

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Control Commission
John Martin, Director

FROM: Solomon Ramsey, Managing Director, Sales and Marketing

DIVISIONS: Sales and Marketing

DATE: February 15, 2022

SUBJECT: Report for the February 2022 Commission Meeting

Following is the status update of ongoing and special projects in Sales, Product Development and Creative Services, for February.

1. Sales

January 2022, Year over Year Comparison Product Category by Store Segment

| | | Draw | Monitor | Fast Play/Instant | Combined |
|--------------------|------------------|----------------|--------------|-------------------|----------------|
| STATE | 2022 | \$80,943,324 | \$46,838,062 | \$87,299,318 | \$215,080,704 |
| | 2021 | \$118,534,627 | \$46,196,526 | \$100,783,508 | \$265,514,660 |
| | Difference | (\$37,591,303) | \$641,537 | (\$13,484,190) | (\$50,433,956) |
| | %YoY +/- | -31.7% | 1.4% | -13.4% | -19.0% |
| INDEPENDENT | 2022 | \$58,283,350 | \$40,456,587 | \$54,389,918 | \$153,129,855 |
| | 2021 | \$82,565,032 | \$40,518,771 | \$64,860,459 | \$187,944,262 |
| | Difference | (\$24,281,682) | (\$62,183) | (\$10,470,541) | (\$34,814,406) |
| | %YoY +/- | -29.4% | -0.2% | -16.1% | -18.5% |
| | % of State Sales | 72.0% | 86.4% | 62.3% | 71.2% |
| CORPORATE | 2022 | \$22,659,974 | \$6,381,475 | \$32,909,400 | \$61,950,849 |
| | 2021 | \$35,969,595 | \$5,677,755 | \$35,923,049 | \$77,570,399 |
| | Difference | (\$13,309,621) | \$703,720 | (\$3,013,649) | (\$15,619,550) |
| | %YoY +/- | -37.0% | 12.4% | -8.4% | -20.1% |
| | % of State Sales | 28.0% | 13.6% | 37.7% | 28.8% |

* 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 was conducted virtually on January 12, 2022. The meeting focused on the launched of the new Pick 5 game and a recap of our last quarterly sales goals. We launched four (4) price points featuring a \$1, \$2, \$5 & \$10 tickets for the Monopoly family of games (FOG).
- District Managers with the best sales by region/territory (year-over-year) for December:
 - Jonathan Braithwaite T-11
 - Chuck Hamrick T-25 (Awarded the DM of the month)
 - Vivian Bell T-30
 - Ken Trythall T-43
- The Sales department will begin working with HR to recruit for two vacant district manager positions in February.
- The management team continues researching and exploring alternative selling platforms i.e. in-lane selling, that can be utilized at previously unexplored retailers.
- The sales team has been meeting with Solomon Ramsey, Managing Director, Sales and Marketing to acclimate him to sales activities and duties of the staff.
 - Each department, within sales, has been giving scheduled presentations to Solomon.
- The management team worked to finalize the Retailer holiday bonus program and distribute payments to the retailers.

Field Activities

- Solomon Ramsey has visited three of four sales regions with Tyrone Williams, the field sales manager.
- The special assignment district manager (DM), Steve Corbin, began on January 5th and has been engaging in training and ride along activities.
- Sales worked to get 1099's corrected and ready to distribute to the retailer network.
- The DMs worked with the retailers with Last Activation Date (LAD) inventory in January.
- Retailer sales struggled, in January, after our jackpot runs had ended but the blitz or launch week again proved invaluable in keeping scratch off ticket sales above last year's numbers.

Sales Support/Self-Service Vending Units

- Continued review of the Self-Service program and plan implementation for calendar year 2022. This includes:
- Continued development of prospect location lists with sales department regional managers.
- Vetting and analysis of prospective locations to select locales with greatest sales potential.
- Allocation and distribution of units.
- Maximizing our sales potential at retail by analyzing and identifying low performing units currently in the marketplace, working with these locations to

increase efficiency and productivity, and lastly relocating said units to pre-approved locations with greater potential if improvements are not made.

- Allocation and distribution of specialized dispensers in preparation for our oversized instant ticket launch scheduled for March.
 - Continued planning for our 50th Anniversary in CY2023. Identifying opportunities for both retailer and consumer engagement. This includes but is not limited to: development and procurement plans for POS and promotional items; development of a retailer bonus program to coincide with the anniversary; identification of long-standing retailers to be highlighted.
 - Continued development, review, and deployment of three monthly planograms for our PHD & PHDL self-service units.
 - Ongoing management and administering of both our Retailer Bonus Program and Retail Winner Awareness Program. Working directly with our district managers to implement the awareness program in the marketplace.

Corporate Sales

- Field Activity
 - The corporate sales team met with Solomon Ramsey and discussed the current activities in process and duties of the corporate sales team.
 - James Young will be setting up meetings with Solomon and himself to define potential corporate chain leads.
 - Business reviews have been conducted with the following retailers:
 - Redner's Markets
 - Martins
 - Walmart
 - The corporate sales team continues to work with its chain portfolios to determine the best solutions for providing new equipment and other types of support for their locations.
 - Many of the requests for additional equipment are due to the high level of turnover in chain locations and not being able to provide their normal level of employees to perform regular store duties.
 - The corporate team is working with 7-11 to implement the remaining SCI Q instant ticket selling devices.

Retail Recruitment

- Recruitment Results –January 11th – February 11, 2022
 - Six (6) new applications received and advanced to Phase II of the approval process with ten (10) new independent locations installed.
 - Pursuing new corporate retailer, “CD Corporation” which has 3 locations.

Sales Force Automation

- The posting for Sales Training Manager has closed. HR evaluated the applicants and ranked them with interviews slated for early February.
- Sales is working with Scientific Games to update software to include the addition of the Pick 5 games in the Gem products.

- Sales is working with SGI and self-service support to develop a report that will identify Out of Stock (OOS) bins in PHD's.
- SCI Trak: The dynamic order system is working well. Each month I review those retailers not getting allocations and I decide to add them to the initial order or not. I typically add 15 to 20 requests, this amount is steadily going down as the system is doing a better job of allocating books both on initials and auto orders.
- GOV Delivery: New content was given to Doug in Communications. Doug created a great video. Video was posted and received well by the retailer base.

2. Product Development

a) Scratch-Off Products and Promotions

i. Key accomplishments last period:

1. February Scratch-Off Launch (2/21/22):
 - a. \$2 – *Betty Boop™*
 - b. \$3 – *Bonus Crossword 4th Edition*
 - c. \$5 – *Diamond Mine X9*
 - d. \$10 – *\$250,000 Gold Rush*
 - e. \$30 – *\$2,000,000 Gold Rush*
2. *Ravens 2021 Second-Chance Contest*: The sixth drawing was held 1/12/22, 554,765 entries were received.
3. *Holiday Cash 2021 Second-Chance Contest*: The twelfth and final drawing was held 1/11/22, 6,308,592 entries were received.
4. *Game Closing Activity*:

| Game | Price | Game Name | Total Sales | Prize Expense | Gross Margin | Final Claim Date |
|------|-------|------------------------------|--------------|---------------|--------------|------------------|
| 491 | \$1 | Money Bags | \$2,587,470 | \$1,553,000 | \$1,034,470 | 1/3/2022 |
| 485 | \$2 | Lucky 7s Doubler | \$5,325,630 | \$3,393,558 | \$1,932,072 | 1/3/2022 |
| 507 | \$3 | Peppermint Payout X3 | \$8,296,191 | \$5,640,580 | \$2,655,611 | 1/3/2022 |
| 497 | \$5 | "\$" Dollar Sign | \$19,335,150 | \$13,919,374 | \$5,415,776 | 1/3/2022 |
| 480 | \$5 | Deluxe Crossword 5th Edition | \$16,295,745 | \$11,653,087 | \$4,642,658 | 1/3/2022 |
| 490 | \$10 | Bingo X10 3rd Edition | \$25,440,380 | \$19,067,565 | \$6,372,815 | 1/3/2022 |
| 509 | \$10 | Holiday Luck X10 | \$22,560,815 | \$16,918,355 | \$5,642,460 | 1/3/2022 |

ii. Upcoming tasks for this period:

1. March Scratch-Off Launch (3/21/22):
 - a. \$1 – *2 For \$1*
 - b. \$3 – *Skee-Ball®*
 - c. \$5 – *Fat Wallet*
 - d. \$10 – *Mega 7s*
2. *MONOPOLY™ Second-Chance Contest*: The first drawing was to be held 2/22/22; as of 2/13/22, 2,101,526 entries were received.

b) Draw and Monitor Game Products and Promotions

i. Key accomplishments last period:

1. *Pick 5 Launch*: A brand new draw game became available to players. Pick 5, similar to Pick 3 and Pick 4, launched 2/7/22.
2. *5 Card Cash Retires*: With the launch of Pick 5, the agency decided to retire the 5 Card Cash game. The game's final drawing took place Sunday 2/6. Players will have 182 days from the purchase date to cash any winning tickets. After the final

2/6 drawing, tickets that won the lowest prize tier (free 5 Card Cash ticket) will instead receive a \$2 voucher.

c) FAST PLAY Products and Promotions

i. Key accomplishments last period:

1. *MONOPOLY™ Second-Chance Contest*: The first drawing will be held 2/22/22; please see above section a.ii.2 for the most recent entry data.
2. *Game Closing Activity*:

| Game | Price | Game Name | Total Sales | Prize Expense | Gross Margin | Final Claim Date |
|------|-------|--------------|-------------|---------------|--------------|------------------|
| 010 | \$1 | Three To Win | \$1,189,160 | \$699,118 | \$490,042 | 1/2/2022 |
| 007 | \$2 | In Between | \$2,332,076 | \$1,477,127 | \$854,949 | 1/2/2022 |

ii. Upcoming tasks for this period:

1. March FAST PLAY Launch (3/7/22):
 - a. \$5 – *Home Run Riches Bases Loaded*
2. *Home Run Riches Bases Loaded “Contestant of the Game” Contest*: From 3/7* – 8/30/22, players will be able to enter winning and non-winning Home Run Riches Bases Loaded FAST PLAY tickets for a chance to win cash. There will be 6 drawings and 162 total winners selected to win \$500 cash, plus an additional \$500 for every home run scored by an Orioles player. Entries will be cumulative and will carry over after each drawing.
 * Promotion start date may change due to MLB lock-out and the possible delay to the start of the season.

3. Creative Services

a) Traditional Advertising

i. Key accomplishments:

1. *Monopoly FOG Scratch-Offs*: All *MONOPOLY* media and creative elements were finalized. The advertising campaign began on 1/24 and will run through 2/27.
2. *Pick 5*: The *Pick 5* advertising campaign began running on 2/7 and will conclude on 3/13.
3. *Gold Rush \$10 and \$30 Scratch-Offs*: All *Gold Rush* media has been finalized and purchased. The media plan will run from 2/28 through 4/3. All out-of-home and digital creative elements have been finalized. Point-of-sale has been delivered.
4. *Betty Boop Scratch-Off*: Approved *Betty Boop* graphics for use on the Lottery’s owned assets and in social media.
5. *Mega Millions Jackpot Support*: The *Mega Millions* jackpot was supported from 1/13 through 1/28 with television, radio, and digital bulletins.
6. *Skee-Ball Scratch-Off*: Lottery finalizing advertising recommendations to support the launch of *Skee-Ball* with GKV and 9 Rooftops.
7. *Mega 7s Scratch-Off*: Finalized the *Mega 7s* point-of-sale and moved it into production. Approved the creative and media briefs that will be used to develop the *Mega 7s* advertising campaign.
8. *Family Feud Scratch-Off*: Approved the *Family Feud* creative brief and reviewing all creative assets required to support the April ticket launch.
9. *Orioles 2022 Season*: *MASN-TV* and the *Baltimore Orioles* prepared sponsorship proposals for the 2022 season. 9 Rooftops is in the process of evaluating both proposals, knowing that the MLB season could be delayed.

ii. Upcoming tasks:

1. *Gold Rush \$10 and \$30 Scratch-Offs*: Produce the *Gold Rush* radio spots. Finalize the social media plan.
2. *Mega 7s Scratch-Off*: Meet with GKV and 9 Rooftops to review the *Mega 7s* media plan and creative assets. Finalize all advertising components.
3. *Skee-Ball*: Finalize the *Skee-Ball* creative and media plan with an estimated start date of late March.
1. *Family Feud*: Review and approve the *Family Feud* media brief. Finalize the *Family Feud* creative elements.
2. *Orioles 2022 Season*: Finalize the *MASN-TV* and *Orioles* sponsorship packages to support the launch of *Home Run Riches FAST PLAY*. Develop all creative assets for both sponsorships.

b) My Lottery Rewards

i. Key accomplishments:

1. New player registrations for January totaled approximately 6,000, which was flat when compared to both the prior month and prior year.
2. The number of average users for January was also flat when compared to activity in December.
3. *Ca\$h To Go* was the most entered scratch-off game in January with 113,100 tickets entered. It also saw the most unique enterers, with approximately 14,400.
4. *Pick 4* and *Pick 3* continue to lead draw game entries with over 2.33M combined; while *Powerball* lead unique enterers with 31,900.
5. We saw 77,059 MLR mobile app users in January.

ii. Upcoming Tasks:

1. Continue to implement emails and push notifications consistent with overall CRM strategies.
2. Maintain player communication about the conversion of prize points to draw points.

c) Web, Digital and Social

i. Key accomplishments:

1. Promoted *Pick 5*, *Betty Boop Scratch-Offs*, *Monopoly Scratch-Offs* and *FAST PLAY* games and the second-chance contest, and various winners through social media and the website.
2. Published information about the new *Pick 5* game on mdlotttery.com and the mobile app.
3. Promoted the *Ravens Season Tickets for 20 Years* reveal event via Facebook Live.

ii. Upcoming Tasks

1. Execute digital and social plans for the *Gold Rush Scratch-Offs*, *Skee-Ball Scratch-Off*, *Mega 7s Scratch-Off*, and *FAST PLAY Home Run Riches Based Loaded* game, all launching in March.
2. Execute digital and social plans for *Problem Gambling Awareness Month* in March.
3. Create social and digital plans for the *Family Feud Scratch-Off* launching in April.