

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: March 16, 2021

SUBJECT: Report for the March 2021 Commission Meeting

1) Sales

February 2021, Year over Year Comparison Product Category by Store Segment

		Draw	Monitor	Instant and Fast Play	Combined
STATE	2021	\$70,144,182	\$41,561,791	\$76,786,893	\$188,492,866
	2020	\$62,912,395	\$41,442,735	\$81,720,307	\$186,075,437
	Difference	\$7,231,788	\$119,056	(\$4,933,414)	\$2,417,429
	%YoY +/-	11.5%	0.3%	-6.0%	1.3%
INDEPENDENT	2021	\$54,269,602	\$36,366,166	\$49,231,913	\$139,867,681
	2020	\$48,701,534	\$37,385,909	\$52,984,449	\$139,071,891
	Difference	\$5,568,068	(\$1,019,743)	(\$3,752,536)	\$795,789
	%YoY +/-	11.4%	-2.7%	-7.1%	0.6%
	% of State Sales	77.4%	87.5%	64.1%	74.2%
CORPORATE	2021	\$15,874,581	\$5,195,625	\$27,554,980	\$48,625,186
	2020	\$14,210,861	\$4,056,827	\$28,735,858	\$47,003,546
	Difference	\$1,663,720	\$1,138,798	(\$1,180,878)	\$1,621,640
	%YoY +/-	11.7%	28.1%	-4.1%	3.4%
	% of State Sales	22.6%	12.5%	35.9%	25.8%

* - 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 February 17th continued to highlight Walmart installations, the debit card reader rollout plan and new game launches.
 - District Managers with the best January sales by region/territory (year-over-year):
 - Jonathan Braithwaite T-11
 - Sandra Holland T-28
 - Rob Austera T-33 - (Awarded the DM of the month)
 - Chuck Hamrick T-42
 - Todd Cearfoss, District Manager for territory 24 was promoted to the Regional Manager's position for western Maryland.
 - Recruitment ongoing for two other open positions.
- Field Activities
 - Inclement weather kept sales below normal during most of the month but rebounded substantially during our February blitz week by posting \$54 million for the week.
 - Emergency Essential personnel, consisting of the sales management staff, continue to support some field initiatives, especially with COO scratch-off inventory returns.
 - The field staff began limited retailer store visits as of February 22nd.
- Sales Support/Self-Service Vending Units
 - Developing a new allocation plan of self-service vending machines to include 7-Eleven priority locations and newly identified independent stores eligible to receive a self-service unit.
 - Working with the sales field staff to provide proper amounts of point of sale pieces for use in the field. Our retailers' needs have increased due to our absence in the field caused by the pandemic. We are ensuring that all POS and merchandising is up to date.
 - Ongoing management and administration of our Retailer Bonus Program as well as revamping our efforts for our Winner Awareness Program now that our sales staff has returned to the field.
 - Collaborating with multiple departments on the development of new internal procurement and inventory processes and systems.
 - Forecasting point of sale usage for the remainder of our current fiscal year as well as development of a procurement plan for FY22.

2) **Corporate Sales**

- Field Activity
 - Scientific Games (SG) has completed the installation of 47 Walmart locations. The Corporate Sales team, working with the SG marketing team, will continue providing additional training and support for all Walmart stores.
 - With a keen interest in managing their scratch-off inventory securely, 7-Eleven operations and security teams, along with the Maryland Lottery Corporate Sales

and Security teams, are collaborating to make sure all policies and procedures are implemented properly while exploring two additional initiatives:

- Several 7-Eleven locations have applied for PHDs and will have them installed within the next 4 weeks.
- A pilot group of 20+ 7-Eleven locations will test a new merchandising system (SciQ) provided by SG. SciQ better displays the scratch-off inventory for players while more securely managing the inventory in-store.

3) Retail Recruitment

- Recruitment Results
 - Nineteen (19) new applications received and advanced to Phase II of the approval process from February 12th - March 15th.
 - Nine (9) new independent locations installed from February 12th - March 15th.
- Prospecting Activities
 - We are pursuing 46 new independent retailer prospects. They are at various stages of completion. Working to get the paperwork submitted so we may approve and move on to Phase II for the required clearances from Agent Administration and Security departments.
 - As COVID-19 restrictions ease, prospecting activity will increase. The Recruitment Department is managing the approval process for all new independent prospects by monitoring the applications prior to their expiration date. Also, we have been tasked to assist with Change of Ownership (COO) application processing to allow Regional Managers more time for field work.

4) Sales Force Automation

- gemIntelligence/field units: As more field staff return to daily operations, some remedial training is required to get back to peak efficiency. Anticipating the next round of software updates for our sales force automation tools.
- gemOffice: Creating a slight backlog in new business applications as we await the needed responses from other state agencies getting back up to speed. Considering re-routing specific elements on the applications to keep the process moving forward.
- gemRetailer: Looking to expand system capabilities to include queries on self-service vending units in the program. This would be of great benefit to our retailers.
- SciTrak: March is the first month of generating dynamic allocations for scratch-off initial orders of new games. The plan includes dynamic allocations for the months of March through June. Expected benefits to be seen in a number of areas: better flow of scratch-off product to reach the retailers; less burden on our warehouse; and reduction in the number of call-in orders to Tel-Sell. The process of getting new games in the marketplace will be much improved, thereby increasing sales.
- Training: In addition to our ongoing training efforts, we have developed a back to basics program to assist the sales staff who are re-engaging retailers in the field. Work from home may have fostered some poor habits. Group meetings will be conducted via Google Meet to review best practices.