

# 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: August 13, 2019

SUBJECT: Report for the August 2019 Commission Meeting

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

## 1) Sales

### July 2019, Year over Year Comparison Product Category by Store Segment

		Draw/Monitor	Instant*	Combined
<b>STATE</b>	2019	\$106,280,901	\$66,498,859	\$172,779,760
	2018	\$110,185,055	\$65,100,152	\$175,285,207
	Difference	(\$3,904,155)	\$1,398,707	(\$2,505,448)
	%YoY +/-	-3.5%	2.1%	-1.4%
<b>INDEPENDENT</b>	2019	\$88,248,328	\$43,829,266	\$132,077,594
	2018	\$91,837,493	\$44,831,188	\$136,668,681
	Difference	(\$3,589,165)	(\$1,001,922)	(\$4,591,087)
	%YoY +/-	-3.9%	-2.2%	-3.4%
	% of State Sales	83.0%	65.9%	76.4%
<b>CORPORATE</b>	2019	\$18,032,573	\$22,669,593	\$40,702,166
	2018	\$18,347,562	\$20,268,964	\$38,616,526
	Difference	(\$314,989)	\$2,400,629	\$2,085,640
	%YoY +/-	-1.7%	11.8%	5.4%
	% of State Sales	17.0%	34.1%	23.6%

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

- Sales Management
  - Last month's "Blitz Week" campaign began July 22<sup>nd</sup> with five price points (\$1, \$2, \$3, \$5 & \$10) featuring the \$2 & \$10 Ravens tickets.
    - Top performers in June for retailers activating all games during Blitz Week:
      - John Mandley - 111.9
      - Rob Austeria - 109.6
      - Karen Mitchel - 101.5
  - Blitz Week activities continue to be a positive motivation for increasing instant ticket activations and sales.
  - The monthly sales meeting on July 17<sup>th</sup> focused on the territory route restructuring and new assignment plan that went into effect on July 1<sup>st</sup>. The district managers' goal of the month: get familiar with your new territory, provide a fresh approach with signage at retail and update retailer profiles in gemIntelligence.
  - Sale management honored John Mandley as the district manager of the quarter and Scott Kershaw as district manager of the year.
- Field Support/Self-Service Vending Units
  - Sales Support continues to work with both IGT (ITVM vendor) and Scientific Games (PHD vendor) coordinating scheduling of ITVM removals and PHD installations. We are tracking to have all ITVM's removed from the marketplace by 8/26 with 45 PHD installations scheduled through the same period.
  - Sales Support is in the process of assigning and scheduling the next allotment of PHDs. In addition, we are reviewing the performance of all self-service machines (both PEX and PHD) currently in the field, identifying opportunities for improvement of those machines not meeting sales expectations.
  - In collaboration with Scientific Games, we have two PHDs on the Club Level of M&T Bank Stadium for the 2019 Baltimore Ravens season. Sales will be providing two Maryland Lottery Ambassadors to help familiarize consumers and staff with the PHDs for both preseason games as well as the first two regular season home games.
  - Ravens promotional items in support of scratch-off ticket sales by the hawker teams, and both scratch-off and terminal sales on Ravens walk, have arrived or been ordered (second half of season items) with quantities decided and ready for distribution.
  - SalesMaker Program: we have completed site visits to locations identified with damaged or worn signage and striping. Our vendor, DC Media, will update accordingly. In addition, we have provided them with the list of accounts for the door decal changeover from "Price is Right" to "Deal or No Deal" messaging which begins 8/19.
  - Sales Support is reviewing our ordering and inventory process in an effort to manage materials and supplies better.
  - Sales supported the Communications department at two events during the month which included an Orioles game and the Ravens training camp open practice.
- Staffing
  - Sales management continued working with Human Resources (HR) to fill an open Sales Support Manager plus two district manager positions.

- Michael LaVardera was hired to fill the Sales Support Manager position on July 3<sup>rd</sup>.
- Sales also hired John “Jake” Jaegers as a district manager working in Montgomery County.
- Interviews continued for the contractual district manager postings.
- Training
  - Full distribution of the new Surface Go tablets for retailer route management began in July.
  - Surface Go training for Sales personnel occurred on their duty days as the units were distributed.

## 2) **Corporate Sales**

- Field Activity
  - Corporate Grocery Locations
    - Phase 2 of the PHD roll out is nearing completion with accounts such as Wegman’s, Harris Teeter, Shopper’s Food, etc. upgraded to the new self-service vending machines.
  - The Corporate Sales team participated in a meeting/training session with 7-Eleven to discuss opportunities on how to improve sales and operations within their locations.
  - Business reviews completed in July and August with the following accounts:
    - 7-Eleven
    - Royal Farms
    - Hudson News
- Expansion
  - CVS and the Maryland Lottery have agreed to a pilot program in select locations. CVS currently has 188 stores in Maryland and we will be selling Lottery products in 12 of their locations in different areas of the state. We anticipate the pilot program to run for up to 12 months starting in January.

## 3) **Retail Recruitment**

- Recruitment Results
  - Thirty-four (34) new applications received and advanced to Phase II of the approval process in June and July.
  - Twenty-eight (28) new independent locations installed during June and July.
- Prospecting Activities
  - Actively pursuing 42 new retailer prospects, nearly 30 of which generated from our outbound prospecting efforts. 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.

#### **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: All DMs have Surface Go units and are working with them to support their retailer visits. VPN access for the regional manager and assistant regional manager has been very helpful, allowing staff to work more efficiently from the field.
- gemOffice: gemOffice release 3 is in production. A list of enhancements for release 4 should be forthcoming shortly. Will schedule a meeting to define our XCAP renewal application for 2020.
- gemRetailer: This product is a great benefit for the retailers. More independent locations are now asking for access to the site. Retailers find the information timely and very helpful in running their business.
- Application Portal: DMs are more comfortable working with the portal/applicant, which has increased the flow of applications into the system. For the most part the portal has worked well.
- Training: Switching from an Apple-based product to a Windows-based product has gone smoothly. Since the majority of programs we use are web-based, most of the staff have transitioned easily.

#### **5) Analysis & Reporting**

As noted elsewhere, FY19 was record-breaking on several fronts. Again.

In addition to several other “firsts”, sales exceeded \$500 million for each of the four quarters in FY19. That has never happened before.

We will be up against some formidable numbers in FY20 in pursuit of our Sales goal of \$2.25 billion.