

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: April 14, 2020

SUBJECT: Report for the April 2020 Commission Meeting

1) Sales

March 2020, Year over Year Comparison Product Category by Store Segment

		Draw/Monitor	Fast Play	Instant	Combined
STATE	2020	\$99,700,745	\$7,635,596	\$65,218,458	\$172,554,799
	2019	\$129,545,890	\$0	\$73,852,670	\$203,398,560
	Difference	(\$29,845,145)	\$7,635,596	(\$8,634,212)	(\$30,843,761)
	%YoY +/-	-23.0%	100.0%	-11.7%	-15.2%
INDEPENDENT	2020	\$83,920,254	\$5,074,712	\$46,053,559	\$135,048,525
	2019	\$107,403,107	\$0	\$52,428,323	\$159,831,430
	Difference	(\$23,482,852)	\$5,074,712	(\$6,374,764)	(\$24,782,904)
	%YoY +/-	-21.9%	100.0%	-12.2%	-15.5%
	% of State Sales	84.2%	66.5%	70.6%	78.3%
CORPORATE	2020	\$15,780,491	\$2,560,884	\$19,164,899	\$37,506,274
	2019	\$22,142,784	\$0	\$21,424,347	\$43,567,131
	Difference	(\$6,362,293)	\$2,560,884	(\$2,259,448)	(\$6,060,857)
	%YoY +/-	-28.7%	100.0%	-10.5%	-13.9%
	% of State Sales	15.8%	33.5%	29.4%	21.7%

* - 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 for February began on the 24th with the launching of five (5) price points (\$2, \$3, \$5, \$10 & \$30) featuring our Rose Gold and Rose Black tickets. They support top prizes of \$100,000 and \$2,000,000 respectively.
 - Top performers for activating games during the February Blitz Week were:
 - Region 1 Bill Wineland
 - Region 2 Scott Kershow
 - Region 3 Wade Harris The Blitz Week Champion
 - Region 4 Walter Griffin
 - The “Blitz Week” campaign for March began on the 23rd with the launching of three (3) price points (\$1, \$5 & \$10) featuring the James Bond 007 ticket which has a second chance Las Vegas trip contest.
 - Top performers for activating games during the March Blitz Week were:
 - Region 1 Jonathan McIntosh
 - Region 2 Todd Cearfoss
 - Region 3 Rob Austera The Blitz Week Champion
 - Region 4 Chuck Hamrick
 - The monthly sales meeting conducted on February 19th focused our “20/20 Share the Vision” on our upcoming Regional Advisory Board meetings held throughout the state with the retailer network.
 - The monthly sales meeting conducted on March 18th focused our “20/20 Share the Vision” on teleworking. We met, as a group, utilizing video conferencing to deliver our message of retailer interaction during this period of uncertainty as the coronavirus pandemic affected normal lottery activities.
 - The staff was introduced to communication techniques that could be accomplished by means of telephone, email and texting.
 - One contractual district manager (DM) position is currently open for recruitment combined with one individual out on extended leave.
- Field Support/Self-Service Vending Units
 - Emergency Essential Personnel were identified to handle retailer visitations for only the most urgent in-store activities.
 - All non-essential personnel were assigned activities to telework from home only.
 - Retailer terminal messages were sent to retailers encouraging them to clean the self-service screens frequently, in support of the effort to stop the spread of the coronavirus.
 - All levels of the Sales Management team are using video conferencing, to meet and direct staff activities.
 - Sales continued to disseminate information and trained retailers on the new Fast Play lottery game that launched in February.
 - Sales continue to respond to the Lottery’s hard recall notice of game #365 – \$2,000,000 Mega Bucks, #461 - \$5 Holiday Gold and #462 – Winter Cash Tripler.
 - Retailers have been informed to set books aside until our district managers can return to their normal visitation cycles.

- In February, Sales Support continues to work with Scientific Games to coordinate scheduling of PHD self-service vending installations.
 - We are currently scheduling the replacement of 43 PHDLs (smaller machines) in the marketplace with PHD units. The PHDL units will be refurbished for re-deployment mid-year.
 - 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 spring.
 - In addition, any locations not chosen to receive a unit in this next deployment will remain on a future allocation list.
 - We review the performance of self-service machines (both PEX and PHD) currently in the field to identify opportunities for improving sales by redirecting any underperforming units.
- Events
 - All events are now on hold pending the return to normal operations.

2) **Corporate Sales**

- Field Activity
 - Business reviews were completed with the chain accounts listed below:
 - Royal Farms
 - Burchmart
 - Fastop
 - Dash In
 - Rutter's Farm Store
 - Weis Supermarket
 - Business reviews will also be held for the following chain accounts by the end of February:
 - Weis Supermarkets
 - Rite Aid
 - Rutter's Farm Stores
 - The Corporate Sales team will continue with preparation for the next wave of vending machine installations for chain accounts such as AC&T and 7-Eleven.
 - We may also provide an additional (second) vending unit to high volume locations.
 - The Corporate Sales team continues to work with the Walmart launch team to finalize the installation process and move towards launching in Q3 20.
 - The Corporate Sales portfolio consists of mostly convenience and grocery stores, which have been deemed essential businesses and have remained open.
 - Although operational focus has shifted in corporate locations, some accounts have continued to sell Lottery.
 - Certain corporate accounts such as The Greene Turtle, Glory Days and Maryland casinos have suspended their terminals until further notice.

3) Retail Recruitment

- Recruitment Results
 - Thirty-eight (38) new applications were received and advanced to Phase II of the approval process in February and March.
 - Thirty-six (36) new independent locations were installed in the same time frame.
- Prospecting Activities
 - During this time, we have been restricted to phone and email communication only with prospective retailers. Prospects have been slowed due to the difficulty of retailers to gather outstanding paperwork, namely Electronic Funds Transfer forms signed and notarized by the bank, and difficulty finding a location that is still doing fingerprinting. We will continue to stay in touch with prospects and provide support in completing applications. Field visits for the most part will be deferred until we get an “all clear.”

4) Sales Force Automation

- gemIntelligence/field units: District Managers are comfortable using the improved pre-site function on the Surface Go tablet unit which has greatly assisted in the processing of applications. Some adjustments were made to the detail of an email and/or phone call “sales visit” to accommodate working from home. This allows for the ability to detail the virtual sales visit more accurately.
- gemOffice: A new release was tested and placed into production recently. Most of the enhancements are geared toward our Agent Administration department to improve previous issues. Additional requests were passed along to our vendor for a future release.
- gemRetailer: We are seeing increases in the number of retailers requesting access to gemRetailer. With some stores closed, retailers need to access invoice details. Links can be placed in the news section and easily accessed by users which is creating a central resource for retailers to stay up to date. gemRetailer will be the platform we deliver the Retailer Advisory Board meeting content later this month via pre-recorded videos.
- Training: In their current position, District Managers are field personnel and not accustomed to working from home. We provided guidelines consisting of best practices, how to establish a routine, setting up an “office”, among other things. Discussions are continuing, gathering feedback, to develop better practices for working from home. Our Sales Training Manager assisted all staff with mandatory training to better cope with the current pandemic.

5) Analysis & Reporting

The addition of Fast Play contributed nearly \$8 million to February’s sales in only three weeks (games launched Feb. 10th). The Numbers category and Monitor games were initially lower, but recovered at the month’s end. Rollover games were both hit mid-month, while overall sales matched last year in that category.

While bracing for a challenging month in March based on tough year-over-year comparisons in multi-jurisdictional games (Powerball and Mega Million) we could not have foreseen the slowdown in current year sales activity at retail.