Alcohol (Minimum Pricing) (Scotland) Bill

WM Morrison Supermarkets

1. Introduction

1.1 Morrisons has 56 stores and employs over 14,000 people in Scotland.

1.2 Morrisons welcomes the opportunity to respond to the Health and Sport Committee consultation on the Alcohol (Minimum Pricing) (Scotland) Bill. This response raises some of the concerns that Morrisons has around both the principle and the practicality of minimum pricing for alcohol. It also highlights some of the measures that Morrisons is taking to help people drink responsibly and offers suggestions for the best way for Government to target the minority of people who misuse alcohol without penalising the majority of the people of Scotland.

1.3 As a retailer, our business depends on understanding our customers and meeting their needs and aspirations. We are well placed to respond efficiently and effectively to changing customer preferences and to help manage responsible attitudes towards alcohol. Any intervention by the Scottish Government in to how alcohol is currently retailed should work with the market. It should also ensure that any imposed market distortions do not skew the market unfairly or adversely affect the majority of Scottish people who drink responsibly.

1.4 Morrisons is a member of the Wine and Spirits Trade Association and the Scottish Retail Consortium. We endorse the points made in the submissions of both bodies.

2. Morrisons – Retailing alcohol to the people of Scotland to help them drink responsibly

2.1 Morrisons fundamentally disagrees with the principle of a minimum alcohol sales price based on a unit of alcohol. We believe that it is for retailers to control the price at which goods are sold, notwithstanding the application of tax and duty. This guarantees effective price competition and the best possible deal for the consumer across the whole store. The vast majority of our customers drink responsibly and largely within recommended guidelines. We do not believe that they should be punished in an attempt to change the behaviour of a small minority that misuse alcohol.

2.2 Where a health risk exists from excessive consumption of a product on sale, it is the responsibility of retailers to ensure that the consumer has sufficient information to make an informed choice about their own consumption level.
2.3 Alcohol is a product for adults. It can be enjoyed socially. It can also be a cause of harm. Morrisons wants customers to be able to choose to enjoy quality alcohol products responsibly. Along with other retailers, we led the industry in tackling under-age drinking, with the introduction of the ‘Challenge 25’ scheme well before it recently became mandatory across the licensed trade under the Alcohol etc (Scotland) Act 2010.

2.4 We have been active in promoting consistent messages on responsible drinking. Retail was the first sector to complete the roll-out of unit information and the agreed advice from the Chief Medical Officer on own brand products. We have supported this through further information on our web site and at point of sale. Off sale retailers contribute around one-third of the Drinkaware Trust’s £5m trade income, as well as a further, far more substantial in-kind contribution through promotion of the Trust’s campaigns and materials.

2.5 Large and small retailers across Scotland have collectively had to invest millions of pounds implementing the requirements of the Licensing (Scotland) Act 2005 and the Alcohol etc (Scotland) Act 2010. The standards and procedures for compliance, including the training of colleagues, have been exceptionally high. We would suggest that the Scottish Government evaluates the effectiveness of all these initiatives before introducing new legislation which we believe will punish ordinary hardworking citizens of Scotland.

2.6 Alcoholic Products are an important part of our retail offer. We take our responsibilities seriously and ensure that our range includes a good choice of ‘no-to-low’ alcohol content products. We also do not stock products that could appeal unduly to people aged under 18. At the point-of-sale our alcohol policy ensures stringent service standards to exclude the sale of products to those under 18, as well as those trying to purchase for others under the age of 18 (proxy purchasing).

2.7 Morrisons is proud to offer customers quality, choice and value. Our alcohol product range is tailored to help people drink responsibly. We have:

- Extended our range to increase the choice of zero and low alcohol content products;
- Introduced a Morrisons ‘value’ brand of 2% alcohol by volume to our own label lager and bitter;
- Increased our range of wine with 10% alcohol by volume or less;
- Discontinued the sale of products that we consider to be designed in such a way as to encourage excessive alcohol consumption, e.g. we removed pre-packaged shots in September 2006; and
- Removed cider products with excessively high alcohol by volume from our shelves.
- On every own brand label we display clear unit information, CMO guidelines, a responsibility message, a warning about consuming alcohol while pregnant and the drinkaware website.
2.8 We have also played a substantial role in further UK-wide alternatives, such as those led by the Wine & Spirit Trade Association’s Retail of Alcohol Standards Group, including involvement in Community Alcohol Partnerships. In addition, we have signed up to initiatives under the Westminster Department of Health’s Responsibility Deal.

3. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

3.1 Morrisons believes that minimum pricing of the nature set out in the Bill is a blunt and inequitable instrument which applies to all Scottish people regardless of their drinking habits or their susceptibility to excessive drinking. It would be fairer and more effective to target individuals or groups whose pattern of alcohol consumption places them at risk of harm. Under the current proposals the majority of people in Scotland who drink responsibly will be unfairly penalised in the hope of reducing harm amongst a small few.

3.2 The Policy Memorandum which accompanies the Bill states that:

“Moderate drinkers’ (i.e. those who drink within sensible drinking guidelines) are estimated to be only marginally affected, simply because they consume only a moderate amount of alcohol and also because they do not tend to buy as much of the cheap alcohol that would be most affected by minimum pricing.”

This judgement is based upon the conclusions of a study undertaken by the School of Health and Related Research (ScHARR) at the University of Sheffield. In fact, the Scottish Government relies on the conclusion of the ScHARR research for the bulk of its modelling on minimum alcohol pricing. However, it is our opinion that the ScHARR research significantly understates the impact of minimum pricing on ‘moderate drinkers’. The ScHARR conclusion that ‘moderate drinkers’ will face “very little cost increases” is based largely on a broad and misleading definition of ‘moderate’. It defines a moderate drinker as anyone who drinks within Government sensible drinking guidelines (21 units for a man, 14 units for a woman). However, it calculates financial impact on the basis of the average consumption within this range, which is 5-6 units a week (the equivalent of two glasses of wine). Given that the average weekly consumption level amongst all drinkers is 16 units (well within Government guidelines for a man), the financial impact on moderate drinkers is likely to be significantly higher than ScHARR estimates.

3.3 It is also highly questionable as to whether or not minimum pricing will have a sufficiently large impact in reducing incidences of harmful drinking to justify such a wide-ranging, punitive measure. There is significant evidence that price elasticity works differently amongst problem drinkers depending on how price increases are implemented. Heavier drinkers are, in fact, less responsive to price changes than moderate drinkers in terms
of overall consumption. Whilst they are more likely to switch from one
drink to another if the price of the former exceeds the latter, they are less
likely to reduce their overall alcohol consumption in the event of a general,
across the board price increase. 1 2

3.4 The only certainty of minimum pricing is that it would impose higher costs
to customers. This is neither proportionate nor fair. In particular, if alcohol
can still be purchased online from outside Scotland, we believe it would be
discriminatory to the Scottish people as UK citizens. In addition, we
maintain that the setting of minimum prices is fundamentally at odds with
the principles of competition law both in the UK and in the EU.

3.5 Concentrating the responsibility for adjusting the minimum price per unit of
alcohol in the hands of a minister or ministers completely removes the
accountability for price from retailers. This means that ministers and
ministers alone will be responsible for alcohol pricing. It also means that
alcohol pricing will be subject to political as well as health considerations.

3.6 There is a strong argument that targeted interventions toward problem
drinkers would be substantially more effective and more proportionate
than the imposition of minimum pricing. In 2008, a team from the
Department of Health on a visit to Canada discovered that brief
interventions through routine health care provision delivered between 2.5
and 6 times the level of reduction in problem drinking than could be
delivered by a 25 per cent increase in alcohol duty. 3

3.7 As a retailer, there is much that Morrisons can do in partnership with the
Government to communicate consistent messages to the consumer about
the responsible consumption of alcohol. For example, the recent
introduction of the “Know your drinks” point of sale information is an
important supplement to the “Know your limits” campaign. The
Government should also consider working with industry to highlight that
the consumption of alcohol with food is one of the best ways to drink
alcohol responsibly. Morrisons would also be pleased to work with the
Scottish Government to ensure effective, efficient and consistent
communication of alcohol information on product labels.

3.8 In addition to the Fife Alcohol Partnership Group, Morrisons commends
the Community Alcohol Partnerships (CAP) that have been developed by
the Retail of Alcohol Standards Group. The results from the numerous
existing examples of CAPs demonstrate that enforcement combined with
education and community involvement can, in a targeted way, tackle
under-age drinking effectively.

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Journal of Agricultural and Resource Economics, 51, 2, pp.121-135
on Consumption – A Systematic Review and Meta-analysis of 1003 estimates from 112
studies”
3 Department of Health, Note of Health Fact Finding Visit to Canada, September 2008
4. Any other aspects of the Bill

4.1 The Bill as it stands fails to take any account of the award of cash equivalents by retailers (such as loyalty points given to customers based on the amount of money they spend) to compensate for statutory price increases. This is a serious omission. Not all retailers offer such schemes; therefore proceeding without any restriction on this practice could lead to a significant distortion of the market in favour of those retailers with loyalty programmes. In effect, this could end up undermining the objectives of the bill.

4.2 In particular, we believe that this would have a detrimental effect on small shops that do not have the infrastructure capabilities to deliver a loyalty programme for their customers. The likely effect of a minimum price is that many retailers independently would choose to sell certain products at the lowest possible allowed price under the legislation. Those retailers that run loyalty programmes therefore would have a particular advantage – and many other retailers would have no way of competing with this.

4.3 If minimum pricing is to proceed, it is vital that the bill is amended to ensure that all retailers are treated equally.

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