

The logo for the Scottish Grocers' Federation (SGF) features the letters 'SGF' in a large, bold, white sans-serif font on a blue rectangular background.

Scottish Grocers' Federation

www.scottishshop.org.uk

Promoting Responsible Community Retailing Since 1918
to ensure a sustainable and prosperous convenience industry in Scotland

SGF Centenary Year



**Response from the Scottish Grocers' Federation
to
'Minimum Unit Pricing of Alcohol'
Scottish Government Consultation Document**

Scottish Grocers' Federation

January 2018

SGF RESPONSE TO 'MINIMUM UNIT PRICING OF ALCOHOL' – SCOTTISH GOVERNMENT CONSULTATION DOCUMENT

Introduction

1. The Scottish Grocers' Federation (SGF) is the trade association for the Scottish Convenience Store Sector. There are 5,286 convenience stores in Scotland, which includes all the major symbol groups, co-op and convenience multiples in Scotland. SGF promotes responsible community retailing and works with key stakeholders to encourage a greater understanding of the contribution convenience retailers make to Scotland's communities. In total, convenience stores provide over 41,000 jobs in Scotland. 76% of convenience stores in Scotland are licensed to sell alcohol.
2. Modern local convenience stores are community assets, from providing busy families with a top up shop facility on the one hand, to allowing patrons (particularly the elderly) with an alternative to larger or out of town supermarkets. Many people rely on their local convenience store with the average shopper visiting their local store 3.47 times per week¹ and with 56%² of customers choosing to walk as a mode of travel to stores. The age range of shoppers is as follows³:
 - 14% are 16 to 24
 - 18% are 25 to 34
 - 33% are 35 to 54
 - 28% are 55 to 74
 - 7% are 75+
3. Local shopping has, over the years, often been replaced by large destination retail parks, gone from many areas are the local butcher, baker and grocery. The personal interaction with your local retailer is now almost uniquely reserved for your local convenience store.
4. Modern convenience stores now offer a wide range of products and services, from deli counters and coffee to Amazon collection lockers. Being able to offer a diverse range is of paramount importance.
5. The SGF welcomes the opportunity to respond to this consultation and we trust that you will find our comments helpful.

¹ The Scottish Local Shop Report 2017

² The Scottish Local Shop Report 2017

³ The Scottish Local Shop Report 2017

Consultation:

We invite comments on the proposed minimum price of 50 pence per unit which is set out in the draft Scottish Statutory Instrument at Annex A.

6. SGF believes that the proposed minimum unit price (MUP) of 50 pence per unit of alcohol as originally announced by the then Cabinet Secretary for Health shortly before the Scottish Parliament passed the Alcohol (Minimum Pricing) (Scotland) Act 2012 should remain. The original modelling work which this policy is based on helped inform the 2012 Act and since then the 50 pence MUP has gained widespread recognition as the preferred figure amongst retailers and the public. In terms of the key stakeholders in the supply chain, retailers, wholesalers and manufacturers have already made plans for the 50 pence MUP, however the speed at which the Scottish Government is moving to introduce MUP will present retailers with challenges.
7. SGF welcomes the engagement we have had with the Scottish Government so far through a series of roundtables with industry representatives on the implementation of MUP. It has been made clear to us that the Government will introduce the MUP on the 1st May, but we believe it is important the Government understands the challenges that the short timeframe will present to convenience retailers and considers actions to support convenience stores with the changes.
8. The introduction of MUP will have implications not just on changes to pricing systems but also staff training, amendments to existing promotions, and the use of vouchers. 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 structures 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.

Training

9. Convenience retailers will need to ensure they have developed and delivered training materials to store colleagues. Training of staff will be a priority given that breaching the MUP regulations has implications for a retailers' alcohol licence (discussed more later). Any changes relating to alcohol sales or promotions will require convenience retailers to review and revise their existing core training materials and develop a plan for delivering the training, for example through online learning management systems that can be completed in store or through compliance teams going out to train store colleagues. Both options have cost implications and the short timeframes increase these costs. Independent

retailers will rely on advice from the Scottish Government about compliance, which we have offered to help develop and communicate to retailers at the earliest opportunity.

Pricing Changes

10. 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 1st May. Although we expect most price marked alcohol products to be sold through before the 1st May some product could remain in stores. We seek advice from the Scottish Government about what approach retailers can take on price marked products post the introduction of MUP? Would retailers be able to sell these products if appropriately priced and clearly labelled? Will the Scottish Government issue any advice to enforcement bodies about priced marked alcohol products?
11. We would also welcome clarity on how MUP will affect alcohol sold in linked promotions such as wine in a dinner meal deal, and whether MUP 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 this is addressed in the Scottish Government's guidance.

Guidance for retailers and consumers

12. SGF will produce an MUP guide for retailers, which will provide our members with the legislative context, general illustrative examples of how MUP will work in practice, frequently asked questions and explain enforcement action or penalties which could be used due to non-compliance. We seek support from the Government to help us develop and promote this guidance to retailers. A jointly developed guidance document would provide retailers with absolute clarity about their responsibilities.
13. SGF believe it is vital that the Scottish Government develops and implements a consumer focused campaign to explain the implications of MUP to customers and to help them to better understand why alcohol prices will be effected. Any frustration resulting from a lack of customer awareness will inevitably be directed at shop staff – the Scottish Government should ensure that Police Scotland are fully aware of the implementation timeframe for MUP to enable them to proactively support staff in the event of any MUP-related incidents.

Sanctions and Enforcement

14. We seek clarification about the sanctions that will be used against retailers if found to be selling alcohol under the minimum unit price. The MUP regulations are being introduced as a mandatory premises licence condition, as such we understand that this could lead to a review of their premises licence, meaning a licensing board has the power to:

- Issue a written warning to the licence holder;
- Make a variation of the licence;
- Suspend the licence for such a period as the Board may determine; and
- Revoke the licence

Is this interpretation of the penalties correct and what advice will the Scottish Government be issuing to Licensing Boards about the penalties that should be used for a breach of the MUP regulations? Will such guidance include a matrix of mitigating and aggravating factors, for example the extent to which product is sold below MUP or volume products sold below MUP?

Evaluation

15. NHS Health Scotland (NHS) has been commissioned by the Scottish Government to evaluate the operation and effect of MUP. The SGF is part of this evaluation process through its membership of the Evaluation Advisory Group: MUP Economic Impact and Related Studies. The evaluation is underway and will assess the impact across a range of outcomes and on alcohol producers, license holders and retailers, reporting to Parliament within 5 years of implementation of the 2012 Act. Given that this evaluation is ongoing the SGF do not believe that any changes should be made to the proposed policy and that once set, the 50 pence MUP should not be changed over the five year implementation period. The Scottish government has committed to a 5-year reporting period on the impact of MUP. Altering the MUP at any stage within this 5-year period would not provide a coherent and robust picture of the overall impact.

Concluding Remarks

16. Since our colleagues at the Association of Convenience Stores produced the first Local Shop Report in 2012, the convenience sector has grown every year, partly through diversifying the range of products and services offered to consumers⁴. This point of difference applies equally to alcoholic beverages where convenience stores seek to offer something unique which is tailored to the particular customer base which they serve thereby increasing sales and footfall. In convenience stores across the UK the average sales contribution of alcohol

⁴ The Scottish Local Shop Report 2017

was 14.3%⁵. The SGF will monitor the progress of the MUP and maintain regular dialogue with the retail industry.

17. The SGF promotes responsible community retailing and recognises that alcohol should be sold in compliance with the law. SGF members participated in the recent 'You're Asking For It' campaign in North Lanarkshire which was aimed at tackling underage drinking by targeting adults who buy alcohol for under 18's. This was organised in conjunction with the Scottish Alcohol Industry Partnership, Police Scotland and North Lanarkshire Community Safety Partnership and ran from the school holidays up to mid-September 2017 and proved to be a very successful campaign. A similar project was also undertaken in the Leith area of Edinburgh in 2016. Again, this was highly successful. It is hoped that other local authorities will consider adopting similar campaigns in due course.
18. While we welcome this consultation exercise the SGF believe the legislative system should not be onerous on retailers but always the within the context of retailers selling alcohol responsibly.

Luke McGarty
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⁵ The Scottish Local Shop Report 2017