Alcohol etc. (Scotland) Bill

Morrisons

Morrisons retailing of alcohol in Scotland
- Over £1 billion worth of investment in Scotland with 56 stores and over 12,000 employees.
- 120 different alcohol products manufactured and sold in Scotland.
- 24 suppliers of alcohol manufacturing in Scotland (30 single malts).
- Over 1 million customers a week.

1. Introduction

1.1 Morrisons welcomes the opportunity to respond to the Health and Sport Committee consultation on The Alcohol etc. (Scotland) Bill. This response highlights some of the measures Morrisons is taking to help people drink responsibly; and comments on how the Government could target the minority of people who misuse alcohol without penalising the majority of the people of Scotland.

1.2 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 to how alcohol is currently retailed should work with the market, and in particular ensure that any distortions do not skew the market unfairly; or adversely affect the majority of Scottish people who do drink responsibly.

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

2.1 Morrisons’ vision is to be the “Food Specialist for Everyone”. Our business model is different from other supermarket retailers. We focus on providing the freshest meat, fish and produce to our customers, sourcing directly from farms and preparing and processing ourselves. For example, cattle and lamb reared in Scotland are bought by Morrisons and processed at our abattoir in Turriff ready for our butchers to prepare for customers in store. We do not sell extensive ranges of non-food, e.g. clothing and electrical goods. We retail alcohol as a complement to our food specialism.

2.2 We are clear to our customers that alcohol is a product for adults. Our priority is to ensure that our customers have the information they need to drink responsibly and that sales are only made to those over the age of 18.
2.3 Our staff is trained to advise customers and verify the age of any customer who appears to be aged 25 or under seeking to purchase alcohol. Anyone who does not look over 25 will be asked to prove that they are above the legal age of 18 to purchase alcohol.

2.4 Stores work closely with local licensing authorities and the Police to ensure that all alcohol sales are not only within the law but consistent with responsible retailing. No Morrisons store is open 24 hours a day and we do not sell alcohol after 10.30pm.

2.5 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 unduly appeal to people aged under 18. A full statement of Morrisons’ alcohol policy is attached at Annex I.

3. **Response to specific points raised by Health and Sport Committee**

   (1) The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol; (2) The level at which such a proposed minimum price should be set and the justification for that level; (3) The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

3.1 In the Policy Memorandum the Scottish Government states that the Bill: “will help reduce alcohol consumption in Scotland and reduce the impact that alcohol misuse and overconsumption has on public health, public services, productivity, and the economy as a whole” (Page 1, Paragraph 2). Morrisons agrees that it is a matter for Government to consider what is an acceptable level of consumption across society and to inform and educate citizens about the potential harm associated with drinking too much alcohol.

3.2 For the outcome of reduced alcohol consumption to be achieved, not just reduced alcohol sales in Scotland, the Government will need to implement the right actions to best achieve that result. Sadly, the actions proposed in the Bill, and minimum pricing in particular, do not follow from the evidence presented. Much the analysis in the Policy Memorandum is flawed. For example, the bold claim that: “the increase in consumption has been driven by off-sales with more than half of alcohol sold today consumed at home rather than in the pub” (Page 2 Paragraph 6); suggests that this is implicitly not good for society rather than acknowledging that Scottish people may choose to consume alcohol at home rather than in a pub and that the shift in place of consumption reflects how people choose to live their lives.

3.3 As a whole, the Bill is based too much on measures that apply to all the Scottish people, notably restricting access, availability and affordability of alcohol, rather than targeting individuals or groups whose pattern of alcohol consumption may place them at risk of harm. The majority of
people of Scotland who drink responsibly will be unfairly penalised to reduce harm among a few.

3.4 The Policy Memorandum states that the objectives of minimum pricing: “is to protect and improve public health by reducing alcohol consumption” Page 5, Paragraph 10). The evidence for a clear correlation between price and consumption is not as clear as the sources cited in the Policy Memorandum assert. The discussion of the relationship between price and alcohol in paragraph 15 could equally conclude that given higher incomes over the past 50 years that the relationship between alcohol and price is relatively inelastic. Indeed, the source of the graph on page 6 of the Memorandum, illustrating a relationship between price and alcohol consumption, is published by the Institute of Alcohol Studies (itself funded by the temperance movement). In their paper they conclude that:

“However, the influence of price on consumption is complex. For one thing, there can be cross price effects, i.e. if the price of one alcoholic beverage increases relative to the others, some consumers may switch to a cheaper alternative. There is also the question of incomes. The effects of increases in prices may be reduced or cancelled out by increases in disposable income.”

Institute of Alcohol Studies “Alcohol: tax, Price and Public Health” – Page 6

3.5 Therefore, even if minimum pricing has some success in encouraging consumers to switch to cheaper alternatives, its effect on consumption may be minimal or indeed nil. Many Scottish people will continue to want to enjoy alcoholic products responsibly. Rising incomes may well enable them to sustain or increase their levels of alcohol purchasing and consumption.

3.6 The only certainty that minimum pricing would bring is imposed higher costs to customers. This is neither proportionate nor fair. In particular, if alcohol can still be purchased online from outside Scotland, it would be discriminatory to the Scottish people as UK citizens. In addition, the setting of minimum prices is fundamentally at odds with the principles of competition law both in the UK and in the EU. Furthermore, no account has been given in the policy memorandum as to whether home brewing will increase.

3.7 If minimum pricing is introduced alongside a ban on promotions, retailers like Morrisons will only be able to compete by driving prices down towards the minimum. Potentially this could have the perverse effect of making many existing products more affordable. Moreover, patterns of consumption may change with unintended consequences that could lead to consumers increasing their risk for alcohol harm, e.g. spirits and higher strength beers and ciders may be more appealing as potentially ‘premium products’; or favoured because the effects of the
alcohol can be achieved at lower volumes of consumption. Some retailers may also seek to reward their customers for alcohol purchases through loyalty schemes that give cash back on other purchases – effectively circumventing the impact of minimum pricing or changes to promotions.

(4) Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public-health issues surrounding levels of alcohol consumption in Scotland.

3.8 As a retailer, there is much that we 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 complement to the “Know your limits” campaign. The Government should also consider working with industry to raise awareness that consuming 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.

3.9 In addition to the Fife Alcohol Partnership Group, Morrisons commends the Community Alcohol Partnerships that have been developed by the Retail of Alcohol Standards Group. The results from the project in St Neots, England, demonstrate that enforcement combined with education and community involvement can, in a targeted way, tackle under-age drinking effectively.

(5) The advantages and disadvantages of introducing a social-responsibility levy on pubs and clubs in Scotland.

3.10 The Policy Memorandum proposes that a social responsibility levy is merited on the:
“principle that the costs associated with the wider impacts of a commercial activity should be borne by those who benefit from it is well established and already applied, for example, in respect of environmental impacts.” (Page15, paragraph 56). However, this logic is flawed. The producer of the “wider impact” associated with excessive drinking is the consumer of that alcohol, not manufacturer of the alcohol or the retailer.

3.11 Responsibility lies with the party that produces the “wider impact” not a third party. That is why drivers pay a fine if they choose to drive with undue care or attention or speed; or indeed pay a higher vehicle excise duty for running a more polluting vehicle. The payment is not made by the manufacturer or retailer of the vehicle. In the same way, if the Scottish Government wants to levy a fee to pay for “wider impacts” from alcohol it should consider fining individuals – the ‘polluters’ – not alcohol manufacturers or retailers.
(6) The justification for empowering licensing boards to raise the legal alcohol-purchase age in their area to 21

3.12 The proposal to raise the minimum legal purchase age for off-sales to 21 is quite simply discriminatory. It would distort the market and not enable free and fair competition between the on-trade and off-trade.

3.13 Morrisons takes its responsibility to ensure that only adults of the legal age to purchase alcohol are able to do so. That is why since May 2008 we introduced the Task 25 scheme. Our staff will challenge any customer whom they think is aged 25 of younger to prove that they are over the legal age of 18 before purchasing alcohol.

3.14 One potential impact of increasing the minimum age to 21 for the off-trade would be a rise in the number of attempted proxy purchases. These are already difficult for retailers to prevent at all times. Raising the age will increase the cohort of population from whom proxy purchases could be made; therefore potentially increasing the prevalence of attempted proxy purchasing.

3.15 There may also be employment consequences with retailers favouring staff over the age of 21 who can therefore serve alcohol, potentially restricting career progression for 18-21 year olds.

(7) The role of promotional offers and promotional material in encouraging people to purchase more alcohol than they intended.

3.16 The Policy Memorandum asserts that: “the objective of restrictions on drinks promotions is to protect and improve public health by reducing alcohol consumption.” (Page 9, Paragraph 26). The Government also states that it is “true to some extent”... “that customers who buy in bulk to take advantage of the ‘free’ element of the promotion drink their purchase over a sensible period of time.” (Paragraph 32). However, the Government intends to implement in full restrictions on promotions in the off-trade, even though some 40% of the Scottish people do not consume more than the daily recommended guidelines. Why should a customer who drinks alcohol within the recommended guidelines be forced to pay more for the product?

3.17 Morrisons does not have promotions that explicitly offer “free” alcohol. We do not have “buy-one-get-one-free” on alcohol. From time-to-time we do sell individual products at a discount, e.g. Scottish Whisky at Christmas, and we do offer some quantity discounts, e.g. when purchasing multiple bottles of wine or a second case of beer. Alcohol purchased this way is not intended for immediate consumption, e.g. we do not sell chilled cases of beer.
3.18 Morrisons would like to make clear to the Committee that analysis of Scottish retail market data from TNS shows that there is no clear pattern of correlation between the percentage of alcohol on promotion and the volume sold. Other factors, such as seasonality, appear to be just as important. For example, analysis of sales of white wine show that when the most number of lines are on promotion does not correlate with peaks in sales, e.g. September 2007 and October 2009.

3.19 A product like Scottish whisky appears to have a closer correlation with the percentage of lines on promotion with a peak each year at Christmas. However, Christmas is also when most consumers choose to buy whisky and when manufacturers want to market their products competitively to capture market share. Therefore, it does not automatically follow that promotions drive sales. The likelihood is that Scottish consumers will want to purchase Scottish whisky at Christmas whether it is on promotion or not.

3.20 To restrict promotions would be a blunt instrument that may not have the desired outcome that the Scottish Government would like to have of
reducing consumption. Banning all promotions would penalise the majority of Scots who drink responsibly at a time when value in household spending matters the most. A blanket ban would not only be discriminatory and disproportionate, it is unlikely to have the intended impact or reducing harm or indeed incidences of alcohol harm.

Richard Taylor  
Director of Corporate Affairs  
Wm. Morrison Supermarkets PLC  
19 January 2010
Annex I – Morrisons Alcohol Policy

Morrisons is a responsible retailer enabling our customers to make responsible choices when purchasing alcohol. The three cornerstones of our policy are: People, Products and Point-of-Sale.

Morrisons
Responsible Retailer enabling Responsible Choice

Our alcohol policy is focused on putting people first. Alcohol is a product for adults. It can be enjoyed socially. It can also be a cause of harm. We want our customers to be able to choose to enjoy quality alcohol products responsibly at sensible prices. Our staff are trained to advise customers and verify the age of any customer who appears to be aged 25 or under seeking to purchase alcohol. Anyone who does not look over 25 will be asked to prove that they are above the legal age of 18 to purchase alcohol.

Products are central to our retail business. 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 unduly appeal to people aged under 18.

We pride ourselves on high quality service. 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 information and advice to help our customers exercise choice.

People:

Morrisons cares for people - our customers, our staff and our communities. Our priority is to ensure that our customers have the information they need to drink responsibly and that sales are only made to those over the age of 18.

Customers:
- Adult customers are able to ask our staff for advice on the range and quality of products.
- Point of sale information is provided to educate customers on the alcohol content of products and how to drink responsibly. The Drink Aware scheme is endorsed in all our stores.

Staff:
- Colleagues are trained to understand the law and offer advice to customers.
- Morrisons operates a Task 25 Scheme. Since May 2008,
colleagues will challenge any customer whom they think is aged 25 or younger to prove that they are over the legal age of 18 before purchasing alcohol.

Task 25

Think – is the customer legally old enough to buy alcohol?
Ask – the customer for ID if they look under 25 years of age
Stop and check - the customer’s ID
Know the law – the retailer and the customer commit an offence if alcohol is sold to under 18s

- Training for colleagues includes building confidence to challenge or refuse to the sale of alcohol to customers, including to those attempting to purchase alcohol on behalf of someone under 18.

Communities:

- Stores work closely with local licensing authorities and the Police to ensure that all alcohol sales are not only within the law but consistent with responsible retailing.
- No Morrisons store is open 24 hours a day and we do not sell alcohol after 10.30pm.

Products:

Morrisons is proud to offer customers quality, choice and value. For alcohol our product range is tailored to help people drink responsibly.

We are:
- extending our range to increase the choice of zero and low alcohol content products. We are introducing a Morrisons premium brand of 2% alcohol by volume own label beer and cider range in the autumn of 2008.
- reviewing with our suppliers the potential to reduce the alcohol by volume of premium manufactured brands
- increasing our range of wine with 10% alcohol by volume or less
- always offering a promotion on non and low alcohol products

We are not:
- selling products that we consider are particularly designed to encourage excessive alcohol consumption, e.g. we removed pre-packaged shots in September 2006
• stocking products with brand names that imply drinking alcohol will enhance a social occasion or brand names that are not consistent with a responsible approach to drinking
• removing from stocking cider products with excessively high alcohol by volume

Point of sale:

The point of sale is where our products, customers and staff meet. To encourage responsible drinking, Morrisons is ensuring that clear, straightforward advice is available and that any promotions are consistent with quality, choice and value.

We are:
• Ensuring that units of alcohol are consistently and clearly labelled on all our products.
• Introducing new signage to identify low and lower alcohol content products and new Shelf Edge Labels to help customers to make informed choice.
• Extending the prominence of the Drink Aware campaign to help reduce alcohol misuse and minimise alcohol-related harm

We are not:
• Seeking to increase sales with offers advertising free alcohol. We do not do market offers explicitly with free alcohol, e.g. ‘Buy One Get One Free’.

Morrisons is proud to support the Drink Aware Campaign:
www.drinkaware.co.uk

Morrisons also abides by the Portman Group’s Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks:
www.portman-group.org.uk

Winner of the 2007 Award for best development programme in licence retail (consumption off premises)

Morrisons – Responsible Retailer enabling Responsible Choice