

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: September 13, 2022

SUBJECT: Report for the September 2022 Commission Meeting

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

1. Sales

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

		Draw	Monitor	Fast Play/Instant	Combined
STATE	2022	\$73,482,683	\$51,889,980	\$87,431,891	\$212,804,554
	2021	\$82,389,930	\$51,822,611	\$88,121,916	\$222,334,456
	Difference	(\$8,907,247)	\$67,369	(\$690,025)	(\$9,529,902)
	%YoY +/-	-10.8%	0.1%	-0.8%	-4.3%
INDEPENDENT	2022	\$54,266,882	\$44,004,362	\$53,850,069	\$152,121,313
	2021	\$62,465,363	\$45,064,031	\$56,036,069	\$163,565,463
	Difference	(\$8,198,482)	(\$1,059,669)	(\$2,186,000)	(\$11,444,151)
	%YoY +/-	-13.1%	-2.4%	-3.9%	-7.0%
	% of State Sales	73.8%	84.8%	61.6%	71.5%
CORPORATE	2022	\$19,215,802	\$7,885,618	\$33,581,822	\$60,683,242
	2021	\$19,924,567	\$6,758,579	\$32,085,847	\$58,768,993
	Difference	(\$708,765)	\$1,127,039	\$1,495,975	\$1,914,249
	%YoY +/-	-3.6%	16.7%	4.7%	3.26%
	% of State Sales	26.2%	15.2%	38.4%	28.5%

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.

a) Sales Management

i. Key accomplishments last period:

1. The monthly sales meeting was conducted virtually on August 17th, 2022.
 - a. We launched four (4) scratch off price points featuring \$2, \$5 & \$10 (2), including the 2022 Ravens campaign (\$2 & \$5 price points) that also have a 2nd chance feature.
2. District Managers with the best sales by region/territory (year-over-year) for August.
 - John Jaeger T-14
 - **Sandra Holland T-28 (Awarded the DM of the month)**
 - DeUnka Wade T-38
 - Van Daniels T-44
3. In August, Managing Director Sol Ramsey went out to DM Chuck Hamrick's territory and visited retail locations with him.

ii. Upcoming tasks for this period:

1. The Sales department received a new sales goal of \$2.7 billion for FY'23. With the early jackpot runs in the Mega Million and Powerball games Sales and Marketing teams have gotten off to a good start during our first quarter of FY'23.

b) Field Activities

i. Key accomplishments last period:

1. The sales team made 1,651 retailer communication contacts, during August, which includes store visits, phone calls and emails as the summer vacations dominated our field presence.
2. The business review program began and all DMs have met the monthly requirements of two per territory.
3. Sales is working the OAG to terminate inactive retailers and recover equipment.

ii. Upcoming tasks for this period:

1. District Managers were trained on how to develop and present a business review to their retailers.
2. A refresher training for work order processing starts in September.
3. Due to vacancies, some territory reassignments will occur prior to recruitment to fill open positions.

c) Retail Recruitment

i. Key accomplishments last period:

1. Recruitment Results (August 10th – September 9th, 2022): Sales processed 11 independent applications.

ii. Upcoming tasks for this period:

1. Special emphasis and priority remain to increase recruitment in obtaining new corporate chain locations, as well as high foot traffic independent locations while increasing efforts in Baltimore City and Montgomery County.

d) Sales Support/Self-Service Vending Units

i. Key accomplishments last period:

1. 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.

ii. Upcoming tasks for this period:

1. Initial preparations for our Holiday season include: ordering of holiday instant envelopes for gift giving; development of holiday schedule fliers to be distributed to retailers; preparing the warehouse for POS distribution dates and plans.
2. Working with our central system provider and their Tel-Sell team to reconcile and fine tune the auto order process for instant tickets to ensure adequate and accurate inventory is being supplied to retailers.

e) Corporate Sales

i. Key accomplishments last period:

1. *Business reviews:* Reviews were scheduled with the following retailers:
 - a. Weis Markets
 - b. B Greene Co.
 - c. Rutter's Farm Stores
 - d. 7-Eleven
 - e. Dash In
2. The Corporate Sales team has been in discussions with our corporate partners to discuss ways to increase sales in their locations.
 - a. The Sheetz Free Gas promotion ran from July 21st- August 23rd and had a grand total of 3,229 entries across their 32 locations.
 1. The promotion produced 18 winners with prizes ranging from \$250-\$1000.
 2. Sheetz was very pleased with the level of participation and is interested in running another joint promotion with the MD Lottery in the future.
 - b. We are exploring the opportunity of running similar 2nd chance promotions with the following chains:
 1. Wawa
 2. 7-Eleven
 3. Weis Supermarkets

f) Corporate Recruitment

i. Upcoming tasks for this period:

1. Stratosphere Social
 - a. New entertainment venue located in Sykesville, MD. (Onboarding process underway)
2. Papi's Taco's (3)
 - a. Growing restaurant group with locations in Hampden, Towson and Ocean City. (Onboarding process underway).
3. Par Mar Stores (4)
 - a. Convenience chain based in Marietta, OH with over 200 locations collectively in KY, WV, PA and OH. Par Mar will be expanding into Maryland in late Q3 22. (Onboarding process underway)
4. Megamart (9)
 - a. Growing grocery chain based in Adelphi, Maryland with locations in Baltimore, Frederick, Gaithersburg, Takoma Park, Rockville, Adelphi, Laurel, Hyattsville and Riverdale. (Onboarding process underway)

a) Sales Force Automation

i. Key accomplishments last period:

1. Training: The training manager provided Business Review training for the DMs so they can conduct and meet the monthly business review goals with their retailers.
2. The Expanded Cashing Authority Program (XCAP) renewal letter was sent to the retailer network on August 19th to inform them about the bi-annual renewal of their XCAP privilege. If the renewal is approved, the XCAP status is valid for two (2) years.

ii. Upcoming tasks for this period:

1. Training: The training manager is working with the HR department to provide agency wide Sexual Harassment awareness training that will begin in September.
2. *Gem Products*: The Sales team is preparing for the XCAP renewal period.

2. Product Development

a) Scratch-Off Products and Promotions

i. Key accomplishments last period:

1. September Scratch-Off Launch (9/19/22):
 - \$1 – *Fast Ca\$h*
 - \$5 – *Power Spot Multiplier*
 - \$5 – *Deluxe Crossword 7th Edition*
 - \$10 – *Lady Luck*
 - \$30 – *Cash Is King*
2. *Ravens Second-Chance Contest*: The first drawing was held 8/30/22, 140,098 entries were received. The second drawing was to be held 9/19/22; as of 9/11/22, 370,885 entries were received.
3. *Game Closing Activity*:

Game	Price	Game Name	Total Sales	Prize Expense	Gross Margin	Final Claim Date
530	\$1	\$50 Loaded	2,965,550	1,780,516	\$1,185,034	8/7/2022
519	\$2	Bonus Cash	5,017,856	3,213,414	\$1,804,442	8/7/2022
525	\$5	Win Win Win	15,818,780	11,400,595	\$4,418,185	8/7/2022
528	\$5	24 Karat Gold	15,384,060	11,084,100	\$4,299,960	8/7/2022

ii. Upcoming tasks for this period:

1. October Scratch-Off Launch (10/17/22):
 - \$1 – *Chillin'*
 - \$2 – *Holiday Cash Drop*
 - \$3 – *Peppermint Payout*
 - \$5 – *Holiday Ca\$h*
 - \$10 – *Blizzard Bucks*
 - \$20 – *The Game of Life®*
1. *Holiday Cash 2022 Second-Chance Contest*: Starting 10/17/22, players may enter non-winning Holiday instant tickets for a chance to win cash (65 winners total). Entries will be based on ticket price point (\$1 *Chillin'* = 1 entry, \$2 *Holiday Cash Drop* = 2 entries, \$3 *Peppermint Payout*= 3 entries, etc.). Entries will be cumulative and will carry over after each drawing.

b) Draw and Monitor Game Products and Promotions

i. Key accomplishments last period:

1. *Cash Heatwave Promotion*: From 8/1 – 8/21/22 players entered Pick 3, 4 or 5 tickets into My lottery Rewards to win cash prizes. The third and final drawing was held 8/22/22, 1,574,373 entries were received.
2. *State Fair Keno Sprinkler*: From 8/26 – 9/11/22 players had the chance to Double or Triple their prizes when playing Keno. Doublers and Triplers were produced on an Nth ticket basis for Keno, Keno Bonus, Keno Super Bonus & Packaged Keno to Go tickets. If the player's numbers were winners, their winnings were doubled or tripled.
3. *Racetrax State Fair \$6 for \$5*: From 8/26 – 9/11/22 any player that made a \$6 Racetrax purchase received a \$1 discount. The maximum discount received was \$5 off any ticket valued at \$30 or more.
4. *Powerball's First Millionaire of the Year!* [9/5 – 10/1/22]: Any Powerball + Double Play tickets purchased during the promotional period may be entered into My Lottery Rewards for a chance to win a NYC trip plus cash, and a chance to become a finalist for the "First Powerball Millionaire" drawing to be conducted just after midnight on New Year's Eve. The first drawing will be held 10/4/22; as of 9/11/22, 5,469 entries were received.

ii. Upcoming tasks for this period:

1. *Hall-O-WIN* [10/10 – 11/1/22]: This is a brand new second-chance promotion for the Pick game category. Any Pick 3, Pick 4 and Pick 5 tickets purchased (\$1 purchase = 1 entry, two \$0.50 tickets are needed to complete one entry) during the promotional period may be entered into My Lottery Rewards for a chance to win one of five cash prizes of \$10,000 (5 winners x \$10,000 = \$50,000 promotional liability).

c) FAST PLAY Products and Promotions

i. Key accomplishments last period:

1. September FAST PLAY Launch (9/5/22):
 - \$1 – *Slots of Fun (progressive)*
 - \$2 – *Gold Fish (progressive)*
 - \$3 – *Bean Bag Bucks*
 - \$5 – *Falling Into Cash*
2. *Home Run Riches Bases Loaded "Contestant of the Game" Contest*: The sixth and final drawing was held 8/30/22, 218,627 entries were received.
3. *FAST PLAY Game Closing*: The next batch of FAST PLAY games were scheduled to be closed Sunday, September 4th. Games #006 *Hot Dice*, #029 *Invaders From Planet Moolah*, and #035 *I Heart Cash* were closed at system shut down on 9/4/22. Progressive game #005 *Lucky Numbers* will close after the next progressive top prize is won after 9/4/22.

3. Creative Services

a) Traditional Advertising

1. *Ravens Scratch-Offs*:
 - a. Completed production of the Ravens television and radio spots.
 - b. All media elements began running on 9/5 and will continue through 10/2.
2. *Lady Luck & Cash Is King Scratch-Offs*:
 - a. Finalized the creative campaign to support the launch of *Lady Luck & Cash is King Scratch-Offs*. Completing production of a radio spot and the digital assets.
 - b. All media has been finalized and placed and will begin running on 9/26.

3. *Game of Life Scratch-Offs*:
 - a. Finalized the creative campaign to support the launch of *The Game of Life*. All elements to be produced in the coming weeks.
 - b. Scheduled to review the media plan the week of 9/12.
4. *Holiday Scratch-Offs*
 - a. Approved two rounds of point-of-sale; phase 1 will support the second-chance promotion and phase 2 will promote the holiday gift giving message.
 - b. Approved the creative direction for the Holiday campaign.
 - c. Scheduled to review the media plan the week of 9/12.
5. *Sports Sponsorships*:
 - a. Finalized FY'23 sponsorships with *Towson University* and *Morgan State University*. All sponsorship elements were agreed upon and the Lottery is working to finalize the creative assets.

b) Web, Digital and Social

1. Promoted the *Ravens Scratch-Offs* and second-chance contest, new *Fast Play* games, the *Powerball First Millionaire of the Year* promotion, the *Racetrax \$6 for \$5* promotion, the *Keno Sprinkler* promotion, and various winners through social media and the website.
2. Featured the Lottery's presence at the *Maryland State Fair* by conducting a Facebook giveaway for tickets, posting about the live drawing and posting photos and videos from the Lottery area at the Fair.
3. Evaluating the Responsible Play page on mdlottery.com with the goal of including more information about how to set limits and how to know the odds of winning for each game

c) My Lottery Rewards

1. Monthly average users decreased 10.5% from July when we saw the large Mega Millions jackpot, but increased slightly from August, 2021.
2. Monthly registrations decreased 37% from July, but increased 99% from August, 2021. High jackpot activity is behind the change.
3. The August coupon redemption rate was 68%.
4. The MLR mobile app served 9,512 new users out of approximately 68,000 total users in August. About 83% used the iOS platform and 17% utilized Android.
5. *Money Rush* led the scratch-off game category for MLR entries with 111.6K tickets entered. Second for entries was *Extreme Green* with 96.8K tickets entered. Third was *Gold Bar Bingo* with 80.9K entries
6. *Pick 3* and *Pick 4* continue to lead draw game entries with over 2.4M combined. *Mega Millions*, *Powerball*, and *Multi-Match* lead unique enterers with 27.2K, 23K, and 15.7K respectively.