

Evaluating the impact of alcohol minimum unit pricing in Scotland: Observational study of small retailers

A study conducted on behalf of NHS Health Scotland (now Public Health Scotland) as part of the wider Monitoring and Evaluating Scotland's Alcohol Strategy (MESAS) evaluation of minimum unit pricing.

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Declaration of interests

Members of the Economic Impact and Price Evaluation Advisory Group provided comment on the draft of this report. This group includes members from academic organisations, the alcoholic drinks industry, alcohol advocacy organisations, Scottish Government and NHS Health Scotland (now part of Public Health Scotland). All comments were advisory only. Decision making on the research design,

investigation, analyses, and content of the report rested with the research team. Membership of the EAG can be found on [the MUP evaluation website](#).

Several members of the research team have been involved in previous research on alcohol, including (in some cases) on minimum unit pricing. A list of current and previous research interests, publications and affiliations for most members of the team can be accessed through their page on the university/organisational website as listed below. None of the authors have received any funding from the alcoholic drinks industry, alcohol retailers, or affiliated bodies. NC is a member of the Board of Alcohol Focus Scotland. NF sits on alcohol policy expert committees for the Department of Health in Ireland and Public Health Scotland, and serves as President of the International Confederation of Alcohol, tobacco and other drug Research Associations (ICARA) from 2018-2020.

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List of acronyms and key terms

ABV – Alcohol by Volume (%)

‘Cheap’ alcohol – In both the original commissioning brief, and in this report, the term ‘cheap’ alcohol is shorthand for low-cost high-strength alcoholic drinks products that were sold below £0.50-per-unit before Minimum Unit Pricing was implemented

CPIH – Consumer Pricing Index, including owner-occupiers’ housing costs (a measure of inflation)

EAG – Economic Impact and Price Evaluation Advisory Group

EPoS – Electronic Point of Sale

GPB – Great British Pound, Sterling (£)

MESAS – Monitoring and Evaluating Scotland’s Alcohol Strategy

ml – Millilitres

Multipack/MP – A product with multiple individual containers designed to be sold as a collective product (e.g. 4 x pack of 500ml beer)

MUP – Minimum Unit Pricing

N – Nominal value/Number

Non-multipack/NMP – A product intended to be sold as an individual container (e.g. bottle of wine)

Nrb – Non-returnable bottle, a type of packaging used for alcohol (i.e. glass bottle for beers)

PET – Polyethylene terephthalate, a plastic commonly used in bottles and other forms of food and drink packaging

PPU – Price-per-unit

Price-marking – Price marked or stamped on the container label, outer packaging or directly on the container

RQ – Research Question

RRP – Recommended Retail Price

RTD – Ready-To-Drink (i.e. ‘alcopops’)

SD – Standard Deviation

SIMD – Scottish Index of Multiple Deprivation

TRDP – The Retail Data Partnership Ltd

UK – United Kingdom

UPC – Unique Product Code (i.e. barcode used to identify products)

Wave – Refers to the stage of observation in work package two

WP – Work package

Year-on-year – Refers to August 2017 versus August 2019 in work package one

50 tracked products – A subset of products and brands that were selected for detailed monitoring in work package one

5 case study products – A subset of products and brands selected for detailed monitoring all three work packages

Executive summary

Introduction

Minimum Unit Pricing (MUP) came into effect in Scotland on 1st May 2018, and mandates that drinks containing alcohol must have a minimum sales price of £0.50-per-unit of alcohol. This study is one of several commissioned by NHS Health Scotland (now part of Public Health Scotland) to evaluate the implementation and impacts of alcohol minimum unit pricing in Scotland through the Monitoring and Evaluating Scotland's Alcohol Strategy (MESAS) programme of studies. The MUP studies are organised around four themes: (1) implementation and compliance; (2) the alcoholic drinks industry; (3) alcohol consumption; (4) and health and social harms. This study falls under the alcohol alcoholic drinks industry theme, although our findings also add to the evidence around implementation and compliance.

The aim of this study

The aim of this study is to evaluate changes in alcohol price, marketing practices, and product range in response to the implementation of MUP in Scotland in small retailers. Small retailers were defined as small owner-operated businesses, usually comprising a single store or small number of stores owned and operated by an individual or family. Such stores can be affiliated to a symbol group (e.g. Nisa, Premier, and Best-One) or independent (also known as non-affiliated). We respond to five main research questions which were set out in the original commissioning brief from NHS Health Scotland:

Research Question 1: What happens to the price of alcohol products sold below and above £0.50-per-unit prior to, and following, the implementation of MUP?

Research Question 2: What happens to the price differential between alcohol products at different points in the price distribution?

Research Question 3: What happens to the alcohol product range offered to consumers?

Research Question 4: What happens to low-cost high-strength ('cheap') alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?

Research Question 5: What happens to the ways in which previously low-cost high-strength ('cheap') alcohol is marketed?

What we did

An observational study was conducted, comprising three work packages. These are summarised in the table below, and described in greater detail in the report. Five case studies were also conducted examining key alcohol brands, triangulating data from all three work packages. These were for Buckfast 15% ABV fortified wine, Frosty Jack's 7.5% ABV cider, Glen's 37.5% ABV vodka, Tennent's 4% ABV lager and Strongbow Original 5% ABV cider*.

* Full details on how we selected these five case study products are presented in section 3.1.6.

Summary of the three work packages

	Work package design	Timing of data collection
1	Electronic Point of Sale data (EPoS) used to monitor trends in product availability, product characteristics, and pricing for 2,000 alcohol unique product codes (UPCs) among 200 small retailers in Scotland.	Monthly data collection for nine month pre-MUP (August 2017 – April 2018) and nine months post-MUP implementation (May 2018 – January 2019)
2	A retailer audit in 20 stores, which comprised a structured observational audit of what products were available and how they were promoted or marketed, and interviews with small retailers about their experiences of MUP implementation.	Conducted once pre-MUP (October – November 2017) and repeated a year later post-MUP implementation (October – November 2018)
3	A content analysis of the retail trade press, including five UK-wide and three Scotland-specific publications, which captured information on changes to pricing, promotional activities, and experiences of MUP implementation.	Continuous data collection for nine month pre-MUP (August 2017 – January 2019) and nine months post-MUP implementation (May 2018 – January 2019)

What we found

RQ1: What happens to the price of alcohol products sold below and above £0.50-per-unit prior to, and following, the implementation of MUP?

Alcohol products sold below £0.50-per-unit:

- **Main finding:** Alcohol products previously sold below £0.50-per-unit either increased in price to be in line with MUP or retailers stopped selling them.
- In the EPoS data, we observed large increases in the nominal average sales price-per-unit for both cider non-multipacks (i.e. bottles) and perries, the two categories with the lowest nominal average sales price-per-unit prior to MUP implementation. By the end of the study, an estimated 98% of UPCs had a nominal average sales price-per-unit that was equal to or greater than MUP (up from 86% from August 2017), and 92% of UPCs had a minimum sales price (i.e. a one-off sale across the sample) in line with MUP (up from an estimated 75% in August 2017). The retailer interviews and retail trade press suggested that any UPCs sold at prices below MUP likely only represented a very small proportion of overall sales volume.
- These price increases were also reflected in the case studies. Three of the case study products had a nominal average sales price-per-unit below £0.50 in August 2017: Frosty Jack's, Strongbow 5.0% Original, and Glen's 37.5% vodka. Once MUP had been implemented, the average sale prices for all three products increased to be in line with, or above, MUP. For example, the nominal average sales price-per-unit for non-multipack Frosty Jack's products (i.e. bottles) increased from £0.19 in August 2017 to £0.50 in August 2018, while Glen's 37.5% vodka increased from £0.49 to £0.53-per-unit in the same period. For all three products, the price increases coincided with MUP implementation. In the observational audit, retailers who had previously sold these products below MUP either ceased to do so, either by delisting products (e.g. larger bottles of Frosty Jack's) or increasing prices to become compliant.

- In the interviews, retailers had varied understanding of MUP and alcohol units pre-implementation, although this understanding had improved once MUP had been introduced, and retailers had identified which products would be affected. Both the retailer interviews and the retail trade press indicated that retailers generally found the implementation of MUP to be straightforward, and that advice and support were available from several sources. Retailers took compliance seriously, and there were few instances of non-compliance.

Alcohol products sold above £0.50-per-unit:

- **Main finding:** Alcohol products sold above £0.50-per-unit generally appeared to increase in price, to varying degrees, although it was not always clear to what extent (if at all) these increases were associated with MUP versus other contextual determinants of price. We found no consistent evidence of prices decreasing towards MUP.
- In the EPoS data, we mostly observed price increases for products and categories which already had a nominal average sales price above £0.50-per-unit. However, the extent of these increases varied considerably between product categories, ranging from a small price increase for the wine category (from an average of £0.65-per-unit in August 2017 to £0.67-per-unit in August 2018), to a larger increase for beer non-multipacks (from an average of £0.53-per-unit in August 2017 to £0.67-per-unit in August 2018). As these nominal average sales prices-per-unit were already above MUP, it is unclear to what extent (if at all) increases were related to MUP. It is important to acknowledge that other factors, such as inflation and changing prices of ingredients and distribution, may have also contributed to these changes in price. At a category level, it is also not definitively clear from the data presented whether increases in the nominal average sales price-per-unit reflect broad increases across most products in these categories, whether the increases are driven by a smaller subset of products increasing to at least £0.50-per-unit, or a combination. We observed little to no consistent evidence of the price for any

products or categories decreasing towards the £0.50-per-unit threshold based on the nominal sale prices-per-unit*.

- These price increases were also reflected in our case studies. Two of our case study products had a nominal average sales price-per-unit already above £0.50, Buckfast 15% ABV fortified wine and Tennent's 4% lager, and there were price increases for both across the study. Specifically, the nominal average sales price-per-unit for Buckfast increased from £0.63 in August 2017 to £0.66 in August 2018, while Tennent's increased from £0.51-per-unit to £0.54-per-unit in the same time. As discussed above, however, it is unclear from our data to what extent these increases were driven by MUP versus other economic and contextual factors such as inflation.
- In the retailer interviews and analysis of retail trade press, retailers commented that many of their lines of alcohol were already sold above MUP and, therefore, they had not been required to make any significant changes to their pricing strategies. A small number of retailers suggested that they had taken the opportunity of MUP to increase prices for some lines of alcohol, but doing so did not appear to be widespread.

RQ2: What happens to the price differential between alcohol products at different points in the price distribution?

- **Main findings:** Price changes following MUP implementation resulted in a narrowing of price differential, both within and between some product categories, and congestion in the number of products sold at, and immediately above, MUP.
- In the EPoS data, the proportion of products with a nominal average sales price-per-unit in the £0.50 to £0.54 price band increased by 5.3 percentage

* It is possible that some products, or product categories, may not have increased prices in line with inflation, thus generating a real-time reduction in price versus those which did. All prices in this report are nominal.

points between August 2017 and August 2018. This was greater than increases at any other part of the price distribution in the same time frame. This suggests that there was increased congestion in the proportion of products sold at, and immediately above, the MUP threshold after implementation.

- The case studies suggested that increased congestion at, and immediately above, MUP was largely driven by a compression of the price differential between previously 'cheap' products (i.e. those sold <£0.50-per-unit) and those already priced around MUP. This compression occurred both within product categories (among ciders) and between products categories (e.g. between ciders and both spirits and beers). For example, while Frosty Jack's and Strongbow Original cider both had a nominal average sales price-per-unit considerably lower than Tennent's lager and Glen's 37.5% vodka in August 2017, after MUP implementation this differential narrowed and all four brands were sold around £0.50 to £0.55-per-unit (as too were a variety of other products across different categories). Most of the reduction in differential coincided with MUP implementation. In the retailer interviews and retail trade press, it was frequently suggested that this compression (or in some cases elimination) of the price differential among the cheapest products had encouraged some customers to switch products and/or brands.
- The case studies also suggested that price increases mandated by MUP had compressed the price differential between some previously 'cheap' products and their more expensive counterparts; albeit the degree to which this occurred varied by product category and which products were compared. For example, in the EPoS data, the nominal average sales price-per-unit for Glen's and Smirnoff vodka had narrowed from £0.49 and £0.56, respectively, in August 2017 (a difference of £1.84 for a 700ml bottle) to £0.53 and £0.56, respectively, in August 2018 (a difference of £0.79 for a 700ml bottle). In both the retailer interviews and retailer trade press, it was suggested that this compression of differential had encouraged some customers to switch brands, although this was not a unanimous opinion across retailers.

- In the retailer interviews and trade press it was suggested that MUP had also reduced the price differential between small retailers and larger competitors (e.g. supermarkets), and that it had stopped the latter selling some competing or identical products at cheaper prices. This was described by some as 'levelling the playing field' and increasing ability to compete both on regular sales and seasonal offers.

RQ3: What happens to the alcohol product range offered to consumers?

- **Main findings:** We observed several changes in the alcohol product range following MUP implementation, although not all these changes were necessarily related to the policy. There was some evidence of product changes that appeared to be directly related to MUP, with the introduction of some lower strength (ABV %) and smaller container sizes for products which had previously been sold below £0.50-per-unit.
- Across the study, ciders appeared to be the product category whose range was most impacted by MUP implementation. Specifically, there was a decrease in the number of ciders observed in the retailer audit before and after MUP implementation. There was also a large decrease in the number of different cider non-multipacks (i.e. bottles) sold at least once by each retailer in the EPoS data, most of which coincided with MUP implementation. In the interviews, it was suggested that these decreases reflected the expected trend that retailers would reduce (or delist entirely) the higher-volume, higher-strength, and lower-cost ciders as customers would not pay the MUP-compliant prices.
- The EPoS data also found an increase in the proportion of cider multipack products that had been sold as separate containers by at least one retailer, with the increase largest around MUP implementation. It is plausible that this may be because individual cider containers became more attractive to price-sensitive consumers once the ticket price (i.e. amount paid) for larger non-multipacks became more expensive under MUP. Although both products most likely had exactly the same price-per-unit under MUP, the individual multipack

container would have a lower face-value cost (due to lower number of units) and may seem more attractive to price sensitive consumers.

- In the retailer audit there was also an increase in the number of ready-to-drink (RTD) non-multipacks (e.g. bottles and cans) on display following MUP implementation. This trend was also mirrored in the EPoS data, in which the average number of RTD non-multipacks UPCs sold at least once by each retailer had increased around both MUP implementation and the festive seasons (Christmas and New Year) in 2017 and 2018. Across the work packages, however, it was not clear to what extent, if at all, increases in the product range for RTDs were associated with MUP.
- Across the work packages there was some evidence of changes in the variant offerings for previously 'cheap' products. For example, smaller container sizes were observed to have been introduced for both Lambrini Original (from 1,500ml to 1,250ml) and Glen's 37.5% vodka (a new 500ml variant). Both products had had a nominal average sales price-per-unit below £0.50 before MUP implementation in the EPoS data. There was also some evidence of reformulation, with lower-strength variants introduced for both Frosty Jack's and Lambrini Original (both 6.0% ABV, down from 7.5% ABV); again, two products previously sold below MUP in the EPoS data. In each case, the new variants were released just before, or in the months after, MUP implementation.

RQ4: What happens to low-cost, high-strength ('cheap') alcohol once it becomes significantly more expensive?

- **Main findings:** Alcohol products that had previously been sold below £0.50-per-unit either increased in price to be MUP-compliant or were delisted. Some new lower ABV and smaller size variants, which could be sold at a lower price point, were introduced.
- Across all three work packages, we observed several outcomes for previously 'cheap' products. First, some products ceased to be sold, with retailers

suggesting that they had either condensed their range for these products (e.g. removed the largest container sizes with lowest per-unit prices pre-MUP) or stopped selling certain brand lines altogether. Second, for some of the previously 'cheap' products that continued to be sold, we observed changes in container sizes (e.g. for Lambrini Original and Glen's 37.5% vodka) or introduction of lower-strength variants (e.g. for Frosty Jack's and Lambrini Original), with both actions reducing the number of units in the product and, consequently, the price increase that would apply under MUP. Finally, other previously 'cheap' products that continued to be sold after MUP simply increased in price to be compliant, with the only notable changes being the removal of price-marked variants which previously displayed prices that would be non-compliant with MUP. Based on the data available, however, we cannot fully know to what extent (if at all) sales volumes for these products were maintained at pre-MUP levels.

RQ5: What happens to the way in which previously low-cost, high-strength ('cheap') alcohol is marketed?

- **Main findings:** The main observed change in how alcohol products were promoted following MUP was a reduction in the use of price marking, particularly for ciders and perries. Although minor changes were observed in use of other types of promotion, it was not clear to what extent, if at all, these were associated with MUP.
- Across all alcohol products, the most common type of promotion observed in the retailer audit was price marking (i.e. the price pre-printed on the packaging), with around a quarter of products carrying a price mark before MUP implementation. Other forms of promotion were only observed on a minority of products, such as price cues (a label drawing attention to the price, either attached to the product or on the shelf edge), price reductions, and interactive promotions (e.g. a competition or prize draw).
- There was a reduction in the use of price-marking once MUP had been implemented, with the proportion of products displaying this decreasing from

28.3% to 24.1%. The largest decreases in the use of price-marking occurred for ciders (from over one-in-three products before MUP to only around one-in-six after MUP implementation) and perries (from three quarters of products before MUP to only a quarter after MUP implementation). The decrease in use of price marking, or not replacing those which previously displayed non-MUP compliant prices, may have reflected attempts to avoid drawing consumer attention to the extent of price increases, although neither retailers nor the trade press explicitly discussed this possible explanation.

- There was some evidence that promotion still played some role after MUP implementation, including for alcohol products that were previously sold below MUP. For example, price marking was included on the reformulated 6% ABV Frosty Jack's 2,000ml bottle, which indicated that it was available at the minimum possible price. An interactive promotion was also included on the 700ml Glen's vodka bottle, which had been frequently sold below MUP. The retail trade press reported that the competition launched in January 2018, but it was still observed in the majority of stores in the retailer audit after MUP implementation. However, as the trade suggested it was a UK-wide promotion, and because it began some months before MUP implementation, it may not have been directly related to this Scottish-specific legislation.

Other findings

- In the retailer audit interviews, retailers had varying perceptions of the impact of MUP on their overall alcohol sales, with some feeling there had been little change overall, some perceiving a negative impact, particularly on sales of lower price cider, and others feeling that sales had improved in some categories such as beer and lager multipacks and spirits. They described increased profit margins for several products, and some felt that increased margins had made up for reduced volume sales. Several felt that they were better able to compete with supermarkets as MUP had had the effect of increasing previously low alcohol prices in supermarkets. Few negative potential consequences of MUP implementation, such as increased

confectionery thefts or an increase in the local illicit trade, were reported by retailers.

- In the retail trade press, prior to MUP implementation, both positive and negative predictions were made about the impact of MUP on small retailers and consumers. Positive predictions were much more common in Scottish publications than in UK-wide ones. Negative reports – such as MUP being described as a form of excessive government control – were also found. Following implementation, several articles reported a positive impact of MUP on the ability of small retailers to compete with supermarkets, profit margins, and the value of overall alcohol sales. There were very few reports of hostile customer reactions, and some indication that antisocial behaviour around premises may have been reduced when low price high strength alcohol products were no longer sold. A predicted shift in customer purchasing towards online, cross-border, or illicit sales was not reflected in retail trade press articles after MUP implementation. There were no reports of consumption switching to non-beverage alcohol or to drugs, or of customers shifting their spending from other household budgets to obtain money for alcohol*.

Conclusions

- This evaluation of the implementation and impact of MUP in the small retail sector suggests that the policy has been implemented as intended and has produced expected impacts on alcohol products previously sold below £0.50-per-unit. The data suggest that implementation of MUP was straightforward, with little or no adverse effect on small retail businesses.
- There have been shifts in both pricing and product range among the cheaper alcohol products sold by small retailers in Scotland following MUP

* Some of these issues will be examined in the wider MESAS portfolio of studies.

implementation. This includes products that were priced under MUP either ceasing to be sold by small retailers altogether or increasing in price in line with MUP.

- Price increases, in particular for higher-strength ciders and perries, led to congestion in the number of alcohol products sold at, and immediately above, the MUP threshold. This congestion reflected the compression (or elimination) of the price differential among products previously sold below MUP, reduced price differential between some previously 'cheap' products and their more expensive competitors, and reduced price differential between some product categories.
- Some observed changes in customer buying behaviour were reported in the retailer interviews and in the trade press, with customers moving from higher to lower strength alcohol products or to alcohol products in smaller container sizes. Retailers also reported that price increases, and reduced price differential between products, had led some customers to switch to other alcohol products, perceiving them to now offer better value at similar prices in comparison to the previously lower price alcohol products.
- Alcohol products that were already sold above MUP also appeared to increase in price, albeit the size of any change varied between different product categories and products, and it is plausible that these increases were driven by other economic and contextual factors, such as inflation, rather than by MUP implementation. There was no strong or consistent evidence that the price compression resulted from higher-priced products decreasing in price towards the MUP.
- The most frequent form of promotion used by small retailers was price marking on packaging, and there was a reduction in this promotional activity after MUP implementation. Reductions were particularly evident in the cider and perry categories, two categories which had the lowest sales price-per-unit elsewhere in the study and the largest price increases following MUP implementation.

- Some small retailers felt that MUP had improved their profit margins for some products, and also their ability to compete with supermarkets for alcohol sales, and there were reports in the retail trade press that the policy had increased small retailer alcohol sales (by value) and improved profit margins.
- The study has a number of strengths and limitations, which are discussed in the report. It is important to note that not all the trends reported will have been directly related to MUP implementation. Some will have been influenced, at least partly, by wider contextual factors relevant to alcohol products sold by small retailers in Scotland.

1. Introduction

1.1 About this study

This study is one of several commissioned by NHS Health Scotland to evaluate the implementation and impacts of minimum unit pricing for alcohol in Scotland through the MESAS (Monitoring and Evaluating Scotland's Alcohol Strategy) programme of studies*. The MESAS studies are organised around four themes: implementation and compliance, the alcohol market, consumption and health and social harms. This study falls under the alcohol market theme, although our findings also add to the evidence around implementation and compliance.

1.2 Aim and research questions

The aim of this study is to evaluate changes in alcohol price, marketing practices and products in response to the implementation of MUP in Scotland in small retailers.

There are five main research questions:

- 1 What happens to the price of alcohol products sold below and above 50-pence-per-unit (ppu) prior to, and following, the implementation of MUP?
- 2 What happens to the price differential between alcohol products at different points in the price distribution?
- 3 What happens to the alcohol product range offered to consumers?
- 4 What happens to low-cost, high-strength ('cheap') alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?
- 5 What happens to the ways in which previously low-cost, high-strength ('cheap') alcohol is marketed?

* www.healthscotland.scot/health-topics/alcohol/evaluation-of-minimum-unit-pricing-mup/outcome-areas-and-studies-of-evaluation-of-mup

2. Methodology

2.1 Overall study design

An observational study was conducted, comprising three work packages. The first work package used Electronic Point of Sale data (EPoS) to monitor trends in product availability, product characteristics, and pricing for alcohol sold by small retailers in Scotland. The second work package was an audit in small retailers, which comprised a structured audit of what products were available and how they were promoted or marketed, and interviews with small retailers about their experiences of MUP implementation. The third work package was a content analysis of the retail trade press, including UK-wide and Scotland-specific publications, which captured information on changes to pricing, promotional activities, and experiences of MUP implementation. How each work package contributed to the research question is summarised in Table 2.1.

Table 2.1: How each work package (WP) contributes to the research questions

	WP1	WP2	WP3
Research question	Electronic Point of Sale	Retailer audit	Trade press
1. What happens to the price of alcohol products sold below and above £0.50-per-unit prior to and following the implementation of MUP?	✓	✓	✓
2. What happens to the price differential between alcohol products at different points in the price distribution?	✓	✓	✓
3. What happens to the alcohol product range offered to consumers?	✓	✓	✓
4. What happens to low-cost high-strength ('cheap') alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?	✓	✓	✓
5. What happens to the ways in which previously low-cost, high-strength ('cheap') alcohol is marketed?	-	✓	✓

2.2 What is meant by small retailers?

The target sample was small retailers who sell alcohol. In this study, small retailers are defined as small owner-operated businesses, usually comprising a single store or small number of stores owned and operated by an individual or family. Such stores can be affiliated to a symbol group (e.g. Nisa, Premier etc) or independent. They do not include larger supermarkets and their smaller satellite stores (e.g. Tesco and Tesco Express).

2.3 When were data collected?

For the EPoS study and the retail trade press analysis, data were collected continuously for 18 months. This comprised nine months of data collection before MUP was implemented (August 2017 – April 2018) and nine months post-implementation (May 2018 – January 2019). The retailer interviews and structured audits were conducted at two time points, first in October and November 2017 (approximately 6-7 months before MUP implementation) and repeated after 12 months (approximately 5-6 months post-implementation).

2.4 Overview of each work package

For clarity and ease of interpretation for the results, the methods used for each work package are described in detail within their relevant chapter. A brief overview is provided here to orientate the reader.

2.4.1 Work package one: Electronic Point of Sale data (EPoS)

We purchased EPoS data from The Retail Data Partnership, a company which sells and manages the hardware and software systems used for processing sales and managing stock in small retailers; 'EPoS data' are therefore the information generated by these systems. Monthly data were provided from a convenience sample of 200 retailers from across Scotland and from different levels of deprivation, based on Scottish Index of Multiple Deprivation (SIMD). All products were monitored

using Unique Product Codes (UPCs, i.e. barcode). Data were monitored for 1,500 UPCs from the baseline month (August 2017), with baseline products chosen using existing sales data from the previous year. We added 500 additional UPCs across the study, with those selected for inclusion based on study relevance and sales data. Further details on these selection protocols are reported in Chapter Three (see 3.1).

Monthly data were collected for 18 months (i.e. August 2017 – January 2019). A descriptive analysis examined trends under three main themes: (1) Product availability, for example the range of UPCs available from each product category and how many retailers were selling multipacks as single containers; (2) Product characteristics, for example container size (in millilitres), product strength (ABV) and number of alcohol units in product; and (3) Pricing, such as nominal average sales price-per-unit. Across all three categories, trends were examined by product category (e.g. beers and spirits), whether products were multipacks (e.g. cider multipacks versus single bottles), and by retailer SIMD.

2.4.2 Work package two: Retailer audit

An audit was conducted with a sample of small retailers ($n=20$) from the central belt of Scotland. Data were collected at two time points, first pre-implementation in October to November 2017 and again post-implementation in October to November 2018. Within each audit, two data collection methods were used. First, a structured audit was completed by the researcher in-store to collect information on store characteristics, what alcohol products were on display, what promotional activities or in-store marketing were used to promote alcohol, and product pricing. The audit was supplemented with a detailed photographic record to enable further analysis after the fieldwork visit. A semi-structured in-depth interview was also conducted with the store owner or nominated staff during the fieldwork visit. This interview collected data on retailers' views on, and understanding of, the value and purpose of MUP; expectations and experiences of the implementation process; perceptions of the impact of MUP on business performance; any changes in alcohol products, prices and promotional activities; and perceptions of customer response.

2.4.3 Work package three: Analysis of the retail trade press

A content analysis was conducted on UK retail trade publications aimed at small retailers and associated stakeholders (e.g. wholesalers). We reviewed five UK-wide publications and three Scotland-specific publications. All issues published across an 18 month period, consistent with the timeframe for work package one, were sampled. Data were collected nine months pre-implementation (August 2017 – April 2018) and nine months post-implementation (May 2018 – January 2019). Inclusion criteria were used to identify relevant articles (e.g. related to MUP or sales and marketing of lower price alcohol) and a protocol was developed to extract data from each article (e.g. brands referenced, date of article, whether MUP explicitly mentioned, key text). The analysis explored key themes concerning the anticipated or reported effects of MUP, implementation of MUP, anticipated or reported consumer response to MUP, communication about price, changes in promotional activities, and changes in product ranges.

2.4.4 The five ‘case study’ products

To provide in-depth insight into how MUP influenced the availability and price of alcohol, and how any changes may have impacted on consumer and retailer behaviour, we selected five products for detailed case studies analysis across all three work packages. For example, in the EPoS data, these case study products were analysed separately from their parent product category (e.g. beyond the overall cider categories). In the audits, the interviews specifically asked retailers about the case study products and potential impact on consumers. In the retail trade press, we extracted all articles which made reference to the case study products.

Details on how the five case study products were selected are reported in Chapter Three when discussing the EPoS data (see 3.1.6). In brief, we used the previous year of sales data from Scotland to select the baseline products. In this data, all UPCs were ranked in terms of total sales value, total sales volume, average number of retailers selling the product, and total number of alcohol units sold (i.e. sales volume * number of units in overall product, accounting for multipack size). A high combined rank score was indicative of a product with higher sales value and volume,

sold across a wide range of retailers, and contributing a larger number of alcohol units sold. From this, the top five products in the ranking (excluding duplicate products, for example, different sizes of the same product) were selected as the case study products. These were Buckfast 15% ABV fortified wine, Frosty Jack's 7.5% ABV cider, Glen's 37.5% ABV vodka, Tennent's 4% ABV lager and Strongbow Original 5% ABV cider.

2.5 Ethical approval

Ethical approval for those components of the study involving human subjects (i.e. the retailer interviews and observation audit) was sought from the General University Ethics Panel (GUEP) at the University of Stirling. This included the submission of relevant field materials for review (for example, retailer information sheet, consent form, interview schedule), with approval to proceed granted in September 2017. Additional information materials for retailers were incorporated into wave two of the study to ensure compliance with the new EU data protection regulations, the GDPR (General Data Protection Regulation).

3. Electronic point of sale data

3.1 Methods

3.1.1 Design

This work package used Electronic Point of Sale (EPoS) data to monitor trends in product availability, product characteristics, and pricing for alcohol sold by small retailers in Scotland. EPoS data are generated by the hardware and software systems used by retailers for processing sales and managing stock. The study design mirrors research which monitored changes in product availability and pricing during, and after, the implementation of standardised tobacco packaging in the UK (Critchlow et al 2018¹, 2019a², 2019b³, 2019c⁴).

3.1.2 Design and observation periods

Data were collected for nine months prior to MUP implementation (August 2017 – April 2018) and nine months post-MUP implementation (May 2018 – January 2019). The number of observation months was determined by cost of the data. These observation periods were examined in three ways. First, the 18 months were divided into three six-month periods (period one: before MUP implementation, August 2017 – January 2018; period two: around MUP implementation, February 2018 – July 2018; period three: after MUP implementation, August 2018 – January 2019). This enabled us to examine variations in product availability, characteristics and pricing in relation to stage of MUP implementation, while considering other contextual factors such as seasonality or major events that may have had a direct or indirect influence on product availability or price. In Table 3.1 we describe the three study periods and some of the key contextual factors to consider within each. Second, we examined year-on-year changes (i.e. August 2017 to August 2018). This provided a comparison before and after MUP implementation and reduced the confounding influence of seasonality, instead of just comparing the start and end of the study (August 2017 to January 2019). Third, the months were analysed as a continuous time series, thus exploring to what extent changes in the measures intersected with MUP implementation, were influenced by seasonality, or occurred gradually.

3.1.3 Retailer sample

Data were purchased from the The Retail Data Partnership Ltd (TRDP), a company which supplies EPoS systems to approximately 2,900 retailers across the UK, including small grocery and convenience stores, off-licences, and confectionery, tobacco, and newspaper shops (www.retaildata.co.uk/). The database includes both symbol group affiliated stores (e.g. a form of franchise, such as Nisa) and non-affiliated independent stores. It does not include supermarket chains or their smaller satellite stores (e.g. Tesco supermarkets and Tesco Express). The sample is commercially generated, which means that retailers enter the database after agreeing to purchase TRPD's system. As such, it is a convenience sample.

For this study, monthly data came from a maximum of 200 retailers across Scotland. In each month, retailers were excluded if they failed to provide regular EPoS data (defined as missing ≥ 3 days of data in a month, after adjusting for holidays or regular closing) or if alcohol constituted less than 5% of total sales turnover. Retailers were classified into quintiles by Scottish Index of Multiple Deprivation (SIMD), based on their postcode. In the baseline month (August 2017), 75 retailers came from SIMD1 (most deprived), 50 were from SIMD2, 35 from SIMD3, 27 from SIMD4, and 17 from SIMD5 (most affluent). This is broadly representative of the distribution across quintiles of all convenience shops and independents in Scotland selling alcohol (Angus et al 2017⁵). In the baseline month (August 2017), the retailers included were from 14 of the 16 postcode prefixes across Scotland (from AB to ZE).

There was some churn in the sample of monitored retailers. This is because it was possible for stores to drop out of TRDP's database (e.g. by ceasing to trade or switching to a different EPoS supplier) or to become ineligible for inclusion (e.g. through missing days of data). In such instances, the affected retailer was replaced by TRDP with a comparable Scottish store in the database with a matching SIMD. If more than one suitable retailer was available for replacement, then other store characteristics were taken into account. The original SIMD distribution was maintained in 15/18 months of data collection. The exceptions were the final three months (Nov 18 – Jan 19), when two SIMD1 stores were excluded without an eligible

replacement. Instead, to maintain the sample size of 200 retailers, two additional stores, one from SIMD2 and one from SIMD3, were added.

Table 3.1: Observation periods, stage of MUP implementation, and contextual factors that may influence product availability, characteristics, or pricing

Study period	Months in period	Contextual factors
Period One	August 2017 – January 2018	<ul style="list-style-type: none"> • UK Supreme Court declare MUP legal (Nov 2017). • Palmer and Harvey (large UK wholesaler) enter administration (Nov 2017). • Christmas and New Year festive season (Nov – Dec 2017). • Scot Government Final Consultation on MUP threshold (Dec 2017– Jan 2018). • General decline in alcohol use at start of year (e.g. Dry January) (Jan 2018). • Inflation in the UK increases 0.48% in period¹.
Period Two	February 2018 – July 2018	<ul style="list-style-type: none"> • Tesco (UK retailer) takeover of Booker (large UK wholesaler, key supplier to small retailers) (Mar 2018). • Scot Government confirm £0.50-per-unit and no transition period (Mar 2018). • Conviviality (UK retail company) enter administration and sell Bargain Booze and Wine Rack (UK alcohol retailers) to the BestWay Group (Apr 2018). • MUP implemented (1 May 2018). • UK experiences summer heat wave (22nd June – 7th August) • FIFA World Cup (14th June – 15th July) • CO₂ shortage leads Booker to restrict beer and cider sales (Jun – Aug 2018). • Inflation in the UK increases 0.48% in period¹.
Period Three	August 2018 – January 2019	<ul style="list-style-type: none"> • Continuation of summer heat wave (Aug 2018). • Agrial (French beverage company) complete takeover of Aston Manor (UK alcohol producer) (Aug 2018). • UK Government announces duty changes for alcohol, including wines, sparkling wines, fortified wine, and a new cider duty band for products (6.9-7.5% ABV) (Nov 2018)². • Scot Government publish new Alcohol Prevention Framework, including commitment to review MUP threshold after two years of implementation (Nov 2018). • Christmas and New Year festive season (Nov – Dec 2018). • General decline in alcohol use at start of year (eg. Dry January) (Jan 2019). • Inflation in the UK decreases 0.09% in period¹.

Notes:

¹ Based on the Consumer Pricing Index, including owner-occupiers' housing costs.

² Although the tax changes did not take effect until February 2019 (after this study ended) it is plausible that announcement of the changes may have stimulated changes in the alcoholic drinks market for products that would be affected, which may have led to changes in the final three months of our study (Nov 18 – Jan 19).

This table only provides an illustration of potential confounding/extraneous factors. As the analytical approach for this study is descriptive, the role of these factors and the relative strength of their associations with product availability, characteristics, and pricing is not explicitly controlled for.

3.1.4 Product (Unique Product Code) sample

All alcohol products were monitored through Universal Product Codes (UPCs, i.e. barcodes). Each variation in product characteristic (e.g. change in multipack size or price marking) is associated with a different UPC. Funds were available to purchase 18 months of data for 2,000 UPCs. This sample was divided into 1,500 UPCs to be monitored from August 2017 (i.e. baseline) and an allowance of 500 UPCs to be introduced across the study period, to account for entirely new products or product variations (e.g. changes in product strength or packaging size). Throughout the study, if a selected UPC recorded no sales in any given month it became dormant (i.e. it was not reported in that month's data). Dormant UPCs automatically reactivated in later monthly extracts if at least one retailer began to sell it again.

The sample of 1,500 UPCs to be monitored from baseline was selected using 12 months of sales data (from June 2016 to June 2017) from retailers in Scotland, supplied from TRDP's database*. Within this scoping period, data were available for 2,604 UPCs. From this, we excluded: (1) all UPCs that did not have complete product information (e.g. missing details concerning container size or product strength); (2) duplicate UPCs; (3) non-alcoholic UPCs; (4) UPCs with zero sales in the last month of the scoping period (June 2017); and (5) UPCs which subsequently had zero sales in the first three months of the main study (August – October 2017). Remaining UPCs were then ranked by total sales value (£) over the 12 months and the top 1,500 were selected for inclusion. The 12-month sales value for the 1,500th UPC was £386.67 (across all retailers), and the sales value for the first UPC was £2,465,714. This suggests that the baseline selection captured all products that were frequent sellers.

* The scoping period ran June 2016 – June 2017 as it was originally intended that the baseline month would be July 2017. This was moved forward to August 2017 once formal plans for implementation of MUP were announced to ensure that study monitored the same length of time pre-implementation and post-implementation.

The remaining 500 UPC allowance enabled us to introduce new and/or previously unmonitored UPCs across the study. This included genuinely new products (e.g. reformulated products with a lower-strength ABV or smaller container size introduced after MUP implementation), routine changes to products (e.g. changes in price marking on packaging), or products not selected at baseline which had subsequently increased in popularity (i.e. experienced acute increases in sales volume). Due to available budget, it was not possible to include all new and/or previously unmonitored UPCs that appeared across the study. Instead, UPCs were added in five blocks of 100 at a time, twice in the pre-implementation period (Aug 17 – Jan 19 and Feb – Apr 18) and three times post-implementation (May – July 18, Aug – Oct 18, and Nov 18 – Jan 19). Within each block, the data supplier provided a list of all new and/or previously unmonitored UPCs sold by at least one retailer in their Scotland estate during that period. These UPCs were ranked on sales volume, number of retailers selling the product, and study relevance. Study relevance was defined as new UPCs that reflected arbitrary or simple changes to a baseline UPC (e.g. change in price marking on packaging) or new/unmonitored products that were linked to the 50 product groups or five case study products – see 3.1.6 below). In each block, the top 100 UPCs in the ranking were included.

The monitored UPCs were divided into 11 product categories, designed to mirror other parts of the wider MESAS evaluation of MUP (i.e. monitoring of price changes in larger retailers) (Table 3.2). For the purpose of this work package, products sold as multipacks and non-multipacks (beers, ciders, and ready-to-drink [RTD] products) were analysed as separate categories. This provided detailed insight into trends for different types of alcoholic drinks available in small retailers in Scotland and took account of situations in which multipacks were sold as separate containers (see 3.1.5). Although data on product sub-categories were available (e.g. vodka and rum within spirits), it was not feasible in the resources available, nor within the scope of the research questions, to analyse the data to this degree. Instead, a selection of 50 products were chosen for detailed focus (see 3.1.6, below). A breakdown of the UPC composition at baseline and by each month of study is reported in Table 3.3.

All data relating to the products and retailers was cleaned and organised by TRDP before being sent to the research team. Data relating to UPC characteristics were screened and populated from a variety of sources (e.g. wholesaler records). It is important to note that the research team were the final recipient in a long supply chain of information, through the manufacturers, distributors, wholesalers, and data supplier. While every effort has been taken to ensure the accuracy of the UPC characteristics reported (i.e. excluding those for which accurate information is not available), we note that the veracity of the data reported is based on the assumption that information has been accurately updated across the supply chain in a timely manner. Where any discrepancies or concerns were identified, these were investigated, validated, and (if needed) corrected prior to submission of the final report.

3.1.5 Approach to multipack UPCs sold as single containers

In small retailers, it is possible for UPCs produced as multipacks to be sold separately as individual containers (e.g. 4 x cans of cider on a plastic yoke being sold as four separate cans). This could plausibly be an intentional act by the retailer, who may choose to price the products as individual containers or if the outer packaging becomes compromised, or because a customer removes part of the multipack and requests to purchase it as single container. Either way, the retailer can override the data on their EPoS system to account for splitting the multipack (i.e. set the Recommended Retail Price [RRP] for an individual container or manually override the price at point-of-sale)*. This created challenges for this study because, when scanned for sale, the UPC is automatically recorded as a multipack. This could create biases in the data for that multipack UPC. For example, if a price-per-unit

* We note that the Alcohol Scotland Act (2011) states that the price of any multipack must be linear to the price of a single item, if both are sold in the same retailer. This means, in effect, that a retailer cannot sell a single 500ml can of a brand beer for £1.50, but the 4 x 500ml multipack for £4.00. The minimum cost of the multipack would have to be £6.00 (4 x £1.50). Assessing compliance with this was not possible as part of this study.

calculation still assumes the product sold is a multipack, but the sales value is for a single container, this generates an underestimation in price per-unit*.

We took two steps to account for this. First, sales for multipack UPCs that were $\leq 50\%$ of the RRP[†] were identified as plausibly being multipacks sold as a single product (for example, a multipack UPC of 4 x cans of beer with an RRP of £4.99 which is sold at £2.50 plausibly suggests that one or two separate containers have been scanned and sold). Second, the data supplier screened for instances in which the number of individual containers scanned in a sale amounted to the number of products that should have been in the multipack (e.g. a retailer may scan four individual cans of a product in a sale, yet the UPC was intended to be a four can multipack in the first place). When such sales were identified, the data supplier converted them to represent a single sale of the multipack UPC.

* If 4 x 500ml cans of 5% ABV cider are intended to be sold between £4.00 and £4.50, then the expected sales price per unit for the UPC would be £0.40 - 0.45. If the product was frequently divided and sold separately for £1.50 per individual container, pre-MUP, and the database erroneously considered that sale to be the multipack, then the price per unit would be £0.15, four times lower than the actual sales price per unit of £0.60 for the individual can.

† Based on the maximum RRP for the product across all retailers in Scotland. The maximum was chosen instead of the average RRP because retailers can adjust RRP's on their own individual EPoS systems, which could create biases in the average. For example, this could lead to an underestimation of the actual RRP's if a large proportion of retailers were changing the suggested RRP's to reflect individual products (e.g. setting it at £1.50 per can, not £4.99 for the multipack). RRP's were screened to detect and adjust nuisance values (e.g. data input errors resulting in over-or-underestimated RRP's).

Table 3.2: Main product categories and examples of the UPCs included in each

Product category	Example of UPC in category
Beer multipacks ^a	Budweiser (4.8% ^d) 440ml can, non-price-marked, x 10.
Beer non-multipacks ^a	Stella Artois (4.8%) 660ml non-returnable bottle ^e , non-price-marked.
Cider multipacks	Strongbow Original (5.0%) 500ml can, price-marked x 4.
Cider non-multipacks	Frosty Jack's Original Apple (7.5%) 3,000ml PET ^b bottle, non-price-marked.
Fortified wines	Buckfast Tonic Wine (15.0%) 750ml non-returnable bottle, non-price-marked.
Other	Cairn O'Mohr Elderberry fermented fruit drink (13.3%) 750ml, non-returnable bottle, non-price-marked.
Perries	Lambrini Original (7.5%) 1,500ml, non-returnable bottle ^e , price-marked.
RTDs multipacks	WKD Blue (4.0%) 275ml non-returnable bottle, price-marked x 4.
RTD non-multipacks	Dragon Soop Strawberry and Lime (8.0%) 500ml can, price-marked.
Spirits ^c	Glen's Vodka (37.5%) 1,000ml, non-returnable bottle, non-price-marked.
Wines	Echo Falls Chardonnay (12.0%) 750ml, non-returnable bottle, non-price-marked.

Notes:

a Beer = Lager, Ales, Stouts, Wheat Beers.

b PET = Polyethylene terephthalate, a plastic that is commonly used in bottles and other forms of food and drink packaging.

c Whisky, Vodka, Gin, Rums, Liqueurs, Brandy etc.

d Percentages = Alcohol By Volume (ABV).

e This was the term used to describe the packaging of these products by the data supplier. Although none of the UPCs monitored in this study were classed as being sold in 'returnable' bottles, we have retained the current wording to ensure congruence to the data supplied.

Table 3.3: Number and proportion of UPCs from each product category sold by at least one retailer in each month of observation (Aug 17 – Jan 19)

												Product category											
	Overall	Beer MP		Beer NMP		Cider MP		Cider NMP		Fortified wine		Other		Perry		RTD MP		RTD NMP		Spirits		Wine	
Month	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>
Aug-17	1481	14	211	8	121	4	57	7	98	2	32	1	11	1	11	0	7	5	77	28	411	30	445
Sep-17	1460	15	213	8	122	4	55	6	94	2	31	1	10	1	11	0	7	5	78	28	404	30	435
Oct-17	1438	14	206	8	120	4	54	7	94	2	32	1	10	1	11	0	7	5	78	27	394	30	432
Nov-17	1493	16	233	8	122	4	57	6	94	2	32	1	10	1	10	1	10	6	83	27	410	29	432
Dec-17	1516	15	233	8	122	4	59	6	92	2	31	1	9	1	11	1	10	6	85	28	428	29	436
Jan-18	1450	15	224	8	122	4	57	6	89	2	31	1	8	1	10	1	11	6	81	28	402	29	415
Feb-18	1526	16	245	8	124	5	69	6	91	2	30	1	9	1	10	1	11	6	87	27	409	29	441
Mar-18	1545	16	246	8	122	4	69	6	96	2	30	1	10	1	11	1	11	5	84	27	422	29	444
Apr-18	1521	16	242	8	118	4	66	6	95	2	30	1	10	1	13	1	11	5	83	27	417	29	436
May-18	1585	15	245	9	138	4	71	5	81	2	32	1	10	1	14	1	13	6	96	27	431	29	454
Jun-18	1575	16	246	9	139	4	67	5	78	2	30	1	10	1	14	1	13	6	93	28	438	28	447
Jul-18	1532	15	233	9	141	4	63	5	76	2	31	1	10	1	11	1	13	6	96	28	422	28	436

Aug-18	1587	15	233	10	156	4	63	5	74	2	29	1	10	1	10	1	15	6	103	28	445	28	449
Sep-18	1561	14	219	10	154	4	63	5	74	2	30	1	10	1	11	1	15	7	102	28	434	29	449
Oct-18	1540	14	216	10	156	4	59	4	69	2	28	1	10	1	9	1	15	7	107	28	431	29	440
Nov-18	1593	13	213	10	159	4	58	5	72	2	31	1	12	1	12	1	15	7	113	28	445	29	463
Dec-18	1631	12	203	10	162	4	59	5	75	2	33	1	12	1	11	1	16	7	116	29	466	29	478
Jan-19	1546	13	195	10	157	3	54	5	71	2	33	1	12	1	11	1	15	7	112	28	431	29	455

Notes:

MP = Multipack

NMP = Non-multipack

Excludes products not sold at all by any retailer in the sample in each month

Maximum possible sample size, accounting for new/unmonitored UPCs added throughout study: Aug 17 – Jan 18 (1,600); Feb – April 18 (1,700), May – July 18 (1,800), Aug – Oct 18 (1,900), Nov 18 – Jan 19 (2,000).

Final figure for UPCs monitored does not show 2,000 UPCs as not all selected products were sold by at least one retailer in that month.

For three reasons, data for all sales identified as multipacks sold as single containers were supplied separate from the main study sample. First, there was no clear justification for aggregating these into either the multipack or non-multipack categories. Second, if included in the multipack categories, the individual containers would have created biases in the category level data (e.g. underestimated the minimum and average sales price-per-unit or under-estimated number of units across the aggregate product). Third, as the multipacks sold as individual containers had identical UPCs as those actually sold as multipacks, there were technical challenges in merging them into the category level data that could not be resolved in the time available. Specifically, it would have been necessary for the data supplier to go through each multipack UPC sold separately and manually code them into the category level and tracked product level data (see 3.1.6, below), with the process repeated each month. This was beyond the scope of the services agreed and would have meant we could not examine the relative change in the category level data with, and without, the split multipacks. Where possible and appropriate, however, we do integrate the multipacks sold separately into the main analysis (e.g. for the overall price distribution, see 3.1.7).

Capturing data on multipack UPCs sold as separate containers is important to ensure a comprehensive and accurate overview of the alcoholic drinks sold by small retailers in Scotland. The practice of doing so may also be impacted by MUP. Specifically, it is possible that individual containers may become more attractive to price sensitive consumers once larger non-multipacks became more expensive under MUP. For example, a 7.5% ABV 3,000ml bottle of Frosty Jack's cider would cost a minimum of £11.25 following MUP implementation, whereas the smaller 500ml multipacks cans could be sold individually for a minimum of £1.88. Although they both have exactly the same price-per-unit, the individual multipack container has a lower face-value price and therefore may seem more attractive to consumers. It was essential that we captured data on this.

3.1.6 Fifty product groups and five case studies examined in detail

Product categories for alcohol products are heterogeneous (for example, the spirits category contains multiple sub-types such as gin, vodka, rum, and whisky), and all product categories include products of varying price and quality (for example, premium products and value products). This is particularly true for some of the categories hypothesised to be affected MUP: for example, the overall cider category includes both higher strength ciders likely to be impacted by MUP (e.g. Frosty Jack's and Omega) and also products already sold above MUP (e.g. fruit ciders such as Strongbow Dark Fruit and Kopparberg). As such, it is plausible that only analysing trends at the overall category level might not provide full insight into changes at different sectors of the alcoholic drinks available in small retailers.

To address this, we selected a sub-sample of 50 products for more detailed monitoring. This enabled us to track trends in availability, characteristics, and pricing combined across all different container sizes and variants of that product (e.g. the 440ml, 500ml, 568ml cans of a beer product and all multipack size variations). This method was also used to select the five case study products for which detailed analysis was conducted across all three work packages (see below). The 50 products were selected using the same pre-study data period used to select the main UPC sample (see 3.1.3). A combined rank score was generated for each UPC based on: (1) total sales value; (2) total sales volume; (3) average number of retailers selling the UPC; and (4) total number of alcohol units sold (i.e. sales volume * units of alcohol in aggregate product). A high rank score was indicative of a product with higher sales value and volume, sold across a wide range of retailers, and contributing a larger number of alcohol units sold. No weighting was applied to the ranking criteria.

From the combined ranked scores, we selected the top 50 unique products. As the intention was that all matching products be grouped together, duplicate UPCs relating to a product already selected were skipped. For example, if the top ranked product was Glen's 37.5% vodka 700ml and the third ranked product was Glen's 37.5% vodka 350ml, then the latter was excluded as it would have already been

grouped as part of the former. In these instances, the next unique product in the ranked list was included instead. The exclusion of duplicates included variations in container sizes, pack types (e.g. non-returnable bottles and cans of the same beer), variations by price marking (e.g. whether it was price-marked or not, and just different prices marked), and flavour variations (e.g. MD20/20 and Dragon Soop has multiple flavour variations). For the most part, a UPC was considered a duplicate if it had an identical – or very closely matched – ABV (%) and represented the same product type. For example, the grouped product for Glen's included all variants of the 37.5% vodka, but did not include Glen's Platinum (which was 40% ABV) or Glen's Gin (same ABV % but different product type). The final 50 products selected included fifteen beer, nine cider, one fortified wine, one perry, three RTDs, eight spirits, and thirteen wine products. These are detailed in Annex One.

If a chosen product was available in both a multipack and non-multipack variation, then data were supplied separately, as per the main product categories. For example, data relating to the individual bottles of Strongbow Original 5.0% (e.g. 2,000ml) were supplied separately from data on the cans sold in multipacks (e.g. 4 x 500ml cans). As discussed in 3.1.5, it was not possible for data from multipacks sold separately to be included in the extracts for these 50 products, owing to the time and complexity involved in doing so.

Over the course of the study, if new and/or previously unmonitored UPCs relevant to the 50 products were selected for inclusion (see 3.1.3), they were also introduced into the product grouping. If there had been a significant variation to one of the selected products (e.g. changes in ABV), then a decision on whether it should be incorporated into the existing group, or treated as a new product group, was made on a case-by-case basis among the research team.

The top five products as ranked overall were selected for analysis in the case studies. These were: (1) Buckfast 15.0% ABV fortified wine; (2) Glen's 37.5% ABV vodka; (3) Strongbow Original 5% cider; (4) Tennent's 4% ABV lager; and (5) Frosty Jack's 7.5% ABV cider. These are reported in Sections 6.1–6.5.

3.1.7 Measures

We focused on nine key measures relevant to the research questions. These cover trends in product availability, product characteristics, and pricing. These measures, and why they are relevant to consider, are now described.

- **Number of product category UPCs sold, at least once, by each retailer:**
Each month, we received information on the average number of different UPCs sold at least once by each retailer from each product category (e.g. beer multipack or spirits). These data were provided across the entire retailer sample and separately by retailer SIMD quintile. This measure provides insight into the product range available and changes before, and after, MUP implementation (e.g. did the range of cider UPCs sold change once some products increase substantially in price?).
- **Proportion of multipacks sold as single containers, by category:** Each month, we received information on how many multipack UPCs from each category had been sold as separate containers by at least one retailer. From this we calculated the proportion that this represented of all multipack UPCs and from each category (e.g. beer multipacks). This measure therefore provides insight into the range of multipack UPCs sold as separate containers, whether this changed before and after MUP was implemented and, if so, in which product categories changes occurred.
- **Retailers selling at least one multipack UPC as separate containers:**
Each month, we received information on the number of retailers who had sold each multipack UPC as separate containers at least once. From this, we calculated the proportion of retailers who had sold at least one multipack as single containers in each month, both overall and by SIMD quintile. This measure provides insight into the proportion of retailers selling at least one multipack UPCs as separate containers, whether this changed before and after MUP was implemented and, if so, the degree of change within each SIMD quintile.

- Container sizes:** Each month, we received information on the container size of each UPC in millilitres (ml*). This information related to individual containers, and not aggregated across a multipack (e.g. if an RTD product was 275ml and was supplied in a 4 x multipack, the size reported was 275ml not 1,100ml). For each product category, and for the 50 tracked products, we also received an average container size (ml) weighted by volume of sales for the UPCs in that category. This measure enabled us to examine changes in container sizes before, and after, MUP implementation. As the average was weighted, changes could occur as a function of alterations to both the product and availability (e.g. introduction of smaller products or phasing out of larger products) or consumer behaviour (e.g. increased sales for smaller products or decreased sales for larger products).
- Product strength:** Each month, we received information on the strength of each UPC, measured in Alcohol by Volume (ABV, %). For each product category, and for the 50 tracked products, we also received an average ABV (%) weighted by volume of sales for UPCs in that category. This enabled us to examine changes in product strength before, and after, MUP implementation. As the average was weighted, changes could occur as a function of alterations to both products and availability (e.g. introduction of products with a weaker ABV or phasing out products with a stronger ABV) or consumer behaviour (e.g. increased sales for weaker products or reduced sales of stronger products).
- Alcohol units in aggregate product:** Each month, data on product strength (ABV %) and container size (ml) were used to calculate the aggregate number

* We only refer to millilitres throughout the EPoS data analysis. This is partly related to how the data were supplied to us and also to avoid confusion when discussing changes between different product categories (i.e. to avoid misinterpretation between millilitres, centilitres, and litres).

of alcohol units for each UPC*. For the product category data and the 50 tracked products, this calculation was based on the weighted average product strength (ABV, %) and weighted average container size (ml) for that category/product group. For multipacks, we first calculated the number of units per individual container and multiplied this by weighted average multipack size for each category and 50 tracked product group. As the category average was based on a calculation using weighted variables, changes could occur as a function of both alterations to products and availability (e.g. introducing weaker/smaller products or phasing our larger/stronger products) or consumer behaviour (e.g. increased sales of smaller/weaker products or reduced sales of larger/stronger multipacks).

- **Nominal sales price-per-unit:** Each month, we received a nominal average sales price for each UPC, each product category, and each of the 50 tracked product groups. The nominal average sales price was based on sales value divided by sales volume at each level. From this, a nominal average sale price-per-unit was calculated for each UPC by dividing the nominal average sales price by the number of units in the aggregate product (i.e. accounting for multipack size). At the product category level, and for the 50 tracked products, the nominal average sales price-per-unit was calculated by dividing the nominal category average sales price by the weighted average number of units per aggregate product. For each UPC, we also received data on the minimum nominal price that the UPC had be sold for (even if just for a one-off sale across the sample). This figure was also divided by the aggregate number of units in that UPC to create a minimum sales-price-per-unit. Minimum and average sale prices-per-unit were calculated for all retailers

* Calculated as (Product Strength [ABV%] * Container size [ml]) / 1000).

combined and by retailer SIMD quintile. As mutually agreed with the MESAS team, these values were unadjusted for inflation* †.

- **Sales price-per-unit distribution:** Each month, the nominal average sales price-per-unit for each UPC was categorised into price bands of £0.05 increments (e.g. £0.20 - £0.24). Sales price-per-unit distributions were calculated for all UPCs (including multipacks sold as separate containers) across all retailers, and separately for all UPCs by retailer SIMD quintile. It is important to clarify that this measure only shows how many UPCs were in each part of the price distribution. It *does not* show the volume of sales in each price band. It is possible that the average sale price for each UPC reflected only a small number of sales.
- **Pricing in line with minimum unit pricing:** Pricing in line with MUP was examined through the proportion of UPCs with a nominal *average* sales price-per-unit equal to, or greater than, £0.50-per-unit and the proportion of UPCs that had a *minimum* sales price-per-unit equal to, or greater than, £0.50-per-

* Prices can be expressed as either nominal (i.e. unadjusted for inflation and true to the point of collection) or real values (i.e. adjusted for changes over time, taking into account other factors such as inflation). In this study, there would have been strengths and limitations to either. For example, nominal prices are required when comparing the proportion of products sold above/below MUP at various time points, as adjusting for inflation could have potentially mis-estimated the number of products sold below MUP. Conversely, real prices are useful when adjusting price trends over time, as it enables the analysis to account for whether those trends were different from those expected from inflation. As the need to compare the proportion of products above/below MUP was an important part of this study, it was mutually agreed between the MESAS and research team to only use and report nominal prices throughout. The potential influence of inflation in price increases is discussed as a contextual factor.

† During the period Aug 2017-Aug 2018, the Retail Price Index shows that the price of off-trade [wine and spirits](#) (including RTDs) decreased by 0.3%, while [off-trade beer](#) (including cider and perry) increased by 2%. (Source: ONS: codes DOBM and DOBJ)

unit. It is important to clarify that neither metric shows the volume of sales below MUP. It is possible that the nominal average sales value may relate to only a small number of sales, while the minimum sales price may relate to only a one-off sale in one retailer in the sample. Nevertheless, they do provide a form of proxy measures to examine the extent to which retailers were adhering with MUP.

3.1.8 Analysis

All analyses were conducted using Microsoft Excel. Descriptive analyses examined monthly trends for each measure. This mirrors previous analyses of product availability and pricing as standardised tobacco packaging was implemented in the UK, a conceptually similar study (Critchlow et al 2018¹, 2019a², 2019b³, 2019c⁴). Trends for each study measure were analysed in terms of net changes within each of three study periods (Aug 2017 – Jan 2018, Feb – July 2018, Aug 2018 – Jan 2019), year-on-year (i.e. Aug 2017 versus Aug 2018, i.e. pre-and-post MUP implementation) and across the 18 month observation period (Aug 17 – Jan 19). All net changes were examined in terms of both nominal and relative changes (%), the latter of which enabled comparisons where the nominal values do not easily transfer between product categories*. All measures are also plotted on a time series graph, thus providing insight into when changes occurred and to what extent, if at all, they intersected with MUP implementation. Where relevant to understanding key trends, descriptive trends are presented separately for each product category and separately by retailer SIMD.

Trends were also analysed for each of the 50 tracked products as sold across the retailer sample. The full set of data for the 50 tracked products are reported fully in

* For example, consider the category average sales price (nominal) for wine increased from £5.00 to £6.00 over the course of the study, and the category average for non-multipack beers increased from £2.99 to £3.99. Although in both cases the actual monetary (nominal) increase is £1.00, the relative increase is smaller for the wine products (20%) compared to the beer product (33%).

Annex One. Within this Annex, the trends are analysed in the same manner as in the main report (i.e. nominal and relative changes within each study period, year-on-year, and across the 18 months). Data on the five case study products that were analysed in all three work packages are reported in detail in Sections 6.1 to 6.5. Data relating to other products within the sample of 50 tracked products are used throughout this chapter to provide examples of changes at a brand level or to provide more insight into overall product category changes*.

3.2 Average number of UPCs sold, at least once, by each retailer

This measure examined monthly trends in the average number of different UPCs sold at least once by each retailer. This provides insight into the product range available and any changes before and after MUP implementation. This measure does not reflect volume sales of individual UPCs or product categories (e.g. selling a large number of different wine UPCs does not necessarily equate to a high volume of sales, just variation in the range offered). Data are cross-tabulated by product category (Table 3.4). In each category, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. A time series figure shows to what extent, if at all, changes intersected with MUP implementation (Figure 3.1[†]). We now discuss the key trends.

We observed a decrease in the number of cider-non-multipack UPCs sold at least once by each retailer. This decrease occurred both year-on-year (-32.0%, from 15.41 to 10.47 UPCs) and across the 18 months (-40.6%, from 15.41 to 9.15 UPCs). The

* For example, Section 3.2.7 shows that there were greater increases in nominal average sales price-per-unit for formerly cheap ciders (e.g. Frosty Jack's and Strongbow Original) versus fruit flavoured ciders (e.g. Strongbow Dark Fruit).

† The 'other' product category is not reported as it is only a small category of miscellaneous products with limited study relevance.

most pronounced decrease coincided with MUP implementation, which is consistent with expectations that larger bottles of 'cheap' cider would become less attractive to retailers and consumers following price increases MUP implementation. This trend is discussed in greater detail in the Frosty Jack's and Strongbow Original case studies (see Section 6.2 and 6.4).

We also observed a decrease in the number of different perry UPCs sold at least once by each retailer, both year-on-year (-6.7%) and across the 18 months (-9.2%). We note, however, that because the nominal number of perry UPCs sold at least once by each retailer was low (3.53 UPCs in August 2017, 3.29 UPCs in August 2018, and 3.21 UPCs in January 2019), even small changes in that value could create the impression of a larger proportional change. When the nominal values are considered in isolation, most retailers continued to sell three to four different perry UPCs at all stages of observation, and there was no acute change around MUP implementation.

We also observed increases among some other product categories. For example, there was an increase in the average number of RTD non-multipacks UPCs sold at least once by each retailer, both year-on-year (+16.5%, from 15.28 to 17.80 UPCs) and across the 18 months (+11.7%, from 15.28 to 17.07 UPCs). Although the increase appeared gradual over time, we also observed pronounced increases in the festive periods in both 2017 and 2018 (i.e. around Christmas and New Year) and around MUP implementation. However, it is unclear to what extent trends in the RTD category were driven by MUP or by other contextual factors.

There was also an increase in the average number of beer non-multipacks UPCs sold at least once by each retailer, both year-on-year (+13.2%, from 9.25 to 10.47 UPCs) and overall (+12.7%, from 9.25 to 10.42 UPCs). The largest net increase occurred in period two (+15.8%, from 8.93 to 10.34 UPCs), and the time series suggested an increase around implementation. Both the period three change (-0.5%) and the time series suggest that this trend remained relatively stable thereafter. From these data, however, it is unclear to what extent trends in the beer non-

multipack category were driven by MUP or by other contextual factors (as set out in Table 3.1).

There was also an increase in number of different spirit UPCs sold at least once by each retailer around the festive periods in both 2017 and 2018. This indicates that the range of products offered, and sold at least once, by retailers varies by seasonality. We also observed a gradual increase in the number of different wine UPCs sold, at least once, by each retailer across the study, although it is unclear to what extent (if at all) this was related to MUP.

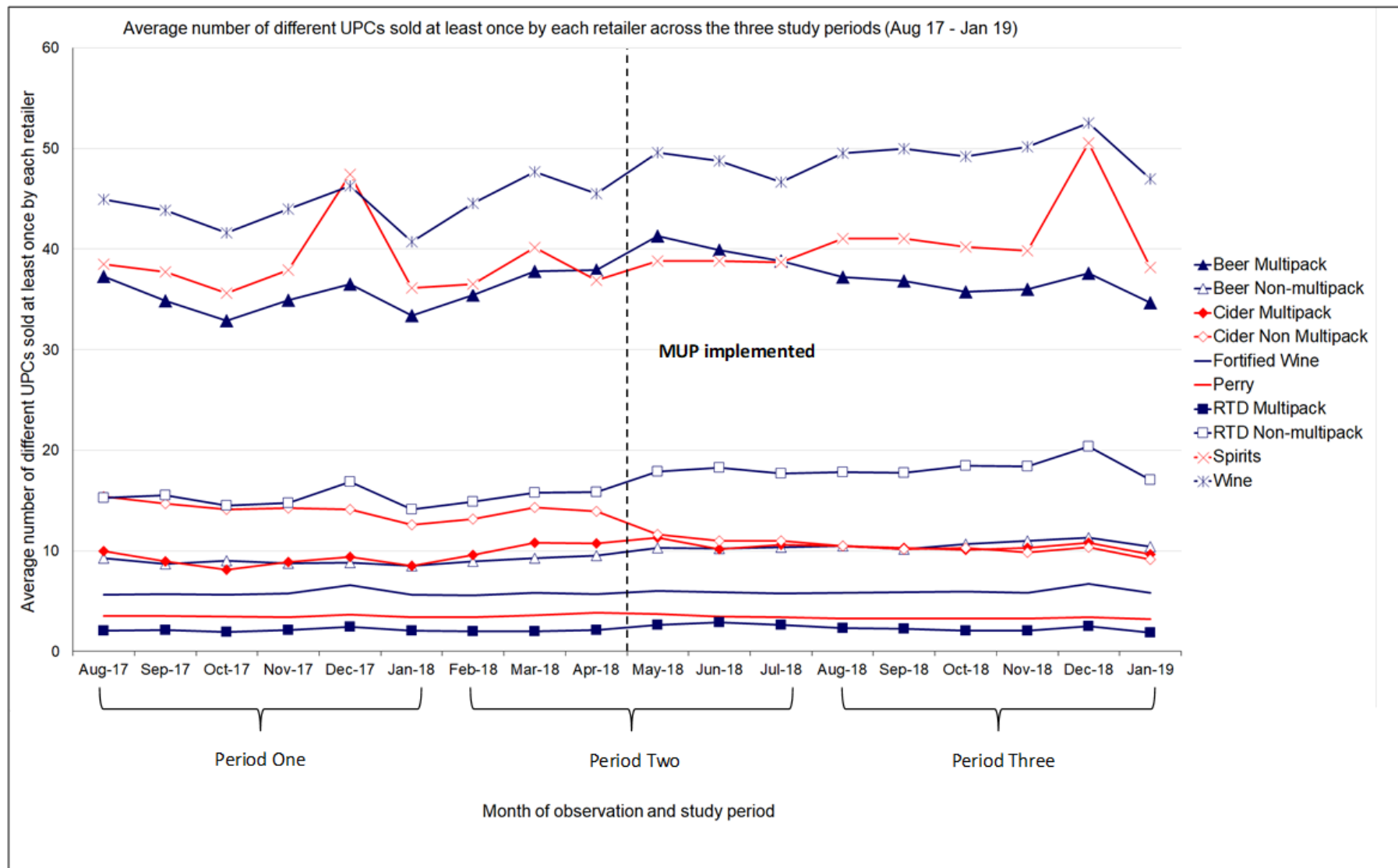


Figure 3.1: Average number of different category UPCs sold at least once by each retailer across the three study periods (Aug 17 – Jan 19)

Table 3.4: Average number of different category UPCs sold at least once by each retailer in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Product category										
	Beer multipacks	Beer non-multipacks	Cider multipacks	Cider non-multipacks	Fortified wine	Other	Perry	RTD multipack	RTD non-multipack	Spirits	Wine
Period 1 (Aug 17 – Jan 18)											
Ave UPCs in first month	37.29	9.25	9.97	15.41	5.60	3.64	3.53	2.08	15.28	38.52	44.92
Ave UPCs in last month	33.39	8.48	8.49	12.59	5.62	2.45	3.37	2.07	14.11	36.12	40.71
Net change (nominal)	-3.90	-0.77	-1.47	-2.82	0.02	-1.19	-0.16	-0.01	-1.17	-2.41	-4.21
Net change (%)	-10.5	-8.3	-14.8	-18.3	0.4	-32.6	-4.5	-0.5	-7.7	-6.2	-9.4
Period 2 (Feb 18 – July 18)											
Ave UPCs in first month	35.46	8.93	9.58	13.16	5.56	3.83	3.38	2.00	14.87	36.51	44.58
Ave UPCs in last month	38.81	10.34	10.64	10.96	5.73	4.00	3.38	2.62	17.67	38.72	46.70
Net change (nominal)	3.35	1.41	1.05	-2.19	0.16	0.17	0.00	0.62	2.80	2.21	2.12
Net change (%)	9.4	15.8	11.0	-16.7	2.9	4.3	0.1	31.1	18.9	6.0	4.7
Period 3 (Aug 18 – Jan 19)											
Ave UPCs in first month	37.25	10.47	10.47	10.47	5.80	3.77	3.29	2.31	17.80	41.03	49.51
Ave UPCs in last month	34.70	10.42	9.67	9.15	5.85	3.79	3.21	1.89	17.07	38.15	46.96
Net change (nominal)	-2.56	-0.05	-0.80	-1.32	0.05	0.02	-0.09	-0.41	-0.73	-2.88	-2.55

Net change (%)	-6.9	-0.5	-7.6	-12.6	0.9	0.4	-2.7	-18.0	-4.1	-7.0	-5.2
12 Months (Aug 17 – Aug 18)											
Ave UPCs in first month	37.29	9.25	9.97	15.41	5.60	3.64	3.53	2.08	15.28	38.52	44.92
Ave UPCs in last month	37.25	10.47	10.47	10.47	5.80	3.77	3.29	2.31	17.80	41.03	49.51
Net change (nominal)	-0.04	1.22	0.51	-4.94	0.20	0.13	-0.24	0.23	2.52	2.51	4.59
Net change (%)	-0.01	13.2	5.1	-32.0	3.6	3.5	-6.7	10.8	16.5	6.5	10.2
Overall (Aug 17 – Jan 19)											
Ave UPCs in first month	37.29	9.25	9.97	15.41	5.60	3.64	3.53	2.08	15.28	38.52	44.92
Ave UPCs in last month	34.70	10.42	9.67	9.15	5.85	3.79	3.21	1.89	17.07	38.15	46.96
Net change (nominal)	-2.60	1.17	-0.29	-6.26	0.25	0.14	-0.33	-0.19	1.79	-0.38	2.04
Net change (%)	-7.0	12.7	-2.9	-40.6	4.5	3.9	-9.2	-9.1	11.7	-1.0	4.5

Note:

For the Perry, RTD multipack and Other categories, the average number of different UPCs sold, at least once, by each retailer is small (<5 UPCs) and therefore the proportional changes appear larger than categories with more UPCs (e.g. spirits and wines).

3.3 Proportion of multipacks sold as separate containers

This measure examined changes in the proportion of multipack UPCs sold as separate containers by at least one retailer. This is important to explore as individual containers with a lower face-value sales price may have become more attractive to price-sensitive consumers once certain larger products or multipacks had increased in price following MUP implementation. Data are cross-tabulated by product category (Table 3.5). In each category, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. Data for beer and cider (the two predominant multipack categories) are also presented in a time-series to examine how changes related to MUP implementation (Figure 3.2).

For the benefit of interpretation, any changes are likely to have been driven by retailer or consumer behaviour, as these UPCs were supplied with the intention of being sold as multipacks. The data also do not provide insight into sales volume of split multipacks, just the proportion of UPCs sold as separate containers by at least one retailer in each month. It may be that only a small number of retailers sold multipack UPCs as separate containers on an ad hoc basis, rather than frequently (for example, if the packaging had been compromised). Data on the proportion of retailers selling at least one multipack UPC as separate containers are reported in Section 3.4.

There was an increase in the proportion of cider multipack UPCs sold as separate containers by at least one retailer, both year-on-year (from 22.8% to 31.7%) and across the 18 months (from 22.8% to 27.8%). The largest increase occurred in period two (+8.1%), and the time series suggests this increase coincided with MUP implementation. This suggests that a greater range of cider multipack UPCs were sold as separate containers, by at least one retailer, following MUP implementation. There was little to no consistent trend for beer multipack and RTD multipack UPCs.

Table 3.5: Proportion of multipack UPCs (%) sold as separate containers by at least one retailer, by product category in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17–Jan 19)

Month	Product category			
	All UPCs ¹	Beer ²	Cider ²	RTD ²
Period 1 (Aug 17 – Jan 18)				
Multipacks sold as separate containers first month (%)	20.4	20.4	22.8	0.0
Multipacks sold as separate containers last month (%)	17.8	17.4	21.1	9.1
Net change	-2.6	-3.0	-1.8	9.1
Period 2 (Feb 18 – July 18)				
Multipacks sold as separate containers first month (%)	17.2	16.7	18.8	18.2
Multipacks sold as separate containers last month (%)	19.1	18.0	31.3	0.0
Net change	1.9	1.3	8.1	-18.2
Period 3 (Aug 18 – Jan 19)				
Multipacks sold as separate containers first month (%)	20.9	19.3	31.7	0.0
Multipacks sold as separate containers last month (%)	20.8	20.5	27.8	0.0
Net change	-0.1	1.2	-4.0	0.0
12 months (Aug 17 – Aug 18)				
Multipacks sold as separate containers first month (%)	20.4	20.4	22.8	0.0
Multipacks sold as separate containers last month (%)	20.9	19.3	31.7	0.0
Net change	0.5	-1.1	8.9	0.0
Overall (Aug 17 – Jan 19)				
Multipacks sold as separate containers first month (%)	20.4	20.4	22.8	0.0
Multipacks sold as separate containers last month (%)	20.8	20.5	27.8	0.0
Net change	0.5	0.1	5.0	0.0

Note:

Fortified wine, Perries, Spirits, Wines and Other were not sold in multipacks at any stage of the study.

¹ All multipacks included in the sample, across all categories (beer, cider, RTD).

² % refers to the proportion of multipacks *within* each category that were split separately. For example, in August 2017, there were 211 multipack beer UPCs of which 43 were sold as separate containers: $(43/211)*100 = 20.4\%$

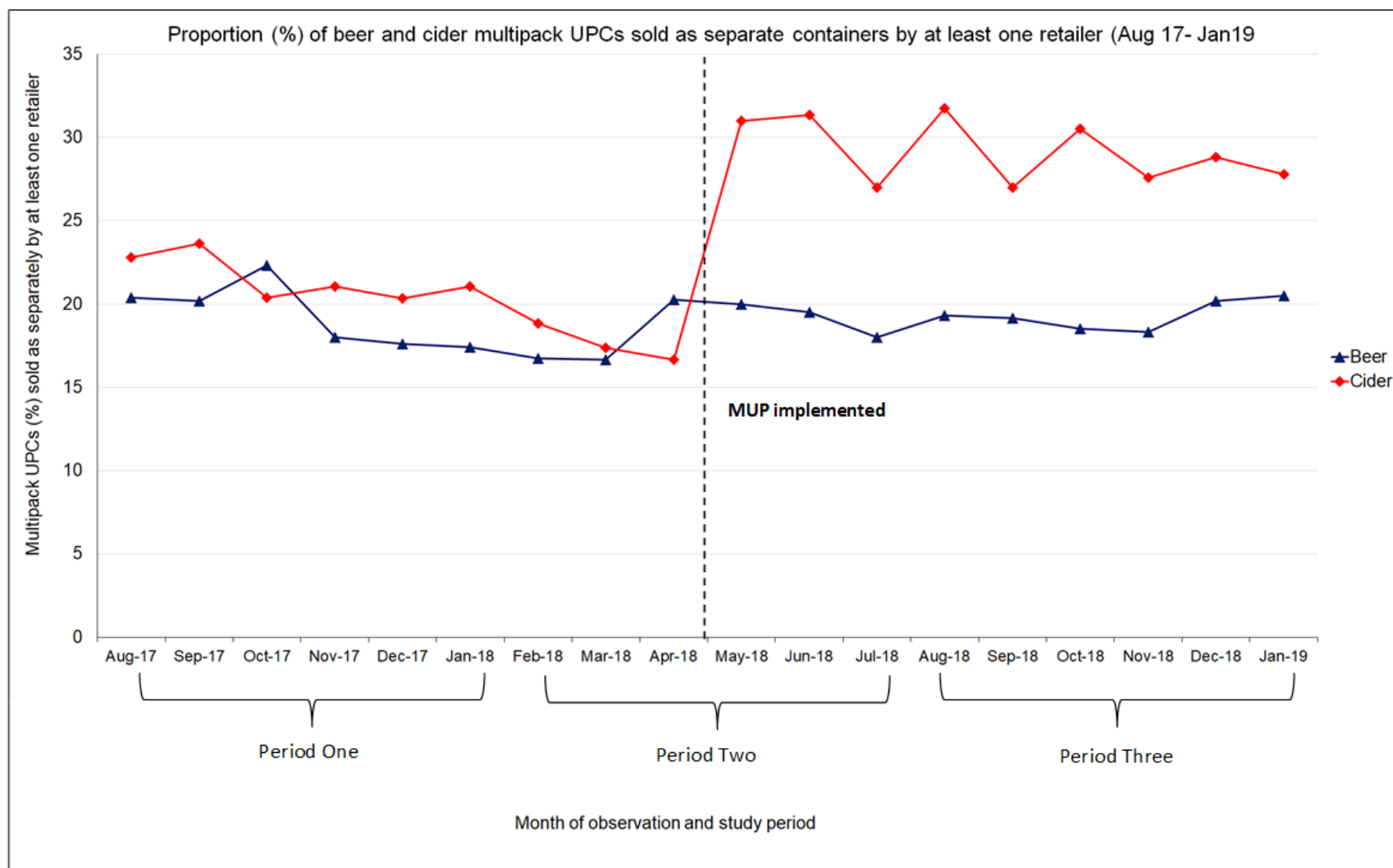


Figure 3.2: Proportion of beer and cider multipack UPCs sold as separate containers by at least one retailer in each month (Aug 17 – Jan 19)

3.4 Proportion of retailers selling multipack UPCs as separate containers

This measure examines changes in the proportion of retailers who had sold at least one multipack UPC as separate containers in each month. This measure provides insight into whether the practice of splitting multipacks changed before and after MUP implementation: for example, whether selling individual containers became more or less attractive to a greater range of retailers. Data are cross-tabulated by retailer SIMD (Table 3.6). In each, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. A time series graph, divided by retailer SIMD group, shows the extent to which changes coincided with MUP implementation (Figure 3.3).

For the benefit of interpretation, changes are likely to have been driven by a combination of retailer and consumer behaviour, as these UPCs were presumably supplied with the intention of being sold as multipacks. The data do not provide insight into sales volume of split multipacks, just the proportion of retailers who had sold at least one UPC as separate containers in each month. It may be that retailers only sold a small number multipack UPCs as separate containers on an ad hoc basis, as opposed to regularly and intentionally splitting multipacks into separate containers.

Across the study, the proportion of retailers who had sold at least one multipack UPC as separate containers increased slightly, although this increase did not appear to coincide with MUP implementation. Specifically, in August 2017, 53% of retailers had sold at least one multipack UPC as separate containers. There were increases both year-on-year (+11.0 percentage points) and across the 18 months (+8.0 percentage points). There were increases across all SIMD quintiles with the exception of SIMD5, in which decreases happened both year-on-year (-15.4 percentage points) and across the 18 months (-23.1 percentage points); however, it is important to note that there was only a small number of SIMD5 retailers in the sample ($n=17$) and therefore small changes in the nominal value will have had a large impact on the proportional change. Around MUP implementation, there were only slight increases in the proportion of SIMD5 and, to a lesser extent, SIMD3 retailers selling at least one

multipack UPC as separate containers around MUP implementation, but no increase among SIMD1, SIMD2, and SIMD4 retailers.

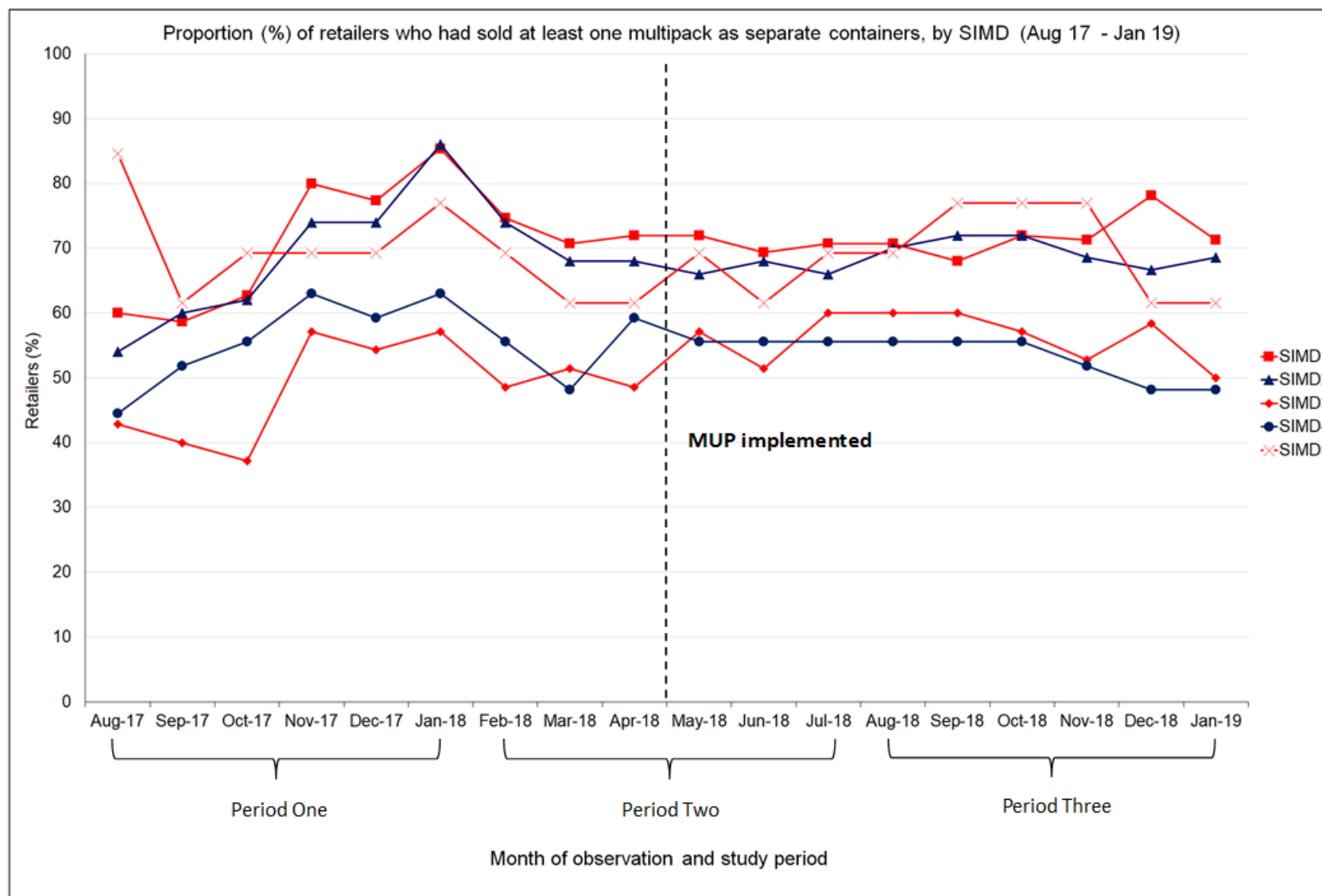


Figure 3.3: Proportion (%) of retailers who had sold at least one multipack UPC as separate containers in each month (Aug 17 – Jan 19). SIMD1 = Most deprived; SIMD5 = Most affluent.

Table 3.6: Proportion (%) of retailers who had sold at least one multipack as separate containers, by retailer SIMD in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

		SIMD Category				
Month	Overall	1	2	3	4	5
Period 1 (Aug 17 – Jan 18)						
Retailers selling at least one spit multipack in first month (%)	53.0	60.0	54.0	42.9	44.4	84.6
Retailers selling at least one spit multipack in last month (%)	77.0	85.3	86.0	57.1	63.0	76.9
Net change	24.0	25.2	32.0	14.3	18.5	-7.7
Period 2 (Feb 18 – July 18)						
Retailers selling at least one spit multipack in first month (%)	67.0	74.7	74.0	48.6	55.6	69.2
Retailers selling at least one spit multipack in last month (%)	62.0	70.7	66.0	60.0	55.6	69.0
Net change	-5.0	-4.0	-8.0	11.4	0	0.0
Period 3 (Aug 18 – Jan 19)						
Retailers selling at least one spit multipack in first month (%)	64.0	70.7	70.0	60.0	55.6	69.2
Retailers selling at least one spit multipack in last month (%)	61.0	71.2	68.6	50.0	48.1	61.5
Net change	-3.0	0.6	-1.4	-10.0	-7.4	-7.7
12 months (Aug 17 – Aug 18)						
Retailers selling at least one spit multipack in first month (%)	53.0	60.0	54.0	42.9	44.4	84.6

Retailers selling at least one spit multipack in last month (%)	64.0	70.7	70.0	60.0	55.6	69.2
Net change	11.0	10.7	16.0	17.1	11.1	-15.4
Overall (Aug 17 – Jan 19)						
Retailers selling at least one spit multipack in first month (%)	53.0	60.0	54.0	42.9	44.4	84.6
Retailers selling at least one spit multipack in last month (%)	61.0	71.2	68.6	50.0	48.1	61.5
Net change	8.0	11.2	14.6	7.1	3.1	-23.1

Note:

SIMD1 = Most deprived quintile

SIMD5 = Most affluent quintile

3.5 Trends in average container size (ml)

This measure examined changes in the weighted average container size (ml) of each product category before, and after, MUP implementation. Net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months (Table 3.7). The data are also presented in a time series graph, to examine whether changes intersected with MUP implementation (Figure 3.4)*.

For the benefit of interpretation, as the averages are weighted, changes in container size could occur as a function of product alterations and availability (e.g. introduction of smaller containers) or consumer behaviour (e.g. increased sales for larger containers). For multipacks, the data refer to the individual containers within the multipack (for example, an individual cans of beer) and are not aggregated across the multipack. For the purposes of comparison, and for consistency on the times series axis, all measures are reported in ml. The values reported are the weighted averages across the various container sizes available within each category. As such they may not be illustrative of an actual container size that can be purchased. We now summarise key trends.

Cider non-multipacks and perries had the largest relative (%) decreases in weighted average container size. These were also the two categories with the largest average container size before MUP, and categories expected to be affected by MUP implementation.

The largest decrease in the weighted average container size was for cider non-multipacks, both year-on-year (-15.1%, from 1,178ml to 1,010ml) and across the 18 months (-9.7%, from 1,178ml to 1,064ml). Most of this decrease occurred in period two (-20.4%), and coincided with MUP implementation. This is consistent with expectations that consumer and retailer interest in larger non-multipack ciders (e.g.

* The 'other' product category is not reported in this time series as it is only a small category of miscellaneous products with limited study relevance.

3,000ml bottles) would decrease following increases in price as a result of MUP. Evidence of this decrease at a brand level is discussed in the Frosty Jack's case study (see Section 6.2). We note, however, that this was not true for all products in the cider non-multipack category; for example, the 50 tracked products showed limited change in the weighted average container size for Strongbow Original 5% (discussed in detail in section 6.4), HCC, or Kopparberg ciders. It is therefore likely that this decline reflects a combination of manufacturer-led changes to product offering (e.g. phasing in new and smaller sizes) and changes in consumer behaviour (e.g. reduced purchasing of the larger higher-strength cider non-multipacks).

We also observed a decrease in the weighted average container size for perries, with the decrease effectively the same year-on-year and across the 18 months (both -8.3%, from 1,198ml to 1,099ml). As per non-multipack ciders, this decrease mostly occurred in period two (-9.0%) and coincided with MUP implementation. This trend was also reflected in the 50 tracked products, where the average weighted size of Lambrini Original – the market leader in the perry category – decreased around 3% year-on-year and overall (see Annex One), with most of the decrease occurring around MUP implementation. Lambrini introduced a new 1,250ml variant (down from 1,500ml) in April 2018, the month before MUP implementation, which suggests that this decline was, at least partly, influenced by manufacturer-led changes.

There were also smaller relative and nominal decreases in the average container size for fortified wines, RTD non-multipacks, and spirits – although trends appeared to be gradual rather than acute changes around MUP implementation. There were increases for beers (multipacks and non-multipacks) and cider multipacks, although it is again unclear to what extent these were driven by MUP rather than other factors. There was almost no change in RTD multipacks, wines, and the 'other' product categories. Full data on this measure for the 50 tracked products are reported in Annex One, with the brand-level trends broadly mirroring those observed at the category level.

Table 3.7: Weighted average container size (ml), by product category in the three study periods, year-on-year (Aug 17 – Aug 18) and 18 months (Aug 17 – Jan 19)

Month	Product category										
	Beer multipacks	Beer non-multipacks	Cider multipacks	Cider non-multipacks	Fortified wine	Other	Perry	RTD multipack	RTD non-multipack	Spirits	Wine
Period 1 (Aug 17 – Jan 18)											
Average (ml) in first month	461	513	474	1178	646	750	1198	275	507	519	738
Average (ml) in last month	464	515	488	1206	645	750	1213	275	495	515	737
Net change (nominal)	3	2	14	28	1	0	15	0	12	4	1
Net change (%)	0.7	3.2	3.0	2.4	-0.2	0.0	1.3	0.0	-2.4	-0.8	-0.1
Period 2 (Feb 18 – July 18)											
Average (ml) in first month	463	522	490	1175	644	750	1210	275	500	513	738
Average (ml) in last month	460	537	466	1000	639	750	1108	275	482	514	733
Net change (nominal)	3	17	24	240	5	0	109	0	18	1	4
Net change (%)	-0.6	0.4	-4.9	-20.4	-0.8	0.0	-9.0	0.0	-3.6	0.2	-0.5
Period 3 (Aug 18 – Jan 19)											
Average (ml) in first month	463	540	470	1010	634	750	1099	275	486	514	734
Average (ml) in last month	468	550	482	1064	631	750	1098	274	475	506	735

Net change (nominal)	5	10	12	64	3	0	1	1	11	8	1
Net change (%)	1.1	3.3	2.6	6.4	-0.5	0.0	-0.1	-0.4	-2.3	-1.6	0.1
12 months (Aug 17 – Aug 18)											
Average (ml) in first month	461	513	474	1178	646	750	1198	275	507	519	738
Average (ml) in last month	463	540	470	1010	634	750	1099	275	486	514	734
Net change (nominal)	2	27	4	178	12	0	99	0	21	5	4
Net change (%)	0.4	5.3	-0.8	-15.1	-1.9	0.0	-8.3	0.0	-4.1	-1.0	-0.5
Overall (Aug 17 – Jan 19)											
Average (ml) in first month	461	513	474	1178	646	750	1198	275	507	519	738
Average (ml) in last month	468	550	482	1064	631	750	1098	274	475	506	735
Net change (nominal)	7	37	8	114	15	0	100	1	32	13	3
Net change (%)	1.5	7.2	1.7	-9.7	-2.3	0.0	-8.3	-0.4	-6.3	-2.5	-0.4

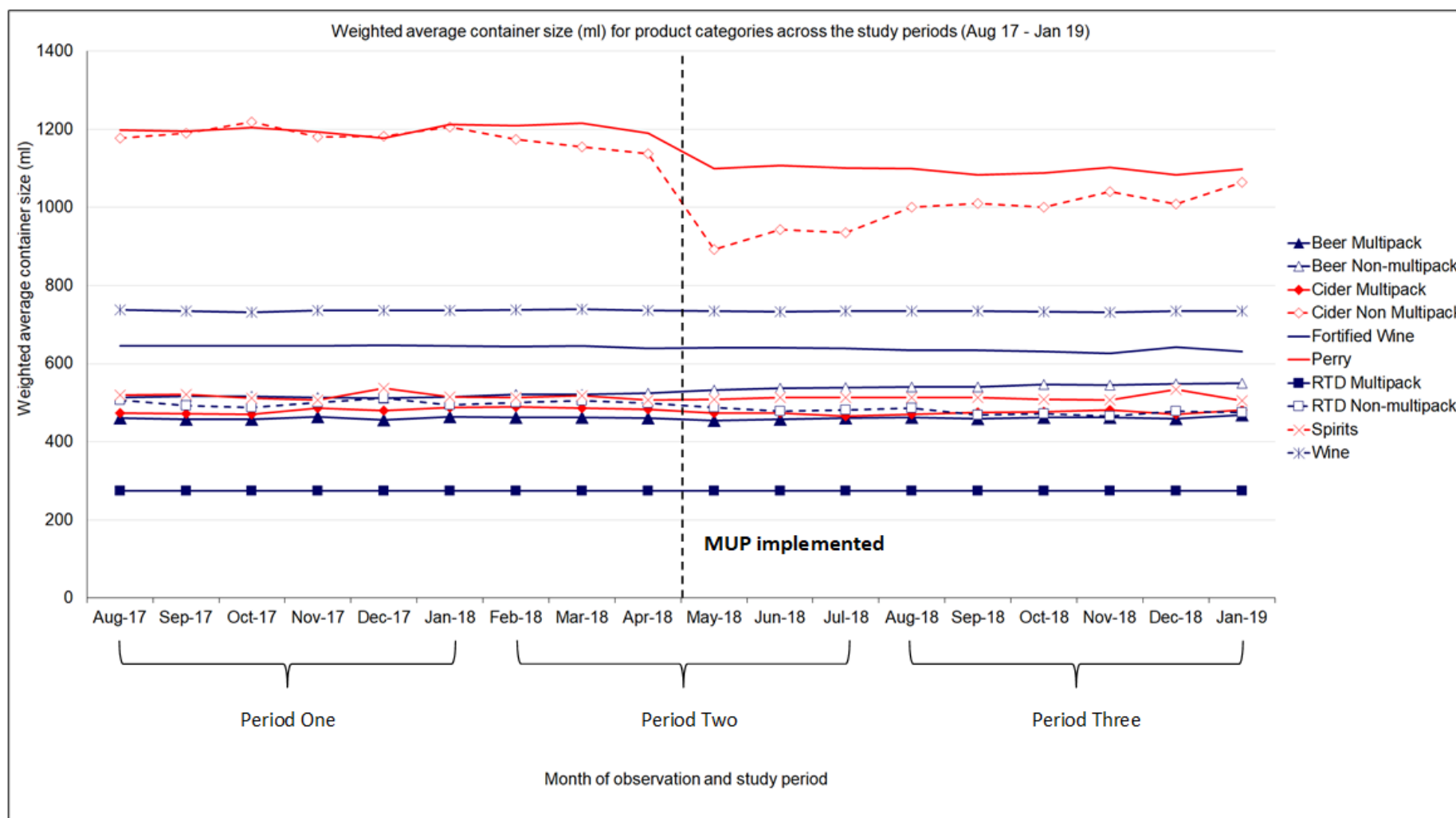


Figure 3.4: Weighted average container size (ml) in product categories and across the three study periods (Aug 17 – Jan 19)

3.6 Trends in average product strength (ABV)

This measure examined changes in the weighted average strength (ABV %) of products. Data are cross-tabulated by product category (Table 3.8). In each category, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. The data are also presented in a time series figures, to show whether changes intersected with MUP implementation (Figure 3.5)*.

For the benefit of interpretation, as the average strength is weighted, changes could occur as a function of product alterations and availability (e.g. introduction of weaker products) or consumer behaviour (e.g. increased sales for higher-strength products). Although the ABV is already expressed as a percentage, this section focuses on relative changes (%) in ABV values to enable meaningful comparisons between product categories†. We do, however, also report the nominal values (Table 3.8), which also have important interpretative value. The values reported are the weighted ABVs across the various products available within each category. As such they may not be illustrative of an actual product ABV.

We observed notable decreases in the weighted average strength for four product categories: cider non-multipacks, perry, beer non-multipacks, and cider multipacks.

* The 'other' product category is not reported in this time series as it is only a small category of miscellaneous products with limited study relevance. Product categories with weighted average ABVs $\geq 10\%$ are also not reported as there was almost no relative or nominal change – see Table 3.8 – and their inclusion stretches the graphs axis and removes the nuances of categories $\leq 10\%$ ABV.

† For both beer multipack UPCs and fortified wine UPCs, the nominal change over the study period is only 0.1 percentage point in terms of actual ABV %. When looking at the relative change, however, the former has decreased 2.2% and the latter has only increased 0.7%. This demonstrates the benefit of considering relative changes, as opposed to nominal.

The former two were product categories expected to be influenced by MUP implementation.

The largest decrease in weighted average strength was for cider non-multipacks, both year-on-year and across the 18 months (both -17.2%, from 6.4 to 5.3% ABV). Most of this decrease occurred in period two (-23.1%, from 6.5 to 5.0% ABV), and coincided with MUP implementation. This is consistent with expectations that retailer and consumer interest in higher-strength ciders may decrease following increases in price following MUP. There was some evidence of reformulation in this product category among the 50 tracked products and case study products, with Frosty Jack's introducing a new lower-strength 6.0% ABV variant (down from 7.5% ABV pre-MUP). This is discussed further in the case study Section 6.2. As with the change in container sizes, reported in section 3.5, it is likely that this change reflects a combination of manufacturer-led changes to product offerings (e.g. product reformulation) and changes in consumer behaviour.

We also observed a decrease in the weighted average strength for perry, both year-on-year and across the 18 months (both -15.9%, from 6.9 to 5.8% ABV). As per non-multipack ciders, this decrease mostly occurred in period two (-17.1%, from 7.0% to 5.8%) and coincided with MUP implementation. The 50 tracked products data suggested that this decline was likely driven by product reformulation, with Lambrini introducing a new lower-strength version of Lambrini Original which, similar to the reformulated Frosty Jack's cider, was 6.0% ABV rather than 7.5% ABV. As Lambrini was the market leader in perries, and represented most of the UPCs this category, it is likely that the decline in weighted average strength was driven by this product reformulation.

There was also a decrease in weighted average ABV (%) of beer non-multipacks, both year-on-year (-12.9% from 6.2 to 5.4% ABV) and across the 18 months (-11.3%, from 6.2 to 5.5% ABV)*. This decline appeared gradual across periods one

* The high weighted ABV (%) for the beer non-multipack category suggests that – particularly before MUP implementation – sales volumes were larger for higher strength beer products

and two, although there was also an acute decrease around MUP implementation, after which it remained relatively stable. There was little evidence of reformulation within our 50 tracked products for the beer non-multipack category, and thus it is likely that these decreases are driven by consumer trends (e.g. purchasing lower-strength products). The only exception to this was Budweiser lager*, which reformulated from 4.8% to 4.5% ABV; albeit this change reportedly took effect from November 2017, and we understand it to be a UK-wide change, unlikely to be related to MUP.

We also observed a slight decrease in the average weighted strength of cider multipacks, both year-on-year (-4.2%, from 4.8 to 4.6% ABV) and across the 18 months (-2.1%, from 4.8 to 4.7% ABV). Although the actual nominal change in ABV is small, the time series shows a decrease around MUP implementation, before increasing slightly again thereafter. The 50 tracked products showed no evidence of reformulation in this category (i.e. the weighted average strength for Frosty Jack's multipack, K cider multipacks, Kopparberg multipacks and Strongbow Original multipacks remained constant throughout). It is therefore most plausible that this decrease around MUP, and subsequent slightly increase thereafter, is related to trends in consumer purchasing habits.

Finally, we also observed an increase in the weighted average strength of RTD non-multipacks, both year-on-year (+3.2%, from 6.3% to 6.5% ABV) and across the study (+4.8%), from 6.3 to 6.6% ABV). Nevertheless, both the study periods and the time series data did not suggest that this increase occurred around MUP implementation,

(e.g. Karpackie Super Mocne at 9.0% or Perla Chmielowa at 6.2%) compared to the lower strength products.

* That is, Budweiser lager produced by Ab InBev. It does not refer to other brand variants from the same manufacturer (e.g. Bud Light) or other similar brand names (e.g. Czech Budweiser).

and therefore it is not clear to what extent (if at all) it is associated with MUP rather than with trends in consumer purchasing.

Full data on this measure for the 50 tracked products are reported in Annex One.

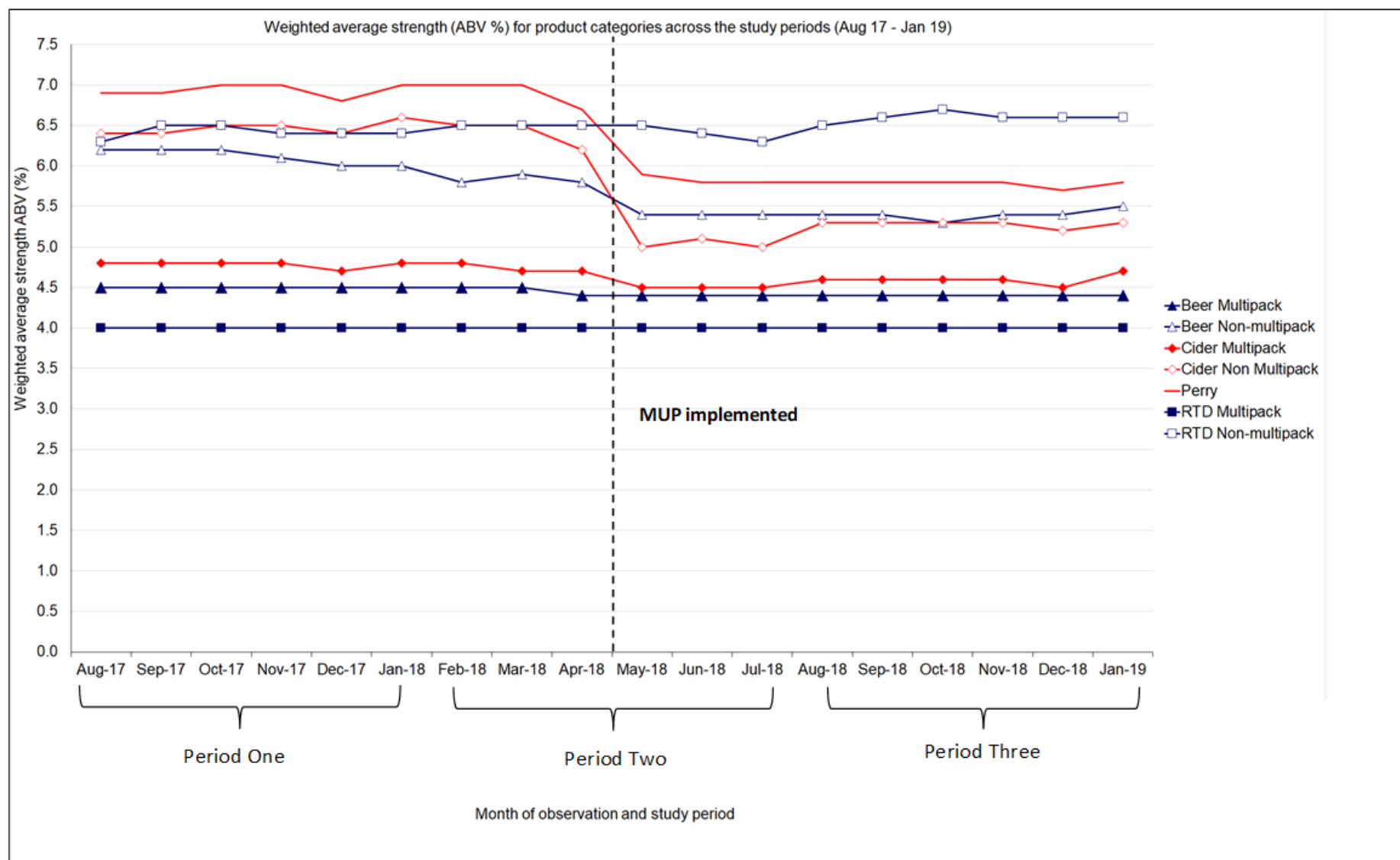


Figure 3.5: Weighted average product strength (in ABV %), by product category and across the three study periods (Aug 17 – Jan 19)

Table 3.8: Average weighted product strength (ABV %), by product category in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Product category										
	Beer multipacks	Beer non-multipacks	Cider multipacks	Cider non-multipacks	Fortified wine	Other	Perry	RTD multipack	RTD non-multipack	Spirits	Wine
Period 1 (Aug 17 – Jan 18)											
ABV in first month	4.5	6.2	4.8	6.4	15.0	13.1	6.9	4.0	6.3	37.1	11.9
ABV in last month	4.5	6.0	4.8	6.6	15.0	13.0	7.0	4.0	6.4	37.0	12.0
Net change (nominal)	0.0	0.2	0.0	0.2	0.0	-0.1	0.1	0.0	0.1	0.1	0.1
Net change (%)	0.0	-3.2	0.0	3.1	0.0	-0.8	1.4	0.0	1.6	-0.3	0.8
Period 2 (Feb 18 – July 18)											
ABV in first month	4.5	5.8	4.8	6.5	15.0	13.0	7.0	4.0	6.5	37.0	11.9
ABV in last month	4.4	5.4	4.5	5.0	15.0	13.0	5.8	4.0	6.3	37.0	11.8
Net change (nominal)	0.1	0.4	-0.3	1.5	0.0	0.0	1.2	0.0	-0.2	0.0	0.1
Net change (%)	-2.2	-6.9	-6.3	-23.1	0.0	0.0	-17.1	0.0	-3.1	0.0	-0.8
Period 3 (Aug 18 – Jan 19)											
ABV in first month	4.4	5.4	4.6	5.3	15.0	13.0	5.8	4.0	6.5	37.0	11.8
ABV in last month	4.4	5.5	4.7	5.3	15.1	13.1	5.8	4.0	6.6	37.0	11.9

Net change (nominal)	0.0	0.1	0.1	0.0	0.1	0.1	0	0.0	0.1	0.0	0.1
Net change (%)	0.0	1.9	2.2	0.0	0.7	0.8	0	0.0	1.5	0.0	0.8
12 months (Aug 17 – Aug 18)											
ABV in first month	4.5	6.2	4.8	6.4	15.0	13.1	6.9	4.0	6.3	37.1	11.9
ABV in last month	4.4	5.4	4.6	5.3	15.0	13.0	5.8	4.0	6.5	37.0	11.8
Net change (nominal)	0.1	0.8	0.2	1.1	0.0	0.1	1.1	0.0	0.2	0.1	0.1
Net change (%)	-2.2	-12.9	-4.2	-17.2	0.0	-0.8	-15.9	0.0	3.2	-0.3	-0.8
Overall (Aug 17 – Jan 19)											
ABV in first month	4.5	6.2	4.8	6.4	15.0	13.1	6.9	4.0	6.3	37.1	11.9
ABV in last month	4.4	5.5	4.7	5.3	15.1	13.1	5.8	4.0	6.6	37.0	11.9
Net change (nominal)	0.1	0.7	-0.1	-1.1	0.1	0.0	1.10	0.0	0.3	0.1	0.0
Net change (%)	-2.2	-11.3	-2.1	-17.2	0.7	0.0	-15.9	0.0	4.8	-0.3	0.0

3.7 Trends in number of alcohol units in aggregate product

This measure examined changes in the average number of alcohol units in each product category. Data are cross-tabulated by product category (Table 3.9). In each category, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. The data are also presented in a time series figure to show whether changes intersected with MUP implementation (Figure 3.6)*.

For the benefit of interpretation, variations could occur as a function of both product alterations and availability (e.g. introduction of smaller/lower-strength products) or changes in consumer behaviour (e.g. increased sales for larger/higher-strength products). Any changes are therefore likely to have been a function of trends in both strength (ABV %) and container size (ml), reported in Sections 3.5 and 3.6. The data relate to the total number of alcohol units across the whole product, accounting for the number of individual containers in a multipack. The values were derived using the weighted ABVs and container sizes within each category. As such they may not be illustrative of unit content of an actual product.

We highlight notable decreases in the average number of alcohol units for three product categories – cider non-multipacks, perry, and cider multipacks – all three of which were expected to be influenced by MUP.

The largest decrease we observed was for cider non-multipacks, both year-on-year (-29.7%, from 7.5 to 5.3 units) and across the 18 months (-25.2%, from 7.5 to 5.6 units). As per changes in the weighted average strength (ABV %) and container size (ml), the decrease was largest in period two (-38.8%, from 7.6% to 4.7%) and coincided with MUP implementation. There was some evidence of reformulation among the 50 tracked products, with Frosty Jack's introducing a new 2,000ml bottle at 6.0% ABV, discussed in the case study in 6.2, which led to a lower number of

* The 'other' product category is not reported in this time series as it is only a small category of miscellaneous products with limited study relevance.

units. This, however, was not universal among this category, with the Strongbow 5.0% Original case study (section 6.5) showing little to no change in the average number of units across the study. It is therefore likely that this decrease is underpinned by both manufacturer-led changes to product offerings (e.g. the introduction of lower strength variants) and consumer behaviour (e.g. reduced purchasing of cider non-multipacks with higher unit content).

We also observed a marked decrease in the average number of alcohol units for perries, both year-on-year and across the 18 months (both -23%, from 8.3 to 6.4 units). As per weighted average strength (ABV %) and container size (ml), the decrease was largest in period two (-24.6%, from 8.5 to 6.4 units) and coincided with MUP implementation, before remaining relatively stable thereafter. There was some evidence of reformulation among the 50 tracked products, with Lambrini introducing a new variant of Lambrini Original in a small container (1,250ml versus 1,500ml) and lower strength (6.0% ABV versus 7.5%), which represented a reduction from 11.25 units to 7.5 units. As Lambrini was the market leader in the perry category, and represented most of the UPCs in this category, it is therefore most plausible that the decrease in weighted average number of units was driven by product reformulation.

We also observed a decrease in the average number of units for cider multipacks, both year-on-year (8.4% from 13.3 to 12.2 units) and across the 18 months (-8.8%, from 13.3 to 12.1 units). This decrease was largest in period two (-8.7%, from 12.7 to 11.6 units), and the time series showed a gradual decrease in the period leading up to, and immediately after, MUP implementation. There was only a limited decrease in the weighted average strength (see section 3.6) or weighted average container size (see section 3.5) in this product category, so we also examined whether the larger observed decrease in average number of units was explained by changes in weighted average multipack size (i.e. number of containers in multipack). This showed that the weighted average number of containers in cider multipacks also decreased, both year-on-year (-3.6%, from 5.85 to 5.64) and across the 18 months (-8.4%, from 5.85 containers to 5.36 containers) (see Annex Two), and that this decrease broadly mirrored the decrease in aggregate units. It is unclear, however, to

what extent this trend reflects manufacturer-led changes or consumer behaviour or both.

Data on the other 50 tracked products are reported in Annex One.

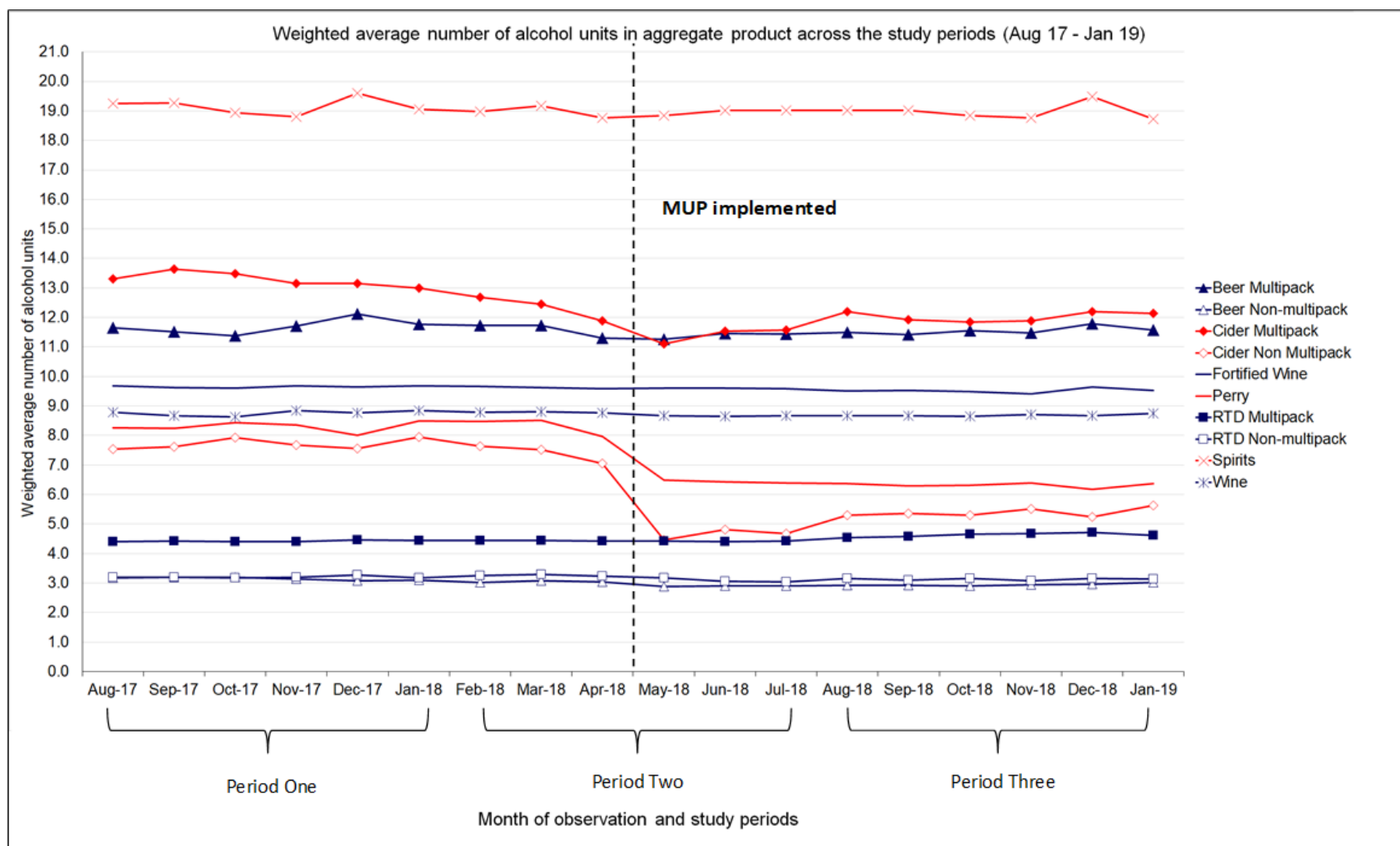


Figure 3.6: Average number of units per aggregate product by product category and across the three study periods (Aug 17 – Jan 19)

Table 3.9: Average number of alcohol units per aggregate product, by product category in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Product category										
	Beer multipacks	Beer non-multipacks	Cider multipacks	Cider non-multipacks	Fortified wine	Other	Perry	RTD multipack	RTD non-multipack	Spirits	Wine
Period 1 (Aug 17 – Jan 18)											
Ave units in first month	11.7	3.2	13.3	7.5	9.7	9.8	8.3	4.4	3.2	19.3	8.8
Ave units in last month	11.8	3.1	13.0	8.0	9.7	9.8	8.5	4.4	3.2	19.1	8.8
Net change (nominal)	0.1	-0.1	-0.3	0.4	-0.0	-0.1	0.2	0.0	0.0	-0.2	0.0
Net change (%)	1.0	-2.8	-2.3	5.6	-0.2	-0.8	2.7	0.7	-0.8	-1.0	0.7
Period 2 (Feb 18 – July 18)											
Ave units in first month	11.7	3.0	12.7	7.6	9.7	9.8	8.5	4.4	3.3	19.0	8.8
Ave units in last month	11.4	2.9	11.6	4.7	9.6	9.8	6.4	4.4	3.0	19.0	8.7
Net change (nominal)	-0.3	-0.1	-1.1	-2.9	-0.1	0.00	-2.1	0.0	0.2	0.0	-0.1
Net change (%)	-2.5	-3.9	-8.7	-38.8	-0.8	0.0	-24.6	-0.5	-6.6	0.2	-1.4
Period 3 (Aug 18 – Jan 19)											
Ave units in first month	11.5	2.9	12.2	5.3	9.5	9.8	6.4	4.5	3.2	19.0	8.7
Ave units in last month	11.6	3.0	12.1	5.6	9.5	9.8	6.4	4.6	3.1	18.7	8.7

Net change (nominal)	0.1	0.1	-0.1	0.34	0.0	0.1	0.0	0.1	0.0	-0.3	0.1
Net change (%)	0.7	3.7	-0.4	6.4	0.2	0.8	-0.1	2.1	-0.8	-1.6	1.0
12 month (Aug 17 – Aug 18)											
Ave units in first month	11.7	3.2	13.3	7.5	9.7	9.8	8.3	4.4	3.2	19.3	8.8
Ave units in last month	11.5	2.9	12.2	5.3	9.5	9.8	6.4	4.5	3.2	19.0	8.7
Net change (nominal)	0.2	-0.3	1.1	2.2	0.2	0.1	1.9	0.1	0.0	0.2	0.1
Net change (%)	-1.4	-8.3	-8.4	-29.7	-1.9	-0.8	-22.9	2.7	-1.1	-1.2	-1.4
Overall (Aug 17 – Jan 19)											
Ave units in first month	11.7	3.2	13.3	7.5	9.7	9.8	8.3	4.4	3.2	19.3	8.8
Ave units in last month	11.6	3.0	12.1	5.6	9.5	9.8	6.4	4.6	3.1	18.7	8.7
Net change (nominal)	-0.1	-0.2	-1.2	-1.9	-0.2	0.0	-1.9	0.2	-0.1	-0.5	-0.0
Net change (%)	-0.7	-4.9	-8.8	-25.2	-1.7	0.0	-23.0	4.9	-1.9	-2.8	-0.4

3.8 Trends in nominal average sales price-per-unit

This section examines changes in the nominal average sales price-per-unit (GBP, £*). Data are cross-tabulated by product category (Table 3.10). In each category, net changes are presented across the three study periods, year-on-year (i.e. before and after MUP implementation), and across the 18 months. Data are also presented in a time series figure to show to what extent changes intersected with MUP implementation (Figure 3.7^{†,‡}). Time series figures showing trends by retailer SIMD are also reported in Annex Three, and are referred to in the main text.

We highlight increases in the nominal average sales price-per-unit for four product categories after MUP implementation: cider non-multipacks, cider multipacks, perries, and beer non-multipacks. There were smaller increases across other remaining product categories, albeit none appeared to be pronounced around, or related to, MUP implementation.

The largest observed increase in nominal average sales price-per-unit was for cider non-multipacks, both year-on-year (+104.1%, from £0.28-per-unit to £0.58-per-unit) and across the 18 months (+97.4%, from £0.28-per-unit to £0.56-per-unit). The increase mostly occurred in period two (+129.6%), and coincided with MUP implementation. This is consistent with expectations that UPCs in this category, such as large container sizes of higher-strength ciders, would likely be highly affected by MUP. The time series figures reported in Annex Three suggests that stepped price increases around MUP implementation occurred consistently across retailer SIMD quintiles. The 50 tracked products (Annex One) provides evidence of the increase in

* Prices are unadjusted for inflation.

† The 'other' product category is not reported in the time series as it is only a small category of miscellaneous products with limited study relevance.

‡ The category averages for multipacks (e.g. beer, cider, RTD) excludes cases in which the multipack was sold as separate products. These are instead included in the price distribution analysis (3.2.8).

price-per-unit happening at a brand level, with examples of Frosty Jack's and Strongbow Original 5.0% discussed in the case studies in Sections 6.2 and 6.4.

We also observed an increase in the nominal average sales price-per-unit for perries, both year-on-year and overall (both +48%, from £0.38-per-unit to £0.56-per-unit). This increase mostly occurred in period two (+51.7%) and coincided with MUP implementation. The time series reported in Annex Three suggests that price increases around the point of MUP implementation occurred consistently across retailer SIMD quintiles, albeit the increase appeared more gradual among SIMD5 retailers. As Lambrini is the market leader for perries, and represents most of the UPCs in this category, this change is largely accounted for by the increase reported for Lambrini Original in the 50 tracked products (Annex One).

There was also an increase in the nominal average sales price-per-unit for cider multipacks, both year-on-year and across the 18 months (both +18.0%; from £0.47-per-unit to £0.56-per-unit). The largest increase occurred in period two (+17.1%) and coincided with MUP implementation, before remaining relatively stable thereafter. This trend was consistent in most retailer SIMD areas (Annex Three), albeit the increase was more gradual in SIMD5 (vs. an acute change around MUP implementation among more deprived quintiles). The 50 tracked products show that the increase was more pronounced among some brands than others. For example, while the year-on-year change for multipacks of Strongbow Original 5% was +27.0% (from £0.40-per-unit to £0.50-per-unit), it was smaller for the Strongbow Dark Fruit variant (from £0.63-per-unit to £0.64-per-unit).

We also observed an increase in the nominal average sales price-per-unit for beer non-multipacks, both year-on-year (+24.5%, from £0.53-per-unit to £0.67-per-unit) and overall (+19.4%, from £0.53-per-unit to £0.64-per-unit). Although the time series showed that this increase began earlier in the study period, and appeared to increase gradually, there was an acute increase in period two (+13.9%) which was pronounced around MUP implementation; this gradual increase and pronounced increase around MUP was broadly consistent across retailer SIMD quintile, albeit it appeared more gradual in SIMD5 (Annex Three). There were only a small number of

beer non-multipacks in the 50 tracked products, although these largely supported this category-level trend. For example, the nominal average sales price-per-unit for Stella Artois non-multipacks increased +4.1% year-on-year (from £0.61-per-unit to £0.64-per-unit). As the nominal average sales price-per-unit for this category – and many of the 50 tracked products within it – were already above MUP at the start of the study, it is unclear whether this increase was related to MUP.

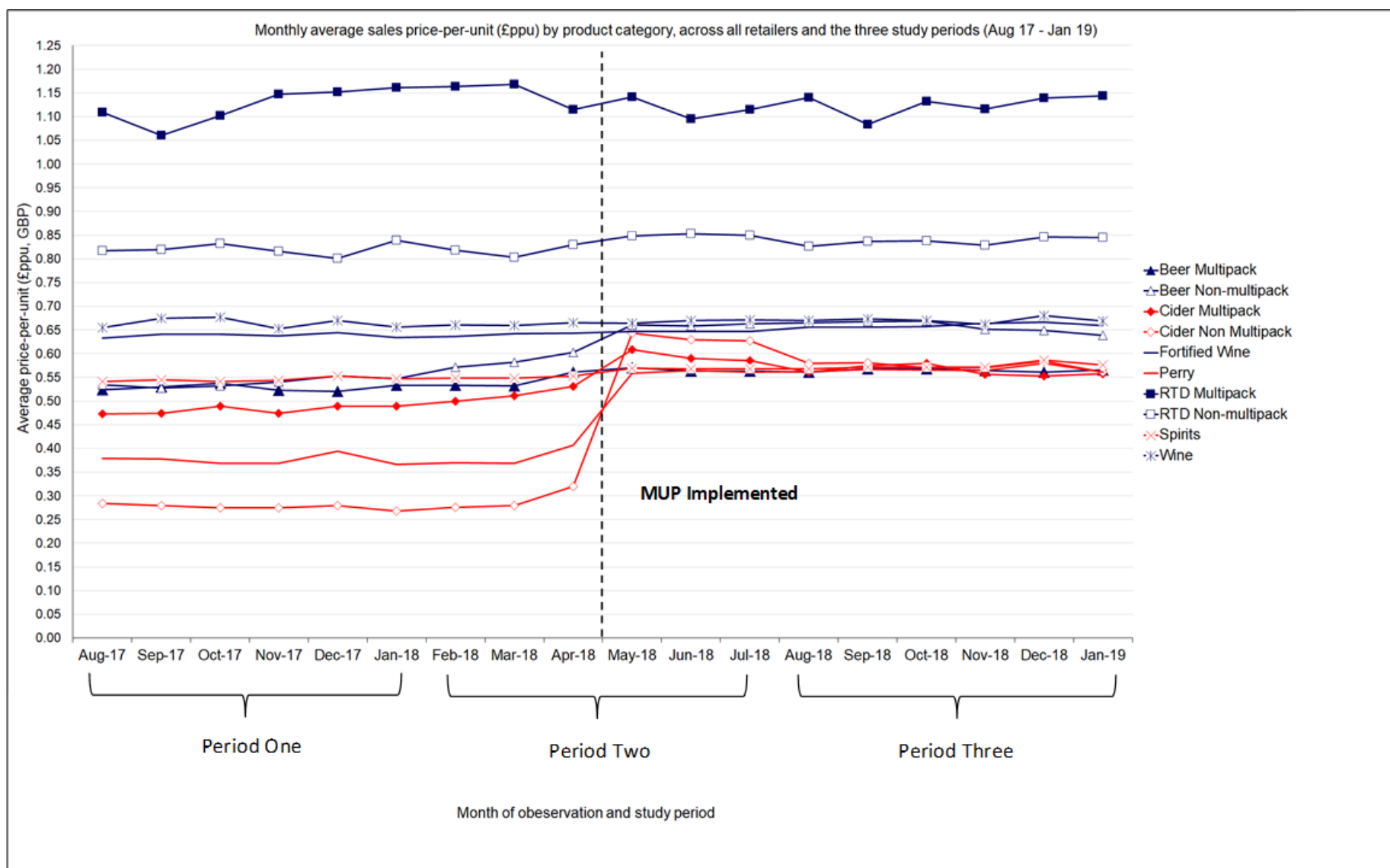


Figure 3.7: Nominal average sales price-per-unit (£ppu, GBP) in product categories and across the three study periods (Aug 17 – Jan 19); unadjusted for inflation

Table 3.10: Nominal average sales price-per-unit (£ppu) by product category in the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Product category										
	Beer multipacks	Beer non-multipacks	Cider multipacks	Cider non-multipacks	Fortified wine	Other	Perry	RTD multipack	RTD non-multipack	Spirits	Wine
Period 1 (Aug 17 – Jan 18)											
Ave sales ppu first month (£)	0.52	0.53	0.47	0.28	0.63	0.79	0.38	1.11	0.82	0.54	0.65
Ave sales ppu last month (£)	0.53	0.55	0.49	0.27	0.63	0.81	0.37	1.16	0.84	0.55	0.66
Net change (nominal)	0.01	0.01	0.02	0.02	0.00	0.02	0.01	0.05	0.02	0.01	0.00
Net change (%)	1.8	2.3	3.5	-5.7	0.2	2.6	-3.3	4.7	2.8	1.0	0.2
Period 2 (Feb 18 – July 18)											
Ave sales ppu first month (£)	0.53	0.57	0.50	0.28	0.64	0.82	0.37	1.16	0.82	0.55	0.66
Ave sales ppu last month (£)	0.56	0.66	0.58	0.63	0.65	0.82	0.56	1.11	0.85	0.57	0.67
Net change (nominal)	0.03	0.09	0.09	0.35	0.01	0.03	0.19	0.05	0.03	0.02	0.01
Net change (%)	5.7	16.0	17.1	126.9	1.6	3.5	51.7	-4.2	3.8	3.7	1.6
Period 3 (Aug 18 – Jan 19)											
Ave sales ppu first month (£)	0.56	0.67	0.56	0.58	0.66	0.83	0.56	1.14	0.83	0.57	0.67

Ave sales ppu last month (£)	0.57	0.64	0.56	0.56	0.66	0.82	0.56	1.14	0.85	0.58	0.67
Net change (nominal)	0.01	0.03	0.0	0.02	0.00	-0.01	0.0	0.00	0.02	0.01	0.00
Net change (%)	0.7	-4.1	-0.6	-3.3	0.4	-0.9	-0.2	0.3	2.3	1.4	-0.1
12 months (Aug 17 – Aug 18)											
Ave sales ppu first month (£)	0.52	0.53	0.47	0.28	0.63	0.79	0.38	1.11	0.82	0.54	0.65
Ave sales ppu last month (£)	0.56	0.67	0.56	0.58	0.66	0.83	0.56	1.14	0.83	0.57	0.67
Net change (nominal)	0.04	0.13	0.09	0.30	0.02	0.05	0.18	0.03	0.01	0.03	0.01
Net change (%)	7.1	24.5	18.7	104.1	3.7	5.9	48.3	2.9	1.1	4.8	2.3
Overall (Aug 17 – Jan 19)											
Ave sales ppu first month (£)	0.52	0.53	0.47	0.28	0.63	0.79	0.38	1.11	0.82	0.54	0.65
Ave sales ppu last month (£)	0.57	0.64	0.56	0.56	0.66	0.82	0.56	1.14	0.85	0.58	0.67
Net change (nominal)	0.04	0.10	0.08	0.28	0.03	0.04	0.18	0.04	0.03	0.03	0.01
Net change (%)	7.8	19.4	18.0	97.4	4.2	4.9	48.0	3.2	3.4	6.3	2.2

Note: Prices and changes are nominal, i.e. unadjusted for inflation.

3.9 Year-on-year changes in the price-per-unit distribution

Building on the analysis of nominal average sales price-per-unit (see 3.8, above), this measure examines the price-per-unit distribution across UPCs (including multipacks sold as separate containers). This provides more detailed understanding of movement at different points of the price distribution before and after MUP implementation, and takes a broader overview across the different types of alcohol products available in small retailers, rather than just within product categories. Data show the price distribution in August 2017 and August 2018, and changes between the two (Figure 3.8). Year-on-year comparisons were preferred to comparisons between the start and end of study, to avoid any potential confounding influence of seasonality.

For the purposes of interpretation, the price distribution in each month was calculated by dividing UPCs into price bands of £0.05 increments (e.g. £0.20 - £0.24) based on the nominal average sales price-per-unit. It is important to clarify that the distribution only shows how many different UPCs were in each part of the distribution, and does not show the volume of sales in each price band. For the purposes of conciseness, and because the trends are broadly similar, the breakdowns by retailer SIMD group are reported in Annex Four.

Across all UPCs and all retailers, the price distribution shows an expected decrease in the proportion of UPCs with a nominal average sales price-per-unit below MUP, particularly for products in the £0.40-£0.44 (-2.4 percentage points) and £0.45-£0.49 price bands (-3.7 percentage points). There were year-on-year increases in the proportion of UPCs in most price bands above £0.50-per-unit (range: -0.1 to +5.3 percentage points). The largest increase was in the proportion of UPCs with a nominal average sales price in the £0.50 - £0.54 price band (+5.3 percentage points), which suggests that there was increased congestion among price bands at, and immediately above, the MUP threshold – a trend discussed further in Section 3.11. Trends in the price distribution, and increased congestion in the number of UPCs in price bands at, and immediately above, MUP were broadly consistent across all retailer SIMD areas (Annex Four).

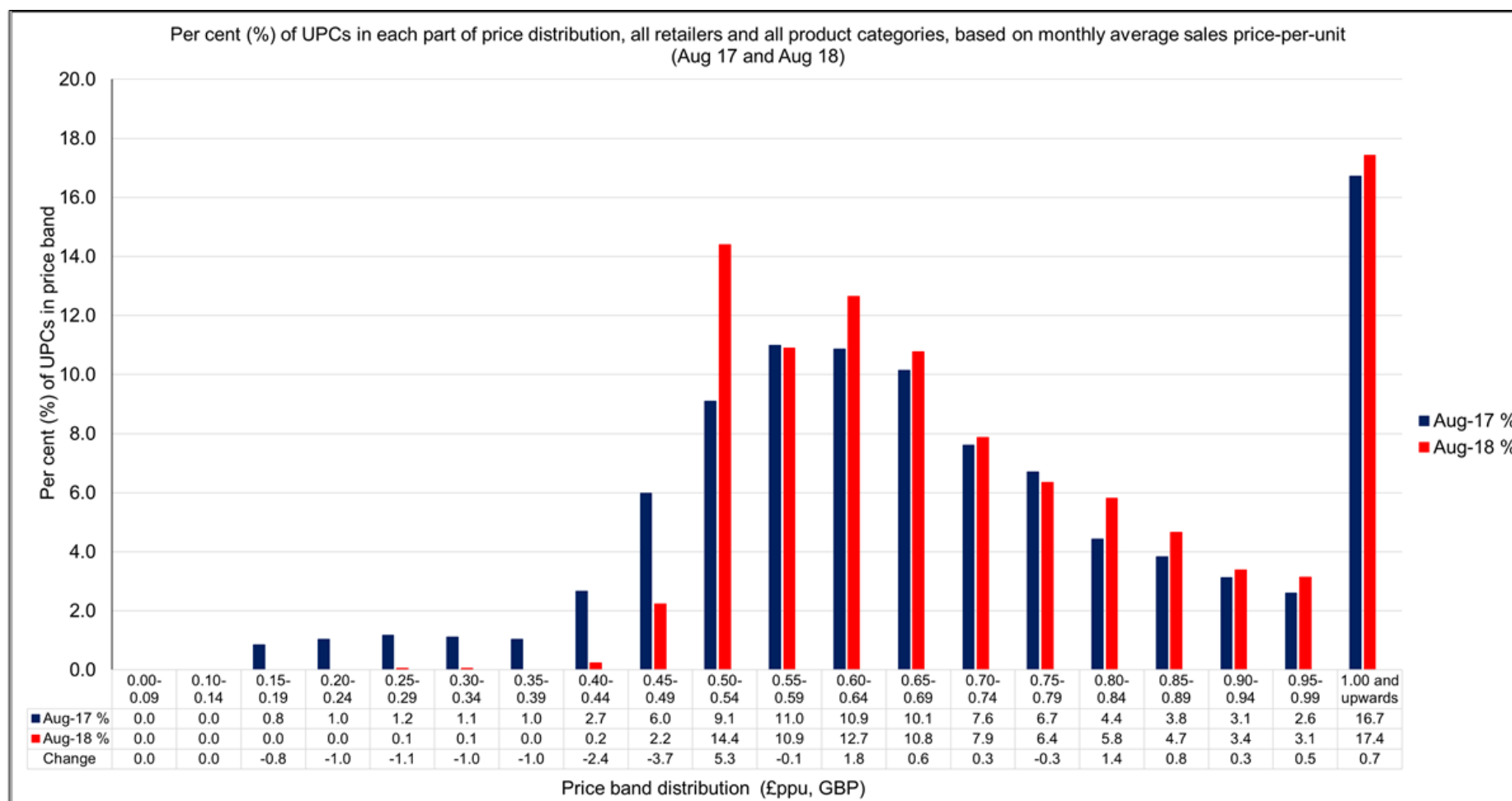


Figure 3.8: Per cent (%) UPCs in each band of the price distribution, based on nominal average sales price-per-unit (£ppu) across all retailers, and changes year-on-year (Aug 17 and Aug 18); Prices not adjusted for inflation.

3.10 Pricing in line with Minimum Unit Pricing

Building on the price distribution analysis (Section 3.9), and in addition to a compliance study conducted as part of the MESAS portfolio (Dickie et al., 2019⁶), this measure examines the proportion of UPCs priced in line with MUP. This was calculated in two ways: (1) the proportion of UPCs with a nominal *average* sales price-per-unit equal to, or greater than, £0.50-per-unit (Figure 3.9); and (2) the proportion of UPCs that had a nominal **minimum** sales price-per-unit equal to, or greater than, £0.50-per-unit (i.e. relating to a one-off sale across whole sample) (Figure 3.10). For each, data are presented by retailer SIMD. It is important to clarify that **neither metric show the volume of sales above or below MUP**. The nominal average sales price-per-unit may relate to only a small number of sales, while the minimum sales price-per-unit may relate to only a one-off sale in an individual retailer. Nevertheless, they do provide some insight into to what extent (if at all) retailers were selling UPCs in line MUP, the range of UPCs to which this applied, and any differences by SIMD.

In August 2017, an estimated 84.1% of UPCs had a nominal average sales price-per-unit equal to or greater than £0.50-per-unit, and an estimated 75.1% had a minimum sales price above this threshold, with the proportion for both greater among retailers from more affluent quintiles (Figure 3.9 and Figure 3.10). For all quintiles, and both average and minimum sales price, we observed increases around MUP implementation, particularly among retailers from more deprived areas (e.g. SIMD1/2). By the end of the study, an estimated 97.6% of UPCs had a nominal average sales price-per-unit that was equal to or greater than MUP and an estimated 94.1% had a minimum sales price-per-unit above this threshold (i.e. relating to individual one-off sales across the sample). Only a small minority of UPCs had an

average sales price-per-unit below MUP, with little difference between SIMD areas (Figure 3.9)*.

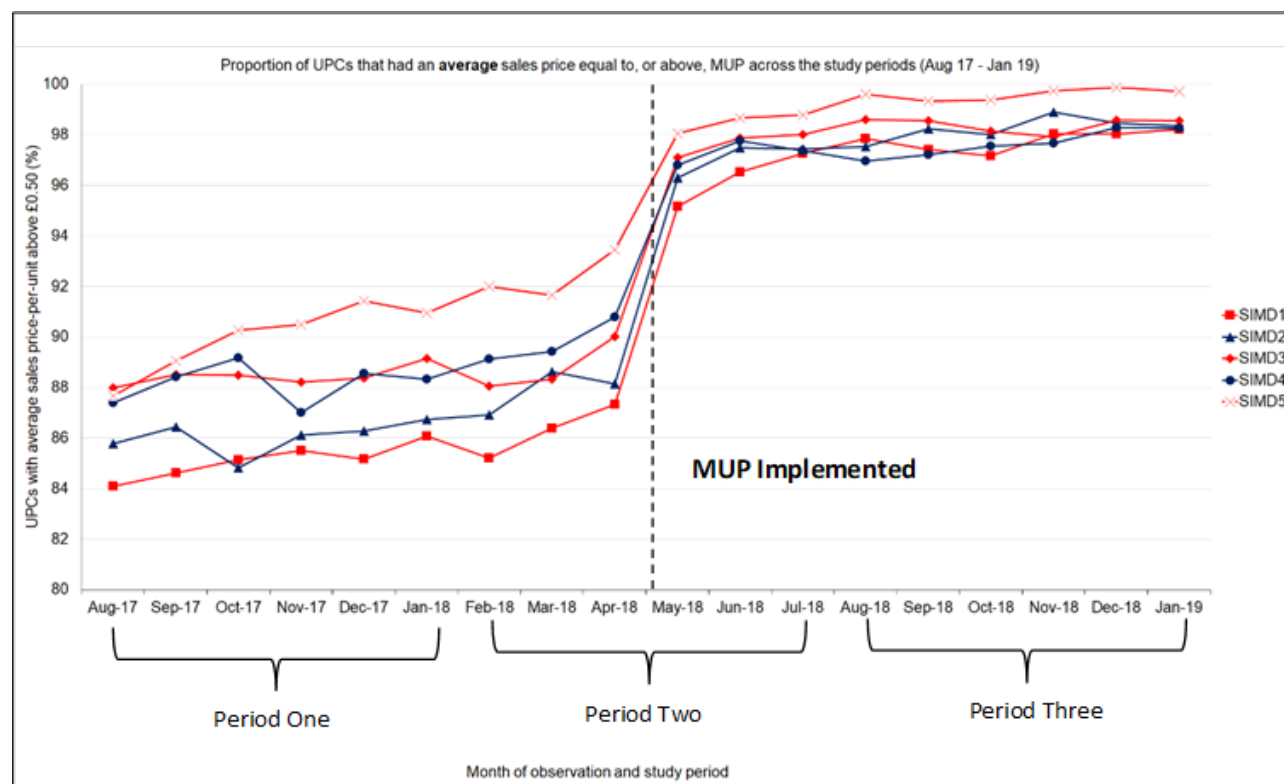


Figure 3.9: Proportion (%) of different UPCs with an average sales price-per-unit equal to or greater than £0.50 (MUP) across the study period (Aug 17 – Jan 19). SIMD1 = Most deprived; SIMD5 = Most affluent.

* Data on sales volume are not available to report for this minority of UPCs, although contributions from the other work packages (retailer audit and trade press) suggest that the proportion of products that were not sold in line with MUP was very small (see section 7.2).

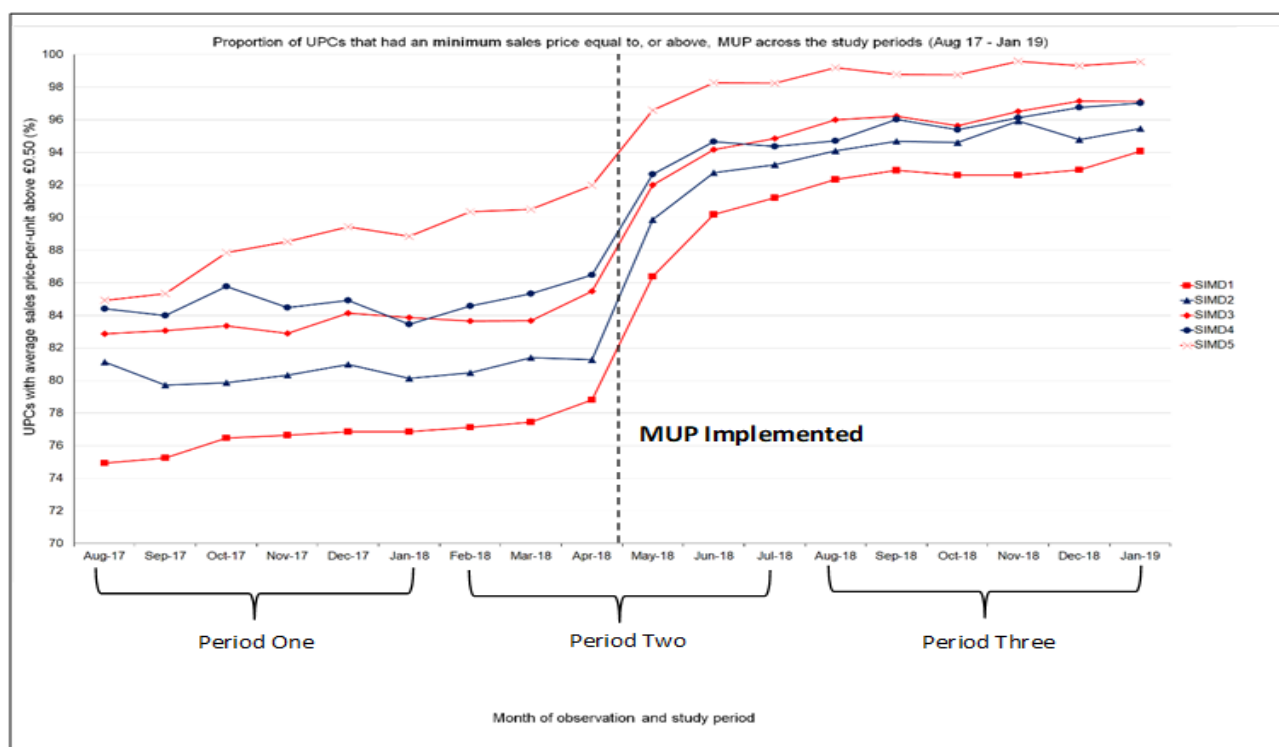


Figure 3.10: Proportion (%) of different UPCs with a minimum sales price-per-unit equal to or greater than £0.50 (MUP) across the study period (Aug 17 – Jan 19). SIMD1 = Most deprived; SIMD5 = Most affluent.

3.11 Changes in the price differential among 50 tracked products

To further explore changes in the price differential, as indicated in the price distribution analysis (Section 3.9), we also examined changes in the nominal average sales price-per-unit among the 50 tracked products. This analysis supported that there was congestion at, and immediately above, the MUP threshold post-implementation, albeit the degree to which this occurred varied by product category and by which products were compared.

The most obvious narrowing in price differential occurred among ciders (Figure 3.11). In the first nine months of the study (i.e. pre-MUP), Frosty Jack's, HCC, K cider, Scrumpy Jack's, and Strongbow Original each had a nominal average sales price-per-unit at varying points of the price distribution, mostly below £0.50-per-unit. After MUP was implemented, however, all of these products increased to around £0.50-per-unit, thus effectively removing the differential between these brands. There was also some change for cider products previously sold above MUP, with the nominal average sales price-per-unit of Kopparberg (both multipack and non-multipack) decreasing towards that of potential competing fruit ciders, such as Strongbow Dark Fruit. However, it is unclear to what extent (if at all) this change was related to MUP.

Although most beer multipacks had a nominal average sales price-per-unit equal to, or greater than, MUP at the start of the study, there was some evidence of the price distribution narrowing as MUP was implemented, albeit not to the same extent as observed for ciders (Figure 3.12). For example, beer multipacks which previously had a nominal average sales price per unit in the £0.45-0.49 price band (e.g. Carling and Fosters) increased in price slightly as MUP was implemented and, consequently, increased congestion within the £0.50-£0.54-per-unit price band among beer multipacks product category. For beer multipacks that already had a nominal average sales price above £0.50-per-unit, there was little evidence of any sustained decreases towards MUP (e.g. McEwan's Export and Red Stripe).

The trend for spirits was broadly similar to that of beer multipacks. There was a small degree of narrowing in price differentials between some products, although again not to the same extent as observed for ciders (Figure 3.13). For example, there was some narrowing between the nominal average sales price-per-unit for Glen's 37.5% vodka and competing vodka in higher price-bands, such as Smirnoff. This was also a degree of narrowing between Glen's and non-vodka spirits, such as High Commissioner and Whyte and MacKay whiskies, and Gordon's Gin. For spirits that already had a nominal average sales price above £0.50-per-unit, there was little evidence of any sustained price decreases towards MUP.

The five case study products also demonstrated some narrowing of the price differential between product categories, and not just within categories as reported above (Figure 3.14). For example, although there were clear differences in nominal average sales price-per-unit between Frosty Jack's, Strongbow, Glen's 37.5% vodka, and Tennent's before MUP was implemented, afterwards they all had a sales price-per-unit in the £0.50-£0.54 price band.

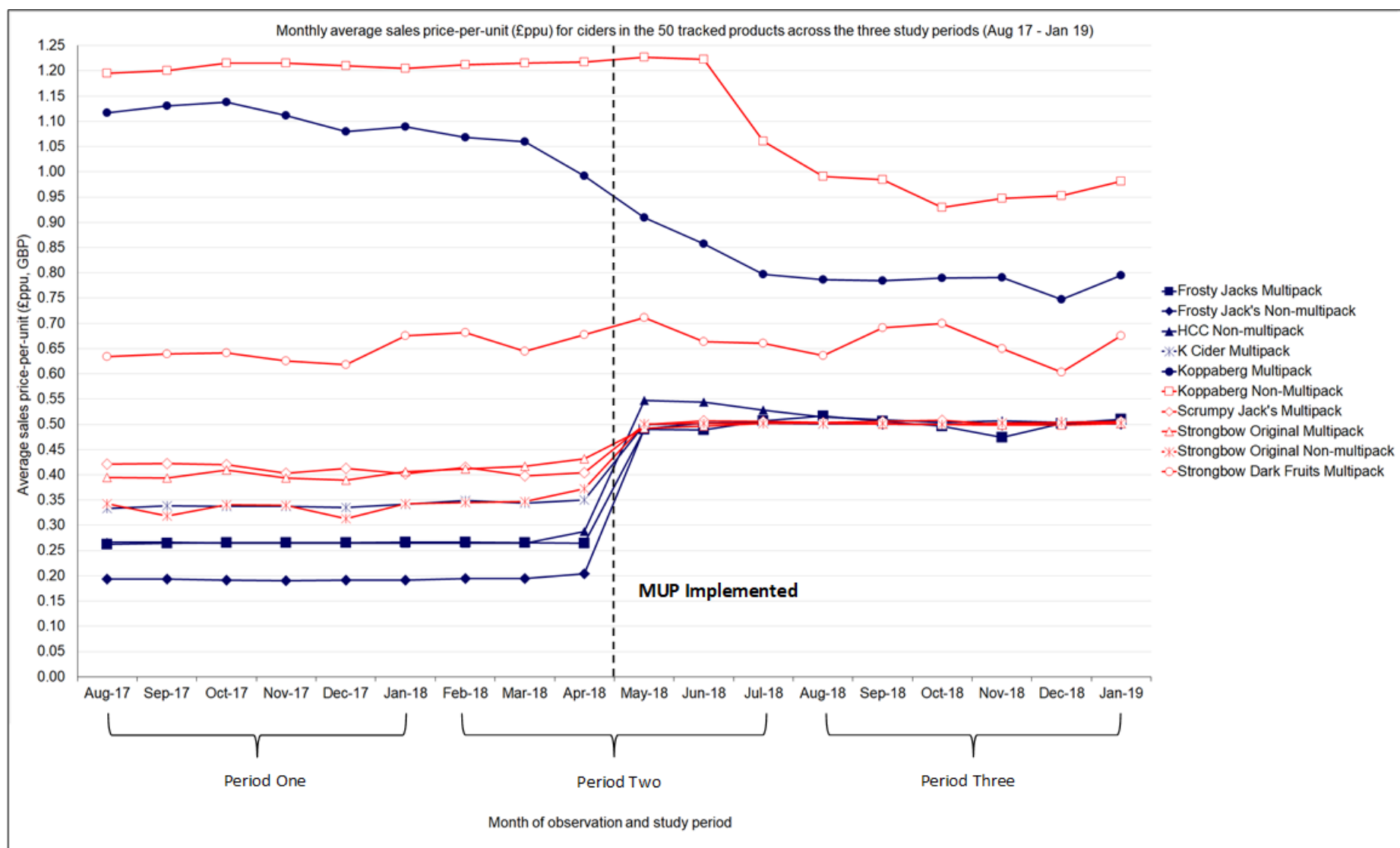


Figure 3.11: Nominal average sales price-per-unit (£, GBP) for ciders in the 50 tracked products across the three study periods (Aug 17 – Jan 19); prices unadjusted for inflation

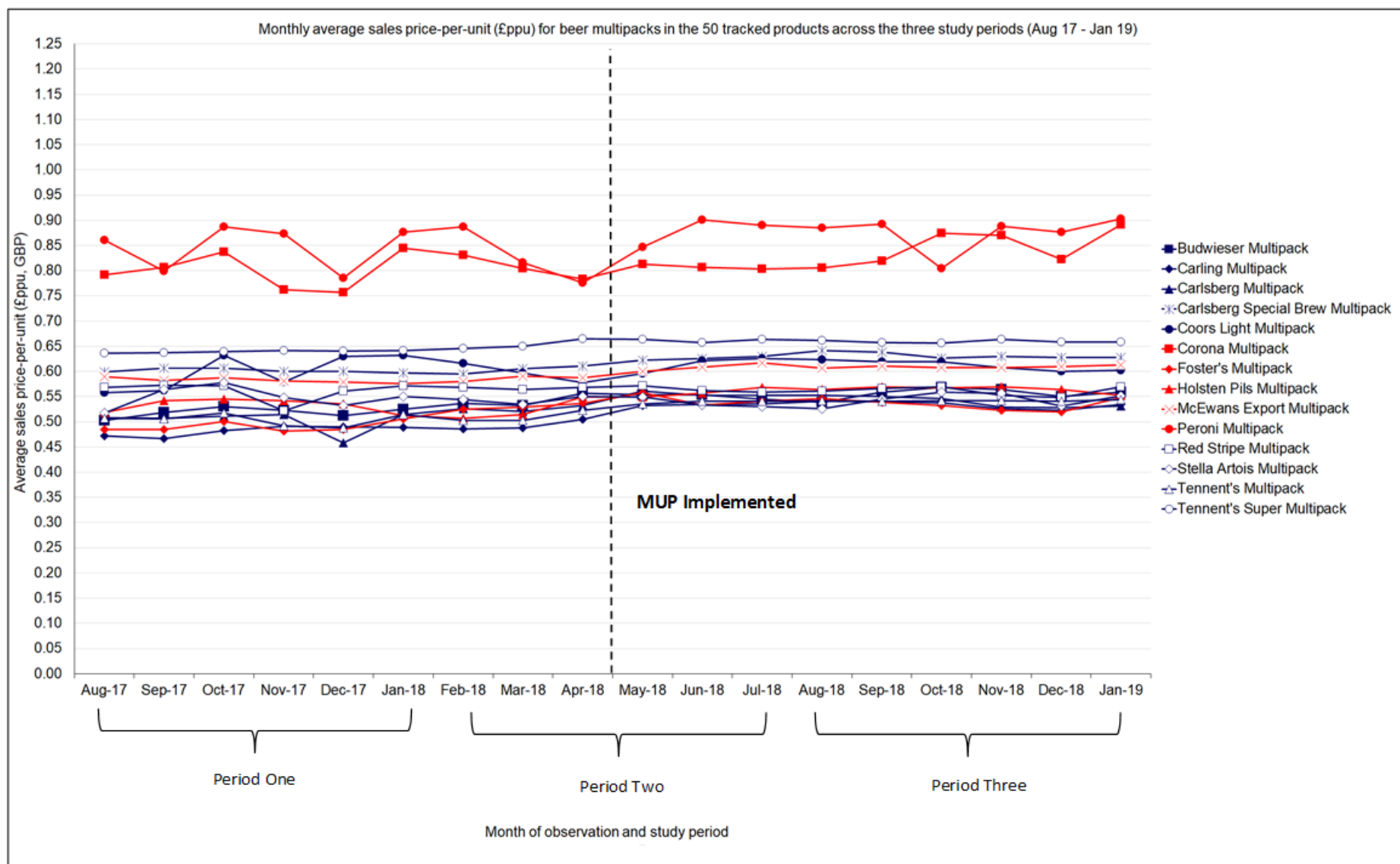


Figure 3.12: Nominal average sales price-per-unit (£, GBP) for beer multipacks in the 50 tracked products across the three study periods (Aug 17 – Jan 19); prices unadjusted for inflation

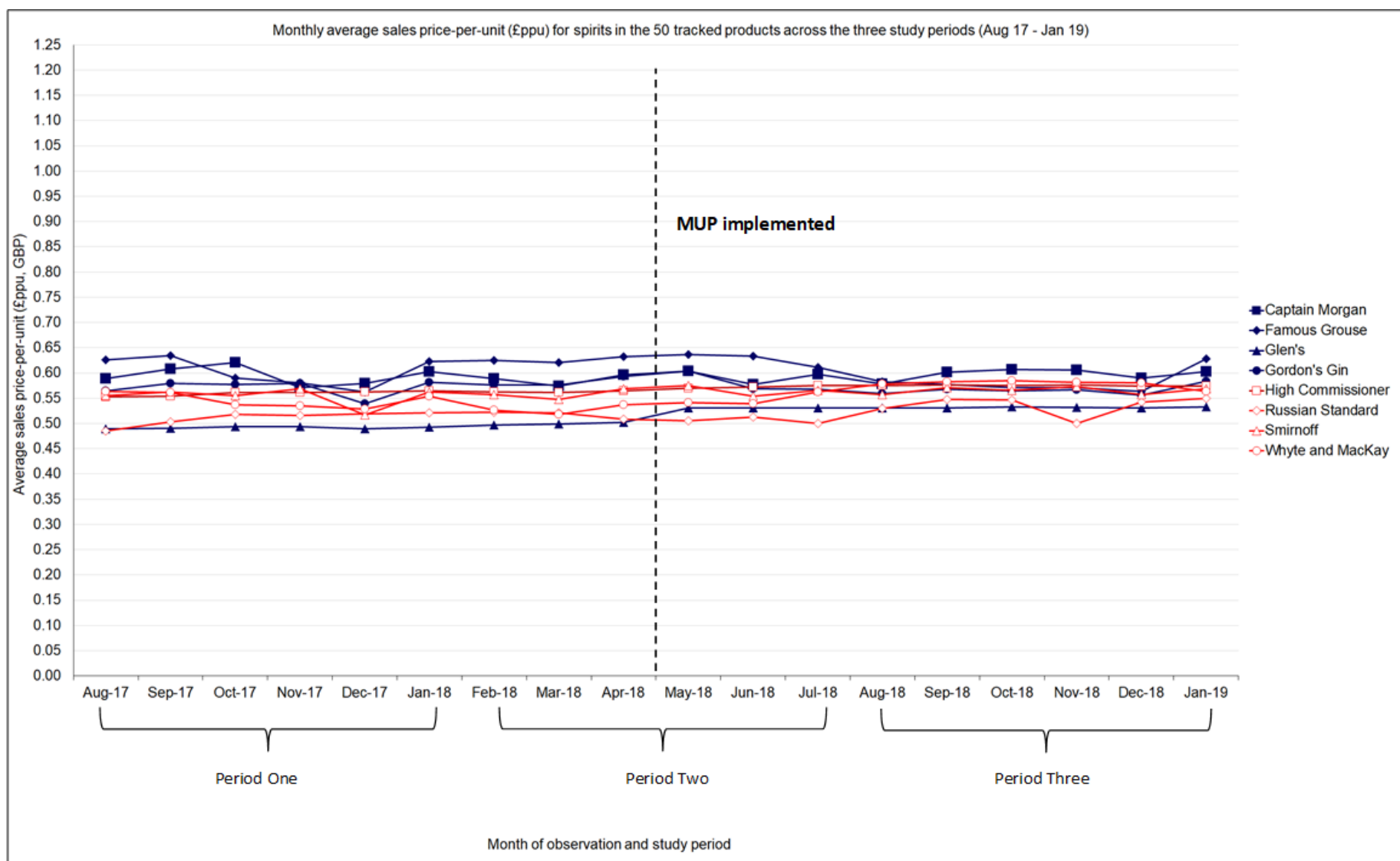


Figure 3.13: Nominal average sales price-per-unit (£, GBP) for spirits in the 50 tracked products across the three study periods (Aug 17 – Jan 19); prices unadjusted for inflation

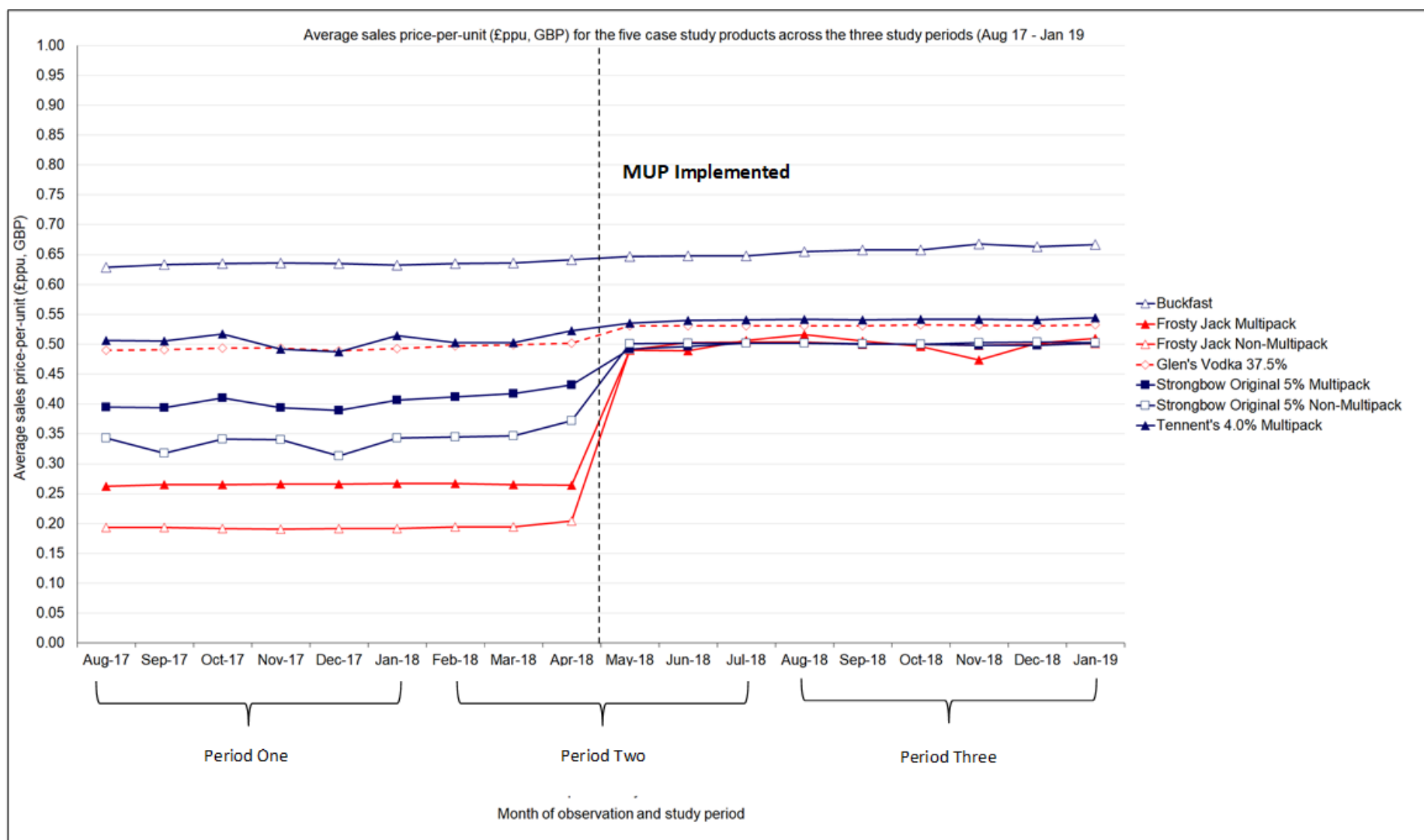


Figure 3.14: Nominal average sales price-per-unit (£, GBP) for the five case study products across the three study periods (Aug 17 – Jan 19); prices unadjusted for inflation

3.12 Summary

This section provides an overview of the main findings from the Electronic Point of Sale (EPoS) data. It summarises key trends concerning changes to the product range, characteristics and pricing before and after MUP implementation.

3.12.1 Trends in the product range offered to consumers

The largest decrease in the average number of UPCs sold at least once by each retailer was for cider non-multipacks. The decrease mostly coincided with MUP implementation and is consistent with expectations that higher-strength and lower-cost products (e.g. larger bottles of higher-strength white ciders) would become less attractive to consumers and retailers following MUP implementation. We also observed a notable decrease for perries, with the decrease again mostly coinciding with MUP implementation. We note, however, that there was only a small number of UPCs in this category, so this proportional change did not translate into a large impact on products sold (which remained at an average of between three and four in each retailer per month). We also observed an increase in the number of non-multipack RTD UPCs sold at least once by each retailer. Although there were pronounced increases for this around MUP implementation, increases also occurred in the festive periods in 2017 and 2018. There was also an increase in the average number of beer non-multipack UPCs sold at least once by each retailer, particularly around MUP implementation. Nevertheless, it is unclear to what extent these trends for RTD and beers non-multipacks were driven by MUP or by other contextual factors set out in table 3.1.

There was also an increase in the monthly proportion of cider multipack UPCs sold as separate containers by at least one retailer, with the increase pronounced around MUP implementation. It is possible that this is because individual cider containers may have become more attractive to price-sensitive consumers once larger non-multipacks became more expensive after MUP implementation. For example, under MUP, a 7.5% ABV 3,000ml bottle of Frosty Jack's cider would cost a minimum of £11.25, whereas the smaller 500ml multipacks cans could be sold individually for a

minimum of £1.88. Although both products have exactly the same price-per-unit after MUP implementation, the individual multipack container has a lower face-value price and may seem more attractive to price-sensitive consumers. There was limited change in the proportion of retailers selling at least one multipack as a separate product as MUP was implemented, although the majority had already been doing so since the start of the study, particularly from among the more deprived SIMD quintiles.

3.12.2 Product characteristics

We observed decreases in the weighted average container size (in ml) for cider non-multipacks and perry UPCs, with decreases coinciding with MUP implementation. These were the two categories with the largest average container sizes at the start of the study, and the decreases are consistent with expectations that such larger containers (particularly of higher-strength products) would be affected by MUP. There was evidence that this decrease may have been, at least partly, related to manufacturer changes in the brand variant offering; for example, a smaller container (1,250ml vs. 1,500ml) was released for Lambrini Original shortly before MUP implementation. As the averages were weighted, the decreases in size may also reflect changes in retailer and consumer purchasing, such as reduced purchasing of larger containers of higher-strength cider following large price increases around MUP.

We also observed decreases in the weighted average strength (ABV %) for cider non-multipacks and perries, particularly around MUP implementation. There was evidence that the decrease may have been partly the result of product reformulation, with new 6.0% ABV variants released for both Frosty Jack's and Lambrini Original around MUP implementation (both previously 7.5% ABV). As the averages were weighted, these decreases in average strength are also likely to reflect changes in retailer and consumer purchasing, such as reduced purchasing of higher-strength ciders following large price increases around MUP. There were also smaller decreases in the average strength for beer non-multipacks and cider multipacks, with the decrease for each somewhat pronounced around MUP implementation.

Nevertheless, as there were very few instances of reformulation among our 50 tracked products for these product categories*, this trend was likely driven by trends in consumer purchasing and it is unclear to what extent (if at all) it was related to MUP.

As a consequence of decreases in the weighted average container size (ml) and strength (ABV %), described above, there were also pronounced decreases in the aggregate number of units in both cider non-multipacks and perries. There was also a decrease for cider multipacks, which the data suggest is plausibly linked to changes in the average number of containers in each multipack, as opposed to changes in container size and strength.

3.12.3 Pricing

We observed particularly increases in the nominal average sales price-per-unit for cider non-multipacks and perries, the two categories with the lowest nominal average sales price-per-unit prior to MUP implementation. For both, the increases coincided with MUP implementation and were largely consistent across retailer SIMD quintiles. There were also increases in nominal average sales price-per-unit for cider multipacks, which the 50 tracked products suggested was driven by greater increases in price for UPCs that were previously sold below MUP rather than large changes for those sold above (e.g. greater increases for Strongbow Original, as opposed to Strongbow Dark Fruit). There were also increases in the nominal average sales price-per-unit for beer non-multipack UPCs. The 50 tracked products, however, suggested that many products in this product category were already sold above £0.50-per-unit before MUP implementation; it is therefore unclear how these trends relate to MUP.

* The only observed exception was for Budweiser which, from November 2017, reduced the ABV from 4.8% to 4.5%, although there was no evidence to suggest this was linked to MUP implementation.

In the price distribution, we observed an increase in the proportion of UPCs in almost all price bands above £0.50-per-unit (based on the nominal average sales price-per-unit), a trend which was broadly similar across all retailer SIMD quintiles. Across all products and retailers, the proportion of UPCs in the £0.50-£0.54-per-unit price band increased 5.3 percentage points, which was higher than across any of points of the price distribution, a trend that was again broadly consistent across retailer SIMD. This suggested there had been increased congestion in the number of UPCs sold at, and immediately above, the MUP threshold.

The data suggest that almost all of the monitored UPCs were sold in line with MUP post-implementation. Specifically, by the final month of observation, an estimated 97.6% of UPCs had a nominal average sales price-per-unit that was equal to or greater than MUP and an estimated 94.1% had a minimum sales price-per-unit (i.e. individual one of sale) above this threshold. Only a small minority of UPCs had a nominal average sales price-per-unit that was below MUP, with little difference between SIMD areas*.

Detailed analysis of the 50 tracked products showed a narrowing of the price differential in some categories and supported that there had been congestion at, and immediately above, the MUP threshold. These trends appears driven by a narrowing of the price differential between previously 'cheap' products and those already sold around MUP, hence the increase in products with a nominal average sales price-per-unit in the £0.50-£0.59 price bands in the price distribution. This narrowing was particularly evident among ciders products, although there was also some evidence among beers and spirits. This narrowing occurred both within (e.g. among ciders) and between product categories (e.g. between ciders and both spirits and beers). We observed little to no consistent evidence of the price for any products or

* Data on sales volume are not available to report for this minority of UPCs, although contributions from the other work packages (retailer audit and trade press) suggest that the proportion of products that were not sold in line with MUP was very small (see section 7.2).

categories decreasing towards the £0.50-per-unit threshold based on the nominal sale prices-per-unit.

4. Retailer audit

4.1 Methods

4.1.1 Overall design

The aims of the Retailer Audit were to (a) document any changes before and after MUP implementation in the range of alcohol products displayed, promotional activities, and alcohol pricing^{*}; and (b) explore retailers' views and experiences of MUP implementation, and the rationale for any observed changes. Data were collected from a sample (minimum $n=20$) of small retailers at two time points, wave one (Oct-Nov 2017, pre MUP) and wave two (Oct-Nov 2018, post MUP). Two data collection methods were used. An observational audit, completed by the researcher in store during the same fieldwork visit, collected information on store characteristics and on alcohol products on display, promotional activities and prices. This was supplemented by a detailed photographic record which was taken of all alcohol on display to enable more detailed data to be recorded and analysed after the fieldwork visit. A semi-structured in-depth interview with the store owner or nominated staff collected data on retailers' views on, and understanding of MUP; expectations and experiences of the implementation process; perceptions of the impact of MUP on business performance; any changes in alcohol products, prices and promotional activities; and perceptions of customer response. Data were collected both on the five case study products and across different alcohol categories (e.g. beer, wine, cider). Interview and observational data were triangulated to describe changes in retail practice.

4.1.2 Sample of stores and recruitment

We recruited 24 small retailers (see Section 2.1 for our definition of small retailers) at baseline, to ensure a minimum sample of 20 would be achieved at follow-up. Four stores were excluded from the follow-up: two had changed or were in the process of

^{*} Changes in pricing were examined only for the five case study products.

changing symbol group, one was in the process of changing ownership and one was unable to accommodate a field visit within the study period.

The sample was purposively selected from stores located across the Scottish central belt* to represent a range of store characteristics:

- **Store type:** All stores were either licensed convenience stores/off-sales or CTNs (shops selling confectionery, tobacco and news) which sold alcohol.
- **Symbol group affiliation:** Approximately four-fifths of small retailers in Scotland are affiliated to a symbol group, with the remainder being non-affiliated. We aimed to include both affiliated and non-affiliated stores in the sample. We aimed to slightly over-sample stores in this latter group, aiming to achieve 6-8 stores within the non-affiliated category, with the remainder (12-14 stores) being in the symbol-group affiliated category. The achieved sample comprised 13 affiliated retailers and seven non-affiliated retailers.
- **Level of area deprivation:** We aimed to represent different levels of deprivation using Scottish Index of Multiple Deprivation (SIMD) scores for store postcodes. Twelve stores were located in more deprived postcode areas (SIMD quintiles 1 and 2) and eight in less deprived postcode areas (SIMD quintiles 3, 4 and 5).

Stores were selected by compiling lists of local stores using online databases and then approaching individual stores in person to explain the study, to assess whether the retailer was interested in taking part and to assess whether the store met eligibility criteria. Eligibility criteria included shop ownership (operated premises for at least 12 months), licence status (currently displays and licensed to sell alcohol), future business intentions over the study period (not currently planning to sell business or sign-up with/change symbol group) and prospective candidate has

* The central belt was selected as this is the area where retailers serve the majority of the Scottish population.

responsibility for making day-to-day stocking decisions. If the retailer was eligible and expressed an interest in taking part in the study, they were given an information sheet and the researcher then returned within several days to answer any queries and to arrange a suitable time for interview. In some cases the baseline interviews were completed at this return visit while in other cases the baseline interview took place on a separate date. All retailers recruited to the study took part in an interview and provided permission to undertake an observation audit. All retailers were required to complete a written consent form at time of the baseline field visit. Consent was sought to conduct recorded interviews and in-store observational audits, including the use of photography. Consent was also sought to contact the participant for a follow-up audit in wave two. To encourage participation and compensate for any inconvenience, retailers received a small monetary incentive of £30 for each visit.

4.1.3 Data collection

Data were collected in field visits to each store. Each field visit lasted between one and two hours, depending on the size of the store and amount of alcohol on display.

Observational audit

Researchers completed an in-store observational audit to record information on store characteristics, alcohol products on display, promotional activity and, for the five case study products, prices. Data were recorded both at a product category level (e.g. the number of different products and promotional activities observed in each category of beer, cider etc) and for each of the five case study products (e.g. number of variants on display, prices, promotional activities).

A detailed photographic record was taken within each store to support analysis of the observational audit data. Photographs were taken of the overall store layout, all alcohol products on display, any price signage and promotional activities, and any posters or other information relating to MUP. Researchers ensured that no retail staff or customers were included in any of the photographs.

Interviews

Face-to-face semi-structured interviews were conducted with the business proprietor or a nominated manager/supervisor with responsibility for the store. Interviews were conducted either immediately before or after the completion of the audit tool and the photographs. Interviews lasted up to an hour with the interview being paused to accommodate customer enquiries and other business-related activity. Interviews explored the following themes, with questions framed to reflect the pre- and post-implementation time points:

- business and market profile including supply arrangements
- views on the alcohol market and setting prices
- awareness, knowledge and understanding of MUP
- attitudes towards and perceived impact of MUP
- expectations/experiences regarding the implementation process
- sources of information and guidance on MUP
- expectations/experiences of the impact of MUP on business performance
- perceptions of customer response.

All interviews were recorded on digital voice-file with participants' consent. In some cases, researchers also took field notes immediately following the interview to capture immediate reflections or any material not captured in the audit tool or interview.

4.1.4 Data analysis

Observational audit data were entered into Excel spreadsheets and descriptive statistics generated to enable comparison between waves. Analysis of these data was supported by a systematic review of the photographs compiled for each store at each wave. For the case study products, the photographic records for each store were cross-checked with audit data collected during the field visit to assess for reliability and identify any missing data. The photographic records also formed the primary source for compiling the data for the product category analysis. In this way the photographic records provided insights into types of promotional activity and devices designed to draw customers' attention to the prices or other aspects of the product offering for all alcohol products on display (e.g. price marking, price reductions and interactive promotions such as competitions,) as well as additional information regarding number of product facings and positioning/visibility of products within store for the case study products.

Interview recordings were transcribed verbatim for analysis. All textual data including transcripts and field notes were coded thematically. Researchers read a sample of the wave one transcripts and developed an initial coding framework. The coding framework was developed using both deductive and inductive approaches: that is, a number of themes reflecting the research questions were identified in advance (deductive approach), while other themes and codes emerged from the data (inductive approach) such as new product developments (e.g. mini-kegs) and any perceived relationships with MUP. The coding framework was then piloted on a sample of transcripts by several researchers to assess consistency in coding. Any inconsistencies in coding were discussed and, if necessary, revisions made to the coding frame to improve consistency. Following this, all the wave one textual data were coded. At wave two, the coding framework was revised and expanded. Where comparison between waves was important (for example, with regard to attitudes towards MUP, product range or pricing strategy), original codes were retained, with new codes and sub-codes added as required to reflect the themes emerging from the wave two data. The coding and analysis were facilitated with the use of QSR NVivo12 software.

Data governance required that the identity of all participants and all retail stores remained confidential. In line with these requirements all stores and participants were assigned a non-identifiable code to retain anonymity. Identifiable data (e.g. participant names, contact numbers and business address details) were held on a separate database and linked to electronic data files using these non-identifiable codes. In addition, all interview transcripts and field data were anonymised to ensure compliance with these governance requirements.

4.2 Retailer characteristics

This section briefly provides a profile of the retailer audit sample in terms of store characteristics and approaches to alcohol price setting. These provide important context for the findings relating to retailers' implementation of MUP and their perceptions of its impact on sales and profits. The data are from all retailers ($n=24$) who participated at wave one (Oct–Nov 2017), before the MUP implementation deadline.

The retailer interviews suggested that retailers had varying degrees of flexibility in relation to purchasing their stock. Some symbol group-affiliated retailers were required as part of their symbol group contract to buy all or nearly all of their stock through a particular wholesaler. This appealed to some retailers because it was perceived as convenient and meant that they did not have to visit different suppliers to identify the best prices. Buying could be done in person or online, with the use of scanners to identify products needing replenishment.

'I go with their [symbol group] prices, aye.'

'And do you go with all their deals as well?'

'Yeah...it's very rigid, it makes life easy for me, but a lot of guys try to...[save] a couple of bob out of every deal. It just makes life too complicated.'

'So, do you rely...do you just do all your ordering online and they deliver?'

‘Yeah. We use that gun there, so I’ll scan a packet of Golden Wonder ready salted crisps that will say you’ve got 25 in stock, you sold 20 last week, so I don’t order them. It’s great, so we try to keep the stock as neat as we can because we’re limited with space.’ (Affiliated retailer, SIMD 3-5, wave one)

Other affiliated retailers appeared to have less restrictive contracts which enabled them to frequent more than one wholesaler:

‘It’s a symbol group with [named symbol group], but it’s not...you’re not like tied in if you know what I mean....We put an order in, and then if something majorly is cheaper in another cash and carry, that’s ridiculously cheap, then obviously you will go there.’ (Affiliated retailer, SIMD 1-2, wave one)

Non-affiliated retailers were not tied to any particular wholesaler and spoke about valuing their independence from supplier and symbol group requirements control over stock, pricing and promotions.

‘I don’t have any obligations. Initially what we had to do was sign a contract to say if they done [sic] our shop front, we would adhere to their promotions...but I was then taken out of that when I sent an email to the manager...saying I wasnae happy with my shop front...I didn’t want any more involvement with them...We’re no’ restricted to one supplier.’ (Non-affiliated retailer, SIMD 3-5, wave one)

‘Four or five cash and carries here. So whoever has an offer on, we just go and buy from them.’ (Non-affiliated retailer, SIMD 1-2, wave one)

A range of factors influenced how the retailers set alcohol prices, including the extent of any symbol group or wholesaler control, preference for price-marked products, local competition, perceptions of RRP, and margins. Table 4.1 provides an overview of these factors with illustrative examples of how retailers discussed each one.

Table 4.1: Factors influencing alcohol price setting

Factor	Illustrative example
Symbol group / wholesaler influence:	
Alcohol prices were completely or largely controlled by the symbol group or wholesaler to which they were affiliated	<p>'Yeah. Our prices are set by [named cash and carry]....They give us the price list.'</p> <p>'Right. And are you allowed to vary those prices? Are you allowed to go higher or lower?'</p> <p>'No. We have to match those prices.' (Affiliated retailer, SIMD 1-2, wave one)</p>
Retailers were able to set their own prices for most products but had to sell products on promotion at a specified price	<p>'It depends, because I am part of the [named symbol group]....I have to put on promotions, so certain things are on promotion....So stuff that is not on promotion I tend to go with RRP.'</p> <p>(Affiliated retailer, SIMD 1-2, wave one)</p>
Retailers were not contractually required to apply specified prices or to carry specified promotions	<p>'We're taking their name [i.e. shop fascia]. But we've no, like...we don't advertise their stuff or stuff like that. We're independent ... It's not, like [named symbol group] ... give us prices that you need to charge this much.' (Affiliated retailer, SIMD 3-5, wave one)</p>
Preference for price-marked (PM) products:	
Clarity for customers	<p>'The customer doesn't argue with you then!'</p> <p>(Non-affiliated retailer, SIMD 1-2, wave two)</p>
Higher sales volume	<p>'Percentages are a bit smaller, the margins are a bit smaller but they do sell a lot better.' (Non-affiliated retailer, SIMD 1-2, wave one)</p> <p>'Once it's price-marked you know it helps with your cash flow and stuff like that. You know it will move from the shelf then. Whereas it might take a wee bit longer to shift if it wasn't.'</p> <p>(Affiliated retailer, SIMD 3-5, wave one)</p>

Factor	Illustrative example
Local competition:	‘Where possible we buy price-marked stock, so know you’re always sticking within the price range, because you’ve got to remember if the shop up the road is a wee bit cheaper your regulars will go there. And because of where we situated we rely on regulars.’ (Non-affiliated retailer, SIMD 3-5, wave one)

Table 4.1: Factors influencing alcohol price setting (Continued)

Factor	Illustrative example
Pricing in relation to RRP:	
Pricing at RRP for consistency with local competitors	'The EPoS system will do it from [named wholesaler] ... they'll tell you the RRP for it. You have to kind of stick to that....I just tend to stick to the right price because most of the shopkeepers are either buying from them or [other named wholesaler]. So, then you want to keep to the same price as other shopkeepers are.' (Affiliated retailer, SIMD 1-2, wave one)
Pricing above RRP	'The cash 'n' carries ... they've got their RRP set up for me so that's the recommended price what the company has given to the cash 'n' carry for the retailers to sell it at. So...I can go above that, I can go below that, that's up to me. That's...so that's how I work it out with alcohol. They will have a recommended price say £5.99 so I will say right that's the company price, so I can go £6.49 that will be fine. I'll be making 50p extra on top of the recommended price.' (Affiliated retailer, SIMD 1-2, wave one)
Pricing below RRP in order to remain competitive with other local retailers	'No, you cannot sell alcohol at the recommended prices. Always below.' (Non-affiliated retailer, SIMD 1-2, wave one)
Profit margin:	
'Right balance'	'Margin line – just right. I'm not losing too much, I'm not gaining too much either.' (Non-affiliated retailer, SIMD 1-2, wave one)
	'We don't want to push it too high because that will affect our volume. It's to get that kind of balance between volume and margin.' (Non-affiliated retailer, SIMD 3-5, wave one)
Variation by alcohol category and by promotion status	'It varies quite a lot um...it varies quite a lot. Your spirits are the lowest margin, probably lucky if you get 10% on the spirits. ... 10 to 15%. Um...that's us, obviously that's us, some of the

retailers might be more.' (Non-affiliated retailer,
SIMD 1-2, wave one)

'10%. Promotions will be about 5-7%, but with
the price-marked it's 10%.' (Affiliated retailer,
SIMD 1-2, wave one)

4.3 Retailers' understanding of and attitudes towards MUP

This section presents findings on retailers' understanding of MUP (4.3.1) and their attitudes towards it (4.3.2). These findings provide important context for the findings relating to retailers' implementation of MUP. Most of the data are from the retailer interviews conducted at wave one interviews (Oct–Nov 2017), conducted before the implementation deadline.

4.3.1 Understanding of MUP

At wave one, retailers had widely varying levels of awareness of MUP, ranging from those who had not heard of it at all until during or shortly before the interview itself to those who were aware of the legislation's long history. Consistent with the varying levels of awareness, there was considerable diversity at wave one in retailers' interpretation of what MUP meant and how it would work. Some wondered whether MUP was a form of tax, was concerned with regulating multi-buy promotions, or would prohibit price-marked packs.

'Is that ...like, for example, it's a multipack and you sell ... individually, it has to be same price, is that it?' (Affiliated retailer, SIMD 1-2, wave one)

'I've heard generally about the fact that they're going to stop price mark, that's what I'd heard.' (Affiliated retailer, SIMD 1-2, wave one)

Among those retailers who had some awareness of MUP at wave one, it was generally perceived as a price rise intervention, although retailers did not appear necessarily to understand that the price rise would be specifically linked to the number of alcohol units. For example, one retailer's comment that 3,000ml high strength ciders might increase by £3 or £4 implied a lack of understanding of the basis of MUP or of alcohol units.

'Well I think it's...the volume. If it's over a certain percentage, they're trying to increase the price.... Like your ciders, cheap ciders. I think they're trying to do Minimum Pricing, so it's like for a 2-litre bottle for £3 I think they're trying to increase the price.' (Affiliated retailer, SIMD 1-2, wave one)

‘If it’s minimum pricing it will have to go for £6 or £7 and nobody is going to buy that... Like the [Frosty Jack’s] in the 3 litre we are selling at £4. Nobody is going to pay £7 for that, £7 or £8 for it, no chance.’ (Affiliated retailer, SIMD 1-2, wave one)

It was apparent that, at wave one, some retailers had limited awareness of the number of units in particular products or did not understand the concept of units at all. Some described how MUP had made them aware of alcohol units for the first time, followed by surprise at the realisation that many products would be unaffected by MUP:

‘Was that something you thought about before? Counting the amount of units’

‘Never. I was shocked, you’re like, 23 units!’ (Affiliated retailer, SIMD 1-2, wave two)

‘Did you think about units yourself, like how many units were in products, before?’

‘No, I didn’t even look at the unit side at all, to be honest, nothing at all. And, then you obviously when this came in that’s when you looked, like a bottle of Smirnoff has got so many units, okay right, we are under, and every other bottle was under so we were fine covered in that sense.’ (Affiliated retailer, SIMD 1-2, wave two)

There was uncertainty at wave one regarding the point in the supply chain at which MUP would apply, with questions regarding whether wholesaler and manufacturer prices would rise accordingly, and how and where margins would be affected:

‘I don’t even know how the cash and carry pricing structure will work. I mean obviously they’re going to raise their prices, manufacturers are going to raise their prices. I take it there’s just going to be more tax on it is there?... I mean where does the extra money go to? Certainly we’re going to make the same margin, whether we make 20%, 30%, which is what we run on roughly, you

know? But cash and carries run on about 5%, 10% they say, so I mean surely the manufacturer is not going to benefit from it, so I don't know.' (Non-affiliated retailer, SIMD 1-2, wave one)

By wave two, understanding of MUP had generally improved, as retailers grasped both the basis of the minimum unit price and the proportion and types of products to which it would apply (see Section 4.4.1).

4.3.2 Attitudes towards MUP

To the extent that they had thought about the purpose of MUP, retailers generally understood that it was intended as a health measure to reduce alcohol consumption.

'I would say from what I understand, not that I read much of the papers, it's just to curb the level of alcohol being used, to be honest. Am I right saying that, then? Or not?' (Non-affiliated retailer, SIMD 1-2, wave one)

There were somewhat varying interpretations of whose alcohol consumption MUP was designed to impact. One retailer speculated that MUP was designed to deter younger people from taking up drinking or from drinking to excess, by making alcohol less affordable for them – an aim which he supported:

'I think um...basically they're trying to target the younger element so that if you are making it more expensive, or that wee bit more expensive, it is potentially going to put someone off. And hopefully that works but...it remains to be seen as I say.' (Non-affiliated retailer, SIMD 3-5, wave one)

One retailer perceived MUP as being intended to address the Scottish alcohol culture more broadly as well as targeting problem drinkers, although he was sceptical that it would help those who were addicted.

'I know that there's always been an issue with people in Scotland consuming too much alcohol. It's probably changing the culture of that. Um...also...issues with problem drinking, obviously problem drinkers would go towards the cheaper and stronger products ... I think that's what they're looking to do but I don't think it

will be effective anyway because obviously if you have an addiction, you have a problem, well...I think those individuals who have that problem are aware that they have that problem. They don't need me or you to tell them.' (Non-affiliated retailer, SIMD 3-5, wave one)

The realisation that MUP would only affect certain products led some retailers to view MUP as a measure designed to affect a certain type of drinking and certain types of drinkers rather than the population as a whole. Typically, retailers singled out high strength ciders and extra strong lagers as the products which MUP was primarily designed to affect, and some commented that their shop did not particularly rely on the sort of customers who tended to buy these products.

'It's only a class of people that is going to get hurt. A handful of people that are going to get affected.' (Affiliated retailer, SIMD 1-2, wave one)

A couple of retailers implied that MUP was a necessary corrective to a trend towards increasing alcohol affordability – essentially returning alcohol products to a more realistic price.

'We're talking about Minimum Pricing now, it's no' new because alcohol was expensive. I remember years ago a bottle of vodka was quite expensive. Instead of going up its kind of...came down....that's because supermarkets have forced the prices down.' (Non-affiliated retailer, SIMD 3-5, wave one)

A few retailers expressed opposition to MUP at wave one because it represented another change which small retailers were required to implement and because they believed it could have a 'knock-on effect' (Affiliated retailer, SIMD 1-2, wave one) on sales in both alcohol and other categories. However, others believed that the effects on their sales would probably not be substantial, and were consequently fairly neutral in their views of the policy, and one retailer saw positive opportunities in MUP because he believed it would prevent supermarkets from under-cutting small retailers, a view which had become more widely expressed by wave two, after MUP implementation:

'I don't think it's going to make a difference to our business. And in other areas, in run-down areas where people are using all these kinds of cheap ciders and stuff, maybe there will be some difference but not here.' (Affiliated retailer, SIMD 3-5, wave one)

'The only thing I'm thinking about is if it's Minimum Pricing, we all charge the same prices, then it's...it's fine as far as I'm concerned. So, people aren't going to come in here and buy 12 tins [of lager] if they can walk out there [i.e. the supermarket] and get them for £8. Do you know what I mean? But if they've then got to charge the same price as I've got to charge then it's...it makes it a fairer market for me so I'm not bothered.' (Affiliated retailer, SIMD 3-5, wave one)

4.4 Implementation and compliance

This section presents findings on retailers' experiences of the implementation of MUP (4.4.1), sources of information and support for implementation (4.4.2), and compliance (4.4.3). All of the data reported are from the retailer audit wave two interviews (Oct-Nov 2018), approximately five to six months after the date when retailers were required to be compliant. As the findings relate to retailers' compliance with MUP, they contribute to answering Research Question 1, as well as providing important context for the other research questions:

- 1 What happens to the price of alcohol products sold below and above 50-pence-per-unit (ppu) prior to, and following, the implementation of MUP?

4.4.1 Implementation

Implementation of MUP was generally described by retailers as manageable and straightforward. Despite some expressions of anxiety and concern at wave one, these had generally abated by wave two, as retailers realised that only a proportion of their stock would be affected.

‘It was fine. Because we went through everything, there was only maybe half a dozen, a dozen prices that we had to change. But we were okay, majority wise.’
(Affiliated retailer, SIMD 3-5, wave two)

‘I’d say easy, easy.’ (Non-affiliated, SIMD 1-2, wave two)

As noted above (Section 4.2), around two-thirds of our sample were affiliated to a symbol group. For some of these affiliated retailers, MUP implementation was perceived as straightforward, as price adjustments were calculated by the symbol group and the retailer’s EPoS system was updated for them; in a few cases, retailers were also supplied with new price labels.

‘It’s all connected to the tills, it’s all done. It’s all relevant, because that keeps us, as a shop, in the right side. And we don’t need to worry about overpricing, or under-pricing, or anything.....’ (Affiliated retailer, SIMD 3-5, wave two)

Other affiliated retailers calculated and set their own prices, sometimes drawing on pricing advice, price lists or suggested RRP’s provided by the symbol group. Although this task could take some time, it was felt to be relatively manageable once they had worked out the formula and set up systems for checking the stock.

‘It took me a good four hours for me to go through my cabinet and I did check it one by one just in case. Budweiser packs, bottles and all that, I did check them one by one, I knew it would be okay, but you’re still in doubt, well I better just double check it, you know what I mean.’ (Affiliated retailer, SIMD 1-2, wave two)

Non-affiliated retailers, around a third of our sample, had to prepare for and implement MUP themselves (although some did benefit from advice from external sources, see Section 4.4.2 below). These were sometimes quite small stores with a limited alcohol range, meaning that the work involved was not too burdensome.

‘We had to make a plan up; part of the licensing laws were to draw up... ..to inform what staff training we had to give to our...well, our family, my children and how they’d know what prices...how they’d worked out, how they calculated the price of the bottle and make sure everything... So we had a worked out plan

and everyone knows how it works. But nothing really, it was just an inconvenience – but a good inconvenience.’ (Non-affiliated retailer, SIMD 1-2, wave two)

The task of checking and adjusting prices was facilitated by the £0.50 per unit level, making the calculation of minimum unit price simple.

‘See, the thing is that, it’s easy. The unit price is written on the...every can or any...every bottle. If you pick up every bottle, there is a unit in there. So...and these are 50 pence per unit we have to sell that, increase in there. So mostly it is...it is 2.8 unit in a can, so we divide it by two, so we can’t sell it below then £1.40. That’s the thing. So we know what’s the price we have to sell it at.’
(Affiliated retailer, SIMD 1-2, wave two)

Generally, the factors which had influenced retailers’ decision-making regarding alcohol price setting prior to MUP (see Table 4.1 above) continued to be salient after MUP. Retailers continued to see advantages in buying price-marked stock after MUP in terms of transparency for customers, consistency with other local stores and competitive margins. Similarly, as had been the case before MUP, retailers varied in the extent to which they adopted RRP, sometimes feeling that these were set too high; however, RRP could be used as a basis for setting an appropriate profit margin:

‘The cash and carry normally give you, sort of, RRP on everything and the margins are all over the place on different products but generally we try to run a 30 per cent mark up on anything across the whole board. So I mean if something’s £6.89 we might round it off to £6.99 just to make it easier across the board. If it’s £4.79, maybe £4.99, but general rule of thumb is, it’s round about the 30 per cent mark. That will be minimum.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Generally retailers said they had not altered prices for those alcohol products which were not affected by MUP, other than in line with any increases in wholesale prices. However, a few had used MUP, and customers’ expectations of price rises, as an

opportunity to increase prices of products not affected by MUP, such as Buckfast (see Buckfast Case Study, Chapter 6).

Retailers generally changed their prices close to the MUP deadline. A few described introducing some price changes over a slightly longer period, to familiarise customers with the new prices: 'Slowly, like...so the customer didn't argue' (Affiliated retailer, SIMD 3-5, wave two). Apart from calculating prices, the main challenges in implementing MUP concerned avoiding being left with price-marked stock, and with previously cheaper stock which would now become much more expensive. Some retailers described 'selling through' and 'running down' price-marked and cheaper stock and avoiding buying more at the wholesalers in the weeks prior to the deadline.

Some retailers did find themselves left with non-compliant price-marked stock after MUP had been introduced, and received advice from licensing officers on how to deal with this (see next section). Others described being stuck with products which had increased in price so much that previous customers would now be unlikely to buy them. Typically these products were spirits and high strength ciders. In some cases, retailers felt that these products would probably sell eventually, albeit slowly – one or two, for example, mentioned very loyal customers who would not drink anything else. Others felt that the products would likely go out of date before they could be sold.

'Just the cider. Two cases. ... try and get rid of them and we can't. We just can't.... there is a date on them, 18 December. We'll need to get rid of them by then.' (Affiliated retailer, SIMD 1-2, wave two)

None of the retailers perceived that there had been an increase in shoplifting of alcohol since the introduction of MUP. A few commented that they felt they had to be more vigilant since the legislation came into force, in relation to customers of products which had undergone a steep price rise, such as high strength ciders. However, only one retailer gave a specific example of a perceived increase in shoplifting which might be linked to MUP, and this was a perceived increase in the

theft of confectionery. The retailer attributed this to some customers now having to spend more money on alcohol and being less able to afford other products.

Some retailers perceived that there was a trade in illicit or counterfeit alcohol in Scotland, but only one felt there had been an increase in illicit selling since the implementation of MUP.

‘I know there’s people going down to [city across the Scottish border]. They used to go to France. Now they just go down to [city across the Scottish border] and they buy drink, alcohol and sell it cheaper, round the doors. You know, it’s black market stuff.’ (Non-affiliated retailer, SIMD 3-5, wave two)

In terms of legal cross border travel to buy alcohol, however, one retailer described how two of his customers mentioned having travelled to England to buy alcohol after MUP came into force.

‘I had a couple of customers who actually went to down to [place across the Scottish border] to buy the drink. ...They said we’re going to go there, and we’ve got a van. ... Somebody for a wedding actually went down there and bought it....I said, it’s not worth it at the end of the day.... they were saying, I saved 100 pound. I said, what about your petrol?’ (Affiliated retailer, SIMD 1-2, wave two)

More generally, retailers felt that few people would be willing to make the effort to buy cross-border, as the inconvenience, including petrol costs, could potentially outweigh any savings*.

4.4.2 Information and support

Some retailers described having received information and support for MUP implementation from external organisations, including local licensing officers, wholesalers, alcohol producer sales ‘reps’, and the retail trade press.

* All retailers who took part in an interview were located in the Scottish central belt approximately two hours’ drive time one way from the border with England.

Local licensing officers (sometimes referred to as ‘the alcohol guy’ (Affiliated SIMD 1-2, wave two) or ‘the lady from the council’ (Affiliated SIMD 1-2, wave two)) were identified as a source of help by some retailers, although others said they had not had any contact. There were recollections of having received written materials, including an ‘official letter’, ‘a wee leaflet’ and ‘posters’, which retailers had sometimes displayed next to the alcohol display, as a reminder to customers and to staff.

‘It was my local LSO [licensing standards officer], LSO fellow.. He said, look here, there is a few [posters] for you. So, I was happy, so I just stuck them up... so other people could explain how to work out a minimum unit price.’ (Affiliated retailer, SIMD 1-2, wave two)

Some retailers also described having received visits from licensing officers ‘several times’ (Non-affiliated retailer, SIMD 1-2, wave two) or ‘every three or four months’ (Affiliated retailer, SIMD 1-2, wave two) in the run-up to the implementation deadline. These visits were generally perceived as constructive and supportive, although some retailers felt that support from their licensing officer had been limited.

‘I would say though that the license standards officer was out and he made sure that we knew what we were doing. Aye, he came out before, spoke me through it, just asked me if I knew what I was doing, because at the end of the day whether they help me or no, it's still my responsibility.’ (Non-affiliated retailer, SIMD 3-5, wave two)

Instances were described of licensing officers advising on specific issues such as how to avoid being left with stock which would be difficult to sell, and how to deal with price-marked stock if the minimum price was above that marked on the bottle or can.

‘They came round to basically advise us, that do not bulk buy at the wholesalers, and wholesalers had notices up as well saying they were doing no returns.... And, that’s what she [licensing officer] was coming round to advise, to

say, that if you have any stock in the back, make sure it's...they won't take it back, and we were aware of that.' (Affiliated retailer, SIMD 1-2, wave two)

'Obviously, I've had to change a few bits and pieces. High Commissioner, for example, was priced bad, see for instance £14.99, but it ought to be £15.00 so it was [out by] by one pence. So, I asked him [licensing officer] and he was it has to be [fifteen]. Yes, so you have to get black masking tape because of the price mark, so I had to cover it with masking tape.' (Affiliated retailer, SIMD 1-2, wave two)

Some retailers also described having received support and information from wholesalers, including explanations regarding which product prices would be affected, regular 'countdown emails' (Affiliated retailer, SIMD 1-2, wave two) in the run-up to the implementation deadline, and a leaflet from one wholesaler advising on 'how to do the [price] conversion' (Non-affiliated retailer, SIMD 3-5, wave two): one non-affiliated retailer had found this particularly helpful and gave copies of it out to customers who were regular buyers of white cider to explain how the prices would change.

In contrast, other retailers felt that wholesalers had offered limited advice and support, with some commenting that wholesalers' priority had been to sell their old stock before the deadline rather than to help retailers. Some commented that the advice given by wholesalers had sometimes been, in their view, misleading, or described instances where they felt that wholesalers had made mistakes in pricing, perhaps because they were based in England, and had not realised that the same prices could not be offered across the board in both England and Scotland:

'[Named symbol group] is mostly English, so even then, they were somewhat, themselves, they struggled with the changes. Because they had to cater for a large English contingent.' (Non-affiliated retailer, SIMD 3-5, wave two)

Other sources of information and advice mentioned by retailers were alcohol sale representatives, more often referred to as 'alcohol sales reps' (although these were mentioned only by one or two retailers) and the retail trade press.

4.4.3 Compliance

Retailers described varying experiences in terms of being assessed for compliance after the MUP implementation deadline. Several retailers had not had any experience of having been inspected at the wave two interview conducted some 5-6 months post implementation, but expected that an inspection of their prices was likely to happen in the future, possibly as part of routine annual assessments. Some commented that they were confident they would pass any inspection because they believed that they had priced everything correctly:

‘No, no-one’s come in yet. They probably will, with Christmas coming up.’
(Affiliated retailer, SIMD 3-5, wave two)

Other retailers in our sample had been inspected by licensing officers to check that their prices were not below MUP. The inspections appeared to have varied in scope and intensity, ranging from a selective inspection of certain product prices to a more thorough assessment of the full product range.

‘They come in, they scan your product and then if the price is over unit pricing, that’s fine. ... They usually, like, ask you the price, how much are you selling this for, and you tell them. But with some stuff they, like...they tried to catch you out with some stuff. But they usually go for more ciders. They come scan it and see how much it’s going for. Or they just ask you, how much are you selling that for?’ (Affiliated retailer, SIMD 3-5, wave two)

‘Actually the council licence authority came round to check for the...every price of our...They actually...the cans and scan on the till because our till is digital so the price came in and they checked the prices and everything, yeah, unit pricing. Every product.’ (Affiliated retailer, SIMD 1-2, wave two)

Generally retailers took compliance seriously. Most perceived that the consequences of non-compliance – fines or loss of licence - were serious and not worth the risk. One also commented that any retailer who gained a reputation for selling below MUP could attract other customers expecting to be able to buy alcohol cheaply.

'Would I risk selling it under the minimum unit price? No. I don't see how it would be beneficial, unless I had old stock to shift, for me, why would I want to do that? They can't get it elsewhere any cheaper, so why would I? ...I just genuinely wouldn't take the risk with it.' (Non-affiliated retailer, SIMD 3-5, wave two)

'[If] you sell somebody one thing cheap, word goes around and then you've got other people harassing you for it ... you know, that kind of thing.' (Affiliated retailer, SIMD 1-2, wave two)

However, some retailers speculated or insinuated that selling below MUP was likely to be taking place among other retailers, or commented that they had heard about it from their customers. It should be noted that the research was not able to verify these comments.

'So if you have a regular customer who's been coming to your store for many years, I'm sure you will help him out, yeah, in terms of that. ... maybe assist them in one way or another. So, I mean, I can see that happening, yeah. Especially amongst the independent trade, yeah.' (Non-affiliated retailer, SIMD 3-5, wave two)

'I heard feedback from some customers... some of them [other retailers] are cutting down their prices and selling it underhand.' (Affiliated retailer, SIMD 3-5, wave two)

Although retailers who described knowing of such practices generally distanced themselves from them, one did admit to similar activity. This particular retailer explained how he sometimes sold Frosty Jack's below MUP to regular customers. He commented that 'everyone else' was also breaking the rules, and that this was a service solely for good customers who were 'friends':

'Like I said, it's [Frosty Jack's] still being sold. ... sometimes I break the rules; just to keep my customers happy, but I'm still making a good profit margin.... The people I do supply to is people I trust and I know, and it's only about four

people; that's just because I know them and who they are. I see them more as friends than customers.' (Non-affiliated retailer, SIMD 1-2, wave two)

This was the only instance of intentional non-compliance spoken about by any of our sample of retailers. One admitted to unintentional non-compliance, in one case because they had not properly checked the prices of certain wines, and in another instance when they had bought price-marked products at a particular wholesaler which had been priced for England at below the minimum unit price.

In the context of discussing compliance, some retailers also commented on what was perceived as tighter restrictions on alcohol sales to non-licensed customers at wholesalers, which they perceived was associated with the introduction of MUP. They described how, previously, non-licensed customers had been able to buy from wholesalers with a '*trade card*', benefitting from the same wholesale prices as licensed retailers. They welcomed a clamp-down on this practice as it prevented those without an alcohol licence from benefiting from below MUP wholesale prices.

'[Named wholesaler] has been greatly affected by it, aye, and so has [other named wholesaler] – I think all the wholesalers that used to supply to non-alcohol retailers are now struggling to do that; if you don't have a personal licence or a premises licence you can't buy alcohol from the wholesalers.' (Non-affiliated retailer, SIMD 1-2, wave two)

4.5 Retailers' perceptions of the impact of MUP on sales and profits

This section explores retailers' views on the impact of MUP on their alcohol sales and profits and their views on their ability to compete with supermarkets following the implementation of MUP. All data are from the retailer interviews conducted at wave two (Oct-Nov 2018). Findings are presented in three sections: retailers' perceptions of the impact of MUP on alcohol sales (4.5.1), retailers' perceptions of the impact of MUP on profits from alcohol sales (4.5.2), and retailers' perceptions of their ability to compete with supermarkets after MUP implementation (4.5.3). The findings provide important context for all the research questions.

4.5.1 Retailers' perceptions of the impact of MUP on alcohol sales

Retailers reported a range of perceptions of the impact of MUP on overall alcohol sales, with views varying dependent on which product categories were discussed and the retailer's local context. Several felt that the introduction of MUP had made no or minimal difference to their sales figures.

'Sometimes it goes up, sometimes it goes down again. Like a few months we were up and then, say because of Christmas, and then always goes down, so just normal really, not much difference.' (Non-affiliated retailer, SIMD 1-2, wave two)

'Well, I don't see a big change. I'd say sales have a little improved.' (Affiliated retailer, SIMD 3-5, wave two)

However, some felt their alcohol sales had benefited from MUP and they had seen definite increases.

'Business on the whole, terrific. And alcohol...the last time I checked was up about 20 per cent since the new legislation.' (Affiliated retailer, SIMD 3-5, wave two)

In contrast, others felt that their alcohol sales had suffered as a result of MUP and subsequently declined.

‘It’s worse now....Yeah. Because the prices [go] too high due to volume.’

(Affiliated retailer, SIMD 1-2, wave two)

Several retailers described how sales of high strength cider appeared to have been hit particularly hard.

‘Obviously the white ciders have plummeted. Still one or two people are quite content to pay the £12.00 for the product, you know. They like the taste. They don’t buy it for the effect, they like the taste. So, they’re buying..’ (Non-affiliated retailer, SIMD 3-5, wave two)

Some retailers commented on changes in customer purchasing patterns and choices within the cider category, such as brand switching, moving from ciders which were previously sold cheaply to the ‘next cheapest alternative’ (Non-affiliated retailer, SIMD 3-5, wave two), and buying cans rather than 3,000ml bottles, which were now viewed as less affordable (see also the Frosty Jack’s and Strongbow Case Studies in Chapter 6).

One retailer who had expected a substantial decline in the sales of high strength ciders, in another store run by a family member, found that although sales of bigger bottles had been affected, there had been no difference in sales of cans:

‘Cans [HCC]. It doubled in price. And we sold millions of that up there. And I thought, we’ll lose that.... But we didn’t. The sales levels stayed exactly the same. So...I don’t know what that tells you about the legislation, but it certainly didn’t stop people buying that. It did stop people buying...in fact, we discontinued entirely things like Frosty Jack’s and...The big bottles we stopped totally. I mean... I don’t know if it’s ‘cause a smaller purchase, you can find enough for...They could find a couple of quid for the can, but they just couldn’t get to the tenner.’ (Affiliated retailer, SIMD 3-5, wave two)

Retailers also perceived some changes in sales in other alcohol categories, although to a lesser extent than in the cider category. Several retailers suggested that they had sold more multipacks of beer and lager, and more beer generally.

‘We have got the 12 packs, 15 pack... before they used to sell a bit less, but I think now maybe they’re a bit better.’ (Affiliated retailer, SIMD 3-5, wave two)

Other retailers perceived that they had had an increase in spirit sales since MUP, and this included a retailer who perceived that a previous decline in their spirit sales had halted since the legislation.

‘...stabilised is what I would say, which is good because they were all declining every year, year in, year out.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Several retailers commented or implied that it was difficult to distinguish the impact of MUP from other contextual factors which might also have impacted alcohol sales. These included wider trends in customer purchasing patterns and choices, the long dry summer of 2018, the World Cup, and local factors (for example, one retailer described how rearranging the store layout to make alcohol products more prominent appeared to have boosted sales).

‘We had a really good summer because of the weather, because of the World Cup. So, we’ve actually sold a bit more alcohol than we normally do through that period. So, on a whole, maybe because of these kind of factors, the weather, the World Cup, we’ve not seen a reduction in alcohol sales. People have just adapted and went to different brands.’ (Non-affiliated retailer, SIMD 3-5, wave two)

‘I think it’s difficult to tell in this shop because alcohol sales were already dwindling, and that’s probably due to a couple of factors. ... I don’t know if MUP would be the reason for any increase or decrease; that’s what I’m trying to say. I don’t think it would be a fair reflection because around about that time we decided to shut the shop at five o’clock, so there would be so many factors.’ (Affiliated retailer, SIMD 1-2, wave two)

‘Alcohol sales are up, since moving it [wine] sales are up, there is no two ways about it, we’re selling a hell of a lot more alcohol now than what we used to with the wine behind the till, the customer can see the prices. ... I wouldn’t say as a

result of minimum unit pricing we have made a bit of money, I would say the fact that moving things round has helped us, beneficial to us.' (Non-affiliated retailer, SIMD 3-5, wave two)

4.5.2 Retailers' perceptions of the impact of MUP on profits from alcohol sales

As with sales, retailers reported mixed perceptions of whether the introduction of MUP had impacted on their profits from alcohol sales. Several perceived that profits had increased since MUP because of higher margins, or had remained broadly the same.

'Profits went up, definitely.' (Affiliated retailer, SIMD 1-2, wave two)

'No, it's kind of similar. Because you are going by the bit higher prices so you get away with it, so you know, you are making a wee bit more.' (Affiliated retailer, SIMD 3-5, wave two)

Some retailers commented in particular on increased profit margins in the spirits category, particularly larger bottles. Pre-MUP, retailers had described having to sell larger spirits bottles at below RRP or cost price in order to be competitive, whereas post-MUP implementation, some retailers spoke about being able to make £2 to £3 profit on a bottle.

'The spirit bottles... for instance, we used to make £1.00 on a bottle, but now it's roughly about £2.00 now...Two pounds because of the unit price.' (Non-affiliated retailer, SIMD 1-2, wave two)

Some retailers commented on how profit margins compared favourably post-MUP implementation as wholesale prices had not increased substantially, allowing them to increase their profit margin.

'Cash and carry, obviously the increase in minimum pricing, their prices have went up but not as much as what we expected. We still get, just for example, Frosty Jack [sic], only went up £1.00 in the cash and carry.' (Affiliated retailer, SIMD 1-2, wave two)

However, other retailers commented that their profits on alcohol had been affected by perceived increases in wholesaler prices, which had had the effect of decreasing their overall margins or of neutralising initial gains after MUP implementation.

‘See the wholesalers were always saying at the start it will be the retailer that makes the money, because the wholesalers never put it up. But it is slowly creeping up, I can see it, you know what I mean. So, everyone is making money I think, it's right across the board now.’ (Affiliated retailer, SIMD 1-2, wave two)

Some retailers believed that these perceived increases in wholesaler prices had occurred in response to MUP, with increases being perceived to have taken place both at the time MUP came into force and in the months leading up to it.

‘The local cash and carries taking...the prices went up the following morning.’ (Affiliated retailer, SIMD 1-2, wave two)

‘A lot of the sense we got was, in preparation for this, a lot of the manufacturers had already put their prices up anyway. ...I think they done it way before. I think they done it maybe about, the last budget maybe.’ (Affiliated retailer, SIMD 3-5, wave two)

Several retailers commented that they had seen profits rise despite declining volume sales; ciders and Glen’s vodka were given as examples (see also Glen’s Vodka Case Study, Chapter 6).

‘So, I make more on that. In terms of the actual products sold, there was a decrease in turnover. So, what I lost in turnover, I probably made in margin.’

‘Is that overall turnover, or is that a particular product line?’

‘Particular product line. So obviously, if we look at Glen’s Vodka, its sales have come down. Cider, obviously, has reduced significantly, but the margins have increased dramatically.’ (Non-affiliated retailer, SIMD 3-5, wave two)

However, while increased margins could make up for reduced volume sales, some retailers commented that a decrease in sales could be associated with a decrease in footfall, potentially affecting sales in non-alcohol categories.

‘So instead of selling twelve bottles to make...ten bottles to make £20 I can sell five bottles and make £20. So I’m selling less to make more money – which is not really a good thing that you want because it means people are drinking less or sales are declining; less footfall.’ (Non-affiliated retailer, SIMD 1-2, wave two)

4.5.3 Retailers’ perceptions of ability to compete with supermarkets after MUP implementation

In discussing alcohol sales and profits after MUP implementation, several retailers commented on whether and how MUP had affected their ability to compete with supermarkets in terms of alcohol sales. Generally, retailers felt that MUP had helped to improve their ability to compete with supermarkets.

‘I would say in terms of competition it’s beneficial for us, because so, for example, Christmas coming up, supermarkets will have their deal on, the [named supermarket], just up the road from us will have their deals on, they will not be able to do the deals they were doing before because there is a minimum unit price. So, we couldn’t compete with the deals they were doing. So, that helps us.’ (Non-affiliated retailer, SIMD 3-5, wave two)

That the legislation limits supermarkets’ ability to heavily discount alcohol was perceived by some retailers to help them attract more sales from regular customers who might previously have gone to supermarkets or discounters to buy their alcohol. Retailers also felt that, now that price differentials between local stores and supermarkets had narrowed following MUP implementation, customers might be less inclined to travel to supermarkets in order to make savings, preferring the convenience of buying alcohol locally.

‘You know, our Glen’s Vodka, the litre bottle for instance, could be £1 more expensive than [named supermarket] which is a 20 minute walk but people

won't go because it's just convenience.' (Non-affiliated retailer, SIMD 1-2, wave two)

However, several retailers commented that supermarkets were still able to price alcohol lower than they were able to offer, sometimes selling near to or below cost price, which was not seen as a viable option for small retailers.

'Now you're seeing some of the ridiculous prices. Again, as I said before, it's the supermarkets that are doing this. They're selling bottles of vodka at £13.15 which is basically the lowest you can go on that and they're selling it at cost price or at minimum unit pricing price, you know.' (Non-affiliated retailer, SIMD 3-5, wave two)

In particular, some retailers commented that they were still unable to compete with supermarkets in terms of wine, with supermarkets being perceived to be selling wine at a price below what small retailers were able to buy it for.

'But wines...we didn't see any improvement in wine sales because supermarkets are still selling branded wines for £5 a bottle which are costing us £5.50 or £6. So we can match the price but we don't make any profit margin on it.' (Non-affiliated retailer, SIMD 1-2, wave two)

4.6 Retailers' alcohol product range before and after MUP implementation

This section reports on retailers' alcohol product range before, and after, MUP implementation. Data are presented from the observational audit conducted at wave one (Oct-Nov 2017) and at wave two (Oct-Nov 2018), and from the retailer interviews conducted at wave two. We examined any changes to product range, product strength (ABV %) and container size (ml) observed in the 20 stores. The findings contribute to Research Questions 3, 4 and 5:

3 What happens to the alcohol product range offered to consumers?

- 4 What happens to low-cost, high-strength ('cheap') alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?
- 5 What happens to the ways in which previously low-cost, high-strength ('cheap') alcohol is marketed?

The findings are divided into eight sections. Section 4.6.1 provides an overview of all product categories, and Sections 4.6.2 to 4.6.8 describe findings relating to each of the seven product categories in turn. In each section the findings reflect on, and are structured around, corresponding changes to product range, container size, and product strength identified in the EPoS data (see Chapter 3 for full details, Tables 3.4, 3.7 and 3.8).

4.6.1 Overview

Table 4.2 reports the number of alcohol products observed in the 20 stores at each wave, divided by product category.

At wave one, the observational audit recorded 5,151 products across the 20 stores. Within this, spirits, wines, and beers represented the three largest categories, respectively representing 34.9%, 25.0% and 16.3% of all products recorded. Of the products recorded, 784 of these were multipacks, all of which came from the beer, cider and RTD categories. Within these categories, the majority of beer products recorded were multipacks rather than singles (69.9% vs. 30.1%), whereas the majority of products were singles in both the cider (69.7%) and RTD categories (89.8%).

At wave two, the observational audit recorded 4,980 products across the 20 stores. Within this sample, spirits, wines and beers remained the three largest categories, respectively representing 35.4%, 25.8%, and 15.7% of all products recorded. Of the products recorded, 711 were multipacks, all of which came from the beer, cider and RTD categories. Within these categories, and as per wave one, the majority of beer products were multipacks (68.0%) and the majority of ciders (66.1%) and RTDs (91.7%) were single products.

When comparing between waves, there was a 3.3% reduction in the total number of products observed across the 20 retailers (from 5,151 to 4,980). Across all product categories, this reduction was greatest for multipack products (-9.3%, from 784 to 711) than single products (-2.2%, from 4,367 to 4,269). There were reductions for most categories, however the biggest reductions observed were for perries (-31.1%, from 74 to 51) and ciders (-19.9% from 519 to 416). Within the cider category, the reduction in products was greatest for single products (-24.0%, from 362 to 275) compared to multipacks (-10.2%, from 157 to 141). Between waves, the biggest increase in products was for RTDs (+13.6%, from 413 to 469). Within RTDs, there was an increase for singles (+15.9%, from 371 to 430) but a decrease for multipacks (-7.1%, from 42 to 39)*.

* Members of the Economic Impact and Price Evaluation Advisory Group (EAG) suggested that the apparent growth in RTDs may have been largely accounted for by changes associated with a particular brand rather than across the category.

Table 4.2: Types of alcohol products on display in retailer audit stores by product category and wave (n=20 stores)

PRODUCT CATEGORY	Wave 1		Wave 2		Percentage (%) change between waves ⁴
	% ²	n	% ²	n	%
TOTAL	100	5,151	100	4,980	-3.3
All Beers	16.3	837	15.7	781	-6.7
Single products ¹	(30.1) ³	252	(32.0) ³	250	-0.8
Multipacks	(69.9) ³	585	(68.0) ³	531	-9.2
All Ciders	10.1	519	8.4	416	-19.9
Single products ¹	(69.7) ³	362	(66.1) ³	275	-24.0
Multipacks	(30.3) ³	157	(33.9) ³	141	-10.2
All Fortified wines	4.4	228	4.3	215	-5.7
All Perries	1.4	74	1.0	51	-31.1
All RTDs	8.0	413	9.4	469	+13.6
Single products ¹	(89.8) ³	371	(91.7) ³	430	+15.9
Multipacks	(10.2) ³	42	(8.3) ³	39	-7.1
All Spirits	34.9	1,795	35.4	1,765	-1.7
All Wines	25.0	1,285	25.8	1,283	-0.2

Notes:

¹ Refers to all products displayed as a single products, including both those intended for sale as a single (e.g. 660ml bottle of beer) and products plausibly from multipacks being sold as separate containers.

² Unless stated, percentages (%) refer to proportion of products across all categories in wave (e.g. proportion of products that were beer vs. proportion that were spirits).

³ Percentages (%) are expressed as a proportion of the total from *within* each category, and not across all product categories.

⁴ Refers to the percentage change in the nominal values observed at each wave.

4.6.2 Beers

The analysis in this and each of the following product category sections comments on specific areas of change examined in the EPoS data analysis and the extent to which retailers and audit data noted these same changes. In some instances, findings from the retailer interviews provided insight which may help to explain or provide context for the changes observed in the EPOS data. To minimise the confounding influence of seasonality, and because the wave two audits were conducted in October to November 2018, we refer to the year-on-year changes reported in the EPoS data (i.e. August 2017 versus August 2018) rather than to the trends across the 18 months (i.e. August 2017 to January 2019):

1. The EPoS data reported a year-on-year increase in the average number of beer non-multipacks sold at least once by each retailer (+13.2%) and practically no change for beer multipacks (-0.01%) (See Section 3.2 for EPoS data details).

Table 4.2 above shows a slightly different pattern in the retailer audit, with the number of beer multipacks observed in the 20 stores audited decreasing by 9.2% and the number of single beer products remaining relatively constant (a 0.8% decrease) between waves. The difference between the two datasets for single products may be explained by the different methods, definitions used, and slight discrepancy in timing. For example, for a product to be recorded in EPoS data it actually had to be sold by at least one retailer in that month. It is therefore possible that some single products were not sold by retailers, and therefore did not appear in the EPoS data, but they were still displayed on shop shelves and therefore were still recorded in the audit. Furthermore, the EPoS data only captures products intended to be sold as single units (e.g. 660ml bottles), whereas the observational audit considers all single products (e.g. both 660ml bottles and individual containers taken from multipacks). Consequently, the audit data are more susceptible to confounding factors.

Findings from the retailer interviews regarding changes in the beer product range were mixed. With regard to multipack products, one retailer who had previously been

able to sell large multipacks reported how he was now having to narrow his product range by focusing on smaller packs.

‘So, have you stopped stocking the big packs?’

‘Yeah. So we now stock packs which are a bit smaller than that. So previously we were getting 18 packs/20 packs, stuff like that... In Scotland they’re sending us, like, 12 packs/15 packs/10 packs stuff like that, which are still within that right price...’ (Affiliated retailer, SIMD 1-2, wave two)

However, another retailer reported how he had started to stock and sell more multipacks as a consequence of MUP:

‘I didn’t used to sell as much multipacks of lager, so that [now available] space is now taken up with multipacks, I just didn’t stock multipacks before.’ (Affiliated retailer, SIMD 1-2, wave two)

One retailer suggested he had reduced the amount of lager multipacks he stocked in response to a brief drop in demand following the introduction of MUP but that this had only been temporary:

‘You said then, you’re buying fewer multi packs?’

‘No, not really. Multipacks yeah, but still I possibly did have the usual amount. But once they [customers] realised the prices are the same all over then they go back.’ (Affiliated retailer, SIMD 1-2, wave two)

2. The EPoS data reported practically no year-on-year change in the weighted average container size for beer multipacks (+0.4%) (See Section 3.5 for EPoS data details).

In the retailer interviews, some retailers commented on what they perceived as changes or trends in some beer multipack formats following MUP. Some retailers perceived that there had been a rationalisation of the formats on offer through wholesalers and that 568ml and 500ml multipacks had reduced in availability or there had been a shift in focus towards 440ml multipacks. Another retailer perceived

that there had been a shift in customer preference, towards 568ml cans rather than 500ml cans, which had led to a concentration on 440ml and 568ml multipacks. Retailers were unsure whether these perceived trends pre-dated the introduction of MUP or were associated with MUP, although some did comment that brands may have reduced container sizes so that products continued to be competitive or priced similarly to before MUP:

‘People tend to buy the pint can for some reason. It’s a wee bit dearer but a lot of people go for the pint can.’ (Non-affiliated retailer, SIMD 3-5, wave two)

‘So, have the can sizes changed in Tennent’s did you say?’

‘Yeah. They are still in 500 but the smaller eight-pack size they are 440.... I am sure they were 500 before.’ (Affiliated retailer, SIMD 1-2, wave two)

‘What I have noticed is pack sizes they’re changing them. The beers, the size of the cans they have changed them, Tennent’s, I have noticed, have changed theirs. They were doing pint cans for a while but they are now doing the wee-er [smaller] cans, I don’t know what size they actually are..... I don’t know why, I don’t know if it is to do with keeping the price down below a certain amount or whatever... there has been less of the multipacks with the pint cans and more with the smaller cans.’ (Non-affiliated retailer, SIMD 3-5, wave two)

‘What about size of products, have you seen any changes in the product sizes?’

‘Well, the 500 ml cans have gone down to 440s funnily to maintain the price, that’s what they have done. So, the Fosters cans, for example, Tennent’s and all that they’re all going to the 440s four pack*, just to maintain the price, you know what I mean.’

* Tennent’s lager is not sold in a 4 x 440ml multipack. The quoted retailer’s comments regarding the Tennent’s ‘four pack’ may reflect incorrect recall or confusion with other brands.

‘Uh-huh, is that because of MUP?’

‘Yes, yes, definitely, definitely, it is because of that, because if they stayed at 500, it will be up to £5.00, £6.00 for four pack. Just reduced the can size, so the four pack is still about the same price, do you know what I mean.’ (Affiliated retailer, SIMD 1-2, wave two)

Other retailers reported that they had not seen any changes in container size or associated marketing activity in relation to beers, other than the usual changes associated with seasonal promotions over the Christmas period.

3. The EPoS data reported a small change in the weighted average strength for beer multipacks (-2.2%, from 4.5 to 4.4 ABV) but a larger decrease for beer non-multipacks (-12.9%, from 6.2 to 5.4 ABV) (See Section 3.6 for EPoS data details).

Most retailers failed to notice any changes to the ABV levels for beer products. The only exception to this was Tennent’s Super*, which some retailers suggested had reduced in ABV from 9% to 8%, albeit no timeframe was suggested for when this change happened or whether it was related to MUP:

‘That used be nine per cent [Tennent’s Super]...That’s eight per cent now.’

(Non-affiliated retailer, SIMD 1-2, wave two)

4.6.3 Ciders

The analysis in this section comments on four changes which were identified in the EPoS data analysis. As above, it relates to the year-on-year trends (i.e. August 2017 versus August 2018).

1. The EPoS data reported a large year-on-year decrease in the average number of cider non-multipacks sold at least once by each retailer (-32.0%),

* Tennent’s Super lager is now owned by AB Inbev and is no longer part of Tennent Caledonian Breweries Tennent’s lager range

and a smaller increase for cider multipacks (+5.1%) (See Section 3.2 for EPOS data details).

The findings from the retailer audit show some consistency with these trends in the cider category, particularly the large decrease in availability for non-multipacks. Between wave one and wave two the overall number of cider products observed decreased 19.9% (from 519 to 416); there were corresponding decreases for both single products (-24.0%, from 362 to 275) and multipack products (-10.2%, from 157 to 141) (Table 4.2). At both waves, approximately two thirds of the cider products observed were single products, and one third multipack products. There was a 3.6% shift towards multipack products and away from single products between wave one (69.7% vs 30.3%) and wave two (66.1% vs. 33.9%).

The retailer interviews provided a number of insights into these changes. Retailers said they had generally stopped purchasing bottles of previously cheap ciders because they perceived that customers would no longer buy them once the price had increased.

‘So, what products has it affected most, the minimum unit pricing?’

‘The strong ciders....So, I'm not selling many of them now. It's been lying here for months ... That's not selling much because it's £11.00, it used to be about £4.00 or something and it's £11.30, but who is going to buy that?’ (Non-affiliated retailer, SIMD 1-2, wave two)

‘So...that’s what we’ve done. So basically the bottle, what’s happened is that we had...we discontinued it at MUP, ‘cause I knew for a fact it was never going to sell.’ (Affiliated retailer, SIMD 1-2, wave two)

Some retailers had decreased the range of cider products they stocked as they were unable to sell them. These retailers mentioned that they had chosen to discontinue some cider products or product sizes due to the effect of MUP.

‘Well we’ve stopped, I mean, for example, we’ve stopped stocking the white ciders, you know. It's not worth our while, customers are not gonna pay you,

what, £12 for...three litre of Frosty Jack [sic] we used to sell, you know, for £4.50.' (Affiliated retailer, SIMD 3-5, wave two)

There was a general belief amongst the retailers interviewed that there were fewer white ciders on the market – that is, a reduction in the number of brands and/or brand variants available – with some space at the wholesalers lying empty or replaced with other products. One retailer perceived that wholesalers had substantially reduced the range of ciders available:

'So, the regulars were buying that one [referring to Frosty Jack's]. That's it, one customer. But otherwise I think everybody just stopped. Even [named wholesaler], I noticed that they've stopped selling ciders altogether.'

'Right, yes.'

'Yes. They've only got Magners and maybe Woodpecker and one or two K ciders, but they don't do HCC. They've stopped it.'

(Affiliated retailer, SIMD 1-2, wave two)

Some retailers reported that they continued to stock more mainstream cider brands such as Strongbow because they perceived that the popularity of these products was unaffected by MUP and customers were continuing to buy them.

'What about the Strongbow you've still got the big bottles?'

'Still there. Strongbow sometimes we buy because it's only £5.00 for that, yes.'

'...Uh-huh, because people buy that, it's not that dear, not as dear as that one. So, that still sells because they can afford that.' (Non-affiliated retailer, SIMD 1-2, wave two)

Although there was a reduction in the overall range available, retailers still reported that some new products had been introduced. Retailers reported an increase in flavoured ciders with lower ABV and more sugar, such as Old Mout Berries and Cherries (Affiliated retailer, SIMD 3-5, wave two). One retailer had observed

products such as HCC Pear and Country Choices cider had been introduced but did not believe that these products were selling well (Affiliated retailer, SIMD 1-2, wave two). K Cider had been introduced at £2 a can and retailers believed this was aimed at those who viewed Strongbow or Frosty Jack's as too expensive following MUP.

'No, nobody buys it anymore. But I sell the K Cider. That sells. K Cider. That's, like, a replacement for Strongbow. It's in the fridge that black can. Black can with the red K on it. That's £2 a can.' (Affiliated retailer, SIMD 3-5, wave two)

2. The EPoS data reported a large year-on-year decrease in the weighted average container size for cider non-multipacks (-15.1%) (See Section 3.5 for EPoS details).

Findings from the retailer interviews would appear to help to provide some context and rationale for this. Specifically, retailers reported that they would no longer be purchasing some of the large 3,000ml bottles of white ciders once they had used up their existing stock. Although these bottles were still available at wholesalers, the retailers generally refused to buy them as they did not believe they would be able to sell them now that they had increased in price following the introduction of MUP.

'They are still on the market, but we've delisted quite a lot. We delisted the larger, I think one that anyone mentioned, the notorious Frosty Jack [sic], which is a three litre bottle, we delisted that immediately. We still carry the one litre bottle. It ticks along...but there's only one customer that buys that.' (Non-affiliated retailer, SIMD 3-5, wave two)

'You're not selling any big bottles, now?'

'No, we just stopped it all. That was the thing that the government wanted to stop, truth be told. It was the big bottles of the sort of cheaper ciders, and things like that. So for us, once we exhausted the stocks, we never replaced them..' (Affiliated retailer, SIMD 3-5, wave two)

3. The EPoS data reported a marginal year-on-year decrease in the weighted average container size for cider multipacks (-0.8%) (See Section 3.5 for EPoS data details).

In the interviews, retailers provided some context which may help explain marginal changes in the average can size, namely that some ciders were thought to be no longer available in 500ml cans, which may be increasing sales of either the larger 568ml variant or smaller 440ml variant, both of which would impact on weighted average (see also Strongbow Case Study, Chapter 6).

‘Well, Strongbow, they’ve got rid of their 500 cans.’

‘Okay. Have the sizes gone up or down?’

‘They’ve actually, they’ve kept a pint can, and they’ve kept a smaller can.’

‘Okay, is that 440ml?’

‘440 and the 568, they got rid of the 500. So, there must be something around that, I don’t know.’ (Affiliated retailer, SIMD 3-5, wave two)

Similar to the beer category, retailers mentioned that customers were continuing to buy cider in the 568ml cans because they were an affordable option for them after the introduction of MUP.

‘The only thing that sells now is the [pint] cans because they comply with the MUP. ... Aye, the cans are all right.’

‘So, who was buying those products before?’

‘All the people that were [buying them] before...are still buying them.’ (Non-affiliated retailer, SIMD 1-2, wave two)

4. The EPoS data reported a large decrease in the weighted average strength for cider non-multipacks (-17.2%, from 6.4 to 5.3 ABV) (See Section 3.6 for EPoS data details).

A reduction in the strength of ciders was also a trend identified in the retailer interviews. In particular, several brands which were reported to have high ABVs were identified by retailers as being no longer available at the wholesaler or as disappearing from sale completely, which would contribute to reductions in the weighted ABV.

‘What they should’ve done was, they could’ve forced them to take it off the market.... Look at your Breakers, your Sweetheart, don’t know if you’re aware of these brands? Breaker was a quite high cider and they’ve stopped making it now.’ (Affiliated retailer, SIMD 1-2, wave two)

Other retailers suggested that some customers who were previously buying the higher strength ciders may have moved to competing lower strength brands, which would have a corresponding influence on the weighted ABV of brands stocked. For example, some retailers mentioned that previous customers of Frosty Jack’s cider may now be buying Strongbow Original, which has a lower ABV strength (5.0% vs. 7.5%, more details of which are reported in the case studies in Chapter 6):

‘It’s [Strongbow] still strong. It was unaffected. But what we found was that, individuals who might have drank, as I said, the stronger ciders, have migrated to Strongbow.’ (Non-affiliated retailer, SIMD 3-5, wave two)

4.6.4 Fortified wines

The EPoS data reported a slight year-on-year increase in the average number of fortified wine UPCs sold at least once by each retailer (+3.6%) (See Section 3.2 for EPoS data details).

In contrast to this, the retailer audit observed a slight decrease in the number of fortified wines on display between waves one and two (-5.7%, from 228 to 215) (Table 4.2). This difference may be a consequence of how availability was measured across the two studies and the timing of measurement. The EPoS data looked at the average number of variants sold at least once by each retailer across a month period, whereas the audit was subject to stock levels at the time fieldwork was conducted and whether shelves had been sufficiently replenished. Consequently, the

audit data are more susceptible to confounding factors. We also note that range of products in the fortified wine category is relatively small, and therefore the proportions are more sensitive to any degree of change (e.g. a small change in product range in several retailers would lead to large influence on proportions). In both the EPoS and audit study, the nominal changes for fortified wine are relatively small.

Retailers who took part in the retailer audit interviews did not report any changes in numbers of fortified wine products stocked, with most comments on products in this category relating to the market leader in Scotland, Buckfast. Similarly, no changes were reported by retailers in relation to ABV or container size for Buckfast or other fortified wine products.

‘Buckfast’s not changed anything. We are quite high [in price] anyway, we are not cheap in Buckfast.’ (Affiliated retailer, SIMD 3-5, wave two)

‘Much the same, yes. No change in that one [Buckfast], it's just same strength, same price.’ (Non-affiliated retailer, SIMD 1-2, wave two)

4.6.5 Perries

1. The EPoS data reported a year-on-year decrease in the weighted average container size for perries (-8.3%) (See Section 3.5 for EPoS data details).

Findings from the retailer interviews suggests this may be linked to changes in the container size for the market leader Lambrini, which some retailers noticed had been reduced in size from 1,500ml to 1,250ml:

‘We used to sell that, a 1.5 litre bottle, and it's a 1.25 now.’

‘So they’ve reduced the Lambrini bottle size.’

‘Yeah, it used to be bigger and flatter.’ (Affiliated retailer, SIMD 3-5, wave two)

Some retailers suggested that the reason for the change in container size was to maintain demand by ensuring the product was sold at the same price point post-MUP implementation:

‘They’ve made them smaller [the bottle] so it’s not as costly.’ (Non-affiliated retailer, SIMD 3-5, wave two)

2. The EPoS data reported a decrease in the weighted average strength for perries (-15.9%, from 6.9 to 5.8 ABV) (See Section 3.6 for EPoS data details).

Again, this change may be explained by what was seen by some retailers as a corresponding reduction in the alcoholic strength of the market leader Lambrini, although, as the following quote illustrates, some retailers did not see the change in strength (and container size) as having necessarily been prompted by MUP.

‘Lambrini, that’s fine.’

‘Has that changed?’

‘Well, this year is slightly different... In size - they used to be bigger bottle. ... Used to be 7.5, now it’s only six per cent.’

‘Do you know why they’ve done that?’

‘Yes, save tax on them or something, yes. The same as the...what do you do call it soft drinks... the sugar tax aye.’ (Non-affiliated retailer, SIMD 1-2, wave two)

4.6.6 RTDs

1. The EPoS data reported a slight year-on-year increase in the average number of RTD non-multipack UPCs sold at least once by each retailer (+16.5%) (See Section 3.2 for EPoS data details).

This is consistent with the retailer audit data, which observed an overall increase of 13.6% in the number of RTD products displayed by the 20 stores (from 413 products

at wave one to 469 products at wave two), a move that is largely explained by a 15.9% increase in the number of single RTD products (from 371 to 430) (Table 4.2).

In the retailer interviews, retailers spoke of a number of developments within this category which might help to explain these changes. Some retailers described what they perceived as a general decline in the popularity of traditional RTDs or what they often referred to as 'alcopops' amongst younger drinkers, with some noting specific products that were no longer available. These trends were not generally associated by retailers with the introduction of MUP, but were more often linked with changing tastes and preferences of younger drinkers.

'The ones I have seen disappear are again alcopops. They're reduced them. Bacardi Breezers now down to one range – orange. Red Square is now down just to two or three lines. But there's a lot of other products, like Big Beastie that's disappeared. What else has disappeared? There are other products that have come and gone. Hooch is now down, Reef has disappeared as well from the alcopops side of things... It varies but for me alcopops have declined considerably.' (Non-affiliated retailer, SIMD 1-2, wave two)

'You can still get Red Square Silver, which I have, but the Red Square Ice, there was about ten flavours when they first started and they have now all finished.' (Affiliated retailer, SIMD 1-2, wave two)

'See that one, the VS? They've stopped doing it now. I'll show you, this way.... It used to be four flavours. That's the last box finished. Even cash and carries, they've stopped doing it now.' (Affiliated retailer, SIMD 1-2, wave two)

Traditional RTDs were perceived as being replaced by caffeinated RTDs/ alcohol energy drinks, most notably Dragon Soop, which was considered to be popular with younger drinkers.

'So people have maybe changing their taste buds from something to a Dragon Soop. They are spending £3.00 on a Dragon Soop they are not spending it on Smirnoff Ice, so maybe they have changed. But, I do find that my alcopops have

slowed down since the new ranges of Dragon Soop have come out.’ (Affiliated retailer, SIMD 1-2, wave two)

‘The majority of people who drink it (Dragon Soop) are 18-30 year olds. That’s who it’s marketed at.’ (Affiliated retailer, SIMD 1-2, wave one)

Retailers described how Dragon Soop offered a range of products, the most recent being the Venom variant which it was understood had been introduced to counter the success of new competitors:

‘I mean Dragon Soop have brought a new one out, Venom.... And, people are just picking it up without even trying it... in the first week everybody was sold out, even the cash and carry had sold out and they have got it back in now...’ (Affiliated retailer, SIMD 1-2, wave two)

‘The original Venom...there’s this one and then the Dragon Soop brought out their own version of that. This is the original cocktail one with the WKD and stuff, whatever it’s supposed to be and this is Dragon Soop Venom which is basically a caffeine schnapps. I don’t know why they call that Venom; that’s basically like a Red Bull with alcohol added to it....That is not a very good seller for my area but that was flying out – this is really pumping.’

‘Is it, the Dragon Soop, that’s really popular.’

‘With the young ones. But in that one...the most popular one is this one here – this is the most popular Dark Fruit Punch.’

‘Dark Fruit Punch – right, okay.’

‘Basically it’s just a vodka schnapps drink really – I’m sure it’s vodka they use.’

‘And this has got caffeine in it as well?’

‘Yeah, very caffeine...’ (Non-affiliated retailer, SIMD 1-2, wave two)

‘The young boys told us that there’s a drink called Venom or Taxi. So they’re quite popular with young guys. And they told us that...can you bring us that? So

we searched on Internet and there is a company in Glasgow who manufacturers them. So we made contact with them... they are in the cash and carry right now, available, but before that we directly buy from the company.' (Affiliated retailer, SIMD 1-2, wave two)

2. The EPoS data reported a year-on-year decrease in the weighted average container size for RTD non-multipacks (-4.1%) (See Section 3.5 for EPoS data details).

This change may be explained by the introduction of pre-mixed spirits in small cans which some retailers described as a growth area.

'Like, my small cans are selling fast now. See the small, like, gin and tonic, stuff like that. And there's...they're £1.10. They sell quite fast.' (Affiliated retailer, SIMD 3-5, wave two)

3. The EPoS data reported a year-on-year increase in the weighted average strength of RTD non-multipacks (+3.2%, from 6.3 to 6.5 ABV) (See Section 3.6 for EPoS data details).

Findings from the retailer interviews indicate that this could be explained by a perceived trend towards high strength, caffeinated RTDs such as Dragon Soop. Retailers suggested that products such as Dragon Soop offered a high ABV at an affordable price, although there was some uncertainty as to the alcoholic strength of these newer products, with some speculating that they may have decreased in strength in response to MUP.

'No, underagers don't drink white cider, no, not any longer. Maybe in other parts, but not here. What you'll find is that the younger drinkers will tend to buy things like Dragon Soop, £2.99 price point, 500 mil can, and I'm not sure what strength that's at.'

'It's eight, I think, eight per cent.'

'Is it eight per cent? That, Venom, or Taxi, that's what they're really...or Mad Dog, Mad Dog is something that...it's a lot of alcohol for that price.' (Non-affiliated retailer, SIMD 3-5, wave two)

'They're reduced alcohol, so they keep the prices the same. Do you get me? The only thing...'

'Uhm-hmm. Have you noticed any examples of that?'

'The main example was, like...see before the unit pricing, when this came out, this was nine per cent...'

'What, the Venom?'

'The Venom, right. They reduced it to eight per cent.'

'Oh, it still says nine per cent there. That one says nine per cent.'

'But the new ones are eight per cent now. The new ones which are coming out are eight per cent.' (Affiliated retailer, SIMD 3-5, wave two)

4.6.7 Spirits

1. The EPoS data reported a year-on-year increase in the average number of spirit UPCs sold at least once by each retailer (+6.5%) (See Section 3.2 for EPoS data details).

This contrasts somewhat with the retailer audit data, where we observed a very slight decrease in the total number of spirits products displayed by the 20 retailers between waves one and two (-1.7%, from 1,795 to 1,765) (Table 4.2). As discussed earlier, this may relate to confounding influence in what products were in stock and displayed, variations in the measures, and variation in the timing of data collection (for example, in Figure 3.1 in Section 3 it is notable that spirits sales fluctuate over the year, with high peaks around Christmas). While the retailers interviewed indicated a more mixed picture, none noted any overall change in the number of spirits products. However, some did perceive changes in different product areas. For example, some commented on a trend towards a narrower range of whiskies.

‘Choice is getting limited; I think consumers are...you don’t need that sort of...unless you’re a specialist whisky shop with a great audience, but most shops now are just doing three or four different whiskies.’ (Non-affiliated retailer, SIMD 1-2, wave two)

In contrast, retailers perceived flavoured gins to be increasing in popularity, with several new products being perceived to have been introduced for sale at the time of the wave two interviews.

‘And have you seen any new trends in any new alcohol products that have come out or anything changed in size or anything like that since...?’

‘No, just Violet Gin and Pink Gin. That’s just shot up. We never used to sell Pin and Gordon’s Gin and we do nearly a box a week now.’

‘So, is that quite recent that, that’s come out?’

‘Yes, last year I think it was.’ (Affiliated retailer, SIMD 1-2, wave two)

‘The amount of gins that are coming out the now is unbelievable, but clearly there is a market there for it. So, I’ve stocked up, I’ve got six varieties of it now, pink, obviously a couple of pink, one is raspberry and one is strawberry, you know what I mean, all different ones It’s crazy.’ (Affiliated retailer, SIMD 1-2, wave two)

2. The EPoS data reported a very slight year-on-year decrease in the weighted average container size for spirit UPCs (-1.0%) (See Section 3.5 for EPoS data details).

Retailers who took part in the interviews failed to notice any changes either towards larger or smaller sized variants, with the exception of the recent introduction of a 500ml bottle by some brands. Retailers were unsure whether this trend pre-dated MUP, but there was a feeling that 500ml bottles had become more prevalent since MUP.

‘What they have done is, they’ve started bringing in different pack sizes. So, what we’ve noticed, it’s just coming through, is 50 cls coming through. You used to get 50 cls in your low premium brands, like Cointreau, or Drambuie, or Glayva. ... I’ll show you some, so you can get an idea ... So, the 50 cls is now, they’re bringing in, so Whyte and Mackay have done that, they brought a 50 cl bottle, and Smirnoff have brought a 50 cl bottle. Which we wouldn’t have entertained before, unless it was a really top end premium product, yeah.’ (Non-affiliated retailer, SIMD 3-5, wave two)

Retailers perceived that the rationale for the introduction of 500ml spirits bottles was that, as these sold at around the £10 price point, they might appeal to price-conscious customers wanting to buy what felt like a proper-sized bottle. This is also discussed in the Glen’s vodka case study in Chapter 6.

‘Why have they done that [introduced a 500ml variant]?’

'It's price point. It's price point. Because people, not only have they moved away from 70s, yeah, they're more likely to buy a half, yeah. So, they're trying to get that in-between.'

'So that's 350 to 700, so that's, 500 is right in the middle there.'

'500, so it's really, they're selling their product at a more competitive price point. That's the price point they're trying to drive through. So, if you don't want to spend £14.50 for a bottle of Smirnoff, well you can buy a 50 cl at £10, or £11.99. So, they're just trying to get people to buy into their product, basically.' (Non-affiliated retailer, SIMD 3-5, wave two)

3. The EPoS data reported a very slight year-on-year decrease in the weighted average strength for spirit UPCs (-0.3%) (See Section 3.6 for EPoS data details).

None of the retailers interviewed noted any changes to the strength of spirits, with some indicating that most spirits were sold above £0.50-per-unit prior to the advent of MUP.

'No. They've not reduced the volumes (ABVs) of any of the main spirits. It's still the same amount of alcohol that's in them. You know, they've kept the product the same. Because unit pricing really only hits... It didn't really hit spirits that much. It was only pennies.' (Non-affiliated retailer, SIMD 3-5, wave two)

4.6.8 Wines

The EPoS data reported an increase in the average number of wines UPCs sold at least once by each retailer (+10.2%) (See Section 3.2 for EPoS data details).

Corresponding data from the retailer audit shows the total number of wine products on display in the 20 stores to be relatively similar at the two time points, reducing by just 0.2% from 1,285 at wave one to 1,283 at wave two (Table 4.2). As discussed, however, such discrepancies may be related to stock availability and whether they were displayed, how the measures were designed, and timing of the audit.

Any changes reported by retailers in the wine category were limited to increases made to the price of lower price wine to be in line with MUP. No changes were reported by retailers in relation to ABV or container size for wine products.

‘The wine which we sold at 2.99 before the unit price, is right now 4-something. And people [are] still buying the stuff.’ (Affiliated retailer, SIMD 1-2, wave two)

4.7 Alcohol promotional activities before and after MUP implementation

This section reports on how alcohol products were promoted in the 20 stores before and after MUP implementation. Data are presented from the observational audit conducted at wave one (Oct-Nov 2017) and at wave two (Oct-Nov 2018) and from the retailer interviews conducted at wave two. In the observational audit we coded four categories of promotional activity for alcohol products based on analysis of the photographic records compiled at both waves. In the interviews we explored the types of promotional changes (if any) retailers said they had implemented or noticed with regard to alcohol products in the months leading up to and following the implementation of MUP. Promotional activities were defined as devices designed to draw customers' attention to the prices or other aspects of the product offering for all alcohol products on display (e.g. price marking, price reductions and interactive promotions such as competitions). The findings contribute to Research Questions 4 and 5:

- 4** What happens to low-cost, high-strength ('cheap') alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?
- 5** What happens to the ways in which previously low-cost, high-strength ('cheap') alcohol is marketed?

The findings are divided into two sections, the first reports the findings from the observational audit (Section 4.7.1) and the second from the interviews with retailers (Section 4.7.2).

4.7.1 Observational audit

We coded four different types of promotional activity in the observational audit: price marking, price cues, price reduction cues and interactive promotions (see Box 4.1 below).

Box 4.1: How types of alcohol promotional activity were defined:

Price marking:	price marked or stamped on the container label, outer packaging or directly on the container
Price cue:	a label attached to or displayed next to the product (eg. on the shelf edge) drawing attention to the price (eg. 'Only £5.99')
Price reduction cue:	a label attached to or displayed next to the product communicating an explicit price reduction (eg. 'Was £6.99, now £5.99')

Table 4.3 illustrates the number and proportion of each type of promotional activity observed at each wave overall and by alcohol product category.

Table 4.3: Alcohol promotional activities observed in retailer audit stores at each wave, by promotional activity type and alcohol product category (n=20 stores)

PRODUCT CATEGORY	All products % (n)	Price marking % (n)	Price cues % (n)	Price reduction cues % (n)	Interactive promotions % (n)
Beer					
Wave 1	100 (837)	42.3 (354)	5.3 (44)	1.3 (11)	3.6 (30)
Wave 2	100 (781)	40.2 (314)	2.9 (23)	1.7 (13)	4.2 (33)
Cider					
Wave 1	100 (519)	36.8 (191)	3.9 (20)	1.2 (6)	3.9 (20)
Wave 2	100 (416)	17.3 (72)	5.8 (24)	1.4 (6)	1.2 (5)
Fortified wine					
Wave 1	100 (228)	16.2 (37)	52.6 (120)	11.0 (25)	0.0 (0)
Wave 2	100 (215)	18.1 (39)	48.8 (105)	6.5 (14)	0.0 (0)
Perry					
Wave 1	100 (74)	73.0 (54)	27.0 (20)	8.1 (6)	0.0 (0)
Wave 2	100 (51)	25.5 (13)	47.1 (24)	11.8 (6)	0.0 (0)
RTDs					
Wave 1	100 (413)	64.2 (265)	13.1 (54)	1.0 (4)	2.7 (11)
Wave 2	100 (469)	61.2 (287)	8.5 (40)	0.0 (0)	2.1 (10)
Spirits					
Wave 1	100 (1795)	28.8 (517)	6.2 (111)	0.9 (17)	0.3 (6)
Wave 2	100 (1765)	25.4 (449)	4.1 (72)	0.1 (2)	1.6 (29)
Wine					
Wave 1	100 (1285)	3.0 (38)	9.3 (120)	1.9 (25)	4.0 (52)
Wave 2	100 (1283)	2.1 (27)	8.2 (105)	1.1 (14)	2.7 (34)
TOTAL					
Wave 1	100 (5151)	28.3 (1456)	9.5 (489)	1.8 (94)	2.3 (119)
Wave 2	100 (4980)	24.1 (1201)	7.9 (393)	1.1 (55)	2.2 (111)

The most common type of promotional activity observed was product price marking, with around a quarter of products carrying a price mark at wave one (28.3%) and wave two (24.1%) (Table 4.3). Other forms of promotional activity were less commonly observed. For example, only around one-in-ten products were observed to have price cues at wave one (9.5%) and wave two (7.9%). Only around 2% of products were observed to have interactive promotions at either wave, and only around 1-2% of products were observed to have price reduction cues at either wave. The only other type of promotional activity observed, not recorded in the table above, was a special display, which was only observed on one occasion for an RTD (see Section 4.7.2).

Between the two waves the proportion of alcohol products carrying promotional cues showed a marginal downturn. So, for example, the proportion of products observed to have price marking decreased by just over four percentage points from 28.3% to 24.1%, while the proportion of products with price cues decreased by just over one and a half percentage points from 9.5% to 7.9% between waves one and two. The proportion of products with interactive promotions remained unchanged (2.3% and 2.2% at wave one and wave two respectively), while the proportion of price reduction cues saw a marginal drop from 1.8% to 1.1%.

Analysis of data at a product category level showed that there were some variations in overall level of promotional activity between categories, with, for example, comparatively low levels of promotional activity for wine compared with other categories such as beer, cider, perry and RTDs. There were also different levels of variability between the two waves. Promotional activity in the beer, fortified wine, RTD, spirit and wine categories were relatively stable, with only minor changes observed between waves. The largest changes noted were in the cider and perry categories: the use of price marking dropped from 36.8% to 17.3% for cider and dropped from 73% to 25.5% for perry between waves one and two. However, the perry category also saw an increase in the observed use of price cues, from 27% in wave one to 47.1% in wave two. Given the comparatively small base numbers for perry, care needs to be taken when interpreting the data for this category.

4.7.2 Retailer interviews

Findings from the retailer interviews were broadly consistent with the findings of the observational audit. Retailers did not report seeing any discernible change in the level or type of promotional activity for alcohol products following the implementation of MUP. For example, affiliated retailers described how their symbol group continued to offer regular deals on alcohol:

‘They’ve got promotions on all the time. Last week they had Glen’s on offer and bits and pieces. There’s always something on offer every week. So, it goes up and comes down and goes up and comes down.... So we’ve got a promotion on now, you know, Dark Fruit. We’ve got that on offer.’ (Affiliated retailer, SIMD 1-2, wave two)

However, some did welcome what they perceived as an increase in the use of price marking in the months leading up to implementation, particularly in beer and spirits categories:

‘And what did help along was bringing in price-marked stuff. So, people had already went to price-marked six months before just to get us used to it.’

‘So, are you saying there’s a lot more price-marked stuff coming in as well?’

‘There is, I think it’s just to placate the consumers and it’s great from the retailer’s point of view, because I didn’t set the price.’ (Affiliated retailer, SIMD 1-2, wave two)

Any retailer-led promotional activities associated with MUP were typically temporary in nature and related to a need to actively ‘push’ or to use price reductions to shift specific products most affected by the policy in the lead-up to its implementation. For example, one retailer had put lists on the till of individual products which staff had to ‘push to get rid of’ (Non-affiliated retailer, SIMD 3-5, wave two) before the MUP deadline (see also Section 4.4.2).

These same patterns were also observed in wholesalers, with retailers witnessing increased levels of promotional activity for high strength ciders in the lead-up to implementation. Two main types of promotion were noted. Some retailers described wholesalers offering bulk buying deals on popular white cider variants, particularly on larger bottle sizes. As the following quotes illustrate, some retailers were wary of buying in extra stock at discounted rates for fear of being left with unwanted stock (see also Section 4.4.1), although they described other retailers who apparently saw this as a business opportunity:

'I didn't do any bulk buying, even though they had promotions on the Cube ciders that were price-marked, I just thought it was too much hassle, buying it cheap and then promoting it to the customer then if it doesn't sell then I am left with it to price it from £2.99 to £5.00 and I knew it wouldn't sell. So I didn't do any bulk buying.... Because they wouldn't take it back... They basically had notices up everywhere (in the wholesalers), especially in the cider aisle to say, we will not be taking returns after this date once it's purchased.' (Affiliated retailer, SIMD 1-2, wave two)

'What actually happened was there was a real splurge in sales just prior to the legislation where people who did drink that stuff [lower price white cider] were filling their boots as far as they could. And I think a lot of the other retailers were buying tons of it to take advantage of that. Which I never did... they were all, kind of, really promoting that they had plenty of supply. I never bothered.' (Affiliated retailer, SIMD 3-5, wave two)

Other retailers described wholesalers and producers offering promotional incentives for switching to smaller product variants of high strength cider, typically from plastic bottles to cans, or to smaller plastic bottles:

'You see they're advertising the two litre bottle [of Frosty Jack's] at £6, so you see more price-marked stock coming through, and they've got litre bottles coming through. They've tried cans; cans didn't sell for me at all... But no, they've tried different marketing techniques and I think they have seen a slight drop of sales on Scotland.' (Non-affiliated retailer, SIMD 1-2, wave two)

‘The price was too high [for Frosty Jack’s 3,000ml]. Nobody will buy for eleven quid a bottle, 3 litre bottle. Rather than buying that, they prefer to buy the Strongbow for...2 litre and five quid. Or cheaper...go for the cheaper cans or something like that. Cheaper stuff.... Actually the company gave us a promotion for that because their bottles are not selling, so they send us the Scrumpy Jack [the retailer meant to refer to Frosty Jack’s – he did not sell Scrumpy Jack] cans. So they want [me] to try them. But still not a single response from anybody.’
(Affiliated retailer, SIMD 1-2, wave two)

A similar trend was observed in the RTD category, where retailers commented on wholesalers using discounting to run down stocks of RTDs such as Bacardi Breezers. However, retailers tended to relate this to broader market trends and changes in consumer tastes rather than specifically to MUP.

‘They have discontinued quite a lot of products in the wholesalers, they are doing away with a lot of alcopops.... They still under [sic] the minimum price range but I think because, they are not selling as well, there obviously a date on them, there’s a lot of stuff that’s been discontinued..... Like Bacardi Breezers, eventually you won’t get them anywhere.... There is a lot of products that they have now stopped carrying.’ (Affiliated retailer, SIMD 1-2, wave two)

It was suggested by retailers that these products were being replaced with new caffeinated RTDs such as Dragon Soop. Retailers also commented that the most recent variant, Dragon Soop Venom, was an extremely good seller and was the only example of an alcohol product identified in the observation audit that was actively promoted using a special display. The use of a special display in this instance is likely related to the fact that it was a newly launched product.

Some retailers commented on how MUP had limited the scope for more aggressive discounting.

‘We’ve always been quite aggressive on price point. Especially on alcohol. The previous store, we used alcohol as a, alcohol pricing, as a footfall driver into the store. But now, we’ve kind of eased away from that. Even with minimum pricing

coming into force, you can't do that to such an extent. And so, we've eased off on that. We still look for the bargains, who doesn't like a bargain, really. We're still looking for bargains that we can pass onto our consumers, but not as religious as we were before.' (Non-affiliated retailer, SIMD 3-5, wave two)

Others, however, described how they saw less need, after MUP implementation, to promote certain products because the new price points created under MUP made them attractive to certain customers regardless of additional promotional activity. For example, one retailer cited the example of Strongbow Original cider in 2,000ml bottles which could be sold at £5 post MUP implementation, a price that was cheaper than other competing high-strength ciders:

'A two litre Strongbow is costing me at wholesale price £2.60 and before the minimum price came along I was selling that at £3.25. Now, I was making... even at that price, £2.60, I was making 45p. Now, I'm making £2.40 and my volumes have not fallen, so it's good news for me... Your promotion now is your minimum price and that makes me a good margin - £2.40.' (Non-affiliated retailer, SIMD 1-2, wave two)

Similarly, some retailers said that MUP had restricted their ability to offer deals on cheaper spirit brands which it was believed had affected their popularity and subsequent sales. However, it did mean that they were able to offer deals on other more expensive brands such as Smirnoff vodka.

'I can't offer any deals, no. Well, you could offer a deal but it must be above the minimum unit price, which you're no going to be able to do. So, for example, High Commissioner, I can't remember how much it used to be right, I couldn't even tell how much it is now, but I know it doesn't sell, it used to sell well, but it doesn't sell now.' (Non-affiliated retailer, SIMD 3-5, wave two)

'Can you still do promotions?'

'Yeah; as long as they comply with minimum unit pricing... So I can promote Smirnoff – it's price-marked at £14.49, so my promotion would be Special Offer

– Save £1.50. Was £14.49, down to £13.25 and I still make £1 profit.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Retailers’ commentaries suggested that MUP had a greater constraining effect on level of promotional activity in some product categories compared to others. As already indicated these effects were particularly noticeable in the cider category, while categories such as wines were seen by some retailers to be largely unaffected, with some describing how they were able to continue to offer similar price deals post-implementation.

‘It’s...they’re pretty much standard. Like, Isla Negra’s a classic. It’s just always on promotion, more or less... they can still happily charge a fiver for a bottle of Isla Negra. They’re meeting the legislation and everything’s fine. Decent bottle of wine and...but it’s pretty much standard stuff. Aye.’ (Affiliated retailer, SIMD 3-5, wave two)

4.8 Summary

This section summarises the main findings from the retailer audit relating to retailers' understanding of MUP, retailers' experiences of implementation and compliance, retailers' perceptions of MUP's impact on their sales and profits, the alcohol product range observed on display in the retailer audit stores before and after MUP, and alcohol promotional activity observed on display in the retailer audit stores before and after MUP.

Retailers had varying levels of understanding of MUP prior to implementation, and mixed views on its likely impact. Despite some initial concerns, implementation appeared relatively straightforward. Symbol group affiliated retailers described receiving varying levels of help (for example, new price lists and labels), while non-affiliated retailers had to calculate their own prices to be in line with MUP, but this was generally experienced as less onerous than originally anticipated. Many prices were unaffected by MUP. Retailers' decision-making regarding alcohol price setting was influenced by a number of factors including a preference for price-marked packs, consistency with local competitors and profit margins, and these remained salient after MUP, meaning that the prices of products unaffected by MUP generally did not increase, other than in line with any wholesaler increases. However, a few retailers did use the opportunity provided by MUP to increase prices on products previously above MUP. The main implementation challenges related to dealing with stock which had previously been priced below MUP, including price-marked products. Few negative consequences of MUP (for example, arguments from customers, thefts of confectionery, perceived increase in local illicit selling) were described. Retailers described information and support being offered by licensing officers, wholesalers, alcohol producer sales reps and the retail trade press. Retailers took compliance seriously, and only one instance of intentional non-compliance was described.

Retailers had varying perceptions of the impact of MUP on their sales, with some feeling that MUP had made little difference, some perceiving a positive boost, and a few feeling that sales had suffered; retailers also commented on how the impact of

MUP was difficult to separate from other factors which might have affected sales. Sales of high strength ciders were perceived to have been particularly negatively affected; some other product categories were perceived, by some retailers to have benefited, such as spirits and multipacks of beer. Several retailers felt that profits had increased since MUP because of higher margins, particularly on larger spirits products, sometimes despite declining volume sales. Generally retailers felt that MUP had improved their ability to compete with supermarkets, as supermarket alcohol prices were now comparable with their own.

There was a 3.3% reduction between wave one and wave two in the total number of alcohol products observed on display in the 20 stores (from 5,151 to 4,980). Across all product categories, this reduction was greater for multipack products (-9.3%, from 784 to 711) than single products (-2.2%, from 4,367 to 4,269). There were reductions for most categories, although the biggest reductions observed were for perries (-31.1%, from 74 to 51) and ciders (-19.9% from 519 to 416). Within the cider category, the reduction in products was greater for single products (-24.0%, from 362 to 275) compared to multipacks (-10.2%, from 157 to 141). Between waves, the biggest increase in products was for RTDs (+13.6%, from 413 to 469). Within RTDs, there was an increase for single products (+15.9%, from 371 to 430) but a decrease for multipacks (-7.1%, from 42 to 39). The increase in single product RTDs appeared to be accounted for by various product changes in this category, with fruit flavoured alcopops being replaced by higher-strength, caffeinated alcoholic energy drinks. These changes were mostly consistent with the EPoS data (see Section 3.2); where there are discrepancies, these may reflect differences in measurement, definitions of products and timing of data collection.

The retailer interview findings at wave two suggested that the decreases in the cider category could be explained by retailers delisting some products and brands or no longer stocking larger container sizes, as they believed that customers would not pay prices at MUP or above. Retailers had noticed changes to the ABV and pack sizes for some products, such as the introduction of 500ml bottles for some spirits, and a reduced size and ABV Lambrini in the perry category. Within the beer category, retailers perceived that some multipack formats had reduced in availability. These

changes were not necessarily attributed to MUP by retailers, with some being seen as part of longer term trends.

The most common types of promotional activity observed in the 20 stores was product price marking, with other forms of promotional activity such as price cues, price reductions and interactive promotions being less commonly observed. Between the two waves the proportion of products observed to have price marking decreased by just over four percentage points from 28.3% to 24.1%, with slight decreases or little change for the other types of promotional activity. Analysis of data at a product category level showed that the largest changes were in the cider and perry categories: the use of price marking dropped from 36.8% to 17.3% for cider and from 73% to 25.5% for perry.

5. Retail trade press analysis

This chapter includes information from retail trade press publications on communication about MUP. It covers communication about the impact of the policy in small retailers, advice/support to small retailers, price or promotion changes following MUP, anticipated or reported customer responses, changes in product ranges and other commentary about MUP as a policy.

5.1 Methods

5.1.1 Overall design

We conducted a content analysis of selected retail trade press titles to explore what happens to low cost, high strength alcohol, including how products are marketed, after MUP. Retail trade press are periodicals produced for retailers of off-trade alcoholic drinks such as off-licenses, supermarkets, convenience stores, petrol/gas stations and wholesalers. Whilst there are important limitations of this data source (see Table 7.1), they give an insight into the ways in which alcoholic drinks are promoted and incentivised to off-sales retailers to stock in their stores, the ways the products are promoted to the consumers, and consumer and retailer responses to market and policy changes.

5.1.2 Sample of publications

The original sample comprised all issues of a convenience sample of five UK magazines, which are key publications for the convenience sector:

- RN: Retail Newsagent (weekly)
- The Grocer (weekly)
- Convenience Store (fortnightly)
- Forecourt Trader (monthly)
- Drinks Retailing News (monthly)

After an initial pilot exercise was conducted, the sample was revised to include three Scottish titles, for which past issues were freely available online, as it was found that these would provide more information of relevance to MUP in Scotland:

- Scottish Licensed Trade News (fortnightly)
- Scottish Grocer (Scottish Grocer and Convenience Retailer) (monthly)
- SLR: Scottish Local Retailer (monthly)

All editions of each publication over an 18 month period August 2017 – January 2019 (inclusive), n=297 issues, were included for analysis.

5.1.3 Data collection and analysis

A protocol was developed outlining the approach to reviewing each publication, which items should be extracted from the publications, and the dataset to be extracted/recorded for each item of content. This protocol is summarised here.

Data collection and analysis followed a two-stage process: extraction and analysis. Firstly, each publication was reviewed cover-to-cover to identify potentially relevant content guided by broad inclusion criteria (a – f below). These criteria were developed following initial review of one example of each of the five original UK-wide publications. Items were collected for further review if they included any of the following:

- a. How relevant alcohol products (products previously selling at below or close to MUP) or case study products were developed, packaged or promoted by producers.
- b. How relevant alcohol products or case study products were marketed by wholesalers to small retailers.
- c. How relevant alcohol products or case study products were marketed by small retailers to consumers.

- d. Any content relating to the anticipated or reported impact of MUP on small retailers.
- e. Trends in the consumption or sales of relevant alcohol products or any of the case study products.
- f. Other relevant items, comments or contextual content referring to MUP or a case study product.

Content relating to the on-trade or to supermarkets, except in the case of item (f) above, was not extracted. Adverts were only extracted if they directly mentioned minimum unit pricing or a case study product.

A data extraction framework was developed in Excel based on the protocol and is summarised here. The relevant paragraphs or parts of each item (or the whole item where relevant) according to the criteria above, were extracted individually from the article and the following descriptive information recorded as available:

- Publication information: name of publication, date, issue, page number, title, author, type of item (e.g. article, advertorial, advert, editorial).
- Content: name of any speakers directly quoted, the stakeholder group (e.g. retailer, manufacturer, wholesaler, trade press), the lower price alcohol brand or product and its parent company, the product category, whether the content was specific to Scotland or UK-wide, whether or not MUP was explicitly mentioned, and a detailed summary or verbatim extract of the relevant content.

The reviews and extraction were divided between two researchers following the agreed protocol. During this first stage, a total of 659 data items were extracted.

In the second stage of analysis, these 659 items were further reviewed, and 212 of the items (news articles, opinion pieces, editorials, analysis pieces, adverts etc.) were found to include direct reference to MUP. These 212 items formed the dataset for analysis for this chapter. In addition, all items referencing the case study products

were analysed even if they did not directly reference MUP and these are included and reported on in Chapter 6. Both the MUP items and the case study items were analysed thematically for relevant content. The remaining items from the 659 which did not fall into either of these categories provided general context to aid the understanding of the research team but were not further analysed or reported as their relevance to MUP could not be determined with confidence.

Of the 212 items directly referencing MUP reported in this chapter, there were 46 items published in Scottish publications and 40 in UK publications in the 'pre-implementation' period before the introduction of MUP. There were 52 items published in Scottish publications and 74 in UK publications post-implementation.

All of these 212 items were reviewed by a third researcher during the analysis process and further labelled in Microsoft Excel to facilitate later analysis. These labels included changes in price, packaging, pack size, strength, promotional activities, services, and product range, as well as advice or support to retailers on MUP, impact on small retailers, potential impact of MUP, and relevant consumer trends. Following this categorisation process, full thematic analysis of this dataset was undertaken.

5.2 Communication about the impact of MUP on small retailers

This section reports findings from the retail trade press analysis relating to the anticipated impact of MUP on small retailers prior to and after the implementation of MUP, covering the following themes: sales, competition with supermarkets, reactions from consumers and antisocial behaviour around premises. Findings provide context for all the research questions.

Prior to the implementation of MUP, several articles predicted that MUP would be harmful to small retail businesses. The primary concern expressed was that sales would fall due to a combination of price increases and inability to offer price promotions below the minimum unit price. For example, one UK article on MUP (in

Wales) quoted a small retailer who acknowledged potential business opportunities of MUP but was 'more worried the higher prices will put off customers. A lot of our alcohol sales come from products which are on promotion' [Item 91, Retail Newsagent, 27/10/17, p5]. In Scottish publications, articles were more likely to focus on business opportunities or benefits predicted to arise through MUP through a shift away from price as a 'big selling point for alcohol with the emphasis now likely to shift onto a better range of interesting, high quality products which will present a fresh opportunity for local retailers' [Item 402, Scottish Local Retailer, 01/05/18, p13].

A key predicted effect of MUP was that it would prevent supermarkets from discounting alcohol products or using them as 'loss leaders' to a degree that was unaffordable for small retailers. It was reported that the policy would enable small retailers to compete with supermarkets on a 'level playing field' especially at Christmas time.

'Under MUP there is no pricing benefit to purchasing alcohol in supermarkets for shoppers... with this in mind, independent retailers are likely to see an increase in consideration of alcohol from shoppers, providing them with an opportunity to drive purchase.... supermarkets and discounters won't be able to use alcohol as a loss-leader to drive footfall the way they've done for many years.' [Item 402, Scottish Local Retailer, 01/05/18, p13]

Some articles in Scottish publications suggested that MUP would have minimal impact on business for small retailers, as the price of most alcohol products would remain unchanged. This argument was also presented in an article in a UK publication using quotes from small retailers in Scotland who support MUP, including the statement that 'at 50p only a few lines will be affected' [Item 287, Hughes, Convenience Store, 9/3/18, p7].

Following the introduction of MUP, several articles noted changes in the ranges of products sold in small retailers, which is discussed further in Section 5.6.1 below, and some suggested that businesses had been harmed because MUP had eliminated most promotions. There were also multiple clear examples of articles reporting positive impacts of MUP on competition with supermarkets, profit margins

and on the value of alcohol sales, which were largely in line with the predictions made. Some reports also talked about the policy driving footfall, and therefore ancillary benefits in terms of sales of products other than alcohol. There were no reports of reductions in overall value sales or margins. Positive reports came from around the country, specifically including Kirkcaldy and Ayr, as well as Glasgow, Inverness and Peterhead as quoted here. In these quotes retailers use the term 'sales' to describe the value (not volume) of alcohol sales made.

'Scottish retailers remain positive about the impact of Minimum Unit Pricing (MUP), more than a month after the legislation was introduced in Scotland on May 1. Mo Razzaq, owner of Family Shopper Blantyre, in Glasgow, said his store had benefited from an increase in alcohol sales after he stopped stocking lines affected by MUP... 'sales have actually gone up as a result. Customers have moved to buying other alcoholic products, like beers and wines. I would say alcohol sales have increased by 15% for us.' Calum Duncan, manager of Crown Stores in Inverness, added: 'Alcohol sales have drastically increased by as much as £800 a day. There is no point in people going to supermarkets for cheap alcohol now. They come to us and pick other things up too. It has really levelled the playing field.'" [Item 460, Hughes, Convenience Store, 15/06/18, p4]

'Sid Ali at Nisa in Peterhead finds it hard to identify a downside to the policy, reporting that alcohol sales across his four stores are up by between 15% and 20% since the start of May. 'It's been fantastic, especially for rural stores,' he explained. 'Prior to the change, locals thought nothing of driving ten miles to Lidl or Aldi to get a 12-pack for around £7.99 when we were having to sell ours at £8.49 or even £8.99. Now that we both have them at £10.56 there is no incentive to drive for miles.'" [Item 485, Scottish Grocer, 01/06/18, p10]

Symbol groups including KeyStore (owned by JW Filshill) and Premier also reported positive benefits of MUP for business. Martyn Parkison of Premier, is quoted as saying that MUP had been the 'best news' that his retailers have had in the last six months. 'I'm unsure what the government were aiming to achieve but it's increasing the overall margins, and retailers are getting double digit sales increases...What do

we say? Bring it on down south. It absolutely has made it a level playing field' [Item 575, Scottish Grocer, 1/10/18, p20-23].

'Filshill has seen double digit growth across all categories of wines and spirits and a 30%-40% year-on-year sales uplift in the 660ml beer bottles subcategory, partially attributable to independent retailers achieving price parity with multiple retailers through MUP, according to Craig Brown, Filshill's retailer director.' [Item 470, Farrell, The Grocer, 23/06/18, p11]

These benefits were thought to accrue because of a combination of factors: customers were choosing to shop more in local retailers, retailer prices went up whilst wholesale prices remained unchanged, and/or customers changed their purchasing patterns (see Section 5.5.5 below).

One article in a UK-wide publication summed up retailer views, stating that 'ahead of the legislation, independent retailers had been generally divided over whether MUP would dent alcohol sales or level the playing field with the supermarkets. But two months in, business pessimism appears to have been assuaged' [Item 504, Mannering, Convenience Store, 13/07/18, p20-23].

Several predictions were made about potential consequences of MUP in terms of negative customer reactions, a compliance burden or reduced antisocial behaviour around premises. Firstly, some argued that the policy would lead to 'irate' customers or even violence against retailers, when they had to explain the price rises as a result of MUP.

'I don't envy the position of the first retailer who has to face one of the government's so-called 'problem drinkers' and explain to them that their favourite bottle of cheap cider, price-marked at £2.99, is actually going to cost them £11.25. We already know that most incidents of violence against convenience store staff happen as a result of refusal of sale. MUP carries huge potential as an argument starter.' [Item 261, McNee, Scottish Grocer, 01/03/18, p3]

UK-wide publications argued that the time and costs of compliance and implementation of MUP would be an unfair burden on small retailers. Several articles in Scottish publications published after MUP implementation described how retailers in Scotland had managed the change, with reports suggesting that customers were initially unaware of the policy but that this may have improved over time.

‘Despite our best efforts to communicate the changes to customers, with POS and plenty of till talk, it was still amazing how many people had no idea about MUP when it came into force. Initial reactions ranged from fury to downright confusion, but the team did a fantastic job of explaining that the law had changed and that shoppers wouldn’t be able to buy products cheaper elsewhere – not even the nearby Aldi.’ [Item 394, Williams, Convenience Store, 18/5/18, p10]

‘England and Wales, however can take heart that fears about customers taking out their frustration at MUP on shop owners and their staff have not transpired. The message seems to have got through to consumers that shops are not ripping them off and that higher prices are the government’s fault.’ [Item 618, Don, Drinks Retailing News, 9/11/18, p23]

Furthermore, some articles suggested MUP would protect, or had protected, retailers from anti-social behaviour around their premises:

‘Another benefit Abada has seen is an improvement in antisocial behaviour in the area immediately around the store. She explained that she and Asif have taken many steps to combat anti-social behaviour, including stopping selling alcohol after 8.00pm but now that they are selling less super strength cider the problem has rapidly improved.’ [Item 485, Scottish Grocer, 01/06/2018, p10]

A potential rise in shoplifting of alcohol was highlighted as a potential unintended consequence of MUP by two retailers, one of whom, Mo Razzaq, of Family Shopper in Blantyre, reported an increased incidence in his store from ‘one incident a fortnight, now it’s once a week’ that he associated with the introduction of MUP [Item

503, Convenience Store, 13/07/2018, p20-23]. This contrasted with the retailer audit findings in which no instances were reported.

Finally, in an end of year news article reviewing 2018, the Scottish Grocer (no author listed) concluded:

‘only time will allow us to assess the full impact of the policy, but it seems to be a case of ‘so far so good’ for convenience retailers.’ [Item 627, Scottish Grocer, 01/12/18, p8]

5.3 Communication regarding the need for or provision of advice or support to retailers in relation to MUP

Findings in this section report evidence from the retail trade press analysis of multiple ways in which retailers were offered support or advice relating to MUP, including articles and adverts providing direct advice, offering services for retailers, or reporting support provided or needed.

Amongst producers reported as offering or providing advice to retailers, C&C (producers of Tennent's) appear to have been particularly proactive. They describe 'having invested heavily in research to identify how the legislation will manifest itself at a behavioural level amongst consumers' and had shared this research with 'around 60 retailers, producers and media' at a reported Scottish Grocers' Federation study day in March 2018 which was hosted by C&C at Drygate Brewery in Glasgow [Item 315, Scottish Grocer, 01/04/18, p12]. Their research presentation at that event was to be made available to retailers on a digital support platform 'MyTennents' after the event. A news article in Scottish Grocer on the day of MUP implementation also reported on C&C's preparations as follows:

'Working with the Scottish Government and the SGF, Tennent's brand owner C&C Group has delivered information packs to over 150 independent off-licenses, including a retailer guide, staff training advice and posters. C&C Group sales director Norman Loughery said the packs are 'the latest step in the education of the trade in a campaign that is designed to ensure customers are as prepared as possible for MUP.'" [Item 351, Scottish Grocer, 01/05/18, p4]

The advice from C&C to retailers was repeated, sometimes verbatim, in several articles in April, May and October 2018. It suggested that most customers were 'likely to spend the same amount on alcohol' and that retailers should 'hit key price points at £5, £10, £15' as products 'crossing these thresholds' would 'disproportionately' suffer reductions in sales volumes [Item 315, Scottish Grocer, 01/04/18, p12]. The same article recommended 'removal of large packs' and that retailers should focus on 'major brands'. The advice further suggested that 'an increased focus on what the consumer values will be crucial for retailers. Over half of

beer and cider is consumed (in part) on the day of purchase. By maximising chilled space on best-selling packs, retailers will sell the products Scots are looking for, chilled and ready for (near) immediate consumption. This will improve perceived value and entice consumers to come back time and time again' [Item 402, Scottish Local Retailer, 01/05/18, p14].

Wholesaler Filshill (which supplies 186 Premier stores in Scotland) was reported as having put in place an MUP 'Action Plan' prior to the implementation of the policy sending out information sheets to retailers, working with retailers to make them aware, putting up posters in their 'cash and carry' and updating their EPoS system to block any sales that would not be compliant with MUP [Item 307, Scottish Local Retailer, 01/04/2018, p6] [Item 340, Brown, Retail Newsagent, 20/04/18, p9]. In a commentary in June 2018, Simon Hannah from Filshill was quoted as providing 'Tips from Scotland post-MUP' for Welsh retailers:

'Communicate MUP messages months in advance. Train staff to have confidence in answering questions. Get your chilled offering to a world-class standard. Make availability the best it's ever been.' [Item 480, Hannah, Convenience Store, 29/06/18, p50]

Another article from May 2018 provided a 'Three-Step Guide to Complying with MUP Legislation' which was summarised as 'Communicate the changes', 'Delist items', and 'Build your range around unaffected items' [Item 381, Gockelen-Kozlowski, Retail Newsagent, 11/05/18, p24-29].

Spirits producers Diageo and Pernod Ricard were each quoted as advising retailers to focus on premium brands. Chris Shead, channel director for grocery at Pernod Ricard is quoted as saying 'there's scope for cutting down at the value end of the market and introducing some more choice closer to the top ... featuring more brands with heritage and prominence' [Item 548, Shead, Scottish Grocer, 01/09/18, p16], see also [Item 313, Scottish Local Retailer, 01/04/18, p32] for Diageo advice.

Some Scottish publications also featured adverts aiming to raise awareness of MUP. One from Scottish Grocer's Federation in April 2018 focused on raising awareness of

MUP, explaining that there was ‘no sell-through period’ and ‘no buyback from wholesalers’ [Item 308, Scottish Local Retailer, 01/04/18, p9]. A month later an advert from the Scottish Government asked ‘Do you sell alcohol? Are you ready for minimum unit pricing on 1st May 2018?’ [Item 403, Scottish Local Retailer, 01/05/18, p15]. Other adverts from Nielsen highlighted the services the company could offer to support retailers to prepare for MUP [eg. Item 361, Scottish Grocer, 01/05/18, p63].

Reports varied in terms of how they presented whether or not retailers were ready to implement the policy. An article in late April 2018 reported on the launch of an online calculator by Today’s Group (wholesalers and suppliers to Today’s, Day-Today and Lifestyle Express stores) ‘to help Scottish Retailers with the Minimum Unit Pricing laws’. In the same article, David Sands ‘who manages three Nisa stores in Scotland’ is quoted as saying:

‘I’d prefer more help on MUP to be available to retailers and not just a calculator, such as point of sale or advice on explaining the legislation properly to customers.’ [Item 344, Sands, Retail Newsagent, 27/04/18, p4].

In one UK article in early May 2018, independent retailers were reported to have said ‘they are well-prepared’ [Item 366, Hughes & Mannering, Convenience Store, 04/05/18 p3]. On the same page, a survey of retailers by HIM (a retail consultancy) was reported as finding that whilst retailers were aware of the legislation ‘one in ten...were still unsure about how they were going to determine new pricing following the MUP’ and that more work was needed ‘to educate them’ [Item 368, Clifton, Convenience Store, 04/05/18, p3].

5.4 Communication about price changes

Findings in this section report findings from the retail trade press analysis on the predicted and reported impact of MUP, direct and indirect, on the price of different products and price differentials between products. The findings contribute to the following Research Questions:

- 1 What happens to the price of alcohol products sold below and above 50-pence-per-unit (ppu) prior to, and following, the implementation of MUP?
- 2 What happens to the price differential between alcohol products at different points in the price distribution?

A Scottish Grocer editorial in December 2017 reflected wider predictions about MUP having a big impact on the alcohol industry:

'Manufacturers will have to rethink the pricing of their brands. Retailers will have to make some very shrewd choices about what to stock. Consumers will change not only what they buy but where they shop. Come this time next year, Scotland's off-trade market could look very different indeed.' [Item 151, Scottish Grocer, 01/12/17, p3].

A news article in Retail Newsagent in March 2018, reported likely price increases following the introduction of MUP, emphasising the impact on lower price alcohol. The article quotes Ferhan-Ashiq of Day-Today Ashiq's in East Lothian, who stated that his bestselling product, individual cans of HCC black (a cider at 7.5% ABV, selling in 500ml cans) would rise in price from 99p (26.4p per unit) to £1.99 (53p per unit).

'Ferhan Ashiq, of Day-Today Ashiq's in East Lothian, said 27% of total sales come from his top 10 alcohol lines and 49% of this accounts for total volume sales. ... 'My #1 bestseller in alcohol is HCC Black which will increase from 99p to £1.99, and my 4th best seller, Strongbow original 12 pack, will rise from £3.49 to £5.'" [Item 284, Retail Newsagent, 02/03/18, p5]

Several articles note that MUP will have an effect on cheaper brands. Marketing Director Glen Friel, of Aston Manor (makers of Frosty Jack's cider) is quoted in May 2018 as predicting that MUP would 'have a major impact on alcohol in general, far greater than many consumers expect.' The article goes on to quote him drawing on company analysis as follows:

'The introduction of minimum unit pricing will have a substantial impact to significantly increase price inflation across many alcohol categories, including cider, to a far greater degree than many people presently believe...Our estimates based on the last 12 months of alcohol retail sales in Scotland (IRI), show that this inflation could be as much as £134m, excluding sales from discount retailers. This effect will be felt across all alcohol sectors including those everyday cider and lager brands that are found in shopping baskets of the majority of Scottish consumers. Only 16% of this price inflation is likely to be attributable to high strength cider.' [Item 363, Scottish Grocer, 01/05/18, p100]

One retailer, Dan Brown, managing director of Nisa Pinkie in Musselburgh, was reported as saying that he had increased the prices of premium products as well as those affected by MUP to maintain a price differential.

'We're making more margin on cheaper vodkas and we've put prices up on more premium lines such as Glen's and Smirnoff to differentiate the prices.'
[Item 504, Convenience Store, 13/07/18, p20-23]

Specific impact was predicted by a commentator from Nielsen on their Scantrack data (past year off-trade sales to December 2017) on cheaper brands of spirits 'Given an average ABV of 40%, litre bottles will be forced to a minimum price of £20, eradicating the price appeal of cheaper brands. We may well see consumers moving away from these and towards more premium offerings as the price differential will be substantially reduced' [Item 274, Scottish Grocer, 01/03/18, p44].

In December 2018, an analysis article by Kantar Worldpanel about Christmas trading stated that MUP would have 'less effect on premium brands' and reported that brands in Scotland were growing faster than in the rest of the UK as MUP 'eliminated

the price differential between a branded product and the own label equivalent'. Using their data, Lesley Ann Gray strategic lead for Scotland at Kantar Worldpanel reported several effects of MUP in the alcohol products sold:

'Over 80% of us bought alcohol on a deal in the last year, but [price] promotions are now declining both in Scotland and the rest of the UK. ... Although a third of all products are sold on promotion, only two thirds of these will drive incremental sales for the retailers. Alcohol is one of the few categories where promotions are likely to deliver real growth. However, the percentage of alcohol sold on promotion has fallen, from 39% before the introduction of MUP, to 22% in the last 6 months. This fall represents a challenge to both brand owners and retailers in terms of how to achieve growth through full price sales. The good news is that brands are crucial to the take-home alcohol category, and are growing at seven times the rate of own label alcohol in Scotland, a figure which isn't expected to change as MUP starts to bed in.' [Item 628, Gray, Scottish Grocer, 01/12/2018, p71]

Several articles noted that price-marked packs would be affected by the introduction of MUP, and that even if price-marked, the products would have to be sold at a price compliant with MUP. However, it was reported here by a 'licensing expert', that there is no obligation for retailers to sell the product at the price shown 'even where the price mark on a product is not covered' but recommending transparency from retailers ...[Item 365, Junner, Scottish Grocer, 01/05/18, p102]. Several articles discussed reports that price-marked packs were no longer being sold (see 5.6.1) as a result of MUP including price-marked 3,000ml bottles of Strongbow [Item 394, Convenience Store, 18/05/18, p10].

5.5 Communication about anticipated or reported customer responses to MUP

This section outlines findings from the retail trade press analysis on anticipated and reported customer responses and behaviours following MUP. The following themes are covered: potential alternative sources of alcohol (Section 5.5.1), alternatives to alcohol (Section 5.5.2), consumer spending (Section 5.5.3), effects on 'harmful' drinking (Section 5.5.4), and changes in alcohol purchasing choices (Section 5.5.5). The findings provide context for all the research questions.

5.5.1 Anticipated or reported alternative sources of alcohol

Prior to the introduction of MUP, most of the content from UK publications anticipated that MUP would fail to meet its objectives. This was much less common in Scottish publications. One UK-wide editorial argued that MUP 'will not make a difference to people with alcohol dependency problems. If they want a drink, they will get it, regardless of the price' [Item 186, Green, Drinks Retailing News, 15/12/17, p1], and the editor repeated his argument in a 2018 supplement a month after MUP had been introduced: 'it [MUP] may not achieve its aim as problem drinkers are likely to get their hands on alcohol in one way or another' [Item 443, Green, Drinks Retailing News, 08/06/18, pS24].

There were several suggestions, again predominantly in UK publications, that consumers would start to purchase more of their alcohol in England (including purchasing from online retailers who could ship from England). A few articles included predictions of increases in illicit alcohol, though others suggested that this was unlikely. There were no predictions that consumers would turn to non-beverage alcohol. Glen Friel, marketing director from Aston Manor (producers of Frosty Jack's cider) stated:

'It is difficult to predict whether a market for counterfeit products will be created. We feel an increase in crossborder and online sales is more likely, which retailers will need to monitor.' [Item 363, Friel, Scottish Grocer, 01/05/18, p100]

A commentary by Paul Chase (columnist in Drinks Retailing News, director of a training company for alcohol retailers) four months after implementation suggested that a 'revolt' over MUP was starting, claiming that 'Twitter is awash with images of Scottish consumers visiting supermarkets in Carlisle and Berwick-upon-Tweed to buy slabs of beer not subject to minimum pricing' [Item 392, Drinks Retailing News, 18/05/18, p12].

In an article in a UK publication in November 2018, retailers close to the Scotland/England border were quoted, and one reported as having heard stories of cross-border purchasing:

'TB Watson in Dumfries, a whisky and gin specialist, is close to the border. Co-owner Brian Gibson says: 'I've heard of people nipping down to the car, going to Asda in Carlisle and filling their cars with 2-litre ciders and various other things. We had to put our prices up for 2-litre ciders but we didn't sell that many anyway. We had to put Chekov vodka up but it's not a major line for a specialist...' [Item 618, Drinks Retailing News, 09/11/18, p22-23]

Echoing earlier findings, the article went on to quote Gibson as saying that MUP had benefitted his business: 'It means that with, say, a red wine at 13% abv the MUP is £5.10 and we are selling wines for £5.10, so the supermarkets can't undercut us with a wine of that strength,' he says. 'So the differentials between multiples and independents have got closer.'

In the same article, Mike Little, sales manager at House of Malt, 'over the border in Carlisle' was reported as saying that 'he had been expecting 'a little bit of movement' with shoppers crossing over from Scotland 'but nothing's happened at all. I think it's because we do predominantly focus on the higher end of the market.' He adds: 'Even lower-end blends that we have brought in have ticked over but there's been no mass exodus over the border from Scotland to us' [Item 618, Drinks Retailing News, 09/11/18, p22-23].

Whilst online sales were mentioned in passing in other articles, the Scottish Grocer quoted a licensing lawyer who 'sought to reassure retailers after the Mail on Sunday

reported that Amazon was using an online loophole to avoid minimum pricing laws for alcohol’:

‘Speaking to Scottish Grocer, Audrey Junner said that independent retailers shouldn’t be threatened by news that Amazon was selling alcohol for less than 50p per unit by dispatching it outside of Scotland. She said: ‘Such a small proportion of the alcohol consumed in Scotland is bought online, so I don’t think it will hugely change the picture. I don’t see a huge shift to online shopping because of it.’ And although she acknowledged that the MUP-avoidance may seem unfair, Junner also stressed that it is ‘nothing new’ for online retailers dispatching from outside Scotland to avoid licensing laws. She added that although she couldn’t see how it would be ‘physically possible’ for the Scottish Government to stop the so called loophole, retailers should not be overly alarmed as the practice has been going on for years without major impact.’ [Item 602, Scottish Grocer, 1/11/18, p8]

5.5.2 Anticipated alternatives to alcohol

Another possibility raised was that drinkers might turn to other drugs instead of alcohol – this was predicted in a small number of editorials and articles, but no reports or examples given. A commentary by Paul Chase, director, CPL Training (for alcohol retailers) in August 2018 argued that ‘a gram of spice (a synthetic cannabis substitute...) costs £6 and a bag of heroin £8. So, the perverse outcome of introducing MUP in Scotland is that a 3-litre bottle of strong white cider is now 46% more expensive than a gram of spice and nearly 30% more expensive than a bag of heroin’ [Item 535, Drinks Retailing News, 10/08/18, p11].

An earlier article by Jack Cummins (a licensing lawyer), quoted Dr Michael Colvin (a consultant paediatrician from NHS Forth Valley) from The Herald (newspaper) as saying:

‘Some unhappy Scots, finding their favourite tipple out of reach, may simply reach for the painkillers’... ‘If [MUP’s] not dealing with the underlying problem [of

despair] there's a potential for the problem just to change into an opioid problem or something worse.' [Item 380, Scottish Licensed Trade News, 10/05/18, p10]

No examples of such substitution were reported by retailers in the trade press post-MUP implementation.

5.5.3 Anticipated consumer spending on alcohol following MUP

A few articles suggested that drinkers would divert spending from other household budgets to obtain money for alcohol – by doing without food, or cutting back on other items. Again no examples or reports of this happening were given. For example, Janet Hood, a licensing lawyer, argued prior to implementation that:

'people living in dreadful housing, who depend on alcohol for relief from pain and to mask low self-esteem generated by generations of joblessness, will continue to drink and even if the price of the unit is raised they will still make that spend before buying necessities - food, rent, heat, you name it' [Item 215, Scottish Grocer, 01/01/2018, p30].

No examples of such changes were reported by retailers in the trade press post-MUP implementation.

In another article, Norman Loughery, Sales Director of C&C (producers of Tennent's Lager) reported on their own research which suggested that most shoppers would not spend more on alcohol. This implies that most would therefore have no need to take money from other household budgets:

'Our research suggested that the majority of shoppers are likely to spend the same amount on alcohol, with key price points that retailers should look to hit being £5, £10 and £15.' [Item 402, Scottish Local Retailer, 01/05/18, p14]

5.5.4 Anticipated positive effects of MUP on ‘harmful’ drinking

Other commentators were positive about the potential impact of MUP on ‘harmful’ or ‘excessive’ drinking, particularly in Scottish publications. Norman Loughery of C&C again:

‘Whilst the majority of Scots enjoy alcohol responsibly, 25% of the population consume 71% of the alcohol. It is the availability of strong, cheap alcohol, and its correlation with harmful drinking that causes misery across Scotland.’ [Item 315, Scottish Grocer, 01/04/18, p12]

In the same analysis in Scottish Grocer, it was suggested that ‘Minimum Unit Pricing specifically targets those in poverty, consuming alcohol to hazardous or harmful levels’ [Item 315, Loughery, Scottish Grocer, 01/04/18, p12]. Prior to MUP coming in, just one article in a UK wide publication quoted a retailer, Calum Duncan, of Crown Stores, Inverness, who suggested that MUP is needed as ‘excessive drinking is a massive problem in Scotland’ [Item 287, Convenience Store, 09/03/18, p7].

Whilst pessimistic about the impact of the policy on established drinkers, Janet Hood, a licensing lawyer, wrote ‘I believe it might make ‘learner drinkers’ think twice as the cost might make alcohol less of a choice’ [Item 215, Scottish Grocer, 01/01/18, p30].

Another article, from a UK publication, quoted a spokesman for Scotmid Co-operative outlining their support for the policy as a means of reducing harm:

‘Scotmid is fully signed up to the health arguments at the heart of the legislation. ‘Scotmid is completely behind this legislation and believe it will have the desired effect on customers, who can be impacted by alcohol-related problems and help improve the lives of our country’s hardest hit population’.’ [Item 501, Convenience Store, 13/07/18, p20-23]

5.5.5 Reported changes in purchasing choices for alcohol products

Following the introduction of MUP, there were multiple reports of changes in customer purchasing habits as a result of the policy. The most commonly reported changes were customers switching from strong cider to lager or beer products, or to smaller pack or lower ABV ciders, including flavoured ciders.

Firstly, switching from high strength cider to beer/lager was reported from small retailers including Motherwell (Spar), Blantyre (Family Shopper), Fife (Premier), as well as from commentators from Filshill wholesalers, Morrison's supermarket and the Scottish Grocer's Federation. These comments included reference to lager or beer generally, as well as to craft beer (Morrison's) and 660ml bottles of lager (Filshill). See Section 5.6.2 on product size for more information.

Secondly, switching from high strength cider to smaller pack sizes of the same product, or to other ciders with a lower ABV was reported, including by retailers in Angus (Premier), Fife (Premier), Motherwell (Spar) and by Filshill, C&C and Nielsen (using Nielsen Homescan consumer panel data). Strongbow was reported as a specific beneficiary in terms of switching behaviour.

The following quotes are illustrative of both of these purported changes.

'Omar Nasir at Spar Motherwell said ... 'Any cider under £5 is still selling and some strong cider drinkers are moving to lager. We're selling more four-packs of lager and we're getting through four cases a week of Merrydown 750ml.' [Item 485, Scottish Grocer, 01/06/18, p10]

'Sunny Saleem, of Brechin Party Time in Angus, said: 'Behaviour is already changing. Customers are switching from large plastic bottles of cider to smaller cans instead, so we're stocking more of those....Abada Akhtar, of Premier Smeaton Stores in Fife, told RN: 'We've stopped stocking high-strength, three-litre bottles of cider. It's early days, but people are already buying smaller, cheaper bottles of lower-alcohol cider and lager instead.' [Item 382, Retail Newsagent, 11/05/18, p18]

‘Filshill retail director Craig Brown says Strongbow has now become the entry-level cider...A spokesman for Scotmid Co-operative says flavoured ciders have benefited from MUP, in contrast to large packs of ciders. ‘Flavoured ciders were on trend before MUP, but we believe the price changes have moved more shoppers into this sub-category,’ he adds.’ [Item 501, Convenience Store, 13/07/18, p20-23]

‘Scottish shoppers haven’t abandoned cider altogether as those who continue to buy cider are actually buying more and spending more per trip, particularly when it comes to fruit cider, which typically has a lower abv and is therefore cheaper than others.’ [Item 560, Drinks Retailing News, 10/09/18, p7]

Some commentators (including from Filshill, Nielsen, SGF and a retailer) also suggested that MUP had resulted in a switch to wine, though these suggestions appeared more tentative as illustrated by the reported SGF quote below. Commentators also reported switching to smaller bottles of spirits – especially 500ml sizes. This coincided with the launch of new 500ml size bottles of several spirits as discussed in Section 5.3.3 below.

‘Scottish Grocers Federation (SGF) director of policy John Lee says: ‘All our evidence is anecdotal so far, but the transition has been smooth. Retailers seem to have adapted very well and made the necessary adjustments. Consumers of lines affected by MUP have been switching to beer, half bottles of spirits and even wine... ‘With the switch to beer there are advantages to c-store retailers in that beer is usually chilled in c-stores and not always in supermarkets.’ [Item 502, Convenience Store, 13/07/18, p20-23]

Reports from data providers, Nielsen, Kantar and Retail Data Partnership (RDP) also commented on the first months of MUP largely in line with the above themes, and also reporting a boost in sales of premium spirits.

‘According to new research from The Retail Data Partnership ... Smirnoff vodka gained market share at the expense of Glen’s, indicating a shift towards

premium brands as an outcome of MUP.’ [Item 567, Convenience Store, 21/09/28, p4]

An article by Lesley Ann Gray, strategic lead for Scotland at Kantar Worldpanel, stated that:

‘Brands are also growing faster in Scotland than the rest of UK. This growth looks set to continue, particularly in cases where MUP has eliminated the price differential between a branded product and the own label equivalent.’ [Item 628, Scottish Grocer, 01/12/18, p69]

Finally, an article on Nielsen’s Homescan consumer panel data reported that ‘Scottish shoppers have shifted spend [with] 34% of cider spend moving to sparkling wine as an alternative, low-cost, fizzy drink” and noted that the data were showing ‘bigger differentiation between the performance of Scotland’s alcohol market and the rest of Britain when we look at volume growth for different drinks” [Item 560, Drinks Retailing News, 10/09/18, p7].

5.6 Communication about product range

This section outlines changes from the retail trade press analysis regarding alcohol product availability, size and packaging following MUP. Findings are reported in three sections: availability (Section 5.6.1), size of products (Section 5.6.2), packaging (Section 5.6.3). The findings contribute to the following research questions:

- 1 What happens to the alcohol product range offered to consumers?
- 2 What happens to 'cheap' alcohol once it becomes significantly more expensive, for example is it re-branded (in glass bottles) or is it removed from shelves altogether?

5.6.1 Availability

It is clear from multiple reports that many retailers stopped stocking some products in anticipation of or following the introduction of MUP, and the most commonly affected were larger bottles of high strength cider. Where these products were retained, retailers were stocking fewer of them.

JW Filshil (a wholesaler affiliated with Keystore symbol group retailers) reported delisting multiple products prior to MUP including price-marked packs.

'JW Filshill has axed two thirds of white cider SKUs after price hikes forced by minimum unit pricing made the high-strength drinks too expensive for many convenience store shoppers. Lines dropped include 7.5% abv Pulse, which went from £2.99 to £7.50 for a 2l bottle as a result of MUP, the Scottish wholesaler has revealed. Twenty SKUs were dropped in preparation for the introduction of MUP, representing around 10% of Filshill's total cider SKUs, said the firm's senior licence buyer Gerry Monaghan. Retailers under its KeyStore fascia have been advised to stock popular lines such as Frosty Jack's, also 7.5% abv, in smaller volumes to adjust to reduced demand, Monaghan said. Where retailers would once have stocked eight two or three-litre bottles of white cider, they were now being advised to stock two as well as more cans...What most stores will do

is cut the range back and stock less.’ [Item 470, Farrell reporting Monaghan, The Grocer, 23/6/18, p11]

‘Dan Brown, managing director of Nisa Pinkie in Musselburgh, Edinburgh, says: ‘We phased out price-marked cider and spirits and large bottles of cider, but we haven’t de-listed the products. Surprisingly, we still have customers buying them. We thought that they’d drop off completely - a 2ltr bottle of Strongbow has gone from about £3 to £6.’ [Item 504, Mannering reporting in cover feature, Convenience Store, 13/7/18, p20-23]

‘Asif Akhatar, of Premier Smeaton Stores in Kirkcaldy, Fife, has seen his range dramatically changed. ‘Our £3 bottles of 3l cider would have gone up to £11, so we have cut our range right back,’ says Asif. Even a 2l bottle of Strongbow – previously priced at £3.49 – now costs above £5, but remains a must-stock for his business. ‘while high-strength drinks in high-volume bottles are the real losers under the new rules, there are winners,’ Asif’s wife, Adaba, says. ‘We’ve stopped stocking the products which have experienced the biggest price change – three-litre bottles of cheap cider. Instead, we’re filling that space with more single cans and bottles of cider. This includes craft produce and bigger brand where the price and margin is higher.’ [Item 381, Retail Newsagent, 11/05/18, p24-29]

One analysis article reported that cider sales were in decline prior to MUP, citing a negative image of the product and a duty rise as explanations.

‘Super-strength ciders have found themselves at the centre of a public relations nightmare in recent years, thanks to pressure not just from the public health lobby but shoppers who have grown increasingly uncomfortable with strong cider’s ‘problem drinking’ image.’ [Item 469, The Grocer, 23/06/18, p45-59]

A smaller number of items reported retailers delisting other products including Glen’s vodka, stronger lagers, some large multipacks of lager, some whisky blends.

‘Abbie Morgan, owner of Bridgend Service Station in Fife, took a more ruthless approach. ‘We’ve stopped selling the high-ABV, low-price lines such as Frosty Jack’s and Strongbow 2ltr bottles, and Glen’s vodka.’ [Item 504, Mannering reporting in cover feature, Convenience Store, 13/7/18, p20-23]

Some brands may have disappeared altogether, but many were reported as being retained in different pack sizes or formats (see Section 5.6.2).

Some articles reported anticipation that some own-brand spirits might also be discontinued by supermarkets.

Two reports were identified of product launches. Bestway Wholesale (operator of the Best-one symbol group) was reported to have dropped the word ‘white’ from its White Ace Cider and redesigned the packaging, including removal of price marks ‘allowing the product to be fully compliant with MUP’ [Item 410, Scottish Local Retailer, 01/05/18, p60]. Secondly, producers MJS BarTender launched two new premix products on 6th July 2018, citing ‘a gap in the market opened up by the implementation of minimum unit pricing as retailers reassess their alcohol range’ [Item 524, Scottish Grocer, 01/08/18, p30]. The product was reportedly available in two variants, both at 8% ABV and available in 440ml format, with an RRP of £2.99.

5.6.2 Size of products

There were several reports of the launch or promotion of smaller size versions of products affected by MUP. In cider, Aston Manor advertised two new size variants of their product Frosty Jack’s in 2018 at 50 pence per unit (see Figure 5.1 below) as a ‘New Range for MUP’. The adverts ran in two issues of both Scottish Grocer and Scottish Local Retailer in the months following the introduction of MUP.

‘While Aston Manor will continue to make brands such as Frosty Jacks [sic] - subject to a major price hike under MUP - available to retailers, the firm will also increase its focus on smaller packs like 1L PET bottles and 500ml cans.’ [Item 363, Friel, Scottish Grocer, 01/05/18, p100]

Whyte & Mackay (a spirits producer), also launched new 500ml bottles priced at 50 pence per unit reported as a 'more value-friendly option'. The new bottles are a similar shape to that of the 750ml bottles of the same products, although 'changing consumer trends' were cited as part of the rationale for the new sizes.

'Following the introduction of minimum unit pricing (MUP) in Scotland, Whyte & Mackay has unveiled a new 50cl bottle with a £10 RSP. While this expansion of Whyte & Mackay's range of fractional sizes is in response to new legislation, it also comes in the wake of changing consumer trends with smaller-sized bottles now accounting for 35% of all spirit sales.' [Item 415, Scottish Local Retailer, 01/06/18, p19].

'The Glasgow-based Scotch brand [Whyte & Mackay] is claiming an industry first with its new pack (rsp: £10), on sale now in convenience stores both sides of the border last month. The introduction of a 'more value-friendly option' comes after the Scottish government last month introduced a 50p/unit minimum price on booze.' [Item 458, The Grocer, 09/06/18, p36]

Loch Lomond Group (a spirits producer) also advertised new 500ml bottles, of Glen's vodka and High Commissioner whisky in July 2018 (see Figure 5.1 below), although no articles reported on whether this was related to MUP or not [Item 492, Scottish Grocer, 01/06/18, p79].

It was reported that these (or similar) changes were noted by Sukhi Sangha, of Day-Today Elite, in Lochside, Ayr: '...a lot of the larger sizes were downsized by the manufacturers to keep the price looking a bit more attractive' [Item 616, Drinks Retailing News, 09/11/18, p22-23].

More general references to size changes were made in several articles with several reporting changes in consumer preference for smaller sizes (including cans) following the introduction of MUP. C&C (producers of Tennent's Lager) provided their own analysis, based on internal research:

‘C&C Brands has invested heavily in research to identify how the legislation will manifest itself at a behavioural level amongst consumers.... Our research highlights the following: ...Post the introduction of Minimum Unit Pricing, most shoppers are likely to spend the same amount on alcohol. Our research identifies the key price points that retailers should look to hit (£5, £10 and £15) and that packs crossing these thresholds will suffer disproportionate volume losses. This is likely to result in the removal of large packs, with small and midpacks becoming key to category sales.’ [Item 315, Scottish Grocer, 01/04/18, p12]

An end of year analysis article reported that MUP led to a situation in which ‘the alcohol market is in growth, but the overall volumes purchased are in decline with some switching towards smaller packs’ [Item 628, Scottish Grocer, 01/12/18, p71]. The picture was mixed however, with JW Filshill retail sales director Craig Brown reported as saying that ‘beer has seen growth in 66cl premium bottles for sharing’ and some manufacturers launching mini-kegs of their products [Item 615, Drinks Retailing News, 09/11/18, p22-23].

Figure 5.1: Examples of retail trade press adverts highlighting new product sizes*



5.6.3 Packaging (other than changes in size or promotional activities)

Other than changes in product size and price marking, there is little of relevance specifically related to packaging in the dataset. As noted in Section 5.6.1 above, Bestway Wholesale rebranded its white cider product 'White Ace', and 'introduced a new refreshing apple-focused packaging design' [Item 410, Scottish Local Retailer, 01/05/18, p60]. An analysis article considered cider packaging and suggested that a general movement away from single-use plastics, and the introduction of MUP in Scotland 'may mean that PET bottles' days are finally numbered'.

'Health lobbyists seeking to demonise cider have trained their sights on cheap, white cider – but it's specifically the stuff in PET bottles that's been tarred with the biggest image problem of all. Though some producers and major retailers

* Sources: Scottish Grocer, May 2018, p101; Scottish Grocer, June 2018, p79.

took significant steps back from them several years ago, plastic bottles remain a cornerstone of the value category for many shops, particularly in the c-store sector. But the wider shift in public opinion against single-use plastic, coupled with the introduction of minimum unit pricing in Scotland, may mean that PET bottles' days are finally numbered. ... But in terms of the brand packaging that consumers pluck from the retailers' shelves, Frosty Jack's producer Aston Manor isn't ready to write off PET just yet – but it is changing approach in these anti-plastic times.' [Item 585, Huddleston, Drinks Retailing News, 12/10/18, p46]

An article focused on Tennent's lager also mentioned that the brand had been the subject of a 'packaging revamp' and a 'new can design' [Item 624, Scottish Grocer, 01/12/18, p72] (see also Tennent's case study).

5.7 Other commentary

Several of the extracted items also included commentary on MUP as a policy. These included suggestions that MUP is a form of excessive government intervention (Section 5.7.1), that MUP would lead to further intervention in the alcohol market (Section 5.7.2), and that the evidence base underpinning MUP is weak or biased (Section 5.7.3).

5.7.1 MUP as a form of excessive government intervention

Firstly, it was suggested that MUP represented a form of excessive government intervention which reflected the interests and political influence of an 'anti-alcohol lobby'. This 'lobby' group are accused of seeking ultimately to prohibit alcohol by Aston Manor Managing Director, Gordon Johncox (managing director of Aston Manor Cider):

'The objective is to denormalise the consumption of alcohol. The facts are almost irrelevant to the anti-alcohol lobby. They will go about achieving their aims in whatever way they can. We will live in a neo-prohibitionist society if they

have their way.’ [Item 396, Green quoting Johncox, Drinks Retailing News, 18/05/19, p27]

Begley describes MUP as being part of a ‘constant deluge of legislation’ [Item 572, Scottish Local Retailer, 01/10/18, p36]. One article in Scottish Local Retailer praised a recently released report called ‘The McNanny State’, and described Scotland as having an ‘addiction to big government and creeping prohibition’ [Item 417, Scottish Local Retailer, 01/06/18, p9]. These arguments contributed towards the frequent, overarching negative argument that MUP is a form of excessive, ‘nanny-state’ government intervention.

In contrast, one article in a Scottish publication argued that retailers, including those who sell alcohol, have a degree of social responsibility. The article, authored by Leigh Sparks, a University of Stirling academic expert in retail studies*, made the case that retailers cannot ‘hide behind individual rights and personal responsibilities’; firstly because ‘the societal harm from the aggregation of personal decisions is now excessive in terms of personal health and national cost’ and secondly because retail stores are not ‘neutral or fair environment[s]’ for consumers to make purchasing choices’ [Item 495, Scottish Grocer, 01/07/18, p25].

5.7.2 Whether MUP would lead to further intervention

Several articles argued that MUP would be the ‘thin end of the wedge’ and that the minimum price set by the government was likely to increase, especially if evaluations did not show it to be effective (see below). But many articles also argued that MUP would lead to other further intervention. Notably, several such articles appeared in Scottish Licensed Trade News, a publication aimed at bars, pubs and drinking establishments rather than shops. One article in 2017 from Jack Cummins (a licensing lawyer) suggested that:

* Prof. Leigh Sparks is a member of the Economic Impact and Price Evaluation Advisory Group that oversees this study, but was not involved in the team conducting the study.

‘if MUP crosses the finishing line, the health campaigners’ tanks won't grind to a halt - and we'll be at the start of a slippery slope that brings bad news for the whole trade.’ [Item 16, Scottish Licensed Trade News, 03/08/17, p10]

Similarly, Cummins is quoted in the front page article of the same issue:

‘The anti-alcohol lobby’s position is crystal clear: alcohol is an extremely dangerous substance. And it’s frankly a no-brainer to conclude it’s of no fundamental importance whether it’s sold in a pub, restaurant, club or a supermarket. From here it’s a small step towards restrictions on the whole of alcohol retailing well beyond price controls designed, we’re told, to affect only a limited range of products.’ [Item 13, Scottish Licensed Trade News, 3/8/17, p1]

Similar arguments were made after MUP was introduced, including in UK-wide publications. Maximum strength limits, the separation of alcohol and groceries at purchase, the restoration of the ‘hated’ duty escalator [Item 535, Drinks Retailing News, 10/08/18, p11], and restrictions on marketing and labelling were all suggested as potential further interventions that would follow MUP.

‘The public health lobby is very, very excited’ says Chris Snowdon, director of lifestyle economics at the Institute of Economic Affairs. ‘Scotland is not a big country but it has set a precedent. It’s an endless slippery slope.’ Towards plain packaging? Perhaps not just yet, muses Snowdon. ‘But that is certainly the way it’s going. There have already been reports saying we need to have graphic warnings on alcohol’.’ [Item 512, Woolfson, The Grocer, 14/07/18, p26-33]

Several articles suggested that the MUP would not remain at 50p, but would rise, with some suggesting that would happen if the evaluation of MUP did not find it to be effective. The following is from Gordon Johncox of Aston Manor, as reported by Martin Green:

‘With minimum unit pricing, while it [the anti-alcohol lobby] is euphoric it is getting its excuses in early. When it’s proven that MUP didn’t achieve its objectives – and I believe that this will be proven – it will turn around and say:

‘Well, the price wasn’t high enough.’ ‘That highlights another issue with MUP – some people in the trade support it at 50p, particularly those higher-end retailers whose prices are not impacted, but there is a danger of it going up to £1 or £1.50 if is [sic] deemed to be ineffective.’ [Item 443, Green quoting Johncox, Drinks Retailing News, 08/06/18, pS24]

This echoes an earlier prediction from Martin Green in August 2017 when he suggested that ‘it wouldn’t take long for the anti-alcohol groups to lobby for it to go up to £1 and then £2 and so on, and soon the cheapest bottle of wine available would be £20 and everyone would notice’ [Item 27, Green, Drinks Retailing News, 11/08/17, p1].

When MUP was introduced, Scottish Licensed Trade News reported that several pub and nightclub owners were calling for the minimum price to rise from 50p:

‘Donald MacLeod, who owns the Garage and Cathouse nightclubs in Glasgow and the Garage in Aberdeen, said minimum pricing is a ‘no brainer’. But he called on Holyrood to raise the price from 50p a unit. ‘It was set years ago and won’t make a difference now,’ said MacLeod. ‘It’s fair in principle but it’s outdated now. It has to be higher if they want to reap the benefits.’ [Item 145, Scottish Licensed Trade News, 23/11/17, p2]

5.7.3 The evidence base underpinning MUP

Several articles suggested that MUP was a policy based on weak or biased evidence. The 'Sheffield Alcohol Policy Model' was singled out for particular criticism, with editors suggesting that it was based on flawed assumptions or discredited: 'the lives-saved figure is just a political fiction' [Item 335, Drinks Retailing News, 13/04/18, p15]. Some articles presented two opposing views: 'according to academics, many lives could be saved by the policy, with the Scottish government claiming it will reduce the death rate by some 121 people per year by its 20th year. But other experts warn... that it relies on shaky assumptions about how 'at-risk' drinkers behave' [Item 375, The Grocer, 05/05/18, p25].

One editorial went further, quoting an 'industry insider' as suggesting that SAPM figures were 'massaged' at the request of Public Health England and stating 'it fills me with utter despair as I can see Nicola Sturgeon saying to Sheffield 'this is what we want you to say' and them doing it' [Item 186, Green, Drinks Retailing News, 15/12/17, p1].

This argument was extended in the form of hostility towards some of the academics involved in the evaluation of MUP and questioning their objectivity. Citing the SAPM predictions for the first year of MUP, Paul Chase wrote 'how will the achievement of these outcomes be measured? NHS Scotland is charged with overseeing the evaluation, but the zealots from Sheffield and Stirling universities will conduct much of the research ... an exercise in the kids marking their own homework' [Item 392, Drinks Retailing News, 18/05/18, p12].

Noting that MUP would be reviewed under a sunset clause (whereby the Scottish Parliament must vote to continue with the policy or it will lapse), Jack Cummins (a licensing lawyer) suggested that retailers can be 'absolutely sure that Scottish ministers will not be saying 'well, it was a bold experiment, but it failed'' but that other restrictions such as on marketing would be 'deployed to push its success' [Item 656, Scottish Licensed Trade News, 10/01/19, p12]. Echoing the quote from Johncox above, Paul Chase states '...anti-alcohol campaigners are beginning to hedge their

bets. Already we're hearing 'it's not a magic bullet', 'other measures will be needed'' [Item 535, Drinks Retailing News, 10/08/18, p11].

5.8 Summary

The retail trade press provided a rich source of data on business to business communication about MUP's impact on small retailers, small retail customers, and directly or indirectly affected alcohol products. Two-hundred and twelve content items made reference to MUP and were the primary dataset analysed for this chapter. Key findings are as follows:

- Prior to implementation, both positive and negative predictions were made about the impact of MUP on small retailers and consumers. Positive predictions were much more common in Scottish publications than in UK-wide ones.
- Following implementation, there were multiple articles with clear reports from retailers and others of positive impact of MUP on the ability of small retailers to compete with supermarkets, profit margins and the value of overall alcohol sales in small retailers, with one article suggesting that 'business pessimism appears to have been assuaged'.
- Retailers were reported to have prepared for MUP and communicated the changes to customers. There were very few reports of hostile customer reactions, a few suggesting an improvement in antisocial behaviour around small retail premises, and one report of shoplifting thought to be associated with MUP.
- A predicted shift in customer purchasing towards online, cross-border, or illicit sales was not reflected in retailer reports post-MUP implementation. Any online purchasing was thought to be on a very small scale. There were no predictions or reports of switched consumption to non-beverage alcohol.

There were a few predictions but no reports of customers switching to drugs as a result of MUP.

- It was anticipated in some articles that customers would shift their spending from other household budgets to obtain money for alcohol. No examples or reports of this were given in the trade press post-MUP implementation, and analysis by one producer suggested that customers would not spend more on alcohol.
- Following the introduction of MUP, there were multiple reports from retailers and others of changes in customer purchasing habits as a result of the policy. The most commonly reported changes were customers switching from strong cider to beer/lager products, or to smaller pack or lower ABV ciders. Some also suggested that MUP had resulted in a switch to wine or smaller bottles of spirits. The latter was reinforced by the launch of 500ml spirits products by two producers. Changes in consumer behaviour following MUP will be explored in several other studies in the MUP evaluation portfolio.
- Most articles noted that MUP would raise the price of lower price alcohol. There was little sense that products previously selling above the MUP were routinely affected, though this was predicted by one producer of strong cider. One retailer reported that he had increased the price of premium products to maintain a price differential with those affected by MUP, however market data analysis suggested that premium product sales had generally benefited from MUP because price differentials were 'eliminated'. Several retailers also noted that price-marking was less common post-MUP.
- Many retailers were reported as having changed what they stocked particularly dropping larger bottles of strong cider and price-marked packs. A small number were reported as delisting other products including Glen's vodka, stronger lagers, some large multipacks of beer and some whisky blends. Some brands may have disappeared altogether but many were

reported as being retained in different pack sizes including cans or smaller plastic bottles.

- Several of the articles identified reported other commentary on MUP as a policy including suggestions that MUP represented a form of excessive government intervention, that it would lead to further intervention in the market or that it was based on weak or biased evidence.

6. Case studies

Five case studies were conducted of top-selling products (see Section 3.1.6 above for a description of how these were selected). For each product, we analysed relevant findings in the electronic point of sale data, the retailer audit and the retail trade press analysis. The five products were: Buckfast 15% ABV fortified wine (Section 6.1), Frosty Jack's 7.5% ABV cider (Section 6.2), Glen's 37.5% ABV vodka (Section 6.3), Strongbow Original 5% cider (Section 6.4), and Tennent's 4% lager (Section 6.5). The case studies contribute to all the research questions.

6.1 Buckfast case study

6.1.1 Electronic Point of Sale (EPoS) data

Product range

In August 2017, four different Buckfast UPCs were available in the sample. These included 50ml, 250ml, 350ml, and 750ml products in non-returnable bottles (Nrb)*, none of which had price marking. By January 2019, there had been no change in the UPCs available.

Container size (ml)

In August 2017, the weighted average container size of Buckfast was 640ml[†]. There was only a small decrease year-on-year (-1.7%, from 640ml to 629ml) and across the 18 months (-1.3%, from 640ml to 632ml), with no clear variation in any of the

* This was the term used to describe the packaging of these products in the data supplied. Although none of the UPCs monitored in this study were classed as 'returnable', we have retained the current wording to ensure congruence with the data supplied.

[†] The values reported are the weighted averages across the various container sizes available. As such they may not be illustrative of an actual container size that can be purchased.

study periods or around MUP implementation (Table 6.1; Figure 6.1)*. As the average container size is weighted by volume of sales, and there was no evidence of reformulation or changes in the variant offering (i.e. new container size), the small decrease suggests a shift in consumer purchasing towards the smaller container sizes (e.g. 250ml and 350ml) versus larger pack sizes (e.g. 750ml).

Product strength (ABV %)

In August 2017, the weighted average strength of Buckfast was 15% ABV. There was no change to this throughout the study (Table 6.1†).

Number of alcohol units in aggregate product

In August 2017, the average number of units in Buckfast products was 9.6 units³⁴. There was only a small decrease both year-on-year (-1.7%, to 9.4 units) and across the 18 months (-1.2%, to 9.5 units) with no clear variation in any of the study periods or around MUP implementation (Table 6.1; Figure 6.2). This reduction is understandably consistent with the decrease in the weighted product size (ml), and is likely driven by small changes in consumer purchasing of smaller containers.

Nominal sales price-per-unit of alcohol (GBP£)

In August 2017, the nominal average sales price-per-unit for Buckfast UPCs was £0.63 per-unit. There was an increase year-on-year (+4.1%, from £0.63 to £0.66) and across the 18 months (+6.0%, from £0.63 to £0.67), with the time series suggesting that this occurred gradually (Figure 6.3).

* Periods are described in Chapter Three (3.1.1) and in the table below.

† As there was no notable change in weighted ABV for any of the tracked products at any stage of observation, these are not plotted on a time series.

Table 6.1: Changes in key EPoS measures for Buckfast within the three study periods, year-by-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Average container size (ml) ¹	Average product strength (ABV %) ¹	Average units in product (units) ¹	Average sales price-per-unit (GBP £) ²
Period 1 (Aug 17 – Jan 18)				
Nominal value first month	640	15.0	9.6	0.63
Nominal value last month	640	15.0	9.6	0.63
Net change (nominal)	0	0.0	0.0	0.0
Net change (%)	0.0	0.0	0.0	
Period 2 (Feb 18 – July 18)				
Nominal value first month	639	15.0	9.6	0.64
Nominal value last month	632	15.0	9.5	0.65
Net change (nominal)	7	0.0	0.2	0.01
Net change (%)	-1.1	0.0	-1.1	+1.9
Period 3 (Aug 18 – Jan 19)				
Nominal value first month	629	15.0	9.4	0.66
Nominal value last month	632	15.0	9.5	0.67
Net change (nominal)	3	0.0	0.0	0.01

Net change (%)	+0.5	0.0	+0.5	+1.8
12 Months (Aug 17 – Aug 18)				
Nominal value first month	640	15.0	9.6	0.63
Nominal value last month	629	15.0	9.4	0.66
Net change (nominal)	1	0	0.2	0.03
Net change (%)	-1.7	0.0	-1.7	+4.1
Overall (Aug 17 – Jan 19)				
Nominal value first month	640	15.0	9.6	0.63
Nominal value last month	632	15.0	9.5	0.67
Net change (nominal)	8	0.0	0.1	0.04
Net change (%)	-1.3	0.0	-1.2	+6.0

Note: ¹ Data are weighted or, for units, based on weighted calculation; ² Nominal values, i.e. unadjusted for inflation.

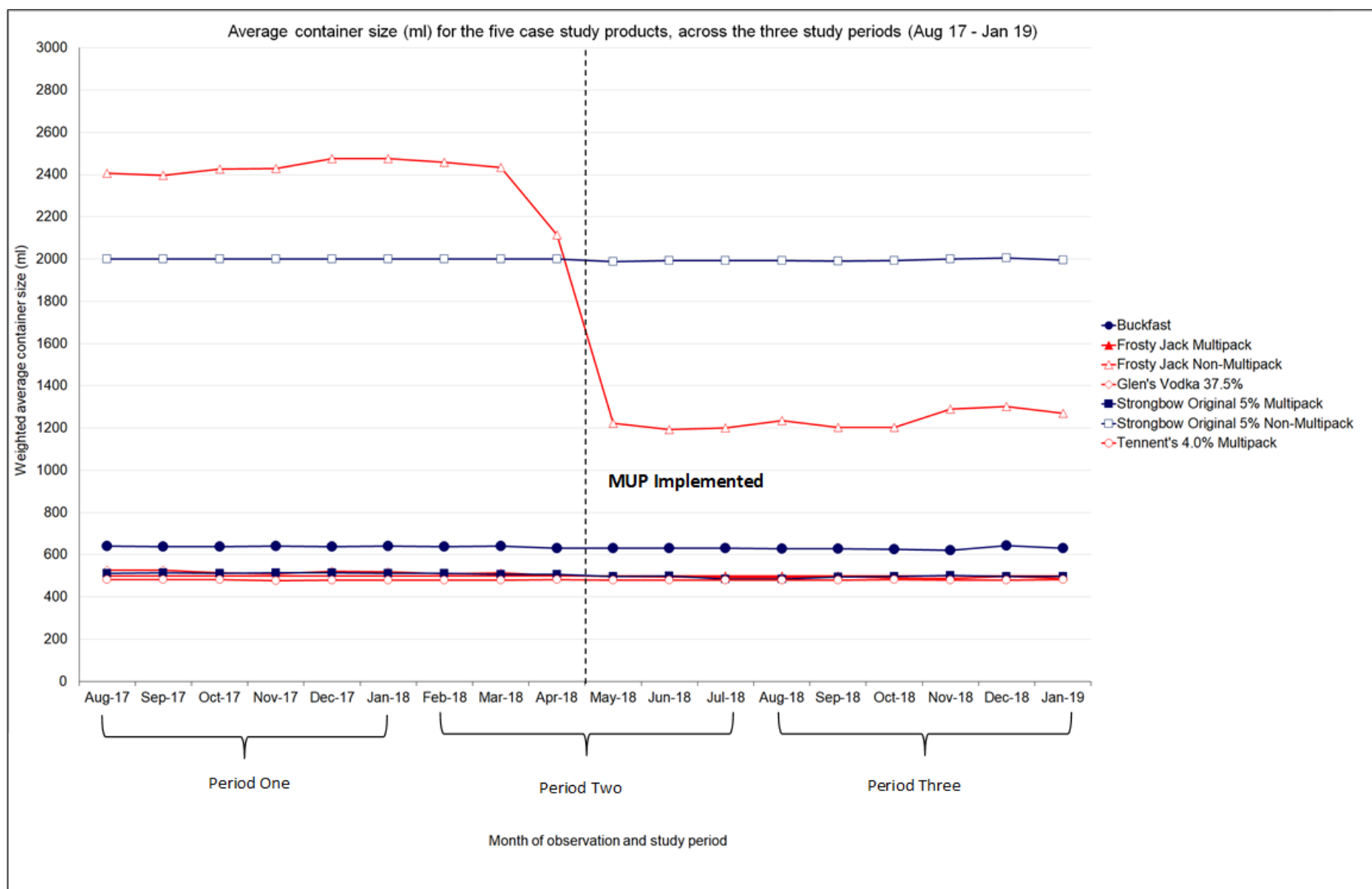


Figure 6.1: Weighted average container size (ml) of the five case study products across the three study periods (Aug 17 – Jan 19)

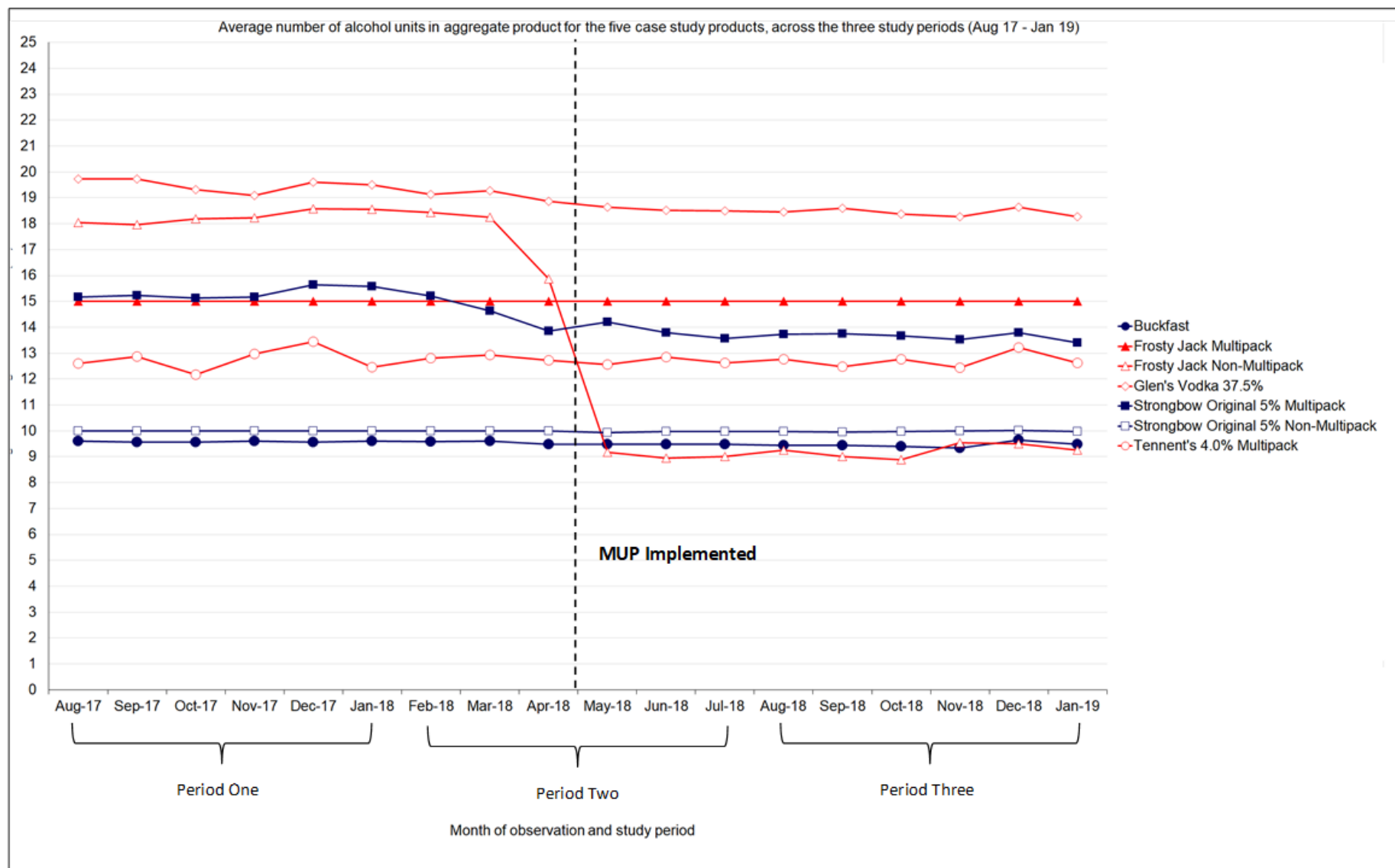


Figure 6.2: Average number of alcohol units in aggregate product for the five case study products across the three study periods (Aug 17 – Jan 19)

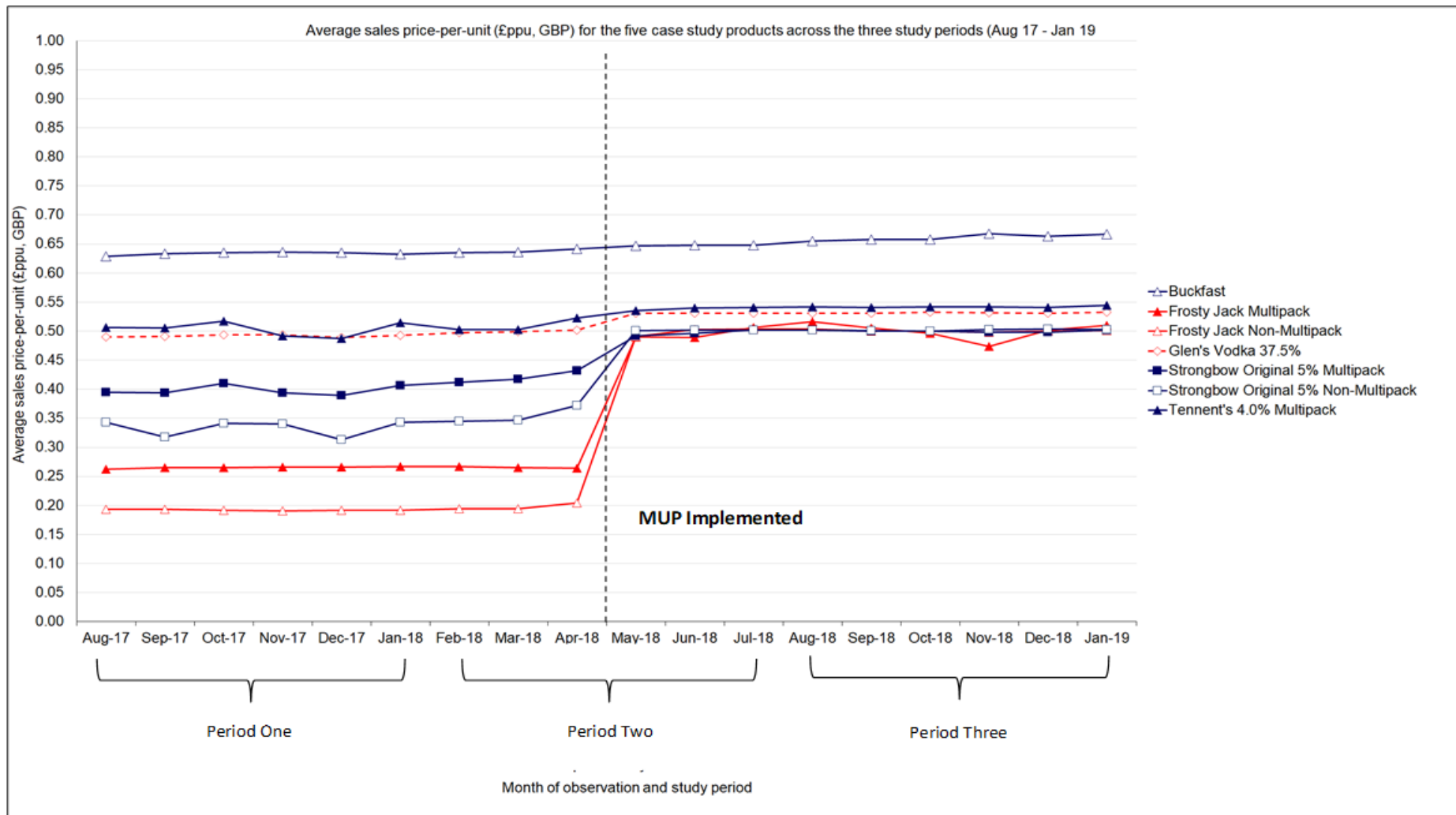


Figure 6.3: Nominal average sales price-per-unit (£, GBP) for the five case study products across the three study periods (Aug 17 – Jan 19); unadjusted for inflation

6.1.2 Retailer audit and interviews

Observational audit

At wave one (October to November 2017), all 20 stores were observed displaying at least one variant of Buckfast, with the 350ml and 750ml bottles the most popular (Table 6.2). By wave two (October to November 2018), one store was observed no longer displaying any variant of Buckfast*. There was no change in the number of stores displaying the 350ml between waves one and two. The numbers displaying the 50ml bottle decreased from four to three between waves one and two. The limited changes observed between waves were reflected in the almost identical average number of variants on display at wave one (Mean = 2.15; SD = 0.49; range: 1-3) versus wave two (Mean = 2.16, SD = 0.37; range: 2-3) (Table 6.2).

In terms of display characteristics, there were no significant differences between waves one and two concerning the average number of facings per store or the number of items displayed at eye-level or in the public aisle (Table 6.2).

Consistent with the EPoS price data, none of the stores at either wave were selling Buckfast below the minimum unit price.

Consistent with the EPoS price data, price marking was not observed on Buckfast products at either wave. The only form of promotion observed concerning Buckfast were off-pack price cues, observed in three stores at both waves. This included one store which displayed off-pack price cues at wave one but none at wave two, and a different store that displayed price cues at wave two but not at wave one. The remaining two stores were the same at both waves.

* The store in question continued to stock Buckfast but had moved the product to a position where it was no longer on open display.

Table 6.2: Buckfast characteristics observed in the Retailer Audit

	Wave 1	Wave 2
No. of stores displaying any variant of Buckfast	20	19
750ml	20	19
350ml	19	19
50ml	4	3
Average no. of variants on display per store	2.15	2.16
	(SD=0.49; range 1-3)	(SD=0.37; range 2-3)
Display characteristics		
Average no. of facings per store	4.85	5.79
	(SD=2.18; range 1-9)	(SD=3.12; range 2-15)
Any item displayed at eye-level:		
No. of stores	11	11
Average no. of variants per store	0.63 ^a	0.88 ^b
	(SD=0.68; range 0-2)	(SD=0.89; range 0-2)
Any item displayed in public aisle:		
No. of stores	11	8
Average no. of variants per store	0.85	0.84
	(SD=0.88; range 0-2)	(SD=1.01; range 0-2)
Price		
Price below MUP (<£0.50):		
No. of stores	0	0
Average no. of variants	0.00	0.00
	(SD=0.00; range 0-0)	(SD=0.00; range 0-0)
Promotional activity*		
Price marking:		
No. of stores	0	0
Average no. of variants per store	0.00	0.00
	(SD=0.00; range 0-0)	(SD=0.00; range 0-0)
Price cues:		
No. of stores	3	3

Average no. of variants per store	0.30 (SD=0.80; range 0-3)	0.21 (SD=0.54; range 0-2)
Price reduction cues:		
No. of stores	0	0
Average no. of variants per store	0.00 (SD=0.00; range 0-0)	0.00 (SD=0.00; range 0-0)
Interactive promotions:		
No. of stores	0	0
Average no. of variants per store	0.00 (SD=0.00; range 0-0)	0.00 (SD=0.00; range 0-0)

Source: Retailer audit; sample: 20 stores.

^a Based on 19 valid stores, one store coded as 'more than one position' with height not specified.

^b Based on 16 valid stores, three stores coded as 'more than one position' with height not specified.

Notes: paired tests suggest that there has been no change in any of the measures between wave one and two.

*In this section of the table, 'no. of variants' means that at least one facing of a variant was observed to display the promotion. See Box 4.1 in Chapter 4 for definitions of promotional activities.

Retailer interviews

The findings in this section are drawn from interviews conducted with retailers who participated in the retail audit at both wave one and wave two.

Prior to MUP implementation, retailers had varying perceptions of whether Buckfast would be affected by minimum unit pricing, with some being aware that the product was already sold at above £0.50-per-unit and others thinking that there would be a 'price increase' (Affiliated retailer, SIMD 1-2, wave one).

Post MUP implementation, retailers perceived no change to the size variants available or to the strength of Buckfast. Similarly, they did not notice any changes to Buckfast packaging or promotions, including price marking. Indeed, one retailer noted a distinct lack of marketing for Buckfast as a key feature of its appeal.

'The whole beauty of that is that it's not marketed; it's done by word of mouth and that's the best form of advertising. They've created their own culture around Buckfast and that's hard to do – you let people create their own culture, that's another way of advertising. And every bit of bad publicity seems to work for Buckfast, you know.' (Non-affiliated retailer, SIMD 1-2, wave two)

One retailer reported seeing the price of Buckfast at the wholesaler rising a couple of months before the introduction of MUP.

'This is what we noticed as well, the price of alcohol did actually go up on things that shouldn't have gone up....Beer, for instance, was one of them; Buckfast was another of them; some spirits was one of them. Again, those shouldn't have been affected by the minimum pricing.' (Non-affiliated retailer, SIMD 1-2, wave two)

Consistent with the observational audit data, retailers said that they were displaying Buckfast at a price above MUP before implementation and maintained the same price after MUP was implemented.

‘When minimum unit came in we were £6 for it anyway... It made no difference.’
(Non-affiliated retailer, SIMD 1-2, wave two)

‘No, no, changes there because I sell it at £7.99, so I never changed... That was above anyway, yes.’ (Affiliated retailer, SIMD 1-2, wave two)

Two other retailers, however, reported raising the price of Buckfast in their stores, despite the previous price already being above MUP. As suggested by one, MUP provided an opportunity to increase the price as customers would have perhaps been expecting most alcohol prices to rise anyway.

‘We used do it at £6.49. I just put it up to £6.99. They knew it was going up in price so they never really bothered about it.’ (Affiliated retailer, SIMD1-2, wave two)

‘Well, I was £7.00; I’ve moved it to £7.50. So, the customers that did question it to say, they were quite happy to pay the 50 pence and that was just because everything else had went up in price, I had to increase that as well. That’s just another increase that came in place, nothing to do with the minimum pricing.... So, we just took it as in, it affected Buckfast as well, this is how it has affected it, I have to put it up by 50 pence.’ (Affiliated retailer, SIMD 1-2, wave two)

While there were reports of increases in value sales for Buckfast in the retail trade press (see 6.1.3, below), reports from the retailer interviews in relation to sales were very mixed. Most of the retailers had not noticed any change in (volume) sales of Buckfast since the introduction of MUP:

‘I’m steady as you go. I’ve not found a drop [in Buckfast sales]...’ (Non-affiliated retailer, SIMD 1-2, wave two)

Some, however, thought that there had been an increase in sales of Buckfast, with some perceiving this as a result of customers switching to Buckfast from products which had now increased in price due to MUP.

‘People have gone back to Buckfast. We’re selling a bit more Buckfast.’ (Non-affiliated retailer, SIMD 3-5, wave two)

‘...they’ve [customers] moved to Buckfast....I think the people that are counting the pennies are like, no it’s not worth it, I’ve moved on to, say, your wines or your Buckfast. So, just moved away from the Frosty’s and the ciders.’ (Affiliated retailer, SIMD 1-2, wave two)

The latter retailer also said that they had also seen increases in the sales of Eldorado, another tonic wine brand.

‘The one thing I’ve noticed HCC has went to K cider, Strongbow’s away and they’re picking up, people like Eldorado.’

‘Cheaper version of Buckfast?’

‘Yeah, cheaper version of Buckfast is selling a lot.’ (Affiliated retailer, SIMD 1-2, wave two)

A couple of retailers described decreasing (volume) sales of Buckfast at wave two, but did not necessarily associate these with the introduction of MUP:

‘It’s not as fast as it used to be, but we still have it, we still buy it. I wouldn’t say it’s a regular style, but every so often, you know, more when the football’s on.’ (Affiliated retailer, SIMD 3-5, wave two)

‘As soon as this [Dragon Soop] came out, that affected Buckfast because all the youth starting drinking them instead of Buckfast... I’m not losing sales because of unit pricing, I’m losing sales because of Dragon Soop and Venom on Buckfast. So it’s not to do with unit pricing.’ (Affiliated retailer, SIMD 3-5, wave two)

6.1.3 Retail trade press

Pre-implementation of MUP

Prior to the implementation of MUP, several articles in the trade press referred to continued overall growth or 'buoyant' (value) sales of Buckfast to March 2017.

'Annual accounts for brand owner show for year to Mar 31st 2017, a 3.1% rise in sales to £43.2m on top of an increase of over 15% in its previous year... Before the 2015/16 financial year, Buckfast's sales had been relatively stable at £36m-£39m before a focus on expansion outside its traditional Scottish base into England helped boost revenues to over £40m.' [Item 228, The Grocer, 13/01/18, p11]

This growth was reported to have continued for Buckfast in the UK despite fortified wine sales in general having 'plummeted over the past year amid resurgent still and sparkling sales, leaving only Buckfast in volume and value growth' [Item 328, The Grocer, 07/04/18, p36]. In the January article above, and a subsequent article in The Grocer, it was noted that operating profits had fallen, at least in part because of a decline in the value of the Pound Sterling against the Euro.

'The company expects modestly increasing turnover during the year 2017/18, although profits will continue to be affected by the worsening exchange rate with the Euro following Brexit.' [Item 246, Scottish Grocer, 01/02/18, p9]

In Scotland, value sales growth of 9.9% were reported for Buckfast in 2017, moving it up one place to ninth in a table of Scotland's off-trade alcohol brands by value sales (Nielsen ScanTrack) [Item 260, Scottish Grocer, 01/03/18, p38].

Concerning promotion and marketing, a trade press article in August 2017 referred to a mobile phone 'app' called 'Find Me Bucky' created by the team at 'wreckthehoosejuice.com', described as a website dedicated to Buckfast. The app used GPS to tell users where their nearest Buckfast retailer was and how much they were selling it for [Item 3, Scottish Grocer, 01/08/17, p7].

Post-implementation of MUP

All of the trade press items discussing Buckfast after implementation of MUP made reference to increases in value sales of Buckfast, though the degree of the increase was unclear or inconsistently reported.

For example, an article in *The Grocer* reported 13.5% growth in Buckfast sales in Britain over the year up to April 2018 (the period pre-MUP) from grocery multiples, co-ops, multiple off-licences, multiple forecourts, convenience multiples and symbols (based on Nielsen ScanTrack). *The Grocer* quoted Buckfast sales manager Stewart Wilson on how 'perceptions of the drink are changing... thanks to years of trying to reposition it as a cocktail ingredient or accompaniment to food' [Item 508, *The Grocer*, 14/07/18, p64].

In another article from May 2018, however, Martin Green, the editor of *Drinks Retailing News*, quoted a different figure:

'Buckfast is set to go through the roof in Scotland. One retailer reported that cider sales are down, but Buckfast sales are flying. Buckfast is already in 28% growth in Scotland and it accounts for three times the number of alcoholic units on the Scottish market as white cider, which is in long-term decline. However, Buckfast – the tonic wine made by Benedictine monks in Devon, described as 'the drink that gets you f***** fast' by devotees and 'a psychopath's playground' by Scottish papers, replete with a 15% abv and more caffeine than a Red Bull – is not affected by MUP.' [Item 396, *Drinks Retailing News*, 18/05/18, p26-27]

The figure quoted here contrasts with the 9.9% sales growth reported in the year to March 2017, and 6% to March 2018 reported widely in early 2019*. No source for this 28% figure could be found, however it is possible that this is a misreporting of J Chandler, owner of Buckfast, profits reported for 2015, which were reported to be up

* E.g. Gates P. Sales of Buckfast hit record high. *Insider.co.uk*, 7 January 2019.

www.insider.co.uk/company-results-forecasts/buckfast-sales-chandler-sons-scotland-13823405

28% ‘despite falling sales’*. In a later article, Martin Green also reports that ‘anecdotally, shopkeepers say they are selling few ciders, while sales of Buckfast – which is unaffected by MUP – are soaring’ [Item 443, Drinks Retailing News, 08/06/18, pS24-S25].

Further anecdotal reports came from Omar Nasir at Spar Motherwell who said that some cider drinkers were moving to lager, and that ‘while 3L bottles of strong white cider are not selling, sales of other ciders and Buckfast have gone up’ [Item 485, Scottish Grocer, 01/06/18, p10]. In November 2018, Drinks Retailing News quoted Sukhi Sangha, who runs Day-Today Elite, in Lochside, Ayr, as saying ‘We haven’t seen a drop in sales but the customers who did drink the ciders or high-volume alcohol drinks have now moved to either Strongbow or Buckfast. Some have actually ‘moved on to beers’ [Item 616, Drinks Retailing News, 09/11/18, p22-23].

Finally, in an article by Jack Cummins, licensing lawyer, in January 2019, he suggests that good weather and the World Cup (in summer 2018) would not explain ‘rocketing sales’ of Buckfast in Scotland.

‘As to the suggestion that the royal wedding may have boosted the alcohol market, the image of Scots toasting Harry and Meghan with a caffeinated alcoholic drink doesn’t come easily to mind.... In fact, Aidan O’Neill QC, representing the Scotch Whisky Association, told the UK Supreme Court that MUP ignored ‘the problem of Buckfast alley’’. [Item 656, Scottish Licensed Trade News, 10/01/19, p13]

* Scotsman Food and Drink Staff. The company behind Buckfast sees profits jump. Scotsman Food & Drink, 14 January 2016. <https://foodanddrink.scotsman.com/drink/the-company-behind-buckfast-sees-profits-jump>

6.1.4 Summary

The findings suggest that Buckfast was largely unaffected by MUP, or at least not directly impacted. According to the EPoS data, the product was already sold at above £0.50-per-unit prior to MUP implementation and there was little or no change in the weighted average strength (ABV %), size (ml), and number of alcohol units, and only a small increase in price. Consistent with this, our observational audit found no change in the variants of Buckfast available between wave one and wave two and only a small reduction in the number of stores displaying all variants. No significant differences were found between the waves in terms of how stores displayed Buckfast, nor any differences in terms of promotion. In the interviews, retailers noted that price marking was not used on Buckfast products, which allowed them to select prices. Some retailers said they set their prices high as a deterrent to anti-social behaviour but others said they set prices lower to maintain competition with, or undercut, other local stores. After MUP was introduced, most retailers reported no increase in price of Buckfast, although some had used implementation as an opportunity to slightly increase price. Retailers' perceptions of (primarily volume) sales of Buckfast following MUP were mixed, with reports of no change as well as of increases and decreases in sales. The trade press reported increases in value sales of varying sizes, although it was unclear the extent to which this was a continuation or acceleration of a pre-MUP trend. Furthermore, the size of the increase sales for Buckfast (either by volume or value) was not clearly or consistently reported in the trade press.

6.2 Frosty Jack's case study

6.2.1 Electronic Point of Sale (EPoS) data

Product range

Frosty Jack's cider was available in both multipack and non-multipack formats. In August 2017, the two multipack UPCs were both 4 x 500ml cans, one price-marked and one non-price-marked, sold either in the intended multipack or split and sold as individual separate containers. By January 2019, only one multipack UPC remained available, the non-price-marked pack. The price-marked pack, which had previously been positioned below MUP (e.g. nominal average sales price-per-unit of £0.26 in August 2017), appeared to be phased out and not replaced. Had one been introduced, it would have been price-marked at approximately £7.50 for the 4 x 500ml pack.

In August 2017, there were five non-multipack UPCs for Frosty Jack's. These were available in a range of size variants, comprising 1,000ml, 2,000ml, and 3,000ml (all in both price-marked and non-price-marked, except the 3,000ml which was only available without price-marking in our sample). All were supplied in polyethylene terephthalate (PET) plastic bottles. In January 2019, four non-multipack UPCs for Frosty Jack's were available among the sample. This included each of three size variants described in non-price-marked packaging; the price-marked versions had been phased out and not replaced, presumably for the same reason as the multipack (e.g. the nominal average sales price-per-unit of the 2,000ml UPC was £0.20 in August 2017). The sample in the final month also included a 2,000ml product in reduced strength (6.0% ABV, vs. 7.5% ABV at baseline), first observed in the sample in September 2018. This product was price-marked at £6.

Container size (ml) and number of containers in a multipack

There were no changes to the weighted average size of each container in the Frosty Jack's multipacks, which stayed at 500ml throughout (Table 6.3; Figure 6.1)*. There was also no variation in the average number of containers in a multipack, which also remained at four containers (i.e. cans) throughout.

In August 2017, the weighted average size of the non-multipack containers was 2,407ml†. There were decreases both year-on-year (-48.7%, to 1,234ml) and across the 18 months (-47.3% to 1,269ml). Most of this decrease occurred in period two (-51.2%, from 2,459ml to 1,200ml) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.3 and Figure 6.1).

Product strength (ABV%)

There were no changes to the weighted average strength of the Frosty Jack's multipack products, which stayed at 7.5% ABV throughout (Table 6.2)³⁴.

In August 2017, the weighted average strength of the non-multipacks was 7.5 ABV. Between August 2017 and January 2019, the weighted average strength decreased slightly (-2.7%, from 7.5 to 7.3% ABV). There was no change in periods one and two (i.e. to July 2018), but a small decrease in period three (-2.7%, from 7.5 to 7.3% ABV), which coincided with the introduction of the lower strength 6% ABV version in September 2018 (Table 6.3).

* As Frosty Jack's multipacks were only ever sold in 500ml 7.5% ABV containers in our sample, consumers did not have the option to switch to smaller/lower-strength brand variants. This meant the weighted average container size and ABV would also be the same, even if sales volume changed.

† The values reported are the weighted averages across the various container sizes available. As such they may not be illustrative of an actual container size that can be purchased.

Number of alcohol units in aggregate product

There were no changes in the average number of units of alcohol in the Frosty Jack's multipack products (i.e. across the total product) which stayed at 15.0 throughout the 18 months; an expected finding as there was no change in container size, containers in a multipack, or ABV.

August 2017, the average number of units in Frosty Jack's non-multipacks was 18.1 units⁴¹. There were decreases in the average number of units both year-on-year and across the 18 months (both -48.7%, to 9.3 units). Most of this decrease occurred in period two (-51.2%, from 18.4 units to 9.0 units) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.3 and Figure 6.2). This decrease was likely a function of changes in the product characteristics (i.e. lower ABV product) and consumer behaviour (i.e. reduced sales of the larger containers and increased sales of smaller containers).

Table 6.3: Changes in key EPoS measure for Frosty Jack's multipack (MP) and non-multipack (NMP) within the three study periods, year-on-year (Aug 17 – Aug 18) and across the 18 months (Aug 17 – Jan 19)

Month	Average product size (ml) ¹		Average product strength (ABV %) ¹		Average units in product (units) ¹		Average sales price (£) ²	
	MP	NMP	MP	NMP	MP	NMP	MP ¹	NMP
Period 1 (Aug 17 – Jan 18)								
Nominal value first month	500	2,407	7.5	7.5	15.0	18.1	0.26	0.19
Nominal value last month	500	2,475	7.5	7.5	15.0	18.6	0.27	0.19
Net change (nominal)	0	68	0	0	0	0.5	0.1	0.00
Net change (%)	0.0	+2.8	0.0	0.0	0.0	+2.8	1.8	-0.8
Period 2 (Feb 18 – July 18)								
Nominal value first month	500	2,459	7.5	7.5	15.0	18.4	0.27	0.19
Nominal value first month	500	1,200	7.5	7.5	15.0	9.0	0.51	0.50
Net change (nominal)	0	1,259	0	0	0	-9.4	0.24	0.31
Net change (%)	0.0	-51.2	0.0	0.0	0.0	-51.2	+90.0	+159.3
Period 3 (Aug 18 – Jan 19)								
Nominal value first month	500	1,234	7.5	7.5	15.0	9.3	0.52	0.50
Nominal value first month	500	1,269	7.5	7.3	15.0	9.3	0.51	0.50

Net change (nominal)	0	35	0	0.2	0	0.0	0.01	0.00
Net change (%)	0.0	+2.8	0.0	-2.7	0.0	0.0	-1.3	-0.5
12 Months (Aug 17 – Aug 18)								
Nominal value first month	500	2,407	7.5	7.5	15.0	18.1	0.26	0.19
Nominal value last month	500	1,234	7.5	7.5	15.0	9.3	0.52	0.50
Net change (nominal)	0	1,173	0	0	0	-8.8	0.25	0.31
Net change (%)	0.0	-48.7	0.0	0.0	0.0	-48.7	+97.2	+160.4
Overall (Aug 17 – Jan 19)								
Nominal value first month	500	1,407	7.5	7.5	15.0	18.1	0.26	0.19
Nominal value first month	500	1,269	7.5	7.3	15.0	9.3	0.51	0.50
Net change (nominal)	0	1,138	0	-0.2	0	-8.8	0.25	0.31
Net change (%)	0.0	-47.3	0.0	-2.7	0.0	-48.7	+94.7	+159.1

Note:

Multipack data only based on sales of the multipack as a whole (i.e. sales of the four cans as intended). Does not include sales of the multipacks that were split and sold as separate units; ¹ Data are weighted or, for units, based on weighted calculation; ² Nominal values, i.e. unadjusted for inflation

Nominal sales price-per-unit (£GBP)

In August 2017, the nominal average sales price-per-unit for Frosty Jack's multipacks was £0.26 (this data only relates to those sold as the intended four cans, and not multipacks sold as separate containers). There were increases both year-on-year (+97.2%, to £0.52-per-unit) and across the 18 months (+94.7%, to £0.51-per-unit). Most of this increase occurred in period two (+90.0%, from £0.27 to £0.51-per-unit) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.3 and Figure 6.3).

In August 2017, the nominal average sales price-per-unit for the Frosty Jack's non-multipacks UPCs was £0.19. There were increases both year-on-year (+160.4%) and across the 18 months (+159.1, both to £0.50-per-unit). Most of this increase occurred in period two (+159.3%, from £0.19-per-unit to £0.50-per-unit) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.3 and Figure 6.3).

6.2.2 Retailer audit and interviews

Observational audit

At wave one, almost all stores (19/20) displayed at least one size variant of Frosty Jack's, with this decreasing to 14 stores at wave two. The decrease appears to have been mostly accounted for by a reduction in the number of stores displaying the 3,000ml bottles of Frosty Jack's, which decreased from 19 retailers at wave one to nine at wave two (Table 6.4). The number of retailers with the 1,000ml size variant on display remained relatively unchanged, with 11 retailers displaying the product at wave one and 10 retailers displaying the product at wave two. Only one store displayed the 500ml can, at wave two only. The Amber Apple variant (which was included as it had the same ABV strength as the Frosty Jack's Original) was observed in one store only at wave one and was no longer on display at wave two.

The average number of variants on display per store decreased slightly between waves, from 1.74 at wave one (SD=0.73, range: 1-3) to 1.57 at wave two (SD=0.65,

range: 1-3) (Table 6.4). The average number of facings displayed per store was unchanged between wave one (Mean = 3.68, SD=2.16, range: 1-9) and wave two (Mean = 4.00, SD=2.31, range: 1-9). This suggests that Frosty Jack's continued to take up the same amount of space in those stores which continued to display it at wave two. Frosty Jack's was usually displayed in the public aisles (11 of 19 stores at wave one, and nine of 14 stores at wave two).

At wave one, all 19 stores sold at least one variant below MUP, with an average of 1.74 variants per store (SD=0.73) priced below MUP (Table 6.4). At wave two, only one store displayed at least one variant below MUP; the 2,000ml, 7.5% ABV bottle of Frosty Jack's at £6.00 (£0.40 per-unit). It is plausible that this pricing below MUP at wave two could have been the result of the retailer mistaking the product for the new 6% product (also sold in 2,000ml) which could be sold at £6. This new, lower-strength product was only first observed in the EPoS data in September 2018, and thus would have been relatively new at the point the retailer audit was conducted.

Table 6.4: Frosty Jack's characteristics observed in the Retailer Audit

	Wave 1	Wave 2
No. of stores displaying any variant of Frosty Jack's	19	14
3,000ml	19	9
2,000ml	2	1
1,000ml	11	10
500ml	-	1
Amber Apple 1,000ml ^a	1	-
2,000ml (ABV reduced)	-	1
Average no. of variants on display per store	1.74	1.57
	(SD=0.73; range 1-3)	(SD=0.65; range 1-3)
Display characteristics		
Average no. of facings per store	3.68	4.00
	(SD=2.16; range 1-9)	(SD=2.31; range 1-9)
Any item displayed at eye-level:		
No. of stores	0	1
Average no. of variants per store	0.00	0.00 ^b
	(SD=0.00; range 0-0)	(SD=0.00; range 0-0)
Any item displayed in public aisle:		
No. of stores	11	9
Average no. of variants per store	1.11	0.64
	(SD=1.10; range 0-3)	(SD=0.50; range 0-1)
Price		
Price below MUP (<£0.50):		
No. of stores	19	1
Average no. of variants	1.74	0.07
	(SD=0.73; range 1-3)	(SD=0.27; range 0-1)
Promotional activity		
Price marking:		
No. of stores	3	1
Average no. of variants per store	0.21	0.07

	(SD=0.54; range 0-2)	(SD=0.27; range 0-1)
Price cues:		
No. of stores	1	1
Average no. of variants per store	0.05	0.07
	(SD=0.23; range 0-1)	(SD=0.27; range 0-1)
Price reduction cues:		
No. of stores	0	1
Average no. of variants per store	0.00	0.07
	(SD=0.00; range 0-0)	(SD=0.27; range 0-1)
Interactive promotions:		
No. of stores	5	0
Average no. of variants per store	0.26	0.00
	(SD=0.45; range 0-1)	(SD=0.00; range 0-0)

Source: Retailer audit; sample: 20 stores.

^a Amber Apple variant was included due to it having the same ABV as original Frosty Jack's

^b Based on 13 valid stores, one store coded as 'more than one position' with height not specified.

* In this section of the table, 'no. of variants' means that at least one facing of a variant was observed to display the promotion. See Box 4.1 in Chapter 4 for definitions of promotional activities.

Concerning promotional activities, only three stores displayed at least one variant with price marking on the pack at wave one, and only one store did so at wave two. At wave one, five of the stores displayed at least one variant with an interactive promotion (all relating to the 'Win the Ultimate Night In' promotion (see Figure 6.4 below), which included headline prizes of 'Ultimate Night In' bundles (TV, sound bar, Lazy Boy chair, Frosty Jack's fridge, iPad and branded glasses) plus lower level prizes of Frosty Jack's glasses, pizza and music/film download vouchers), but none did so at wave two. There was no change between waves in other types of promotional activities.

Figure 6.4: Example of Frosty Jack's with 'Win the Ultimate Night In' interactive promotion



Retailer interviews

The findings in this section are drawn from interviews conducted with retailers who participated in the retail audit at both wave one and wave two.

Retailers generally perceived Frosty Jack's as a lower-priced high-strength cider which had already experienced a decrease in sales in recent years. Some linked the decreasing sales to wider changes in the cider category, such as a growth in higher income customers with a preference for more mainstream brands (see also the Strongbow Original case study in Section 6.4). Some retailers also commented that regular customers of lower-priced strong ciders were no longer purchasing the product which may have been due to a number of reasons:

'It [cider in general] has, it's become more upmarket ...we used to sell case upon case upon case, we used to get delivered the likes of your Frosty Jack [sic], we used to go through about 20 cases a week. Now...I'm lucky if I sell one case a week and again it's nothing to do with opposition, it's just people's...either the people who drank it are either dead, or they've changed their habits, or they can't afford it. It's just...it's really strange, cider has become civilised to a certain extent.' (Non-affiliated retailer, SIMD 3-5, wave one)

'You're lucky if we sell five, six cases a week now. Which is still maybe a lot for a small shop but it just shows you the decline. And I have seen a lot of the drinkers die over the years, our customers, regulars, you know, from alcohol problems.' (Non-affiliated retailer, SIMD 1-2, wave one)

Frosty Jack's was generally bracketed in retailers' minds with other strong white ciders such as HCC, K Cider or Pulse, and they differentiated it from 'real' ciders in terms of its production process.

'This [Frosty Jack's] is just cheap cider. They make it from paste and ferment that. This is bleach basically.' (Non-affiliated retailer, SIMD 1-2, wave one)

Frosty Jack's was generally described as having a small regular clientele, with several retailers stocking a limited number of products just for these customers.

'Don't have many customers for that. Two customers that's all. One lady, one man. ...We know who buys what, because no' very many customer like that. Before very busy. So we got to know them coming for a long time.' (Affiliated retailer, SIMD 3-5, wave one)

'[Frosty Jack's] like I said that's very slow so we don't really bother with that. It's only if we get specifically asked for it you know, that's why we've only got three or four bottles lying down there.' (Non-affiliated retailer, SIMD 1-2, wave one)

Regular customers of Frosty Jack's were perceived by retailers as being price-conscious and heavier drinkers who bought the product due to its low price point and high strength.

'Yeah. So...this is not a glass table item. Like no one is going to be fine dining and have Frosty Jack's!...The kind of people...the class of people that drink them are...mostly alcoholics who just want a quick buzz for a cheaper price.' (Affiliated retailer, SIMD 1-2, wave one)

'Bear in mind Frosty Jack's is what the alcoholics go for around here anyway I would say. That's what they go for...I can't picture in my mind anybody that buys Frosty Jack [sic] that actually works.... things like that tend to be the people that are wanting a quick hit. Its strong alcohol content and they want to get drunk off it.' (Non-affiliated retailer, SIMD 3-5, wave one)

'It's more...I would say more middle-aged people. I would say 30s onwards I think. I think that suits them I guess you know so...I know it's quite popular with the homeless folk and stuff like that you know? People who are dependent alcoholics.' (Affiliated retailer, SIMD 3-5, wave one)

At wave two, many retailers stated that they were no longer stocking Frosty Jack's 3,000ml bottles as these had become prohibitively expensive for the customers who had previously bought them.

'We sold, like, the 3 litre as well, but due to the unit price...nobody buys it. We sell the litre for...before that, we sell a quite huge amount of Frosty Jack's. But

now...right now it's...after 4 or 5 months, only by one customer and he cries when he's buying that.'

'Did you keep the 3 litre in stock for a while after the price went up?'

'No...because the price was too high. Nobody buy 11 quid a bottle, 3 litre. Rather than buying that, they prefer to buy the Strongbow for 2 litre and 5 quid.'
(Affiliated retailer, SIMD 1-2, wave two)

Five retailers had stopped selling Frosty Jack's altogether with one of these retailers reporting that they had begun to reduce the amount they were buying from the wholesalers before MUP was implemented as they believed their customers would no longer buy the product once the price had increased.

'The last one I'll just ask you about was Frosty Jack's.'

'We did used to stock that.'

'You did, you had it there, didn't you?'

'It was a fairly good cider...sorry, seller. But we knew nobody would pay, I don't know, £11, £12?'

'£11, yes.'

'No. No way would anybody...'

'So when did you stop selling it?'

'We'd asked customers who used to drink that well before, about a month or so before if they were going to buy it or not and of course they said no. So we just stopped it as soon as...we still got it stopped, to be honest, about a month before [MUP].'
(Non-affiliated retailer, SIMD 1-2, wave two)

One retailer had stopped selling Frosty Jack's altogether as they were concerned about the possibility of thefts by customers who were now unable to afford it.

‘Aye, if you continued selling it, that’d be an absolute target for any thief. No doubt about that’.

‘So you’re thinking if you’d kept Frosty Jack’s then...’

‘That’d have gone behind the counter. That definitely would have.’

‘Yeah. You wouldn’t...’

‘Cause it would have been stolen. No doubt.’ (Affiliated retailer, SIMD 3-5, wave two)

One retailer had introduced the 500ml cans of Frosty Jack’s, from the multipack, describing how these had been provided to them as a promotion to try and offset the decreasing sales of the larger bottles. However, the retailer reported that the cans were not selling:

‘Actually the company gave us a promotion for that because their bottles are not selling, so they send us the [Frosty Jack’s] cans. So they want to try them. But still not a single response from anybody.’ (Non-affiliated retailer, SIMD 1-2, wave two)

One retailer had introduced the 2,000ml reduced ABV bottle of Frosty Jack’s which was price-marked as ‘£6.00 MUP’ (see Figure 6.5 below):

‘Yes. So, Frosty Jack’s obviously changed. You’re not tending to sell the big bottles anymore, is that right?’

‘No. They’ve done away with their three litres. You know, they’ve got two litres and we used to sell the three litres. People are going for the two litres because it’s cheaper. It’s £6.00 as opposed to £11.50 but a lot have switched to Strongbow.’ (Non-affiliated retailer, SIMD 3-5, wave two)

Another retailer also commented on the 2,000ml price-marked product being sold at £6.00 due to its reduced ABV, believing that this was an attempt to tackle the decreasing sales of the larger containers.

‘Yeah, they’ve changed again – the aim is more driven by money. You see they’re advertising the two litre bottle at £6, so you see more price-marked stock coming through, and they’ve got litre bottles coming through...But no, not really; they’ve tried different marketing techniques and I think they have seen a slight drop of sales on Scotland.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Some retailers described how customers had remained loyal to Frosty Jack’s but were now buying the product in the smaller 1,000ml bottles instead of the larger 2,000ml or 3,000ml bottles.

‘The guys that buy the Frosty Jack’s...there’s only one guy. So, he buys it. So, we just get a case for him once a week. So, that’s it.’

‘He’s buying the smaller bottles?’

‘The smaller bottles.’

‘He’s not buying the big ones, yes.’

‘Yes.’ (Affiliated retailer, SIMD 1-2, wave two)

Figure 6.5: Example of the Frosty Jack's lower-strength (6%) 2,000ml price-marked pack



Retailers described a general slowing down of sales of Frosty Jack's post-MUP implementation. Sales of the larger bottles of Frosty Jack's were believed to have decreased greatly, with some retailers reporting that once their current stock had sold out, they had no plans to purchase any more. Some retailers anticipated having to dispose of the stock they were not able to sell.

'And, there is a date on my 3 litre just now for December, and that's when minimum price is now and once that 3 litre goes I will not be bringing the big bottles back in.' (Affiliated retailer, SIMD 1-2, wave two)

‘So, I’m going to wait a couple of months and if somebody is going to buy at that price, if not I need to put it down a drain, need to throw them away.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Although the retail price for Frosty Jack’s had increased significantly, the price at the wholesalers was reported to have only increased slightly, meaning larger margins on those products which retailers were able to sell.

‘Cash and carry obviously the increase in minimum pricing, their prices have went up but not as much as what we expected. We still get, just for example, Frosty Jack [sic], only went up £1.00 in the cash and carry.’

‘Okay, right.’

‘But, for us to sell it it’s went up double, but even though the customer is still not picking it up. We are still getting it similar to the same price as what we were getting it before, the customer is still paying the penalty for the minimum price, it’s not us that’s paying the penalty for it.’ (Affiliated retailer, SIMD 1-2, wave two)

As described in Section 4.4.3, compliance, some retailers perceived that below-MUP selling of Frosty Jack’s to regular customers was occurring, with one retailer in our sample admitting to doing this himself, his justification being that other retailers were also doing it. However, most retailers believed it was not worth the risk to try and sell this product below-MUP.

A few retailers described a tendency for previous Frosty Jack’s customers to switch to the ‘next cheapest’ (Affiliated retailer, SIMD 1-2, wave two), alternative product, which included other strong ciders such as HCC Pear and K Cider which were available in cans.

‘Obviously 90 per cent of my cider drinkers it wasn’t choice, it was mostly the price of the cheap cider...And, now they are sticking to whatever is the next cheapest thing...So, they are still buying the cans, the K and things like that...K and HCC, yeah. That’s the ones I have to watch in case they are trying to steal.’ (Affiliated retailer, SIMD 1-2, wave two)

Other retailers commented that previous Frosty Jack's customers had switched to other cider brands such as Strongbow or Scrumpy Jack now that the price differential between brands had narrowed.

'What we have noticed is the stuff that folk bought before, they don't buy now, it's changed what people is buying, because for example, we used to sell like Frosty Jack, we don't sell any Frosty Jack [sic] now, because they can get Scrumpy Jack, which is a better cider for the same price, they go for that or Strongbow.' (Non-affiliated retailer, SIMD 3-5, wave two)

6.2.3 Retail trade press

The retail trade press coverage of Frosty Jack's covered trends in the cider category, discontinuation of large bottles of Frosty Jack's following MUP, business news and profiles of Aston Manor, Frosty Jack's producer, and commentary on MUP from Aston Manor representatives.

Pre-implementation of MUP

Several items reported that the strong cider category in Scotland would be affected by MUP, but some articles reported that this was just one factor in a wider '*long term decline*' [Item 149, *The Grocer*, 25/11/17, p43] in these products in favour of more premium or flavoured ciders. Despite reports of a decline, an article in March 2018 reported that Frosty Jack's value sales in Scotland's off-trade increased 10% in the year to December 2017 (Nielsen Scantrack) [Item 278, *Scottish Grocer*, 01/03/18, p39]. One article reported on consumer research from Frosty Jack's producer, Aston Manor, finding that customers found the term 'white cider' to be '*negative and unhelpful*' [Item 339, *Convenience Store*, 20/04/18, p38].

Post-implementation of MUP

At the UK level, Frosty Jack's was reported to be performing well. An analysis in *The Grocer* in June 2018 stated that 'Frosty Jack's is still the UK's ninth favourite cider brand, with value sales of £30.5m' for the year to April 2018 (Nielsen data), 'though this is down 3.6% on last year' [Item 469, *The Grocer*, 23/06/18, p45-59]. Frosty

Jack's own advertising directed at retailers cited IRI sales value data (April 2018): 'the UK's no.3 take home cider brand worth over £40m' [Item 411, Scottish Local Retailer, 01/05/18, p61].

In Scotland the larger pack sizes were very affected by MUP, with many shops reporting discontinuing them or stocking and selling only very few post MUP. Customer purchases shifted either to smaller plastic bottles or cans, or to other products such as lager or lower ABV ciders. One retailer in Lanark, Wilson Rea, owner of a KeyStore More, was reported as saying 'We've replaced the likes of Frosty Jack's 3ltr bottles with 1ltr lines, so customers can still buy Frosty Jack's if they want' [Item 366, Convenience Store, 04/05/18, p3], and in another article, a retailer in Fife, Abbie Morgan, owner of Bridgend Service Station, was described as taking a 'more ruthless approach' and categorised Strongbow as 'high ABV' along with Frosty Jack's. She was quoted as saying:

'We've stopped selling the high-ABV, low-price lines such as Frosty Jack's and Strongbow 2ltr bottles ... Frosty Jack's drinkers have moved to Magners. There's been no complaints, even though they're paying more.' [Item 504, Convenience Store, 13/07/18, p20-23]

The smaller pack sizes were featured in adverts across Scottish publications aimed at small retailers [e.g. Item 364, Scottish Grocer, 01/05/18, p103; Item 411, Scottish Local Retailer, 01/05/18, p61] and one UK publication [Item 437, Retail Newsagent, 08/06/18, pS9], (see Figure 5.1 in Section 5.6.2). Glen Friel, the marketing director at Aston Manor was reported as saying: 'while Aston Manor will continue to make brands such as Frosty Jacks [sic] – subject to a major price hike under MUP – available to retailers, the firm will also increase its focus on smaller packs like 1L PET bottles and 500ml cans' [Item 363, Scottish Grocer, 01/05/18, p100].

Retailers were advised in some articles and in an Aston Manor advertorial to 'stock the shelves to cover all the bases':

'To maximise the opportunity to increase cider sales, retailers should stock the shelves to cover all the bases – from value brands through mainstream and into

premium products. The key consideration is to avoid duplication and offer shoppers a choice of styles and formats to meet cider drinking occasions. Aston Manor support this by offering retailers the broadest range in the industry, not only in with style of cider, but in packaging formats too.' [Item 345, The Grocer, 28/04/18, pS12]

In an article discussing trends away from plastic packaging, Aston Manor's Glen Friel is quoted as saying that cider in PET packaging remains a 'a must-stock product for shop owners and something to focus their efforts on' [585, Drinks Retailing News, 12/10/18, p46]. Several items featured Frosty Jack's producer, Aston Manor, emphasising that the company produces a range of ciders across the price spectrum. An advertorial in June 2018 profiled Aston Manor, describing them as suppliers of 'a wide range of brands, from mainstream ciders such as Crumpton Oaks and Kingstone Press to award-winning premium ciders such as Friels and Knights Malvern Gold, plus leading value cider brand Frosty Jack's and a number of own-labels' [Item 436, Drinks Retailing News, 08/06/18, pS26-S27]. An advertorial, in another UK title, included a cider 'planogram' for retailers to follow and lay out their store's fixtures or chiller, showing Frosty Jack's among Aston Manor's full range [Item 536, Convenience Store, 10/08/18, pS34-S35]. One advert by Aston Manor placed pre-implementation of MUP in Drinks Retailing News stated that 'We produce the broadest range of ciders' and that they created 'exclusive brand solutions for retailers' but it omitted Frosty Jack's from the line-up of four brands featured [Item 84, Drinks Retailing News, 20/10/17, p43].

Some news articles covered a buyout of Aston Manor by the French agriculture cooperative Agrial in autumn 2018, following 'a year-long search for investment by the cider maker' [Item 542, The Grocer, 11/08/18, p10]. However, there was no discussion of the new lower strength 6% ABV Frosty Jack's variant or the 'Win the Ultimate Night In' promotion identified in the EPoS data analysis and observational audit above.

Finally, commentary from representatives of Aston Manor was included in several articles discussing MUP as a policy more generally and the UK government duty rise

on stronger cider. These articles did not specifically comment on impact on Frosty Jack's and the discussion of MUP as a policy is included in Chapter 5.

6.2.4 Summary

Of our five case study products, Frosty Jack's appears to have been the most affected by MUP. The EPoS data demonstrated that the nominal average sales price-per-unit had increased significantly for both multipack and non-multipack variants, from £0.26 and £0.19 (respectively) in August 2017 to £0.51 and £0.50 (respectively) in January 2019, rises of 95% and 159%. Both the EPoS data and the audit identified a reduction in use of price marking on the higher-strength products which had increased significantly in price, and the introduction of a new lower strength non-multipack product sold in a 2,000ml bottle (at 6% ABV rather than 7.5% ABV) which was price-marked at £6; albeit the retailers interviewed suggested that take up of this new lower strength product was limited. The EPoS data also revealed a decrease in the average weighted size of non-multipack UPCs. This is consistent with the audit which found that less than half of retailers were still displaying the 3,000ml bottles post-MUP implementation, with retailers' perceiving that customers would not be willing to pay prices at MUP or above. In the audit, five retailers had ceased to sell the brand altogether for the same reason.

In the interviews, retailers generally perceived that sales had considerably reduced for Frosty Jack's and described how some customers had switched to other cider brands, including Strongbow, now that the price differential had reduced. One retailer in our sample admitted in the interviews to having sold Frosty Jack's at below MUP after MUP had been introduced. The trade press largely mirrored these findings, with retailers reporting discontinuing larger format products in favour of smaller pack sizes, or weaker cider, in line with changed customer demand. Many also reported customers switching from strong cider to lager. There were mixed reports of trends in value sales of Frosty Jack's at UK level. Adverts and advertorial content were used to promote smaller pack sizes of Frosty Jack's, to advise retailers to keep stocking it, and/or to emphasise the range of other products produced by Aston Manor.

6.3 Glen's 37.5% vodka case study

6.3.1 Electronic Point of Sale (EPoS) data

Product range

In August 2017, there were 14 UPCs for Glen's 37.5% vodka available in our EPoS sample*. These comprised 200ml, 350ml, 700ml, 1,000ml, and 1,500ml products, all sold in non-returnable bottles (Nrbs)[†]. All size variants, apart from the largest container, were available in both price and non-price-marked packaging. There were instances in which one container size was seemingly available with different levels of price-marking. By January 2019, the number of Glen's 37.5% vodka UPCs available in our sample had decreased to 10. The decrease in UPCs appears to have been accounted for by the delisting of some price-marked UPCs, rather than by the delisting of any size variants. For example, one of the price-marked 700ml bottles had a nominal average sales price-per-unit of £0.45 in August 2017, suggesting that it had been price-marked below MUP. All size variants continued to be available in our sample in January 2019, and a new 500ml price-marked container had also been introduced, which was first observed in May 2018 – around MUP implementation.

Container size (ml)

In August 2017, the weighted average size of Glen's 37.5% vodka UPCs was 526ml (Table 6.5)[‡]. There were decreases year-on-year (-6.5%, to 492ml) and across the 18 months (-7.4% to 487ml). Although the largest decrease in container size

* Excluding Glen's Platinum (a stronger 40% vodka) and Glen's Gin.

[†] This was the term used to describe the packaging of these products in the data supplied. Although none of the UPCs monitored in this study were classed as 'returnable', we have retained the current wording to ensure congruence with the data supplied.

[‡] The values reported are the weighted averages across the various container sizes available. As such they may not be illustrative of an actual container size that can be purchased.

occurred in period two (-3.3%), the time series suggested that this decrease was gradual, as opposed to an acute change around MUP implementation (Figure 6.1). As the average was weighted, this gradual decrease may have been explained by both changes in brand variant offering (e.g. introducing the 500ml Nrb) and consumer purchasing habits (e.g. greater sales for small products or reduced sales for larger products), or a combination of the two.

Product strength (ABV %)

There were no changes to the weighted average strength of the Glen's vodka, which stayed at 37.5% ABV – the minimum legal strength for vodka - throughout (Table 6.5).

Number of alcohol units in the aggregate product

In August 2017, the average number of units in Glen's 37.5% vodka UPCs was 19.7 units. There was only a decrease year-on-year (-6.5%, from 19.7 to 18.5 units) and across the 18 months (-7.4%, from 19.7 to 18.3 units), albeit this decreased appeared to occur gradually over time rather than an acute change around MUP implementation (Table 6.5; Figure 6.2). This reduction is understandably consistent with the decrease in the weighted product size (ml).

Nominal sales price-per-unit of alcohol (GBP£)

In August 2017, the nominal average sales price per unit for Glen's 37.5% vodka UPCs was £0.49-per-unit. There was an increase both year-on-year (+8.5%) and across the 18 months (+8.8%, both to £0.53-per-unit). Most of this change occurred in period two (+6.8%) and there was an acute change that coincided with MUP implementation, before remaining relatively stable thereafter (Figure 6.3).

Table 6.5: Changes in key EPoS measures for Glen's 37.5% vodka within the three study periods, year-on-year (Aug 2017 – Aug 2018) and across the 18 months (Aug 17 – Jan 19)

Month	Average product size (ml) ¹	Average product strength (ABV %) ¹	Average units in product (units) ¹	Average sales price per unit (£) ²
Period 1 (Aug 17 – Jan 18)				
Nominal value first month	526	37.5	19.7	0.49
Nominal value last month	520	37.5	19.5	0.49
Net change (nominal)	6	0.0	0.2	0.00
Net change (%)	-1.1	0.0	-1.1	+0.5
Period 2 (Feb 18 – July 18)				
Average (ml) in first month	510	37.5	19.1	0.50
Average (ml) in last month	493	37.5	18.5	0.53
Net change (nominal)	17	0.0	0.2	0.03
Net change (%)	-3.3	0.0	-1.0	+6.8
Period 3 (Aug 18 – Jan 19)				
Average (ml) in first month	492	37.5	18.5	0.53

Average (ml) in last month	487	37.5	18.3	0.53
Net change (nominal)	5	0.0	0.2	0.00
Net change (%)	-1.0	0.0	-1.0	+0.3
12 Months (Aug 17 – Aug 18)				
Nominal value first month	526	37.5	19.7	0.49
Nominal value last month	492	37.5	18.5	0.53
Net change (nominal)	34	0.0	1.3	0.04
Net change (%)	-6.5	0.0	-6.5	+8.5
Overall (Aug 17 – Jan 19)				
Average (ml) in first month	526	37.5	19.7	0.49
Average (ml) in last month	487	37.5	18.3	0.53
Net change (nominal)	39	0.0	1.5	0.04
Net change (%)	-7.4	0.0	-7.4	+8.8

Notes: ¹ Data are weighted or, for units, based on weighted calculation; ² Nominal values, i.e. unadjusted for inflation

6.3.2 Retailer audit and interviews

Observational audit

The observational audit found that all 20 stores displayed multiple size variants of Glen's vodka* at both waves (Table 6.6), with 1,000ml, 700ml, 350ml, 200ml and 50ml size variants all displayed by all stores at wave one. Consistent with the EPoS data, no stores displayed a 500ml variant at wave one, but three stores were displaying this at wave two.

Table 6.6: Glen's vodka characteristics observed in the Retailer Audit

	Wave 1	Wave 2
No. of stores displaying any variant of Glen's	20	20
1,000ml	20	20
700ml	20	20
500ml	-	3
350ml	20	18
200ml	20	19
50ml	4	6
Average no. of variants on display per store	4.20 (SD=0.41; range 4-5)	4.30 (SD=0.73; range 3-6)
Display characteristics		
Average no. of facings per store	8.15 (SD=3.45; range 5-19)	8.95 (SD=4.61; range 4-23)
Any item displayed at eye-level:		
No. of stores	19	17
Average no. of variants per store	3.33 ^a (SD=1.24; range 0-5)	2.79 ^b (SD=1.75; range 0-6)
Any item displayed in public aisle:		
No. of stores	1	0
Average no. of variants per store	0.05	0

* Excluding Glen's Platinum (a stronger 40% vodka) and Glen's Gin.

	(SD=0.22; range 0-1)	(SD=0.0; range 0-0)
Price		
Price below MUP (<£0.50):		
No. of stores	20	3
Average no. of variants	2.0	0.15
	(SD=0.0; range 2-2)	(SD=0.37; range 0-1)
Promotional activity*		
Price marking:		
No. of stores	20	20
Average no. of variants per store	3.30	1.90
	(SD=0.66; range 2-4)	(SD=0.55; range 1-3)
Price cues:		
No. of stores	2	2
Average no. of variants per store	0.20	0.20
	(SD=0.62; range 0- 2)	(SD=0.62; range 0-2)
Price reduction cues:		
No. of stores	1	0
Average no. of variants per store	0.10	0
	(SD=0.45; range 0-2)	(SD=0.00; range 0-0)
Interactive promotions:		
No. of stores	0	18
Average no. of variants per store	0	0.90
	(SD=0.00; range 0-0)	(SD=0.31; range 0-1)

Source: Retailer audit; sample: 20 stores.

^a Based on 18 valid stores, two stores coded as 'more than one position' with height not specified.

^b Based on 19 valid stores, one store coded as 'more than one position' with height not specified.

*In this section of the table, 'no. of variants' means that at least one facing of a variant was observed to display the promotion. See Box 4.1 in Chapter 4 for definitions of promotional activities.

The average number of Glen's vodka variants observed on display per store was constant between waves: 4.20 at wave one (SD=0.41; range: 4-5) and 4.30 at wave two (SD=0.73; range: 3-6) (Table 6.6).

The average number of facings displayed per store was also largely unchanged between waves: 8.15 at wave one (SD=3.45, range: 5-19) and 8.95 at wave two

(SD=4.61, range: 4-23). Glen's vodka was nearly always displayed at eye-level (waist to head height), and hardly ever in the public aisles, with only one store displaying it in this location, at wave one (Table 6.6).

At wave one, all stores sold at least one variant of Glen's vodka below MUP, with an average of two variants per store (SD=0.0) priced below MUP. At wave two, only three stores sold at least one variant of Glen's vodka below MUP (Table 6.6). The variants which were most likely to be sold at below MUP were the 1,000ml and 700ml sizes at wave one, and it was the 700ml variant that was sold below MUP at wave two.

All stores displayed at least one variant with price marking on the pack at both waves. However, consistent with the EPoS, the average number of variants per store with any price marking decreased from 3.30 per store at wave one (SD=0.66, range: 2-4) to 1.90 at wave two (SD=0.55, range: 1-3) (Table 6.6).

At wave one, none of the stores displayed any Glen's vodka variants with any interactive promotions, but 18 stores did so at wave two. In all cases, this was a promotion on the 700ml bottle inviting customers to enter a prize draw for a free holiday, festival tickets and branded merchandise by scanning a code printed on the bottle using the music identification app Shazam (see Retail Trade Press Section, 6.3.3). There was little or no change between waves in other types of promotional activities.

Retailer interviews

The findings in this section are drawn from interviews conducted with retailers who participated in the retail audit at both wave one and wave two. Although the focus of the case study is on Glen's 37.5% vodka – hereafter Glen's vodka – retailers sometimes made reference to other variants in their comments (eg. Glen's Platinum vodka).

In the interviews, retailers generally described Glen's vodka as a popular product, often their best-selling vodka, although with some fluctuations in sales trends both seasonally and over recent years:

'Probably the best spirit seller we have from the bottles to the smaller quantities, the half bottles, the quarter bottles.' (Affiliated retailer, SIMD 3-5, wave one)

'I would go as far as to say I would sell five times more Glen's than I would Smirnoff.' (Non-affiliated retailer, SIMD 3-5, wave one)

'It's very cyclical, there are times we sell quite a lot of Glen's and there are other times it doesnae [does not] move at all.' (Non-affiliated retailer, SIMD 3-5, wave one)

'We don't sell a huge amount of Glen's like we used to. Glen's, if you get a 12 pack, 12 litres and 12 70cl, we would sell maybe 24 of each a week. You're lucky if we maybe sell ten bottles of each a week now. It's almost halved over the years.' (Non-affiliated retailer, SIMD 1-2, wave one)

Glen's vodka was generally perceived by retailers as being a cheaper alternative to Smirnoff, the brand to which it was most commonly compared, and to brands such as Cîroc and Grey Goose, for which retailers perceived there was only a small market. Both Glen's and Smirnoff were seen as having their regular loyal customers, although retailers also perceived some switching between the two brands, with Glen's drinkers sometimes buying Smirnoff for special occasions.

'People grade up at Christmas, so they won't buy Glen's vodka, they'll buy Smirnoff vodka.' (Non-affiliated retailer, SIMD 3-5, wave one)

'I think Glen's is the biggest seller. It's the market leader. Everyday sales – Glen's. Special occasions or weekends – Smirnoff.' (Affiliated retailer, SIMD 3-5, wave one)

Some retailers perceived that there had been some diversion from Glen's to supermarket and discounter own brand vodkas, which at wave one, pre-MUP implementation, were priced below Glen's:

'They are already switching to – there is one vodka – there is [named supermarket]'s vodka, which is a litre bottle of vodka and it's for £14 or something. It literally tastes the same as Glen's.' (Affiliated retailer, SIMD 3-5, wave one)

'I think there's a cheaper one going about of Glen's. It looks like the Glen's bottle, you would easily mistake it, it's like a [named supermarket]'s version of vodka. ... and that sells at £2 cheaper.' (Affiliated retailer, SIMD 1-2, wave one)

Glen's vodka customers were perceived by retailers as generally price conscious, with some retailers implying that it was a product consumed by heavier drinkers. Even prior to the introduction of the 500ml bottle around MUP, retailers perceived that customers tended to prefer the smaller sizes of Glen's vodka, partly reflecting available income and partly because these were more convenient in particular drinking contexts.

'Just a younger crowd aye, maybe as I say you're having a party or whatever and the guys will come in and buy it. But the same again you get a few faces that come in and buy it religiously, their wee quarter bottle [200ml] a week, or their wee half bottle [350ml] a week. The same faces.' (Non-affiliated retailer, SIMD 3-5, wave one)

'There's a few guys that will buy one every single day, a quarter bottle, sometimes they're buying it twice a day. They guys that are buying the quarter bottles are the working class people who actually go to work every day, you know, and they'll take it to work with them I'm guessing...disguising it or whatnot, then they'll come after work.' (Non-affiliated retailer, SIMD 1-2, wave one)

'I think it's just if you're a secret drinker or you're a middle of work type drinker then your option is to buy a bottle of Cola, drink it and put a wee quarter in it, no one is going to know?' (Affiliated retailer, SIMD 1-2, wave one)

A few retailers stocked the Glen's Platinum stronger variant in addition to the standard range, particularly if it was on promotion at wholesalers. They perceived that this was intended as a more premium product, but generally described it as not very popular with customers.

'They have actually bought a bottle out which is a blue bottle,they want that to be their platinum vodka. It never moved off my shelf.' (Affiliated retailer, SIMD 1-2, wave one)

'I like to stock new things...when it first came out I sold a few bottles but nothing great....people ask oh what's that? It's a new ...it's like Smirnoff. That's the equivalent.' (Affiliated retailer, SIMD 1-2, wave one)

Retailers generally preferred to buy Glen's in price-marked variants (see also Section 4.2 above) as there was no hassle from customers and less risk of losing a sale: 'When it's not price-marked they tend to say 'oh we can get it cheaper somewhere else' (Affiliated retailer, SIMD 1-2, wave one). Some retailers sold Glen's at below the price-marked price, pegging their retail price to other local competitors, and some described purchasing it on wholesaler/symbol group promotions, when available.

'It's a big seller, we do sell that very cheap, it's price-marked £11.49, we sell it for £10.99 that's because of the opposition, everybody is that kind of price.' (Non-affiliated retailer, SIMD 3-5, wave one)

'The ones I'm really focussed on are the Scottish lines. Which is Glen's and Buckfast. If I know my neighbour or [named supermarket] at the bottom of the road are going to sell Glens at £12.69. I don't want to sell mine's at £13.99. It might be RRP's at £13.99, but I know everyone local is keeping it on offer

consistently, because they are getting it on offer from Cash & Carries consistently.’ (Affiliated retailer, SIMD 1-2, wave one)

As discussed in Sections 4.3 and 4.5.3, retailers commented on how, prior to MUP, supermarkets were able to sell spirits at substantially lower prices, often lower than the cost price to small retailers.

‘[named supermarket] and [named supermarket] ...they’ll put a litre of Glen’s on for fourteen quid. That is cheaper than what we are getting it for. ...They won’t get the same price as we do...They don’t [use] a middleman as a Cash n’ Carry. They can just go to straight to the company.’ (Affiliated retailer, SIMD 3-5, wave one)

After MUP had been implemented, some retailers perceived that price-marked bottles were less available at wholesalers. Several commented on the 500ml bottle, although not all were aware of it. Among those retailers who were aware of the 500ml bottle, it was perceived as a new development on the market, consistent with the EPoS data which found that this was introduced around the time of MUP implementation. The perceived advantage of the 500ml product was that it resembled a proper-sized bottle (it was similar in shape to the 700ml bottle unlike other small sized-variants), but at a more affordable price point for price-conscious customers, at or just below £10:

‘That’s a 50 cl. That’s a new one just a couple of a...a few months ago...Because if somebody wanted...it looks like a bottle, it’s only £10.00 like £9.99, maybe easy to buy for them and this is it, it depends. ...I mean the bottle is £13.15. ... first time somebody came in ask for it, have you got the 50 cl bottle? I said, we haven’t heard of that. Then after a few weeks then we found them in a cash and carry they had it. So, we got it and keeps the customer happy to buy that, okay.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Retailers described a range of experiences of Glen’s sales post-MUP implementation (both volume and value), with some feeling that sales were ‘just the same’ (Affiliated retailer, SIMD 3-5, wave two) and some perceiving a decrease,

although this perception did not relate only to Glen's: 'Overall, like everything else, alcohol-wise, it's slowed down' (Non-affiliated retailer, SIMD 1-2, wave two). Mixed experiences were described by retailers in relation to larger bottle sales: some felt that the increase in price of larger bottles post-MUP implementation had adversely affected demand for these products, although one had noted a recent increase in 1,000ml bottle sales after an initial dip. For smaller bottles, the price had been largely unchanged and demand was reported as having remained broadly the same.

'The price goes up the sale goes down, definite....The people which usually buy the 70 cl, they go for the half.' (Affiliated retailer, SIMD 1-2, wave two)

'At first, they slowed down, but now I've got people buying more litres ... I don't know how it is, but they're picking that up....the half bottles have went down, but it's the litres have picked up.' (Affiliated retailer, SIMD 1-2, wave two)

A few retailers described a tendency of customers to switch to Smirnoff, now that the price differential had narrowed between the two brands, although some customers were described as remaining loyal to the taste of Glen's. One retailer commented that if customers were going to switch to a 'better' product, they would prefer Smirnoff to Glen's Platinum.

'I mean, obviously, Glen's has increased in price point, and therefore it's probably affected them adversely. We have noticed a slowdown in Glen's litres.... Because the Glen's litre, and Smirnoff prices start to, well...merge, yeah. So, what you notice is, some people who may have bought Glen's, may buy Smirnoff instead.' (Non-affiliated retailer, SIMD 3-5, wave two)

'Smirnoff and Glen's are the same price, but I've still got people going to Glen's because of taste preference.' (Affiliated retailer, SIMD 1-2, wave two)

'I think people that drink Glen's will drink it you know. They will still come in and get their Glen's even though you get better vodkas there for the same price.'
(Affiliated retailer, SIMD 3-5, wave two)

'Glen's Platinum, I've not got any left, I've not had it for a while. ...it went, but it didn't go as quick as I hoped to, I don't know what it was.... If they want to move from Glen's to a better product they go from Glen's to Smirnoff, no Glen's Platinum.' (Affiliated retailer, SIMD 1-2, wave two)

A few retailers perceived that Glen's sales had improved post-MUP implementation. They commented that as customers became aware that supermarket prices had increased to the same level as smaller store prices, they would no longer see substantial savings in buying Glen's from the supermarket (see also Section 4.5 above). One perceived that supermarkets had simply stopped selling Glen's altogether, another welcome development from the retailer's point of view.

'I feel as though they [customers] are not questioning the price now because it's minimum price and they are not questioning or they are not looking for a bargain when it comes to, you know, an offer because they know this is the lowest we can sell it at....It's the lowest price everywhere and they will not get a bargain.... Because it's [Glen's] price-marked now, whereas [named supermarket] is just next door to me, they were selling Glen's cheaper than myself previously, so now we are the same price. ... So, I'm not losing a customer to [named supermarket], they know it's the same price they are going to get here as well.' (Affiliated retailer, SIMD 1-2, wave two)

'The Glen's sales have not really changed much...Maybe increased just a wee bit because it's the same price as supermarkets and supermarkets can't sell it cheaper.' (Affiliated retailer, SIMD 3-5, wave two)

'What I have noticed is that Glen's has disappeared from the supermarkets ...I don't think they do the Glen's brand anymore. I think they have their own brand but there's no Glen's there anymore – so that's a good thing.' (Non-affiliated retailer, SIMD 1-2, wave two)

As with the spirits category generally, retailers described how, post-MUP implementation, they generally benefited from larger margins on Glen's, particularly the larger bottle sizes which had increased in price (see Section 4.5.2). Most

retailers did not comment on whether wholesaler prices for Glen's had also changed, but one retailer, quoted below, felt that they had increased and this had also affected their margin:

'So you're selling those [Glen's 1,000ml bottle] pretty much at the minimum unit price?'

'Yes. The margins are still the same. It's not like the margin will increase. If anything, the margin has slightly decreased.'

'So have the price of those gone up at the wholesaler?'

'They have, definitely. To be competitive, we've not put our prices up on this, certainly.' (Non-affiliated retailer, SIMD 1-2, wave two)

6.3.3 Retail trade press

Pre-implementation of MUP

Retail trade press articles about Glen's vodka prior to MUP implementation communicated a number of themes: Glen's sales performance; advice to retailers on maximising sales; and news of the brand's promotion, in partnership with music app Shazam, launched in January 2018.

Several articles commented on Glen's sales performance, albeit they suggested a mixed picture. For example, an article in *The Grocer* in September 2017 described 'value voddy Glen's' as 'up 2.4% £179.7m on volumes up 0.3%' in the UK, suggesting that the brand, along with other vodka brands, was benefitting from a growing 'cocktail culture' [Item 62, *The Grocer*, 16/09/17, p45-48]. An article in *Scottish Grocer* in December 2017, however, noted that Glen's vodka had declined to 'second top selling brand in Scotland 2017, down from first in 2016'. Articles in March 2018 also quoted Nielsen ScanTrack analysis of Scotland's off-trade suggesting that Glen's sales had fallen dramatically in 2017 [Item 270, *Scottish*

Grocer, 01/03/18, p38] and had 'seen a value sales fall of -12.5% possibly due to a price rise well above the market at 4.0%' [Item 274, Scottish Grocer, 01/03/18, p44].

In the run-up to Christmas 2017, articles and adverts advised retailers on how to boost sales of Glen's over the festive period. An advert in Scottish Grocer in November 2017 advised retailers to 'stock up for the festive season with these two amazing brands' (High Commissioner whisky and Glen's vodka) in price-marked packs [Item 96, Scottish Grocer, 01/11/17, p49]. Another item in the same month quoted Loch Lomond group, producer of Glen's, marketing manager Scott Dickson advising retailers to 'capitalise on the continuing trend of consumers creating cocktails at home, particularly throughout the festive season...The larger 1L format is ideal for Christmas parties and for those looking to trade up at Christmas, Glen's Platinum, a premium grain 40% ABV offering from Glen's is the perfect choice' [Item 98, Scottish Grocer, 01/11/17, p44]. The same article also advised retailers to 'offer a range of bottle sizes and price marked packs (PMP) to support sales and make the most of each brand, as fractional bottle sizes continue to perform well over the winter season and offer consumers with a variety of price points' [Item 98, Scottish Grocer, 01/11/17, p44].

Several articles described a promotion, a partnership with music app Shazam, which was introduced in January 2018 and involved the introduction of a limited edition 700ml bottle (see Figure 6.6):

'Glen's is giving away hundreds of prizes from this month in a major new partnership with Shazam... prizes include a VIP holiday to Ibiza, hundreds of music festival tickets and Glen's merchandise. To enter, customers download the Shazam app and scan the label on the bottle, which takes them to a website where they can enter the draw.' [Item 214, Scottish Local Retailer, 01/01/18, p25]

Figure 6.6: Example of a retail trade press advert for the promotion between Glen's and Shazam music app*

GLEN'S VODKA

SHAZAM YOUR SHELVES WITH GLEN'S VODKA!

Scotland's favourite vodka has teamed up with Shazam, the UK's most popular music app, to giveaway some fantastic prizes and create a limited edition 70cl bottle.

WIN
IBIZA HOLIDAY GIG TICKETS
SHAZAM TO WIN

OPEN SHAZAM ▶ TAP CAMERA ▶ SCAN CODE

AVAILABLE NOW!

TO ORDER CONTACT:
SALES@LOCHLOMONDGROUP.COM

PLEASE DRINK RESPONSIBLY

* Source: Scottish Grocer, March 2018, p43.

A marketing director for Glen's vodka, Muriel Raguenaud, was quoted in Scottish Grocer explaining the thinking behind the Shazam promotion:

'Muriel Raguenaud, marketing director for Glen's Vodka, said: 'This campaign marks the beginning of what is going to be an exciting year for Glen's Vodka, and allows us to communicate with our consumers in an innovative and creative way. Glen's is very much about good times, so it has always had a strong affiliation with music. The prize giveaways have also been handpicked specifically to appeal to our core target demographic which is those aged 25-34.'" [Item 217, Scottish Grocer, 01/01/18, p25]

An article on May 1st 2018, coinciding with the implementation of MUP, quoted Loch Lomond group, producer of Glen's, marketing manager Scott Dickson advising retailers that the Shazam promotion enabled consumers to win prizes 'in their own home' [Item 360, Scottish Grocer, 01/05/18, p60]. Reference was also made to Glen's Platinum allowing consumers to 'upscale their vodka', and to the 'over £1.6million' which had been spent on outdoor advertising for Platinum' [Item 360, Scottish Grocer, 01/05/18, p60], although retailer reports from our audit suggested that it was not popular with their customers (see above).

Post-implementation of MUP

Retail trade press articles about Glen's vodka post-MUP implementation focused on three main themes: Glen's sales performance; the impact of MUP; and the introduction of new flavoured Glen's products.

Concerning performance in alcohol products sold, an article in Retail Newsagent in June 2018, one month after MUP, described Glen's, along with Smirnoff, as 'still generating the highest sales for indies' in UK independents stores [Item 445, Retail Newsagent, 08/06/18, pS12]. However, an article in The Grocer in July 2018 reported 'bad news for value brands like Glen's vodka', with sales 'down £14.7m – the seventh biggest loss of any brand this year', citing Nielsen ScanTrack data (by brand, includes all variants) [Item 509, The Grocer, 14/07/18, p54]. Another article in the same edition, on the Britain's' Biggest Alcohol Brands top 100 ranking (Nielsen

ScanTrack), commented that 'The age of piling them high and selling them cheap is well and truly over. ... for a whole host of mainstream and value brands across the BWS [beer, wine and spirits] spectrum that used to make a killing thanks to their low price, such as Foster's (4), Hardy's (7), and Glen's (19)' [Item 510, The Grocer, 14/07/18, p40-65].

Some articles reflected on how MUP had specifically affected Glen's. For example, an article in Convenience Store in July 2018 quoted a number of retailers describing how their sales had been affected by MUP. Abbie Morgan, owner of Bridgend Service Station in Fife is quoted as saying that she has 'stopped selling the high-ABV, low-price lines such as Frosty Jack's and Strongbow 2ltr bottles, and Glen's vodka' and that 'Glen's drinkers have mainly moved to Smirnoff, which is now only about 50p more expensive' [Item 504, Convenience Store, 13/07/18, p20-23].

However, Dan Brown, managing director of Nisa Pinkie in Musselburgh is quoted in the same article as saying that 'The sales rise is split across all categories. I think it's because the playing field has been levelled and prices have gone up and margins are up, too. We're making more margin on cheaper vodkas and we've put prices up on more premium lines such as Glen's and Smirnoff to differentiate the prices' [Item 504, Convenience Store, 13/07/18, p20-23]. An article in Convenience Store in September 2018, referring to analysis from The Retail Data Partnership, commented that Smirnoff vodka 'gained market share at the expense of Glen's, indicating a shift towards premium brands as an outcome of MUP' [Item 567, Convenience Store, 21/09/18, p4]. These findings echo the findings in our retailer audit interviews, where some retailers described customers switching to Smirnoff and others described Glen's sales as holding up.

Finally, an article and advert in January 2019 described the launch by Glen's of two flavoured spirits, Strawberry and Apple, and Passionfruit and Peach, in 700ml bottles at an RRP of £13.99 [Item 649, Scottish Grocer, 01/01/19, p2; item 650, Scottish Grocer, 01/01/19, p20]. These products were launched after the wave two retailer interviews, so we were unable to explore retailers' awareness and perceptions of them.

6.3.4 Summary

Glen's vodka appears to have been somewhat affected by MUP. According to the EPoS data, the nominal average sales price-per-unit for Glen's was just below MUP in August 2017 (£0.49) and increased to above this threshold by January 2019 (£0.53); albeit it was only the larger products that were sold below MUP (eg. 700ml and 1,000ml). The EPoS data also observed a decrease in the weighted average size of Glen's vodka, which the retailer interviews and trade press suggest may have reflected a combination of product changes (eg. introduction of the new 500ml bottle that could be sold at approximately £10) and consumer habits (eg. sustained sales of the smaller products already sold above MUP and therefore with limited price change). In the retailer audits, few changes were observed between waves, with the exception of a reduction in price marking, a finding consistent with the EPoS data. There was also an increase in promotion between waves, with the majority of stores displaying the 700ml bottle with an interactive promotional link to a music app, Shazam, a feature which was also discussed in the retail trade press. In both the retailer interviews and the retail trade press, retailers described varying perceptions of Glen's sales after MUP, with some feeling that sales had not changed, and some feeling that sales had decreased, in some cases due to perceived switching by customers to Smirnoff. A few felt that sales had improved, as supermarkets were no longer able to sell the brand more cheaply than were small retailers. Market data reported in the trade press suggested a post-MUP implementation fall in value sales for Glen's, although it was unclear from this dataset whether this fall was in small retailers or across the market, or if it was a continuation of a prior trend.

6.4 Strongbow Original 5% case study

6.4.1 Electronic Point of Sale (EPoS) data

Product range

In August 2017, there were 14 Strongbow Original 5% multipack UPCs. These included 440ml, 500ml, and 568ml cans sold in various multipack sizes ranging from four to 20 cans. For each size, there was a combination of price-marked and non-price-marked packs. By January 2019, the number of Strongbow Original multipacks available in our retailer sample had decreased to eight UPCs. Products appeared to have been delisted due to removal of some price-marked products (including those sold below MUP in August 2017). A number of the 500ml multipack cans had also been delisted, although the reasons for this are not known.

In August 2017, there were two non-multipack UPCs for Strongbow Original, both of which were 2,000ml polyethylene terephthalate (PET) plastic bottles, one with price marking and one without. By January 2019, this had increased to three non-multipack UPCs. This churn of UPCs included delisting of the price-marked 2,000ml bottle (which had previously been sold at an average of £0.34 per unit in August 2017 – priced below MUP) and the appearance of two new non-multipack products, a 330ml bottle and a 5,000ml keg.

Product size (ml) and number of containers in a multipack

There was little change in the weighted average size of Strongbow Original non-multipacks from August 2017 (2,000ml) and January 2019 (1,996ml) (Table 6.7; Figure 6.1).

In August 2017, the weighted average size of individual containers in Strongbow Original multipacks was 513ml*. There was a slight decrease both year-on-year (-

* The values reported are the weighted averages across the various container sizes available. As such they may not be illustrative of an actual container size that can be purchased.

5.3%, to 486ml) and across the 18 months (-3.1%, to 497ml) (Table 6.7). Although the largest decrease occurred in period two (-4.9%, from 511ml to 486ml), the time series suggested that this decrease was gradual over time, as opposed to an acute change around MUP implementation (Figure 6.1). In addition to the individual container size, the average number of containers per multipack also decreased year-on-year (-4.4%, from 5.91 to 5.65 containers) and across the study (-8.8%, from 5.91 to 5.39 containers).

Product strength (ABV %)

In August 2017, the weighted average strength of Strongbow Original was 5.0% ABV, for both multipacks and non-multipacks. This did not change through the study (Table 6.7).

Number of alcohol units in aggregate product

In August 2017, the weighted average number of units for Strongbow Original multipacks was 15.2 units (accounting for average multipack size). There were decreases year-on-year (-9.4%, to 13.7 units) and across the 18 months (-11.6%, to 13.4 units) (Table 6.7). The largest change occurred in period two (-10.8%, from 15.2 to 13.6 units), and the time series figure suggested this decrease began approximately two months preceding MUP implementation, before remaining relatively stable thereafter. This decrease was likely a function of changes in both individual container and multipack size, reported above, and driven by a combination of consumer behaviour and variants available.

In August 2017, the weighted average number of units in Strongbow Original non-multipacks was 10.0 (Table 6.7). There was no change in this over the course of the study (Figure 6.2). This suggests that sales of the additional two products (the 330ml bottle and 5,000ml keg) were low compared to sales of the 2,000ml PET bottle.

Table 6.7: Changes in key EPoS measures for Strongbow 5% Original multipack (MP) and non-multipack (NMP) within the three study periods, year-on-year (Aug 2017 – Aug 2018) and across the 18 months (Aug 2017 – Jan 2019)

Month	Average product size (ml) ¹		Average product strength (ABV %) ¹		Average units in product (units) ¹		Average sales price per unit (£) ²	
	MP	NMP	MP	NMP	MP ¹	NMP	MP ¹	NMP
Period 1 (Aug 17 – Jan 18)								
Nominal value first month	513	2,000	5.0	5.0	15.2	10.0	0.40	0.34
Nominal value last month	511	2,000	5.0	5.0	15.6	10.0	0.41	0.34
Net change (nominal)	2	0	0	0	0.4	0.0	0.01	0.0
Net change (%)	-0.4	0.0	0.0	0.0	+2.8	0.0	+2.8	0.0
Period 2 (Feb 18 – July 18)								
Average (ml) in first month	511	2,000	5.0	5.0	15.2	10.0	0.41	0.35
Average (ml) in last month	486	1,993	5.0	5.0	13.6	10.0	0.50	0.50
Net change (nominal)	25	7	0	0	1.6	0.0	0.09	0.16
Net change (%)	-4.9	-0.4	0.0	0.0	-10.8	0.0	+21.8	+45.4
Period 3 (Aug 18 – Jan 19)								
Average (ml) in first month	486	1,994	5.0	5.0	13.7	10.0	0.50	0.50
Average (ml) in last month	497	1,996	5.0	5.0	13.4	10.0	0.50	0.50

Net change (nominal)	11	2	0	0	0.3	0.0	0.0	0.0
Net change (%)	+2.3	0.1	0.0	0.0	-2.4	0.0	0.0	0.0
12 Months (Aug 17 – Aug 18)								
Nominal value first month	513	2,000	5.0	5.0	15.2	10.0	0.40	0.34
Nominal value last month	486	1,994	5.0	5.0	13.7	10.0	0.50	0.50
Net change (nominal)	27	6	0.0	0.0	1.4	0.0	0.11	0.16
Net change (%)	-5.3	-0.3	0.0	0.0	-9.4	0.0	+27.0	+46.2
Overall (Aug 17 – Jan 19)								
Average (ml) in first month	513	2,000	5.0	5.0	15.2	10.0	0.40	0.34
Average (ml) in last month	497	1,996	5.0	5.0	13.4	10.0	0.50	0.50
Net change (nominal)	-16	4	0	0	1.8	0.0	+0.11	0.16
Net change (%)	-3.1	-0.2	0.0	0.0	-11.6	0.0	+27.0	+46.6

Note:

Based only on sales of the multipack product as a whole (i.e. sales of the four cans as intended). Does not include sales of the multipacks that were split and sold as separate units; ¹ Data are weighted or, for units, based on weighted calculation; ² Nominal values, i.e. unadjusted for inflation

Nominal sales price-per-unit of alcohol (GBP£)

In August 2017, the nominal average sales price-per-unit for Strongbow Original multipacks was £0.40. There were increases both year-on-year and across the 18 months (both +27.0%, to £0.50-per-unit). The largest increase occurred in period two (+21.8%, from £0.41 to £0.50-per-unit) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.7 and Figure 6.3).

In August 2017, the nominal average sales price-per-unit for Strongbow Original non-multipacks was £0.34. There were increases year-on-year and across the 18 months (both approximately +46%, from £0.34 to £0.50-per-unit). The largest increase occurred in period two (+45.4%, from £0.35 to £0.50-per-unit) and coincided with MUP implementation, before remaining relatively stable thereafter (Table 6.7 and Figure 6.3).

6.4.2 Retailer audit and interviews

Observational audit

All 20 stores displayed at least one Strongbow Original variant at wave one, dropping to 19 stores at wave two (Table 6.8). The average number of variants on display decreased between waves from 4.0 variants (SD=1.21; range: 2-6) at wave one to 3.16 variants (SD=1.26; range: 1-6) at wave two. At wave two, 500ml single cans and 500ml multipacks were no longer observed on display in any stores, nor were certain multipacks of 440ml cans (x8, x12 and x20 cans). Consistent with the price data, three stores were observed displaying Strongbow Original 5,000ml kegs at wave two.

In terms of display characteristics, the observations did not note any significant changes in brand visibility, with the number of product facings and number of Strongbow Original products observed being displayed at eye-level and in a public aisle all remaining unchanged (Table 6.8).

The number of stores selling any Strongbow Original variant below MUP dropped from all 20 at wave one to only two stores at wave two. Similarly, the average

number of variants per store sold at below MUP also saw a significant decrease from 3.0 (SD=1.26; range: 1-6) to only 0.11 (SD=0.32; range: 0-1) (Table 6.8).

In terms of promotional activities, the average number of price-marked pack variants per store observed in the retailer audit decreased significantly between wave one and wave two from 2.4 (SD=1.05; range: 1-4) to 0.11 (SD=0.32; range: 0-1) ($p<0.001$). There were few other forms of promotion, including other forms of price promotion, at both waves (Table 6.8).

Retailer interviews

The findings in this section are drawn from interviews conducted with retailers who participated in the retail audit at both wave one and wave two. Although the focus of the case study is on Strongbow Original, retailers often made reference to Strongbow Dark Fruit in their comments, sometimes comparing the two lines.

Retailers generally described Strongbow products, including Original, as good sellers. They perceived that Strongbow had benefited from a number of wider trends which they perceived had occurred in the cider category in recent years. These included a general increase in cider's popularity, an increase in popularity of fruit flavours (both pre-mixed, such as Dark Fruit, and 'do it yourself' mixes at home, where customers would mix a standard cider product with fruit flavourings), and an increase in higher spending customers:

Table 6.8: Strongbow Original characteristics observed in the Retailer Audit

	Wave 1	Wave 2
No. of stores displaying any variant of Strongbow	20	19
5,000ml	-	3
2,000ml	19	16
568ml x 4	8	6
568ml	7	5
500ml x 4	13	-
500ml	11	-
440ml x 20	1	-
440ml x 12	7	-
440ml x 10	1	8
440ml x 8	4	-
440ml x 4	6	13
440ml	3	9
Average no. of variants on display per store	4.0	3.16
	(SD=1.21; range 2-6)	(SD=1.26; range 1-6)
Display characteristics		
Average no. of facings per store	10.1	10.16
	(SD=5.22; range 3-24)	(SD=6.49; range 2-32)
Any item displayed at eye-level:		
No. of stores	11	9
Average no. of variants per store	1.33 ^a	0.63 ^b
	(SD=1.53; range 0-4)	(SD=0.72; range 0-2)
Any item displayed in public aisle:		
No. of stores	18	16
Average no. of variants per store	2.85	2.53
	(SD=1.87; range 0-6)	(SD=1.74; range 0-6)
Price		
Price below MUP (<£0.50):		
No. of stores	20	2

Average no. of variants	3.0	0.11
	(SD=1.26; range 1-6)	(SD=0.32; range 0-1)
Promotional activity*		
Price marking:		
No. of stores	20	2
Average no. of variants per store	2.4	0.11
	(SD=1.05; range 1-4)	(SD=0.32; range 0-1)
Price cues:		
No. of stores	0	3
Average no. of variants per store	0.0	0.26
	(SD=0.0; range 0-0)	(SD=0.65; range 0-2)
Price reduction cues:		
No. of stores	1	0
Average no. of variants per store	0.05	0.00
	(SD=0.22; range 0-1)	(SD=0.0; range 0-0)
Interactive promotions:		
No. of stores	2	2
Average no. of variants per store	0.10	0.11
	(SD=0.31; range 0-1)	(SD=0.32; range 0-1)

Source: Retailer audit; sample: 20 stores.

^a Based on 18 valid stores, two stores coded as 'more than one position' with height not specified.

^b Based on 16 valid stores, three stores coded as 'more than one position' with height not specified.

*In this section of the table, 'no. of variants' means that at least one facing of a variant was observed to display the promotion. See Box 4.1 in Chapter 4 for definitions of promotional activities.

‘That is my number one seller for standard cider....I do the cans, multi packs, and 2-litre bottle.’ (Non-affiliated retailer, SIMD 1-2, wave one)

‘I think ciders are more popular actually than they used to be, between the years, they are more popular now yes...at the time we used to sell [Tennent’s] double than the [Strongbow] but nowadays, my shop is selling actually a lot more.’ (Affiliated retailer, SIMD 3-5, wave one)

‘I know the likes of Strongbow did away with their...they used to have a really strong can. Strongbow Super [which was 7.5% vs. 5.0% for Original], and they stopped that because it was associated with hardened drinking, so they moved away from that and went back to more their normal Strongbow and then they kind of...the Dark Fruit revolution started and that’s probably your biggest seller now of our ciders is the Dark Fruits.’ (Non-affiliated retailer, SIMD 3-5, wave one)

‘Young people are buying [Strongbow] 2-litres, then buying a cordial and mixing it.’ (Affiliated retailer, SIMD 1-2, wave one)

Retailers’ comments about Strongbow Original suggested that they generally categorised the brand as an established ‘*real cider*’ (Non-affiliated retailer, SIMD 1-2, wave one), in contrast to lower price white ciders, as illustrated in the following quotes, in which retailers speculated at wave one how the cider category could be affected by MUP.

‘Strongbow is maybe not quite as kind of rough and ready as some ...[like] Diamond White... It’ll just stop....aye I would say disappear right off the market. This [Strongbow] isn’t the same ... it’s an established brand.’ (Affiliated retailer, SIMD 3-5, wave one)

Retailers described how the range of different size variants and multipack formats meant that they could offer Strongbow Original at different price points to appeal to customers with differing budgets, and several retailers also described allowing customers to split multipacks to buy cans individually. As with other alcohol products,

there was a preference for price-marked packs where available (see Section 4.2). At wave one, some felt that the large 2,000ml bottles were 'not that popular' (Non-affiliated retailer, SIMD 3-5, wave one), because they were dearer than similarly sized and stronger products from their competitors, such as Frosty Jack's.

Retailers perceived there had been a reduction in the availability of Strongbow Original 500ml cans at wholesalers after MUP was introduced, and described how their range of cans now comprised a combination of 440ml and 568ml (pint) sizes.

'They have a strategy now of pint cans, and 440 ml cans.' (Non-affiliated retailer, SIMD 3-5, wave two)

'Strongbow, they've got rid of their 500 cans....They've actually, they've kept a pint can, and they've kept a smaller can....440 and the 568, they got rid of the 500. So, there must be something around that, I don't know.' (Affiliated retailer, SIMD 3-5, wave two)

'The cans are smaller as well, they have got smaller ones and a pint size. I only bring them in [pint size cans] when they are on offer at the wholesalers. 'Cause, I do find my smaller ones slow down when I have pint cans in the chiller. So, when the offer finishes or when my stock finishes I just stick to the 440ml cans.' (Affiliated retailer, SIMD 1-2, wave two)

One retailer perceived that this shift from 500ml cans back to 440ml cans had begun before MUP, as indicated in the comment below which was made at wave one:

'Well the cans are all getting smaller. I've noticed the cans of cider are all going down from the 500 mls back down to...is it...aye 440. It used to be 440 for years and years and then in the...it came out 13% extra was the first thing on your can and then the standard size went up to 500 mls. But now a lot of...all your ciders are all going back down now to 440 and again I think that's to offset the price increase.' (Non-affiliated retailer, SIMD 3-5, wave one)

Retailers described mixed experiences of Strongbow sales post-implementation of MUP. Some perceived that sales were generally down, with this sometimes being seen as part of a wider trend not specific to the brand, or pre-dating MUP:

‘They have slowed down now....Because the price... because Strongbow was selling for £3.49 before ...It’s not a fast line now. It used to be very fast.... Ciders were really fast but since [MUP] they’ve been slower.’ (Affiliated retailer, SIMD 1-2, wave two)

‘The biggest thing I’ve noticed is Strongbow. Strongbow used to be a great seller and now I’m very lucky if I get through one case a week. So, Strongbow, I used to sell maybe four or five cases a week, maybe six. Now, I’m lucky if I sell one.... before like Strongbow, before if it was on promotion, I took up like a pallet of it. I can’t remember the last time I picked up more than a couple of cases of it.’ (Affiliated retailer, SIMD 1-2, wave two)

Some retailers, however, maintained that sales were holding up. Several factors were identified as contributing to this, including customer loyalty, price marking on multipacks, and switching from formerly lower price strong ciders. Noting that all 2,000ml cider bottles had increased to the £5 price point or above, depending on strength, one retailer described how Strongbow had benefited by picking up customers who previously would have favoured a cheaper brand, and how he had cut down his cider range accordingly. In this context, several retailers gave examples of former Frosty Jack’s customers now buying Strongbow. The 2,000ml Strongbow Original at £5 was described by retailers as a popular alternative to the 3,000ml Frosty Jack’s which had previously retailed at around £3.50, but was now priced at approximately £11:

‘I’ve cut down my variety of cider that I had that was priced up to that [£5 price] point. Like, for Old English that was £3.49 price marked for £2.99 cider because I had obviously sold them before the legislation came in, and I’ve not purchased them again, not made space for them because I just know they are not going to sell. They were selling at that price previously but they will not sell at £5.00. Because if you are going to pay £5.00 for a name that’s known, like Strongbow,

and then £5.00 for something that's a cheaper version, they are going to buy the Strongbow. So, I do stock the Strongbow.' (Affiliated retailer, SIMD 1-2, wave two)

'Nobody spend eleven quid for a 3-litre a bottle [of Frosty Jack's]. Rather than buying that, they prefer to buy the Strongbow for...2-litre and five quid. Or cheaper...go for the cheaper cans or something like that. Cheaper stuff.' (Affiliated retailer, SIMD 1-2, wave two)

'Obviously the white ciders have plummeted. We're lucky if we sell two cases a week. ... Other ciders have kind of picked up. Strongbow's picked up even though it's £5.00, but people are just going to that as the next cheapest alternative. ...cider drinkers have all went to the cheaper ones like Strongbow or Olde English. ...a 2-litre at £5.00. So, that's what they've done.' (Non-affiliated retailer, SIMD 3-5, wave two)

'It's [Strongbow] still strong. It was unaffected. But what we found was that, individuals who might have drank, as I said, the stronger ciders, have migrated to Strongbow. Because Strongbow always had a depth of consumers, as well. ... And they seem somewhat unaffected, because they brought out a new product not long ago, called Dark Fruits, just to capture the youth market, and it's quite popular with the younger drinkers. So, they're still quite buoyant.' (Non-affiliated retailer, SIMD 3-5, wave two)

The popularity of the Strongbow Original 2,000ml bottle, however, appeared to vary between shops, depending on local customer base. One shop, for example, had only one customer who bought the 2,000ml bottle, who had continued to buy it post-MUP implementation despite the price rise, although another retailer described how sales of Strongbow cans were increasing at the expense of sales of the 2,000ml bottle: 'the cans [440ml], they are buying more...since they made their bottles dear [sic], the can sells more' (Non-affiliated retailer, SIMD 1-2, wave two).

In addition to the trends described above, one retailer perceived a local shift from Strongbow to stronger ciders such as HCC (which has an ABV of 7.5%), and one

implied that Strongbow had suffered slightly from a shift to more premium brands, although the impact seemed limited:

‘Strongbow sales goes down.’

‘Yeah. Okay. So people who used to buy Strongbow before, what do you think they’re buying now?’

‘The HCC Pear which I have told you.... It all depends on the area, which area.’
(Affiliated retailer, SIMD 1-2, wave two)

‘One or two customers have asked for like Magners ciders, a so-called better cider. There’s Bulmers, is that cider as well, I believe? ...They prefer a more premium. Though they’ve [Strongbow] slowed down I wouldn’t say those [more ‘premium’ brands] have sky rocketed.’ (Non-affiliated retailer, SIMD 1-2, wave two)

Retailers generally perceived that Strongbow profits were better post-MUP implementation even if the volume of sales had decreased, with comments primarily relating to the 2,000ml bottle which now offered considerably improved margins. However, others commented that increasing wholesaler prices were potentially eroding these margins, a point made more generally in the interviews (see Section 4.5 above).

6.4.3 Retail trade press

Pre-implementation of MUP

Prior to MUP implementation, several retail trade press articles reported on Strongbow’s sales performance: for example, an analysis of the year article in The Grocer (Top Products in 2017, in association with Nielsen) listed Strongbow Original and Strongbow Dark Fruit as first and second in the cider category for value sales in UK grocers in 2017 [Item 207, The Grocer, 16/12/17, p81]. Other articles referred to Strongbow as the ‘largest player’ in the cider category with ‘28% market share’ in the

UK [Items 56, Drinks Retailing News, 15/09/17, p4; Item 64, Retail Newsagent, 22/09/17, p12].

Articles also discussed the growing popularity of Strongbow Dark Fruit and of fruit ciders in general, which were described as helping to boost the cider category ‘after a few tough years’ [Item 207, The Grocer, 16/12/17, p81]. This theme was also echoed in retail trade press articles published after MUP implementation, such as an article in Convenience Store in June 2018 which discussed how Strongbow Dark Fruit occupied ‘a halfway house between a traditional cider and fancy cider’ [Item 433, Convenience Store, 01/06/18, p45-52]. There was also discussion in the retail trade press of Strongbow Dark Fruit’s launch, in April 2018, of 5,000ml mini kegs, the ‘perfect addition to any summer barbecue or party’ [Item 318, Scottish Grocer, 01/04/18, p96].

Post-implementation of MUP

After MUP implementation, a number of articles in the retail trade press commented on the impact of MUP on Strongbow prices and sales. Several articles discussed how the price of key Strongbow products had increased, including the 2,000ml bottle. In some cases, small retailers were quoted as saying that this price rise did not appear to have adversely affected sales. For example, retailer Linda Williams of Premier Broadway in Edinburgh was quoted in mid-May 2018 as saying:

‘the price has gone up from £3.49 to £5 and the PMP [price-marked pack] has been removed, but so far sales appear steady.’ [item 394, Convenience Store, 18/05/18, p10]

Another article, also in mid May 2018, describes how, for retailer Asif Akhatar of Premier Smeaton Stores in Kirkcaldy, the 2,000ml bottle of Strongbow ‘remains a must-stock for his business’ despite the price rise, and also describes how the retailer was filling the space previously dedicated to 3,000ml bottles of cider with more single cans and bottles of cider, including craft brands and ‘bigger brand[s] where the price and margin is higher’ [Item 381, Retail Newsagent, 11/05/18, p24-29].

An article in November 2018 quoted Sukhi Sangha of Day-Today Elite in Ayr as saying that they had not seen ‘a drop in sales’ and that ‘customers who did drink the ciders or high volume alcohol drinks have now moved to either Strongbow or Buckfast’ [Item 616, Drinks Retailing News, 09/11/18, 22-23]. However, an article in Convenience Store in July 2018 quoted Abbie Morgan, of Bridgend Service Station in Fife, saying that she had stopped selling ‘low-priced lines such as Frosty Jack’s and Strongbow 2ltr bottles’ [Item 504, Convenience Store, 13/07/18, p20-23]

An article in Retail Newsagent stated that according to Craig Brown, retail sales director of wholesaler JW Filshill (which supplies over 160 KeyStore stores in Scotland), ‘sales of products such as 2l Strongbow and 660ml Peroni have risen because of the [MUP] legislation’ (unclear if value or volume sales are referred to here), and that customers were shifting away from Frosty Jack’s or White Lightning to Strongbow ‘as the prices have become more expensive’ [Item 425, Retail Newsagent, 01/06/18, p4].

Analysis of Britain’s Biggest Alcohol Brands top 100 ranking (Nielsen ScanTrack) published in The Grocer in July 2018 stated that the Strongbow brand (including all variants) had seen a decrease in value sales of -5.2% in Britain, ‘£14.6m less than last year’ but did not attribute this to MUP, stating ‘much of that loss is down to the decrease of Strongbow’s Original variant as the UK’s drinkers turned to craft and flavoured ciders’ [Item 516, The Grocer, 14/07/18, p52]

6.4.4 Summary

Strongbow Original appears to have been affected by MUP in a number of ways, both directly and indirectly. According to the EPoS data, the nominal average sales price-per-unit increased by 27% for the multipack UPCs (from £0.40 to £0.50) and by 47% for the non-multipacks (from £0.34 to £0.50), while in the audit the number of stores selling any variant under MUP decreased from all stores to only two. In the observational audit, there was a decrease in the number of Strongbow Original variants on display between waves. This was consistent with a reduction in the number of UPCs available in the price data, and both trends appeared to reflect removal of some price-marked products, delisting of some larger multipacks, and

removal of the 500ml can. In the interviews, retailers described Strongbow Original as being an important and established cider product, however reported mixed experiences of sales (volume) post-MUP implementation. Some perceived that sales were generally down, with this sometimes being seen as part of a wider trend, however some others maintained that sales were holding up. Several factors were identified as contributing to this, including customer loyalty, price marking on multipacks, and switching from formerly lower price strong ciders. In particular, some retailers suggested that because the 2,000ml bottle could be sold at £5.00 made it appear a popular alternative to larger products and stronger products (eg. the 3,000ml bottle of Frosty Jack's would now cost approximately £11). These themes were echoed in the retail trade press, where several instances were given of the Strongbow 2,000ml bottle holding up in terms of sales, though not always clear if this was volume or value sales or both.

6.5 Tennent's 4% lager case study

6.5.1 Electronic Point of Sale (EPoS) data

Product range

In August 2017, there were twelve Tennent's 4% lager multipack UPCs (hereafter Tennent's, but excluding variants such as Tennent's Super, which is owned by a different company). These included 440ml, 500ml, and 568ml cans, and 300ml non-returnable bottles (Nrbs), in a mixture of price-marked and non-price-marked packaging. By January 2019, the number of Tennent's multipack UPCs in the sample had decreased to nine*. Of the products that had ceased to be available, many appeared to be price-marked packs. This did not imply that those sizes were no longer sold (e.g. 440ml x 4 cans); new price marking on the packaging simply generated a new UPC. By January 2019, most sizes of the product were still sold by at least one retailer, with the exception of the 15 x 300ml multipack Nrbs, which appeared to have been delisted (although the reasons for this are unknown).

Container size (ml) and number of containers in a multipack

In August 2017, the weighted average container size for Tennent's multipacks was 482ml[†]. There was very little change either year-on-year (-0.2% to 481ml), across the 18 months (0.0%), or at any point in the observation (Table 6.9; Figure 6.3). There was also little to no change in the average number of containers per

* In the data, it is possible for one brand variant to be simultaneously available in different price-marked packs across retailers when the producer/distributor is transitioning pricing strategies. It is therefore possible that a perceived reduction in range reflects the phasing out of now-redundant price marked packs, rather than phasing out of a container size or strength variant.

† The values reported are the weighted averages across the various container sizes available. As such they may not be illustrative of an actual container size that can be purchased.

multipack, either year-on-year (+1.5, from 6.54 to 6.64 containers) or across the 18 months (no change).

Product strength (ABV%)

There were no changes to the weighted average strength of Tennent's multipack products, which stayed at 4.0% ABV throughout.

Number of alcohol units in aggregate product

In August 2017, the average number of alcohol units in Tennent's multipacks was 12.6 units⁴⁹. There was little to no change year-on-year (+1.3%, to 12.8 units), across the 18 months (+0.2%), or at any stage of observation. This is consistent with the little to no reported changes in container size, containers in a multipack, product strength.

Nominal sales price-per-unit of alcohol (GBP£)

In August 2017, the nominal average sales price-per-unit of Tennent's multipacks was £0.51. There was an increase year-on-year (+6.9%) and across the 18 months (+7.3%, both to £0.54-per-unit). Although the increase was largest in period two (+7.7%, from £0.50 to £0.54-per-unit), the time series suggested this increase appeared to be gradual rather than an acute increase around MUP implementation.

Table 6.9: Changes in key EPoS measures for Tennent's 4% lager within the three study periods, year-on-year (Aug 2017 – Aug 2018) and across the 18 months (Aug 2017 – Jan 2019)

Month	Product category and metric			
	Average product size (ml) ¹	Average product strength (ABV %) ¹	Average units in product (units) ¹	Average sales price per unit (£) ²
Period 1 (Aug 17 – Jan 18)				
Nominal value first month	482	4.0	12.6	0.51
Nominal value last month	481	4.0	12.5	0.51
Net change (nominal)	2	0	0.1	0.01
Net change (%)	-0.4	0.0	-1.2	+1.5
Period 2 (Feb 18 – July 18)				
Average (ml) in first month	481	4.0	12.8	0.50
Average (ml) in last month	482	4.0	12.6	0.54
Net change (nominal)	0	0	0.2	0.04
Net change (%)	0.0	0.0	-1.5	+7.7
Period 3 (Aug 18 – Jan 19)				
Average (ml) in first month	481	4.0	12.8	0.54

Average (ml) in last month	482	4.0	12.6	0.54
Net change (nominal)	1	0	0.1	0.00
Net change (%)	0.2	0.0	-1.2	0.0
12 Months (Aug 17 – Aug 18)				
Nominal value first month	482	4.0	12.6	0.51
Nominal value last month	481	4.0	12.8	0.54
Net change (nominal)	1	0.0	0.2	0.03
Net change (%)	-0.2	0.0	+1.3	+6.9
Overall (Aug 17 – Jan 19)				
Average (ml) in first month	482	4.0	12.6	0.51
Average (ml) in last month	482	4.0	12.6	0.54
Net change (nominal)	0	0	0	0.04
Net change (%)	0.0	0.0	+0.2	+7.3

Notes: ¹ Data are weighted or, for units, based on weighted calculation; ² Nominal values, i.e. unadjusted for inflation

6.5.2 Retailer audit and interviews

Observational audit

All 20 stores had Tennent's 4% lager (hereafter Tennent's) on display at both waves, with 440ml, 500ml and 568ml cans being the most popular size variants, sold both as multipacks and singly (Table 6.10). Consistent with the price data analysis, one store sold a 300ml non-returnable bottle (Nrb) multipack at wave one, but this was not observed on display at wave two. For 440ml and 500ml products, multipack variants were more widely observed on display than single cans, whilst 568ml cans were more commonly on display as single cans than in multipacks. There was limited variation between wave one and two, with a reduction in the number of stores displaying larger 440ml multipack variants the only obvious change at wave two. The large number of single products observed in the retailer audit is explained by multipacks being split by retailers to enable customers to buy products singly.

The average number of variants on display per store showed a marginal reduction from 3.55 at wave one (SD=1.57; range: 1-6) to 3.05 at wave two (SD=0.94; range: 1-5) (Table 6.10). The average number of facings per store was largely unchanged, from 9.35 at wave one (SD=4.65; range: 1-19) to 8.6 at wave two (SD=5.75; range: 1-25). In most cases Tennent's was displayed in a public aisle and below eye-level.

At wave one, six stores sold at least one variant below MUP. By wave two, however, all variants were sold at above MUP. There were no instances of non-compliance recorded (Table 6.10).

Most stores displayed at least one variant with price marking on the pack (18 stores at wave one and all 20 stores at wave two), with the average number of price-marked variants staying relatively constant between wave one (Mean = 1.50, SD = 0.69) and wave two (Mean = 1.55, SD = 0.51) (Table 6.10). There were relatively few price promotions observed for Tennent's products, although the number of stores displaying at least one interactive promotion increased from 1 at wave one to 5 at wave two. All of these were for a free online prize draw promotion which appeared

on 8 x 440ml multipacks, where entrants had an opportunity to win a luxury fridge full of Tennent's lager.

Table 6.10: Tennent's characteristics observed in the Retailer Audit

	Wave 1	Wave 2
No. of stores displaying any variant of Tennent's	20	20
568ml x 4	4	2
568ml	14	12
500ml x 4	18	16
500ml	8	11
440ml x 15	1	-
440ml x 12	5	3
440ml x 8	15	15
440ml	5	2
300ml x 15	1	-
Average no. of variants on display per store	3.55	3.05
	(SD=1.57; range 1-6)	(SD=0.94; range 1-5)
Display characteristics		
Average no. of facings per store	9.35	8.6
	(SD=4.65; range 1-19)	(SD=5.75; range 1-25)
Any item displayed at eye-level:		
No. of stores	9 (n=15)	9 (n=15)
Average no. of variants per store	0.88 ^a	0.80 ^b
	(SD=1.17; range 0-4)	(SD=0.77; range 0-2)
Any item displayed in public aisle:		
No. of stores	16	16
Average no. of variants per store	2.95	2.50
	(SD=1.99; range 0-6)	(SD=1.57; range 0-5)
Price		
Price below MUP (<£0.50):		

	Wave 1	Wave 2
No. of stores	6	0
Average no. of variants	0.30	0.0
	(SD=0.47; range 0-1)	(SD=0.0; range 0-0)
Promotional activity*		
Price marking:		
No. of stores	18	20
Average no. of variants per store	1.50	1.55
	(SD=0.69; range 0-2)	(SD=0.51; range 1-2)
Price cues:		
No. of stores	1	2
Average no. of variants per store	0.05	0.15
	(SD=0.22; range 0- 1)	(SD=0.49; range 0-2)
Price reduction cues:		
No. of stores	2	2
Average no. of variants per store	0.15	0.10
	(SD=0.49; range 0-2)	(SD=0.31; range 0-1)
Interactive promotions:		
No. of stores	1	5
Average no. of variants per store	0.05	0.30
	(SD=0.22; range 0-1)	(SD=0.57; range 0-2)

Source: Retailer audit; sample: 20 stores.

^a Based on 17 valid stores, three stores coded as 'not specified' or 'more than one position'

^b Based on 16 valid stores, five stores coded as 'not specified' or 'more than one position'

*In this section of the table, 'no. of variants' means that at least one facing of a variant was observed to display the promotion. See Box 4.1 in Chapter 4 for definitions of promotional activities.

Retailer interviews

The findings in this section are drawn from interviews conducted with retailers who participated in the retail audit at both wave one and wave two.

Tennent's was perceived by retailers as being a popular product, variously described as a 'decent' seller (Non-affiliated retailer, SIMD 3-5, wave one), 'good seller' (Non-affiliated retailer, SIMD 3-5, wave one; Non-affiliated retailer, SIMD 1-2, wave one; Affiliated retailer, SIMD 1-2, wave one), 'one of the best' (Affiliated retailer, SIMD 1-2, wave one), 'our top' (Affiliated retailer, SIMD 1-2, wave one) or 'number one seller' (Non-affiliated retailer, SIMD 1-2, wave one). Tennent's was generally seen to compete at a lower price point than other popular lagers such as Budweiser and Stella, and was sometimes described as having to take on other cheaper canned lagers and beers. For example, one retailer described how it held its own against Polish beers which were popular with his customers:

'It's probably the number one can seller anyway. If I had to put that up against the Polish beers I'd say it's neck and neck.' (Non-affiliated retailer, SIMD 1-2, wave one)

Tennent's was generally seen by retailers as a traditional Scottish lager which appealed to older, working class, male drinkers, as distinct from the younger drinkers whom retailers felt tended to favour international brands and premium lagers such as Peroni and Budweiser.

'It's the late 20's...late 20's, 30's, 40's and upwards [that buy Tennent's] because that was the brand that they all started with. There weren't as many brands in they [sic] days so...it was either Tennent's or McEwan's. That was it you know? There was no Peroni's, there was no Buds, there was...nothing like that at all.' (Non-affiliated retailer, SIMD 3-5, wave one)

'Tennent's is still number one lager brand, but Budweiser seems to be the lager choice for the younger generation now.' (Non-affiliated retailer, SIMD 1-2, wave one)

‘Tennent’s is just your old school, old school that come in and buy pints or the...you don’t get the young team very rare buying Tennent’s.’ (Affiliated retailer, SIMD 1-2, wave one)

‘It’s a working man’s drink, it always has been. My dad drank Tennent’s for years.’ (Non-affiliated retailer, SIMD 3-5, wave one)

Retailers tended to regard Tennent’s as a steady seller, describing a pattern of regular customers buying in small quantities for consuming at home on the same day or evening.

‘Normally our market is, you know, people who come in the store, they’re drinking for tonight. So, they’ll stop off, I fancy some lager, I’ll buy four cans, or they might buy eight cans. Usually, most people buy four cans.’ (Non-affiliated retailer, SIMD 3-5, wave two)

‘You’ll get the guys coming to the end of their shift and they’ll pick up a four pack or an eight pack, or whatever and it’s pretty much where you’re getting your business from.’ (Non-affiliated retailer, SIMD 3-5, wave one)

‘It’s just your Joe Normal guy [who picks up a 4 pint pack] that’s going up the road after his shift and likes to sit and have a wee can of lager watching the telly at night, you know what I mean.’ (Affiliated retailer, SIMD 3-5, wave two)

Small retailers generally stocked a range of Tennent’s variants at key price points to reflect the amount of cash customers were carrying.

‘We tried to go for the price. If people have £4 they will buy four. If they have £5 they will go up. If they’ve got a wee bit more they buy the pints.’ (Non-affiliated retailer, SIMD 1-2, wave one)

Similarly, some retailers also described splitting multipacks (in some cases price-marked multipacks) in order to appeal to the customer’s purse.

‘They come in packs of four but we tend to just open them up and just... the vast majority just want singles.’ (Non-affiliated retailer, SIMD 1-2, wave one)

'I will separate the can because there's no law that I can't, and I will divide the price by four and sell them one unit (can).' (Affiliated retailer, SIMD 1-2, wave one)

In contrast with supermarkets which were seen by retailers to mostly supply large 440ml multipacks of Tennent's, most small retailers in our sample relied on the sale of single cans, particularly single 568ml and 500ml cans, and smaller 4-can and 8-can price-marked multipacks.

'People tend to buy the pint can for some reason. It's a wee bit dearer but a lot of people go for the pint can.' (Non-affiliated retailer, SIMD 3-5, wave two)

A common theme to emerge, particularly in the wave one interviews, was the inability of small retailers to compete with larger supermarkets on price, particularly in relation to large multipacks, where it was believed supermarkets were able to negotiate better deals with producers:

'We don't do the multi packs, whereas you go into the supermarket they'll have 15 Tennent's for £9.99 or something like that you know and you cannae compete with that. Although it's a smaller can we do the 500's but they do the 440's but in a multipack.... We cannae compete with that.' (Non-affiliated retailer, SIMD 3-5, wave one)

'See the eight packs? ... in [named supermarket] and everything, 12 cans are sold for £7 and they are giving us a deal for an eight pack for £8.29. So they are giving us a really bad deal, but they are giving supermarkets an amazing deal.... We can get the twelve pack, but we won't be able to sell it for the price they are selling it at. We'll never be able to sell it.' (Affiliated retailer, SIMD 3-5, wave one)

At wave two, retailers perceived that Tennent's prices had been either unaffected by MUP or had only increased 'slightly':

'It is on the cusp... it's just above the minimum pricing limit. I think if I remember correctly, a 440 ml can of Tennent's Lager can't be sold less than 90 pence. And

so, I think it's about just at that mark, so unaffected.' (Non-affiliated retailer, SIMD 3-5, wave two)

'Prices have slightly gone up as well I think when the... MUP came in. It was just pennies though.' (Non-affiliated retailer, SIMD 1-2, wave two)

'Just slightly Tennent's... up slightly ...due to unit price, 'cause it didn't go up quite a lot, like a Strongbow or the Frosty Jack's.' (Affiliated retailer, SIMD 1-2, wave two)

Post-MUP implementation, retailers reported not noticing any changes to how Tennent's was promoted or packaged. This suggests that retailers in our sample had been unaware of the new can design and new promotions launched in summer 2018 (see Retail Trade Press Analysis Section 6.5.3 below)*.

At wave two, most retailers described their sales of Tennent's as being largely unaffected by MUP: 'It's still selling well' (Affiliated retailer, SIMD 1-2, wave two); 'Yeah, still popular... Everybody is still buying the same' (Affiliated retailer, SIMD 1-2, wave two); 'Just steady, steady, steady' (Affiliated retailer, SIMD 3-5, wave two); 'It still sells the same' (Affiliated retailer, SIMD 3-5, wave two); 'It's not really changed' (Non-affiliated retailer, SIMD 3-5, wave two).

Others described a small but noticeable upturn in sales, with some attributing this in part to being able to compete more effectively with supermarket prices for multipack sales:

'I don't think it was something major but, yes, sales have gone up on Tennent's for us.' (Non-affiliated retailer, SIMD 1-2, wave two)

* Members of the Economic Impact and Price Evaluation Advisory Group (EAG) suggested that retailers may have been unaware of pack changes because multipacks would have been wrapped in cellophane which would have obscured the pack design.

‘We’ve found our sales have increased because there’s no multipacks... because supermarkets cannot sell it below...I can match the minimum price.’ (Affiliated retailer, SIMD 3-5, wave two)

‘We have got the 12 packs, 15 packs.... before they used to sell a bit less, but I think now maybe they’re a bit better.’ (Affiliated retailer, SIMD 3-5, wave two)

One retailer attributed his upturn in sales to the effects of a long hot summer, while another had tried to stock a wider range of Tennent’s multipacks, but so far without any obvious increase in turnover. The same retailer expressed a hope that that multipack sales might pick up in the seasonal Christmas trade:

‘I’ve tried it [stocking larger multipacks] with not that great a success. And I think we might do quite well in relative terms at Christmas.’ (Affiliated retailer, SIMD 3-5, wave two)

6.5.3 Retail trade press analysis

Pre-implementation of MUP

Retail trade press articles communicated a number of themes about Tennent’s in the months before MUP implementation: the sales performance of Tennent’s; seasonal promotions; and advice and support for retailers in relation to MUP.

In terms of sales performance, retail trade press articles referred to Tennent’s popularity, with one article describing it as ‘remaining the biggest take-home lager brand’ in Scotland [Item 43, Scottish Grocer, 01/09/17, p114]. Analysis of the Scottish off-trade alcohol sector (Nielsen ScanTrack) published in the Scottish Grocer in March 2018 noted ‘Tennent’s ought to be happy with a performance that saw it retain sales while moving up to the number two position – though this has more to do with Glen’s losing 12.5% of sales and sliding down to third place (likely due to a price rise well above the market)’ [Item 270, Scottish Grocer, 01/03/18, p38]. Also in the same edition, examining the same Nielsen ScanTrack data, it was noted that volume sales of lager in Scotland had declined ‘for another year in a row’, but that there had been overall growth in the lager category in terms of value sales

as a result of an increase in average price per litre which had 'been seen across all top 15 brands including the biggest players in the Scottish market such as Tennent's' [Item 277, Scottish Grocer, 01/03/18, p52].

There was mention of seasonal promotions, in summer 2017 (a promotion on '700,000 packs in 10, 12, 15 and 20-pack SKUs' [Item 11, Scottish Grocer, 01/08/17, p45] offering the chance to win holiday-related prizes) and Christmas 2017 (a limited edition gift box linked to the television programme 'Still Game' [Item 224, Scottish Local Retailer, 01/01/18, p25]).

Retail trade press articles quoted several statements from C&C Group, the owner of Tennent's, commenting on MUP as a policy and advising retailers how to prepare for and take advantage of it. In November 2017, Tennent's was described as welcoming minimum unit pricing and 'describing the law as 'the right move to make'' [Item 145, Scottish Licensed Trade News, 23/11/17, p2]. In April, one month before MUP implementation, an article in Scottish Grocer authored by Norman Loughery, the off-trade sales director at C&C Brands, reiterated C&C's support for the policy and described how the company was 'working with the Scottish Government, Scottish Grocers Federation and Scottish Wholesale Association to produce and distribute communications materials to educate and inform retailers and drinkers' [Item 315, Scottish Grocer, 01/04/18, p14]. It advised retailers to 'have a quiet word with shoppers who are going to be affected' to advise them that MUP was about to be implemented' [Item 315, Scottish Grocer, 01/04/18, p14]. The article then went on to advise retailers how to 'take advantage of the opportunities [MUP] presents', suggesting that 'most shoppers are likely to spend the same amount on alcohol' and that retailers should 'look to hit' the key price points of £5, £10 and £15, with packs 'crossing these thresholds' being likely to suffer volume losses [Item 315, Scottish Grocer, 01/04/18, p12]. Retailers were advised in the article to remove weaker lines and also to 'maximise chiller space to ensure chilled availability of the bestselling packs' [Item 315, Scottish Grocer, 01/04/18, p14]. The article also suggested that MUP was likely to result in the removal of large packs, with 'small and midpacks becoming key to category sales' [Item 315, Scottish Grocer, 01/04/18, p14].

Post-implementation of MUP

Retail trade press articles communicated a number of themes about Tennent's after MUP implementation, which mostly had the same focus as messages communicated pre-MUP: advice and support for retailers in relation to MUP; the sales performance of Tennent's; and new developments in packaging and promotion.

Concerning advice and support, Tennent's research on MUP and very similar advice to retailers (as per the pre-implementation) was mentioned in an article in Scottish Local Retailer on the date MUP came into effect, 1st May 2018 entitled 'MUP is a golden opportunity for us all' [Item 402, Scottish Local Retailer, 01/05/18, p13-14]. This theme was echoed in an article published shortly after MUP was implemented, on 18th May 2018, which commented that 'certain pack formats are disappearing' and noted that 'one of the bestselling SKUs, 20x44cl cans of 4% abv Tennent's, has risen 43%, from £12.31 to £17.60, and its days look numbered' [Item 396, Drinks Retailing News, 18/05/18, p26-27].

In other retail trade press articles after MUP was implemented, reference was made to Tennent's continued advice to retailers. Reference was made again, on 1st May 2018, to information materials for retailers produced by Tennent's brand owner C&C Group 'including a retailer guide, staff training advice and posters' [Item 315, Scottish Grocer, 01/04/18, p14]. Another article quoting Norman Loughery, off-trade sales director at C&C Brands, in October 2018, offered similar advice to retailers to that offered before MUP: to 'hit' key price points, maximise chiller space, and focus on 'favourite brands like Tennent's lager' rather than 'slow sellers and weaker performers' [Item 571, Scottish Local Retailer, 01/10/18, p58]. The same article quoted Norman Loughery as predicting that MUP would be associated with a shift in consumer habits towards smaller packs and more frequent purchases which could benefit independent retailers.

Several articles commented on Tennent's sales after MUP was implemented. An article in July 2018 in Convenience Store quoted a number of retailers describing the impact on their sales of MUP, with one, Mo Razzaq from Family Shopper in Blantyre suggesting that strong cider drinkers had 'moved onto cans of Tennent's and Carling'

after strong ciders were delisted [Item 504, Convenience Store, 13/07/18, p20-23]. In the same article, Scott Graham of McLeish Inverurie was quoted commenting on how MUP improved his ability to compete with supermarkets, giving Tennent's as an example: 'We used to sell a 15-pack of Tennent's for £13.20 while Tesco was selling it for £9.99. Now we're selling it at the same price' [Item 504, Convenience Store, 13/07/18, p20-23]. In an article in December 2018 in *Scottish Grocer*, Kantar Worldpanel positioned Tennent's as 'top of the off trade for the second year in succession' in Scotland in their analysis of take-home value sales of Scottish alcoholic drink brands over the year to September 2018 [Item 624, Scottish Grocer, 01/12/18, p74]. However an article in *The Grocer* earlier in the year, July 2018, commented that value sales had dropped '£1.3m' across Britain over the year up to April 2018, citing Nielsen ScanTrack [Item 517, The Grocer, 14/07/18, p61].

Finally, the retail trade press described a number of new Tennent's packaging, product range and promotion developments introduced after MUP was implemented. These comprised a new can design 'designed to look like a refreshing cold glass of Tennent's Lager', a new 5,000ml mini-keg, a new '6x330ml fridge pack', and 'an on-pack promotion on the 15x440ml pack giving consumers the chance to win a personalised Tennent's Lager pint glass engraved with their name' [Item 412, Scottish Local Retailer, 01/06/18, p45].

6.5.4 Summary

Tennent's lager appears to have been relatively unaffected by MUP. According to the EPoS data, the nominal average sales price-per-unit for Tennent's was already above MUP, and increased slightly further post-implementation; from £0.51 in August 2017 to £0.54 in January 2019. This was also supported in the observational audit, where only a small proportion of retailers were selling a small proportion of Tennent's variants under MUP pre-implementation, and post-implementation, all sales were in line with MUP. This may be (at least in part) due to explicit advice and support reported in the retail trade press. The EPoS data saw little to no change in the average weighted size (ml) or alcohol units in products, which is consistent with the observational audit where there was little change in the product range offered

pre- and post-MUP implementation. Few changes were observed in the retailer audit in the product range on display, or in promotional activities, apart from an increase in the number of stores displaying an interactive promotion on 8x440ml multipacks at wave two. Although the retail trade press described several new marketing/promotion developments in summer 2018, including a new pack design, two new size variants and an on-pack promotion, these were not commented on in the retailer interviews. In the interviews, retailers perceived sales of Tennent's as being largely unaffected by MUP, and some commented on MUP improving their ability to compete with supermarkets for multipack sales. There were some reports in the trade press of consumers switching purchases to Tennent's following the introduction of MUP, with examples cited of consumers moving from ciders now the price differential had narrowed. There were also repeated examples and reports of C&C's activities and advice to retailers encouraging them to delist 'weaker' brands in favour of 'favourites' like Tennent's.

7. Discussion

This section summarises how the data presented relate to the research questions specified in the commissioning brief; discusses consistencies or discrepancies between the three work packages; highlights any other notable findings and trends within the data that are relevant to understanding MUP implementation and impact; outlines the strengths and limitations of the methods used or any constraints or caveats to the findings presented; and presents overall conclusions.

7.1 What happens to the price of alcohol products sold below, and above, £0.50-per-unit prior to, and following, the implementation of minimum unit pricing?

7.1.1 What happened to the price of alcohol products sold below £0.50-per-unit and how was implementation experienced by retailers?

Main finding: Alcohol products previously sold below £0.50-per-unit generally increased in price to be equal to or greater than MUP, or were delisted completely.

The EPoS data demonstrated that, for the most part, alcohol products ceased to be sold below £0.50-per-unit once MUP was introduced. Specifically, by the end of observation in January 2019, an estimated 98% of UPCs had a nominal average sales price-per-unit in line with MUP (up from an estimated 86% from August 2017). As we did not have information on sales volume, we do not know what proportion of all sales these UPCs represented, but the retailer interviews suggested that they likely only accounted for only a very small amount. By the end of the study, we also observed that an estimated 92% of UPCs had a minimum sales price equal to or greater than MUP across all retailers (up from an estimated 75% in August 2017). This suggests that small retailers were mostly adhering to MUP, even for one-off sales.

Most price increases for products previously sold below £0.50-per-unit occurred around the time of MUP implementation, either once it became mandatory or in the

months preceding implementation. Particularly notable were increases in the nominal average sales price-per-unit of cider non-multipacks and perries, the two categories with the lowest nominal average sales price-per-unit prior to MUP implementation. For example, the nominal average sales price-per-unit of cider non-multipacks (i.e. bottles) increased year-on-year (from £0.28-per-unit to £0.58-per-unit) and over the 18 months (from £0.28-per-unit to £0.56-per-unit). Similarly, the nominal average sales price-per-unit for perries increased both year-on-year and over the 18 months (both from £0.38-per-unit to £0.56-per-unit). The case studies also provide evidence of increases occurring to specific brands; the nominal average sales price-per-unit for Frosty Jack's cider (non-multipacks) increased from £0.19 per-unit in August 2017 to £0.50-per-unit in August 2018, and the nominal average sales price-per-unit for Strongbow Original cider (non-multipacks) increased from £0.34-per-unit to £0.50-per-unit over the same period. These changes are likely to have resulted from a combination of lower-priced products being delisted entirely, as discussed later, and retailers increasing prices to adhere with MUP.

In the Wave 2 interviews conducted as part of the retailer audit, retailers described how they had complied with MUP. In Wave 1 (October 2017), retailers had varying levels of understanding of MUP, with some not realising that the policy linked price specifically to the strength and size of a product, and some having limited knowledge of alcohol units. Understanding had improved by October 2018 (Wave 2, approximately five to six months after implementation) as retailers had familiarised themselves with the concept of alcohol units and had realised which products were affected. For those products which were affected by MUP, retailers mostly reported increasing prices to MUP or no longer stocking the product. For example, in the Frosty Jack's case study, some retailers reported 'delisting' the larger bottles (e.g. 3,000ml) once MUP had been implemented and they had increased in price, while others reported delisting all variants of the brand altogether. The observational audit, which included observation of prices of case study products at both waves, indicated that prices in the majority of retailers were found to be equal to or greater than MUP at Wave 2 for those products previously sold below MUP (Glen's vodka, Frosty Jack's and Strongbow Original).

In the interviews, implementation of MUP was generally experienced by retailers as being manageable and straightforward, with only a minority of products affected. Some retailers received help in terms of calculating compliant prices from the symbol group to which they were affiliated, although others calculated prices themselves. Other sources of advice about pricing from which retailers benefited included local licensing officers, wholesalers, alcohol producers and the retail trade press. Retailers generally took compliance seriously, sometimes referring to the risk of being prosecuted. However, one retailer in our sample admitted to having sold alcohol at below MUP after the implementation deadline, albeit only doing so in very small volumes. This was the only example reported of intentional non-compliance, and supports the indication in the EPoS data that most retailers adhered to MUP, even for one-off sales.

We found no reports of non-compliance by retailers in the retail trade press. Instead articles outlined similar sources of support to retailers concerning the implementation of MUP and encouraged retailers to see the policy as an opportunity. Adverts in the trade press were used to build awareness of the policy, to launch new pack sizes, or to offer services to retailers in relation to MUP. Reports of delisting larger pack sizes of higher strength cider in favour of smaller bottles or cans were common, and some articles reported delisting other products. Overall, retailers were reported to have prepared for MUP and communicated the changes to customers.

7.1.2 What happened to the price of alcohol products sold above £0.50-per-unit and what could retailers tell us about any changes?

Main findings: Alcohol products previously sold above £0.50-per-unit generally appeared to increase in price, to varying extents, although it was not always clear to what extent these increases were associated with MUP (if at all) versus other contextual determinants of price. We found no consistent evidence of prices decreasing towards MUP.

In the EPoS data, we mostly observed increases in the nominal average sales price-per-unit of product groups and categories already sold above £0.50 before MUP. However, the extent of these price increases varied considerably between product

categories, ranging from a small increase for the wine category (from an average of £0.65-per-unit in August 2017 to £0.67-per-unit in August 2018), to a more obvious increase for beer non-multipacks (from an average of £0.53-per-unit in August 2017 to £0.67-per-unit in August 2018). However, as these nominal average sales price-per-unit were already above MUP, it is unclear to what extent (if at all) increases were related to MUP. Other factors, such as inflation and changing prices of ingredients and distribution, may have contributed. For example, inflation in the UK increased by around 2.3% between August 2017 and January 2019^{*}, and the alcohol beverages, tobacco and narcotics sub-index increased 2.7%. It is plausible this increase may also have had some influence on the price trends in the product groups and categories already priced in line with MUP, and reported increases may simply represent no actual price increase in real-terms.^{†,‡} At a category level, it is also not definitively clear from the data presented whether increases in the nominal

^{*} As measured by the Consumer Pricing Index, including owner's occupied housing.

[†] For example, the price increase for the wine category across the 18 months (+2.2%) was only broadly in line with inflation change. A handful of 50 tracked products had price increases that were below the line expected for inflation (e.g. Red Stripe lager only increased +0.2% in nominal average sales price-per-unit and Famous Grouse only increased +0.3%), which actually suggests a price decrease when expressed in real-terms.

[‡] Prices can be expressed as either nominal (i.e. unadjusted for inflation and true to the point of collection) or real values (i.e. adjusted for changes over time, taking into account other factors such as inflation). In this study, there would have been strengths and limitations to either. For example, nominal prices are required when comparing the proportion of products sold above/below MUP at various time points, as adjusting for inflation could have potentially mis-estimated the number of products sold below MUP. Conversely, real-time prices are useful when adjusting price trends over time, as it enables the analysis to account for whether those trends were different from those expected from inflation. As the need to compare the proportion of products above/below MUP was an important part of this study, it was mutually agreed between the MESAS and research team to only use and report nominal prices throughout. The potential influence of inflation in price increases is discussed as a contextual factor.

average sales price-per-unit reflect broad increases across most products in these categories, whether the increases are driven by a smaller subset of products increasing to at least £0.50-per-unit, or a combination. We observed little to no consistent evidence of the price for any of products groups or categories decreasing towards the £0.50-per-unit threshold. There were some observed price decreases, for example the average price-per-unit of Kopparberg multipacks decreased from £1.12 in August 2017 to £0.79 in August 2018 and the non-multipack price-per-unit decreased from £1.20 to £0.98 over the same period, however, there was no evidence from any of the work packages that such trends were related to MUP.

In the interviews, retailers commented that most of their alcoholic product lines were unaffected by MUP, and therefore they were not required to make any changes to their pricing strategies. Both before and after MUP implementation, retailers talked about the importance of pricing alcohol competitively in order to avoid the risk of losing sales to local competitors, about preferring to stock price-marked products, and about pricing many products below the RRP. The need to be competitive on price did not generally mean lowering prices, but rather ensuring that their pricing strategies were in line with the local context or competition. A few retailers did, however, mention that they had increased some prices after MUP in line with increases they perceived had occurred at the wholesaler level, and a couple of retailers said that they had taken the opportunity provided by MUP to increase prices of some products already above £0.50-per-unit. For example, in the Buckfast case study, one retailer said they saw the introduction of MUP as an opportunity to increase prices as customers perhaps would have been expecting price rises anyway.

In the retail trade press, there was generally little discussion of the impact of MUP on prices of products sold above £0.50-per-unit before MUP implementation, although, in line with the retailer audit findings, one retailer was quoted as saying that he had increased the price of premium products as well as those affected by MUP to maintain a price differential.

7.2 What happens to the price differential between alcohol products at different parts of the price distribution?

Main findings: Price changes following MUP implementation resulted in a narrowing of price differential, both within and between some product categories, and in congestion in products sold at, and immediately above, the MUP threshold.

In the price distribution, we observed an increase in the proportion of UPCs in almost all price bands above £0.50-per-unit (based on the nominal average sales price-per-unit). Across all products and retailers, the proportion of UPCs in the £0.50 to £0.54-per-unit price band increased 5.3 percentage points, an increase that was higher than across any of point of the price distribution. This implies there was greater congestion in the number of UPCs priced at, and immediately above, the MUP threshold after implementation.

Detailed analysis of the 50 tracked products also showed a narrowing of the price differential in some categories and supported that there was increased congestion at, and immediately above, the MUP threshold after implementation, albeit the degree to which this occurred varied by product category and which products were compared. This increased congestion appeared to have been driven by a narrowing of the price differential between previously 'cheap' products and those already sold around MUP – hence the increase in products with a nominal average sales price-per-unit in the £0.50-£0.60 bands in the price distribution. Among the 50 tracked products, this narrowing among previously cheap products was particularly evident among ciders, although there was also some evidence among the beers and spirits categories too. This narrowing occurred both within (e.g. among ciders) and between product categories (e.g. between ciders and both spirits and beers). For example, in the case studies, while Frosty Jack's and Strongbow Original ciders both had a nominal average sales price-per-unit considerably lower than Tennent's lager and Glen's 37.5% vodka in August 2017, after MUP was implemented this differential narrowed and all four brands were sold around £0.50 to £0.55-per-unit. Most of the reduction in differential occurred around MUP implementation. Although there was other changes in other parts of the price differential for products already sold above

£0.50-per-unit (e.g. reduced differential between fruit flavoured ciders such as Kopparberg and Strongbow Dark Fruit), it is not clear to what extent (if at all) this was related to MUP.

Suggestions of congestion in the number products sold at, and immediately above, MUP were also supported by the retailer interviews and retail trade press. In the Wave 1 interviews, some retailers speculated that MUP would likely narrow the price differential between 'cheap' alcohol products, and in the post-implementation interviews they provided evidence of where this had happened. In the Frosty Jack's case study, for example, retailers described how MUP had narrowed the price differential to other ciders, and suggested that this had led some customers to switch products and/or brands. This suggestion is supported by the EPoS data, the retail trade press reports, and the case studies. For example, in August 2017, the nominal average sales price-per-unit for Frosty Jack's was £0.26 for multipacks and £0.19 for non-multipacks, whereas the corresponding values for Strongbow Original were £0.40 and £0.34 (differences of £0.14 and £0.15, respectively). After MUP was implemented, however, Strongbow and Frosty Jack's were both sold at approximately £0.50-per-unit, as were other ciders such as K, HCC, and Scrumpy Jack. This shows that the price differential between cider products had reduced or, in some cases, had been eliminated. The potential of brand switching among lower price alcohol was also suggested in the retail trade press, with Strongbow Original and Merrydown ciders cited as possible beneficiaries of a reduced differential. The trade press suggested that fruit flavoured ciders also appeared to have benefited from greater price competition within the cider category, while some retailers in the interviews and trade press suggested that individual cans of cider also seemed more attractive now there was little incentive in price differential to buy larger volume products.

In the interviews, retailers also suggested that MUP had narrowed the price differential between some previously 'cheap' products and their more expensive competitors already sold equal to or greater than £0.50-per-unit, a theme which was also discussed in the trade press. For example, in the Wave 1 retailer interviews, retailers perceived Glen's vodka to be a cheaper alternative to brands such as

Smirnoff. After MUP implementation, however, retailers reported that the price differential between the two brands had narrowed. This was supported in the EPoS data in the case studies, as the nominal average sales price-per-unit for Glen's and Smirnoff had narrowed from £0.49 and £0.56, respectively, in August 2017 (£0.07 difference) to £0.53 and £0.56, respectively in August 2018 (£0.03 difference). This equates to the difference between a 700ml bottle of Glen's and Smirnoff changing from £1.84 in August 2017 to only £0.79 in August 2018. It was suggested by some retailers that this narrowing in differential had led some consumers to switch from Glen's to Smirnoff; albeit this was not a unanimous opinion as some retailers perceived that other customers had remained loyal to Glen's, citing reasons such as taste preference. Further corroboration of this trend came from the trade press, where some articles referenced market research data (e.g. from Kantar and Nielsen) that suggested that Smirnoff had gained some market share at the expense of Glen's.

In both the retailer interviews and retail trade press, it was suggested that MUP had also reduced the price differential between small retailers and larger or discount retailers. In both work packages, small retailers highlighted that supermarkets could no longer sell competing or even identical products at cheaper prices. For example, post-MUP implementation, a 440ml x 4 pack of 4% lager had to have the same minimum price regardless of where it was sold, meaning it was no longer possible for the supermarket to take advantage of having lower wholesale prices or slimmer profit margins to sell it at £0.40-per-unit while the small retailer might have had to sell it at £0.50-per-unit to make a profit. This reduction in price differential between large and smaller retailers was described by some as having 'levelled the playing field' and increased their ability to compete, both in attracting sales from regular consumers (i.e. no longer incentivised through price to travel further to supermarkets) and ability to compete on seasonal promotions (e.g. at Christmas) or special offers. Some retailers, however, perceived that supermarkets could still position some products in a lower price band than they were able to, particularly wines, while others suggested that supermarkets could afford to sell some spirits at cost price.

7.3 What happens to the alcohol product range offered to consumers?

7.3.1 Changes in the product range offered to consumers

Main findings: Several changes in the alcohol product range were observed following MUP implementation, including a reduction in the product range for some categories, although not all these changes were necessarily or clearly related to MUP.

In the EPoS data, there was a decrease in the average number of different cider non-multipack UPCs sold at least once by each retailer, both year-on-year (-32.0%) and across the 18 months (-40.6%); decreasing from fifteen different UPCs in the range in August 2017 to around nine in January 2019. The decrease mostly coincided with MUP implementation and is consistent with expectations that higher-strength and lower-cost products (e.g. larger bottles of higher-strength white ciders) would become less attractive to consumers and retailers following MUP implementation. There was also a notable decrease for perries year-on-year (-6.7%) and across the 18 months (-9.2%), with decrease mostly coinciding with MUP implementation. We note, however, that there was only a small number of UPCs in this category, so this proportional change did not translate into a large impact on products sold (which remained between three and four). We also observed an increase in the average number of different non-multipack RTD UPCs sold at least once by each retailer, increasing from 15 to 17 different UPCs across the study (+11.7%). Although there were pronounced increases for this around MUP implementation, increases also occurred in the festive periods in 2017 and 2018. There was also an increase in the average number of beer non-multipack UPCs sold at least once by each retailer, particularly around MUP implementation. Nevertheless, it is unclear to what extent trends for RTD and beers non-multipacks were driven by MUP or by other contextual factors set out in Table 3.1.

Findings from the retailer audit broadly confirmed the findings from the EPoS data regarding changes in product range. We found a 3.3% reduction between Wave 1 and Wave 2 in the total number of alcohol products displayed across the 20 stores

(from 5,151 to 4,980). Across all product categories, this reduction was greater for multipack products (-9.3%) compared to single products (-2.2%). This may plausibly reflect reduced interest in larger multipacks where volume discounts on price could no longer apply under MUP and face value costs (i.e. total price paid) may have increased – albeit some retailers suggested that this simply reflected a longer-term trend among the cheaper alcohol products sold by small retailers in Scotland. There were reductions for most categories, although the biggest reductions observed were for perries (-31.1%) and ciders (-19.9%). Within the cider category, the reduction in products was greater for non-multipack products (-24.0%) compared to multipacks (-10.2%). The interviews at Wave 2 suggested that the decreases in the cider category could be explained by retailers delisting some products or no longer stocking larger container sizes, as they believed that customers would not pay prices at MUP or above. Between waves, the biggest increase in products displayed was for RTDs (+13.6%). Within RTDs, there was an increase for single products (+15.9%) but a decrease for multipacks (-7.1%), a finding which is consistent with the EPoS data. The increase in single product RTDs appeared to be accounted for by various product changes in this category, with fruit flavoured alcopops being replaced by higher-strength, caffeinated alcoholic energy drinks.

In the EPoS data, there was also an increase in the monthly proportion of cider multipack UPCs sold as separate containers by at least one retailer, with a pronounced increase around MUP implementation. It is possible that this is because individual cider containers may have become more attractive to price sensitive consumers once larger non-multipacks became more expensive under MUP. For example, under MUP, a 7.5% ABV 3,000ml bottle of Frosty Jack's cider would cost a minimum of £11.25, whereas the smaller 500ml multipacks cans could be sold individually for a minimum of £1.88. Although both products have exactly the same price-per-unit under MUP, the individual multipack container has a lower face-value price and maybe more attractive to price-sensitive consumers with limited budgets. There was limited increase change in the proportion of retailers selling at least one multipack as a separate product as MUP was implemented, although the majority

had already been doing so since the start of the study, particularly from among the more deprived SIMD quintiles.

7.3.2 Changes in product characteristics

Main findings: There was evidence of product changes that appeared to be directly related to MUP, with the introduction of some lower ABV and smaller container sizes for products which had previously been sold below £0.50-per-unit.

In the EPoS data, we observed decreases in the weighted average container size (in ml) of cider non-multipacks and perry UPCs, with decreases mostly coinciding with MUP implementation. These were the two categories with the largest average container sizes at the start of the study, and the decreases are consistent with expectations that sales of larger containers (particularly of higher-strength products) would be affected by MUP. In the 50 tracked products and case studies, there was evidence that this decrease may have been, at least partly, related to manufacturer changes in the brand variant offering. For example, a smaller container was released for Lambrini Original shortly before MUP implementation (1,250ml vs. 1,500ml). A smaller (500ml) container size was also observed for Glen's vodka, first observed in May 2018, thus coinciding with MUP implementation. As the averages in the EPoS data are weighted, reported decreases in size may also reflect changes in retailer and consumer purchasing, such as reduced purchasing of larger containers of higher-strength cider following large price increases around MUP and, conversely, increased purchasing of smaller container sizes with a cheaper face value price.

In the EPoS data, we also observed decreases in the weighted average strength (ABV %) for cider non-multipacks and perries, particularly around MUP implementation. There was evidence that these decreases may have been, at least partly, the result of product reformulation by some producers, with new 6.0% ABV variants released for both Frosty Jack's and Lambrini Original shortly before, or following, MUP implementation (both previously 7.5% ABV). Both of these products had the low average sale prices-per-unit before implementation and therefore were expected to be affected. There were also smaller decreases in the average strength for beer non-multipacks, cider multipacks, and beer multipacks, with the decrease for

each somewhat pronounced around MUP implementation. Nevertheless, as there was limited evidence of reformulation among our 50 tracked products for these product categories*, these trends were most likely driven by consumer purchasing and it is unclear to what extent (if at all) the changes were directly related to MUP.

In the retailer audit Wave 2 interviews, retailers also reported changes to the ABV (%) and container sizes for some products, such as the introduction of 500ml bottles for some spirits (e.g. Glen's), and a reduced container size (ml) and lower-strength Lambrini product. Within the beer category, retailers also perceived that some multipack formats had reduced in availability. These changes, however, were not necessarily directly attributed by retailers to MUP specifically.

In the retail trade press, many retailers were reported as having changed what they stocked, particularly delisting larger bottles of strong cider and price-marked packs. A small number of retailers were reported as delisting other products including Glen's vodka, stronger lagers, some larger multipacks of beer and some whisky blends. Some brands may have disappeared altogether but many were reported as being retained in different pack sizes, including cans or smaller plastic bottles. Adverts highlighted the launch of new product sizes, including 500ml sizes of several spirit brands such as Glen's vodka and smaller pack sizes of Frosty Jack's.

7.4. What happens to low-cost, high-strength ('cheap') alcohol once it becomes significantly more expensive?

Main findings: Alcohol products that had previously been sold below £0.50-per-unit either increased in price to be equal to, or greater than, MUP or were delisted. Some new lower ABV and smaller size variants, which could be sold at a lower price point, were introduced.

* The only observed example was Budweiser reducing from 4.8% ABV to 4.5% ABV from November 2017, albeit this change is not thought to be linked to MUP.

Across the work packages, four outcomes were observed for previously cheap alcohol once it increased in price under MUP.

First, some 'cheap' products simply ceased to be sold altogether. This was supported in the EPoS data, which showed a reduction in the average number of different cider non-multipacks sold by at least one retailer, and also showed that some of the 50 tracked products expected to be affected by MUP ceased to be sold following MUP implementation (e.g. Omega White Cider). The trend was also supported in the retailer interviews and retail trade press, in which some retailers discussed either delisting particular brand variants (e.g. larger bottles of higher-strength cider) or discontinuing certain brand or lines altogether (e.g. Frosty Jack's).

Second, some previously 'cheap' products increased in price to be in line with MUP, without any other significant changes in availability or characteristics. In the case studies, for example, both Strongbow Original 5% (both multipacks and non-multipacks) and Frosty Jack's multipacks continued to be sold by small retailers with prices at least equal to MUP. The only notable change to these products was that price-marked packaging that displayed prices below MUP had been phased out and, in some cases, not replaced (plausibly to avoid drawing attention to the price increases). As data were not available to analyse sales volume, we cannot determine whether sales were maintained at pre-MUP levels once the price had increased, however insight from retailers and the retail trade press suggests several reasons why sales for certain products (e.g. Frosty Jack's) may have fallen, for example due to brand switching as a result of reduced price differential.

Third, some alcoholic drinks distributors introduced smaller container sizes, which reduced the number of alcohol units and, therefore, also the face-value cost/ticket price of the product (i.e. total price paid). Data on this came from all three work packages. Examples of these changes included Lambrini Original being introduced in a new 1,250ml bottle (down from 1,500ml) and Glen's 37.5% available in a 500ml bottle (which provided an intermediary between the 350ml variant previously typically sold above MUP and the larger bottles typically sold below MUP). Both revised

products were first observed in the EPoS data around the point of MUP implementation, thus plausibly suggesting they were a reaction to the legislation.

Finally, some alcoholic drinks distributors reformulated their products, with the new lower-strength variants containing a smaller number of units and, therefore, allowing a lower face-value cost. As previously discussed, the two notable examples were Lambrini Original and Frosty Jack's, both of which were released in a new 6.0% ABV format around, or following, MUP implementation. The Lambrini reformulation involved a reduction in both strength and container size. This enabled the manufacturer to maintain a similar price-point to pre-MUP implementation; for example, the nominal average sales price of the previous 1,500ml 7.5% ABV product in August 2017 was approximately £3.45, while the nominal average sales price of the reformulated 1,250ml 6.0% ABV variant in August 2018 was £3.84 – only around a £0.40 increase. The pre-MUP variant (i.e. old strength and size) would have needed to have a minimum sales price of £5.63, an increase of over £2.00.

7.5 What happens to the way in which previously low-cost, high-strength ('cheap') alcohol is marketed?

Main findings: The main observed change in how alcohol products were promoted following MUP implementation was a reduction in the use of price marking, particularly in the cider and perry categories. Although minor changes were observed in use of other types of promotion, it was not clear to what extent (if at all) these were associated with MUP.

In the retailer audit, the most common form of promotion at Wave 1 was price-marking, which appeared on around a quarter of products (28%). Other forms of promotion, such as price-cues, interactive promotions or price reductions were only observed on a minority of products at either wave*. There was a reduction in the use

* We did not measure or observe any multi-buy discounts as these are already prohibited in Scotland.

of price-marking once MUP had been implemented, with the proportion of products displaying this decreasing by around 4%. When examined by product category, the most notable decreases in use of price-marking was for ciders, which declined from 37% of products at wave one to 17% of products at wave two, and perries, which declined from 73% of products at wave one to 26% of products at wave two. This decrease may have plausibly been driven by MUP because, once the policy had been implemented, updating the price marking levels would have drawn attention to the stark price increase - although no retailers or articles in the trade press specifically commented on this rationale. An example of this can be demonstrated using data from the Frosty Jack's case study. In the EPoS data, the 4 x 500ml can multipack was available in both price-marked and non-price-marked variants at the start of the study. In August 2017, the price-marked variant had a nominal average sales price of £3.84 and an average price-per-unit of £0.26. The minimum MUP price for this product effectively doubled to £7.50, and consequently, the price-marked variant had been withdrawn by the end of the study.

In spite of overall reductions in promotional activity, there was some evidence that promotion still played some role following MUP implementation, including for products previously sold below MUP. For example, price marking was included on the reformulated lower-strength Frosty Jack's product (6% ABV, 2,000ml bottle) to explicitly state that it was sold at the minimum unit price. The Scottish and UK-wide retail trade press also reported that an interactive promotion was included on the 700ml Glen's vodka bottle (which was generally previously sold below MUP) in the build up to, and following, MUP implementation. This invited customers to enter a prize draw by scanning a code on the bottle using a smartphone app. The retail trade press reported that the competition launched in January 2018, but was still observed in the majority of stores in the retailer audit after MUP implementation. However, as the promotion was reported in the Scottish and UK trade press, and began some month before MUP implementation, it may not have been directly related to this Scottish-specific legislation.

7.6 Other findings relevant to MUP

In the retailer audit interviews, retailers had varying perceptions of the impact of MUP on their overall alcohol sales, with some feeling there had been little change overall, some perceiving a negative impact (particularly on sales of previously lower price high strength cider), and others feeling that sales had improved in some categories such as beer multipacks and spirits. They described increased profit margins for several products, and some felt that increased margins had made up for reduced volume sales, although this opinion was not unanimous across retailers. Several retailers felt that they were better able to compete with supermarkets as MUP had had the effect of increasing previously low alcohol prices in supermarkets. Few negative consequences of MUP implementation, such as increased confectionery thefts or an increase in the local illicit trade, were reported by retailers.

In the retail trade press, prior to MUP implementation, both positive and negative predictions were made about the impact of MUP on small retailers and consumers. Positive predictions were much more common in Scottish publications than in UK-wide ones. Following implementation, there were multiple articles with strong reports from retailers and others of a positive impact of MUP on the ability of small retailers to compete with supermarkets, profit margins, and the value of overall alcohol sales in small retailers, with one article suggesting that 'business pessimism appears to have been assuaged'. There were very few reports of hostile customer reactions, and some indication that antisocial behaviour around premises may have been reduced when lower-price, higher-strength products were no longer sold.

In the retail trade press, a predicted shift in customer purchasing towards online, cross-border, or illicit sales was not reflected in retailer reports post-MUP implementation. Any online purchasing was thought to be on a very small scale. There were no predictions or reports of consumption switching to non-beverage alcohol. There were a few predictions but no reports of customers switching to drugs as a result of MUP. It was anticipated in some articles that customers would shift their spending from other household budgets to obtain money for alcohol. No examples or reports of this were given post-MUP implementation.

Several of the articles identified in the retail trade press reported other commentary on MUP including suggestions that the policy represented a form of excessive government intervention, that it would lead to further intervention in the market, or that it was based on weak or biased evidence.

7.7 Strengths and limitations

The key strengths of the overall study, and of each work package, are summarised in Table 7.1. The primary strength of the research is the use of multiple methods to provide a comprehensive assessment of the implementation and impact of MUP in small retailers in Scotland. Individually, each work package provides evidence on one or more aspects of the implementation and subsequent impact of MUP on the small retail sector: the EPoS data analysis (Work package One) provides evidence from a larger sample of retailers in Scotland on changes in product availability, characteristics, and pricing; the retailer audit (Work package Two) provides detailed insight from a small sample of 20 retailers in Scotland into their perspectives on MUP implementation, and changes in their product range and use of promotional activities following MUP; and the retail trade press analysis (Work package Three) provides wider contextual detail and understanding through examination of UK and Scottish publications. When synthesised, the three studies provide a detailed picture across small retailers in Scotland, with each work package having the potential to corroborate or add context to findings from other work packages. For example, while the EPoS data was able to show changes in what products were offered by retailers from different categories, the interviews with retailers helped to provide a range of explanations as to why these changes occurred, and the retail trade press helped us understand the wider context (e.g. through quotes from wholesalers, manufacturers, and distributors).

Our study focused on the small retail sector in Scotland. It was outwith the resources available to include a control or comparator (for example, to also conduct retailer audits and interviews in England, or to source EPoS data from across the UK). While it is possible to determine with some confidence that certain changes are likely to be

unique to Scotland, this is not always the case. For example, without a comparator it is not possible to determine to what extent (if at all) changes in product availability, characteristics, and some aspects of pricing are reflective of changes at a UK-level, rather than Scotland-specific. While we did include UK-wide publications in the trade press analyses, documenting wider contextual factors was beyond the remit of that work package. Similarly, it was not always possible to identify the extent to which some of the trends observed in this study were a direct or indirect consequence of MUP rather than due to other contextual factors within Scotland. We did, however, break analysis down into periods before, during and after implementation, and considered other factors at play within Scotland during these different periods, in order to give greater confidence that changes observed were a response to MUP rather than other wider factors. Further discussion of this is provided in Section 7.7 above.

Table 7.1: Strengths and limitations of the study and of each work package	
Overall study	
Strengths	Limitations
<ul style="list-style-type: none"> Multiple methods provide comprehensive assessment of implementation and impact of MUP Each work package is able to help corroborate, or add context to, data from other work package 	<ul style="list-style-type: none"> Not possible within available resources to collect data from comparator region without MUP.

Table 7.1: Strengths and limitations of the study and of each work package**Work package 1: Electronic point of sale data analysis**

Strengths	Limitations
<ul style="list-style-type: none"> • Variation in retailer characteristics (e.g. by location and symbol group status). • Good quality and depth of data which comes directly from electronic point of sale machines, which provides comprehensive picture of sales from included outlets. • Continuous data collection pre- and post-MUP implementation. • Examined a large sample of alcohol products. • Baseline products and new/unmonitored products selected using objective criteria and driven by existing retail data. • Extensive descriptive analysis of product availability, characteristics, and pricing. • Analyses structured to provide insight of trends at different stage of MUP implementation and other contextual factors. • Where relevant, analysis provides breakdown of descriptive trends by product category and retailer SIMD. • Detailed analysis of differences between multipack and non-multipack products. • Analyses and sampling approach sensitive to potential confounding factors, such as multipacks sold as separate containers and retailers being closed during study period. • 50 tracked groups provide insight into products at different parts of the price distribution. • Where possible, data were weighted by sales volume (e.g. product size). 	<ul style="list-style-type: none"> • Only representative of limited convenience cross-section of small retailers in Scotland (n=200). • Minor variation in retailer SIMD distribution for final study period (i.e. two fewer in SIMD1). • Could not include all UPCs at baseline or all new/unmonitored UPCs across study. Findings may not generalise to all alcoholic drinks products available in Scotland. • Price analyses based on monthly minimum or average prices, but not volume of alcohol sold. • Did not consider differences by retailer location (eg. urban vs. rural) and symbol group. • Not an exhaustive examination of all sub-categories (e.g. types of spirits). • Analyses are descriptive and not designed to test whether trends were significantly altered by the introduction of MUP or the relative impact of confounding and extraneous factors (detailed in Table 3.1 and Figure 7.1). • Price data are nominal. Changes and variations do not account for wider influencers on price (e.g. inflation). It was mutually agreed between the MESAS team and research team to only use nominal values in this report (as opposed to real values). To avoid repetition, please see footnote 11 (pg. 14) or footnote 55 (pg. 167) for further details. • Most data examined at product category-level, albeit insight into brand level in the 50 tracked products. • Cannot always directly attribute trends directly or indirectly to MUP implementation. • Did not collect data for low/no alcohol products to understand impact on overall consumer sales. • EPoS data sourced from retailer data supplier who, in turn, sourced data on UPC

	characteristics (e.g. ABV, container size) from a variety of sources (e.g. wholesaler records). Veracity and accuracy information assumes timely updating across data supply chain.
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Table 7.1 Continued

Work package 2: Retailer audit	
Strengths	Limitations
<ul style="list-style-type: none"> • Two waves of in-depth one-to-one interviews and observations enabled us to explore retailers' views and experiences in detail and to compare findings pre and post MUP. • Sample achieved diversity in terms of socio-economic profile and symbol group affiliation status. • All shops whose circumstances changed following the baseline interview (eg. change of ownership or symbol group) were excluded from the follow-up audit to ensure greater comparability. • In nearly all cases, Wave 2 interviews were conducted with same participant. Only one participant declined to take part at Wave 2. • All interviews conducted face-to-face in the store setting to enable triangulation of retailers' accounts with observations in the shop setting (for example, of pricing practices). • Extensive photographic record captured all alcohol products on display in each retailer and enabled accurate coding of data. • Both waves of fieldwork were conducted by the same research team, to improve consistency and participant rapport. 	<ul style="list-style-type: none"> • Qualitative approach, so results are not necessarily generalisable. • Small sample size (dictated by resource limits and practicalities) precludes analysis of subgroup variation (eg. by retailer type or location). • Because of resource capacity, the sample did not capture the views of retailers in more rural areas or in the border regions. • Interviews subject to time constraints so not possible to provide in-depth discussion of all product types and categories. • Interviews conducted in store while retailers were working, and were therefore subject to interruptions. • English not the first language of some interview participants • Audits and interviews only conducted in October, so findings may not be representative of retailer practice at other points of year.

Work package 3: Retail trade press analysis	
Strengths	Limitations
<ul style="list-style-type: none"> • All extracted articles mentioning MUP were reviewed by at least two researchers. • Included both Scotland-specific and UK-wide publications. • Continuous data collection pre- and post-MUP implementation. • Large sample of publication issues and individual articles considered. • Articles were screened using inclusion criteria to ensure study relevance (eg. to small retailers, MUP, or case study products). • Extraction of a sample of publications was cross-checked by multiple researchers to ensure validity of screening and coding protocol. • Data were extracted using protocol which provided details on the publication (eg. timing) and content (eg. product mentioned or arguments made). 	<ul style="list-style-type: none"> • Majority of publications reviewed and extracted by one researcher. • The trade press are a secondary data source, so news, statistical data, and quotes are under editorial control and may not always be representative of wider context. • Trade press publications are largely funded by selling advertising space, including to alcohol producers or other industry stakeholders. The interests of the publications therefore overlap with those of the industry, and this is likely to be reflected in published content. • It is possible that not all 'advertorials' are clearly marked as such, or whether bulk of some content is directly from a press release. • Not possible, or intended, to cover all content related to alcohol, although we acknowledge that these may have provided important wider contextual detail.

7.8 What trends can be attributed to MUP?

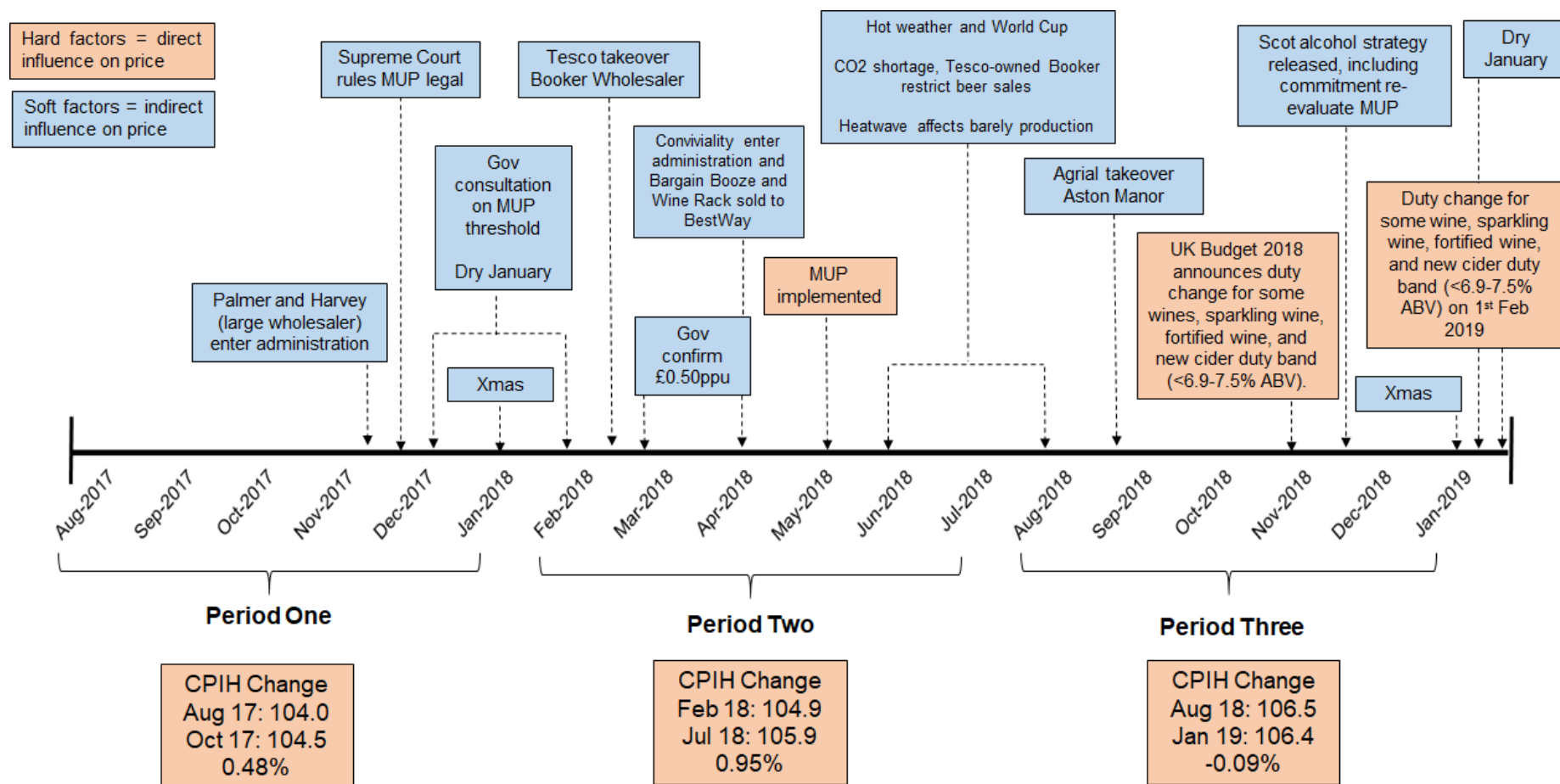
As discussed throughout, not all the trends reported will have been directly related to MUP implementation. Some will have been influenced, at least partly, by wider contextual factors relevant to alcohol products sold by small retailers in Scotland (many of which are summarised in table 3.1). It is also important to acknowledge the timing of these wider contextual factors and to what extent, if at all, they intersected with MUP implementation (Figure 7.1 provides an example of the factors and their chronology, based on the study periods in the EPoS data). This section therefore provides a brief summary of where we are confident our response to the research questions are related to MUP, instances in which we do not think there was a relation, and cases where caution is required in interpretation.

It is possible to state with confidence that some findings were driven by MUP. For research question one, what happens to the price of alcohol products, the increase in the proportion of UPCs sold equal to, or greater than, £0.50-per-unit in May 2018 was evidently the result of the legislation requiring products to be sold at this minimum threshold, as too are reported price increases for product groups and product categories previously sold below MUP. For research question two, what happens to the price differential, the reduced price differential between ‘cheap’ products previously sold below £0.50-per-unit and those previously sold at or above MUP, and potential consumer brand switching as a result, are logical consequences of the MUP-generated price increases; these trends were corroborated by retailers and the retail trade press. For research question three, what happens to the product range, changes in product characteristics – and the timing of changes – provide evidence of how some distributors of alcoholic drinks responded to the legislation, for example by introducing new smaller container sizes or reformulated lower-strength products that would mitigate the extent of the price increases. For research question four, what happens to ‘cheap’ alcohol, in the interviews retailers said that they had delisted some previously ‘cheap’ alcohol products once they became significantly more expensive and therefore less attractive under MUP.

For some findings, it is less clear whether they were related to MUP, or there was no evidence to suggest that they were. For research question one, it cannot be determined to what extent (if at all) price increases for product groups already sold above £0.50-per-unit were impacted by MUP or, if so, how any impact of MUP compared to the wider contribution of economic and contextual factors (such as inflation and changes in the cost of ingredients and distribution) (see 7.1.2 for further discussion). For research question two, variations in price differential for product groups already sold equal to or greater than £0.50-per-unit could have been influenced by a variety of factors related to the range of alcohol products sold by small retailers in Scotland, rather than being a knock-on effect of changes in the price distribution instigated by MUP. For example, narrowing of the differential between different fruit-flavoured ciders, such as Kopparberg or Strongbow Dark Fruit, may plausibly reflect increased competition for market share between these brands, and have no relation to MUP at all. For research question three, it is not

clear how increases in the range of RTD products sold by small retailers relates to MUP implementation, and some retailers speculated that decreases in the availability of multipacks was a gradual and longer-term trend, rather than being a reaction to MUP. As much of the data in the EPoS work package was weighted (e.g. container size and average strength), it is not possible to disentangle the relative contribution of changes in product reformulation and changes in variant offering from changes in consumer behaviour.

Caution is also required for interpreting research question five, what happens to how 'cheap' alcohol is promoted. Although it is plausible that the observed decrease in use of price marking occurred in order to avoid drawing consumer attention to price increases after MUP implementation, neither retailers nor the trade press corroborated this hypothesis. Moreover, while some promotional activity was evidently MUP-linked (e.g. the reformulated Frosty Jack's product advertised on the packaging that it was sold at MUP), the likelihood of other activity being related to MUP was more tenuous; for example, the Glen's vodka interactive on-pack promotion was UK-wide, was launched five months before MUP, and was not linked to MUP on the product itself or in retail trade press articles.



Overall CPIH Change over course of study: 2.31%

Figure 7.1: Timeline showing observation periods, stage of MUP implementation, and contextual factors that may influence product availability, characteristics or price

7.9 Conclusions

- This evaluation of the implementation and impact of MUP in the small retail sector suggests that the policy has been implemented as intended and has produced expected impacts on alcohol products previously sold below £0.50-per-unit. The data suggest that implementation of MUP was straightforward, with little or no adverse effect on small retail businesses.
- There have been shifts in both pricing and product range among the cheaper alcoholic drinks sold by small retailers in Scotland following MUP implementation. This includes products that were priced under MUP either ceasing to be sold by small retailers' altogether or increasing in price in line with MUP.
- Price increases, in particular for higher-strength ciders and perries, led to congestion in the number of alcohol products sold at, and immediately above, the MUP threshold. This congestion reflected the compression (or elimination) of the price differential among products previously sold below MUP, reduced price differential between some previously 'cheap' products and their more expensive competitors, and reduced price differential between some product categories.
- Some observed changes in customer buying behaviour were reported in the retailer interviews and in the trade press, with customers moving from higher to lower strength alcohol products or to alcohol products in smaller container sizes. Retailers also reported that price increases, and reduced price differential between products, had led some customers to switch to other alcohol products, perceiving them to now offer better value at similar prices in comparison to the previously lower price alcohol products.
- Alcohol products that were already sold above MUP also appeared to increase in price, albeit the size of any change varied between different product categories and products, and it is plausible that these increases were driven by other economic and contextual factors, such as inflation, rather than by MUP implementation. We observed no strong or consistent evidence that

the price compression resulted from higher-priced products decreasing in price towards the MUP.

- The most frequent form of promotion used by small retailers was price marking on packaging, and there was a reduction in this promotional activity after MUP implementation. Reductions were particularly evident in the cider and perry categories, two categories which had the lowest sales price-per-unit elsewhere in the study and the largest price increases following MUP implementation.
- Some small retailers felt that MUP had improved their profit margins for some products, and also their ability to compete with supermarkets for alcohol sales, and there were reports in the retail trade press that the policy had increased small retailer alcohol sales (by value) and improved profit margins.

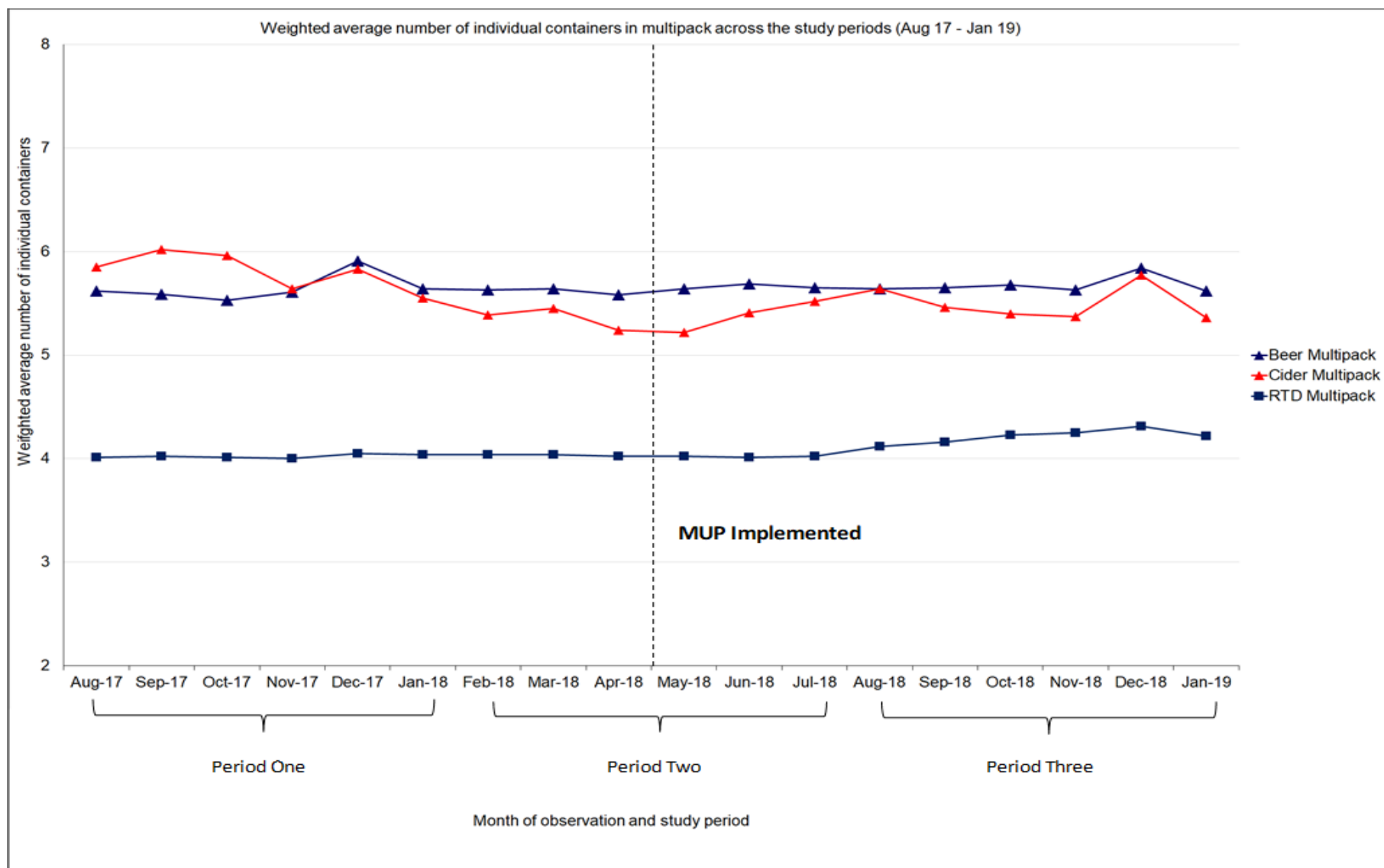
References

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- ⁶ Dickie E, Mellor R and Beeston C (2019). Minimum unit pricing (MUP) for alcohol evaluation: Compliance (Licensing) study. Edinburgh: NHS Health Scotland.

Annex One – Summary of data from the fifty tracked products

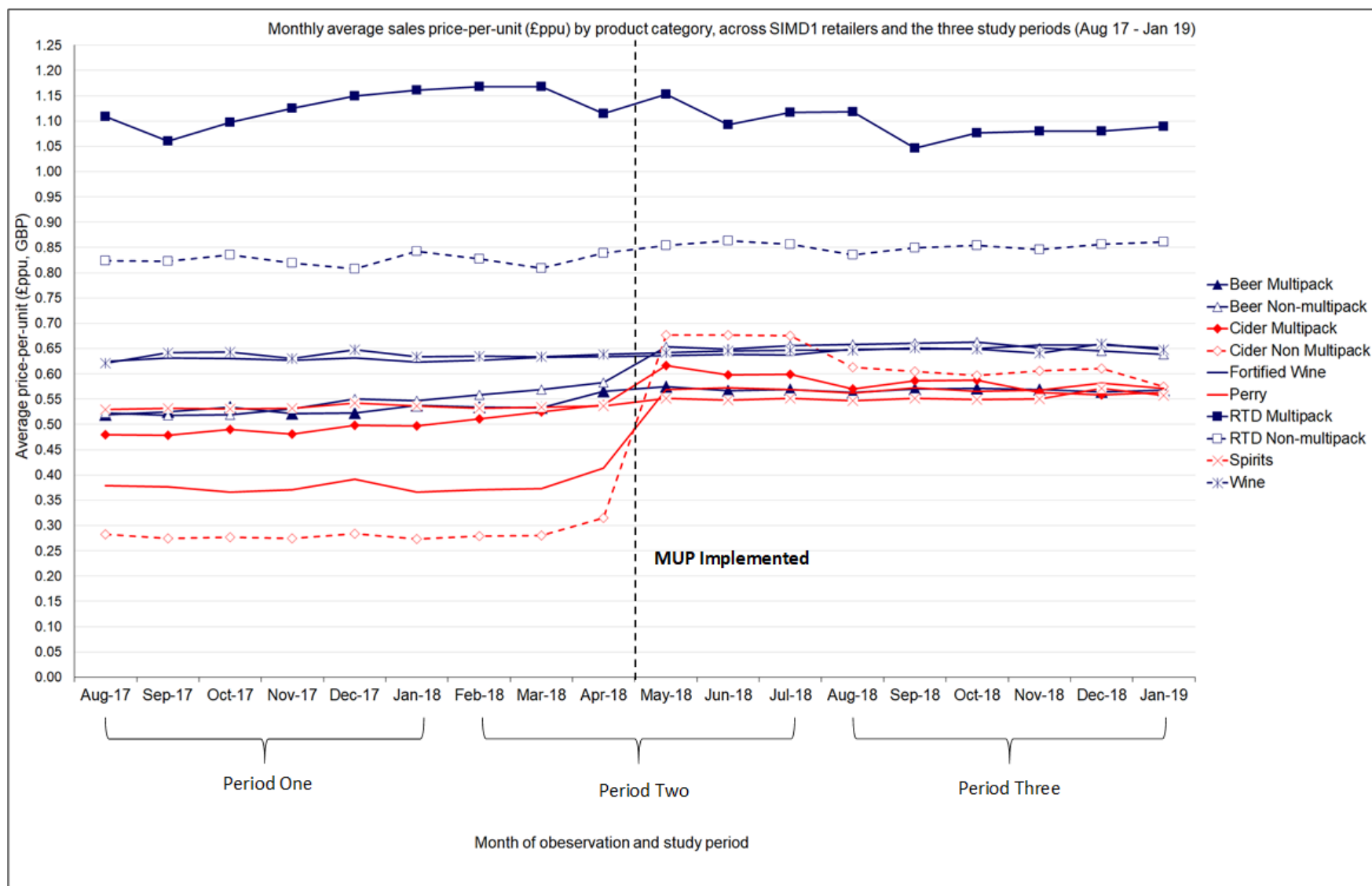
See separate Excel Spreadsheet.

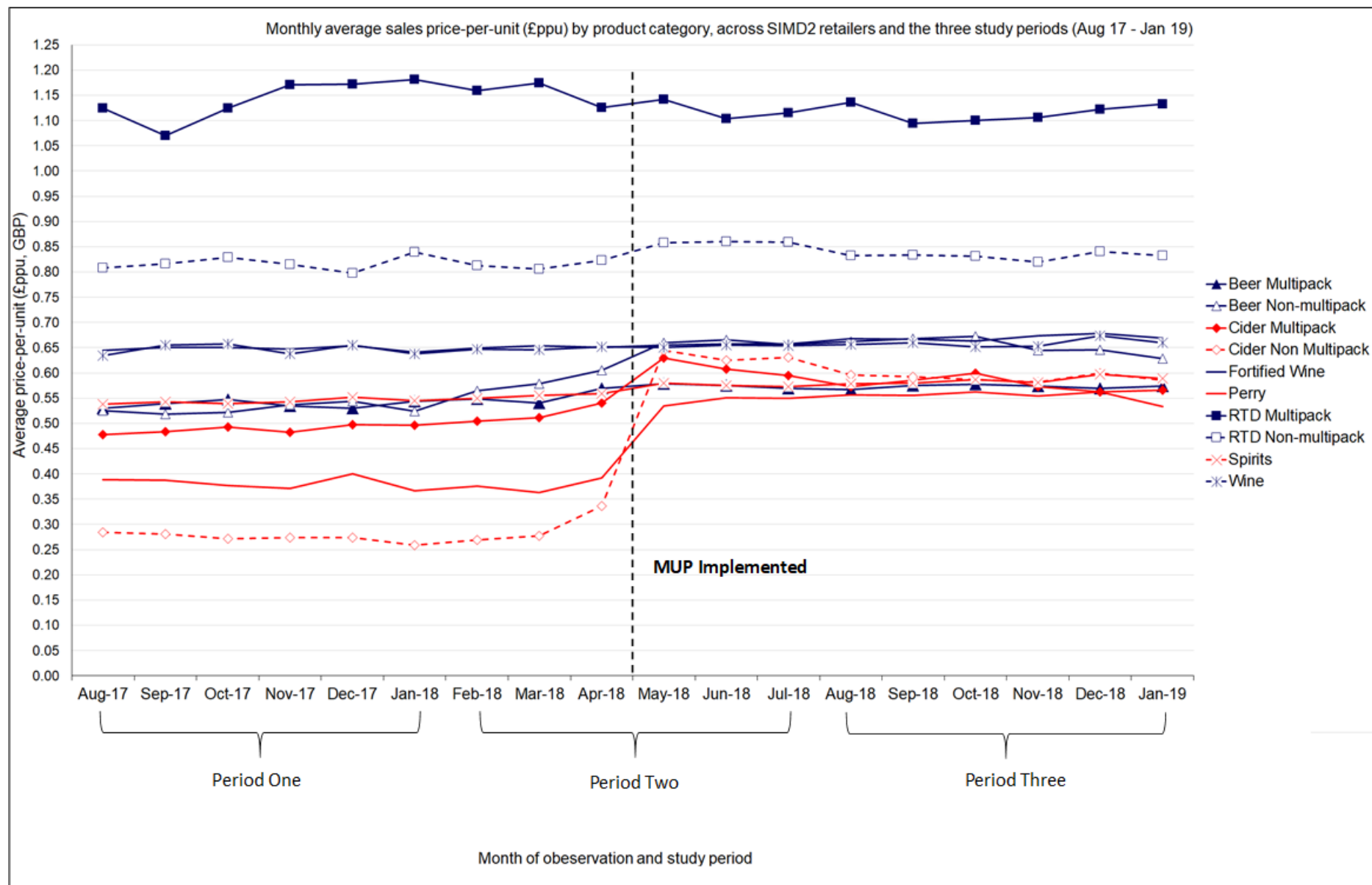
Annex Two – Weighted average number of individual containers in multipacks

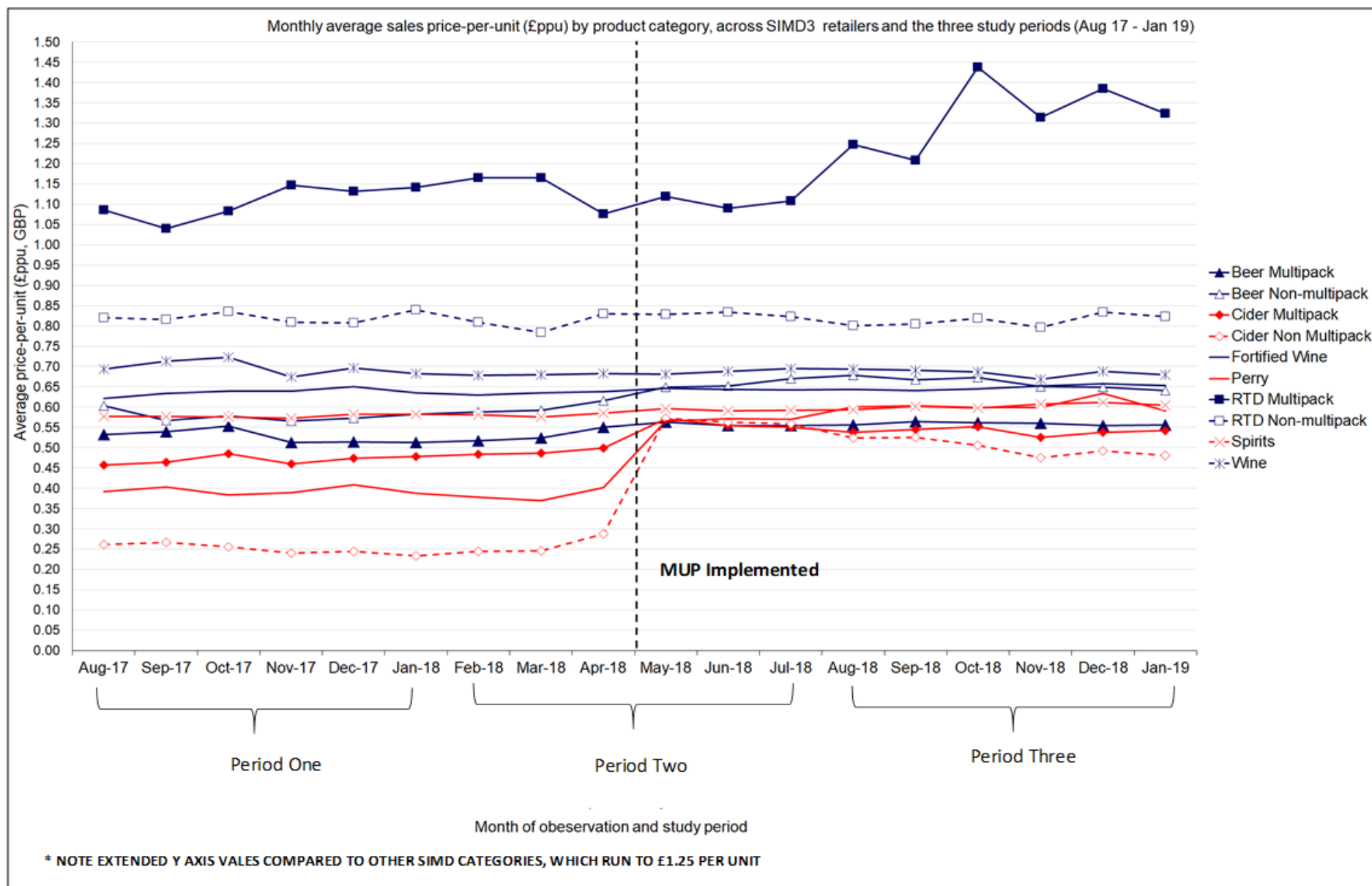


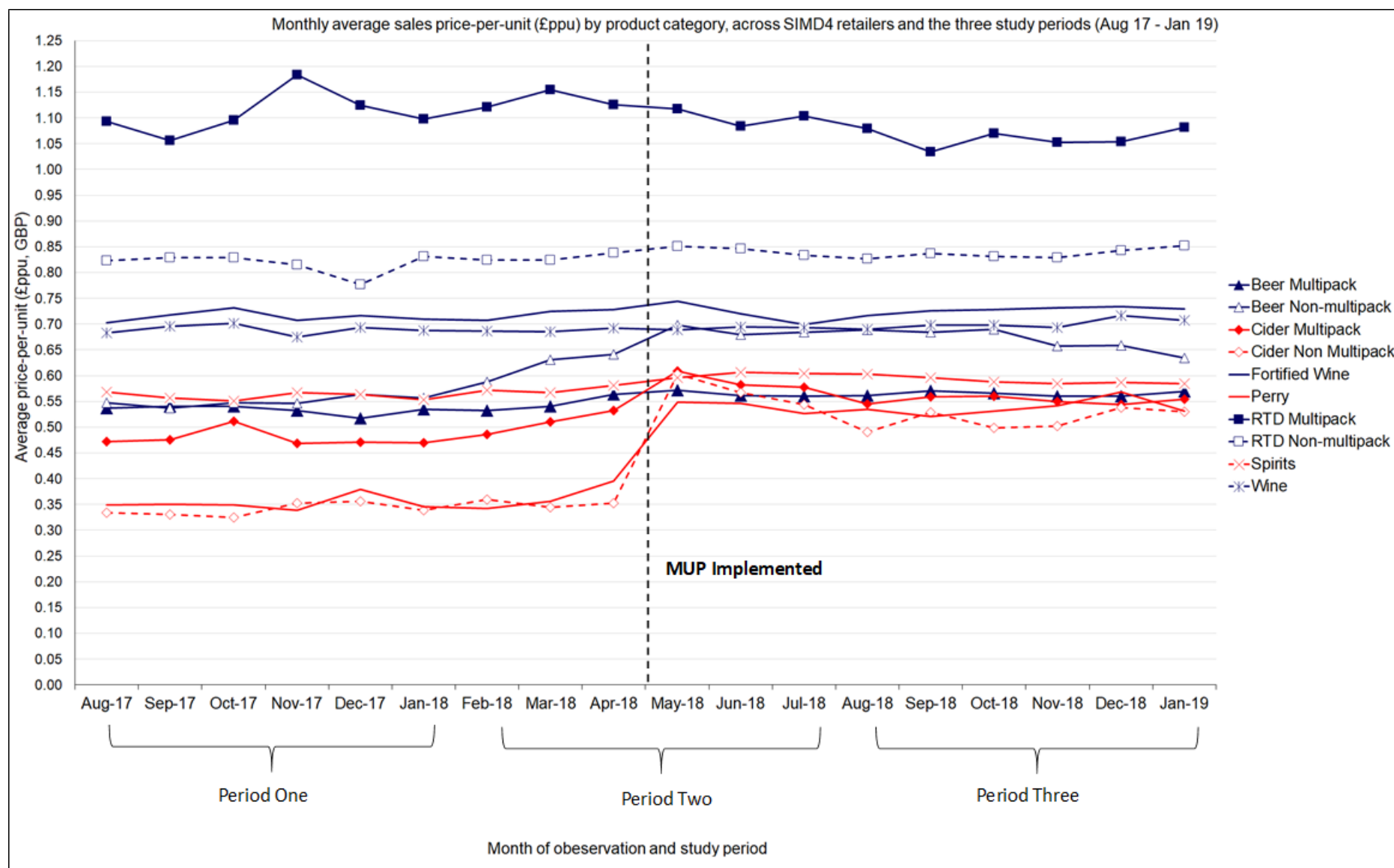
Annex Three – Nominal average sales price-per-unit by product category and retailer SIMD group

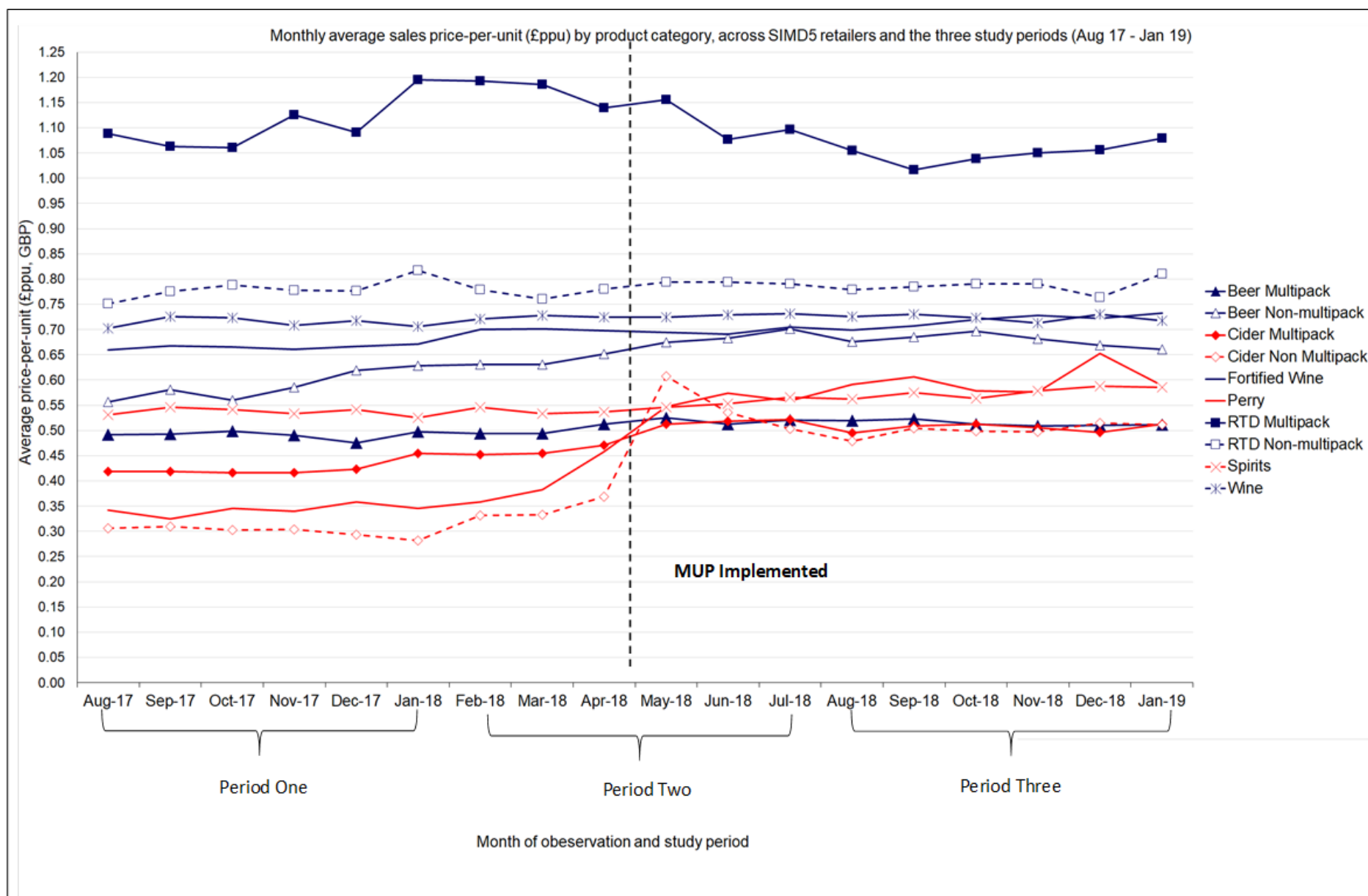
Note: SIMD1 = Most deprived; SIMD5 = Most affluent







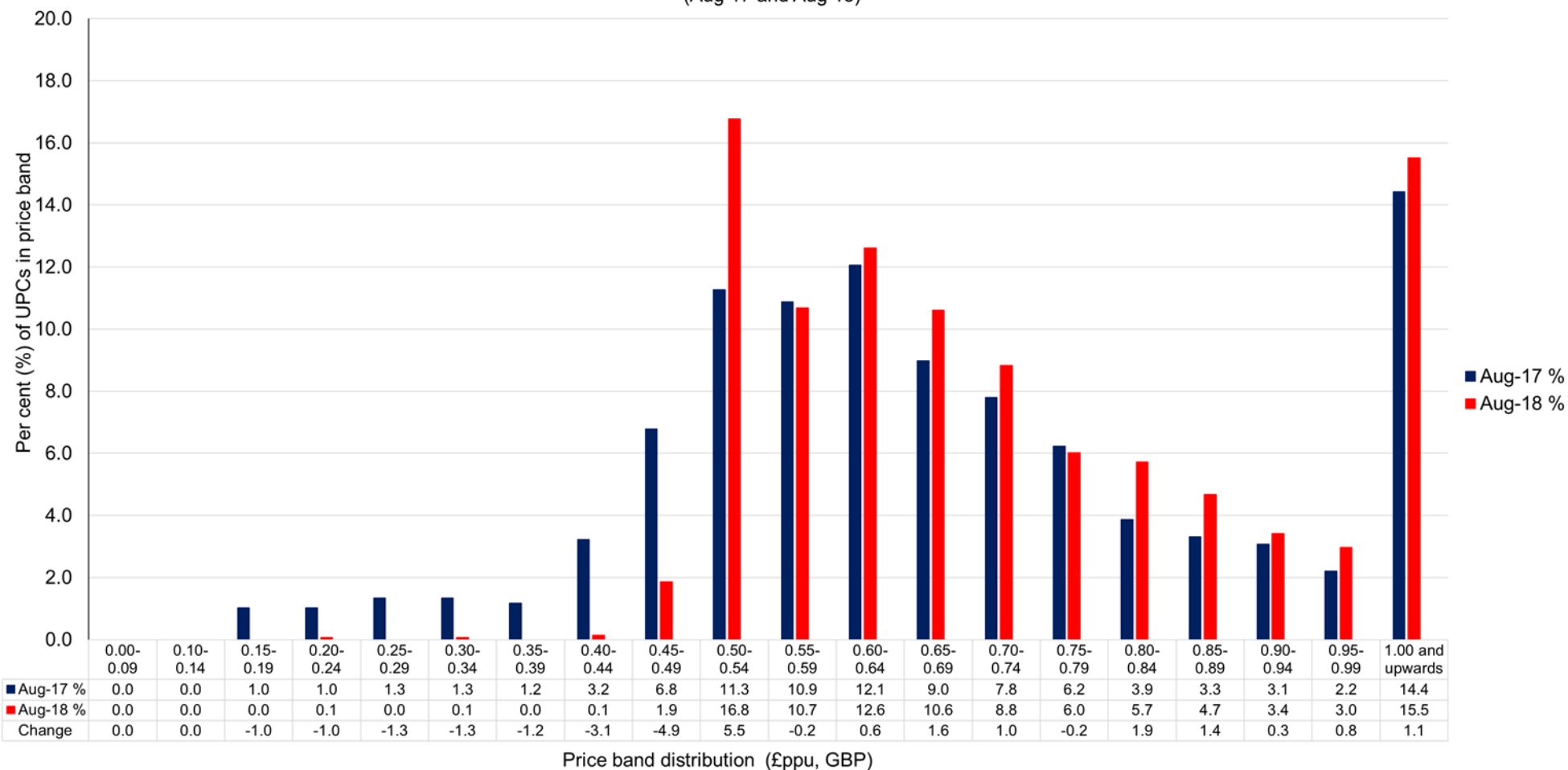




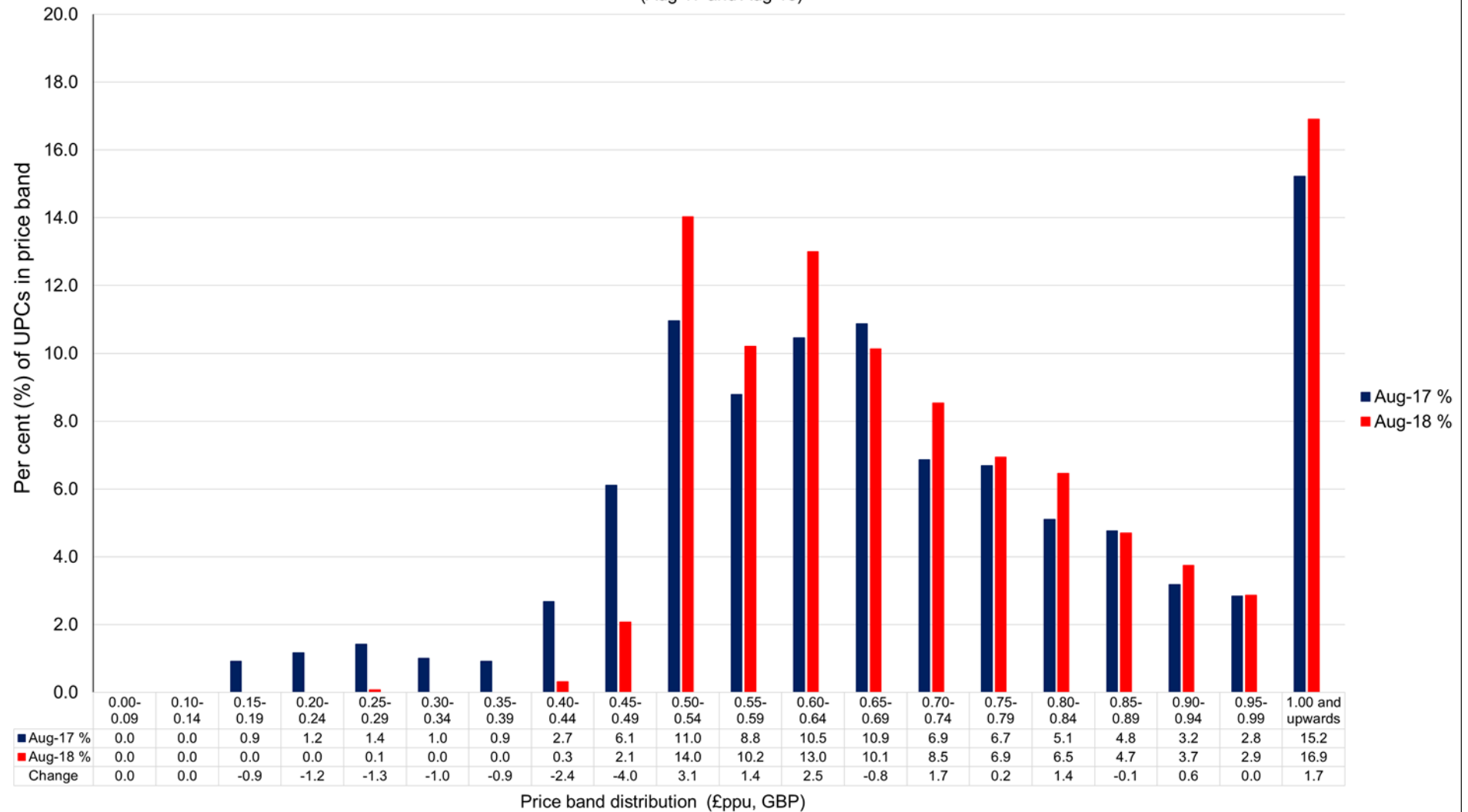
Annex Four – Price distribution by retailer SIMD group, based on nominal average sales price-per-unit

Note: SIMD 1 = Most deprived quintile, SIMD5 = Most affluent

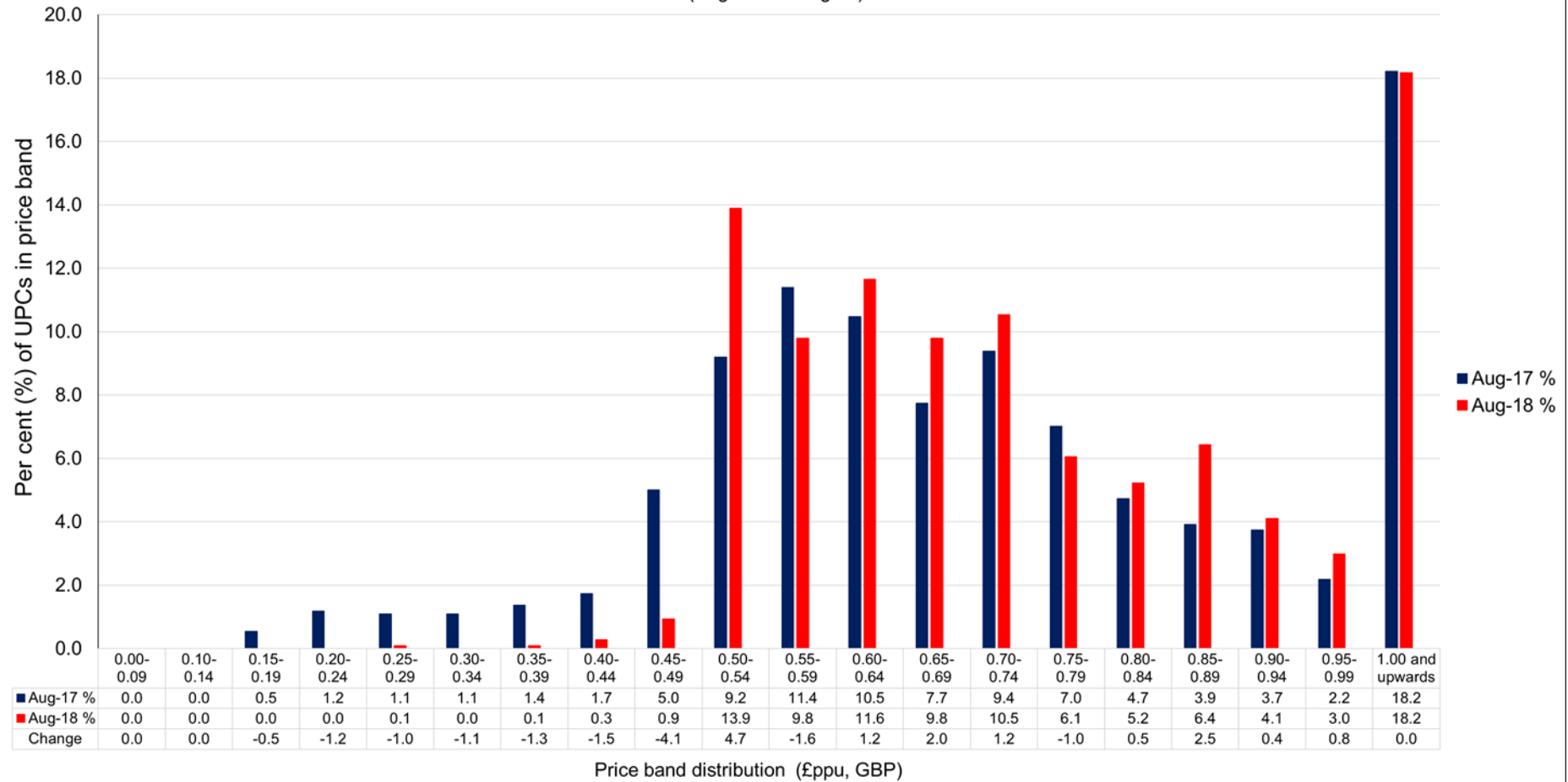
Per cent (%) of UPCs in each part of price distribution, SIMD1 retailers and all product categories, based on monthly average sales price-per-unit (Aug 17 and Aug 18)



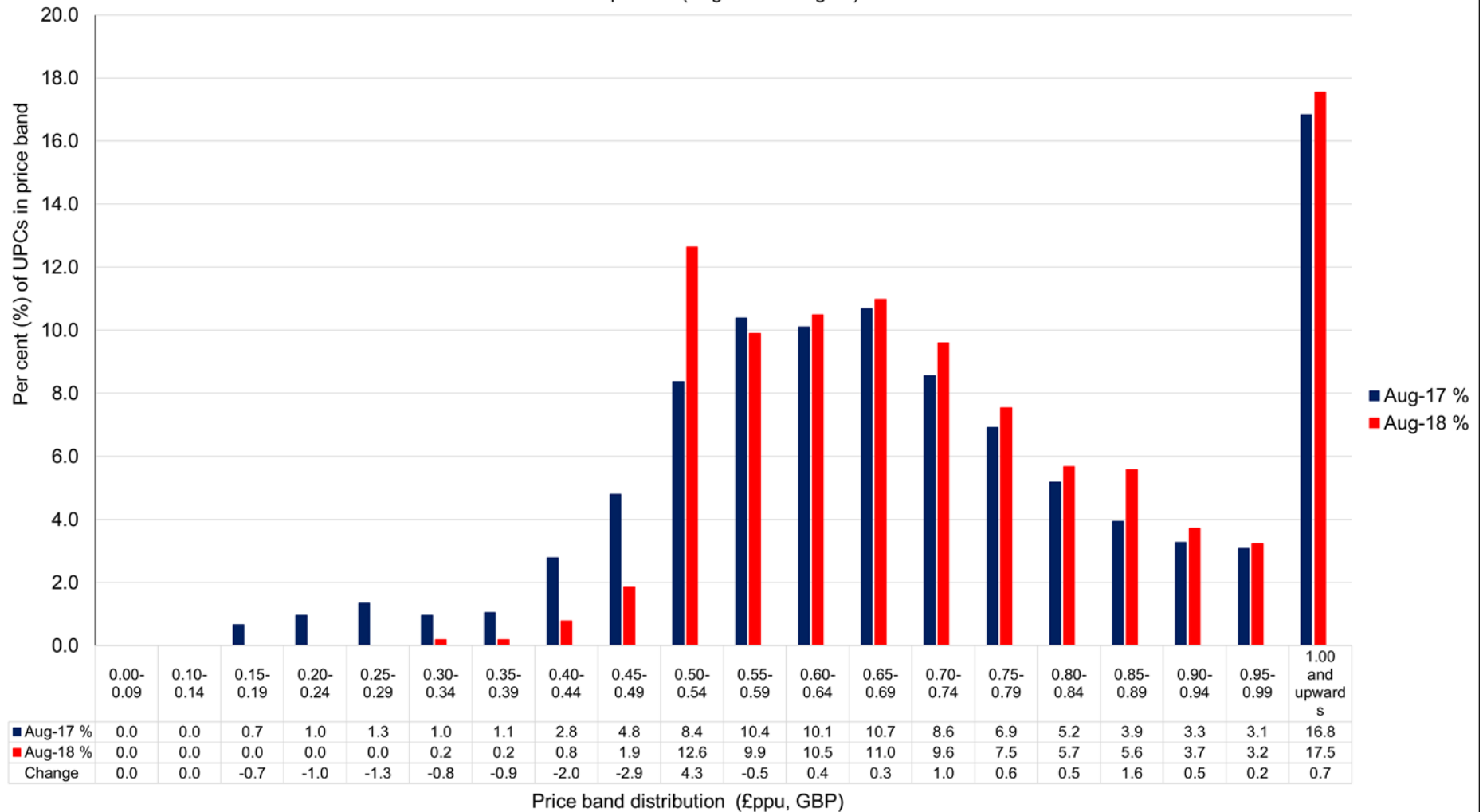
Per cent (%) of UPCs in each part of price distribution, SIMD2 retailers and all product categories, based on monthly average sales price-per-unit
(Aug 17 and Aug 18)



Per cent (%) of UPCs in each part of price distribution, SIMD3 retailers and all product categories, based on monthly average sales price-per-unit (Aug 17 and Aug 18)



Per cent (%) of UPCs in each part of price distribution, SIMD4 retailers and all product categories, based on monthly average sales price per unit (Aug 17 and Aug 18)



Per cent (%) of UPCs in each part of price distribution, SIMD5 retailers and all product categories, based on monthly averagesales price-per-unit
(Aug 17 and Aug 18)

