

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: May 14, 2019

SUBJECT: Report for the May 2019 Commission Meeting

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

1) Sales

April 2019, Year over Year Comparison Product Category by Store Segment

		Draw/Monitor	Instant*	Combined
STATE	2019	\$112,974,590	\$70,668,140	\$183,642,730
	2018	\$103,068,679	\$68,039,834	\$171,108,513
	Difference	\$9,905,911	\$2,628,306	\$12,534,217
	%YoY +/-	9.6%	3.9%	7.3%
INDEPENDENT	2019	\$94,579,795	\$47,030,934	\$141,610,729
	2018	\$88,352,604	\$46,894,007	\$135,246,611
	Difference	\$6,227,191	\$136,927	\$6,364,118
	%YoY +/-	7.0%	0.3%	4.7%
	% of State Sales	83.7%	66.6%	77.1%
CORPORATE	2019	\$18,394,795	\$23,637,206	\$42,032,001
	2018	\$14,716,075	\$21,145,827	\$35,861,902
	Difference	\$3,678,720	\$2,491,379	\$6,170,099
	%YoY +/-	25.0%	11.8%	17.2%
	% of State Sales	16.3%	33.4%	22.9%

- Instant ticket sales are based on recorded weekly settlements and may not agree with other Instant ticket sales displayed on other reports that may reflect activations or validations.

- Sales Management
 - The “Blitz Week” campaign for April began on the 22nd with four games (\$1, \$3, \$5 & \$10) for our instant ticket product line. This included the “The Price is Right” \$10 scratch-off.
 - Top Blitz Week Performers for March:
 - John Mandley - 109.4
 - Rob Austeria - 108.3
 - Nicole Sample - 102.5
 - The April blitz was another successful month for scratch-offs with an 88.3% activation rate of all price points.
 - Plans continue with the planning for restructuring territory routes and assignments, which will allow for better productivity and efficiency in retailer visits.
- Field Support/Self-Service Vending Units
 - 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 continues to work with both IGT (ITVM vendor) and SGI (PHD vendor) to coordinate scheduling of the ITVM removals and PHD installs at grocery chains in April. We are approximately 80% complete on our PHD (full service) machines in the grocery segment of our business. Target completion is Friday, May 24.
 - Sales supported the Communications department at three (3) events during the month, which included two (2) Orioles games.
 - Recent inventory of signs and dispensers have arrived in the warehouse. Additional quantity of Take One boxes, both 3 and 6 bins, have been ordered.
 - SalesMaker door decal change outs have been completed with the new “The Price is Right” messaging. All locations have been reviewed and visited to ensure quality of work.
- Staffing
 - Sales management is working with Human Resources (HR) to fill an open Sales Support Manager plus two district manager positions.
 - Conducted Sales Support Manager interviews in April with an anticipated offer in May.
 - In addition, regional managers reassigned personnel to cover vacant areas.
- Training
 - Selected sales personnel have been testing a new tablet that the sales team will utilize for retailer route management.
 - Retailers continue to utilize the e-Learning application to educate themselves on terminal functions and Lottery procedures. The e-learning program has received positive feedback from the retailer network.

2) **Corporate Sales**

- Field Activity
 - PHD Rollout
 - Roll out of the self-service vending machines will continue for the following accounts through late May:
 - Giant Foods
 - Weis Supermarkets
 - Safeway
 - Food Lion
 - In addition to the above grocery list, we have also begun installing PHDs in the following accounts:
 - Wegman's
 - Harris Teeter
 - Martin's Foods
 - BFS Foods
 - Acme Markets
 - 7-Eleven
 - Greene Turtle has selected two locations to utilize the PlayCentral Express (PEX) vending machine. One franchise location and one corporate owned location have opted to pilot the new vending machine and expand the program if desired.
 - The following accounts are scheduled for Business Reviews in May:
 - Dash In
 - 7-Eleven
 - High's of Baltimore
 - The Corporate Sales Team has been invited to participate in the upcoming round of 7-Eleven sales rallies to welcome their new internal management team to the market.

3) **Retail Recruitment**

- Recruitment Results
 - Nineteen (19) new applications received and advanced to Phase II of the approval process in April.
 - Sixteen (16) new independent locations installed during April.
- Prospecting Activities
 - Actively pursuing 17 new retailer prospects that have attempted to complete an application. They are all 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 – One completed application has been submitted and approved.

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: Eagerly awaiting delivery of new tablets for the field. During the sales meeting, we stressed the need for District Managers to maintain information as others use gemIntelligence as their data. Entering UPC codes on a regular basis as we introduce new games. Next step is getting gemIntelligence to “real time” updating.
- gemOffice: Release 2 of gemOffice in production and working. Regional Managers are waiting for the ability to work remotely in gemOffice.
- gemRetailer: This new product is working well. Some retailers have called needing help logging in but otherwise functioning well. Some independent retailers have heard of gemRetailer and are requesting access.
- Application Portal: Retailers are creating multiple applications in the system. We need to develop something for the quarterly newsletter that gives “best practices”, “did you know” or “helpful hints” for the process.
- Training: We have begun developing the training modules for training on the new units. Working on program designed to transition from IOS to Microsoft based units. (Similarities vs. differences)

5) Analysis & Reporting

Trending higher, the numbers category is now likely to have a record year.

The jackpot games remain strong, with Powerball showing the most strength.

Monitor games are up slightly, with Racetrax more than offsetting Keno declines as Racetrax prepares for a record year.

The instant games have shown more top line growth. Expecting combined total sales to exceed the targeted sales goal of \$2.1 billion for the year.