

# 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: January 14, 2020

SUBJECT: Report for the January 2020 Commission Meeting

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

## 1) Sales

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

		Draw/Monitor	Instant	Combined
STATE	2019	\$120,501,193	\$71,177,283	\$191,678,476
	2018	\$116,804,798	\$67,234,986	\$184,039,784
	Difference	\$3,696,394	\$3,942,297	\$7,638,691
	%YoY +/-	3.2%	5.8%	4.1%
INDEPENDENT	2019	\$98,727,643	\$47,061,743	\$145,789,386
	2018	\$97,592,331	\$45,496,068	\$143,088,399
	Difference	\$1,135,312	\$1,565,675	\$2,700,987
	%YoY +/-	1.2%	3.4%	1.9%
	% of State Sales	81.9%	66.1%	76.1%
CORPORATE	2019	\$21,773,550	\$24,115,540	\$45,889,090
	2018	\$19,212,468	\$21,738,918	\$40,951,386
	Difference	\$2,561,082	\$2,376,622	\$4,937,704
	%YoY +/-	13.3%	10.9%	12.1%
	% of State Sales	18.1%	33.9%	23.9%

\* - 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 December 30th by launching three (3) price points (\$1, \$5 & \$10) featuring our \$10 (\$100,000 Instant Jackpot) ticket. The game features Fast \$20, Fast \$50 and Fast \$100 prizes.
    - Top performers in November for activating all games during Blitz Week:
      - Rob Austera - 104.8
      - David Rogers - 103.5
      - Lisa Reilly - 101.2
  - The monthly sales meeting was conducted on December 18th with our “20/20 Share the Vision” focus on how a retailer can qualify for a PHD (self-service unit). Also discussed, in greater detail, was Fast Play - a new game concept that will be launched in February 2020.
  - Three district manager (DM) positions are currently open with two personnel out on extended leave and the other position open for recruitment.
  - All PEPs were completed and submitted for the Sales Department.
- Field Support/Self-Service Vending Units
  - Sales Support continues to work with Scientific Games to coordinate scheduling of PHD installations.
    - We are currently scheduling the replacement of the 43 PHDL’s in the marketplace with PHD units.
      - All 43 units will be replaced one for one with the intention of being completed by the first week of February.
      - The PHDL units will be refurbished and prepared for re-deployment early in the second quarter of 2020.
    - Sales Support has received retailer location recommendations for PHD units from the regional managers.
      - We are analyzing these locations for the next allocation of PHDs for deployment due to arrive in late February.
      - In addition, any locations not chosen to receive a unit in this next deployment will remain on a future allocation list.
    - 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.
    - Sales Support cleared and submitted a backlog of retailer bonus payment requests.
- Events
  - Sales supported the Communications department at two Ravens games events during the month.

## 2) **Corporate Sales**

- Field Activity
  - Business reviews have been scheduled with chain accounts to discuss their performance for CY 2019. The following reviews are currently scheduled:
    - Royal Farms
    - Weis Markets
    - Dash In
  - The Corporate Sales team will continue with preparation for the next wave of self-service vending machine installations.
  - The Tristate FOSE group, which is comprised of 7-Eleven franchisees, has invited the corporate sales team to their annual meeting to discuss opportunities on how to improve sales and operations within their locations.
  - The Corporate Sales team continues to work with the Walmart launch team to finalize the process and move towards installations in the second quarter.

## 3) **Retail Recruitment**

- Recruitment Results
  - Seventeen (17) new applications were received and advanced to Phase II of the approval process in December.
  - Five (5) new independent locations were installed in December.
- Prospecting Activities
  - In the past 90 days we have been actively pursuing 43 new retailer prospects with all being new independent applications. They are all at different stages of completion. Staff is working to get all paperwork submitted so we can approve and move on to Phase II for all the clearances from the 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: District Managers (DMs) report the “goals” tool in gemIntelligence has been a great benefit to them and our retailers in reporting actionable information. We continue to address issues in the field on a timely basis with our Sales Training Manager working with select DMs to find solutions. We’ll continue to test submission of field pre-sites via gemIntelligence to improve timely flow of information to our vendor for installation, which we expect to download into production in mid-January.
- gemOffice: UAT testing was recently completed, with expected release mid to late January.
- gemRetailer: We are drafting a plan to add self-service vending reports to the menu options to meet some retailer requests for this feature.
- Training: Classes will be held to review the process of entering a pre-site for an application. In developing a 3-month training schedule for the DMs our Sales Training Manager asked other State Lotteries about their training programs and we will review the findings shortly.

## 5) **Analysis & Reporting**

This holiday season was record-setting for weekly sales activations of scratch-off tickets. The week ending December 29<sup>th</sup> was the third best week in Maryland Lottery history with \$19,021,178 in scratch-off activations as players bought last-minute stocking stuffers. The following week was the sixth best week with \$18,638,738 primarily due to new games launched at three price points.

At the mid-point of the fiscal year, we are on pace to meet or surpass our forecasted sales goals in Keno, Racetrax, 5 Card Cash and Pick 4. The addition of a new category of games next month (Fast Play) may help us exceed last year's overall total sales mark.