

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: March 19, 2019

SUBJECT: Report for the March 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 February Product Category by Store Segment

		Draw/Monitor	Instant	Combined
STATE	2019	\$102,710,821	\$67,083,188	\$169,794,009
	2018	\$95,561,884	\$61,156,307	\$156,718,191
	Difference	\$7,148,937	\$5,926,881	\$13,075,818
	%YoY +/-	7.5%	9.7%	8.3%
INDEPENDENT	2019	\$85,593,257	\$43,939,023	\$129,532,280
	2018	\$81,024,115	\$41,786,441	\$122,810,556
	Difference	\$4,569,142	\$2,152,582	\$6,721,724
	%YoY +/-	5.6%	5.2%	5.5%
	% of State Sales	83.3%	65.5%	76.3%
CORPORATE	2019	\$17,117,564	\$23,144,165	\$40,261,729
	2018	\$14,537,769	\$19,369,866	\$33,907,635
	Difference	\$2,579,795	\$3,774,299	\$6,354,094
	%YoY +/-	17.8%	19.5%	18.7%
	% of State Sales	16.7%	34.5%	23.7%

- Sales Management
 - The “Blitz Week” campaign for February began on the 25th with six price points (\$2, \$3, \$5 (2), \$10 and \$30) for our instant ticket product line. This included \$5 scratch-offs called Winning Streak (a replacement game) and Home Run Riches 2019 (our annual baseball-themed game).
 - Top Blitz Week Performers for January:
 - Rob Austera - 105.9%
 - Chuck Hamrick - 101.6%
 - Nicole Sample - 99.3%
 - Due to the rolling Mega Millions and Powerball jackpots, sales remained strong during February in spite of several inclement weather events.
 - Blitz Week, ending March 3rd, produced record weekly sales in Scratch-offs and the Pick 4 game posting \$21.9 million and \$6.7 million respectively.
- Staffing
 - Sales management reorganized in February. The new structure includes one Field Sales Manager and a revised Sales Support Manager position, both reporting to Alvin Ringgold, Director of Sales.
 - Patricia Regalbuto, Eastern Field Sales Manager, announced her retirement from state services in February. Pat had served the state in different roles for 26 years. We honored Pat during our February 21st sales meeting.
 - In addition, district managers, Steve Borsa (Baltimore County) and Steve Rosen (Montgomery County) retired in February. Charles (Chuck) Hamrick was promoted to a district manager position.
 - Sales management is working with Human Resource (HR) to fill an open Sales Support Manager plus two district manager (contractual and permanent) positions.
- Field Support/Self-Service Vending Units
 - Sales continued with installations of the PEX (draw games only) machines in retailer locations in social settings with 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.
 - Sales worked with both IGT (ITVM vendor) and SGI (PHD vendor) to coordinate scheduling of the ITVM removals and PHD installs at grocery chains in March.
- 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.
 - Training centered on instant ticket inventory management of monthly initial allocations.
 - Retailers began accessing our e-Learning application to educate themselves on terminal functions and Lottery procedures.
 - Retailer feedback has been positive to this type of training, especially from locations with high staff turnover.

- 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 has begun. There will be 220 stores installed during the first phase and 80 locations installed later this year.
 - The corporate sales team was invited to participate in the 7-Eleven Annual Franchise Owners Association Trade Show. The Franchise Owners Association of Baltimore, suburban Washington D.C. and Washington D.C. sponsor this event.
 - We will begin rolling out gemRetailer to corporate accounts in late March. 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 March and mid-April. The following accounts are scheduled for reviews :
 - Weis Supermarkets
 - Martin’s Foods
 - Check Cash Depot
 - 7-Eleven
 - Rutter’s Farm Store opened its first location in Maryland and celebrated with a grand opening event hosted by the CEO and other Rutter’s executives. Rutter’s Farm Store has plans to open an additional six locations within the next year in the Western Maryland area.

3) Retail Recruitment

- Recruitment Results
 - 13 new applications received and advanced to Phase II of the approval process in February.
 - 13 new independent locations installed during February.
- Prospecting Activities
 - Actively pursuing 31 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.
 - **Ace Hardware** - We have contacted 31 of the 40 ACE Hardware locations in our recent recruitment effort. Managers who are not the decision makers run most of the Ace locations; we are following up with the owners. Some owners have multiple

locations within the state. We have one application (Brunswick Ace) in process. Most managers support adding lottery to their locations.

4) Sales Force Automation

With increased importance on the use of technology to increase sales and generate additional revenue, here is an update on the application of technology to accomplish these goals.

- gemIntelligence: Four (4) new Microsoft Surface Go units have been deployed to District Managers for field testing. Testing includes using Gmail, gemIntelligence and other Google products and web sites. We deployed units to the Eastern Shore, Baltimore City, Prince George's County and Frederick County. Connectivity and responsiveness have been very good; use of the gemIntelligence web site has also been very positive. We developed a checklist for the testers to review all aspects of the programs (especially gemIntelligence). In March, we will review with the rest of the staff to answer questions or concerns about the new unit. Once the review is completed, we will move forward ordering and deploying the balance of the units.
- gemOffice/gemRetailer: Enhancements for gemOffice were deployed into UAT during February. We reviewed approximately 12 items for functionality; most items have passed the testing phase and should be moved into production before the end of March. We developed an ongoing enhancements list for gemOffice. The Lottery will review the list on a regular basis, and then move it to SGI to implement into testing. A handful of retailers continue to test gemRetailer. Enhancements are being reviewed; some cosmetic changes are being made to the site as well before deployment. The Lottery will control the roll out of the reporting system. We will formally introduce gemRetailer to those attending our April RAB meetings.
- XCAP Renewal: Approximately 18 XCAP retailers still need to finalize the renewal process. XCAP privileges were restricted as of March 20 and remain off until the retailer has completed the application.
- Application Portal: Applicants have become comfortable using the new format as calls for assistance in entering an application steadily decrease. The process has enhanced the Lottery's ability to manage the retailer database more efficiently and effectively.

5) Analysis & Reporting

February saw gains over the previous year in most categories, with only the Monitor games lagging in year over year comparisons - however, still up from January 2019.

The Numbers games improved, with Pick-4 posting an all-time high for the week ending February 10th. All jackpot games rolled for the entire month.

March is sure to bring tremendous sales in the instant category with the six game launch at the end of February - including our third \$30 ticket.