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BREAKING NEWS



Rival scratchcard provider speaks out A 'particularly one-sided story', Camelot responds

Co-op and Camelot deny 'restricting competition'

EXCLUSIVE

by Jack Courtez

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A rival lottery operator has alleged Camelot and Co-op "colluded" to "restrict competition" from a new scratchcard model that it claims would have benefited retailers.

RN understands lottery operator Nektir is taking a case against both firms to the Competition and Markets Authority and the Gambling Commission, as well as pursuing legal action directly against Co-op due to alleged contractual failings. Co-op and Camelot both deny the accusations.

In January 2017, Co-op signed a deal to launch a range of £1 and £2 own-brand scratchcards with Nektir – trading as Creative Lotteries. Operating through PayPoint, the system reduces losses from theft by activating a scratchcard only when sold, rather than the entire pack. It also gave 22% back to local good causes, compared with around 10% on some other scratchcards.

Nektir director Craig Scott said: "It took over two and a half years to get a contract signed off by Co-op. We were reassured because we thought we had absolute support from all levels of Co-op's

executive team."

Sales of the cards depended on being merchandised at the point of sale. Camelot was provided with information on Nektir's new display unit by Co-op in January 2018. Despite Camelot voicing some concerns, Nektir said Co-op informed them it was comfortable the new display units did not breach its agreement with Camelot.

The display units for the own-brand cards – designed with Co-op, but paid for by Nektir – were introduced in September 2018. However, RN understands Camelot immediately asked Co-op to remove the displays.

Later that month, Camelot removed its terminal from one Co-op trial site in Sale, Cheshire, and switched off its machines at 38 Co-op stores with the rival displays installed. Nektir understands that Camelot alleged the rival displays breached Camelot's agreement with Co-op because it was unclear they were not connected with The National Lottery. Nektir also claimed Co-op denied the unit breached the agreement.

A source at Nektir said Camelot attempted to ban the units from the

only available space above the counters that a rival provider could use, an act that effectively made it impossible for the new scratchcards to compete.

Less than two weeks later, Co-op gave Camelot permission to remove Nektir-owned display units.

However, in a later meeting in October, Nektir alleges that Co-op said it had "fiercely contested" demands from Camelot to remove the displays.

Less than three months after the removal of the displays, Nektir terminated its deal with Co-op after failing to get compensation for the move, which Nektir claims cost it £1.5m.

Explaining its case to the regulators, a Nektir spokesperson claimed that "Co-op and Camelot colluded in meetings and in other discussions" in a way that "had the objective of clearly restricting competition".

Nektir told RN Camelot's actions could discourage other potential retail partners, including symbol groups, from launching similar schemes. "Working with PayPoint, we could roll this out to other retailers very quickly," it claimed.

Camelot responded: "It seems you've been pro-

vided with a particularly one-sided story, containing a number of inaccurate claims. While we don't comment publicly on the details of confidential dealings with individual retailers, we deny the allegations of any impropriety by Camelot.

"For the avoidance of doubt, Camelot has never had a problem with National Lottery retailers selling competitive products. Many already do and have done for a number of years. Our policy has always been that these products should be promoted or displayed in a way that makes it absolutely clear to customers that they are not associated with The National Lottery in any way, and that The National Lottery's promotional assets and goodwill should not be exploited to divert sales to these competitive products.

"We don't believe these are unreasonable requirements in fulfilling our obligation, under the terms of our operating licence, to protect the integrity and reputation of The National Lottery."

RN understands that Co-op also rejects Nektir's account of events, and denies any suggestion of collusion.

Photo-Me's laundrette machines

Photo-Me International has unveiled an outdoor laundrette machine available to independents offering commissions of up to 20%.

The Revolution Compact and Compact S can wash duvets, blankets and pillows in 30 minutes.

Managing director Elliott Andrews told RN: "Typical commission rates are 15% to 20% of the revenue, which generates healthy returns for our customers on a monthly basis."

Prices for the machine start from £27,000. "We offer a free on-loan agreement where Photo-Me makes all the associated investment and shares a revenue percentage of the takings with the client, or an outright purchase can be made," said Andrews.

● If you are interested in adding the service, call RN on 020 7689 3357

McColl's sales slump

McColl's has blamed 'poorer weather' for a 2.2% annual like-for-like sales drop in its recent quarterly financial results.

For the third quarter ending 25 August, total revenue also fell by 3.6% in the period. To help return to growth, McColl's said it had a 'programme of range reviews alongside continued investment in its convenience estate'.

McColl's chief executive Jonathan Miller said: "This has been a highly unseasonable summer for the retail sector and our sales performance reflects both this and the ongoing economic uncertainty."

"We continue to make operational progress and we anticipate results in line with expectations for the full year."