

# 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: April 16, 2019

SUBJECT: Report for the April 2019 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 March Product Category by Store Segment

		Draw/Monitor	Instant	Combined
<b>STATE</b>	2019	\$133,058,130	\$78,187,808	\$211,245,938
	2018	\$123,317,030	\$72,377,475	\$195,694,505
	Difference	\$9,741,100	\$5,810,333	\$15,551,433
	%YoY +/-	7.9%	8.0%	7.9%
<b>INDEPENDENT</b>	2019	\$107,403,107	\$52,428,323	\$159,831,430
	2018	\$102,257,669	\$50,055,213	\$152,312,882
	Difference	\$5,145,437	\$2,373,110	\$7,518,547
	%YoY +/-	5.0%	4.7%	4.9%
	% of State Sales	80.7%	67.0%	75.7%
<b>CORPORATE</b>	2019	\$25,655,023	\$25,759,485	\$51,414,508
	2018	\$21,059,360	\$22,322,262	\$43,381,622
	Difference	\$4,595,663	\$3,437,223	\$8,032,886
	%YoY +/-	21.8%	15.4%	18.5%
	% of State Sales	19.3%	33.0%	24.3%

- Sales Management
  - The “Blitz Week” campaign for March began on the 25<sup>th</sup> with four games (\$1, \$2, & \$5 (2)) for our instant ticket product line. This included the I Love Lucy \$2 scratch-off.
    - Top Blitz Week Performers for February:
      - Rob Austeria - 109.4
      - John Mandley - 104.6
      - Roger Insley - 102.3
  - The management team has been working to restructure territory routes allowing for better productivity and efficiency in retailer visits.
- Field Support/Self-Service Vending Units
  - The sales team continued to solicit attendance for the upcoming Regional Advisory Board meetings in April.
  - Continuing 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 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.
- Staffing
  - Sales management is working with Human Resources (HR) to fill an open Sales Support Manager plus two district manager positions.
    - Regional managers reassigned personnel to cover vacant areas.
- 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 Inventory management of monthly initial allocations.
  - Retailers began accessing our e-Learning application to educate themselves on terminal functions and Lottery procedures.

## **2) Corporate Sales**

- Field Activity
  - Corporate Grocery Locations
    - Roll out of the self-service vending machines will continue through May. Since the March rollout, there have been 116 of the 220 stores installed.
    - In late May, we will see the remaining corporate grocery chains such as Harris Teeter, Wegmans, etc. installed with the new PHDs as well.
  - Royal Farms will have a second vending unit installed at their top 15 Lottery locations starting in late April.
  - Glory Days Grill will become the first corporate chain to utilize the PlayCentral Express (PEX) vending machine. They have opted to pilot the new vending machine in their two highest volume locations for a certain period and then expand the program.

- Scheduling Annual Business Reviews (ABR) for April and May. The following accounts are scheduled for reviews :
  - Highs of Baltimore
  - Safeway
  - Sheetz
  - Rite Aid
  - 7-Eleven
- KPW Management, Inc. that operates 14 Buffalo Wild Wings locations in Maryland has begun the onboarding process. They have agreed to have monitors installed in all locations as well as the new PlayCentral Express (PEX) vending machine.

### 3) Retail Recruitment

- Recruitment Results
  - Twenty-six (26) new applications received and advanced to Phase II of the approval process in March.
  - Six (6) new independent locations installed during February.
- Prospecting Activities
  - Actively pursuing 34 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** – Meeting with the owners or decision makers at eleven Ace Hardware retailers. We have received one complete application (Brunswick Ace Hardware) and moved into Phase II of the approval process.

### 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: We have moved into the ordering phase for the new Microsoft Go unit. Sixty (60) units are needed. This will provide us with four backups. Four units already deployed as “test”. We have requested 56 units with 56 cases and 58 keyboards (2 additional keyboards for 2 test users) and 60 car chargers. Each unit will need Microsoft Suite; **Publisher is not required, but Word and Excel are mandatory.** Sixteen (16) units will need VPN access. Recommending setting up eight units immediately with VPN, test for 2 weeks then add the remaining eight users.
- gemOffice: Release 2 for gemOffice was downloaded at the end of March. Previous issues were corrected and the software is operating properly. Working internally to review and modify the items for release 3.
- gemRetailer: Created and deployed contact information into the production side of the product. Both a phone number and an email address provided as contact points for

retailers seeking assistance. Deployment controlled by the lottery. Introducing retailers to gemRetailer during the April RAB meetings.

- XCAP Renewal: XCAP process concluded at the end of March. Six (6) XCAP retailers had unresolved tax issues with the State and their XCAP privileges were disabled until the retailer resolved the issue. Overall, the process was efficient.
- Application Portal: Providing additional training to the lottery DM's on the portal. The training will provide an additional resource, point of contact, for those retailers having difficulty with the portal or who are new to the process.

## **5) Analysis & Reporting**

March is generally the peak month; this year was no exception.

The Numbers category remains strong, with Pick-4 setting a weekly record at \$6.66 million in early March. Powerball led the jackpot games, and is now ahead for the first time this year.

The Instant games also set a record, with the activations for the week ended March 3<sup>rd</sup> topping \$21 million.