Executive Summary

1. The Co-operative Group shares the Scottish Government’s concern about the impact of alcohol misuse on individuals and on Scottish society as a whole. We welcome the commitment shown by all political parties in Scotland, and more broadly in the UK, to tackle to problem of alcohol misuse and the harm that results.

1.2. The Co-operative is concerned that the proposals put forward in this Bill will not achieve the Scottish Government’s desired effect of reducing alcohol consumption in Scotland. Furthermore, it is not clear from the case put forward by the Scottish Government what the unintended consequences will be, and also, what the impact of such proposals may be in other business areas.

1.3. Supply-side measures are only one way to tackle alcohol abuse; a more rounded approach using public education and awareness initiatives and working in partnership with all stakeholders is more likely to be successful than the policy tools established in this Bill.

Introduction and Background: The Co-operative Group and the Scottish Co-operative

2.1. The Co-operative welcomes the opportunity to provide evidence to the Health and Sport Committee on the general principles of the Alcohol Etc. (Scotland) Bill.

2.2. The Scottish Co-operative has proudly served Scotland for over 140 years. The Co-operative Group stands apart from other major retailers in the UK as a business which is owned, not by a small group of shareholders, but by more than five million consumers.

2.3. With core interests in food, financial services, travel, pharmacy and funerals, it has an annual turnover of more than £14 billion, employs 123,000 staff and operates over 5,000 retail trading outlets handling more than 20 million weekly transactions, this includes over 390 shops in Scotland. Following the acquisition of the Somerfield supermarket chain in March 2009, The Co-operative Food is the UK’s fifth largest food retailer.

2.4. Food retailing is core to our activities providing around half of the group’s turnover. Part of the retail mix is the sale of alcohol products that are sold in all of our Scottish food outlets.
2.5. As a convenience store and small supermarket chain, we operate within all Scottish communities, including some of the remotest areas of the Highlands and Islands. Our stores provide a lifeline to some of the most isolated and vulnerable people in our society. Our stores help ensure the long-term viability and vitality of our high streets and neighbourhood centres which are under increasing threat from out-of-town developments.

2.6. We are responsible retailers of alcohol and are committed to selling alcohol in a responsible manner, underpinned by our long-standing co-operative values and principles. We are members of the Scottish Grocers Federation, the Association of Convenience Stores and both the British and Scottish Retail Consortiums.

3. A minimum unit price for sales of alcohol

3.1. The Alcohol Bill seeks to introduce a minimum price per unit of alcohol and introduces enabling legislation as a means to achieve this. We do not support the introduction of minimum pricing for alcohol products as this goes against the whole ethos of open competition and would limit consumer choice.

3.2. It is ill-targeted to use such a blunt policy instrument that impacts upon all consumers of alcoholic drinks regardless of whether or not the groups concerned have anything to do with alcohol misuse. We are not convinced that the evidence presented from other countries to support the case for measures to discourage excessive alcohol consumption through increasing the price is either compelling or valid for Scotland. More carefully targeted measures to address those who persistently misuse alcohol would be more efficient than a blanket approach that penalises the vast majority of adults who enjoy alcohol responsibly.

3.3. We note the recent report of the Centre for Economic and Business Research on 'Minimum Alcohol Pricing: a targeted measure' \(^1\) that concludes that the economic case for minimum pricing is weak and is unlikely to have a significant impact on overall consumption levels for drinkers it is intended to target, placing an unfair burden on moderate drinkers.

3.4. There are clearly competition law issues that question whether the Scottish Executive can take action in this area as it may be a reserved power and indeed whether prices can be set in this way. A recent European judgement \(^2\) rejected the setting of a minimum price on tobacco in Austria, Ireland and France in order to protect public health.

3.5. We note that the intention is to impact on low priced high alcohol drinks. However, if a minimum pricing scheme were introduced on the

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\(^1\) Centre for Economic and Business Research – Minimum Alcohol Pricing: a targeted measure – June 2009

\(^2\) European Court of Justice Advocate General decision – October 2009
basis proposed relating to a cost per unit, this does not take account of the quality of products and other factors governing price e.g. with regard to wine. If the lowest quality price is pushed up as a result of minimum pricing, this could cascade on the whole range to maintain a price differentiation for consumers to ascertain quality.

3.6. Minimum pricing would also lead to wastage in stores as it would affect our reduce to clear policies that apply to all grocery products as it may not be possible to reduce the price of alcohol for quick sale if it then went below a minimum price.

3.7. Different pricing regimes operating in Scotland and England are likely to promote the development of a cross border trade in alcohol. The availability of ‘cheap’ alcohol across the border in England will impact upon the off-trade in the Borders and South regions and, potentially as far as the Central region. There may be opportunities for internet retailers operating outside Scotland to circumvent the requirements and thus skew the competitive market. On a practical level, retailers trading across the UK may require different codes on products in Scotland that would additionally create problems with suppliers and through the supply chain.

3.8. We are concerned that the Bill appears to assume that it is both desirable and necessary to attempt to close the gap in pricing between the on-trade and the off-trade, particularly larger supermarkets. We would make the general point here that prices in shops will always be lower than in pubs/clubs because of the cost structures of the business and buying arrangements and the different nature of the service element in the latter. This equally applies to food where you would not expect to pay the same for food bought in a shop to cook at home as you would in a pub or restaurant.

4. Restrictions on Promotions

4.1. We do not support the controls on promotions outlined in the Bill. Promotions are accepted as widely used marketing mechanics that apply across all products in the grocery mix and offer consumers a choice within a competitive environment. Alcohol promotions are an integral part of our promotional programme.

4.2. We remain of the view that sales from the off-trade have to be viewed differently from those in the on-trade given alcohol purchased will be consumed over a longer period of time, unlike in an on-trade environment when it will be consumed at the time of purchase. Even if prices are cheaper, this does not mean they will consume those products all at once leading to excessive alcohol consumption.

4.3. Although consumers will respond to promotions on alcohol, as they would do on products sold in stores as part of their shopping, they may not actually make consumers buy more, as they could just switch
brands. Research commissioned by the BRC from Populus in 2007 on purchasing and consumption of alcohol among young adults showed this to be the case as the young adults participating did not buy more because of promotions.

4.4. In terms of these bans being introduced because of the increased availability of alcohol, we would point out that off-trade hours are often less than the on-trade given they cannot extend permitted hours under the present licensing legislation. Under the new regime from September 2009 it is only the off-trade that has stipulated hours when alcohol can be sold. It is therefore incorrect to suggest that access related to hours is greater in the off-trade.

4.5. For the record, no part of our retailing mission encourages below cost selling, though at times there may be a need to adopt a discounting position to respond to competitor-led pricing.

5. Restrictions on marketing materials

5.1. The Bill seeks to introduce restrictions on where marketing materials relating to alcohol can be placed through control over the location of drinks promotions – limiting them to one designated area within the store. We do not believe that there is evidence to suggest that promotional material of the type described above causes harm through encouraging excessive drinking. The Portman Group Code, which we adhere to, seeks to ensure that products are marketed in a socially responsible way and only to an adult audience.

5.2. The current wording of the Bill means that all promotional material such as in-store magazine, recipe cards with any mention of alcohol and an promotional material relating to food and wine offers in store must only be displayed in the alcohol aisle which is out of keeping with the approach of marketing alcohol with food.

5.3. We are also concerned that restrictions on promotional leaflets would disadvantage smaller retailers relative to larger ones since the smallest retailers do not have the option to simply divert money into press, TV and radio advertising. Leaflets are an important method for smaller retailers to advertise promotions in their neighbouring community and in the store itself.

6. Minimum Legal Purchase Age for Alcohol

6.1. We question the value of the minimum age for off-sales purchases being increased to 21 as we do not see that the case has been made that this will result in more responsible drinking amongst young people, especially as it is not proposed to apply it across the board. A legal impediment applied to adults in this way is questionable in the twenty first century and hinders adults being able to make lifestyle choices. If more responsible drinking is sought, then other educational
and awareness raising approaches would be more beneficial to achieve the objective.

6.2. We question the rationale for allowing a divergence in the minimum age for off-sales purchases and for on-sales purchases. The underlying assumption appears to be that alcohol is more widely accessible in off-sales than on-sales. We would question this given hours are more controlled in the off-trade than the on-trade.

6.3. The Bill seems to assume that the on-trade has a more controlled drinking environment, yet both the on and off trade are subject to the same regulatory control under licensing legislation. There is no evidence that the behaviour of 18-21 year olds is more likely to be moderate in an on-trade setting.

6.4. Although it may appear that the off-sales arena is less controlled than the on-sale arena, the majority of alcohol purchased will be drunk in a controlled setting at home with family/friends. Although young people may have drunk within a ‘controlled’ area while in on-trade premises, there are problems of drunkenness, crime and disorder and anti-social behaviour associated with those leaving on-trade premises that are generally acknowledged and seem to be accepted when the Bill establishes the need for a social responsibility levy.

6.5. The Co-operative does not believe that the Scottish Government should pursue a measure that does not have the support of the public or of the Scottish Parliament. In October 2008, following a Scottish Conservative Party Debate, the Parliament rejected the Scottish Government’s proposals to raise the age limit for purchasing alcohol from off-licenses and supermarkets from 18 to 21.

6.6. Empowering licensing boards to raise the legal alcohol purchase age in a ‘local’ area will lead to regional variations in the implementation of this policy. This has the potential to create significant problems with 18-20 year olds travelling to areas where they can legally purchase alcohol. It would create local social disturbances and cause significant compliance problems for retailers, such as the Co-operative, trying to abide by different regimes.

6.7. Off-trade retailers could face abuse from irate 18-20 year olds that are freely able to buy alcohol in the on-trade then not being able to do likewise in their local stores – which presents a clear risk to staff. There is likely to be an increase in 18-20 year olds going into on trade premises. As a responsible employer we have concerns that an on/off trade variation in minimum purchase ages could lead to our staff being exposed to the risk of both harm and abuse.

6.8. We have grave concerns over a system of discretionary local conditions that would allows local authorities to impose variations in the minimum legal purchase age for alcohol. Such a system would
result in different approaches being taken by authorities, making it difficult for a national retailer to have consistent policies across all stores and for effective enforcement to occur.

7. Age Verification

7.1. The Bill includes a new mandatory condition on age verification. This requires that an age verification policy must be in place on premises to establish the age of a person attempting to buy alcohol if it appears that they may be under 21.

7.2. The claim that this will discourage under-18s from attempting to purchase alcohol ignores the fact that it is illegal for under-18s to purchase alcohol, whether on or off. More effectively enforced underage sales law would address this point, without having to increase the age further. Retailers make every effort to ensure we comply with current age related sale law to ensure we do not sell to under-18s and apply the Challenge 25 approach.

7.3. The Co-operative already operates a Challenge 25 scheme and has done since June 2009 – before this we operated Challenge 21. Under this scheme our staff will challenge any customer they think is aged 25 or below and ask them to prove they are over the legal age of 18 before allowing them to purchase alcohol. The purpose of this initiative, backed by robust systems, effective training and information provided at the point of sale, is to avoid the sale of alcohol to under 18s.

8. Social Responsibility Levy

8.1. The Bill proposes that Ministers and local authorities should be given the power to raise supplementary hypothecated revenues from the licensed trade, both on- and off – a so-called ‘Social Responsibility Levy’. The intention of this proposal is to raise revenue that can be used to offset the costs of dealing with the adverse effects of alcohol. We believe that such a move is unnecessary. We are particularly concerned that the proposal is based on the assumption that the licensed trade is irresponsible and that all retailers, responsible or irresponsible should pay. The Licensing (Scotland) Act 2005 and other enforcement powers to deal with irresponsibly run premises.

8.2. The Co-operative, like many other retailers is already engaged in a number of social responsibility initiatives related to alcohol. We firmly believe that education plays a key role in combating alcohol abuse. To this end, we undertake a number of Scottish-specific initiatives including Scottish Alcohol Awareness Week. The Co-operative has supported the week in a variety of ways including; not advertising alcohol in-store, handing out drinks measures, diaries and calculators. We have also participated in various consumer awareness-raising
activities, including the WSTA / Drinkaware consumer messages activity last year, and also the Campaign for Smarter Drinking.

8.3. We are concerned that the commitment and enthusiasm of retailers, like ourselves, to support social responsibility initiatives – not just those directly related to alcohol - will be undermined if the additional burden of a social responsibility levy is imposed. At a time when retailers are faced with significant increases in licensing fees and a tough trading environment it is difficult to see how the costs of a Social Responsibility Levy can be met without there being a financial impact elsewhere – this could mean a reduction in the kind of initiatives outlined above or could result in higher prices for all Scottish consumers.

8.4. If there is to be a levy it should be a targeted one, aimed at those individuals who misuse alcohol and those retailers who act irresponsibly. We would not want to see a levy set and administered at a local level – the initiative should be a national one to promote co-ordinated national strategies.

9. Conclusion

9.1. We acknowledge that action needs to be taken to tackle the problems highlighted in relation to Scotland’s relationship with alcohol, and, as responsible retailers, and as outlined above, we are committed to playing our part in tackling alcohol misuse. We are willing to work with the Scottish Executive to achieve its aims. Clearly the change in culture being sought in Scotland, can only be achieved with a holistic approach involving a broad spectrum of stakeholders, bearing in mind that key to a change in culture does require some individual responsibility.

9.2. It also needs to be recognised that different approaches and solutions are required depending on whether age related sales and binge drinking and the associated anti-social behaviour problems are being targeted or the health implications. This immense programme of action cannot be achieved in a short period and will require a measured well thought through long-term approach to bring this about without resorting to what appear to be easy and quick measures that will not serve to achieve the objective.

John McNeill
Regional Operations Director – Scotland, Northern Ireland and Manx
The Co-operative Group Ltd
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