

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: December 10, 2019

SUBJECT: Report for the December 2019 Commission Meeting

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

1) Sales

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

		Draw/Monitor	Instant	Combined
STATE	2019	\$109,646,912	\$67,885,356	\$177,532,268
	2018	\$99,323,410	\$62,559,893	\$161,883,303
	Difference	\$10,323,501	\$5,325,463	\$15,648,964
	%YoY +/-	10.4%	8.5%	9.7%
INDEPENDENT	2019	\$90,538,270	\$44,843,950	\$135,382,220
	2018	\$83,726,578	\$42,377,357	\$126,103,935
	Difference	\$6,811,692	\$2,466,593	\$9,278,285
	%YoY +/-	8.1%	5.8%	7.4%
	% of State Sales	82.6%	66.1%	76.3%
CORPORATE	2019	\$19,108,642	\$23,041,406	\$42,150,048
	2018	\$15,596,832	\$20,182,536	\$35,779,368
	Difference	\$3,511,810	\$2,858,870	\$6,370,680
	%YoY +/-	22.5%	14.2%	17.8%
	% of State Sales	17.4%	33.9%	23.7%

* - 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 November 18th by launching four (4) price points (\$2, \$5, \$10 & \$20) featuring our \$20 2020 Cash ticket. The 2020 Cash ticket is loaded with over 200 top prizes of \$20,200.
 - Top performers in October for activating all games during Blitz Week:
 - Rob Austeria - 93.3
 - Lisa Reilly - 92.4
 - Jonathan McIntosh - 90.9
 - The monthly sales meeting was conducted on November 14th with our “20/20 Share the Vision” focus on how to add the higher price points (\$20 & \$30) to our retailer’s mix.
- Field Support/Self-Service Vending Units
 - Sales Support continues to work with Scientific Games to coordinate scheduling of PHD installations.
 - We have scheduled 67 installations out of the 100 available PHD units in this deployment.
 - All 67 units will be installed before the Christmas holiday.
 - We will resume installations for the balance of the machines after the New Year. These installations will comprise both independent retailers and 7-11 locations.
 - Sales Support is currently developing a list of potential PHD locations for calendar year 2020 in conjunction with the Sales Team Regional Managers.
 - We will begin analysis of these locations for the next allocation of PHDs for deployment due to arrive in late February.
 - This 100-machine deployment will include the swapping out of 44 PHDL’s slated for Walmart in Q2 that were previously distributed into the marketplace.
 - In addition, we are continuing to review the performance of self-service machines (both PEX and PHD) currently in the field to identify opportunities for improving sales by redirecting underperforming units.
- Events
 - Sales supported the Communications department at two Ravens games events during the month.

2) **Corporate Sales**

- Field Activity
 - As part of the roll out of PHD installations to 7-Eleven locations, we are installing self-service vending for all newly opened 7-Eleven locations, beginning with their first mall store located in Westfield Annapolis.
 - The Corporate Sales team has also begun preparation for the next wave of vending machine installations for the first half of 2020 in additional chain store locations.
 - The Tristate FOSE group, which is comprised of 7-Eleven franchisees, has invited the Lottery corporate sales team to their annual meeting to discuss opportunities on how to improve sales and operations within their locations.

3) Retail Recruitment

- Recruitment Results
 - Sixteen (16) new applications received and advanced to Phase II of the approval process in November.
 - Nine (9) new independent location installed in November.
- Prospecting Activities
 - In the past 90 days we have been actively pursuing 41 new retailer prospects with 38 being new independent applications and 3 corporate locations. 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 Department.

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: Striving for consistency with all District Managers keeping current with software updates. Once the updates are complete, the units perform very well. Currently evaluating the “pre-site form” in gemIntelligence.
- gemOffice: Configuration changes should be made by mid-December for the application on both the retailer side and back office side. This will streamline the process and remove some redundancy.
- gemRetailer: Additional retailers continue to request access. One of our XCAP retailers requested a modification to a reporting option to improve their ability to better manage their Lottery business.
- Training: Once gemOffice updates are loaded into the system, training classes will be held to review the process of entering a pre-site for an application. Additional voluntary classes are being held during duty weeks for those who wish to attend.

5) Analysis & Reporting

Games across the board were positive, with Mega Millions leading the rollover category. The numbers category is surging, while scratch-offs remain firm. Racetrax gains, which usually offset Keno losses, continued to increase the pace of the monitor category. The minor draw games were flat taken as a group, but continue ahead of last year.