

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: November 12, 2019

SUBJECT: Report for the November 2019 Commission Meeting

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

1) Sales

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

		Draw/Monitor	Instant	Combined
STATE	2019	\$105,854,766	\$67,737,021	\$173,591,787
	2018	\$154,556,742	\$65,290,002	\$219,846,744
	Difference	(\$48,701,976)	\$2,447,019	(\$46,254,957)
	%YoY +/-	-31.5%	3.7%	-21.0%
INDEPENDENT	2019	\$87,893,980	\$44,763,589	\$132,657,569
	2018	\$115,580,463	\$44,632,329	\$160,212,792
	Difference	(\$27,686,483)	\$131,260	(\$27,555,223)
	%YoY +/-	-23.9%	0.3%	-17.2%
	% of State Sales	83.0%	66.1%	76.4%
CORPORATE	2019	\$17,960,786	\$22,973,432	\$40,934,218
	2018	\$38,976,279	\$20,657,673	\$59,633,952
	Difference	(\$21,015,493)	\$2,315,759	(\$18,699,734)
	%YoY +/-	-53.9%	11.2%	-31.4%
	% of State Sales	17.0%	33.9%	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
 - The “Blitz Week” campaign began October 21st by launching our five Holiday Family of Games (FOG). When launching a FOG our sales strategy at independent retailer locations is to display the scratch-of tickets using our After Glow dispensers, which quickly identifies the scratch family and keeps them together for our customer’s purchasing convenience.
 - Top performers in September for activating all games during Blitz Week:
 - DeUnka Wade - 106.9
 - Rob Austeria - 100.8
 - Jonathan Braithwaite - 97.5
 - Supported all 18 Regional Advisory Board (RAB) meetings in October.
 - The monthly sales meeting was conducted on October 16th with a focus on recapping issues addressed at the RAB meetings: draw game ticket redesign; new equipment; products and upcoming promotions; and a quick review of the 1st quarter sales results highlighting each region and territory.
- Field Support/Self-Service Vending Units
 - Sales Support continued to work with Scientific Games (PHD vendor) to coordinate scheduling of PHD installations.
 - Sales Support worked with SGI to deploy the 44 PHDL’s in the marketplace.
 - Sales begin analysis for the next allotment of PHDs for deployment to independent and some 7-Eleven retailers.
 - In addition, we are continuing to review the performance of self-service machines (both PEX and PHD) currently in the field along with Sales Management to identify opportunities for improving sales.
 - Sales Support has created the framework of a Point of Sale catalog in gemIntelligence for use by Sales staff in the field to monitor both what items they have access to and their in-store application.
 - Sales Support continues to review our ordering and inventory processes to identify opportunities for improvement and promote change where needed to better manage materials and supplies.
 - Worked with SG to replace and install the approved terminal communication platform at Linda’s Café at Fort Meade.
- Training
 - The Assistant Regional Managers are conducting a pilot program, which is testing the daily route management system of the Surface Go tablet to see if it is a viable solution for usage among all the district managers.
- Events
 - Sales supported the Communications department at three events during the month, which included a Raven’s game, Endless Summer Cruisin’ in Ocean City and the Annual Purple Evening event at M&T Bank Stadium.

2) **Corporate Sales**

- Field Activity
 - In late November we will begin the next round of PHDs to 7-Eleven locations (45) which previously had ITVMs.
 - We have also begun preparation for the next wave of vending machine installations for the first half of 2020 in additional chain locations.
 - Business reviews have been scheduled in November with the following accounts:
 - Rite Aid
 - Weis Supermarkets
 - Burchmart

3) **Retail Recruitment**

- Recruitment Results for October
 - Ten (10) new applications received and advanced to Phase II of the approval process.
 - Twenty-five (25) new independent locations installed.
- Prospecting Activities
 - In the past 90 days we have been pursuing 33 new retailer prospects with 29 being new independent and 4 corporate locations; 7 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: Reviewed how to create and follow through on tasks with the sales staff. Units are performing well with very little issues.
- gemOffice: Discussing items for next release; working well overall. Need to review managing applications internally to make the process flow easier and more efficient.
- gemRetailer: Many independent retailers have requested access to the gemRetailer site throughout the month following up from the Retailer Advisory Board meetings conducted around the state. Corrected an issue with the invoice report so it equates to the weekly invoice available from the store's terminal.
- Training: Ongoing review of applications within gemIntelligence.

5) **Analysis & Reporting**

While October was a decent month, averaging close to \$40 million a week in sales, it did not measure well against last year, which averaged \$45 million a week. This was due to both jackpot games having exceptional jackpots in 2018.

On the draw side, the Numbers games were both firm, as were both Monitor games. The smaller draw games are showing aggregate increases due to Cash4Life's daily drawing. Scratch-offs continue to gain over last year's record.