

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: October 15, 2019

SUBJECT: Report for the October 2019 Commission Meeting

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

1) Sales

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

		Draw/Monitor	Instant	Combined
STATE	2019	\$106,312,566	\$65,309,758	\$171,622,324
	2018	\$103,790,291	\$62,047,708	\$165,837,999
	Difference	\$2,522,276	\$3,262,050	\$5,784,326
	%YoY +/-	2.4%	5.3%	3.5%
INDEPENDENT	2019	\$88,480,523	\$43,346,150	\$131,826,673
	2018	\$87,587,958	\$42,399,087	\$129,987,045
	Difference	\$892,565	\$947,063	\$1,839,628
	%YoY +/-	1.0%	2.2%	1.4%
	% of State Sales	83.2%	66.4%	76.8%
CORPORATE	2019	\$17,832,043	\$21,963,608	\$39,795,651
	2018	\$16,202,333	\$19,648,621	\$35,850,954
	Difference	\$1,629,711	\$2,314,987	\$3,944,698
	%YoY +/-	10.1%	11.8%	11.0%
	% of State Sales	16.8%	33.6%	23.2%

* - 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
 - The “Blitz Week” campaign began September 23rd by launching five games, featuring our \$20 “\$500,000 Crossword” ticket.
 - Top performers in August for activating all games during Blitz Week:
 - DeUnka Wade - 98.9
 - Joe Stetka - 92.0
 - Mike Marcos - 90.9
 - The monthly sales meeting on September 18th focused our “20/20 SHARE THE VISION” theme as a directive to get all retailers to attend a Regional Advisory Board meeting in one of the nine locations throughout the state.
 - District managers recruited retailers in their area, noting that attendance is mandatory for Expanded Cashing Authority Program (XCAP) retailers.
 - The sales team continued to focus on the Surface Go tablets with training and updating retailer profiles. The next training project will focus on a pilot program using the Assistant Managers to set up routes in the Surface Go.
 - The Sales team worked to finalize the 2019 retailer Holiday Bonus Plan.
- Field Support/Self-Service Vending Units
 - Sales Support continued to work with Scientific Games (PHD vendor) to coordinate scheduling of PHD installations.
 - Sales Support assigned and worked with SG to schedule the next allotment of PHDL’s to be dispersed into the marketplace.
 - In addition, we are continuing to review the performance of self-service machines (both PEX’s and PHD’s) currently in the field along with Sales Management to identify opportunities for improving sales.
 - Sales supported the Communications department at six events during the month, which included both Orioles (1) and Raven’s games (2); Delmarva Bike Week; and wine festivals (2) events.

2) **Corporate Sales**

- Field Activity
 - The Lottery team attended last month’s NASPL conference in which meetings were held with the national teams of the accounts listed below. The three grocery chains discussed the growing importance of Lottery services in their locations and how best to capitalize on it moving forward. Walmart provided insights on their upcoming launch of Lottery services for their Maryland locations in 2020.
 - Martin’s and Giant Food (Ahold)
 - Acme and Safeway (Albertsons)
 - Harris Teeter (Kroger)
 - Walmart
 - Business reviews are scheduled in October with the following accounts:
 - Rite Aid
 - Weis Supermarkets
 - Food Lion

- The Corporate Sales team has begun preparation for the next wave of vending machine installations for the first half of 2020 in additional chain locations.

3) Retail Recruitment

- Recruitment Results
 - Twenty-seven (27) new applications received and advanced to Phase II of the approval process in September.
 - Eleven (11) new independent locations installed during September.
- Prospecting Activities
 - In the past 90 days we have been pursuing 51 new retailer prospects with 28 being new independent and 13 corporate locations; 16 of the locations were cold calls. They are all at different stages of completion. Working to get all paperwork submitted so we can 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: The September update improved the Equipment tab to now reflect Point-of-Sales (POS) items. Corresponding inventory levels are now being updated.
- gemOffice: Met with Scientific Games to begin the process of developing the XCAP renewal application for 2020. We anticipate testing the enhanced application in late spring with plans to go live September 2020 when the XCAP renewal process begins.
- gemRetailer: Introducing the system to all retailers at the October Regional Retailer Advisory Board meetings. Also refreshing access to all XCAP retailers.
- Training: Beginning “voluntary” classes for those DM’s wishing to delve deeper into the Surface Go tablet and related programs available to them.

5) Analysis & Reporting

September wrapped up the first quarter on a firm note with year to date total sales over \$10 million ahead of last year.

The Numbers category is enjoying a renaissance; all the jackpot games are suffering from a lack of large rolls; the Monitor games are faring well due to recent promotions; the Instant games continue to grow and lastly, the combined sales of the smaller draw games show increased total sales.