

Common Ground with Fairness and Equity

**ASDA's response to the
Scottish Government's consultation:**

Changing Scotland's Relationship with Alcohol

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ASDA

ASDA's approach

ASDA is pleased to respond to this important consultation and we look forward to working in partnership with the Government to tackle alcohol-related problems in Scotland. We have given careful consideration to the questions in the consultation document, and we believe that the constructive proposals put forward in this response will help to make a real difference.

About ASDA

We operate 47 stores and two distribution centres in Scotland, employing over 19,000 colleagues.

We serve 1.6 million Scottish customers every week, and over 16 million across the UK.

Between 2003 and 2007, we invested £290 million in new and existing stores, improving the product and service choice available to communities throughout Scotland. We will invest over £130 million in Scotland throughout 2008 and 2009, creating over 1,400 new jobs.

ASDA has won the *Grocer* 33 price award for the last 11 years. This year, in addition to winning the lowest priced supermarket award, ASDA also won the 'Best for Service Award' and the 'Best for Availability Award'.

Executive Summary - Common Ground, but with fairness and equity

- **We have always been willing to work with the Scottish Government and political community. We continue to be willing to take radical measures in our off-sales business in Scotland. We are ready to create a new way of selling alcohol. We are, however, deeply concerned by the unintended consequences that the current proposals would create through banning promotions by some retailers and not others, thereby distorting the market. The proposals currently make no mention of the rewards given through loyalty cards, or money off vouchers.**
- **We are also opposed to lower income Scottish consumers bearing the brunt of these proposed changes (the total ban on promotions and an across the board increase in prices). In this time of economic difficulty, we do not think that hard-pressed, law-abiding customers, should be asked to pay more for alcohol as a result of minimum pricing.**
- **We explain our concerns on the competition issues and on the equity issues later in the consultation. We strongly believe that competition on price and on promotions can be positive for Scottish consumers and citizens, especially during these very difficult economic times.**

- We are already in the process of making real and stretching changes to our business to accommodate regulations coming into force in September of 2009. We are spending over £250,000 on extra training, including training additional managers to become personal licence holders. In addition, our store licence application fees have increased almost seven-fold, and we have had to redraft all our store plans in Scotland. To comply with the siting regulations we are relocating all beers, wines and spirits to certain store aisles – restricting access and choice to customers, particularly at seasonal periods.
- A ban on promotions and the introduction of minimum pricing will create incentives for black markets and unscrupulous door to door sales. At the moment, there is little incentive for criminals to enter the alcohol market because of the strong competition between retailers. In the event that a ban on promotions and minimum pricing is introduced, the Government will have to take steps to guard against creating incentives for illegal entrants to the market.
- It cannot be fair for any ‘social responsibility fee’ only to apply to retailers instead of everyone involved in the industry. Is it right that retailers should be held more accountable for alcohol misuse than manufacturers, wholesalers, or members of the on-trade? We would propose an alternative approach - a social responsibility ‘hurdle’ comprising a range of measures that retailers, suppliers and the on-trade should all take in order to be considered responsible suppliers of alcohol. Companies that do enough to get over the ‘hurdle’ would not pay any social responsibility fee. This is a matter of rights and responsibilities, and that is why the *hurdle* is the right approach.

There are many myths in the debate around supermarkets and alcohol. Some commentators have said that our lager is cheaper than our water. This is not the case. Our Smart Price lager is priced at 92p for four 440 ml cans – 52p per litre. A 2-litre bottle of Evian water is 77p – 39p per litre. So even our cheapest lager is more expensive than Evian. And it is even more expensive than our Smart Price water, which is priced at 17p per 2-litre bottle – 8.5p per litre.

ASDA customer survey. We have commissioned an independent market research organisation to ask 10,000 of our customers their views on the key proposals. The results of that survey are shown below:

Results of ASDA customer survey

This survey consisted of 10,109 face-to-face interviews conducted with ASDA shoppers in 30 stores throughout Scotland. All interviews were conducted between 15th and 29th August. The research was conducted by Market Research Society-trained interviewers from the Ace Fieldwork market research agency.

1. The Scottish Government is concerned that alcohol is currently too cheap. The Government wants to set a fixed minimum price for alcohol to reduce the amount people drink. What do you think of this proposal, do you agree or disagree with it?

1 Agree	3385	33.5%
2 Disagree	6170	61%
3 Don't Know	549	5.4%
4 No answer	5	0.0%

2. The Government is also proposing to ban multi-product promotions (e.g. '3 for 2' and 'Buy one Get one Free') to reduce the amount people drink. What do you think of this proposal, do you agree or disagree with it?

1 Agree	2978	29.5%
2 Disagree	6818	67.4%
3 Don't Know	309	3.1%
4 No answer	4	0.0%

3. Of the two proposals outlined above (minimum pricing, and the banning of promotions), which do you think would be the most effective in reducing alcohol consumption?

1 Minimum Pricing	1772	17.5%
2 Banning Promotions	1997	19.8%
3 Neither	6017	59.5%
4 Other	284	2.8%
5 Both	27	0.3%
6 No answer	12	0.1%

4. The Scottish Government is considering that from September 2009, supermarkets would not be able to sell alcohol together with other items. This would mean customers would buy alcohol at a separate checkout and make two separate transactions. Do you agree with this proposal?

1 Agree	2190	21.7%
2 Disagree	7405	73.3%
3 Don't Know	507	5.0%
4 No answer	7	0.1%

ASDA's 22 measures to tackle under-age drinking

In February 2008 we announced a package of measures designed to combat under-age drinking and the anti-social behaviour associated with access to alcohol. We have announced 22 measures to combat alcohol misuse:

- **pledged a £1m social responsibility fund across the UK on alcohol related youth projects. We are currently in discussion with Business in the Community about how to maximise the Scottish share of this investment;**
- rolled out Challenge 25 across the UK following a successful trial in all Scottish stores – the first retailer to do so. We recognise that we have a responsibility to make it practically impossible for under-18s to break the law in our stores;
- doubled the amount of independent test purchases carried out in our stores by Serve Legal – a third party organisation, so that all our stores are now independently tested each month;
- commenced online publication of the success and failure rates of our Serve Legal checks;
- introduced additional training for colleagues on the sale of alcohol, including training on Challenge 25;
- introduced till prompt systems for all age-restricted products;
- taken fruit shooters off sale in all stores;
- removed all 500ml super strength canned beers and lagers from our shelves in 2007 – the first supermarket to do so;
- never stocked Buckfast;
- been trialling several different promotion techniques in 2008 to assess how customers' buying patterns are affected by different processes;
- stopped selling single cans of beer and lager;
- reduced the level of alcohol in Smart Price lager from 3% ABV to 2% ABV;
- introduced a bay of non-alcoholic products into larger stores, with a selection of products in our stores. We match alcoholic beer promotions with equal promotions on low alcohol and non alcoholic beers;
- stopped 100 of our England and Wales town centre stores from selling alcohol between midnight and 6am (the law does not allow the sale of alcohol after 10pm in Scotland);

- contributed financial support to the Drinkaware Trust, which works to promote responsible drinking;
- included the Drinkaware logo, website address and unit information on ASDA-brand wine labels, and we are now rolling this out to all ASDA-brand beers, wines and spirits products;
- introduced the new UK Department of Health recommended wine label on our own brand wines; this includes the new pregnancy message, the number of units in small glasses, large glasses and a full bottle of wine;
- supported Alcohol Awareness Week this year, the first of its kind in Scotland, by giving out unit calculators and inviting customers to sample non-alcoholic versions of alcoholic drinks;
- provided improved signage and responsible drinking information in the beers, wines and spirits aisle;
- regularly provided information on responsible drinking through the *ASDA Magazine*, which has a readership of 4 million throughout the UK;
- provided responsible drinking information on www.asda.com;
- introduced CCTV to our stores – keeping the recordings for a minimum of 28 days and making them available to police and trading standards officers.

In addition to the points above regarding alcohol, ASDA has a track record of responsibility in other areas. For example, we stopped selling tobacco products and knives to 16 and 17 year olds one and a half years before the law changed in England and Wales. We are showing further leadership on tobacco - within the next six months we will be trialling a covering up of cigarettes in a store in Scotland, as well as a store in England.

Common Ground - What more ASDA could do

We would be prepared to take further voluntary measures to be completed within the next six months.

- *Extra free packs.* ASDA will end the sale of extra free packs on 30th September (e.g. 440ml cans of beer with 13.5% free).
- *Pre-watershed advertising.* ASDA is prepared not to advertise alcohol pre-watershed.
- *External advertising.* We will not advertise alcohol offers on ASDA ad-shells or poster sites near schools or hospitals.

- *Point of Sale.* ASDA will have responsible drinking signage in all areas where alcohol is sold. The Drinkaware logo will be increased in size on all advertising material and would be a set % of the surface area of the advert. This approach is typically used by the cigarette industry. We will not advertise alcohol products on external fascias of stores.
- *In store tastings.* In-store tasting demonstrations of alcohol products will be stopped in ASDA stores.
- *In-store tannoy messages.* ASDA would be happy to broadcast in-store tannoy messages on our ASDA FM radio station - giving key messages to customers about sensible drinking.
- *Retailer alert forum.* Information could be shared on a local basis from one store to another about known alcohol misusers or persons who often buy alcohol for minors. This database could be updated by industry associations. A similar database is available already for Licence application issues (maintained by the Wine and Spirits Trade Association).
- *Consultation with police.* ASDA always consults the police and local councils on licensing matters, and we would be happy to see this made a requirement for the whole industry.

As the consultation paper notes, the display and serving of alcohol will be severely restricted from 1st September 2009 to limit it to a single area of our stores and will therefore require a reduction in the amount of beers, spirits and wines currently being sold as well as a large amount of extra training for managers and colleagues in stores. We believe it is only sensible to allow time for these new restrictions to be implemented throughout Scotland. Their impact could then be assessed after a period of at least six months before introducing further measures.

The responsible majority

We would emphasise that penalising responsible people who enjoy a glass of wine or a beer at home is not the way to tackle the serious social problem of excessive drinking by a minority. The vast majority of our customers welcome and appreciate the great value and choice we offer; they have clearly told us that they would be concerned if Government initiatives were to put this at risk.

The Joseph Rowntree Foundation report *A minimum income standard for Britain* sought to establish what the public considered was necessary to achieve an acceptable standard of living.

The report considers four different household types: single working age, pensioner couple, couple with two children and lone parent with one child. Focus groups, made up of members drawn from the household type being discussed, decided that for each household type some level of spending on alcohol was necessary to achieve an acceptable standard of living (p.18). In the case of a couple with two children, it was decided that only alcohol for consumption in the home was a necessity (p.33).

We are concerned that the most responsible, ordinary, law-abiding consumers are the ones who will lose out, and individuals who create public order disturbances will continue to do so.

We are concerned that a regulatory approach that 'demonises' alcohol could prove counter-productive, even making alcohol appear more 'attractive' to young people looking to 'rebel' against mainstream society.

In particular, it would be a severe unintended consequence for low income shoppers already hit by rising utility costs, rising fuel prices and food prices if new regulations were to hit responsible drinkers in lower income groups.

ASDA has commissioned the Centre for Economic and Business Research (CEBR) to report monthly on the truly disposable income of our customers. The latest report shows that Scottish families are 8.7% worse off than this time last year. For more detail on this report, please visit: <http://www.about-asda.co.uk/income-tracker/>

Conversely, more affluent customers can continue purchasing low-cost alcohol through routes such as the internet or direct marketing. There would be clear unintended consequences for the Scottish economy if sales were transferred from retail establishments in Scotland to internet businesses, which could be based anywhere.

We would urge policy-makers to concentrate on a combination of education, information and working with the on and off-trade to test out a wider range of voluntary measures to combat irresponsible drinking. Also, there is an urgent need to ensure that there is maximum enforcement of existing legislation. ASDA is aware of the current pressures on Scottish police forces, but, if existing legislation is to be successful, appropriate additional resources will need to be made available to the police.

OUR VIEWS
ON THE PROPOSALS

Summary of ASDA's response to key proposals

Proposals ASDA supports

ASDA welcomes the following proposals in the consultation paper and would be pleased to work with the Government to put them into practice:

- Review information and advice for parents.
- Minimum purchase age of 21. It is important to note that we could not support this if it were to apply to the off-trade alone. However, we could support 21 if it were to apply in both the on and off-trades.
- Promotional material not to be visible to persons not on the premises.
- Alcohol checkout staff to be at least 18.

Proposals ASDA does not support

There are a number of proposals that ASDA would be unable to support because we believe they will distort market competition and be unfair to our lower income customers:

- Minimum retail pricing for alcohol products set by politicians.
- Ban on alcohol promotions. However, if the Government pushes ahead with a ban, it is essential that it must treat businesses equally and should follow the approach of the Infant Formula and Follow-on Formula Regulations 1995 by preventing *all promotions*. The proposed regulations should not create "winners and losers" in the marketplace. Any new policy banning promotions must take account of the impact of loyalty cards, vouchers and coupons.
- Social responsibility fee. We believe this should be approached as a social responsibility 'hurdle' (see p.18 below). We have already announced a £1 million social responsibility donation. If a fixed fee goes ahead, then it must tackle problem premises of all sizes and allow for voluntary spending on measures to tackle alcohol-related problems to be offset. Most importantly, it must recognise the additional costs faced by retailers as a result of their existing good practice and the negotiations with local licensing boards that often go further than the law itself.
- Separate alcohol checkouts. These would create a great burden at peak trading times. We believe it would be extremely difficult to make such checkouts disability discrimination compliant, and this should be given consideration.

Our responses to the specific proposals are as follows:

PROMOTIONS AND LOSS-LEADING

“Put an end to off-sales premises supplying alcohol free of charge on the purchase of one or more of the product, or of any other product, whether alcohol or not.”

“Put an end to off-sales premises supplying alcohol at a reduced price on the purchase of one or more of the product, or of any other product, whether alcohol or not.”

ASDA does not accept that an outright ban on promotions is in the interests of Scottish consumers – especially low-income shoppers and pensioners.

ASDA has already taken voluntary steps to cut back on promotions of alcohol in Scotland. So, we now offer good-value deals on single packs, rather than multi-pack promotions.

“Prevent the sale of alcohol as a loss-leader.”

The cost structure of alcohol is very complex because of the way in which promotions are supported both by ASDA and by the supplier. Assessing what constitutes below-cost selling would be far from straightforward.

Furthermore, the Government would need access to our trading accounts in order to check that alcohol was not being sold below cost. We fear that such access could be incompatible with competition law and disproportionately burdensome.

MINIMUM RETAIL PRICING

“....invite views on the proposed principles on which a minimum pricing scheme for alcohol products should be established.”

ASDA does not accept the proposal for minimum pricing of alcohol by politicians.

Minimum pricing in the retail sector would be widely seen as a step back towards resale price maintenance, something which has been obsolete for more than 40 years. We believe that minimum pricing and a promotions ban will create incentives for the black market and criminals and illegal door to door sales offering “a bargain”.

Alcohol prices are shown to be rising in the UK

ONS data between 1987 and 2008 shows that the price of alcohol has risen more than RPI, and substantially more than food.

Higher tobacco prices fail to impact on low-income social groups

Research into the impact of higher tobacco prices raises questions about whether the present proposals on alcohol will succeed in tackling excessive drinking across all social groups.

TNS research shows that rising tobacco duty and prices have succeeded in reducing smoking among 'AB' social groups in Scotland, but have had a nil effect on members of the 'E' social group other than to reduce their disposable income.

- Over the period 2005-8, tobacco prices increased by 15.6 per cent (ONS *Focus on Consumer Prices*, July 2008).
- The TNS figures show that the average number of cigarettes smoked per day by 'AB' smokers was 14.6 in 2005, but down to 13.3 in 2008. However, for smokers from the social group 'E', the number smoked per day remained unchanged – at 17.0.

The conclusion is clear – higher prices do not necessarily alter behaviour among low-income groups.

The Swedish experience

When researchers at the US Prevention Centre analysed alcohol sales in Sweden between 1984 and 1994, they found that the market was complex. When prices rose, consumers tended to switch to cheaper brands. Consumption was not reduced; in fact in some cases it actually rose.

Higher prices have not necessarily delivered lower consumption in other countries. In Denmark, in fact, reductions in drunkenness and binge-drinking were achieved against a background of *lower* excise duties.¹

Unpopular with Scottish Citizens

ASDA has commissioned independent research that shows customers are strongly opposed to minimum pricing. When asked, 61% of the 10,109 customers said they disagreed with a fixed minimum price for alcohol. The full results of this poll are on page 3.

Differential impact

The impact of a minimum pricing policy would fall almost exclusively on the off-trade, since prices in pubs and bars are well above the 35 pence per unit level that is mooted in the consultation.

We would urge the Government to be wary of further distorting competition in the economy.

¹ Hibell B *et al.*, The ESPAD 2003 report: *Alcohol and other drug use in 35 European countries*

Opportunities for avoidance and criminality

We are very concerned that minimum pricing in Scotland may create opportunities for illegal cross-border selling from the back of vans and other unlicensed outlets. We have already seen that cigarettes and tobacco are sold by black market sellers in markets across Scotland.

A ban on promotions and the introduction of minimum pricing will create incentives for black markets and door to door sales. There is currently little incentive for criminals to enter the alcohol market because of the strong competition between retailers. We must ensure that a ban on promotions and minimum pricing does not create incentives for illegal entrants to the market.

Minimum pricing would also create a clear business opportunity for internet and direct marketing operators based south of the border. It is no accident that our Enniskillen store – which is close to the Republic of Ireland - had the highest alcohol sales per square foot in the whole ASDA chain during Christmas 2007, due in part to customers from the Republic of Ireland taking advantage of lower prices.

Suppliers benefit, not consumers

We have spent 40 years keeping retail prices low for our customers – negotiating on their behalf with suppliers for the best deals. Mandatory increases in retail prices across the board are likely to lead to pressures from suppliers to increase cost price which will not benefit consumers.

Competition Law

We believe that both these proposals (ban on promotions and minimum pricing) are incompatible with the Competition Act 1998 or the European Competition Treaty and that they will severely restrict the ability of businesses legitimately to compete with each other and provide genuine customer choice – and will, therefore, ultimately be detrimental to customers.

PROMOTING CHOICE IN STANDARD MEASURES OF ALCOHOL

“....support the introduction of legislation to require licensed premises to offer 125ml measures of wine and 25ml measures of spirits.”

We do not object to the proposal requiring licensed premises to offer 125ml measures of wine and 25ml measures of spirits. However, we do not feel it is in our remit either to support or oppose this.

Paragraph 65 of the consultation paper rightly points out that many people have a poor understanding of how many units are in a typical serving of wine. This is why ASDA gives financial and practical support to the work of the Drinkaware Trust, and why we were the first supermarket to place the new

Department of Health wine label (including a pregnancy message) on all our own brand wines.

SUPPORTING FAMILIES AND COMMUNITIES

“We will review current advice for parents and carers and would welcome views on what information would be helpful.”

ASDA supports this proposal. Providing information to customers about responsible drinking is a high priority for ASDA and we are supportive of further measures that encourage a responsible approach to alcohol consumption.

Education is the key

ASDA's Serve Legal research² shows that many young drinkers look to their parents as one of their prime sources of alcohol.

- 61% of respondents said they would 'definitely try' their parents as a source of alcohol. 25% said they 'might try' their parents.

Although it might be easier for policy-makers to impose regulations on businesses such as supermarkets, it would be more effective to influence activity in the home.

Research by the Institute of Alcohol Studies suggests that the best means of preventing alcohol-related problems is to integrate alcohol more fully into social and family life, so that it becomes an adjunct to other activities rather than an end in itself, and the mystique surrounding alcohol is reduced. This implies that restrictions on sale and age of purchase may be counter-productive.³

This is why education and information campaigns are so vital. We would strongly urge the Scottish Government to give them a higher priority than the more regulatory solutions highlighted in the present proposals.

Having said this, we agree that there is room for more advice in both the on-trade and the off-trade. This is the best way of tackling the problem of excessive drinking.

ASDA already provides extensive information on responsible drinking, for example, through:

- support for the work of the Drinkaware Trust
- signage in the beers, wines and spirits aisle;

² ASDA / Serve Legal Research, March 2008, based on a survey of 205 Serve Legal visitors

³ Institute of Alcohol Studies fact sheet – *Alcohol problems, causes and prevention*, December 2001

- information on own-brand labels, incorporating the Drinkaware logo and website address;
- information in the *ASDA Magazine*; and
- information on www.asda.com.

RAISING THE AGE OF SALE TO 21 FOR OFF SALES ENVIRONMENTS

“We propose action to raise the minimum legal purchase age for off-sales purchases to 21.”

ASDA has a number of serious concerns about this policy that would need to be worked through before it was introduced.

We could only support this proposal if it were to apply to both the off trade *and the on trade*.

Inconsistencies and anomalies

This proposal would lead to a large number of inconsistencies and anomalies that would risk undermining its credibility with the public.

- The public would find it difficult to understand why they could drink in a pub or bar at 18, but not purchase alcohol in a shop until they are 21.
- The policy would be inconsistent with the direction of Government policy in other areas, where the trend is for people to be given more of the full rights and responsibilities of the active citizen at a younger age. In electoral policy, for example, the SNP has advocated lowering the voting age to 16.
- In fact, young people of 18-20 will be able to make judgements for themselves over matters such as owning their own home, having a mortgage, getting married, having children, joining the Army, voting, playing the National Lottery, gambling and driving a car – or even flying a plane, but they will not be able to choose to buy a drink to take home.
- **A young couple aged 20, who cannot go to the pub because of their childcare responsibilities or because of financial constraints, would be barred from buying a bottle of wine to enjoy at home. Yet an 18 year-old living at home and enjoying a high disposable income would be able to drink all day in the pub.**
- The Joseph Rowntree Foundation report *A minimum income standard for Britain* sought to establish what the public considered was necessary to achieve an acceptable standard of living. The report considers four different household types: single working age, pensioner couple, couple with two children and lone parent with one child. Focus groups, made up of members drawn from the household type being discussed, decided that for each household type some level of spending on alcohol was necessary to

achieve an acceptable standard of living (p.18). In the case of a couple with two children, it was decided that only alcohol for consumption in the home was a necessity (p.33).⁴

- It would seem absurd to tell many members of the Armed Forces that they are old enough to serve their country in circumstances of extreme danger, but not old enough to buy a drink in their local supermarket when they return home from a tour of duty.

Not risk-related

In order to be compliant with the Hampton Principles of Better Regulation, it is essential that policy should be risk-related. So the starting point should be a clear assessment of where alcohol-related problems really lie.

The consultation paper's argument rests on the assumption that the drinking environment in pubs is more 'controlled'. However, the KPMG research⁵ commissioned by the Home Office contradicts this view. This research found that many pubs and bars were irresponsibly selling alcohol to people who were already intoxicated:

"Whilst this review has noted the excellent work done by many organisations, especially producers and their representatives, to demonstrate the principles of self regulation, it has also noted the many poor practices, particularly in the on-trade, going unchecked." (KPMG research, p.11)

"Inside premises, observers repeatedly witnessed customers who were visibly intoxicated (including swaying, stumbling, falling over, slurring their words and struggling to count out the correct money at the bar) being served more alcoholic drinks. This was seen on 38% of visits." (*ibid.*, p.34)

So the assertion in paragraph 84 of the consultation paper – that on-sales premises are 'a supervised environment in which drinks measures are controlled' – does not appear justified given recent third party research by KPMG.

In ASDA stores, measures such as CCTV and the presence of security ensures that customers who are drunk would not be served. In fact they would be asked to leave the store well before reaching the checkout.

More drinking in pubs / clubs

Research among a sample of 300 young people carried out independently for ASDA by Serve Legal found that 81% of respondents said they would drink in pubs and clubs if they were banned from purchasing in off-trade outlets until 21. Several interviewees commented that this would lead to disorder:

⁴ Joseph Rowntree Foundation – *A minimum income standard for Britain*, July 2008.

⁵ *Review of the Social Responsibility Standards for the production and sale of Alcoholic Drinks*, published 22nd July 2008.

'I'd go to a pub, where, to be honest, there's more trouble because of alcohol anyway'

'It will lead to under 21s getting more drunk in clubs/pubs, which leads to much more trouble than drinking alcohol at home.'

The continental approach

Raising the minimum purchase age would run counter to the approach that applies successfully in countries such as France, where the emphasis is on introducing young people to modest consumption of alcohol at an early age.

It is interesting to note that both France and Italy have an age limit of 16 to purchase alcohol in both on and off-sale premises. In the UK, 38% of 15-16 year-olds say they have been drunk at age 13 or earlier. However, in France this was only 12% and in Italy just 7%.⁶

Limited scale of Armadale trial

Paragraph 90 of the consultation paper draws on the voluntary trial in Armadale, West Lothian, of a ban on alcohol sales to 18-21 year-olds on Friday and Saturday nights, backed up by a Challenge 25 ID scheme. The scheme appears to be used as partial justification for a Scotland-wide ban on off-sales to under 21s.

ASDA would be very concerned if a trial of such modest scale were used as the basis for national policy-making in Scotland.

- The trial lasted just six weeks and identified just five youth disorder-related phone calls to police where the caller felt that alcohol was involved.
- An extra police presence was introduced for the duration of the trial period only, thereby distorting the results.

Not only is the Armadale research based on a very small sample, it also compares different time periods, thereby taking no account of other factors that could cause variations in levels of disorder – e.g. school holidays and the weather.

There is also no reason to believe that what works in Armadale would necessarily work elsewhere. In a recent survey, the West Lothian area was clearly shown to be a great place to live. In fact, it was voted the seventh best place to bring up a family in the whole of the UK; it is by definition exceptional.⁷

⁶ *Global Status Report: alcohol and young people*, David H Jernigan, 2001

⁷ Reader's Digest survey, April 2007, reported in *Daily Telegraph*, 18th April 2007

“We propose that a fee should be applied to some alcohol retailers to help offset the costs of dealing with the adverse consequences of alcohol and invite views on our proposals. We invite views on the following:

- What criteria should be used to determine the types of premises that should be subject to the fee?**
- How should the fee be determined?**
- Should a fee be applied to Occasional Licences as well as Premises Licences?**
- Should a similar fee be applied to other premises licensed under separate legislation? If so, what types of premises should be subject to a fee?**
- Are there any other comments you would like to make on the operation of a social responsibility fee?”**

ASDA questions the fairness of a social responsibility fee and believes that the proposal raises a number of wider serious questions about other goods and services in the economy.

We have grave reservations about the message this tax will send to inward investors and we ask why off-sales retailers have been chosen.

If the Government insists on introducing the social responsibility fee, then it should be approached as a social responsibility *hurdle* that must apply to all licensed premises and:

- (i) must apply to **all** licensed premises;
- (ii) must allow for additional expenditure by ASDA on managing alcohol sales in a responsible way to be offset. Otherwise, we will see a race to the bottom in terms of important and creative voluntary measures by business;
- (iii) must be mindful of extra cost burdens on our customers;
- (iv) must apply to the producers and distributors of alcohol products elsewhere in the profit chain.

How can a social responsibility fee not apply to those who manufacture and produce the product in question?

We must also remember that additional efforts by business that have a positive social outcome should be taken into account (e.g. the operation of stores in deprived areas, lowering the prices of fruit and vegetables for millions of shoppers, and a recruitment strategy which benefits the long term unemployed and older workers, and those needing flexibility in their jobs).

Which premises?

ASDA agrees that premises that cause local alcohol-related problems should make a commensurate contribution to the costs of tackling them at a local level. Clearly it is essential to have a clear view of which these premises are.

Research carried out independently by ASDA's test-purchasing agency, Serve Legal⁸ (the methodology and contents of which we are happy to share with Government), found that under-age drinkers were more likely to attempt to purchase alcohol from a small shop than from a large supermarket, largely because they knew that they would be more likely to get served.

The same research showed that the main sources of alcohol for these drinkers were (i) small convenience stores and (ii) their parents.

In the survey of 205 Serve Legal test purchasers (students and young citizens):

- 92% said they would try a small convenience store
- 78% said they would try an off-licence
- 86% said they would try their parents
- Only 39% said they would try a large supermarket.

The reason for fewer under-age drinkers targeting supermarkets is simple: only 3% said they would definitely succeed in being served.

Furthermore, the consultation paper itself makes the same point, referring to a Scottish Executive Social Research report from 2003:

'Scottish Government Research discovered that the most common source of alcohol for underage drinkers were small, licensed grocers or corner shops.'⁹

So it is clear that any social responsibility fee must include smaller shops rather than just large supermarkets.

On-trade should be included

As the KPMG research highlighted earlier demonstrates, many pubs and bars are still breaching the industry's code of practice by selling alcohol to people who are clearly intoxicated. If there must be a social responsibility fee, then it must apply to on-trade outlets that do not operate responsibly.

Social responsibility hurdle – not a fee

ASDA already spends significant sums on activities that specifically reflect our social responsibilities as a retailer of alcohol:

- We have pledged to spend £1m across the UK on alcohol-related youth projects. We are currently in discussion with a number of organisations about how to maximise the impact of this investment.

⁸ ASDA / Serve Legal research, March 2008

⁹ Consultation paper, p.42

Expenditure of this nature would clearly need to be taken into account when determining any additional social responsibility fee – together with other activities that companies may undertake to promote responsible drinking.

In fact, ASDA would propose an alternative approach - a social responsibility 'hurdle' comprising a range of measures that retailers, suppliers and the on trade should all take in order to be considered responsible suppliers of alcohol. Companies that do enough to get over the 'hurdle' would not pay any social responsibility fee.

This is a matter of rights and responsibilities, and this is why the *hurdle* is the right approach.

ASDA's contribution to Scotland

In addition to this specific alcohol-related spending, ASDA makes a major socially responsible contribution to the cost of Scottish public services in general through Business Rates, Corporation Tax, Employers' National Insurance Contributions and VAT.

We believe that we already help make markets work in a social way. We operate at the top of the retail labour market in terms of our pay and benefits for colleagues. We sell fresh fruit and fresh vegetables at low prices, many of them through our local hub network which deliver products from our 138 local suppliers in Scotland. We have invested heavily to bring about low cost school uniforms for the most hard pressed consumers and we have faced considerable costs in introducing a colour coded scheme for seven categories of ready meals – going further than the law and further than the proposed requirement emerging from the EU.

In addition to our tax contributions, ASDA makes a substantial contribution to Scottish society in the following ways:

- ASDA employs over 19,000 colleagues in Scotland and is co-operating with schemes to get the long term unemployed back to work .
- ASDA works with 139 local suppliers providing over 850 local product lines across Scotland.
- In 2007, ASDA's Scottish stores raised over £500,000 for local charities and good causes, and colleagues spent over 13,000 hours working with groups and individuals in the community.
- Our Sporting Chance scheme, which provides free exercise for youngsters in school holidays, represents a £2.7million investment by ASDA in the UK as a whole.
- We have gone beyond the law and introduced colour coding on our own label products because we believe it is the socially responsible thing to do.

These very significant contributions to Scotland's economy, society and public services should also be taken into account as the Government considers whether there is a case for a further Social Responsibility Fee.

Non-drinkers hit

The proposed social responsibility fee will be spread across our company's base, leading to price increases on products of all kinds – not just alcohol. So the impact of the fee will be felt by non-drinkers as well as drinkers.

AWARENESS RAISING CAMPAIGNS

“We invite views on whether regulations should be made, under the Licensing (Scotland) Act 2005, to extend the existing regulations to:

- Prevent the display on licensed premises of promotional material relating to alcohol in a way visible to persons outside the premises.**
- Prevent the use on licensed premises of any special display designed to promote sales of alcohol for consumption off the premises.**
- Prevent on licensed premises any other promotional activity to induce the sale of alcohol for consumption off the premises.”**

ASDA supports the proposal to prevent promotions visible from outside the premises, but some of the other proposals would be impractical.

Promotions visible from outside premises

ASDA can see the benefit in this action, and welcomes the proposal. It should be straightforward to put it into practice in our stores. Whilst it may affect the revenue taken by stores, and will also affect our suppliers, we would be willing to make the necessary adjustments to put it into effect.

Further restrictions on promotions

As the consultation paper notes, restrictions on the display of alcohol will be tightened from 1st September 2009 to restrict it to a single area of our stores. We would prefer to see the Government allow the new restriction to be rolled out and then assess its impact after at least six months before pursuing further statutory restrictions.

As noted on p.4 above, we will be implementing a wide range of voluntary restrictions on alcohol sales. These could be introduced and then assessed without the need for any recourse to legislation. We would urge other retailers to take their own decisions about what similar measures they could take.

Role of media

In addition to considering the potential impact of restricting promotions by retailers, the Government should address the impact of other agencies that have an impact on alcohol sales.

To give one obvious example, there is little point in banning TV advertising of alcohol if much of the soap opera *River City* shows people enjoying their drinks in the local bar - the 'Tall Ship'.

SEPARATE CHECKOUTS

"We invite views on:

- the desirability of creating separate checkouts for alcohol sales to help emphasis that alcohol is not an ordinary commodity;**
- the particular criteria that should be applied in determining which types of premises should be subject to any such arrangements; and**
- whether there should be a requirement for alcohol checkout staff to be at least 18 years of age."**

ASDA cannot support the proposal for separate checkouts.

Separate checkouts do not equal lower alcohol sales

The premise behind this policy proposal is flawed and anti-consumer in its practical day to day outcome. Separate checkouts do not necessarily result in lower alcohol sales, they only result in frustrated customers and a miserable shopping experience.

Making life easier for the drink-only shopper....

There is a possibility that separate checkouts could actually make it easier to buy alcohol quickly, as shoppers would not have to join a conventional checkout queue behind customers paying for a full weekly shop.

It is not difficult to envisage drinkers making a quick stop at one of our supermarkets and running in to pick up the night's supply from the drinks counter. At present they are unlikely to do so, because the conventional supermarket layout simply does not lend itself to such 'grab-pay-and-dash' shopping.

....but less convenient for the weekly shopper

Perversely, the customers who would be severely inconvenienced by the introduction of separate alcohol counters would be busy weekly shoppers who are purchasing a bottle of wine or a few cans of beer as part of their weekly family shop. They would have the severe inconvenience of queuing and paying twice, often at very busy times. This would be a major practical problem at Christmas – on top of the forthcoming resiting regulations which are already intended to reduce floor space. There are also serious implications for the comfort of disabled shoppers with the introduction of the queue twice checkout. Our store flow promotes as much independent access as possible at the moment and inserting a bank of checkouts near to the alcohol section of a store would disrupt this flow.

In fact, all our stores in Northern Ireland have separate alcohol checkouts, yet our alcohol sales in the province remain very strong. BWS sales account for 11.9% of total sales in Northern Ireland, compared with 10.1% for our North region as a whole.¹⁰ Of course, these sales are not necessarily driven by the existence of separate checkouts – far from it. However, they should give pause for thought to those who might assume that separate checkouts will reduce alcohol consumption.

International evidence

Research by the Institute of Alcohol Studies shows that in countries such as France and Italy, where the incidence of drunkenness among young teenagers is low, alcohol is far more strongly associated with eating than in the UK, where it is more likely to be consumed without food.¹¹

This suggests that the approach advocated in the consultation paper, where alcohol would be presented separately from food products, takes policy in the wrong direction. Presenting alcohol as an accompaniment to food is an effective way of encouraging responsible drinking.

Driving customers to the internet

The introduction of separate checkouts – with the inconvenience it would mean for weekly shoppers – would inevitably drive some shoppers to look for more convenient ways of purchasing alcohol.

Some would purchase on-line, and often in bulk because of the incentives offered (e.g. wine clubs). Here, none of the restrictions offered voluntarily by us, or restrictions proposed in the consultation paper would apply. Our dedicated home-shopping drivers are trained to check the age of the customer on the doorstep. Conversely, courier drivers do not have the same level of training, and indeed many provide the option of ‘leave it around the back’ if customers are not at home, making an age-check impossible!

The internet opens up a much wider and less controlled environment than our stores, so a policy that drives more alcohol shopping online could make the existing problems worse rather than better.

Burden on business

The cost of redesigning and reconfiguring all of our stores to accommodate the queue-twice principle would be an unnecessary cost burden on the business and a diversion from more productive customer-friendly capital investment. **We estimate the conversion plan would cost a minimum of £3 million pounds.**

The design of modern stores does not allow for separate checkouts in the middle of the store layout, not least because the Licensing Act 2005 (Scotland) gave a clear steer to retailers to move away from them. As part of a compromise at the time, the Government imposed restrictions on the parts of

¹⁰ N.B. ASDA’s ‘North’ region comprises northern England, Scotland and Northern Ireland.

¹¹ From Institute of Alcohol Studies, drawing on statistics from *Eurobarometer 2002*

the store from which alcohol could be sold. The Government should assess the impact of these measures before introducing further restrictions.

Impact on small business and niche suppliers

If supermarkets are required to site alcohol checkouts in the beer, wines and spirits aisle, then shelf space will clearly be lost. We would then obviously have to reduce the range of products on sale, and inevitably it would be niche products and low-volume lines that would be the first to be taken off sale. Small suppliers would be the most likely to lose out, and customers would face an unnecessary restriction in choice.

Focal point for incidents

We are concerned that concentrating all alcohol sales at a single checkout (or set of checkouts) would create a focal point for unwelcome incidents, such as attacks on Colleagues or aggravation between customers.

Alcohol checkout staff to be at least 18?

The proposal for a minimum age of 18 for staff on the alcohol checkout would cause some disruption for other retailers, especially convenience stores, but we would be prepared to agree to it if it would make a positive difference.

We already ensure that colleagues aged between 16 and 18 are trained and always have their alcohol sales approved by an older colleague, so this would be a logical extension of our existing approach.