

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: August 18, 2020

SUBJECT: Report for the August 2020 Commission Meeting

1) Sales

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

		Draw/Monitor	Fast Play	Instant	Combined
STATE	2020	\$122,443,646	\$6,165,583	\$80,936,999	\$209,546,228
	2019	\$106,280,901	\$0	\$66,498,859	\$172,779,760
	Difference	\$16,162,745	\$6,165,583	\$14,438,140	\$36,766,468
	%YoY +/-	15.2%		21.7%	21.3%
INDEPENDENT	2020	\$101,118,904	\$3,391,255	\$53,555,871	\$158,066,030
	2019	\$88,248,328	\$0	\$43,829,266	\$132,077,594
	Difference	\$12,870,576	\$3,391,255	\$9,726,605	\$25,988,436
	%YoY +/-	14.6%	100%	22.2%	19.7%
	% of State Sales	82.6%	55.0%	66.2%	75.4%
CORPORATE	2020	\$21,324,742	\$2,774,328	\$27,381,128	\$51,480,198
	2019	\$18,032,573	\$0	\$22,669,593	\$40,702,166
	Difference	\$3,292,169	\$2,774,328	\$4,711,535	\$10,778,032
	%YoY +/-	18.3%	100%	20.8%	26.5%
	% of State Sales	17.4%	45.0%	33.8%	24.6%

* - 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 monthly sales meeting conducted on July 15th focused our “20/20 Share the Vision” on our fiscal year end analysis and District Manager of the Year award, presented to Sandra Holland (T-28).
 - The “Blitz Week” campaign recognizes the increase in sales versus last year. District Managers with the best June sales by territory (year-over-year) were:
 - Jon Braithwaite T-11
 - Scott Kershow T-26
 - DeUnka Wade T-38 (Awarded District Manager of the Month)
 - Roger Insley T-45
 - One contractual District Manager position is currently open for recruitment; two individuals are out on extended leave.
- Field Support/Self-Service Vending Units
 - Many of our non-essential personnel returned to field duties conducting retailer store visits as well as working from home activities.
 - All levels of the Sales Management team continue to use video conferencing to conduct meetings and direct staff activities.
 - Sales Support
 - Provided additional support to the warehouse by receiving returned scratch off tickets back to the warehouse from District Managers.
 - Continues to work with SG to track the arrival of the next shipment of self-service vending units by developing an allocation and distribution plan for installations once the units arrive and we are able to install.
 - Working with Corporate Sales to prepare for Walmart's onboarding. Preparing PHDL self-service vending units, design and procurement of Walmart specific point of sales items, and planning for store associate training along with our vendor (SG).

2) Corporate Sales

- Field Activity
 - Some corporate accounts delayed the opening of new locations between March and July due to COVID-19 related concerns. As they have learned how to operate in this new environment, corporate accounts have now resumed opening new retail locations that were previously postponed. We plan to open several corporate locations within the next few months.
 - The Corporate Sales team continues its preparation for the next wave of vending machine installations.
 - The Corporate Sales team continues to work with the chain accounts on the auto order program to ensure that all inventory needs are met in a timely and efficient manner.
 - The Corporate Sales team continues to work with the Walmart launch team to finalize the training/installation process and move towards launching in Q1 CY21.

3) Retail Recruitment

- Recruitment Results
 - Thirty-one (31) new applications received and advanced to Phase II of the approval process over the last two months.
 - Fourteen (14) new independent locations installed in that time frame.
- Prospecting Activities
 - In the past 90 days we have pursued 58 new retailer prospects (53 new independent and 5 corporate). They are at different stages of completion. We are currently working to get the paperwork submitted so we may approve and move on to Phase II for the clearances from Agent Administration and Security Departments.
 - Starting on June 16th, we were allowed to visit locations in the field in person. The preparations we made by prioritizing prospects, in anticipation of returning to field work, paid off with 31 completed applications during this period compared to only 12 from March 16th to June 15th. Going forward we will continue to add additional prospects to the list to contact and help complete applications.

4) Sales Force Automation

- gemIntelligence/field units: Real-time updates were added in late July. These updates affect scratch-off ticket pack status changes. This will be helpful during our monthly blitz week activities as District Managers can manage their territory more efficiently and improve our activation rates.
- gemOffice: The new XCAP renewal application continues. We are on time to launch this capability during the RAB (Retailer Advisory Board) meeting in October to kick-off our bi-annual XCAP renewal process.
- gemRetailer: This site is becoming a new “touch point” for retailers to access important information. Retailers continue to contact the lottery for access. We will be adding the weekly invoice report to the list of reports that may be scheduled for remote review.
- Training: Training continues on many fronts. Group training sessions for District Managers are conducted on Friday, our designated “work from home” day. Our Sales Training Manager also provides individualized training remotely in an effort to deliver as much knowledge to District Managers as possible given our current constraints.

5) Analysis & Reporting

We are seeing strong starts in a number of sales categories in the first six weeks of the fiscal year:

- Overall sales are up nearly 15% (year-over-year); scratch-offs up 17%.
- Pick 4 sales are on a record-setting pace of approximately \$1 million per day.
- With a large number of our social retail establishments closed or open with limited capacities, Racetrax has surpassed Keno as the #1 monitor game while increasing sales 25% over last year.
- Fast Play continues to exceed expectations for a new game category only six months old.