

Explaining the new retailer remuneration model for members
Effective 1 July 2019, following site surveys starting 1 April 2019

Increase in revenue

The new retailer model increases the commission on the sale of lottery products by 1% (*except Instant Scratch-Its, Lucky Lotteries, and Keno (SA), and subject to regulatory approval*). This will enable retailers the opportunity to earn more than 10% additional revenue*.

Commissions for compliant retailers on the sale of lottery products are now 10.3%. For a retailer with an average of \$22,000 in weekly sales, this will give them an extra \$220 a week to take home (\$11,440 a year). And a retailer with an average of \$50,000 a week in lottery sales could earn an extra commission of \$26,000*per year – and this does not include the commissions from digital sales and the refund of DigiPOS.

And all this requires retailers to not do much more than they are already required to do.

**Retailers that are fully compliant have the opportunity to receive more than 10% additional income from the sale of lottery products (compared with FY18)*

Refunds for existing shop fit-outs and DigiPOS

the Lott will abolish the cost of DigiPOS screens, and on top of that a refund of previous DigiPOS screen costs. *For example, a two-screen outlet that had installed DigiPOS already at a cost of \$8000 will receive this back as a cash-in-hand refund.* For stores that install DigiPOS in the future, screens will now be at zero cost as *the Lott* will now pay for the total cost of future DigiPOS screens and all reasonable maintenance costs, completely abolishing these costs for retailers.

This change is worth \$17million over five years to retailers.

Inclusion in online sales

You can now benefit from online sales through the opportunity to earn commission and bonuses from all digital lottery purchases by members you register (customers who register for membership in your store and who then purchase online) and through registered omni-channel customers (customers who you register as members, who then shop online as well as in-store at least once per year). Figures confirm what the retail industry is well-aware of about the rise of omni-shoppers, and this inclusion gives retailers a piece of the digital pie so they can benefit from this growing trend.

Tabcorp has explained that “this isn’t about pushing customers online, but about giving them the freedom to move seamlessly between channels”. This is based on their customer insights that show the average spend-per-year for customers shopping *both* in-store and online is 2.9 times more than a digital customer, while retail on its own is only 1.8 times more valuable.

Changes for retailers

In order to benefit from the new model, retailers must participate in site surveys and comply with their existing franchise agreement, including the nine criteria that are existing requirements, for example participating in free training.

There will be a 1% increase in weekly franchise fees, which is overcompensated by the increase in commissions, a performance adjustment to this franchise fee, along with the other new benefits available from the remuneration model.

Rollout

The survey period for site surveys will continue to run three times a year (four months each), but the first to qualify for the new remuneration changes will start from 1 April 2019 to the end of June 2019 and will only be a three-month initial period in order for the model to take effect from 1 July 2019 in every state of Australia, except South Australia and WA.

While the new model is unable to be introduced in SA at this stage, we will be working hard with the South Australian Government, regulators and our retailers there to get agreement on an approach that will allow our retailers to benefit.

To assist with a smooth rollout for our members, and to prepare for the next phase of consultation, ALNA and the LRA will be providing members with helpful guides, hands-on assistance, and easy ways of providing feedback on the model.

The Australian Lottery and Newsagents Association is the only national association with a national ACCC collective bargaining authorisation, and along with our affiliated association LRA, we represent newsagents and lottery agents in every state and territory of Australia. As such, we are the only association that is negotiating nationally with '*the Lott*' for further improvements.

We are here to help you

Many of ALNA's and LRA's recommendations have been implemented to make this new model easier to use and achieve. We will be actively providing you with support and advice to help you comply with and benefit from this new model.

We will be providing you with site survey guides and a checklist to help you receive a Green Performance Rating, which gives you the highest commissions and benefits available in this model.

You will also receive methods to provide feedback on the model and its ease of use.

More details about what this means for your business will be sent to you over the next few weeks. If you have any questions, please contact your [State Manager](#), come to our roadshows in March and April and or email feedback@alna.net.au.