

# 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 19, 2021

SUBJECT: Report for the December 2020 Commission Meeting

## 1) Sales

### December 2020, Year over Year Comparison Product Category by Store Segment

		Draw	Monitor	Instant and Fast Play	Combined
STATE	2020	\$84,681,461	\$47,112,636	\$78,392,015	\$210,186,112
	2019	\$74,125,612	\$46,375,581	\$71,177,283	\$191,678,476
	Difference	\$10,555,850	\$737,055	\$7,214,732	\$18,507,637
	%YoY +/-	14.2%	1.6%	10.1%	9.7%
INDEPENDENT	2020	\$64,037,286	\$41,655,109	\$51,245,642	\$156,938,037
	2019	\$56,699,092	\$42,028,551	\$47,061,743	\$145,789,386
	Difference	\$7,338,194	(\$373,442)	\$4,183,899	\$11,148,651
	%YoY +/-	12.9%	-0.9%	8.9%	7.6%
	% of State Sales	75.6%	88.4%	65.4%	74.7%
CORPORATE	2020	\$20,644,176	\$5,457,527	\$27,146,373	\$53,248,076
	2019	\$17,426,520	\$4,347,030	\$24,115,540	\$45,889,090
	Difference	\$3,217,656	\$1,110,497	\$3,030,833	\$7,358,986
	%YoY +/-	18.5%	25.6%	12.6%	16.0%
	% of State Sales	24.4%	11.6%	34.6%	25.3%

\* - 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
  - The monthly sales meeting conducted via videoconferencing on December 16<sup>th</sup> was a rebranding of our monthly Sales Meeting. After seeking the sales team's feedback, the presentation was stripped of redundant messages and became more interactive with field staff participation. Other Lottery departments were invited to participate including Finance. Our topics covered the XCAP renewal process, our anticipated Walmart launch, the retailer holiday bonus program update and new game launches.
  - District Managers with the best December sales by region/territory (year-over-year) were:
    - Larry Baum T-15
    - Sherise Rascoe T-22
    - DeUnka Wade T-38 - (Awarded the DM of the month)
    - Mike Nicolaides T-48
  - A regional manager position is currently open for recruitment.
  - The management team completed their assigned Performance Planning & Evaluation Program (PEP) for each staff member in December.
- Field Activities
  - Field personnel continued teleworking from home, in compliance with Governor Hogan's directive. They continue to use email, texts and phone calls to support our retailer network, including XCAP retailers that had not completed their renewal application prior to the deadline of December 31<sup>st</sup>.
  - Emergency Essential personnel, consisting of the sales management staff, continue to support some field initiatives, especially with COO scratch-off inventory returns.
- Sales Support/Self-Service Vending Units
  - 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. As of January 15<sup>th</sup> we have completed 228 installations in this latest deployment.
  - Requests from corporate chains such as 7-Eleven who have a renewed interest in adding our self-service vending units to increase sales security.
  - Working with Corporate Sales and Scientific Games to develop a Walmart installation plan to begin January 20<sup>th</sup>. Includes the installation of the PHDL units as well as Walmart specific playcenters, custom playslip holders and point of sale.
  - Teamed up with Creative Services to print and distribute point of sale material to our top 2,000 retailers in support of our January new game launch.
  - The onboarding process for new retailers continues during the pandemic. We have created "new retailer starter kits" which include scratch-off dispensers, take one boxes (playslip/literature holders) and Lottery decals. These kits are shipped to new retailers in lieu of our field team being available during start-up.

## 2) **Corporate Sales**

- Field Activity
  - Business Reviews are being scheduled with corporate accounts to discuss CY20 sales performance.

- Final preparation is underway for launching in Walmart locations. Installations will begin in late January 2021.
- The Corporate Sales team has begun the process for having the next wave of vending machine installations for between Q1 and Q2 2021.

### **3) Retail Recruitment**

- Recruitment Results
  - Sixteen (16) new applications received and advanced to Phase II of the approval process over the last month.
  - Five (5) new independent locations installed in that time frame.
- Prospecting Activities
  - We are pursuing 38 new retailer prospects. 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.
  - While we are limited in our ability to make face-to-face appointments, we continue to keep in contact as best we can to help prospects navigate through the application process.

### **4) Sales Force Automation**

- gemIntelligence/field units: Working on a solution with SG to improve the ability to fill out surveys and other forms using Chrome or Microsoft Edge as a browser.
- gemOffice: XCAP renewals were completed at the end of December. Over all the renewal process went smoothly. Of the 400 XCAP retailers only 11 did not complete the process on time; most of those have subsequently renewed.
- gemRetailer: We have seen a significant increase in the number of retailers requesting access to this reporting and analysis tool. Retailers, paying more attention to their business during the pandemic, are looking for tools to help them maximize every sale and manage the business more effectively.
- SciTrak: Discussions began with SG on the implementation of a dynamic allocation system as part of our Tel-Sell scratch-off ticket ordering process. Currently, we incorporate a static allocation model for initial shipping of new scratch-off games. The challenge is finding the correct quantity of games to ship to each retailer that ensures enough product is available for a given time period. The effort to go to dynamic allocations will have a ripple effect in several areas, including: call-in orders for scratch-off product; better inventory control at the store level; and the reduction of scratch-off product returns by Lottery District Managers.
- Training: We are creating a six-month training curriculum. Working from home presents challenges for some personnel to maintain a clear understanding of business processes, to manage their time, and to utilize technology. The goal is to create programs that can reach everyone while encouraging those who need additional support to ask for assistance.