



## ACS Submission – Minimum Unit Pricing of Alcohol

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Welsh Government's consultation on setting the minimum unit price of alcohol. ACS is a trade association, representing 33,500 local shops across the UK including the Co-Op, One Stop, McColl's Retail and thousands of independent retailers. In Wales, there are 2,923 convenience stores, employing over 21,000 people<sup>1</sup>.

Convenience stores provide a range of products and services, including Post Offices, bill payment services, and ATMs to local communities. Alcohol is an important product category for convenience retailers, with 81%<sup>2</sup> of stores (equivalent to 2,368 stores) in Wales holding an alcohol licence, and an average of 14.9% of store sales represented by alcohol<sup>3</sup>. ACS supports the Welsh Government's aims to tackle alcohol related harm and is an active member of the Welsh Government Alcohol Industry Network.

ACS previously responded to National Assembly for Wales Health, Social Care and Sport Committee's call for written evidence to inform their inquiry into the general principles of the Public Health (Minimum Price for Alcohol) (Wales) Bill. Our submission can be found [here](#). In our submission, we raised concerns about the additional administrative and financial burdens that the introduction of minimum unit pricing would have on retailers and recommended that instead the Welsh Government continue to focus on using existing powers under the licensing system and targeted funding at a local level to tackle alcohol related harm.

We welcomed the Welsh Government's commitment in the Regulatory Impact Assessment that they will develop guidance on minimum unit pricing and will engage with stakeholders to ensure that it is fit for purpose. We remain committed to working with the Welsh Government on the implementation of minimum unit pricing and will work to publicise the change to businesses to increase compliance.

### **Question 1: We invite comments on the draft regulations included in annex one which set out the proposed minimum unit price of 50p.**

We believe that the minimum unit price should be set at 50p. This will prevent further burdens being placed on retailers who operate across the UK by being consistent with the minimum unit price set in Scotland.

### **Question 5: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:**

The introduction of minimum unit pricing will have implications not just on changes to pricing systems but also staff training, amendments to existing promotions, and the use of vouchers.

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<sup>1</sup> ACS Local Shop Report 2018

<sup>2</sup> ACS Local Shop Report 2018

<sup>3</sup> ACS Local Shop Report 2018

Delivering these changes will have different effects on different retailers depending on their business models. For multiple retailers, with central administration systems, changes to pricing and promotions will be easier as they already have structure in place to deliver this. However, they will still incur costs to deliver price changes and alcohol range decisions will have to be made quickly. Equally, independent convenience stores will have to invest in additional staff and administrative time to deliver pricing changes and ensure compliance, which is recognised in the Regulatory Impact Statement. Therefore, we welcome that the Welsh Government is already engaging with retailers on the introduction of minimum unit pricing in Wales and encourage the Welsh Government to take into consideration the experience of the implementation of minimum unit pricing in Scotland to ensure a smooth transitional period for retailers in Wales.

### *Implementation Timeframe*

We welcome that the Welsh Government are already consulting on the level of the minimum unit price in Wales and engaging with retailers ahead of the introduction of minimum unit pricing in Summer 2019. This will ensure that retailers have enough time to prepare their businesses ahead of the regulations coming into effect. For the implementation of minimum unit pricing in Scotland, retailers had less than four months from when the minimum unit price level was confirmed to its introduction. Such a short timeframe meant that it was challenging for retailers to prepare for the regulations.

### *Level of MUP*

We would welcome clarification on the process of the internal review which will take place two years after the introduction of minimum unit pricing. The review “will inform consideration of initial level of the minimum unit price specified in regulations and whether this should be changed and new regulations laid before the National Assembly”. If the internal review recommends to amend the level of the minimum unit price, the Welsh Government should be required to consult on the amended level before the regulations are laid before the National Assembly.

In addition, the Scottish Government confirmed that they will review the level of their minimum unit price after two years (in 2020), which means that the Welsh Government's review will be held the following year. The Welsh Government should take the Scottish Government's review on the level of minimum unit price into consideration when determining any changes to the level in Wales. As stated above, consistency with Scotland will reduce burdens on retailers trading across the UK.

### *Pricing Changes*

Convenience retailers will have to ensure price compliance across their existing alcohol range, requiring additional staff and management to physically update shelf edge labels and update Electronic Point of Sales (EPoS) systems. Convenience retailers will need to review existing stock and revise promotions to ensure compliance. Retailers will be especially focused on making sure any priced marked packs are sold through before the implementation of minimum unit pricing in Summer 2019. Although we expect most price marked alcohol products to be sold through before the Summer 2019 some products could remain in stores.

We would also welcome clarity on how minimum unit pricing will affect alcohol sold in linked promotions such as wine in a dinner meal deal, and whether minimum unit pricing will affect the use of money-off vouchers for purchases with alcohol. For example, if a customer had a

£5 off voucher for their shop and used it for a purchase which includes alcohol? Or would the retailer need to ensure that the total sale amount did not fall below the minimum unit price? We hope that this is addressed in the Welsh Government's guidance. The Welsh Government should also consider the guidance issued on linked promotions in the Scottish Government's guidance to ensure that it is consistent.

### *Guidance*

We welcome the Welsh Government's commitment in the Regulatory Impact Assessment that they will develop guidance on the minimum unit pricing regulations in Wales and that they will incorporate industry feedback on the development of their guidance to ensure that it is fit for purpose. Ahead of the implementation of minimum unit pricing in Wales, ACS plans to develop guidance for convenience retailers on how to comply with the regulations. ACS developed guidance ahead of the implementation of minimum unit pricing in Scotland for convenience, which is available [here](#).

ACS believes it is vital that the Welsh Government develops and implements a consumer-focused campaign to explain the implications of minimum unit pricing to customers and help them to better understand why alcohol prices will be affected. Any frustration resulting from a lack of customer awareness will inevitably be directed at shop staff – the Welsh Government should ensure that police forces in Wales are fully aware of the implementation timeframe to enable them to proactively support staff in the event of any minimum unit pricing-related incidents.

### *Cross Border sales*

As part of the Welsh Government's internal review and evaluation of the introduction of minimum unit pricing in Wales, they should consider the impact on cross-border sales, and its effect on retailers who trade on the border. The Public Health (Minimum Price for Alcohol) (Wales) Bill's Impact Assessment estimated that 4.91% of the total Welsh grocery spend is spent in England and not expected to increase following the introduction of minimum unit pricing. However, as minimum unit pricing has yet to be introduced elsewhere, and without understanding Welsh consumers' current alcohol spend in England, the full impact of cross-border sales is unknown.

### *Impact on Wholesalers*

We welcome that the Welsh Government has clarified in the explanatory memorandum that alcohol wholesalers "will not however be subject to any minimum pricing requirement in relation to their trade-to-trade sales". To ensure that there is no confusion, especially given wholesalers' experience of the introduction of minimum unit pricing in Scotland, the clarification should also be featured (and expanded on) in the Welsh Government's guidance.

### *Enforcement*

We would welcome clarification on the Welsh Government's plans for enforcement of minimum unit pricing. Currently, non-compliance will result in retailers receiving Fixed Penalty Notices. We have some concerns that given that local authorities can retain the money raised from Fixed Penalty Notices, that there may be a financial incentive for local authorities to issue Fixed Penalty Notices rather than taking an education led approach. While we welcome the explanatory memorandum stating that the "Welsh Government anticipates that local authorities, may, wherever possible in appropriate cases, wish to

exercise their discretion and work with retailers to resolve issues voluntarily”, we would welcome reassures from the Welsh Government, through guidance to local authorities, to take such an approach.

The explanatory memorandum also states that the Welsh Government will provide the Welsh Heads of Trading Standards with additional funding so that they can carry out an inspection visit in all off-trade premises within the first three months after implementation of minimum unit pricing. We would welcome clarification if these enforcement visits led by trading standards offices will look at minimum unit pricing in isolation or if they will also look at compliance issues more generally when visiting stores.

**For more information about this submission, please contact Julie Byers, ACS Public Affairs Manager, by emailing [Julie.Byers@acs.org.uk](mailto:Julie.Byers@acs.org.uk) or calling 01252 515001.**

# ANNEX A

## ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



## WHO WE REPRESENT

### INDEPENDENT RETAILERS



ACS represents over 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

### SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

### MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 12,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

## THE CONVENIENCE SECTOR



In 2018, the total value of sales in the convenience sector was £39.1bn.

The average spend in a typical convenience store transaction is £6.50.



There are 46,262 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 365,000 people.

24% of independent/symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

70% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

81% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2017 and May 2018, the convenience sector invested over £814m in stores.

The most popular form of investment in stores is refrigeration.

## OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

### ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

### ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

### ACS LOCAL SHOP REPORT

Annual survey of over 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,669 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

### BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.