

A better deal for lottery retailers: New Tabcorp model

After years of negotiating, ALNA and LRA are pleased to have secured significant improvements for you.

Today the Lott has announced a positive new retail remuneration model that reduces costs, increases commissions, and opens the door for newsagents and lottery retailers to benefit from digital sales.

We know there was a need for change and ALNA and LRA have worked very hard for many years to conclude a lengthy negotiation on a raft of changes to address shop fit costs, remuneration challenges and the cultural divide created by being excluded from online. We have made numerous submissions and thirty recommendations, and we are pleased to see these being implemented in this comprehensive and positive new model that we have been able to negotiate with Tabcorp to benefit our members.

More details about the remuneration model are attached, with more information still to come. Here is a summary:

New model

- **Increased commissions:** More than 10% increase in commissions* earned on lottery product sales for outlets who achieve nine criteria that are existing requirements (subject to appropriate regulatory approvals by state gaming authorities for price increases and commission adjustments). For example, for a business with an average of \$22,000 a week in lottery sales, this represents \$220 extra commission a week or over \$11,000 per 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.

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

- **Refund of DigiPOS:** Along with other savings already achieved by ALNA and LRA on shop fits, this new model removes all DigiPOS fees, and on top of that you will receive a refund for already purchased DigiPOS screens. For example, a two-screen outlet who had installed DigiPOS already at a cost of \$8000, will receive this back in full as a cash-in-hand refund. For stores that install DigiPOS in the future, 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.

- **Digital sales:** Recognising that omni-channel customers are the most valuable, retailers will finally benefit from online sales through an opportunity to earn commission and bonuses from all digital lottery purchases by members you register and through registered omni-channel customers who buy online at least once per year.
- **Free membership for customers:** Free membership for all customers, win notifications and a digital wallet for prizes that can be used in retail stores for new lottery purchases with no merchant fees.
- **Adjusted franchise fee:** A 1% increase in franchise fees is overcompensated by the increase in commissions and a performance adjustment to this franchise fee, along with the other new benefits available from the remuneration model.

How do you access the new model?

- Engage with site surveys and comply with your franchise agreement, including nine criteria that are existing requirements e.g. participating in free training. This is rewarded by eligibility for the new benefits.
- Offer new free membership registration to customers from your lottery terminal to link their online lottery purchases with their in-store purchases so you can benefit. Data shows that customers prefer to use both channels (for example, in-store during opening hours and online outside business hours). These customers spend more overall than any other lottery customer. This results in bonuses and commissions paid to retailers from online sales.

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. And we will be actively providing you with support and advice to help you comply with and benefit from this new model.**
- ALNA and LRA 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 receive methods to provide feedback on the model and its ease of use to ALNA and LRA.
- The new model is unable to be introduced in South Australia at this stage and 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.

We appreciate the patience our members have shown during this lengthy, complex and at times very involved consultation process based on detailed analysis and collaboration. The result is a better deal for our members that addresses many of the challenges and that opens the door for an improved partnership.