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Evaluation of the Minimum Price for Alcohol in Wales – Baseline Research with Retailers and Quantitative Analysis Plan

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Authors: Vainius Bartasevicius, Alison Beck, Maria David, Emma Forsyth, Nilufer Rahim, Rebecca Steinbach

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

For further information please contact:

Janine Hale
Social Research and Information Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ
Tel: 0300 025 6539
Email: research.healthandsocialservices@gov.wales

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Glossary

| Acronym / key word | Definition |
|-----------------------------------|---|
| Alcohol shop | Shops primarily supplying alcohol, such as off licences or specialist or alcohol products e.g. 'craft' beers. |
| Alcohol unit | A way of expressing the quantity of pure alcohol in drinks. One unit equals 10ml or 8g of pure alcohol. |
| Baseline study | Study that provides an information base against which to monitor and assess an activity's progress and effectiveness during implementation and after the activity is completed. |
| Chain | Retail outlet in which multiple branches share a brand, central management, and standardised business practices. |
| Independent | Retail outlet with a single location or up to three locations often owned by an individual, a family or a two-person partnership. |
| Licensed premise | An establishment in which alcoholic beverages are permitted to be retailed and / or consumed. |
| Minimum pricing for alcohol (MPA) | A way of setting a baseline price below which no one can sell an alcoholic drink. |
| Minimum Unit Price (MUP) | The Minimum Unit Price (MUP) – the minimum price to be charged per unit of alcohol and used in the formula for calculating the minimum price at which the alcoholic drink can be sold. An MUP of 50p per unit of alcohol was introduced in Wales from 2 nd March 2020. |
| Off-trade | Sector of the alcoholic drinks market comprising sales for consumption outside the vendor's premises. |
| On-trade | Sector of the alcoholic drinks market comprising sales for consumption on the vendor's premises. |
| Very low awareness | Retailers that had not heard about the minimum pricing policy in Wales. |

Executive summary

This report presents findings from research to evaluate the introduction of a Minimum Price for Alcohol (MPA) in Wales on 2nd March 2020.

The research examines retailers' awareness of the policy and what they expected its effects to be. The report also incorporates the quantitative analysis plan, providing details on the methods to be used for evaluating the impact of the MPA on retailers.

Methodology

Qualitative interviews were conducted with 30 retailers from across the five Welsh regions. The sample included independents and chains, large and small retailers, and a mix of alcohol licence types (on-trade, off-trade, and both). Participants were recruited from a commercial list of 2,362 registered alcohol retailers.

Interviewees were store owners or managers with responsibility for implementing the MPA. Interviews took place between September 2019 and February 2020.

The methodological approaches presented in the quantitative analysis plan were informed by the statistical tests conducted with the baseline alcohol purchasing (Kantar) and sales (The Retail Data Partnership (TRDP)) data. The available baseline purchasing data covered the period from March 2015 to February 2020; the baseline sales data ran from September 2019 until February 2020.

Retailer interviews: findings

Awareness

The Welsh Government wrote to all alcohol retailers in November-December 2019, enclosing a leaflet about the upcoming law change and an information poster for point-of-sale display. Shelf-edge and other display information was provided to explain the change of policy in off-licences and supermarkets. This was followed by awareness-raising work with trade press and trade bodies, and a publicity campaign from January to March 2020. The campaign included supermarket trolley adverts, radio adverts and digital advertising, with public relations and media activity in support. Some additional communications and engagement work, led by Alcohol Change UK Cymru, ran in parallel to the national campaign. The [guidance on implementing minimum pricing in Wales for retailers and local authorities](#) was also published on 15 January 2020.

Awareness of the policy among retailers varied, including among those interviewed when the Welsh Government's publicity campaign was underway; some had little or no awareness, others were more informed. Across awareness levels, knowledge gaps included the date of implementation, how the MPA was calculated and whether the policy applies to wholesalers.

Those with higher awareness tended to have received information from multiple sources, including the Welsh Government, head offices (chain retailers) or industry bodies (independents). Those with little or no awareness included on-trade retailers and independents who did not report receiving information from the Welsh Government and could not rely on a head office.

Some retailers had not proactively sought out information either because they were interviewed in autumn 2019 and perceived the implementation date was too distant to necessitate seeking details or assumed they would be sent information in due course; or because they believed their prices already exceeded the MPA.

Actions taken to prepare

Chain retailers tended to have prepared for implementation, having received guidelines and training from their head offices. Also, it was common for retailers (both chains and independents) who were interviewed during the month preceding implementation to have prepared.

Among those who had prepared, planned actions included checking prices against the MPA, training staff, alerting customers, and adjusting stock to carry more high-quality alcohol products in anticipation of these selling better after implementation.

Retailers who had not prepared for implementation gave various reasons for this. Reasons relating to lack of awareness, not being organised or not prioritising preparations were found among those interviewed several months prior to the implementation date. However, other reasons cited by retailers - lack of information and a belief that the MPA did not apply to them as the prices they charge are already above the required MPA – persisted as barriers closer to implementation.

Independent retailers - who could not lean on support from a head office - desired more information on what they should do to prepare, either having not received¹ or read the information sent out to all retailers by the Welsh Government.

Expected impacts

Among retailers who made predictions about how the MPA would affect their finances, some expected to benefit through increased competitiveness, while others foresaw a (manageable) risk of falling sales.

Participants expected that retailers close to the English border, and those selling low-price alcohol, would be the ones most negatively affected. However, they felt the impact would be minor and any falls in sales would be short-lived. This was because they believed that most alcohol was already priced higher than the MPA; any retailers who were affected could introduce counteractive measures. Views were mixed on whether retailers competing with major supermarkets would be affected by the MPA; one view was that it could level the playing field between large and small retailers.

Retailers felt the policy could potentially lead to a reduction in harmful alcohol consumption, but doubts were raised over whether the agreed MUP was set high enough to be a deterrent. There was speculation that people on low incomes with alcohol dependency would continue to buy alcohol anyway - leaving them with less money for essentials – or would turn to shoplifting or drug use to fuel their addiction.

Recommendations for future waves of interviews

This wave of the research sought retailers' views of the MPA before it had taken effect. Future waves will capture retailers' experiences of the policy after it has taken effect. Future interviews could explore: whether information gaps persisted; any support accessed by independent retailers; perceptions of the impact of the MPA on business practices and the market; retailers' experiences of competition at local level; and whether and how views about the policy evolve.

¹ Some of these retailers were interviewed before the Welsh Government sent information out to retailers while others were interviewed afterwards and reported not receiving the information

Quantitative analysis plan

The quantitative analysis plan concluded that controlled interrupted time series (CITS) is the most suitable method for assessing the impact of the MPA on retailers. Interrupted time series (ITS) is a quasi-experimental evaluation method which uses pre- and post-intervention data to measure the effects of the ‘interruption’ (in this case, the introduction of MPA in Wales in March 2020) in a robust way. CITS is a kind of ITS that uses a comparison time series to strengthen the impact estimates. For both alcohol purchasing (Kantar) and sales (TRDP) data, we propose using England’s data as a comparison for Wales.

For alcohol purchasing data, using CITS is proposed for studying the effects of the MPA on the average price per litre of alcohol, mean spending on alcohol and mean volume of alcohol bought in Wales. It is planned to run linear regression models in which the dependent variables would be specified as differences in the monthly values of the outcome measures between England and Wales (O’Donnell et al., 2019). Using the same approach for the analysis of alcohol sales data is proposed, focusing on average alcohol sales, alcohol sales as a percentage of total sales, average number of alcohol transactions and alcohol transactions as a percentage of total transactions.

1. Introduction

- 1.1 This report is part of the evaluation for the Minimum Price for Alcohol (MPA) in Wales. It presents the first set of findings from longitudinal qualitative research with Welsh alcohol retailers undertaken prior to the introduction of the MPA in Wales.
- 1.2 This research was carried out by NatCen Social Research on behalf of the Welsh Government. Using a qualitative approach, it explores retailers' understanding and views of the minimum pricing policy prior to its introduction and their expectations for the effects of the policy.
- 1.3 This baseline research will be followed by two further waves of interviews with retailers. The next wave will explore experiences and perceived impacts of the MUP after the policy has taken effect. The third and final wave will examine longer term impacts.
- 1.4 The report also incorporates the quantitative analysis plan, providing details on the methods to be used for evaluating the impact of the MPA on retailers. The methodological approaches presented in the plan were informed by the statistical tests conducted with the baseline alcohol purchasing (Kantar) and sales (The Retail Data Partnership (TRDP)) data. The actual quantitative analysis will have two stages, with the first round of analysis happening towards the end of 2021 (approximately 18 months after implementation) and the second scheduled for the end of 2023 (approximately three and a half years after implementation).

Background to the Minimum Price for Alcohol in Wales

- 1.5 A minimum unit price of 50p for alcohol was introduced in Wales from 2nd March 2020. The introduction of the MUP in Wales has increased the price of alcoholic products previously sold or supplied below the minimum price and means that no retailer can legally sell an alcoholic drink below that price.

Why minimum pricing was introduced in Wales

- 1.6 Alcohol consumption is a major public health issue in Wales. According to the National Survey for Wales (2019-20), 19 per cent of adult respondents reported drinking more than the weekly guideline amount (above 14 units), with 25 per cent of men reporting that they drink above weekly guidelines (StatsWales, 2020). In

2018, the rate of alcohol-specific deaths in Wales was 13.1 deaths per 100,000, higher than the UK rate of 11.9 deaths per 100,000 people (ONS, 2019).

- 1.7 The introduction of minimum pricing sought to tackle alcohol-related harm by reducing consumption amongst hazardous and harmful drinkers. It constitutes an important part of the Welsh Government's strategy of reducing consumption of low-cost and high-alcohol content products, and follows Scotland's alcohol strategy and implementation of the Alcohol (Minimum Pricing) Act 2012².
- 1.8 There is an established evidence base on the use of minimum pricing as an effective mechanism to address alcohol-related harm. Research done by the Sheffield Alcohol Research Group concluded that MUP policies would be effective in reducing alcohol consumption in Wales, as well as the associated harm of alcohol excess (Angus et al, 2018). Furthermore, an evidence review conducted by Public Health England in 2016 found that 'alcohol taxation and pricing policies are among the most effective and cost-effective approaches to prevention and health improvement'.
- 1.9 Evidence from the ongoing evaluation of the Scottish MUP suggests that alcohol sales have been affected by the introduction of the minimum price. In the year following the implementation of MUP, off-trade alcohol consumption at a population level fell in Scotland while it rose in England and Wales (Public Health Scotland, 2020). The evaluation will continue to ascertain to what extent implementation of MUP in Scotland has contributed to reducing alcohol-related health and social harms.

Timelines for the introduction of Minimum Pricing in Wales

- 1.10 The Public Health (Minimum Price for Alcohol) (Wales) Bill was introduced to the National Assembly for Wales on 23rd October 2017. It includes provisions to introduce a minimum price for the sale and supply of alcohol in Wales and make it an offence for alcohol to be sold or supplied below that price. The Bill received Royal Assent on 9th August 2018.

² Following a legal challenge and a vote in the Scottish Parliament, MUP was implemented on 1st May 2018. Source: NHS Health Scotland

- 1.11 The Welsh Government consulted on its proposed level of the MUP for the purposes of the Act and concluded that a 50p (£0.50) MUP was a proportionate response to tackling the health risks of excessive alcohol consumption. The Public Health (Minimum Price for Alcohol) (Minimum Unit Price) (Wales) Regulations 2019, laid on 15th October 2019, then specified an MUP of 50p. These were agreed by the National Assembly for Wales on 12th November 2019 and the MUP was implemented on 2nd March 2020.
- 1.12 The Act makes it an offence for alcohol retailers to supply alcohol from qualifying premises in Wales, or to authorise the supply of alcohol from qualifying premises in Wales, at a selling price below the applicable minimum price for the alcohol. It includes a formula for calculating the minimum price using the MUP of 50p, the percentage strength of the alcohol and its volume. The Act establishes a local authority-led enforcement regime and powers to bring prosecutions (Welsh Government, 2020).

Research aims and objectives

- 1.13 The research aimed to collect feedback from Welsh retailers on the forthcoming implementation and expected impacts of the introduction of the minimum price for alcohol on their businesses and on customers.
- 1.14 To meet this aim, the research sought detailed views and perspectives of a comprehensive range of alcohol retailers in Wales to understand:
- Levels of awareness of the policy prior to its introduction.
 - Actions taken to prepare for the implementation of the policy, if any.
 - Impacts expected to result from the policy, including potential unintended consequences.
- 1.15 The quantitative analysis plan outlined the methodological approach for answering the following questions:
- What are the effects and economic impact of the MPA on retailers in Wales? How does this vary by the type of retailer?

- What role do cross-border sales play in explaining this impact? Are there changes in cross-border sales behaviour after the MPA implementation and, in particular, how is this impacting Welsh retailers near the border?

Reporting conventions

- 1.16 The qualitative results in this report avoid giving numerical findings, since qualitative research cannot support numerical analysis. This is because purposive sampling seeks to achieve range and diversity among sample members rather than to build a statistically representative sample and because the questioning methods used are designed to explore issues in depth within individual contexts rather than to generate data that can be analysed statistically. What qualitative research does do is to provide in-depth insight into the range of experiences, views and recommendations. Wider inference can be drawn on these bases rather than on the basis of prevalence.
- 1.17 Verbatim quotations and case illustrations are used to illuminate the findings. They are labelled to indicate retailer type, whether the retailer holds an on-trade alcohol licence, off-trade licence or both and a unique ID. Further information is not given in order to protect the anonymity of research participants, and for this purpose case illustrations contain pseudonyms instead of participants' real names. Quotes and case illustrations are drawn from across the sample.

Structure of the report

- 1.18 The findings from the research are presented in the following chapters:
- Chapter 2: Methodology
 - Chapter 3: Awareness and understanding of the Minimum Pricing policy
 - Chapter 4: Preparing for the Minimum Pricing policy
 - Chapter 5: Anticipated impacts of the Minimum Pricing policy
 - Chapter 6: Quantitative analysis plan
 - Chapter 7: Conclusions
 - Chapter 8: Recommendations on themes to be explored in subsequent waves

2. Methodology

- 2.1 The study adopted a qualitative methodology to answer the research aims. In-depth interviews were chosen to facilitate detailed insights into different retailers' views of the forthcoming minimum pricing changes.
- 2.2 The baseline alcohol purchasing (Kantar) and sales (The Retail Data Partnership (TRDP)) data was used to inform the methodological approach proposed in the quantitative analysis plan. To assess the suitability of controlled interrupted time series (CITS) approach, a visual inspection of pre-intervention trends (for both alcohol purchasing and sales data) was conducted and autocorrelation tests were run (for alcohol purchasing data only). The available baseline purchasing data covered the period from March 2015 to February 2020; the baseline sales data ran from September 2019 until February 2020.

Sampling and recruitment

- 2.3 The sample of 30 retailers was designed purposively, to reflect the diversity of alcohol retailers in Wales. The sample was structured to include:
- Retailers from the five different Welsh regions.
 - A spread of urban, rural and suburban locations.
 - Different alcohol licences – on-trade, off-trade and both.
 - Both chain and independent retailers.
- 2.4 The sample frame for the interviews was a commercial list of registered alcohol retailers in Wales. It included 2,362 alcohol retailers with addresses and phone numbers. Of these retailers, 900 were selected to ensure sufficient numbers for each sample criteria listed above. The selection also sought retailers close to the Welsh / English border.
- 2.5 Selected retailers were then invited to participate in the research, initially in writing (in Welsh and English) and then with follow-up phone calls.
- 2.6 The composition of the achieved sample is shown in Table 1.1 below:

Table 1.1: Achieved sample composition

| Sampling criteria | Sampling characteristics | No. interviews | Total |
|-------------------|--------------------------|----------------|-------|
| Region | Mid and West Wales | 8 | 30 |
| | North Wales | 7 | |
| | South Wales Central | 7 | |
| | South Wales East | 5 | |
| | South Wales West | 3 | |
| Licence | On-trade | 8 | 30 |
| | Off-trade | 14 | |
| | Both | 8 | |
| Retailer type | Chain | 13 | 30 |
| | Independent | 17 | |

2.7 Major chain retailers, e.g. supermarkets, are not represented in the sample. When approached, they said that they were being directly consulted by the Welsh Government and felt their views and experiences were already being registered in this way. As a key challenge in recruitment and sample development, the absence of major retail chains should be considered as a limitation of the research.

Data collection

- 2.8 A total of 30 in-depth telephone interviews were conducted with Welsh retailers, lasting between 13 and 44 minutes. The decision to carry out telephone interviews, rather than face-to-face interviews, was made to offer greater convenience and flexibility to retailers. The interviews were with store owners and managers with current or future responsibility for implementing the Minimum Price for Alcohol (MPA).
- 2.9 The interviews took place between September 2019 and February 2020³. Nine of the interviews took place in February 2020, shortly before the MUP came into effect on 2nd March and around the time of the publicity campaign undertaken by the Welsh Government. As discussed in subsequent chapters, there were noticeable differences in reported behaviours depending on when the interviews took place.

³ The interviews were completed before participating retailers would have been affected by 'lockdown' regulations introduced by the Welsh Government in March to tackle the coronavirus outbreak, which restricted business operations, gatherings and the movement of people.

2.10 The topic guide for the interviews was designed by NatCen in collaboration with the Welsh Government. The topic guide included a mixture of prompts and probes across a range of themes structured around the research questions. The themes covered included:

- Retailer and participant background.
- Understanding and awareness of the policy.
- Preparing for implementation.
- Expected impacts.
- Concluding thoughts.

2.11 The recruitment and interviews for the research were conducted by Welsh consultancy Arad Research in order to cater for those retailers wishing to participate in Welsh. One retailer opted to participate in this way, all others participated in English.

Analysis

2.12 The data was analysed using NatCen's Framework approach which allows in-depth exploration of the data by case and by theme⁴. The analysis process involved several stages. First, a draft analytical framework was drawn up by the research team and the data from interviews was then organised into this framework. This approach reduces large volumes of data to facilitate systematic investigation of the data, both between cases (looking at what different participants said on the same issue) and within cases (looking at how an individual's opinions on one topic relate to their views on another).

2.13 Through reviewing the charts, the full range of views and experiences described by participants were systematically mapped, and the accounts of different participants, or groups of participants (e.g. off-trade retailers) were compared and contrasted, with emergent patterns and explanations tested.

⁴ Ritchie, J., Lewis, J., Nichols, C.M. and Ormston, R. (2014). *Qualitative Research in Practice*. Sage: London. (2nd Edition).

3. Awareness and understanding of Minimum Pricing

3.1 This chapter will discuss retailers' awareness and understanding of the minimum pricing policy prior to it coming into force⁵. In doing so it will outline the different levels of awareness found among retailers and the sources of information they had used. The chapter will then go on to discuss retailers' understanding (including gaps) and views of the policy prior to implementation.

Key findings

- Awareness of the Minimum Price for Alcohol (MPA) prior to implementation varied, with some retailers having little to no awareness of the policy while others were well-informed.
- Retailers with higher levels of awareness and understanding tended to have sought information out about the policy or had received information from multiple sources including internally through their company head office or manager, from the Welsh Government or the internet.
- Retailers with lower levels of awareness had generally heard about the policy but knew very little. This group included those who were interviewed prior to the Welsh Governments publicity campaign, but also during and after.
- Key gaps in retailers' understanding included the date of implementation, how the minimum price would be calculated, and how it would affect promotional offers and cross-border sales.
- Retailers who agreed with the policy tended to think reducing harmful alcohol consumption was the government's responsibility (rather than that of individual consumers) and expected the policy to achieve positive impacts on consumers and the market. The reverse was true for retailers who disagreed with the policy.

⁵ This report presents findings from interviews with retailers which took place between September 2019 – February 2020, before the minimum pricing policy was implemented on 2nd March 2020. Retailers will be interviewed again at two further points, shortly after the policy has taken effect and a few years into the policy to explore in more detail their experiences of implementation and longer-term impacts.

Awareness of the Minimum Pricing policy

Levels of awareness

3.2 Retailers fell into one of four categories of awareness and understanding of the minimum pricing policy:

- **High:** These retailers were aware of the introduction of the MUP and generally had an accurate understanding of the policy. They had sought or received further information on the policy, often from multiple sources (information sources are discussed further in 3.3). There were two types of retailers with high awareness: chain stores who had received information about the policy both in the post (assumed to be from the Welsh Government) and from their company head office; and independent breweries and pubs, who had heard about the MPA from both the Welsh Government and an industry-specific organisation.
- **Medium:** This group of retailers were aware of the policy but had some gaps in understanding which included the implementation date, minimum unit price, and implementation information (such as rules around cross-border sales and online sales). There were a range of retailers in this group, including convenience stores, pubs and hotels.
- **Low:** Retailers with low awareness had heard about the policy but their knowledge was limited, and they had many gaps in their understanding regarding the implementation date, policy aims and how the minimum price would be calculated. Most of those who said they had not sought further information about the policy were in this category. They included off-trade chain retailers, including convenience, grocery and garage shops; and on-trade independent pubs, and a bar with an on- and off-trade licence. Some retailers in this group were interviewed in October 2019 prior to the Welsh Government's information campaign, which may explain their lack of knowledge about the policy. However, there were also retailers in this category who were interviewed during and after the campaign, which suggests there are other reasons for this lack of knowledge, such as the information distributed by the Welsh Government not reaching them.

- **Very low:** These retailers had not heard about the Welsh policy prior to completing the interview and thus their understanding was very limited. Similarly to retailers with low awareness, these retailers were interviewed before, during and after the publicity campaign. Retailers in this group were all on-trade (a mixture of independent and chain pubs) apart from a retailer (a petrol station convenience store) who stated that they only relied on alcohol for 1-2 per cent of their sales. The lack of awareness among these retailers may reflect lower perceived relevance of the policy to these retailers.

Sources of information

- 3.3 Retailers who had heard about the policy discussed the sources and types of information they had used. Sources of information included the internet, the media, the Welsh Government, internal sources (such as company head offices) and industry-specific organisations.
- 3.4 It should be noted that the Welsh Government ran a publicity campaign for the MPA between November 2019 and February 2020. Prior to this, public communications had been running throughout the development of legislation, with national media at key milestones. As a first step, the Welsh Government wrote to all alcohol retailers in November-December 2019 with a leaflet about the upcoming law change and an information poster for display. This was followed by awareness-raising work with trade press and trade bodies, and a publicity campaign from January to March 2020 which saw [guidance](#) and information issued to all retailers, and national radio, digital advertising and social media activity (coordinated with stakeholders). Engagement and awareness activities, including consultation over guidance materials, were undertaken with major retailers such as leading supermarket chains. All retailers of this size declined to participate in this research, and therefore levels of awareness among this type of retailer are not accounted for here.
- 3.5 As discussed in turn below, across these sources, retailers reported receiving information in a variety of formats, such as emails, written materials, magazines and word of mouth.
- **The internet and the media:** Among those who had sought out information about the policy, the media was a widely used source and included television

and online news, newspapers and social media. Going online was a preferred method; retailers described using online search engines and national news websites to find out more about the policy. Among those who had not yet investigated the policy, some said that if they were to do this they would go online. Among these retailers was the view that the Welsh Government website would be a good place to look.

- **Welsh Government:** Another way that participants had learned about the policy was through receiving correspondence from the Welsh Government, such as an email or an information pack that included display materials such as posters. In some cases, participants were unclear about the source of the information they had received, for example, they had been sent a letter in the post but were not sure whether this was from the local council or Welsh Government. Others said they had received a letter but did not specify where it was from.
- **Internally:** Some retailers benefited from receiving information about the policy from within their company. Across both independent and chain retailers, this took the form of informal exchanges of information in the workplace, where participants had heard about the policy from talking to their colleagues. Official correspondence such as emails from company head offices were a key way that chain retailers had learned about the policy.
- **Industry:** In some cases, the industry that retailers operated within served as a further source of information. There were examples where participants had learned about the policy by reading industry magazines (such as for grocery stores) or had been informed at training sessions for licence holders or through specific schemes or organisations that they belonged to, such as the Alcohol Wholesaler Registration Scheme.

- 3.6 Retailers' levels of awareness were influenced by their exposure to and engagement with the sources of information outlined above. As discussed in 3.2, some retailers with lower levels of awareness reported that they had not yet sought out information about the policy or read the information they had received. This was due to a range of reasons:

- **Views on relevance:** There was the view among some retailers that reading about the policy was not a priority since they did not think it would affect their business or was not relevant to their role. An example of the latter was where the assistant manager of a chain bar explained that they had not sought out further information on the policy after hearing about it from their head office, as they knew they would not be responsible for setting prices.
- **Proximity to implementation:** Some retailers had not yet engaged with information about the policy at the time of interview as they did not perceive the introduction of the MPA as imminent. Interviews with these retailers had taken place in late October and early November 2019, prior to the level of the minimum unit price to be used to calculate the minimum price and the date of implementation being approved by the National Assembly for Wales on 12th November 2019⁶.
- **Personal preference:** Some retailers, who were interviewed before the Welsh Government publicity campaign, had not looked for further information after first hearing about the policy as they preferred or expected to be sent information.

‘Unless it's put in front of me, I don't go looking for it.’ (Petrol station convenience store, chain, off trade, R10)

In contrast, other retailers had chosen to look up the policy after being made aware of it. Reasons for doing this included personal interest in the policy itself and a desire to learn more about how it would affect their business. This category also included those with low awareness, as not knowing about the policy had triggered a desire to find out more.

- **Time constraints:** One example of this was where a retailer received information in the post but said that they had not yet found the time to read it.

⁶ The Public Health (Minimum Price for Alcohol) (Minimum Unit Price) (Wales) Regulations 2019 laid on 15th October 2019 specified an MUP of 50p. These were agreed by the National Assembly for Wales on 12th November 2019 and introduced on 2nd March 2020.

'The fact that I didn't know it was coming into effect kind of took me by surprise, given the industry I work in.' (Pub, independent, on trade, R13)

Understanding and views of the policy

- 3.7 The interviews sought to explore participants' existing knowledge of the policy, including its aims, implementation date, the minimum unit price and how it would be calculated and applied to products. This section sets out retailers' understanding of these details and in doing so draws out the key gaps that existed prior to implementation. It then outlines the views of retailers on the policy and its aims.

Understanding of the policy

- 3.8 As outlined in 3.2, retailers' awareness of the implementation date varied. Those who knew the correct implementation date of 2nd March 2020 had high awareness whereas retailers who did not know when the policy would take effect had very low or low awareness. For the remaining retailers, understanding was not always clear-cut but appeared to be influenced by the timing of the interview. Those interviewed earlier (in September and October 2019) and prior to or around the time the implementation date was announced, knew that the policy would take effect in 2020 but did not know the exact date. Retailers who had been interviewed after the implementation date was announced in October 2019 were also unsure of exact dates but offered estimates that ranged from February-April 2020.
- 3.9 Levels of understanding of the minimum price followed a similar pattern. Retailers who were aware of the set price of 50p had medium or high levels of awareness of the policy. Other retailers knew that the policy would introduce a minimum unit price but did not know or could not recall exactly what the price per unit would be.
- 3.10 Some of the retailers discussed the way that the minimum price would be calculated⁷. Retailers who knew that the price would be based on alcohol strength and volume had high levels of awareness. However, understanding of this was low

⁷ The Public Health (Minimum Price for Alcohol) (Wales) Act 2018 includes a formula for how the applicable minimum price must be calculated. This formula is made up of the MUP (50p), the percentage strength of the alcohol and its volume. MUP (£0.50) x Strength (%) x Volume (litres) = minimum price at which it can be sold.

overall; participants either had an incorrect understanding (for example, they believed it would be based on strength only) or did not know.

- 3.11 The interviews also explored retailers' understanding of how the minimum price would be applied to alcohol products and rules around different types of sales. Retailers from across the four awareness levels held the correct view that the policy would be applied to all alcohol products⁸. Some retailers with medium awareness recognised that the policy would have most effect on the price of low cost, high-strength alcohol. There were several areas of uncertainty, discussed in turn below, regarding rules around sales. These were expressed by retailers interviewed both before and after the guidance on implementing the minimum price was published on 15th January 2020, and which sets out information on these points.

- **Wholesalers:** Some participants were not aware that wholesale sales are excluded and stated that they were unclear about whether wholesalers would be subject to the minimum price. In this group was the store manager of a chain retailer operating as both a retail and wholesale business, and the manager of an independent pub who said that if the minimum price was applied by wholesalers, this would have a big impact on the business and would mean prices going up significantly.
- **Cross-border sales⁹:** Some retailers also lacked clarity about how the policy would affect cross-border sales (whether English suppliers would have to apply the minimum price when selling to Welsh businesses). Participants who said they were unsure about this varied in their geographical location but did include retailers close to the Welsh / English border for whom this aspect of the policy might be more relevant.
- **Promotional offers:** Retailers who mentioned these were aware that special offers would be subject to the minimum price but did not think that it would alter their prices, as the alcohol included in their offers was already priced

⁸ It will not increase the price of every drink, only those that are currently sold or supplied at below the MUP of 50p will have to change price as a result of the policy.

⁹ The Act applies only to Wales. It is not illegal to purchase alcohol in England from licensed premises if this alcohol is for personal consumption. It is not illegal to purchase alcohol in England from licensed premises and then to sell this alcohol in Wales from licensed premises, as long as it is then sold at the appropriate minimum price.

higher than the minimum price. In one example, a chain retailer with high awareness had been initially unclear from the letter they received as to whether they would still be allowed to offer promotions but was later reassured by their head office that offers could continue.

- **Online sales:** The minimum price applies to alcohol sold online and despatched within Wales to a person in Wales. Retailers' understanding of this appeared to be related to the type of business they operated in (i.e. whether they sold alcohol online). Those who said they were aware that the policy would affect online sales had an online component to their business or generally had high awareness of the policy. Some retailers stated they did not know how the additional charge would interact with online sales as they only sell alcohol over the counter and not online.

Understanding of the policy aims

3.12 Retailers talked about two key aims of the policy:

- To reduce harmful and excessive alcohol consumption; and
- To tackle the sale of cheap alcohol.

3.13 Reducing harmful alcohol consumption to improve public health was widely recognised as a key aim of the policy. Among some retailers this was based on their knowledge of the minimum price policy in Scotland¹⁰ and other public health related policies such as the smoking ban.

'In Scotland, it was to do with people drinking cheap spirits and ciders. I suppose it's a health issue more than anything.' (Alcohol shop, chain, off trade, R20)

3.14 Retailers also mentioned the groups that they felt the policy targeted. Regarding harmful alcohol consumption, they named those groups considered to be only able to afford cheaper alcohol: young people and low-income problem drinkers.

Views of the policy

3.15 The interviews also provided insights into retailers' views of the policy and any concerns they had prior to the policy taking effect. Retailers either had a strong view

¹⁰ A minimum price of 50p per unit of alcohol was implemented in Scotland on 1st May 2018.

on the policy (they agreed or disagreed), mixed views, or more exceptionally their view was unclear or they were undecided. The latter was found particularly among participants with low awareness who did not feel they had enough information.

3.16 While there were no clear patterns in terms of support for the policy and different types of retailers, views of the policy were influenced by several factors:

- Views on who is responsible for controlling alcohol consumption.
- Views on the expected effectiveness of the policy.
- Anticipated negative impacts and concerns.

Retailers who supported the policy

3.17 Retailers who believed that the government should be responsible for controlling alcohol consumption and reducing harmful drinking agreed with the minimum pricing policy.

'When a bottle of water becomes more expensive than beer, then there's something wrong with that. There has to be some controls across the board.'
(Garage shop, chain, off trade, R25)

3.18 Another reason why some retailers agreed with the policy related to whether they thought it would be effective in reducing harmful alcohol consumption. Some retailers thought that the price increase would have an impact on customer behaviour and in turn reduce consumption of high-strength, low-price alcohol.

'The fact that people won't be able to buy a lot of high-unit alcohol at a cheap price is definitely going to have an impact and force people away from doing that.' (Alcohol shop, chain, off trade, R20)

3.19 However, this impact was not always seen as positive, as retailers highlighted concerns around the knock-on effects of the policy, discussed in more detail below.

Retailers who disagreed with the policy

3.20 On the other hand, there were those who said that they believed consumers themselves to be responsible for alcohol consumption and so disagreed with the implementation of a minimum price.

- 3.21 Disagreement with the policy was also linked to the view that the policy wrongly targeted all alcohol retailers. This view was found among participants who were running pubs who felt that supermarkets were mainly responsible for selling cheap alcohol. They disagreed with the MPA being applied to pubs because they did not believe themselves to be at fault. Concerns were also expressed about the impact of the MPA on the pub industry in general despite not expecting to be too negatively impacted.

Retailers with mixed views

- 3.22 A recurrent view among retailers with mixed views was doubt about how effective the policy would be in changing consumer habits or in levelling the playing field between supermarkets and pubs. Whilst they supported the policy aims, some argued that the minimum price of 50p was not high enough. One suggestion was that the price would be more effective if it was doubled to £1 per unit, as most alcohol is above 50p per unit anyway.

'I would like to see it go further, really. So to make alcohol an appropriate price, really. I think it's not quite there yet.' (Pub and Brewery, independent, on and off trade, R26)

- 3.23 Participants' belief in the ineffectiveness of other pricing policies (such as for cigarettes) also caused uncertainty about whether the policy would work in changing consumption and improving public health.

- 3.24 As the case illustration in the box below shows, whether retailers agreed with the policy was often due to a combination of different factors.

Case illustration: views of the policy, an independent convenience store, R16

Trevor is the long-term owner of a small, independent convenience store, which has an off-trade licence. The store sells a wide range of products, including groceries, confectionary and household items, with approximately 15 per cent of sales coming from alcohol. He had medium awareness of the policy having heard about it in the media but appeared to be more familiar with the Scottish MUP.

Trevor was very supportive of the policy being introduced in Wales and saw it as important for both public health and business reasons. His views were based partly on his understanding of how the policy has affected these areas in Scotland where the policy was implemented in 2018. He referred to the impacts of the Scottish policy on small retailers like his and in reducing alcohol consumption and alcohol related deaths and hoped that this will play out in Wales.

'It gives businesses like ourselves a greater chance to compete in the marketplace, which has been very uneven in the last 15 years through the pricing policy of bigger retailers.'

Trevor believed that the Government was responsible for monitoring alcohol consumption and that allowing alcohol to be sold so cheaply was irresponsible of them. On this basis he was willing to see a decrease in sales of cheap alcohol such as cider if it improved national health.

4. Preparing for implementation of Minimum Pricing for Alcohol

4.1 This chapter explores the actions participating retailers had taken or expected to take to prepare for implementation of the Minimum Price for Alcohol (MPA) in Wales¹¹. It examines the reasons why some retailers had not yet made preparations and outlines what support and advice retailers said they needed to help them get ready for the MPA.

Key findings

- Participating retailers fell into two camps regarding their preparation for the MPA in Wales: those who had planned for implementation and those who had not.
- It was common for branches of chains to have prepared for implementation, but less common for independent retailers to have prepared.
- Planned actions included raising prices where necessary, training staff, informing customers, or altering the types of alcohol products stocked.
- Among retailers who had not prepared for implementation, the main reasons given were not knowing the policy existed, not having enough information about the policy, or a belief that MPA would not apply to them.
- Chain retailers looked to their corporate headquarters for advice and information, whereas independent retailers could not rely on the support of a head office. Independent retailers wanted more information about what they should do to prepare for the MPA, either having not received or read the information sent out to all retailers by the Welsh Government.

Actions retailers took or expected to take in preparation for implementation

4.2 The 30 interviews conducted for this research took place between September 2019 and February 2020, with nine of the interviews taking place in February, the month prior to the policy taking effect on the 2nd March 2020. The proximity of interviews to the implementation date was an influencing factor on retailers' preparations.

¹¹ These findings do not reflect the views and behaviours of major retailers, who were not part of the interview sample. The WG carried out engagement and awareness raising activities with major retailers and consulted them about guidance prior to the implementation of the MPA.

- 4.3 Participating retailers were asked whether they had made any plans or taken any action to prepare for implementation of the MPA. One group of retailers had already made plans, and within this, some had also taken action; while other retailers had made no preparations.

Who had prepared for implementation?

- 4.4 It was common for retailers who belonged to chains to have prepared for implementation of the MPA. Chains interviewed earlier (between September and January) said that their head offices would provide them with any price changes that were needed closer to the implementation date in March 2020, and they were preparing to implement these price changes in due course. Chains interviewed in February – the month before implementation – had received information about price changes from the head offices and were planning to implement the new prices and sell off some existing stock; their head offices were also providing training and posters to put on display for customers.

'We have no control over pricings or anything like that. It all comes down essentially and we just implement the changes that they say.' (Garage shop, chain, off trade, R12)

- 4.5 These retailers who had made plans, or already taken some action, were spread across different business types: convenience stores, grocery stores, pubs, breweries, alcohol shops¹² and hotels, and included off-trade and on-trade licence holders. Retailers close to the English border were no more likely to have prepared than those in other parts of Wales.
- 4.6 Independent retailers, in contrast, did not have head offices issuing advice or instructions and therefore had to make decisions about the MPA by themselves. At the time of interviews, it was less common for independent retailers to have prepared for the implementation of the MPA. Reasons given for lack of preparation are explored in 4.20 below.

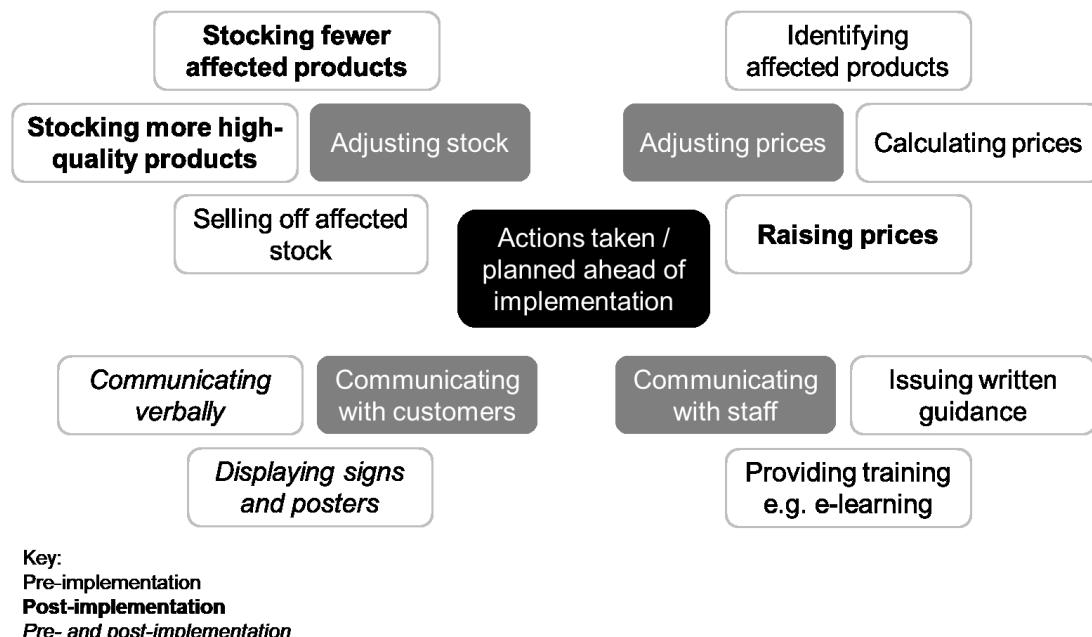
¹² The term 'alcohol shop' refers to off licences and retailers selling specialist or 'craft' varieties of beers, wines or spirits

- 4.7 Retailers – both chains and independents - who were interviewed in the month prior to the implementation of the MPA tended to have made preparations; it is likely that these retailers were spurred into action because the MPA was due to come into effect imminently¹³.

Actions retailers had taken or expected to take

- 4.8 Among those retailers who had already taken action or had made plans for what they were going to do, participants described four types of action (as illustrated in Figure 4.1):

Figure 4.1 Actions taken / planned ahead of implementation of the MPA



- 4.9 **Increasing the price of alcohol products:** A group of retailers said that if any of their products were priced at less than the MPA, they would raise the price of those products after the MPA came into effect on 2nd March. None had raised prices yet, and none were intending to raise prices prior to the MPA coming into effect.
- 4.10 As discussed earlier, chain retailers in this group reported that their company's head office was in charge of pricing and would issue any price increases to their branches; the retailers would then implement the instructions of head office.

¹³ The Welsh Government's publicity campaign for the policy was most active in the two months leading to implementation. This may also have influenced retailers' behaviour.

Independent retailers said they would be working out if there was a need for price increases themselves by manually going through their price lists with a calculator.

- 4.11 Some retailers that held on-trade alcohol licences – pubs and hotels – said that although they were prepared to increase prices if required, it was very unlikely they would need to do so because all of their alcohol products already cost more than the MPA.
- ‘It [the MPA] doesn’t affect pubs in any way, shape or form.’ (Pub, independent, on trade, R3)
- 4.12 In contrast, off-trade grocery stores, garage shops and convenience stores that sold very cheap alcohol (such as lower-value cider or lager products) or offered promotional discounts on damaged alcohol products said they expected to have to increase the price of their very cheapest products due to the MPA.
- 4.13 **Communicating with customers about minimum pricing:** Convenience stores and grocery stores that were expecting to raise some prices had already begun making customers aware of the MPA by putting up signs or speaking to customers. Within this, some convenience stores from (different) chains had been given posters to display in their shops. They did not elaborate on where these posters came from; one retailer said they were ‘government’ posters. No other retailers in the sample mentioned being provided with promotional materials for customers.
- 4.14 These retailers that were already communicating with customers were interviewed in January and February 2020, close to the MPA implementation date, which may explain why they had begun to inform customers about the imminent changes. However, not all retailers who had received promotional materials had displayed them; this was due to the concern that it might encourage people to bulk-buy the cheapest alcohol before the prices went up.
- 4.15 Other retailers had made plans to raise customer awareness of the MPA, although they had not yet acted. This included some on-trade licence holders who planned to put up posters for customers even though they did not anticipate price rises. A group of off-trade grocery stores, garage shops and convenience stores who anticipated needing to increase the prices of their cheapest alcohols expected that

they would be fielding questions from customers about MPA after implementation. There was some concern that customers might not realise that prices had increased across Wales, not just in those stores.

'People might be disgruntled about prices going up.' (Garage shop, chain, off trade, R25)

- 4.16 **Communicating with staff:** Chain retailers said their head offices had either already communicated with staff about the MPA or would be doing so prior to implementation. Actions planned or already taken by head offices included: issuing written guidelines for staff; providing training for staff, for instance in the form of an online e-learning module; or issuing information by email to all staff and requiring them to reply to say they have read and understood it.
- 4.17 Unlike the chains, no independent retailers had trained or briefed staff as yet, even those interviewed in February 2020. For one group of independent retailers, which consisted of pubs, the reason given was that there would be no need to train staff since there would be no price changes. Among independent retailers who did anticipate price changes, staff training and briefings about the MPA were planned.
- 4.18 **Adjusting what products were stocked:** As described in the case illustration below, a group of retailers said that if customers' buying habits changed after MPA, they would need to adapt to this by adjusting stock levels and products. These retailers anticipated that they would be selling less of the high-strength and low-cost alcohols because they would increase in price after MPA was implemented. Those who were interviewed in February were attempting to sell off their remaining stock of these products in the weeks prior to the MPA coming into effect and were increasing stocks of slightly higher-quality products which they predicted would sell better after the implementation of the MPA.

Case illustration: adjusting stock, a chain convenience store, R29

Jenna is the branch manager of a convenience store in a town in North Wales, which is part of a national chain. She was interviewed in February, shortly before implementation of the MPA.

Nearly half of the store's turnover came from alcohol sales. Jenna said her customers tended to opt for cheaper products such as high-strength alcohol and cider. Jenna predicted that as a result of MPA the prices of their cheap high-strength alcohol would need to increase slightly, and she thought they would sell less of these products as a result. Their head office had already introduced changes to product ranges in anticipation of the MPA:

'We've had a lot of change to what our range is going to be, because I think they [head office] are getting rid of some of the stuff that maybe they can't sell to a point where they're actually making any money on it, and getting the stuff in that they can sell, that they're going to still make money on it but sell it at the price they need to. We've been changing our plans in store as well, trying to get rid of the stuff that we're not going to sell anymore. Trying to basically clear the stuff that we can't make any money off before it [MPA] actually comes into effect. Not many days left!'

Head office would be issuing price changes to branches and managers would implement the price changes. Head office had provided staff with information about the MPA in an email, and Jenna expected them to set up an eLearning module for staff too. Posters - provided by head office - were on display in the store alerting customers to the MPA.

Reasons for no planning or preparation

4.19 Retailers who had not prepared for the implementation of the MPA gave one or more of the following five reasons:

- **Not aware:** Some retailers had not planned for minimum pricing because they were unaware of the existence of the MPA prior to hearing about it through this research. It was notable that these retailers were mainly interviewed in September and October 2019, six months prior to the implementation of the

MPA. These retailers were not concentrated in any particular business type, licence type, or area of Wales.

- **Not informed:** A second group of interviewees, consisting of independent retailers, said they were unable to prepare because they had not received enough information about the policy. For instance, an independent convenience store (interviewed in late 2019) did not know what they might need to do, and was awaiting further information from the Welsh Government before they made any plans:

'It will be up to them to make sure that we are fully aware at least three months before the legislation comes in. But I foresee no issues.' (Convenience store, independent, off trade, R16)

It should be noted that retailers who shared this view were interviewed throughout the interview period, up until February 2020. This suggests that for these retailers a perceived lack of information (coupled with the expectation that they would be issued with information rather than needing to seek it out) remained a barrier up until the implementation date.

- **Not affected:** Pubs, in particular, did not think they would need to take any action because the MPA would not affect them. They believed that all of their alcohol prices were already more expensive than the MPA.
- **Not organised:** Among retailers interviewed in 2019, there were those who said they had not prepared for implementation because they were not very organised and tended to leave things to the last minute.
- **Not prioritising:** Finally, a group of retailers who were interviewed in 2019 said they had not started preparing yet because implementation was a long way in the future and they felt it was too far off to make any plans.

Case illustration: ‘not informed’, an independent pub, R1

Roger is the accounts manager of an independent pub in South-West Wales which sells a ‘traditional range’ of beers, cider, lager, wines and spirits. He was interviewed in September 2019, six months before MPA came into effect.

Roger had low levels of awareness about the policy and was not sure how it would be applied or why it was being introduced. ‘I’d heard about it, and I wouldn’t go any stronger than that.’ He had done an online search for ‘minimum alcohol price in Wales’ which had led him to a news article; and had not sought any further information.

He said he had not made any plans for the implementation of the MPA because ‘the devil is in the detail’ and he had not yet received any detailed information about the policy. ‘Until we get more detail, there’s no point getting too excited about it, frankly.’ Roger said he would like to receive more details about the MPA from the Welsh Government in due course.

Advice and support required for implementation

- 4.20 As discussed earlier, chain retailers looked to their corporate headquarters for advice and support. These retailers felt they already had sufficient advice and support or expected to receive all the advice and information they required from their head office and saw no need for additional external advice.
- 4.21 As independent retailers could not rely on the support of a head office, a recurring theme was the need for more information about what they should do to prepare for the MPA. There was a feeling among these independent retailers that they had not received the desired level of information, help and advice. Within this group of retailers were those with low levels of awareness of the MPA, who felt they should be receiving information from the Welsh Government via email or post. Another group of independent retailers, who had low levels of awareness of the policy, intended to seek out more information themselves through a general online search or by looking on the Welsh Government website specifically. Others said they would look in trade magazines or correspond with their Welsh Government assembly member. Independent retailers with low awareness included people who were

interviewed after the Welsh Government had posted information to all alcohol retailers from November 2019; none reported receiving information from the Welsh Government, except one who had received ‘a letter’ (it was unclear who from). This suggests that the Welsh Government’s mailout was not received, or read, by these independent retailers.

- 4.22 Those independent retailers who felt they had sufficient advice and support were either participants who had high levels of awareness of the MPA, or were pubs and breweries who believed they would be entirely unaffected by the MPA.

5. Anticipated impacts of Minimum Pricing

5.1 This chapter explores the impacts retailers expected to result from the minimum pricing policy following implementation. It discusses anticipated impacts on participants' businesses, on the alcohol retail market and society more widely.

Key findings

- Retailers lacking knowledge of the policy could not easily predict how their finances would be affected. Others expected to benefit from the policy (through increased competitiveness in the market) or foresaw financial risk, such as a fall in sales. This risk was either expected to be minimal or more significant but nonetheless manageable, particularly if counteracted by a number of planned measures.
- Participants predicted retailers selling low-price, high-content alcohol and those competing directly with English retailers to be among those most negatively affected by the policy.
- There were contrasting views on whether retailers competing with major supermarkets, such as small and independent retailers and pubs, would be positively or negatively affected. One view was that by increasing prices, minimum pricing would level the playing field between large and small retailers.
- Retailers saw potential for minimum pricing to reduce alcohol consumption, restrict children and young people's access to alcohol and to lead to a decrease in harmful or excessive drinking at home or on the streets. However, some retailers held the view that the agreed MUP constrained the policy's potential by being too low to deter harmful and excessive drinking.
- Concerns were also raised about the policy disproportionately affecting vulnerable people such as those on low incomes and with alcohol dependency issues. These groups were expected to either continue to buy alcohol, leaving them with less money for other expenditure, or turn to other harmful behaviours, such as shoplifting and drug use.

Expected impacts of Minimum Pricing on participating retailers

- 5.2 As discussed in the Introduction to this report (see 1.6), the minimum pricing policy in Wales seeks to tackle alcohol-related harm by reducing alcohol consumption amongst hazardous and harmful drinkers, with a specific focus on low-cost and high-strength products.
- 5.3 The interviews for this research sought to understand the changes retailers expect the minimum pricing policy to bring about. Retailers identified two main areas in which they expect the minimum pricing policy to affect their business: finances and staff.
- 5.4 Retailers fell into one of four groups in terms of the **financial impacts** they expected to experience:

Retailers expecting to be impacted positively

- 5.5 These retailers consisted of off-trade chains and independent retailers such as off-licences. They anticipated the minimum pricing policy to benefit them by making them more competitive, particularly with supermarkets, who could afford to sell alcohol at lower prices. These retailers already sold most of their alcoholic drinks at prices above 50p per unit and believed that if consumers learned to expect slightly higher prices, their own prices may in turn be perceived as less expensive.

'We may see a slight upturn if what people are prepared to pay is slightly altered by the change, but I can't see there's going to be too much change either negatively or positively.' (Alcohol shop, chain, off trade, R20)

'I am very positive for the independent side of the alcohol trade that we may see an increase [in sales].' (Convenience store, independent, off trade, R16)

- 5.6 Other retailers also spoke of the potential for the policy to level the playing field between larger and smaller retailers, and to lead to small and independent businesses profiting from the policy. Retailers also speculated about potential positive effects on pubs, this is discussed further in section 5.17-18.

Retailers expecting no or minimal financial impacts

5.7 The assumption that the MPA would have no or minimal financial impacts was more widespread than the expectation of positive or negative impacts. These retailers did not expect a significant negative impact on their businesses for the reasons listed below.

- **All or most of their products were already priced above the level required by the MUP¹⁴ of 50p:** Where the need for price increases had been identified, this change only affected a small proportion of sales. In light of this, these retailers had made no plans to mitigate the consequence of price increases; this was in contrast to retailers expecting more substantial impacts (see 5.11). Higher-end retailers with on-trade or both on and off-trade licences also expected limited impacts due to their prices already being above the level required by a MUP of 50p.
- **They did not expect their customers to behave differently:** For on-trade retailers this was because their customers were already thought to expect higher prices or did not engage in excessive or harmful drinking. In addition, customers were expected to continue coming to pubs, regardless of prices, for the experience or for niche products such as craft beer.

'I guess I am a little more optimistic because of our craft beer sort of status, but yeah I don't know if I'm that worried.' (Pub, chain, on and off trade, R21)

- Off-trade retailers who did not expect customers to behave differently were in affluent areas where customers could afford more expensive alcohol.
- **They were not reliant on alcohol sales:** Retailers for whom alcohol sales made up only a small proportion of profit anticipated their finances being impacted only minimally. An example included a retailer whose income came primarily from events.
- **They knew they would not lose customers to competitors:** With the policy being applied to all alcohol retailers in Wales came the reassurance that

¹⁴ Some retailers with low or very low awareness of the policy were initially concerned that they would be negatively affected. After being informed that the MUP was 50p per unit during the interview, they changed their views as the pricing for most or all of products exceeded the MUP.

customers would not be able to get a better offer elsewhere. This was also the view of retailers who faced limited competition with retailers outside of Wales.

- 5.8 Interestingly, retailers who did not support the minimum pricing policy expected no or minimal financial impacts, which suggests disagreement with the policy was not connected to financial concerns. This is illustrated by the case illustration below.

Case illustration: no or minimal impacts, an independent hotel with an on-and off-trade licence, R5

Michael is the manager of a family-owned hotel which has a fine-dining restaurant and bars. He is responsible for alcohol sales, including the implementation of the MPA. Around 30 per cent of the hotel's sales come from alcohol, with most sales coming from wine and beer. Michael disagreed with the MPA. While he acknowledged the potential for health benefits, he doubted that the policy would bring about changes in excessive and harmful drinking.

Overall, Michael did not expect the policy to impact on the hotel's sales, staff, or the hotel in general. The hotel mostly sells high-end alcohol priced above 50p a unit and Michael said the hotel's restaurants and bars did not promote excessive drinking. As a result, he did not expect any impact on the quantity of alcohol consumed by customers. In addition, he did not envisage losing customers because the policy applies to all retailers in Wales.

While there might be a price increase for some cooking and house wines, the hotel would pass this cost onto customers. Michael may start buying higher quality items if the cheaper products he currently buys become similar in price to them, and he thought this was an exciting prospect because it would enhance the hotel's offer to customers.

Retailers expecting to be impacted negatively

- 5.9 These retailers, comprising mainly of off-trade chains, envisaged their finances being affected negatively by the minimum pricing policy due to a general fall in alcohol sales, or the inability to sell certain product ranges such as damaged stock. Retailers close to the English border highlighted the risk of losing customers to English retailers.

- 5.10 These retailers, compared with those expecting minimal impacts above, envisaged the risk to be large enough to plan strategies for mitigating them, as detailed below. The risks were nonetheless expected to be manageable, either because any drop in sales was expected to be temporary until customers adjusted to the price change, or due to the low perceived risk of a great many customers going out of their way to travel to an English retailer. Additional mitigating factors mentioned earlier were seen to lessen the risk, such as the loss of customers to competitors being unlikely because the policy applies to all Welsh retailers and doubts that customers would change their behaviour.
- 5.11 The adaptations planned, either by interviewees themselves or by their head offices, for mitigating any negative impacts included:
- **Changing the range of alcoholic products on offer:** As discussed in 4.19, some off-trade chains had been instructed by their head offices to sell off certain products before the implementation date due to the products becoming unprofitable afterwards.
 - **Increasing the price of other products:** possible increases in prices for popular non-alcoholic items were noted as a way to counteract potential losses from reduced alcohol sales. For example, a garage shop envisaged increasing the price of fuel.
 - **Cutting costs:** Some retailers were prepared to cut costs by reducing staff numbers, or were bulk-buying products on special offer from wholesalers.
 - **Seeking compensation through reduced business rates:** This strategy was planned in the event of a more significant impact than expected.

Retailers unaware of what to expect

- 5.12 It was sometimes difficult for those with limited awareness of the mechanisms of the minimum pricing policy to predict the financial impacts of the policy, and this lack of awareness could cause concern. For example, retailers worried about how their prices and therefore sales would be affected, the impact on promotional offers which were important to off-trade retailers, and as discussed in Chapter 3, the knock-on impact on costs if the policy applies to wholesalers.

- 5.13 These participants spoke of measures they could enact to counteract potential negative impacts of the policy including reviewing their product ranges, offers and overheads.
- 5.14 The potential impacts of the policy on **staff** were minimal compared with those related to retailer finances. They included the need for staff to receive training and adapt to the change, as detailed in Chapter 4. In addition, the potential for a negative response from customers was also envisaged, meaning staff would need to handle customer questions and complaints about price changes.

'I don't think it will get as far as abusive, but staff will have to put up with people whinging.' (Grocery store, independent, off trade, R7)

Expected impacts of Minimum Pricing on the wider market

- 5.15 As might be expected, there was concern about how the price increase might affect alcohol sales. This concern was expressed by a range of retailers, both on- and off-trade, independents and chains, although the nature and extent of concerns differed between these groups as discussed above. Despite these concerns the Welsh alcohol retail market was not expected to be affected in a significant way. This was due to the belief that little alcohol was sold below the MUP anyway, because retailers could employ measures to counteract negative impacts, and because any falls in sales resulting from the implementation of the policy were expected to be short-lived.
- 5.16 Retailers thought to sell higher volumes of low-price alcohol, such as supermarkets or smaller chain or independent off-licences and convenience stores, were identified as being at the most risk of being impacted. This was due to lower anticipated demand for products such as inexpensive ciders, multipacks of cheap beers or high-unit alcohol (e.g. spirits). However, as discussed earlier, smaller and independent businesses envisaged benefiting because they believed the MPA would allow them to compete more effectively with supermarkets.
- 5.17 There were opposing views on the impact of the policy on the pub trade. Some retailers thought the policy would reduce binge drinking at home and therefore support the pub trade (and other on-trade retailers). As shown in the case

illustration below, others speculated that the policy might encourage more people to buy cheaper alcohol from the supermarket and drink at home, which would negatively impact pubs who already face competition with other retailers selling alcohol at a much cheaper price¹⁵.

Case illustration: concern about the pub industry, an independent pub, R30

Wendy is the owner of a small pub in Mid-West Wales which sells both food and alcohol, with around 60 per cent of sales coming from alcohol. She heard about the policy from talking to others in the pub industry but has low awareness of the policy details.

Wendy disagreed with the policy being applied to all alcohol retailers and thought that supermarkets selling cheap alcohol should be targeted as the main cause of cheap alcohol sales and harmful alcohol consumption. Wendy did not think the minimum unit price would affect her business but believed that the price increase may lead to many pubs losing customers and have a detrimental effect on the pub industry.

- 5.18 Another view was that the MPA would compound the effects of previous policies such as the smoking ban and serve to discourage attendance at pubs further. This prompted calls for the Government to support the already struggling pub industry by exempting them from the MPA or introducing a VAT reduction for on-trade businesses.
- 5.19 Retailers pointed out that the MPA may affect alcohol sales in the wider market by encouraging people to cross the border into England to buy cheaper alcohol or to turn to the black market. They expressed this concern in relation to Welsh businesses in general, and particularly those closer to the Welsh / English border. As discussed earlier, participating retailers located close to the border and those selling alcohol online did not foresee long-term effects due to the likely inconvenience of customers seeking cheaper alcohol elsewhere.

¹⁵ There was also the view among pubs that the policy would not affect their business since most of their alcohol was sold at a higher price than the MUP of 50p would require – see Chapters 3 and 4 for the full range of views on how retailers felt the policy would affect them and what they had done to prepare.

Anticipated impacts on wider society

- 5.20 Retailers saw the potential for the policy to benefit public health and therefore wider society by decreasing consumption and raising awareness among customers about how many alcohol units they consume. The policy was also considered to have the potential to restrict children and young people's access to alcohol and to lead to a decrease in harmful or excessive drinking at home or on the streets, and a reduction in littering with empty cans and bottles.
- 5.21 However, it was thought that the positive impacts on wider society could be limited in three ways. Firstly, the chosen MUP of 50p was perceived to be too low to change behaviour. Second, there was concern that without appropriate enforcement, the policy may not be followed by those who would be most affected by the price increase, namely smaller shops. Third, the possibility of buying cheaper alcohol from England or on the black market remained.
- 5.22 A number of additional concerns were expressed by those who disagreed with or had mixed views of the policy. It was argued that the policy would disproportionately affect the most vulnerable members of society. They mentioned groups such as those on low incomes and with alcohol dependency issues who they believed would either continue to buy alcohol despite the price increase, leaving them with less money for other expenditure, or would turn to other harmful behaviours, such as shoplifting and drug use.
- ‘It’s your alcoholics who buy your cheap alcohol; if you hit them, it’s them that will suffer, and they will not stop being alcoholics because the price of alcohol has gone up.’ (Convenience store, chain, off trade, R15)
- 5.23 Another wider social impact was felt to be a loss of jobs if the price increase was to have a significant negative impact on some retailers.

6. Quantitative analysis plan

- 6.1 The quantitative analysis will aim to measure the effects of the introduction of the MPA on alcohol retailers in Wales. The investigation will be structured around the following questions:
- What are the effects and economic impact of the MPA on retailers in Wales? How does this vary by the type of retailer?
 - What role do cross-border sales play in explaining this impact? Are there changes in cross-border sales behaviour after the MPA implementation and, in particular, how is this impacting Welsh retailers near the border?
- 6.2 The quantitative work will be carried out in two stages, with the first round of analysis happening towards the end of 2021 (approximately 18 months after implementation) and the second scheduled for the end of 2023 (approximately three and a half years after implementation). To enable the comparison of findings, we propose the same methodological approach for both rounds.
- 6.3 Two different datasets will be used to measure the effects of the MPA on alcohol retailers in Wales: Kantar FMCG (Fast-moving consumer goods) Panel Purchase Data and TRDP Convenience Market Data. The former comes from a consumer panel and contains aggregate figures on alcohol purchasing in Wales, England, Scotland and Great Britain; the latter provides aggregate alcohol sales data for four types of stores – border stores in England, border stores in Wales, non-border stores in England and non-border stores in Wales.
- 6.4 In June 2020, the Welsh Government provided NatCen with baseline alcohol purchasing (Kantar) and sales (TRDP) data. The baseline purchasing data cover the period from March 2015 to February 2020; the baseline sales data run from September 2019 until February 2020¹⁶. These data were used to conduct baseline analysis and inform the suggested methodological approaches.

¹⁶ NatCen were also provided with the TRDP sales data for the first three post-MPA months (March-May 2020). However, in view of the shortness of the post-intervention period as well as the concurrence of the MPA introduction with the outbreak of Covid-19, no impact analysis has been attempted at this stage.

- 6.5 For Kantar data, controlled interrupted time series (CITS)¹⁷ is proposed to study the effects of the MPA on the average price per litre of alcohol, mean spending on alcohol and mean volume of alcohol bought in Wales. It is planned to run linear regression models in which the dependent variables would be specified as differences in the monthly values of the outcome measures between England and Wales (O'Donnell et al., 2019). Independent variables will include a binary variable indicating whether MPA has been implemented (0 before March 2020 and 1 afterwards), and time trends before and after MPA implementation. Additionally, we will explore if the effects of the MPA differ by alcohol category and retailer type.
- 6.6 It is suggested that the same methodological approach is used to assess the impact of the MPA on Welsh retailers' average alcohol sales, alcohol sales as a percentage of total sales, average number of alcohol transactions and alcohol transactions as a percentage of total transactions. In preparation for the main analysis, monthly differences between shops in Wales and shops in England (both border and non-border) will be estimated for each variable. As a sensitivity analysis, two further monthly differences will be estimated for each of the four dependent variables: 1) between border shops in Wales and border shops in England; 2) between non-border shops in Wales and non-border shops in England. Having expressed the dependent variables as differences between Wales and England, linear regression models will be run to check whether the introduction of the MPA had any effect on these differences. The models will therefore use English figures as a comparison and provide the overall MPA effect size for the Welsh stores, as well as the separate impact estimates for border and non-border stores.
- 6.7 The quantitative analysis will be affected by the Covid-19 pandemic. While the impact of the lockdown on alcohol consumption in the UK is yet to be fully explored,

¹⁷ Interrupted time series (ITS) is a quasi-experimental evaluation method which uses longitudinal pre- and post- intervention data to measure the effects of the 'interruption' (a programme or intervention). ITS examines whether the data pattern observed post-intervention is different to that observed pre-intervention (Hudson, Fielding and Ramsay, 2019). The method allows to identify different types of intervention effects. For example, a change in level would be observed if there is an overall change (increase or decrease) in variable values after the introduction of the programme, with the effects of the intervention clearly visible straight after the 'interruption'. Meanwhile, we might observe a difference between the pre- and post-intervention slopes. Also, it is possible that both level and slope changes are observed at the same time (Bernal, Cummins and Gasparrini, 2017). Controlled Interrupted Time Series (CITS) is a kind of ITS that uses a comparison time series to strengthen the impact estimates.

the available data show that the closure of pubs and restaurants led to the increase in off-trade alcohol sales (Kantar, 2020). Since both the MPA act and the lockdown started in March 2020, the alcohol purchasing/sales figures in the first few post-implementation months are expected to reflect the combined Covid-19 and MPA effect. While the proposed impact evaluation approach seeks to isolate the MPA effect by using England as a comparison, it is likely that under normal circumstances different impact estimates would be obtained. It is intended to model country level lockdowns in the analyses as much as possible. However, it is likely that the pandemic will limit the generalisability of the impact estimates.

Data and outcome measures

Kantar data

- 6.8 Kantar collects purchasing data via a large panel survey of households. FMCG Panel Purchase Data contain data on food, beverages and household products that panel participants bought in a store and brought back home. This quantitative analysis will only use data on purchased alcohol drinks.
- 6.9 The evaluation will use aggregate country-level alcohol purchasing data for Wales, England, Scotland and Great Britain. The Kantar dataset contains data on the following Key Performance Indicators (KPIs):
- Total spending on alcohol in a given time period (£);
 - Total volume of alcohol bought in a given time period (litres);
 - Penetration of alcohol beverages (the proportion of the region's households who have purchased alcohol in a given time period);
 - Frequency of alcohol purchasing (the average number of shopping trips made by one household that contain alcohol in a given time period);
 - Average Weight of Purchase (AWP) spending measure (the average alcohol spending per household in a given time period);
 - AWP volume measure (the average volume of alcohol bought per household in a given time period)
 - The average alcohol spending per shopping trip (£);

- The average volume of alcohol bought per shopping trip (litres);
 - The average price paid for a litre of alcohol (£).
- 6.10 The aggregated data on each KPI are provided for five different time periods – four, 12, 16, 24 and 52 weeks.
- 6.11 As well as capturing total alcohol purchasing trends, the Kantar dataset provides KPI values for separate alcohol categories: wine, spirits, lager, ale & stout, cider, sparkling wine, flavoured alcoholic beverages (FABs) and fortified wine. Both overall and category-specific data are broken down by household characteristics (number of people in a household, social class, age group of a main shopper and household life stage) and retailers.
- 6.12 The quantitative analysis will focus on a small number of most relevant KPIs: 1) the average price paid for a litre of alcohol (£); 2) AWP spending measure (the average alcohol spending per household in a given time period); 3) AWP volume measure (the average volume of alcohol bought per household in a given time period). The three outcome measures capture key parameters of alcohol purchasing (price, spending and volume), enabling for a comprehensive assessment of the MPA's impact on retailers. Furthermore, since the same outcome measures were used in the impact evaluation of MPA in Scotland (O'Donnell et al., 2019), there will be a possibility of comparing the observed impact of MPA in Scotland and Wales.
- 6.13 Additionally, the analysis will seek to establish whether the effects of the MPA on customers' behaviour differ depending on alcohol category and retailer type. It is proposed that using the data aggregated for the shortest time period available (4 weeks) would allow the changing trends in alcohol consumption to be captured most accurately.

TRDP data

- 6.14 NatCen have already been provided with the TRDP data for the six pre-intervention months (September 2019–February 2020) and three post-MPA months (March 2020–May 2020). The first round of the main analysis will use monthly sales data covering the period until August 2021; the second follow-up will capture the period until the middle of 2023.

- 6.15 The TRDP dataset made available to NatCen contains aggregate data on four types of stores: border stores in Wales (13-14 shops for different months, depending on data availability), border stores in England (24-27 shops), non-border stores in Wales (315-344 shops) and non-border stores in England (2035-2239 shops). A 5-mile catchment area on both sides of the England-Wales border was used to distinguish border stores from non-border ones. Additionally, breakdowns of the data by urban/rural classification are available.
- 6.16 For each of the four store categories, aggregate monthly figures are available for the following variables:
- Average total sales;
 - Average alcohol sales;
 - The percent of total sales coming from alcohol sales
 - Average number of transactions;
 - Average number of alcohol transactions;
 - The percent of total transactions coming from alcohol transactions.

- 6.17 In our quantitative analysis, the focus will be on the four variables that capture alcohol sales: average alcohol sales, the percent of total sales coming from alcohol sales, average number of alcohol transactions and the percent of total transactions coming from alcohol transactions. To explore whether the effect of the MPA differed depending on the store's geographical position, separate analyses will be run for border and non-border stores in Wales.

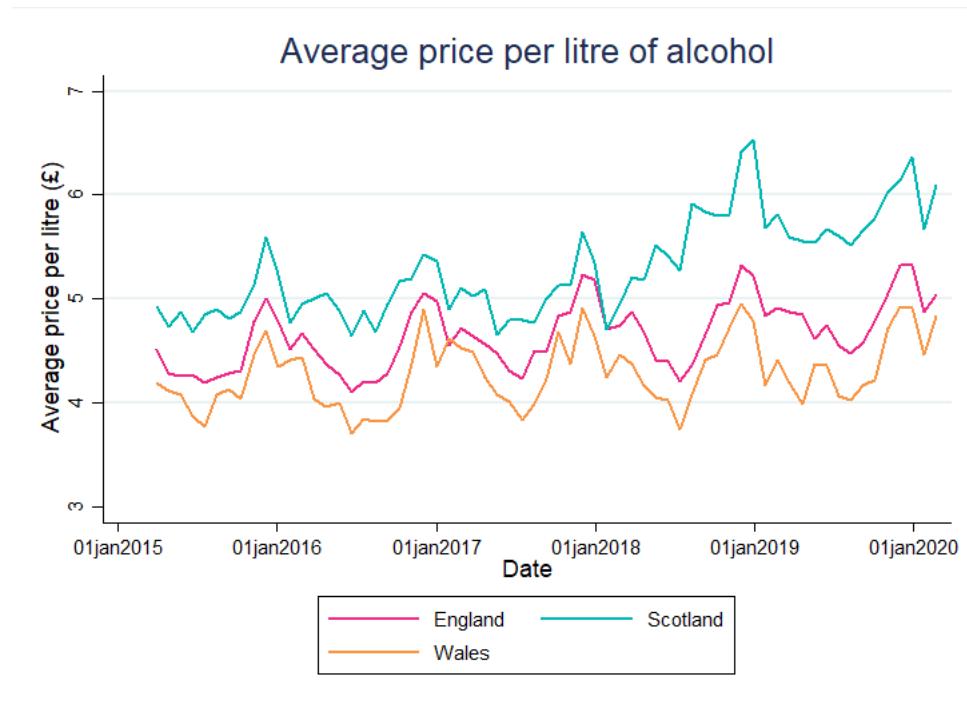
Kantar data: baseline analysis and proposed methods

Baseline analysis

- 6.18 The baseline alcohol purchasing data cover the period from March 2015 to February 2020. Two types of preliminary analysis were conducted with the available pre-intervention data – the visual inspection of country trends and the analysis of autocorrelation. This section presents the findings of both analyses, followed by the proposed methodological approach to measuring the effects of the MPA on retailers.

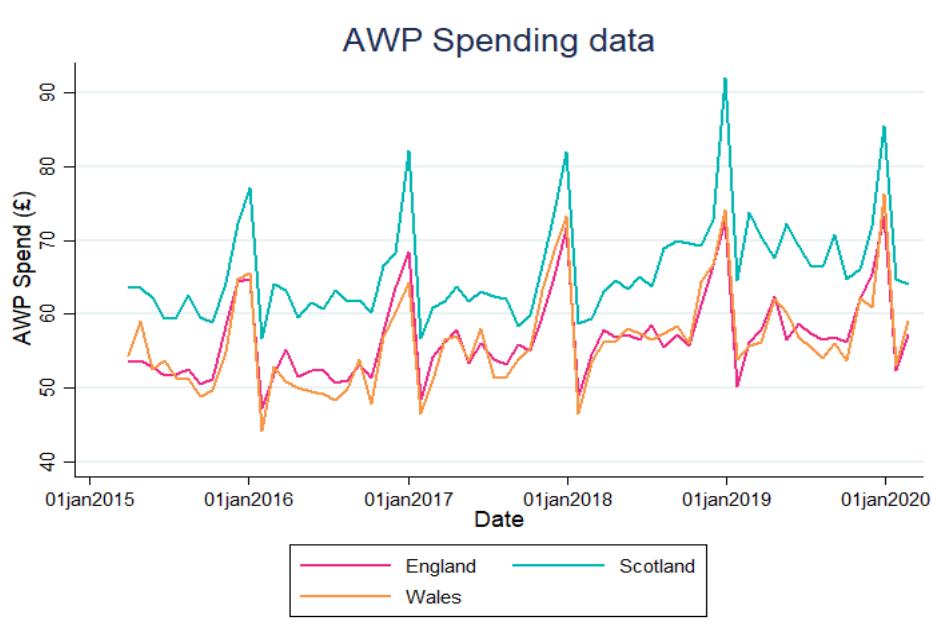
- 6.19 First, the trajectories of the three main outcome measures were explored in each of the three countries for which data were available – Wales, England and Scotland. The main goal of this analysis was to check if the main KPIs followed similar trajectories in the three countries leading up to the introduction of the MPA in Wales. In the presence of the common trends, the English and Scottish data could be used as a comparison for the post-MPA trajectories observed in Wales. The need for comparing the Welsh data with the tendencies observed in England and Scotland is magnified by the outbreak of the Covid-19 pandemic. Due to the introduction of the lockdown measures and their effect on off-trade alcohol purchasing, the change in the outcome measures observed since March 2020 in Wales is unlikely to provide an accurate reflection of the impact of the MPA.
- 6.20 The visual inspection of the 2015-2020 data confirms that the average alcohol price per litre followed similar trajectories in the three countries (see Figure 6.1). Throughout the whole period, Scotland was consistently characterised by the highest average alcohol price. Meanwhile, the average alcohol price in Wales was usually the lowest among the three countries. While the data are marked by a considerable degree of seasonal fluctuation, the cross-country differences in the average price remained relatively stable. However, there is a clear increase in the difference between the average alcohol price in Scotland and the other two countries since the middle of 2018. This can be explained by the entry into force of the Scottish MPA legislation in 1 May 2018.

Figure 6.1 Comparison of baseline trends in Wales, England and Scotland: average alcohol price per litre



- 6.21 Similar country trajectories were observed for the AWP spending measure. In particular, the difference in average alcohol spending per household in Wales and England remained very small throughout the analysed period. Figure 6.2 also shows that the AWP spending measure in Scotland was consistently higher than in the other two countries.

Figure 6.2 Comparison of baseline trends in Wales, England and Scotland: AWP spending data



6.22 However, the AWP volume data seem to fluctuate in different trajectories in the three countries (see Figure 6.3). The average volume of alcohol bought per household in Scotland was affected by the introduction of the MPA. In the months following May 2018, the Scottish AWP volume figures were lower than in the previous years. No such deviation from the trends were observed in Wales and England. Therefore, the AWP volume data in England provide a better comparison for Wales than the Scottish data (see Figure 6.4).

Figure 6.3 Comparison of baseline trends in Wales, England and Scotland: AWP volume data

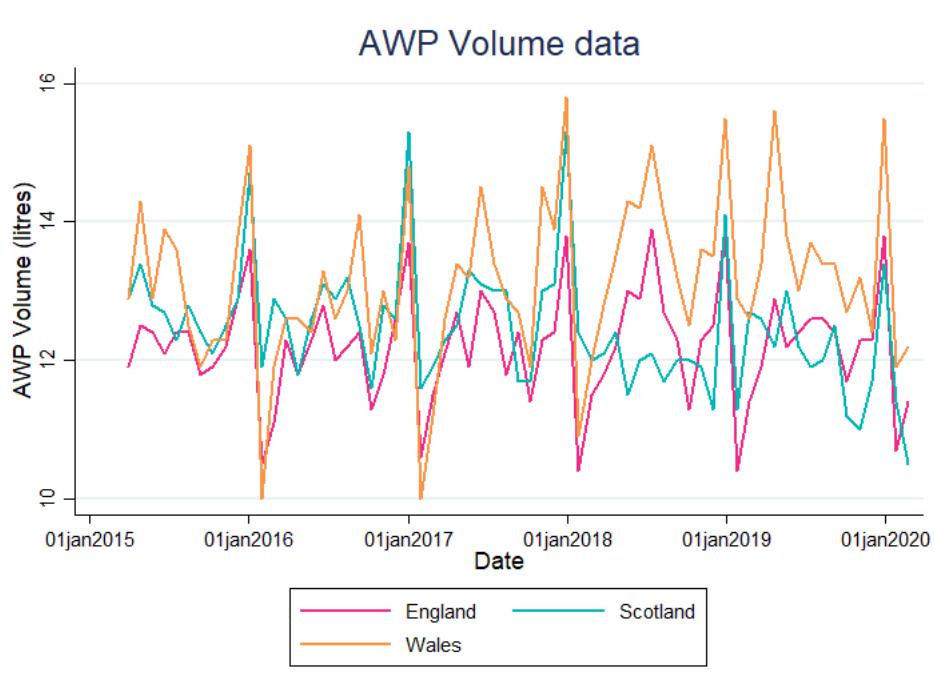
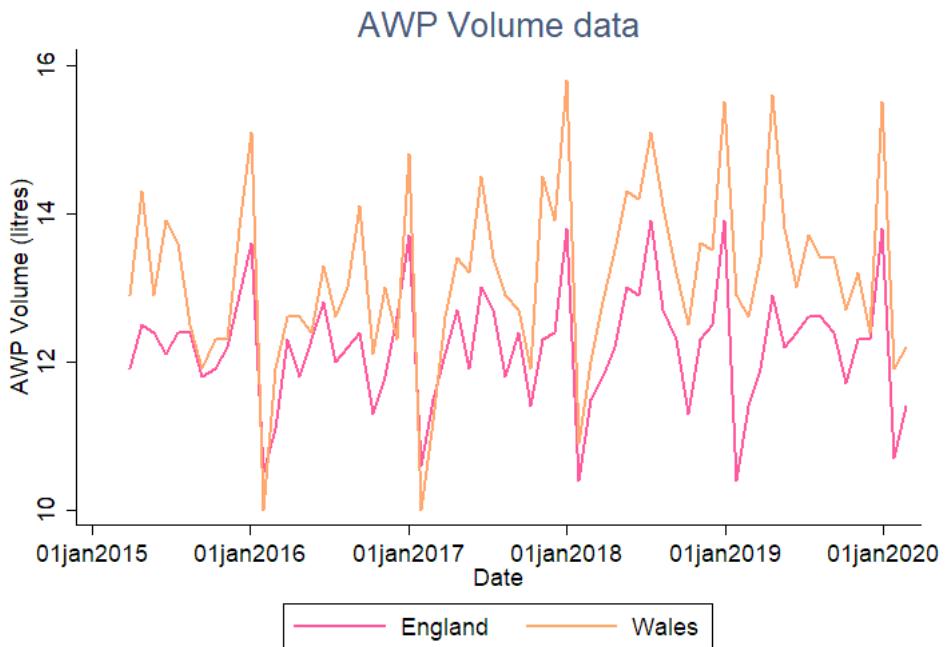


Figure 6.4 Comparison of baseline trends in Wales and England: AWP volume data



6.24 Overall, the baseline analysis of country trends showed a high degree of similarity in pre-implementation trajectories of the three main KPIs across Wales, England and Scotland. While the data seem to be characterised by strong seasonal variation and

there are systematic differences in the values of the outcome measures across the three countries, the cross-country differences in KPI values remained relatively stable in the period between 2015 and 2020. This is particularly true for the first two outcome measures – the average price paid for a litre of alcohol and the average alcohol spending per household. The analysis has also shown that for all three outcome measures England is a better comparison for Wales than Scotland. This is mainly because alcohol purchasing trends in Scotland were affected by the entry into force of the MPA legislation on 1 May 2018.

- 6.25 Before any quantitative analysis of time series data is carried out, the patterns of autocorrelation in the outcome measures need to be explored. Autocorrelation is a statistical association between the time series and a lagged version of itself. The presence of autocorrelation in longitudinal data usually indicates that a time series is affected by seasonal trends. The quantitative analysis of the MPA's effects on retailers in Wales will need to account for any autocorrelation in the outcome data.
- 6.26 The available baseline data were used to check for autocorrelation in the key outcome variables. This was done by running the statistical test which consisted of two steps: 1) running linear regression models where the time variable was specified as a sole predictor of the outcome measures; 2) exploring whether the residuals at a given point in time (t) are correlated with the residuals of any of the previous time points ($t-1, t-2$ etc.). The autocorrelation tests were run for total alcohol data in Wales and England.
- 6.27 The statistical tests confirmed that the time series of all three main KPIs – the average price paid for a litre of alcohol, the average alcohol spending per household and the average volume of alcohol bought per household – follow strong seasonal patterns. For all three outcome variables, the values observed in a particular month were correlated with the values of the same month in the previous year (February 2020 is correlated with February 2019, January 2020 with January 2019 etc.). Also, a significant autocorrelation was detected between the average price paid for a litre of alcohol in the neighbouring months (February 2020 is correlated with January 2020 etc.). These same tendencies were observed in both Wales and England.

6.28 To remove seasonal variation, we generated a new series of dependent variables representing the difference between Wales and England at every month (O'Donnell et al., 2019). The Durbin-Watson statistics were then estimated to check if there is any autocorrelation in the 'differenced' data. For all three outcome measures, the estimated Durbin-Watson statistics fell in the range from 1.5 to 2.5, indicating no autocorrelation in residuals.

Proposed methods

- 6.29 The methods proposed for evaluating the impact of the MPA on retailers are informed by the baseline analysis described above. The following key findings emerged from the analysis of pre-intervention alcohol purchasing data: 1) there is a high degree of similarity in the pre-implementation trajectories of the three main KPIs across Wales, England and Scotland, with England appearing to present a better comparison to Wales than Scotland; 2) time series of all three main KPIs follow strong seasonal patterns; 3) the autocorrelation can be removed by generating a new series of dependent variables representing the difference between Wales and England at every month.
- 6.30 In view of the findings of the baseline analysis, it is proposed that controlled interrupted time series (CITS) is conducted with the dependent variables representing the difference between Wales and England at every month. As indicated above, the quantitative analysis will measure the effects of the MPA on the three key variables – the average price per litre of alcohol, mean spending on alcohol and mean volume of alcohol bought in Wales. Since no autocorrelation is observed in the 'differenced' data, linear regression models will be run where independent variables would be the introduction of MPA in Wales on the 2nd March 2020¹⁸ and time trends before and after MPA implementation¹⁹. Regression coefficients with 95% confidence intervals will be reported.

¹⁸ This will be a binary variable that will be equal to 0 for data entries before March 2020 and 1 for post-intervention data. This independent variable will allow to detect a change in the level of alcohol purchasing outcomes after the introduction of the MUP in Wales.

¹⁹ The trend variable would be equal to 0 up until March 2020, switch to 1 in the first month of the MUP implementation (March 2020) and then increase by 1 for each additional month (2 for April 2020, 3 for May 2020 etc.). The regression coefficient of this variable would allow to test whether the slope of the alcohol related outcomes has changed after the introduction of the MUP.

- 6.31 The suggested approach is closely aligned with the main analysis model used in the evaluation of the MPA in Scotland (O'Donnell et al., 2019), enabling the comparison of impact estimates obtained in the two evaluations. Furthermore, using monthly differences between England and Wales would partly account for the effect on off-trade alcohol purchasing caused by the Covid-19 pandemic. While the average off-trade alcohol spending per household is expected to be higher than usual in the first months following the closure of pubs and restaurants, this tendency should be observed in both England and Wales. However, the proposed analysis model does not control for any differences in the lockdown rules between Wales and England (e.g. different timetables for re-opening pubs and restaurants and differences in local lockdowns). Therefore, the impact estimates for the first few months following the introduction of the MPA will need to be treated with caution.
- 6.32 Additionally, repeating the same analysis for separate alcohol categories and retailers is proposed. The main goal of this analysis will be to investigate which alcohol categories and retailers were impacted by the introduction of the MPA the most. However, the robustness of the analysis will vary depending on alcohol category and retailer as in some cases the available sample sizes will be very small.
- 6.33 As the data only include two cases (England and Wales), it is believed that the proposed analysis using 'differenced' data, will have the greatest amount of power to detect the effect of MPA on alcohol related outcomes, as it will not require independent variables to account for seasonality. However, as a sensitivity analysis, the CITS model will be run with separate time series for England, Wales and Scotland ('undifferenced' data). As above, the analysis will explore the effects of the MPA on the three key dependent variables – the average price per litre of alcohol, mean spending on alcohol and mean volume of alcohol bought in Wales. The model would account for the observed seasonality by including the lag order of 13.

TRDP data: baseline analysis and proposed methods

Baseline analysis

- 6.34 The baseline analysis of the TRDP data was handicapped by the small number of pre-intervention time points. It was impossible to run robust autocorrelation tests with only six months of pre-MPA data. However, in congruence with the baseline

analysis of the Kantar data described above, the visual inspection of pre-intervention alcohol sales trends was conducted.

- 6.35 For each outcome variable, the TRDP data enabled to distinguish and compare four different time series of alcohol sales, defined by the geographical location of the stores: border shops in Wales, border shops in England, non-border shops in Wales and non-border shops in England. The main goal of this preliminary analysis was to check if the main alcohol sales variables followed similar trajectories in the four categories of stores leading up to the introduction of the MPA in Wales. In particular, pre-intervention data were used to explore if alcohol sales in border stores in England could be used as a comparison for the figures in border stores in Wales. Similarly, it was checked whether common trends were present in alcohol sales data in the other two categories of shops – non-border shops in Wales and non-border shops in England. The visual data are provided in the graphs below.

Figure 6.5 Comparison of trends in different categories of stores: average alcohol turnover

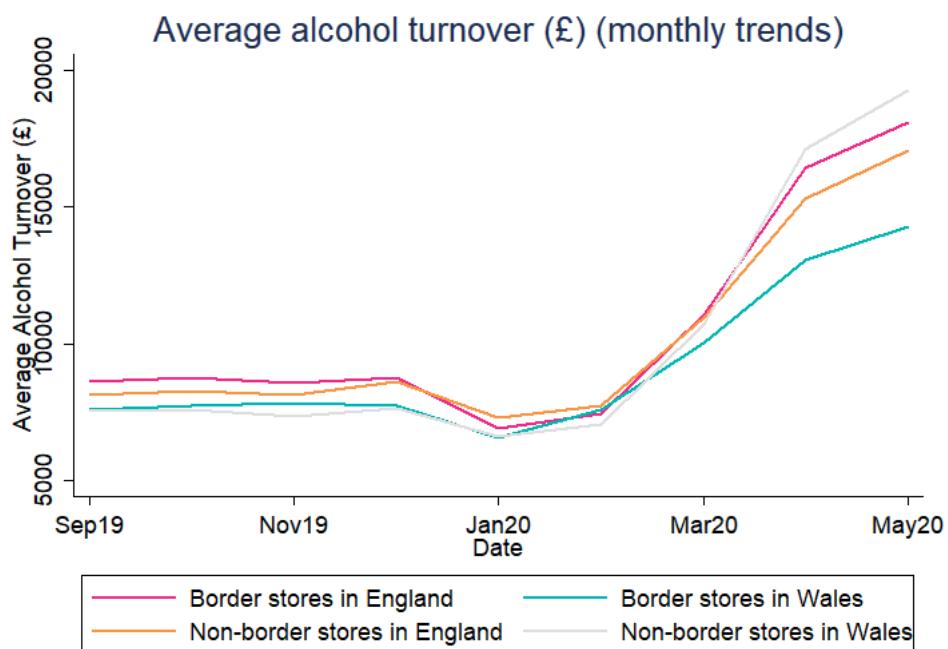


Figure 6.6 Comparison of trends in different categories of stores: alcohol turnover as a % of total turnover

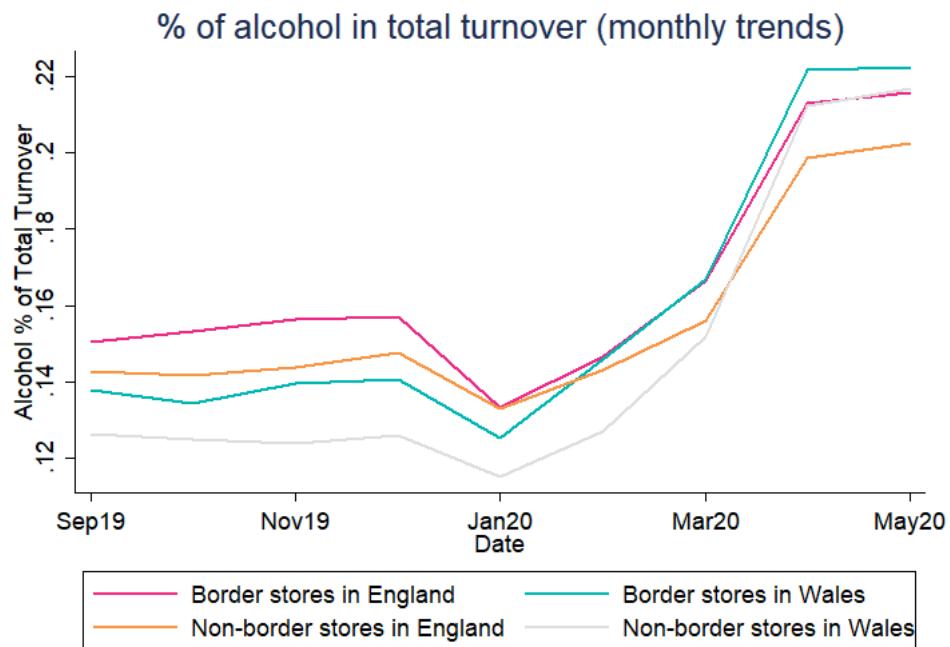


Figure 6.7 Comparison of trends in different categories of stores: average number of alcohol transactions

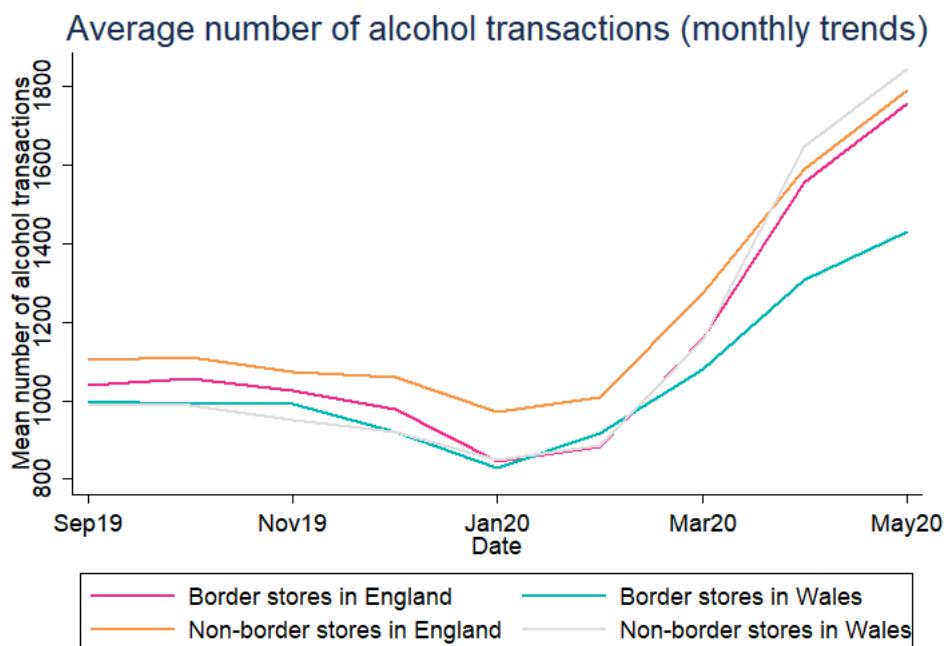
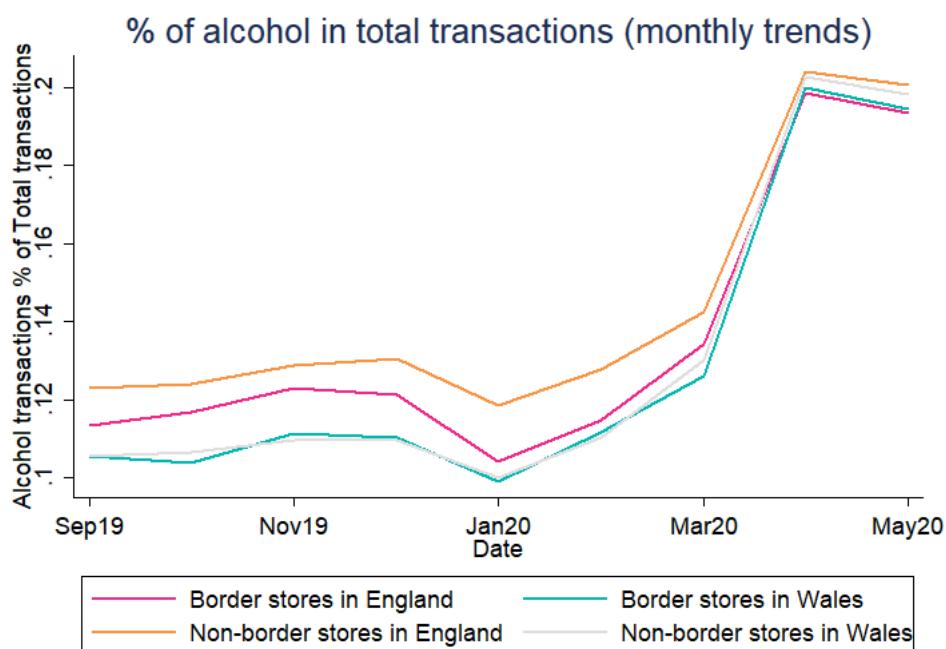


Figure 6.8 Comparison of trends in different categories of stores: % of alcohol transactions in total transactions



- 6.36 The graphs show that prior to the start of the Covid-19 pandemic and the introduction of the MPA in March 2020, the four geographical categories of stores shared similar alcohol sales trends. Both border and non-border stores in England consistently had higher alcohol sales figures than retailers in Wales. Importantly, the differences between alcohol sales figures in English and Welsh border shops have remained relatively stable throughout the pre-intervention period. The same applies to non-border shops. Therefore, the visual inspection of baseline trends provides support for the argument that England's alcohol sales data is a valid comparison for the figures registered in Wales.
- 6.37 The graphs above also show a seasonal drop in alcohol sales figures in January and a subsequent rise in the following months. The increase in alcohol sales in both Wales and England since February 2020 reflects the effect of Covid-19.

Proposed methods

- 6.38 The quantitative analysis will measure the effects of the MPA on four variables: average alcohol sales, alcohol sales as a percentage of total sales, average number of alcohol transactions and alcohol transactions as a percentage of total

transactions. Considering the visual inspection of pre-intervention trends, it is proposed that CITS analysis will be conducted with the dependent variables representing the difference between the stores in Wales and England at every month. In the main analysis, it is suggested that the differences between all stores for which there are available data (both border and non-border) in Wales and England are estimated. As a sensitivity analysis, two further monthly differences will be estimated for each of the four dependent variables: 1) between border shops in Wales and border shops in England; 2) between non-border shops in Wales and non-border shops in England. Having expressed the dependent variables as differences between Wales and England, linear regression models will be run to check whether the introduction of the MPA had any effect on these differences. The 'differenced' data will be used to run regression models where independent variables would be the introduction of MPA in Wales and time trends before and after MPA implementation. Regression coefficients with 95% confidence intervals will be reported.

- 6.39 The regression models will need to take into account the changes in urban/rural composition of store samples. As mentioned above, the number of stores in each geographical category varies by month, and so is the percentage of urban stores in the sample. To account for these changes, a variable reflecting the differences in the proportion of urban stores between Wales and England will be created and used as a covariate in the regression model.
- 6.40 In addition, it is suggested that data on average sales of non-alcohol products is used as a proxy for the changes in consumer behaviour caused by the Covid-19 pandemic. This is based on the assumption that Covid-19 changed patterns of spending on non-alcoholic goods as well as alcoholic. Including the difference between Wales and England in average sales of non-alcohol products as an independent variable in the regression models could help account for some of the impact of lockdown. However, this variable would not control for any pandemic-induced changes in drinking habits.
- 6.41 As with the analysis of Kantar data, analysing 'differenced' data has the advantage of eliminating seasonal trends. Also, comparing alcohol sales figures in Wales and

England helps to reduce the influence of Covid-19 on the findings of this analysis. Moreover, using data on average sales of non-alcohol products as a proxy for the changes in consumer behaviour would help account for some of the impact of lockdown. However, while lockdown measures were put in place in both England and Wales, differences between Wales and England in terms of the lockdown rules and timings mean that retailers might have been affected differently on the two sides of the border. Furthermore, it is also possible that Welsh and English retailers adapted to the Covid-19 pandemic in a different way due to region-specific factors. Therefore, the impact estimates for the first few months following the introduction of the MPA will need to be treated with caution.

7. Conclusions

- 7.1 This chapter of the report summarises the findings in relation to the research aims and goes on to discuss key differences in retailers²⁰ views. The next section of the report offers recommendations for the issues that would benefit from exploration in subsequent waves of qualitative research with retailers.

Awareness of the policy prior to its introduction

- 7.2 Awareness of the minimum pricing policy among retailers prior to implementation varied, with some retailers having little to no awareness of the policy while others were more well-informed. Across awareness levels, key gaps in retailers' understanding included the date of implementation, how the Minimum Price for alcohol (MPA) was calculated and how it would affect wholesalers, promotional offers, online purchases and cross-border sales.
- 7.3 Retailers with higher levels of awareness and understanding tended to have sought information about the policy or to have received information from multiple sources, including from the Welsh Government. For chains with higher levels of awareness and understanding, head offices were a key source of information while independent retailers mentioned industry bodies.
- 7.4 The findings highlight a gap in awareness and understanding among on-trade retailers and independent retailers (including those interviewed close to the implementation date when the Welsh Government's publicity campaign²¹ was most active), who did not report receiving information from the Welsh Government (though it is unclear why), were not in contact with an industry body and who unlike chains, could not rely on the support of a head office. Barriers to awareness among these retailers included expecting to be unaffected due to already high pricing, the

²⁰ Participating retailers were of varying sizes however major retailers approached to take part declined due to already being consulted about the MPA by Welsh Government. The views and behaviours of major retailers therefore do not feature in this report.

²¹ The Welsh Government's publicity campaign took place between November 2019 and February 2020. The Welsh Government wrote to all alcohol retailers in November-December 2019 with a leaflet about the upcoming law change and an information poster for display. This was followed by awareness-raising work with trade press and trade bodies, and a publicity campaign in January and February 2020 which saw guidance and information issued to all retailers.

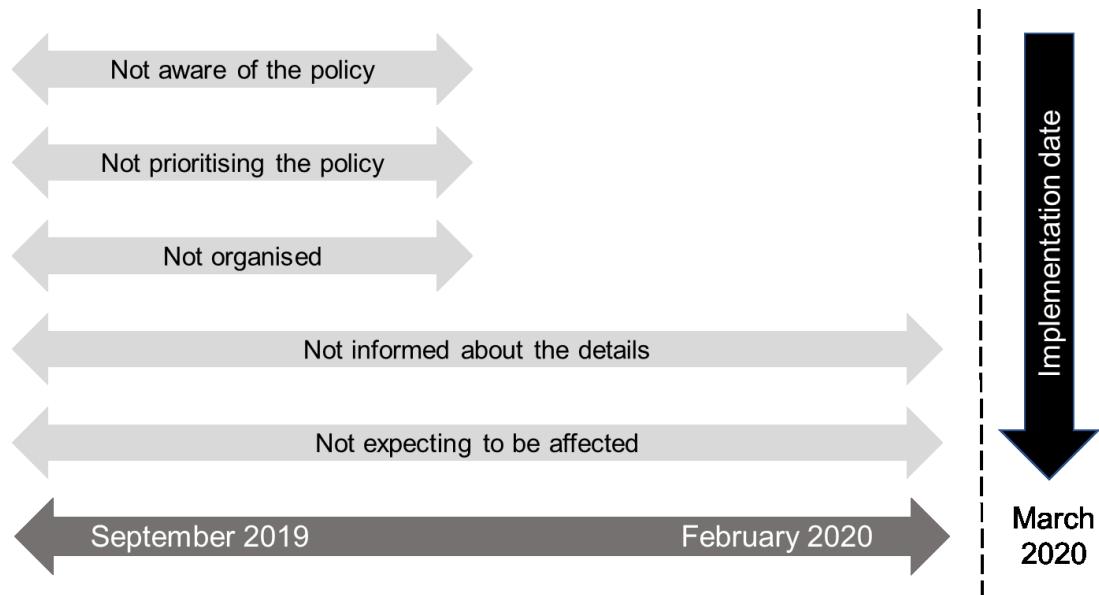
implementation date being perceived as too distant, experiencing time constraints and preferring to be sent further information instead of seeking it out.

- 7.5 Participating retailers generally demonstrated a good understanding of the aims of the policy. However, agreement with the policy depended on whether retailers thought reducing harmful alcohol consumption was the Government's responsibility and on whether retailers expected the design and implementation of the minimum pricing policy in Wales to achieve its policy aims.

Actions taken to prepare for the implementation of the policy

- 7.6 Retailers interviewed closer to the implementation date and branches of chains were among those who had prepared for implementation, but it was less common for independent retailers and those interviewed earlier in the interview period to have prepared.
- 7.7 Planned actions to prepare for the implementation of the policy included identifying products priced below the required minimum price, training staff, informing customers, or altering the types of alcohol products stocked. Planned adjustments to stock levels involved stocking less of the low-cost, high-strength alcohols and more higher-quality products, which were predicted to sell better after the implementation of the MPA.
- 7.8 Reflecting the barriers to information-seeking discussed in 6.6, retailers who had not prepared for implementation said this was due to: not knowing the policy existed; not being organised; not prioritising preparations; not having enough information about the policy; or the belief that the MPA would not apply to them due to already high pricing.
- 7.9 As illustrated in Figure 7.1 below, reasons relating to awareness, organisation and prioritisation were found among those interviewed earlier, suggesting that these barriers may ease over time. However, perceived lack of information and relevance of the policy persisted as barriers for a longer period. It is possible that these barriers to planning and preparation could affect compliance following implementation.

Figure 7.1 Barriers to preparing for implementation over time



- 7.10 Echoing the earlier findings, chain retailers looked to their headquarters for advice and information, training for staff members, and guidelines on adjusting stock levels and products. In contrast, independent retailers could not rely on the support of a head office. Independent retailers wanted more information about what they should do to prepare for the MPA.

Impacts expected to result from the policy

- 7.11 Retailers who lacked knowledge of the policy could not always predict how their finances would be affected. Those who did, either expected to benefit from the policy (by increasing their competitiveness) or foresaw financial risk such as a fall in sales. This risk was either expected to be minimal or manageable, if counteracted by a number of planned measures.
- 7.12 Participants predicted that retailers selling low-price alcohol and those competing directly with English retailers would be among those most negatively affected by the policy. Despite these concerns, the Welsh alcohol retail market was not expected to be affected in a significant way. This was due to the belief that little alcohol was sold below the required MPA anyway, because retailers could employ measures to counteract any negative impacts and because any falls in sales resulting from the implementation of the policy were expected to be short-lived. There were

contrasting views on whether retailers competing with major supermarkets, such as small and independent retailers and pubs, would be positively or negatively affected. One view was that by increasing prices, the MPA would level the playing field between large and small retailers.

- 7.13 Participants had conflicting views about whether the MPA had the potential to benefit wider society. Retailers saw potential for the policy to reduce alcohol consumption, restrict children and young people's access to alcohol and to lead to a decrease in harmful or excessive drinking at home or on the streets. However, the agreed MUP was thought to constrain the policy's potential by being too low to deter harmful and excessive drinking.
- 7.14 Concerns were also raised about the policy disproportionately affecting the most vulnerable members of society, such as those on low incomes and with alcohol dependency issues. It was speculated that these groups would either continue to buy alcohol, leaving them with less money for other expenditure, or would turn to other harmful behaviours, such as shoplifting and drug use.

Key differences between retailers

- 7.15 The interviews for this research took place between September 2019 and February 2020. The findings indicate that the proximity of interviews to the implementation date (2nd March 2020) influenced retailers' awareness of the policy, and the degree to which they had prepared for its introduction.
- 7.16 The findings also highlight differences in independent and chain retailers' experiences, behaviours and concerns. For chain retailers, the head office provided support in all three main areas investigated: awareness-raising, planning and preparing for implementation, and mitigating impacts. No independent retailers had trained or briefed staff at the time of the baseline interviews. As independent retailers could not rely on the support of a head office, a recurring theme was their need for more information on preparing for the MPA.
- 7.17 The research identified key differences between the impacts expected by off-trade retailers, and those holding on-trade licences, or both. A recurring view among on-trade licence holders was that they were very unlikely to need to increase prices

because all their alcohol products are already priced above the required MPA and because they did not tend to sell the types of alcohol targeted by the policy. In contrast, off-trade grocery stores, petrol station stores and convenience stores selling low-cost alcohol or who offered promotional discounts on damaged stock, expected to increase the prices of these products.

- 7.18 The findings also demonstrate that participants' knowledge and awareness of the policy impacted on retailers' approaches to planning for implementation and their views on policy outcomes. Awareness prior to implementation varied considerably, and some retailers lacked essential information for preparing for implementation or predicting its impact on the business. Many of the concerns reported by retailers were caused by gaps in their knowledge of the MPA.
- 7.19 Lastly, there was a view among retailers interviewed that businesses competing with English retailers would be negatively affected by the minimum pricing policy. However, retailers close to the English border in the sample for this research were no more likely to have prepared for implementation than other retailers. It was also uncommon for them to raise concerns about losing customers to English retailers. When they did discuss this possibility, it was considered to be low-risk.

Quantitative analysis plan

- 7.20 The quantitative analysis plan concluded that controlled interrupted time series (CITS) is the most suitable method for assessing the impact of MPA on retailers. For both alcohol purchasing (Kantar) and sales (TRDP) data, it is proposed that England's data is used as a comparison for Wales. As much as sample sizes allow, the impact analysis will generate separate impact estimates for alcohol purchasing figures by retailer, as well as for alcohol sales in border shops in Wales.
- 7.21 For alcohol purchasing data, it is proposed that CITS is used for studying the effects of the MPA on the average price per litre of alcohol, mean spending on alcohol and mean volume of alcohol bought in Wales. It is planned that linear regression models will be run in which the dependent variables would be specified as differences in the monthly values of the outcome measures between England and Wales (O'Donnell et al., 2019). It is proposed that the same approach is used for the analysis of

alcohol sales data, focusing on average alcohol sales, alcohol sales as a percentage of total sales, average number of alcohol transactions and alcohol transactions as a percentage of total transactions.

8. Recommendations

8.1 The subsequent two waves of interviews with retailers will aim to capture qualitative insights into experiences of implementation once it has taken effect, and the longer-term impacts of the Minimum Price for Alcohol (MPA). Based on the findings from this baseline research, there is scope for future waves of interviews to explore:

- **Persistence of information gaps:** Some retailers lacked awareness of key details such as the implementation date and how the MPA was calculated. Future interviews should explore whether these gaps in knowledge persisted, and if not, how retailers came to learn of and acted on these details.
- **Any support accessed by independent retailers:** Independent businesses did not benefit from the information and support received by chain retailers from their head offices. Further interviews could investigate whether independent retailers accessed any external support to implement the minimum pricing policy.
- **Actual impact on business practices and the market:** In future waves of the research, retailers will be able to discuss the extent to which the MPA has affected their prices, their suppliers, and their ability to offer promotional discounts. Interviews should explore these issues as well as how expectations compared with reality. It should be noted that understanding of these issues is likely to be impacted by the COVID-19 pandemic and lockdown, particularly during the first follow-up wave scheduled in 2021.
- **Experiences of competition at the local level:** Further interviews could be used to capture retailers' perceptions of how the minimum pricing policy impacts pricing in the local area. There is scope to explore experiences of competition between small retailers and on-trade retailers with supermarkets, urban-rural differences, and the experiences of retailers near the border.
- **How views about the policy evolve:** Agreement with the policy depended to some extent on expected impacts on alcohol consumption and the wider market. Further research could explore if and how views about the policy evolve, and any effects of Government messaging about the success of the policy on retailers' views. At the same time, the findings do not point to any clear link between a lack of support for the policy and expected negative impacts on participants' own

businesses. It may be worth exploring whether the lived experience of the policy and its effects on retailers themselves influences levels of support for the policy.

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Annex A: Interview topic guide

The themes and prompts listed in the interview topic guide for retailers are listed below:

1 Contextual information

About the participant

- Role and responsibilities
 - Within the organisation
 - In relation to alcohol pricing and sales
- Length of time at the organisation

About the retailer

- Description of the retailer and the products it sells
- Size (no. employees, no. branches, whether multinational)
- When established
- Opening hours
- Type of alcohol licence they have
- Annual turnover
- Alcohol sales
 - Whether on / off trade
 - Proportion of sales coming from alcohol
- Types of alcohol sold, probe around low-cost / high strength alcohol

2 Understanding and awareness of the policy

Understanding and awareness

- What they know about the minimum pricing policy in Wales
 - Why it is being introduced / policy aims
 - When it will take effect
 - What changes the policy will introduce to alcohol pricing generally
 - What types of products minimum pricing will be applied to
 - Who the policy is being targeted at i.e. low price / high content consumers

- Understanding of how the minimum price is calculated
 - How additional charges interact with e.g. online sales delivery charges, duty and VAT
 - Rules in relation to:
 - Offers
 - Pre-price marked products / flash packs
 - Price reductions due to damages
- Sources of information
 - Where they heard about the policy
 - Whether and where they have sought further information about it
 - Gaps in understanding / anything they're unclear on
 - Further information or guidance they would like about the policy

Views of the minimum pricing policy

- Extent to which they agree or disagree with the aims of the policy
- Whose responsibility they think it is to reduce alcohol consumption i.e. retailers, consumers, government etc
- Concerns regarding the policy, if any

3 Preparing for implementation

Planning and preparation

- What they as a retailer will need to do in relation to the minimum pricing policy
 - Ahead of the policy taking effect
 - When the policy has taken effect

If the retailer has thought about / made plans for the implementation of the policy, what their thoughts / plans consist of so far

- The approach they will take
- Who will be responsible for pricing and ensuring compliance
- How they will go about setting prices

- Plans for workforce training / guidance, when and who will give and receive training
- Advice / guidance they foresee taking and from whom e.g. legal advice, trade bodies
- What they expect the costs of implementation to be

If they have not thought about it / made plans

- Why this is
- When they plan to
- Who they foresee being responsible for pricing and ensuring compliance
- Advice / guidance they foresee taking and from whom e.g. legal advice, trade bodies
- What they expect the costs of implementation to be, if a total figure is given probe around how this is made up / broken down

4 Expected impacts of the policy

- Expected customer response
 - How they expect consumer purchasing behaviour to change, which customers
 - For those on the border, any expectations around changes in chosen retailers
- Expected impact on alcohol sales
 - Overall
 - Different products / types of alcohol
 - Expected impact on overall sales
 - Other impacts on staff or participant
 - Wider / other impacts on the business
 - How they foresee mitigating any negative impacts

5 Concluding thoughts

- Overall views of the policy
- Key expected impacts on the business
- Support needed for implementation
- Key messages for government in relation to implementing the policy