38 retailers with incomplete applications that are at different stages of completion. Working to get all paperwork submitted so we may approve and move on to Phase II for all the clearances from Agent Administration and Security Departments.
 - Working with our Corporate Sales team, preparing for follow-up recruitment efforts on two potential franchise entities with numerous locations.
 - **Ace Hardware** a non-traditional retailer with 40 individually owned locations. Leveraging one current location doing very well in sales and commissions.
 - **Buffalo Wild Wings** - met franchisee with 14 locations on January 23rd who has agreed to apply for Lottery products. At this point, waiting for the initial application to be completed, then we can begin processing each individual application. The goal is to process quickly to take advantage of March Keno promotions targeting the traffic in these locations.

4) Sales Force Automation

This month we are adding a new element to our monthly report: Sales Force Automation. With increased importance on the use of technology to increase sales and generate additional revenue, we will provide timely updates on the application of technology to accomplish these goals.

- gemIntelligence: Creating a list of enhancements for this program. Created a new form to track changes in a retailer's store hours; change phone numbers and email addresses; providing a streamlined approach for updating information and record keeping. The form sent directly to Agent Admin for updating.

- genOffice/gemRetailer: gemOffice updates installed. A few items in gemOffice did not upload properly but have since been resolved. Scientific Games delivered four Microsoft Surface Pro tablets to the Lottery. The Lottery's IT Department is working on configuring these units for a group of four District Managers to test from mid-February through mid-March.
- XCAP Renewal: This task is nearing completion. The process has uncovered discrepancies in ownership information that has allowed us to improve our records.
- Initial allocation for scratch-off tickets: District Managers submit changes to retailer initial allocation via a form in gemIntelligence. The process is proving to be effective as all changes are required 15 working days before the launch of new games to affect the current launch cycle.

5) **Analysis & Reporting**

January got off to a slow start when compared with last year. However, the last three weeks of the month bettered January 2018 and we ended the month on a firm note.

Both Numbers games (Pick 3 and Pick 4) are now up for the year, thanks to residual sales after the December bonus program.

As we entered February, rollover games remained steady.

The February instant ticket launch is positioned to be an all-time record for the Lottery with a six game launch, including the Lottery's third \$30 ticket.