

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: John Martin, Managing Director and Chief Revenue Officer

DIVISION: Sales

DATE: November 10, 2020

SUBJECT: Report for the November 2020 Commission Meeting

1) Sales

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

		Draw	Monitor	Instant and Fast Play	Combined
STATE	2020	\$71,236,664	\$48,253,911	\$84,214,429	\$203,705,003
	2019	\$63,871,078	\$41,983,688	\$67,737,021	\$173,591,787
	Difference	\$7,365,586	\$6,270,223	\$16,477,408	\$30,113,217
	%YoY +/-	11.5%	14.9%	24.3%	17.3%
INDEPENDENT	2020	\$55,969,357	\$42,919,902	\$55,251,172	\$154,140,431
	2019	\$49,744,873	\$38,149,107	\$44,763,589	\$132,657,569
	Difference	\$6,224,484	\$4,770,795	\$10,487,583	\$21,482,862
	%YoY +/-	12.5%	12.5%	23.4%	16.2%
	% of State Sales	78.6%	88.9%	65.6%	75.7%
CORPORATE	2020	\$15,267,307	\$5,334,009	\$28,963,257	\$49,564,573
	2019	\$14,126,206	\$3,834,581	\$22,973,432	\$40,934,218
	Difference	\$1,141,102	\$1,499,428	\$5,989,825	\$8,630,355
	%YoY +/-	8.1%	39.1%	26.1%	21.1%
	% of State Sales	21.4%	11.1%	34.4%	24.3%

* - 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
 - October's monthly sales meeting covered a range of topics: XCAP renewal process; our anticipated Walmart January launch; the retailer holiday bonus program update; our first quarter sales recap; and, the third and final step in the settlement stepdown phase from 80 to 60 days which began on October 19th.
 - The "Blitz Week" campaign continued to produce positive growth results of \$2.6 million dollars and double-digit percentage gains year over year. We implemented a blitz week improvement plan in October that produced outstanding results. Only three (3) out of 40 territories failed to meet the activations threshold of 85% and fewer than 20 new game high alerts.
 - District Managers with the best October sales by territory (year-over-year):
 - Jon Braithwaite T-11
 - Scott Kershow T-26
 - DeUnka Wade T-38 (Awarded the DM of the month)
 - Roger Insley T-45
 - One contractual District Manager position is currently open for recruitment.
 - John O'Connor, Regional Manager for western Maryland, retired on October 30th.
- Field Activities
 - Our field personnel are continuing to increase the number of days per week conducting retailer store visits. The current strategy remains set at 3-1-1 which correlates to three field days, one duty day and one work from home day.
 - The field staff is working with Scientific Games (SG) to synchronize in-store retailer scratch-off facing counts with the SciTrak inventory management system.
- Sales Support/Self-Service Vending Units
 - Providing support to the warehouse by receiving, separating and scanning returned scratch off ticket inventory from District Managers.
 - Continued development, updating and tracking of proposed retail locations for the PHD units as well as facilitating the work order and approval process with Sales, Agent Administration, Contract Management and SG.
 - Working with SG on a PHD install schedule for approved retail locations. As of 11/6 we have completed 123 installations in this latest deployment.
 - Worked with Corporate Sales to facilitate and track the work order process for their identified list of corporate locations to receive a PHD unit.
 - Worked with Corporate Sales and SG to develop a Walmart installation plan scheduled for January 2021. This will include the installation of the PHDL units, Walmart specific play centers, custom play slip holders and POS material.
 - Worked directly with our Creative Services/Marketing Department and vendors to move more of our retailer focused printed sales information to digital format only. This includes adjustments and changes to our website and Retailer Corner for a more user-friendly experience.
 - Rejuvenation of our Winner Awareness program and winner's banners. We have begun to develop and distribute these banners and are returning the program to pre-COVID-19 status.

- Continued to fine-tune the newly developed Retail Bonus Program process in conjunction with Agent Administration, CRC, Security and Finance in order to return the program to pre-COVID-19 status.

2) **Corporate Sales**

- Field Activity
 - The Corporate Sales team has begun the process of reviewing the next wave of self-service vending machine installations through Q1 21.
 - Burchmart, a subsidiary of Burch Oil, has agreed to sell their seven (7) retail locations to a local operator (and current Lottery retailer) looking at expansion in the Southern Maryland corridor. These acquired locations are currently seeking Lottery licenses under their new company, NSR Markets, Inc., and would like to resume Lottery operations in late November.
 - The Corporate Sales team continues to work with the Walmart launch team to finalize the overall process and move towards launching in CY Q1 21.

3) **Retail Recruitment**

- Recruitment Results
 - Twelve (12) new applications received and advanced to Phase II of the approval process over the last month.
 - Nineteen (19) new independent locations installed in that time frame.
- Prospecting Activities
 - We are pursuing 42 new retailer prospects (41 new independent and 1 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.

4) **Sales Force Automation**

- gemIntelligence/field units: System alerts are working well. Some District Managers are seeking to modify certain alerts to manage older scratch-off inventory more efficiently.
- gemOffice: The XCAP bi-annual renewal application process went live in October. Over 200 of the nearly 400 XCAP retailers have begun the renewal process; 125 of the 200 have successfully completed, and submitted, the renewal application.
- gemRetailer: This retailer reporting system continues to be updated with relevant information. Additional retailers are subscribing on a regular basis. The posting of our new *Retailer Review* monthly video is proving to be helpful to retailers particularly as in-person store visits from District Managers are down.
- Training: District Managers were trained on the XCAP bi-annual renewal application process. This is beneficial as we are better positioned to respond to those retailers needing assistance. District Managers were also instructed on setting up group emails for their territories so they may communicate more efficiently by sending emails to retailers while working from home.