



Morning Noon & Night

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Department for Culture, Media and Sport

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March 19, 2004

Ms Tessa Jowell MP
Department for Culture, Media and Sport
2 – 4 Cockspur Street
London
SW1Y 5DH

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AR *S Broulley*
DM *C Patchell*
03/25/05

Dear Ms Jowell,

The National Lottery – 3rd Licence Proposals

Morning Noon & Night Ltd operate 50 convenience stores spread throughout Scotland, many of which provide our customers with the National Lottery service. We pride ourselves in operating at the heart of local communities, some in rural areas where we are the only shop in the area, and strive to offer as broad a range of services as possible despite increased competition from the major multiples, ever increasing regulatory burdens and general costs.

Retailers like ourselves have, over the years, worked well with Camelot to ensure any proposals or changes (e.g. the introduction of new games, upgrading and positioning of terminals and lottery furniture, admin and training), can be integrated within the overall offer within stores to ensure our customers have full access to the National Lottery games, ultimately leading to more revenue for the Good Causes.

We were therefore disappointed to hear that proposed changes to the future licencing of the National Lottery have been forwarded without discussion with retailers as to the viability of the operation in the retail outlets. Our major concern is the possibility of allowing different operators to run individual games. Many issues need to be highlighted on this proposal, namely: -

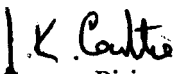
- a) It would undoubtedly increase the retailer's workload, putting more pressure on profitability.
- b) It would over complicate instore operations, as many stores don't have space to accommodate more terminals (assuming if there were different operators involved, they could not use the same terminal) and presentation dispensers.
- c) Point of sale, advertising and marketing aids are currently advised and controlled by Camelot. If various operators were vying for premium space for these instore, which would get priority? It would be very confusing for the customer, who may ultimately not bother playing!
- d) Retailers time is at a premium – if various sales personnel from different operators want to visit to discuss sales, marketing, test purchasing, staff training, etc for their own products, it would put more pressure on the retailer.
- e) The accounting and paperwork would increase dramatically with cash and admin controls having to be split down to be reconciled per operator, again adding time and costs to the retailer.
- f) Would all games be available to all retailers? Would retailers want to pick and choose the better games for them, and not offer the whole range?

Would existing lottery retailers, because of these issues, question whether it was indeed worthwhile to remain trading in Lottery? These retailers have been central to the success of the lottery in the UK, and their views in its future are paramount to its continued success.

I therefore urge you to consider these issues, and seek comments from other retailers, with a view to reconsidering the proposals to ensure Lottery sales revenue continues to improve, costs are kept under control, which in turn should improve returns for the Good Causes.

I look forward to hearing more from you on this subject in the near future.

Yours sincerely,


George Pirie
[Operations Director]