EDITORIAL

16 for the Price of 10: Effects of a Ban on Multi-Buy Alcohol

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Abstract — Multi-buy is one method by which retailers discount alcoholic beverage sales. It is common in the UK. A Scottish ban on multi-buys had an immediate impact on sales. Because other methods for lowering price as a marketing tool will be used, the longer-term impact is unknown. Legislating a minimum price per unit of alcohol may have a longer lasting effect on overall alcohol consumption.

The North of England street market stall holders were famed for their sales patter. The latest must-have labour-saving gadget would be shown off to the passing housewives. The crowd grew larger the louder he sang out, elaborating why any family would be fortunate to own one. The climax came when, having told you what it was worth—and what you would pay in the nearby Department Store—he would tell you that, for the very same price, he’d sell you not one, not just two, but three. At age eight or nine, I embarrassed my mother by calling back to a trader that I’d like one (I think it was a solitaire pocket game), but I’d like only one and I’d pay one-third of the price for which he was now auctioning them in threes! He said to the crowd—’He’ll go a long way, that boy … and the further the better’.

Researchers at the University of Newcastle-on-Tyne document that discounted selling of alcoholic beverages in shops and supermarkets is common in North-East England (Adams and Beenstock, 2012). It is probably similar in much of the UK. To sell volume is good business when the product is cheap to produce and in abundance: a 16-pack of beer cans for the price of 12, 3 bottles of wine for the price of 2, etc. When cheap cider is sold in large containers, at three for two, the cost of one UK unit of ethanol (8 g) falls to below 14p (£0.16, US$ 0.17).

Within the UK, Health and Law are among the powers that are devolved to the larger regions. Taxation and many other financial powers are not devolved. The Governments in Scotland, Wales and Northern Ireland are using the limited powers they have to strengthen policies for reducing alcohol harm beyond the more limited range accepted by the Westminster UK Government. On 1 October 2011, the Scottish Government legislated to ban multi-buy alcohol (an amendment to the Alcohol (Scotland) Act, 2010 (Scottish Government, 2010). There was an immediate impact. Retail analysts Nielsen found that sales of wine fell by 5%, spirits by 3% and beer by 8% during the first 8 weeks of the ban, compared with that period in 2010. Beer (includes lager) is the product that has especially come to be sold as multi-buys in recent years.

In the 8 weeks that Scotland saw falls, sales of wine in England and Wales went down by 4%, spirits 1% and beer sales rose by 1%. Analysts said there were clearly a number of factors affecting how much alcohol people bought.

Nielsen’s analyst, Humphreys, told the BBC: ‘Whilst we cannot categorically attribute all the declines in Scotland purely to the multi-buy ban, it does appear that the measure has had an impact. There will be other factors at play influencing shopper behaviour such as the economy and general cutting back and stretching of budgets… But if the measure was designed to cut consumption then the immediate sales figures suggest it is working’. (BBC News 8 December 2011). The target, however, moves! It was reported that during the first 4 weeks of the ban in Scotland the number of products on price reduction promotions nearly doubled (Metro, 8 December 2011).

Canadian data on the effects of pricing on consumption patterns have now been published. Stockwell et al. (2011) exploited a natural experiment occurring over three Canadian provinces (British Columbia, Ontario and Saskatchewan) where government monopolies controlling alcohol beverage pricing had made price changes at intervals, and by type of beverage, that fortuitously were staggered. Drinkers’ purchasing habits were indeed affected by enforced price rises to specific categories of beverage, and despite some shift to cheaper products, it was still possible to show that a mean price rise across all beverages of 10% was followed by a 3.4% reduction of overall consumption (Stockwell et al., 2011).

In Scotland, the government proposes to go further—to eliminate all cheap sales by imposing a minimum price per unit of alcohol across all beverages. The government will be encouraged in this by the early effects of the Scottish multi-buy ban.

REFERENCES

Guidance