



ACS Submission – Society Lottery Reform

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Digital, Culture, Media and Sport's consultation on Society Lottery Reform. ACS is a trade association representing 33,500 local shops. Our members include the Co-Op, SPAR UK, Nisa Retail and thousands of independent retailers. For more information about ACS, see Annex A.

There are 49,918 convenience stores in the UK, employing 370,000 people selling a range of grocery products and providing a number of services to their local communities. The majority of convenience retailers (79%) offer lottery products¹. By far the most common lottery products offered in-store are for the National Lottery with 46,000 retailers offering lottery tickets in the UK². The National Lottery has proved to be an extremely valuable development for convenience stores, not only bringing new income in the form of retailer commission offered on sales, but also introducing new customers to stores and bringing footfall.

ACS is proud of the role that local shops have played in the success of the National Lottery. Retailers have actively promoted the games and taken part in new marketing activity. This has driven sustained growth for the National Lottery which has generated £38bn³ for good causes. Many of these good causes are in the communities served by retailers selling National Lottery games, which has allowed stores to promote the value of the National Lottery to local customers.

More recently, new products including the Health Lottery have entered the market, which work through existing store systems. Many retailers operate the Health Lottery and the National Lottery side by side and this has strengthened retailers' position in the market, as well as opening up new sales opportunities. Retailers also work with society lotteries and local charity lotteries, but this accounts for a relatively small part of the sector. Society lotteries provide the opportunity for all retailers to offer lotteries as not all retailers can be part of the National Lottery network.

Our concerns about the reform of society lotteries relate specifically to remote society lotteries such as the People's Postcode Lottery. The growth of remote society lotteries may displace sales from retailers that offer National Lottery and other society lottery products in-store to online for example. If the growth of remote society lotteries continues, this trend could undermine the benefits of lotteries for retail businesses.

Society Lottery Reform

We believe that the government should consider small incremental increases over a long period of time when considering changes to the individual per draw sales limits, individual

¹ ACS Local Shop Report 2017

² [Camelot Group: Our Retailer Network](#)

³ [The National Lottery: Life Changing](#)

per draw prize limits, and annual sales limits to ensure minimal impact on lotteries offered in-store.

As demonstrated by the National Lottery, very large jackpots attract more people to play lotteries, which is an essential footfall driver for retailers. While in theory, increasing per draw prize limits for society lotteries could lead to an increase in sales and footfall for retailers, in practice, only a small part of the convenience sector currently offers society lotteries. Instead, dramatically increasing per draw prize limits for society lotteries would increase the draw limits for remote society lotteries, which could lead to displacing sales of lotteries in-store to online.

As stated above, we support incremental changes for annual sales limits for society lotteries. Currently, the government's preferred option, to increase the annual sales limit from £10 million to £100 million, may not be considered as an incremental change unless it is increased periodically over a long period of time. The government could consider whether their plans to increase the annual sales limit are in proportion with their increases to per draw sales limits and individual per draw sales limits, and if not, whether there are options available to ensure that it does not have a detrimental impact on the sales of lotteries offered in-store.

Impact on National Lottery

As recognised in the consultation, the Department for Digital, Culture, Media and Sport want to ensure that any changes to society lotteries are not to the detriment of the National Lottery. Therefore, we believe that the Gambling Commission's evidence on the impact of society lotteries on National Lottery sales should be continually reviewed and remain robust to ensure that the continued growth of society lotteries, in particular remote society lotteries, do not have a detrimental impact on the sale of National Lottery products. This is particularly important as the Gambling Commission recognise that the society lottery sector has grown significantly with their latest industry statistics showing that, in the year ending September 2016, the sector sold lottery tickets valuing over £531 million. This is an eight percent increase on the previous period and well over 100% increase on the last five years.⁴ Given the significant growth of the society lottery sector, the Department for Digital, Culture and Sport should also consider commissioning new research to understand at what point society lotteries could start impacting on National Lottery product sales.

We believe it is important to monitor the impact on the National Lottery if the Department for Digital, Culture and Sport decides to increase the per draw prize and sales limits for society lotteries. This is aligned with the Gambling Commission's recommendation in their advice provided to DCMS on society lotteries which states that "the effects of these changes should be monitored to ensure that there are no unintended consequences"⁵. We also agree with the Gambling Commission's conclusion that any future limits can be reconsidered at a point where the risk of doing so is better understood and the market indicated it is required⁶.

ACS is keen to work with the Department for Digital, Culture, Media and Sport on their plans to reform society lottery. We would be happy to facilitate discussions with retailers about the implications of society lottery reform and National Lottery.

⁴ [Gambling Commission: Advice provided to DCMS on society lotteries](#)

⁵ [Gambling Commission: Advice provided to DCMS on society lotteries](#)

⁶ [Gambling Commission: Advice provided to DCMS on society lotteries](#)

For more information about this submission, please contact Julie Byers, ACS Public Affairs Manager by emailing Julie.Byers@acs.org.uk or call 01252 533008.

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of around 50,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents 22,397 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents 14,659 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents 12,862 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColl's, Conviviality Retail and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2017, the total value of sales in the convenience sector was £38bn.

The average spend in a typical convenience store transaction is £6.28.



There are 49,918 convenience stores in mainland UK. 74% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 370,000 people.

24% of independent/symbol stores employ family members only.



20% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

72% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

79% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2016 and May 2017, the convenience sector invested over £858m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,291 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.