Sainsbury’s plc
Alcohol etc (Scotland) Bill

Introduction

39 of our 825 stores are in Scotland (28 supermarkets, 11 convenience stores).

We serve over 580,000 Scottish customers a week and employ over 6,000 colleagues in stores and in depots.

Executive Summary

We are committed to driving positive behaviour change, both within our company and with our customers. Our experience shows that change in consumer behaviour is most successful when it is incentivised and focused on education, rather than when change is imposed by regulation or restriction.

We believe that government and retailer action needs to be targeted, with action designed at specific ‘at risk’ groups.

There seems to be an unrealistic expectation that perceived ‘easy wins’ around a ban on promotions and the introduction of minimum pricing will produce substantial public health returns. Even the Sheffield Study found a total ban on off-trade discounting would reduce consumption by just 2.8%.

What is known is that a higher pricing regime will result in the unintended consequences of those on fixed incomes being hardest hit. It will be seen as an unfair and anti-consumer policy by customers, introduced at a time of financial hardship for many families.

We do not believe that increased purchasing of alcohol directly impacts on increased excessive consumption. The issue is much more complex and involves the need for more of an understanding and emphasis on the demand side of why people misuse alcohol in the first place.

We strongly believe that there needs to be a greater place for educational policies designed to tackle the culture of excessive drinking.

We strongly support schools, local charities and voluntary groups in encouraging displacement activity for teenagers. We are active members of The Drinkaware Trust, the Community Alcohol Partnership. We take alcohol unit messaging and cracking down on underage sales very seriously.

1. Minimum pricing based on a unit of alcohol:

*Whole population approach:*

1.1 We do not believe that minimum pricing will do what it is intended to - reduce problem drinking. A whole population approach is unfair. It will
not discourage problem drinkers but punish the responsible majority. It will disproportionately hit those on fixed incomes and we would be surprised if Parliamentarians and the Scottish Government meant this group to be targeted by these proposals.

1.2 A better approach is for more local educational and targeted action at problem drinkers.

Result from minimum pricing will be shift in product choice, rather than reduction in consumption:

1.3 It may simply lead to a shift in product choice rather than reduction in overall consumption. A minimum price of 50p per unit of alcohol would mean that a bottle of own-brand spirits at 40% abv would cost £14. At such a level the own-brand product has lost its competitive advantage. For information our own-brand Scotch is produced at sites near Glasgow and East Kilbride. Our Taste The Difference Malt Whisky is bottled near Edinburgh. If minimum pricing is introduced it would mean these own-brand products would now be competing in the same price range as branded products such as Smirnoff Vodka or Bells Whisky.

1.4 This then questions whether consumers will buy cheaper brand or own-brand products when for the same price you can buy premium branded product - meaning a significant negative impact on those own-brand sales and thus a negative impact throughout the supply chain.

UK market:

1.5 Cross-border trade: There is the very real possibility of increasing cross-border ‘white van’-type sales. The regular P&O ferry from Troon to Larne is a well-known and popular route for Scottish travellers to Northern Ireland and could be used for future alcohol trips. Customers from The Borders and Dumfries and Galloway could easily drive to towns in England, particularly to Berwick and Carlisle respectively.

1.6 In Northern Ireland, we have seen this cross-border shopping in practice. Our Newry store regularly sees shoppers ‘commute’ from Dublin to Newry to do their weekly or monthly shop. As a result our Newry store has the highest alcohol sales in the whole of our UK estate. Last year the Irish News reported that Sainsbury’s and Asda had 2.5% of the Irish grocery market, despite not having a single store in the Irish Republic.\(^1\) While this cannot solely be put down to alcohol sales, the alcohol pricing differentiation is a strong factor. While acknowledging the high cost of petrol, customers have told us that alcohol was one of the key purchases that they were prepared to travel substantial distances for.

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\(^1\) Irish News. 29 January 2009. ‘All roads leads to Newry as consumers shop around’
1.7 Internet sales: Even taking into account shipping costs, there is the real possibility of bulk internet overseas sales being more attractive to Scottish consumers if a minimum retail price was introduced.

Lack of evidence:

1.8 We do not believe that increased purchasing of alcohol directly impacts on increased excessive consumption. We believe that the issue is much more complex, and involves the need for much more of an understanding and emphasis on the demand side of why people misuse alcohol in the first place. Our research shows that one third of customers would buy a little more than usual, with nearly half saying they would buy ‘about the same’.

1.9 Sheffield Study: While the Sheffield University study is a respectable academic study it didn’t however look at the potential impact on the market of introducing minimum pricing. The limited evidence presented so far in favour of an off-trade ban on promotions shows only a very small public health gain.

1.10 There are other studies, including the Centre for Economic and Business Research’s recent study (CEBR), which questioned the findings of the Sheffield University study. It found that: “pricing legislation is unlikely to have a significant impact on overall consumption levels of those drinkers that it is intended to target, unless price increases are set at very high levels.”

2. Social Responsibility Fee:

Health and community engagement:

2.1 We think a Social Responsibility Fee is unnecessary, unjust and could potentially undermine our actions to support local charity and community initiatives.

2.2 Through our commitment to food and health we have awarded store grants to a number of local charities and community groups that meet the ‘food, family, health and kids’ criteria. For example, our Inverkip Local convenience store has sponsored a local children’s football team. Our Active Kids programme has given nearly £1.2million-worth of sports equipment to Scottish schools since 2005. In Belfast we have offered to work with the Police to offer ‘diversionary tactics’ to help keep children active and off the streets during the evenings, and particularly during the summer holidays.

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2 Ipsos Mori survey commissioned by Sainsbury’s. 2007
3 Sheffield University Review into alcohol pricing and promotions policy. [http://www.sheffield.ac.uk/mediacentre/2008/1128.html](http://www.sheffield.ac.uk/mediacentre/2008/1128.html). ’Sheffield report analyses effects of alcohol pricing and promotion policies’: 3 December 2008. “A total ban on off-trade discounting is estimated to reduce consumption by 2.8%”
4 Centre for Economic and Business Research report “Minimum Alcohol Pricing: A targeted measure?” (June 2009), page 4
2.3 Through the activity detailed above we feel that we are better placed to positively engage local community group and local authorities on their needs, rather than imposing a Social Responsibility Fee.

Unfair extra taxation:

2.4 It imposes a further tax on us, ignoring the fact that we already make substantial contributions to local taxation through business rates and increased fees for license applications and variations.

Blunt instrument:

2.5 A Social Responsibility Fee does not make a distinction between responsible and irresponsible licenses, by grouping all those businesses that hold an alcohol licence together, irrespective of their customer-base and behaviours. The Licensing (Scotland) Act 2005 and other already existing enforcement powers should be the key mechanisms to deal with badly run premises.

Impractical:

2.6 It is questionable how practical is it to trace the alcohol purchases of someone causing trouble late at night to their first purchase. There are issues around whether the alcohol belonged to parents or friends or was stolen from a store and whether those purchases were all made in that local area. Then attaching that disorder to a specific off-trade premise is very questionable.

Costs of administering the Fee:

2.7 Any Social Responsibility Fee that is paid into local authorities is unlikely to be used in the most efficient way. The value of the Fee will be lost in administration and bureaucracy costs. We can offer a much more efficient and targeted approach to local groups to promote public health objectives in the area.

3. Raising purchase age to 21:

No evidence that this measure will reduce alcohol-related harm/incidents:

3.1 There is negligible evidence that a two-tier age restriction is likely to further reduce young people's access to alcohol. The proposal is seemingly based on a small evidence-base – the pilot study in the small town of Armadale. The Armadale study did not include supermarket stores, it was concentrated over a specific and short period of time, it did not fully acknowledge the large police presence and on the street enforcement and confiscation policies, as well as the significant coverage the study created within the local community.
3.2 There is also a danger that any move to increase the purchase age to 21 for certain off-trade premises in certain areas will merely move the problem around.

3.3 The implication that 18-20 year old behaviour is moderated more in the on-trade is totally without evidence.

**Intelligence-led local enforcement:**

3.4 We would suggest that the Government and the Police’s priority should be in enforcing existing age purchase laws, with targeted and intelligence-led action taken against retailers who knowingly sell to underage persons and against proxy purchases.

3.5 The Community Alcohol Partnership model offers a ready-made opportunity to identify and deal with problem hotspots in a targeted and joined-up way.

**4. Promotional Offers and Materials:**

**Lack of evidence for promotions ban:**

4.1 In the highly competitive branded and own-branded alcohol market, promotions are run to encourage customers to switch between brands, and to encourage customers to try different products, rather than increase consumption.

4.2 As a food retailer, while our customers may buy alcohol on promotion, it is overwhelmingly as part of their weekly shop.

**Promoting Scottish niche products:**

4.3 Pricing promotions gives small start-up brands, as well as the multinational well-known brands, a chance to compete and differentiate from each other. For example the Inveralmond Brewery, Perth and the Williams Bros Brewery in Alloa are both small breweries who supply us with a small number of specialist regional beers. Taking away their ability to price promote on shelf takes away one aspect of their ability to compete.

**Impracticalities of ban on promotional material:**

4.4 Restricting all promotional material to just the designated alcohol area in store will have significant unintended consequences and result in bizarre and impractical rulings. Examples below:

4.5 ‘Meal deals’ and ‘tip cards’: Encourage the consumption of food and alcohol together. However, we are concerned that limiting their promotion to just the alcohol area is impractical and does not reflect how the Deal, and often the ‘tip’ cards, are food and alcohol based, or how
customers shop. We would need to advertise outside the alcohol area and due to conditions in the Licensing Act we can’t put non-alcohol products in the alcohol area anyway.

4.6 **Newspapers/in store magazines**: for ease and convenience our customers expect us to sell magazines and newspapers at the front of our stores. The proposed restriction will hit all publications including national and local newspapers, magazines and in store publications if they have alcohol advertisements or food and drink recipes – they would all have to be put in the alcohol area, which is often at the back of the store and therefore lose those customers who haven’t come in to buy alcohol. It also seems unfair if one of our competitors is advertising in publications which we don’t advertise in, yet we’d still have to put them in the alcohol area.

4.7 **External ‘vicinity’**: The Scottish Government have not defined what ‘vicinity’ means and could lead to bizarre rulings or bans on advertising of alcoholic products which we have no control over – alcohol brands advertising on bill boards for example.

5. **Other/Alternatives:**

5.1 There needs to be much more emphasis on understanding the supply-side of the debate and how educational projects can have a long-term impact.

5.2 **Drinkaware**: We were one of the first supermarkets to join The Drinkaware Trust, which brings together producer companies, retailers, health professionals, academics and NGOs. Its aim is to positively change public behaviour and reduce alcohol-related harm. One of its key priorities is around under-18’s education. Our Head of Legal Services is a Trustee. We have contributed over £100,000 to Drinkaware over the last two years and are part of the industry £5m-funding pledge to Drinkaware.

5.3 **Community Alcohol Partnership**: Has been shown to work. Through the Retail of Alcohol Standards Group (RASG), of which we are a key member (our Head of Legal Services chairs the group), CAP brings together retailers, the police, local authorities, secondary schools, youth clubs and the local press to tackle under-age drinking through education, enforcement and public perception. It has been independently reviewed by the University of Kent. A pilot scheme has been launched in Fife.

5.4 **Alcohol units**: Increasing customer understanding of how many units are in alcohol drinks is vital and a valuable way of improving public health. We already label our own brand products, but more can be done by others. We were pleased that Alcohol Concern in their report ‘Message
on a bottle’ ranked our own brand products ‘the best out of all the supermarkets’, with scores of 88% and 100% compliance.\textsuperscript{5}

5.5 Targeting ‘at risk’ drinkers: There needs to be a much clearer strategy by public health authorities and charities of targeting problem drinkers and ‘at risk’ groups, rather than them politically campaigning for a disproportionate legislative, top-down approach. This will mean a better use of public funds and resource and ensure an overall better overall public health outcome.

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