ourlife
the wellbeing and health campaign

Supermarket Scandal

Super-cheap Alcohol Sales in the North West

Report
October 2009

Key points

During the course of August and September 2009 Our Life visited supermarkets across the North West to chart how alcohol is promoted and sold.

Our purpose was to show just how low the supermarkets would go to get customers through the door. The results are highly concerning. Routinely supermarkets sell alcohol for 14p per unit of alcohol. They also promote special offers on a massive scale with some stores marketing half of the alcohol they sell as part of a special offer. Promotion of these offers is foremost compared to other products. In some the volume and location of alcohol is truly staggering, giving the impression of an alcohol warehouse rather than a supermarket. The conclusion is clear; alcohol is the chief component in the supermarkets' marketing and is priced aggressively low to draw in the consumer and increase purchasing of it and other products.

Our Life contends that alcohol is no ordinary product. Its increased consumption and the shift to the off trade, chiefly supermarkets, is fuelling an epidemic of alcohol harm. Alcohol costs the NHS in the North West £400m per year. The health of people in the North West is suffering as a result of increased affordability.

Latest figures for the National Alcohol Indicator (NI39) show that there were 863,257 admissions to hospital for alcohol-related harm in England in 2007/08, an 8% increase from the previous year or an additional 176 admissions every day.

The volume and location of alcohol is truly staggering, giving the impression of an alcohol warehouse rather than a supermarket.

Personal responsibility will always be important in addressing alcohol harm and education and information can help. However, the suggestion that in the face of aggressive promotion and advertising – where some alcohol is cheaper than Coca-Cola – people won't purchase more, is untenable. This report proves that supermarkets can't be trusted to show responsibility to their local communities when it comes to alcohol pricing. The government needs to act and legislate to create a floor beneath which the supermarkets can't price alcohol.

Background

Since 1970, alcohol consumption has fallen in many countries but has increased in England by 40%.[i] Latest figures released from HM Revenue and Customs show that clearances of alcohol have increased over the last decade by 22.6%.[ii]

In addition to the overall increase in consumption, the way in which we are consuming alcohol is also of concern. Across England one in five adults are drinking quantities that are putting their health at significant risk and one in 20 are drinking enough to make disease related to alcohol practically inevitable.

In the North West, the Big Drink Debate estimated that there are a total of 1.33 million harmful and hazardous drinkers (763,000 men and 567,000 women) across our five sub-regions.[iii] These figures concur with other surveys of the North West population.[iv]

Alcohol is no ordinary product. The harmful impact of excessive consumption on individuals and communities can be catastrophic.

Our Life believes that, whilst alcohol is a deeply ingrained part of English culture, it is access and affordability that are the key drivers in increased consumption.

This research examines how the current 'pocket money' pricing of alcohol is presented to us in supermarkets across the region. Our findings show that the extent of alcohol promotion within our major retailers across all five sub-regions is putting the public health of the North West at considerable risk.

Findings

During August and September 2009 Our Life conducted mystery shopping fieldwork within the major supermarkets across the five sub-regions of the North West.

A 'snapshot' survey

The Our Life team went to a range of supermarkets in Widnes and Chester, Manchester, Bury, Blackpool, and Barrow in Furness. The supermarkets examined were ALDI, Asda, Lidl, Marks & Spencer, Morrisons, Netto, Sainsbury's, Somerfield/The Co-operative and Tesco.

Details of the lowest-price and highest volume promotions were recorded, together with products not on special offer for comparison. Photographs were taken where it helped to illustrate the way in which the product was presented to the customer.

Due to the sheer number of products and promotional offers this is not an exhaustive survey. It is therefore not possible to infer from these results that one chain is more or less responsible in their selling of alcohol than another.

The following presents a 'snapshot' of alcohol promotions within the major off-trade retailers. Where possible we have split each promotion by area, product, positioning, and offer type.

Beer and lager

Beer and lager continue to be heavily discounted by supermarkets. Price promotions have meant that the brackets of 'standard', 'premium' and 'super' strength products now overlap considerably.

Kronenberg 1664, a premium strength lager brewed by Scottish & Newcastle, can for example now be purchased at a similar price to standard strength Fosters, brewed by the same company.

This consolidation of prices has been driven by the process of competition and the ability of retailers to accommodate and dictate cost differences.

Promotions are dominated by discounting on a single purchase based on volume, such as a pack of 15 cans or 24 bottles.

Our research indicates that there is little difference in price between similar products in similar promotions across the major supermarkets. The major exception to this is the distinction between alcoholic and non-alcoholic beer.

Promotions on alcohol-free lager, such as Becks Blue or Cobra Zero, were rare and did not compare in terms of value for money.

The cheapest Becks (275ml, 5% ABV) for example was found to be priced at 33p a bottle, whilst the cheapest non-alcoholic Becks Blue (also 275ml) could only be found at 50p a bottle.

Money-off discounting

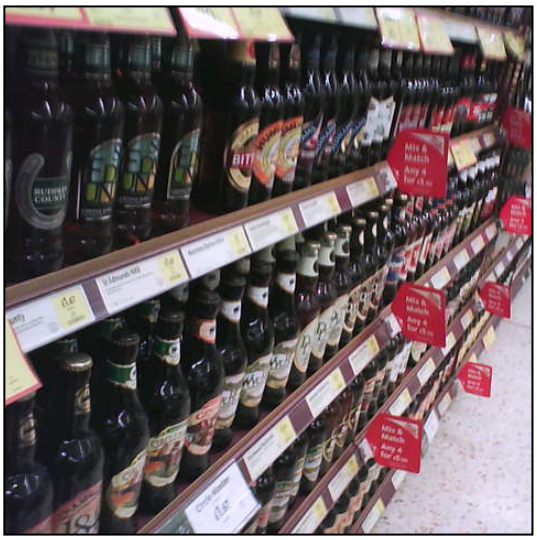
Typically a pack of 15 branded 500ml or 440ml cans of lager is priced at between £12 and £15. Packs of 10 are typically £6 or £7 per pack.

All of the major retailers offer discounted purchases and there is little difference between them in terms of price. The two main offers are, Tesco's 'Special purchase' and Asda's 'Roll backs', which operate across all grocery products.

In the Widnes Asda store, visited on 18 September, 105 out of the 202 different beer and lager products (that is differing between brands and pack sizes) available were being sold as part of a promotional offer.

Volume deals

Promotions based on volume also represent a large proportion of beers and lagers on offer.



Typically deals are based on a saving for buying two large packs (typically 24 cans), but there are examples of smaller four, six and 10 item packs being sold in a promotion based on purchasing a certain quantity.

Lowest unit prices available

Table 1 presents the lowest price per unit beer and lager available across the 10 major retailers.

At 16p per unit, Tesco's own brand imported lager is the cheapest available. This lager, sold in pack sizes of 12, is not part of a promotion, however, the second cheapest price per unit beer is. Tesco's promotional offer on 18 bottles of 275ml Becks is sold at £5 following receipt of a voucher for purchasing £30 in store.

At 5% ABV this equates to 20p per unit whilst the total unit content for this purchase is 24.8 and is more than the recommended sensible drinking quantity for a week.

Table 1: Lowest price per unit beers and lagers

Store	Promotion	Product	ABV (%)	Pack size	Total volume (*ml*)	Price (£)	Total units of alcohol	Price per unit (*pence*)
Tesco		Tesco Imported Lager	3.0	12 x 300ml	6,000	2.92	18	16
Tesco	Voucher deal following £30 in-store spend	Becks	5.0	18 x 275ml	4,950	5.00	24.8	20
Tesco	"Save – was £18"	Stella Artois	5.0	20 x 440ml	8,800	10.00	44.0	22
Aldi	Special purchase	Stella Artois	5.0	20 x 250ml	5,000	6.00	25.0	23
Asda	Special purchase	San Miguel	5.0	15 x 275ml	4,125	5.00	20.6	24
Aldi	Special purchase	Shipperton Bitter	4.0	18 x 440ml	7,920	7.99	31.6	25
Tesco		Value Bitter	2.1	4 x 440ml	1,760	0.94	3.7	25
Sainsburys		Basics Bitter	2.1	4 x 440ml	1,760	0.94	3.7	25
Morrisons		Value Lager	2.0	4 x 440ml	1,760	0.91	3.5	26
Sainsburys		Basics Lager	2.0	4 x 440ml	1,760	0.91	3.5	26
Tesco		Value Lager	2.0	4 x 440ml	1,760	0.91	3.5	26
Morrisons	3 x 15 bottle crates for £18	Stella Artois	5.2	45 x 284ml	12,780	18.00	66.5	27

Cider

Demand for cider and perry is currently experiencing a resurgence. The market for cider has diversified and has been driven predominantly by a growth in bottled products such as Bulmers, Magners and Gaymers. Standard canned ciders such as Strongbow and Blackthorn do however remain in the market as strong brands.

The market split between the heavily promoted brands and the smaller produced cider associated with traditional 'farmhouse' varieties has become more pronounced as these have sought a greater market share in the wake of the growth in the Irish bottled cider. The result is greater availability of cider and also perry as retailers look to grow the market and consumer choice.

The changing position of cider as an alternative to lager, has meant that competitive pricing is now more important. As a result cider promotions are now comparable in scope to that for beer and lager.

Money-off discounting

The overwhelming number of deals are for the market leader, Strongbow. A 15 can case of Strongbow is commonly priced in excess of £10, but in some retailers it could be found for £5 as part of a "minimum spend" deal. In one store 15 cans were sold for £5 in a standalone deal, producing the joint cheapest unit of alcohol found.

Blackthorn was also found at half its normal price, £9.99 for 24 cans.

Single small bottles of traditionally styled products were often seen with 20 - 40p reductions.

Volume deals

As for beer, promotions based on volume represent a significant proportion of the strategy for selling cider within the major retailers.

A 440ml can of Strongbow may cost 92p when bought as part of a four-pack, the smallest pack available in store. When bought as a 24-pack, and with no special discount, the same can costs 71p. However, when a typical discount is added the cost falls to approximately 58p. The can bought as a four-pack is therefore 59% more expensive than the can from the 24-pack.

There are often deals based on a saving for buying two large packs (typically 15 or 24 cans), but there are examples of

smaller four or eight packs being sold in a promotion based on purchasing two or three packs.

Promotions on more traditional products or those from smaller producers are typically at three or four "mix and match" bottles for a set price e.g. Bulmers 568ml 4.5% ABV or Weston Perry 550ml 7.4% ABV at £1.67, or any four for £5.50. Mix and match deals often include bottled ales, which highlights the comparability of the two products.

Lowest unit prices available

The cheapest available ciders per unit of alcohol, with the exception of a one-off deal on Strongbow, were the "value" own brands. These were sold in two-litre bottles for £1.21 in three stores: Asda, Tesco and Sainsbury's. The ABV of each of the three products was 4.2%. At 14p per unit they were the cheapest forms of alcoholic drink seen. A weekly maximum recommended alcohol intake for males could be purchased for £3.92.

Table 1: Lowest price per unit ciders

Store	Promotion	Product	ABV (%)	Pack size	Total volume (*ml*)	Price (*£*)	Total units of alcohol	Price per unit (*pence*)
Tesco	Voucher deal following £30 in-store spend	Strongbow	5.3	15 x 440ml	6,600	5.00	35	14
Asda		Smart Price Dry Cider	4.2	2litre bottle	2,000	1.21	8.4	14
Tesco		Value Dry Cider	4.2	2litre bottle	2,000	1.21	8.4	14
Sainsburys		Basics Cider	4.2	2litre bottle	2,000	1.21	8.4	14
Netto		Le Peri Medium	7.5	3litre bottle	3,000	3.79	22.5	17
Aldi		Taurus Dry	5.3	2litre bottle	2,000	1.79	10.6	17
Netto		Amber Cider	5.3	2litre bottle	2,000	1.79	10.6	17
Asda		Lambrini Still	7.5	3litre box	3,000	4.00	22.5	18
Netto	Special purchase	Blackthorn	4.7	24 x 440	10,560	9.99	49.6	20
Morrisons	3 x 12 can crates for £18	Strongbow	5.3	36 x 440ml	15,840	18.00	83.9	21
Tesco	Reduced from £17.09	Strongbow	5.3	24 x 440	10,560	14.00	56.0	25
Tesco	Reduced from £8.48	Strongbow	5.3	10 x 440	4,400	6.00	23.2	26
Asda	From a selection of beer and cider crates for £10 each	Strongbow	5.3	15 x 440	6,600	10.00	35	29

Wine

Money-off discounting

There is a great deal of money-off discounting, including many "half price" offers. These tend to be on mid-price wine, so that after discount the price almost always remains above £3, e.g. Tesco's Ogio Primavito, normally £8.99, was heavily promoted for £4.49. All retailers regularly reduce prices by 50p or a few pounds.

Volume deals

Sales are dominated by "3 for £10" offers. Depending on each wine's ABV, these work out at 32p-39p per unit of alcohol. Tesco, Asda, Sainsbury's, Marks and Spencer, and Somerfield all used these promotions. They often include brands such as Gallo and Blossom Hill.

Other wines are often linked as multibuys at different prices, e.g. Tesco Finest* wines priced £6.99-£7.99, or any two for £10, or two bottles of Asda's Three Mills wine for £4.

All supermarkets maintain a discount for volume sales, normally 5% off six or more bottles. Supermarkets regularly run special promotions with greater discounts, e.g. 25% off six or more bottles of wine (Marks & Spencers), or 25% off six or more bottles of French wine (Sainsbury's). These are usually in addition to multibuy deals and money-off discounts.

Lowest unit prices available

Netto's Lambrusco Bianco and Lieberwein were the cheapest bottles found. Both were 7.5% ABV and £1.99 for a large 1.5 litre bottle. At 18p per unit of alcohol, these were significantly cheaper than other wines, which generally started at 32p a bottle.

Table 3: Lowest price per unit Wines

Store	Promotion	Product	ABV (%)	Pack size	Total volume (*ml*)	Price (*£*)	Total units of alcohol	Price per unit (*pence*)
Netto	Special purchase	Lambrusco Bianco	7.5	1.5litre box	1500	1.99	11.3	18
Netto	Reduced from £2.49	Lieberwein	7.5	1.5litre bottle	1500	1.99	11.3	18
Asda		Smartprice La Comida	11.0	75cl	750	2.38	8.3	29
Lidl		Lambrusco Bianco	7.5	75cl	750	1.78	5.6	32
Tesco	Any 3 bottles for £10	Lindemans Sydney Cove	14.0	3 x 75cl	2250	10.00	31.5	32
Asda	Any 3 bottles for £10	Luis Felipe Edwards	13.0	3 x 75cl	2250	10.00	29.3	34
Asda		Hidden Valley English wine	8.0	75cl	750	2.00	6	33
Asda	2 bottles for £4	3 Mills	8.0	2 x 75cl	1500	4.00	12	33
Sainsburys	2 bottles for £7	First Cape Red	14.0	2 x 75cl	1500	7.00	21	33
Lidl	Special purchase	Pedro Jimenez	13.0	75cl	750	3.36	9.8	34
Marks & Spencers	Any 3 bottles for £10	Las Falleras Red	12.0	3 x 75cl	2250	10.00	27	37
ALDI	"Cheaper!"	Aldi Zinfandel	10.5	75cl	750	3.00	7.9	38
Tesco	3 for £10	Cava	11.5	3 x 75cl	2250	10.00	25.9	39
Somerfield		Watermark Cabernet Shiraz	13.5	75cl	750	3.99	10.13	39

'Alcopops' and 'Ready-to-drink'

These are typically sold in 275ml single serve bottles, or in 700ml bottles.
The price per unit of alcohol is relatively high, with own brand alcopops being priced at a similar level to premium spirits.

Branded alcopops are significantly more expensive. The cheapest Smirnoff Vodka we found contained alcohol at 38p per unit, the cheapest Smirnoff Ice we found was 79p per unit of alcohol.

Money-off discounting

There was some evidence of money off discounting, particularly with lesser known brands and own-brands.

Volume deals

Volume deals were widespread, with "2 700ml bottles of WKD / Smirnoff Ice / Bacardi Breezer for £5" particularly common. With two large bottles of Bacardi Breezer providing 5.6 units and costing 89p per unit of alcohol, it is significantly more expensive than other deals reported here.

Asda's own brand, Vfu, came in a "variety pack" of 4 large 700ml bottles for £4.31. This totalled 11.2 units of alcohol – half a woman's maximum recommended weekly intake.

Multipack deals such as Tesco's three packs of four small bottles of Breezer for £10 were seen in many stores.

Other volume deals included two crates of 12 bottles of WKD for £20. This marketing, seen across the stores, resembles lager and cider promotions, albeit with a more expensive price.

Lowest unit prices available

The cheapest "alcopop" we found was "Vodkat Smoothie" (35p per unit), in a single ASDA store. At 12% this was also the most alcoholic pre-mix drink - three times the ABV of the more popular Breezer. This is particularly concerning given that the appeal of these beverages is based on their taste being comparable to that of a soft drink.

Table 4: Lowest price per unit alcopops

Store	Promotion	Product	ABV (%)	Pack size	Total volume (*ml*)	Price (*£*)	Total units of alcohol	Price per unit (*pence*)
Asda	Reduced from £2.63	Vodkat Smoothie	12	500ml	500	2.11	6	35
Asda	"Value Variety Pack"	Vfu	4	4 x 70cl	2800	4.31	11.2	38
Asda		Mixed Fruit Twist	4	70cl	700	1.37	2.8	49
Lidl		Vodka Ice	5.6	275ml	275	0.79	1.54	51
Lidl		Rum and orange drink	5.6	275ml	275	0.79	1.54	51
Tesco	2 crates of 12 bottles for £20	WKD	4.5	12 x 275 x 2	6600	20.00	29.7	67
Tesco	3 packs of 4 bottles for £10	Bacardi Breezer	4.0	4 x 275 x 3	3300	10.00	13.2	76
Tesco	Any 2 large bottles for £5	WKD / Smirnoff Ice	4.5	2 x 70cl	1400	5.00	6.3	79
Asda	Any 2 large bottles for £5	WKD / Smirnoff Ice	4.5	2 x 70cl	1400	5.00	6.3	79
Tesco / Asda	Any 2 large bottles for £5	Bacardi Breezer	4.0	2 x 70cl	1400	5.00	5.6	89

Spirits

Most discounting on spirits takes place around Christmas, when many consumers "stock-up" for the year.

Money-off discounting

Money-off deals were usually restricted to 5% or 10% the price, e.g Somerfield selling a range of spirits including Bells whisky for £9.99 each, a saving of £5.

Higher-end products such as single-malt whiskies and premier brandies had reductions of nearly 20%, but their selling price remained high.

Volume deals

Relatively few volume deals were noted. Tesco sold a range of spirits for two for £20, including Captain Morgan Rum which was normally priced at £12.48.

Lowest unit prices available

Asda, Tesco, Morrisons and Sainsbury's all sold own-brand versions of gin, vodka or rum at roughly the cost of duty plus 17.5% VAT (they do not seem to have reduced the price in line with this year's cut in VAT to 15%). After the tax payable, they were effectively giving the consumer the bottle and its contents for free. This was the clearest example of loss-leading found.

These value ranges were generally also produced in half bottle and litre bottle versions.

Table 5: Lowest price per unit 'alcopops'

Store	Promotion	Product	ABV (%)	Pack size	Total volume (*ml*)	Price (*£*)	Total units of alcohol	Price per unit (*pence*)
ASDA		Smart Price Rum	37.5	70cl	700	6.97	26.25	27
Morrisons		Moskova Imperial Vodka	37.5	70cl	700	6.98	26.25	27
TESCO		Value Gin	37.5	70cl	700	6.98	26.25	27
ASDA		Smart Price Vodka	37.5	70cl	700	6.98	26.25	27
ASDA		Smart Price Gin	37.5	70cl	700	6.98	26.25	27
TESCO		Value Vodka	37.5	70cl	700	6.98	26.25	27
Sainsburys		Basics Gin	37.5	70cl	700	6.99	26.25	27
Sainsburys		Basics Vodka	37.5	70cl	700	7.49	26.25	29
Somerfield	From a selection of premium spirits at £9.99	Bells whisky	40.0	70cl	700	9.99	28	35
TESCO	From a selection of premium spirits at 2 for £20	Captain Morgan Rum	40.0	70cl x 2	1,400	20.00	56	36

Type of offer

Our research has shown that significant savings can be made through purchasing alcohol that is part of a promotion or special offer.

Buy one get one free offers

'Buy one get one free' offers are not particularly common. However, they are most often offered on smaller packs of beer, for example, "Brahma Beer, 4x440ml bottles, 4.3%ABV £4.50 - Buy One Get One Free".

Money-off discounting

Money-off discounting occurs across all product types in all of the major retailers. These offers typically presented as a 'special offer', discount the 'original' price by a certain amount. The following presents a snapshot of the discounts found within our fieldwork.

Carlsberg Export

15x440ml, 5% ABV cans at £11.99, reduced from £13.99 "save £2".

Asda, Widnes, 18 September 2009

Fosters

24 x 440ml, 4% ABV cans at £14.00, reduced from £18.94.

Tesco, online, 9 October 2009

Carlsberg

15 x 440ml, 3.8% ABV cans at £8.00, "Special Purchase".

Tesco, Chester, 18 September 2009

Stella Artois

20 x 440ml, 5.2% ABV cans at £15 reduced from £18.

Tesco, Rawtenstall, 17 September 2009

Carling

10 x 440ml, 4% ABV cans at £6.00, Asda 'Roll back".

Asda, Widnes, 18 September 2009

Volume discount

Volume discounts were found across all product types. Volume-based promotions place a saving on the purchase of multiple items or packs, rather than discount deals which reduce the price on a single purchase.

Typically, beer, lager and cider are the most commonly discounted beverages. The following provide some examples.

'Any 2 for £16' – mix and match

Kronenberg 1664 15x275ml, 5% ABV bottles; John Smiths 15x440ml 3.8% ABV cans; Stella Artois 18x284ml 5% ABV bottles.

Asda, Widnes, 18 September 2009

'Great Offers – 2 for £15'

John Smiths 15x440ml 3.8% ABV cans;
Fosters 15x440ml 4% ABV cans;
Stella Artois 18x284ml 5% bottles.

Sainsbury's, Chester, 18 September 2009

'£10 per pack or 2 for £15'

Carlsberg 15x440ml 3.8% ABV cans;
Budweiser 15x300ml 5% ABV bottles;
Stella Artois 18x 284ml 5.2% ABV bottles.

ALDI, Bury, 17 September 2009

'3 for £20'

Becks Vier, 10 x 440ml, 4% ABV cans;
Stella Artois, 10 x 440ml, 4% ABV cans.

Tesco, Blackpool, 15 September 2009

'Meal deals'

These commonly feature alcohol. For example, Marks and Spencer: get a main course, a side dish, a desert and a bottle of wine for £10.

Marks and Spencer also offers non-alcoholic alternatives to wine such as fruit juice. Other supermarkets, for example, Morrisons often include beer instead of wine.

Vouchers

Minimum spend vouchers – for example Tesco's, spend £30 and get a crate of Strongbow for £5 are particularly important. These types of offer appear to reward customers for either their loyalty or for the amount they have spent.

Vouchers are printed off at the till for the customer's future use. According to the forum on Money Saving Expert.com evidence suggests that the Tesco offer proved so popular that they ran out of stock of the relevant beers and cider nationwide.

Online offers

Most deals that are promoted in shops are also advertised online for delivery services. There is anecdotal evidence that customers choose to 'stock up' on large volume deals online as it is delivered to their door by the supermarket.

Location

Supermarket chains, and the stores within those chains, varied greatly in where they placed alcoholic drinks. Some shops only displayed alcohol in dedicated alcohol aisles. In other shops it was hard to find a place to stand where alcohol or advertisements for alcohol were not in your field of vision.

All but the smallest city-centre stores had dedicated alcohol aisles. The largest had eight aisles (a single length of shelves) filled exclusively with alcoholic drinks.

The ends of aisles, including aisles for non-alcoholic products, were used to promote special offers on alcohol.

In addition to typical shelving along aisles, much use was made of 'islands', most often formed from the large crates of beer on offer.

Many stores sited alcoholic drinks at the entrance and checkouts of their stores. In the only two-storey shop visited, alcohol was also positioned at the bottom of the escalators.

Advertising space

There was considerable advertising of promotions on alcohol both inside and outside stores.

Adverts for beer were found on: "A" boards outside entrances; bill boards on

sides of buildings; posters in windows; banners displayed on railings; and large posters on trolley shelters.

Further posters for alcoholic drinks were found in-store, and many special promotions were publicised from special signs hanging down from the ceiling. In larger Tesco outlets, for example, one end wall of the store would advertise deals in foot-high lettering.

Deals would be promoted further by brightly-coloured or larger than normal point of sale.

How low can we go?

"Alcohol today is 75% more affordable than it was in 1980"

Britain's alcohol market has changed significantly over the past 20 years. Evidence shows that the split in off- and on-trade sales has shifted massively and has been driven by a widening gap between off-trade and on-trade prices.

Home drinking has increased by 18% in England over the period 1997 to 2007[v] and is attributable to both demand- and supply-side elements.

Using the most recently available data, alcohol today is 75% more affordable than it was in 1980, highlighting the trend of increasing alcohol affordability[vi].

The strong relationship between affordability and consumption is outlined in Figure 1 below.

In addition to this, research from the Alcohol & Health Research Unit at the University of the West of England makes the direct link between consumption and mortality. The research shows that 90,800 people could die avoidable deaths from alcohol-related causes by 2019 if average rates of consumption over the past 15 years continue.

How is alcohol sold to us?

Given the increased market share of the off-trade and the considerable impact that it has had on the affordability of alcohol Our Life believes that a code of conduct for off-trade retailers is required to ensure that alcohol is retailed responsibly.

Luxury good or a staple?

The real cost of alcohol is currently such that its position in the marketplace has moved from that of a luxury good to one more representative of a staple good. This is confirmed by the increasing use of alcohol as loss-leaders in supermarkets.

Loss-leader products are selected on the basis that consumers are familiar with their price. When heavily discounted they are then instantly recognisable to the consumer and attractive.

Our research found that in some instances over 50% of all available brands/products within a particular beverage type were discounted or promoted as a special offer.

Alcohol is now more affordable than many other goods and has become more affordable over time. Our examination of supermarket pricing reveals comparable per unit prices across all beverage types, in all sub-regions of the North West. The lowest price per unit of 14p was identified for Tesco own-brand cider.

To put alcohol affordability in context, we found that the cheapest 330ml can of Coca-Cola is available for a cost of 32.7p. We also found that a 440ml can of 5.3% ABV Strongbow cider could be purchased at almost exactly the same price (33.3p).

There can be no doubt that competition between retailers has had the effect of driving alcohol prices down, but how low can they go?

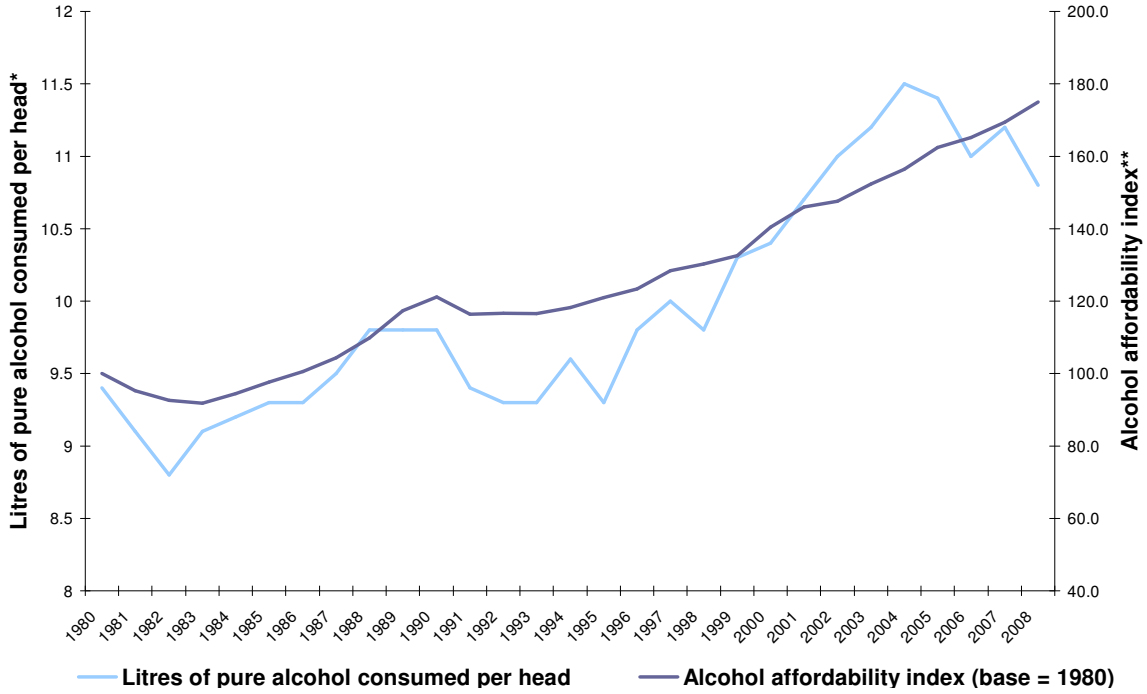


Figure 1: Since 1980 consumption has increased in line with affordability

*Litres of pure alcohol consumed per person 15 years an over, BBPA handbook.
** Alcohol Affordability index, Statistics on Alcohol 2009, ONS.

Timing

Our Life believes that promotions are no longer a temporary tactic used to mark a change in season or a significant social event. Extended promotions themselves have become the norm and as a result the price of alcohol in the off-trade is incomparable to that within the on-trade. Put simply, the on-trade has not been able to compete.

An average pint of lager costs £2.68[vii]. The equivalent cost in a supermarket is just 80p.

The implication is that for younger and heavier drinkers supermarkets are the key source for cheap, affordable alcohol.

Below-cost selling

Retailers argue that the predominant driving force behind alcohol discounting and promotional selling is consumer demand. However, the explanation for the use of discounts, cited within a recent Competition Commission inquiry, is that it was necessary to maintain market share and that promotions and 'below cost selling'

were 'temporary' operations utilised at Christmas and during major sporting events.

This apparent contradiction implies that it is the supermarkets and not consumers that are *creating* demand rather than simply responding to it.

As a result, the true picture, as presented in this research, is that promotions and discounts reflect the norm.

The Competition Commission found that in 2008 the total number of weeks that products were sold below cost price varied between eight and 25 per year with key periods for 'below cost pricing' being around Christmas and summer sporting events.

The period for our research was not in line with either a major event or a particular seasonal holiday such as Christmas or Easter.

The Competition Commission outlines the benefits to consumers in the provision of value for money. However, as we have shown quite clearly, the affect of below-cost selling is adversely affecting public health.

Disproportionate buying power

The major retail chains are able to influence and apply significant pressure on wholesalers and distributors of alcoholic beverages.

Supermarket pricing, can for example significantly distort branded suppliers' attempts through advertising to market their product. The advertising of the Stella Artois campaign slogan, 'Reassuringly expensive' may be undermined by the promotional offers highlighted in this research.

The power of the major retailers is also evident in the variety of pack sizes now available. Packs now come in 10, 15, 18 and 24 item sizes. This must represent a considerable cost to wholesalers. Retailers are able to apply targeted pricing strategies to products to maximise sales and accommodate consumer choice. Whilst this may be good for value, the impact is that consumers are purchasing more.

Key messages

Evidence shows that off-trade discounting increases the volume of alcohol purchased. 80% of respondents to the North West's Big Drink Debate believed that low prices and discounting increased their levels of consumption.

Our findings show that:

- There is a clear link between affordability and consumption;
- Higher consumption is creating an adverse impact on public health at a population-wide level;
- Off-trade prices are considerably lower than those in the on-trade. At 14 per unit, this 'pocket money' pricing represents irresponsible retailing on the part of our major retailers;
- The traditional pub within the on-trade has suffered significantly and a considerable number of pubs

close each week. A key driver in this is the off-trade's ability to massively undercut prices and cause the on-trade to compete with other licensed establishments on the basis of price through unsustainable promotions;
- Promotional activity typically applies to all beverage types across all major retailers in all regions;
- Promotional activity does not appear to be 'temporary practice' but the norm in the way alcohol is sold.

Much of the policy development to date fails to recognise the role of the off-trade. This is certainly the case with the recently released Code of Practice for Alcohol Retailers which contains little regulation for the off-trade.

Currently 'bulk discounting' in the off-trade is only covered within the discretionary local licensing conditions (located in Chapter 4 of the Code of Practice). Our Life believes that this particular measure will be difficult to enforce and will do little to deter retailers competing on price.

The current Code of Practice for alcohol retailers fails to recognise the links between the on and off trade, the balance of consumption between them and the requirement for policies that understand this relationship and that use it to reduce harmful and hazardous levels of consumption.

A single Code of Practice for alcohol retailers must therefore contain stronger conditions affecting the promotion and retailing of alcohol within the off-trade.

Minimum price

In addition to a Code of Practice for all alcohol retailers, Our Life also supports measures to directly make the cheapest alcohol less affordable than it currently is and therefore supports a minimum price per unit policy.

The societal value of alcohol harm reduction has been developed for hypothetical minimum price thresholds.[viii] Despite demand for alcohol being relatively price inelastic, the relationship between cost and consumption is negative such that if all other determinants remain constant and the price of alcohol increases, demand for alcohol and consumption decreases.

If a minimum price per unit was set at 50p, overall consumption would fall by 6.9% and prevent 3,400 deaths, 98,000 hospital admissions and 300,000 days of workplace absence per annum[ix].

In addition and given the diversity of support for minimum price policy (National Union of Students, the Campaign for Real Ale, Molson Coors, and the British Medical Association) the government should look to support local initiatives to take this forward. This would provide robust evidence of the impact of minimum price policy.

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