

ALCOHOL IN THE NORTH EAST.



# Views from behind the bar

North East Landlord Survey 2018

**BALANCE**  
Getting the  
measure of alcohol

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## Executive Summary

Britain's pubs are under pressure, with many closing in recent years. Many reasons have been put forward to explain why pubs across the country are struggling. Balance decided to ask 200 publicans across the North East of England for their views on the future prospects of their businesses, the causes for the decline, and what landlords themselves think the Government could do to tackle alcohol harm while helping our pubs to flourish. Our summary findings are as follows:

- Their top three concerns were alcohol taxes, cheap off sales prices, and increases in overhead costs
- 89% said that recent cuts in alcohol duty had not helped their business
- Cheap alcohol in supermarkets and off licenses was cited as the main reason for pub closures
- Only 4% said taxes on alcohol was the main reason for pub closures
- Despite alcohol industry warnings about high beer duty, almost one in two respondents expect business conditions to improve in the next 12 months
- 78% said tougher drink drive regulations would help tackle alcohol harm
- Three in four said increasing supermarket alcohol prices would help tackle alcohol harm
- 65% would like to see an increase in police resources
- 64% said the best way Government could help the pub trade would be to increase the price of supermarket alcohol
- Almost one in two support the introduction of a minimum unit price for alcohol in England
- 74% would support a reduction in the drink drive limit in England, with 61% strongly supporting the change

## Methodology

A telephone survey of landlords across the North East Region [according to the official government definition] was undertaken. Sample data was purchased from a list broker, and was specified to include Thomson codes covering:

- Pubs, Bars & Inns
- Wine bars
- Hotels
- Restaurants
- Night Clubs

Interviews were conducted by fully trained interviewers working to the Market Research Society Code of Conduct. In total, 200 telephone interviews were carried out over the months of May and June 2018. No quotas were set.

The interview was administered using CATI [computer-aided telephone interviewing]. The questionnaire was developed by Bluegrass Research, and incorporated questioning from previous surveys undertaken by Balance as well as the IAS's "Pubs Quizzed" survey.

## Background

There has been a great deal in the news in recent years about the fact that the pub is under threat. It seems that everyone loves a pub. It is central to British culture. The problem is that, despite what we say about loving the pub, fewer of us are visiting our local. Or if we are, we visit less frequently and perhaps spend less when we are there. For there is no doubt that the number of pubs in the UK has been falling. The British Beer and Pub Association estimates that there are around 50,000 pubs in the country, down from around 70,000 in 1980.

It seems as a nation we are changing our drinking habits, a fact reflected in the alcohol sales figures that show we are increasingly buying our booze from supermarkets and off licenses. In 2015, figures from the British Beer and Pub Association showed that, for the first time, more beer was sold in supermarkets and off licenses than in pubs, bars and restaurants. Based on reports produced by NHS Scotland, Balance estimates that over 70 per cent of alcohol purchased in the North East of England came from supermarkets and other off sales premises in 2016, up from around two-thirds in 2010. We are clearly turning into a nation of home-drinkers. But what is bringing about these changes?

**70% of alcohol sold in North East England comes from supermarkets and off licenses**

In its 2017 publication 'Pubs Quizzed', the Institute of Alcohol Studies discussed a number of possible reasons for the disappearance of pubs, from macroeconomic factors through to the introduction of the smoke-free workplace legislation in 2007. Many believe the price of alcohol is critical to the demise of many pubs. Sections of the alcohol industry point to the role of alcohol duty as a cause of pub closures. The latest campaign from the major global beer producers ABInbev, Carlsberg, Heineken and Molson Coors, 'Long Live the Local', claims that three pubs a day are closing in the UK largely because of beer duty which is 'devastatingly high'. They are calling for further cuts in alcohol duty, over and above the £8bn worth of cuts and freezes that have been announced in successive budgets since 2013. The fact is however, that further cuts in alcohol duty will include supermarket alcohol which many would argue is the greatest threat to the future of pubs.

**Beer duty is 16% lower than in 2012**

Health campaigners would point to the fact that, accounting for inflation, beer duty is now 16% lower than in 2012, while cider and spirits duty are 8% lower and wine duty is 2% lower. Indeed, in its 'Pubs Quizzed' report the Institute of Alcohol Studies highlighted that, while higher alcohol taxes may reduce overall sales, they also have the effect of reducing the price differential between on and off trade alcohol because supermarkets are better placed to pass on duty cuts to the

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consumer than pubs. Thus, it can be argued that higher taxes may mean people spend more time drinking in pubs than they might otherwise.

The independent evidence about the effect of alcohol pricing on harms is clear: the more affordable alcohol is, the more we drink. And the more we drink as a society, the greater level of harms across the population. Public Health England's comprehensive evidence review published in 2016 states:

*"Policies that reduce the affordability of alcohol are the most effective, and cost effective, approaches to prevention and health improvement. For example, an increase in taxation leads to an increase in government revenue and substantial health and social returns."*

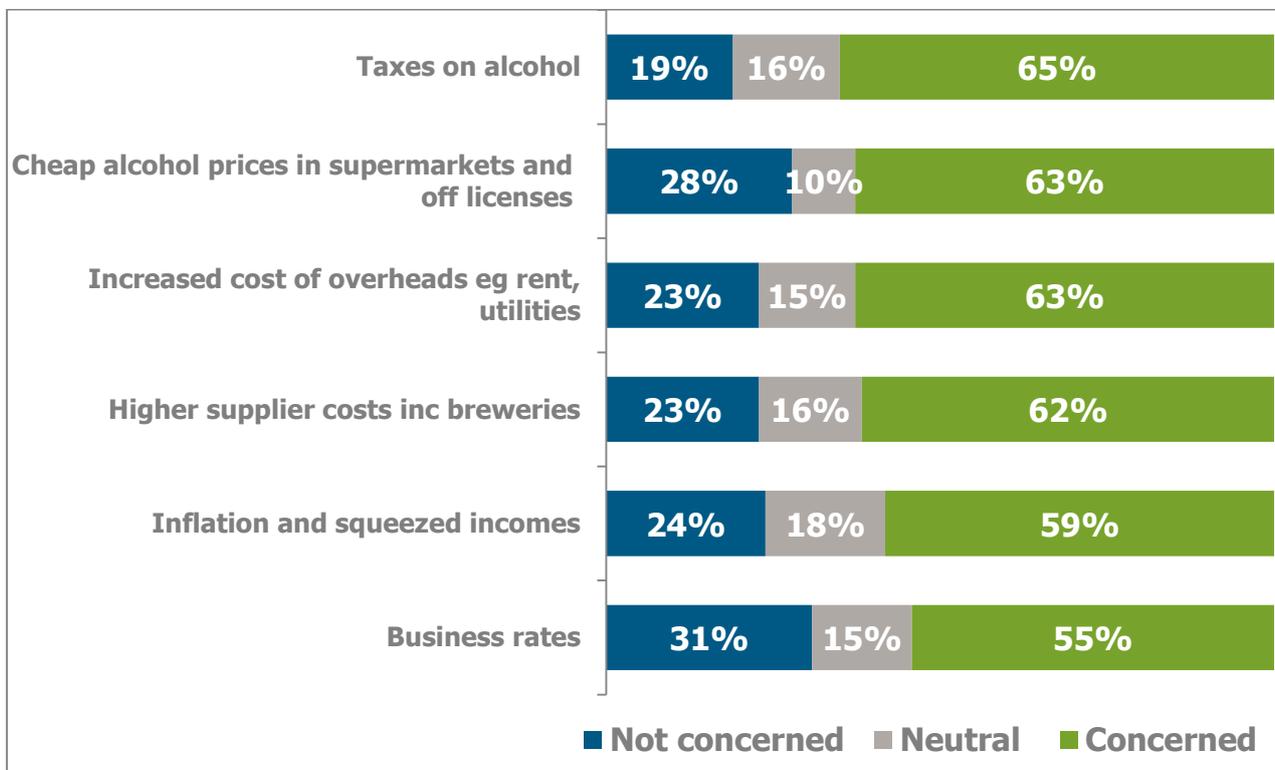
In the middle of this debate, pubs have become something of a political football, one that has been used successfully by beer producers to secure reductions in alcohol duty on their products. Recent cuts in beer duty have created jobs and saved pubs, according to some members of the industry. Yet in 2016 operators responsible for over 100 pubs sent an open letter to The Treasury saying that the cuts had not been passed on to pubs and that 'they are not saving a single pub with their actions.'

Balance decided to take a look for itself, by interviewing publicans in the North East about the state of the trade, the competition they face, and what they want politicians to do to improve their trading environment and tackle alcohol harm in the UK.

## Business Conditions

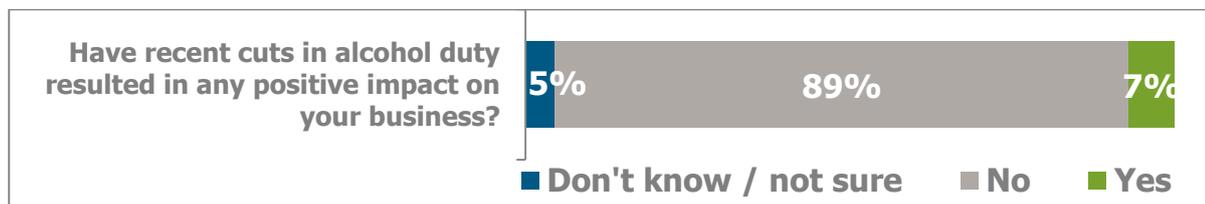
According to sections of the alcohol industry, pubs are closing at the rate of three a day, which would suggest that trading conditions are tough. We asked our publicans in the North East of England whether they expected next year to be better, the same, or worse for their businesses than the current year. It turns out that our respondents were relatively optimistic about the future. Almost 1 in 2 expected next year to be better than the current year with a further 39% expecting it to be about the same. Only 12% thought trading conditions would be worse next year. It is worth noting that venues selling food were almost twice as likely to be optimistic about next year than those who don't serve food.

The survey asked them to rate the things that they were concerned about. A range of measures scored over 50%, with alcohol taxes, cheap off sales alcohol and increased overheads coming in the top three.



*To what extent, if at all, are you concerned about the following, in terms of their impact on your business over the next 12 months or so?*

Interestingly, while 65% said they were concerned about alcohol taxes, almost 9 in 10 (89%) said that recent cuts in alcohol duty had had no positive impact on their business, with only 7% saying that the cuts had helped.



Indeed, when asked about the main causes of pub closures, only 4% of publicans named taxes on alcohol. In stark contrast, cheap alcohol in supermarkets and off licenses was cited by over half (51%) as a cause of closures.



*What do you think are the main causes of pub closures?*

The survey suggests one reason publicans may be worried about the competition provided by cheap supermarket alcohol. Half of respondents said drinking patterns had changed in recent years. The top changes identified were that customers were coming out less often (67%); were drinking less when they did come out (59%); were drinking before coming into pubs (50%); and were tending to come out later (41%).

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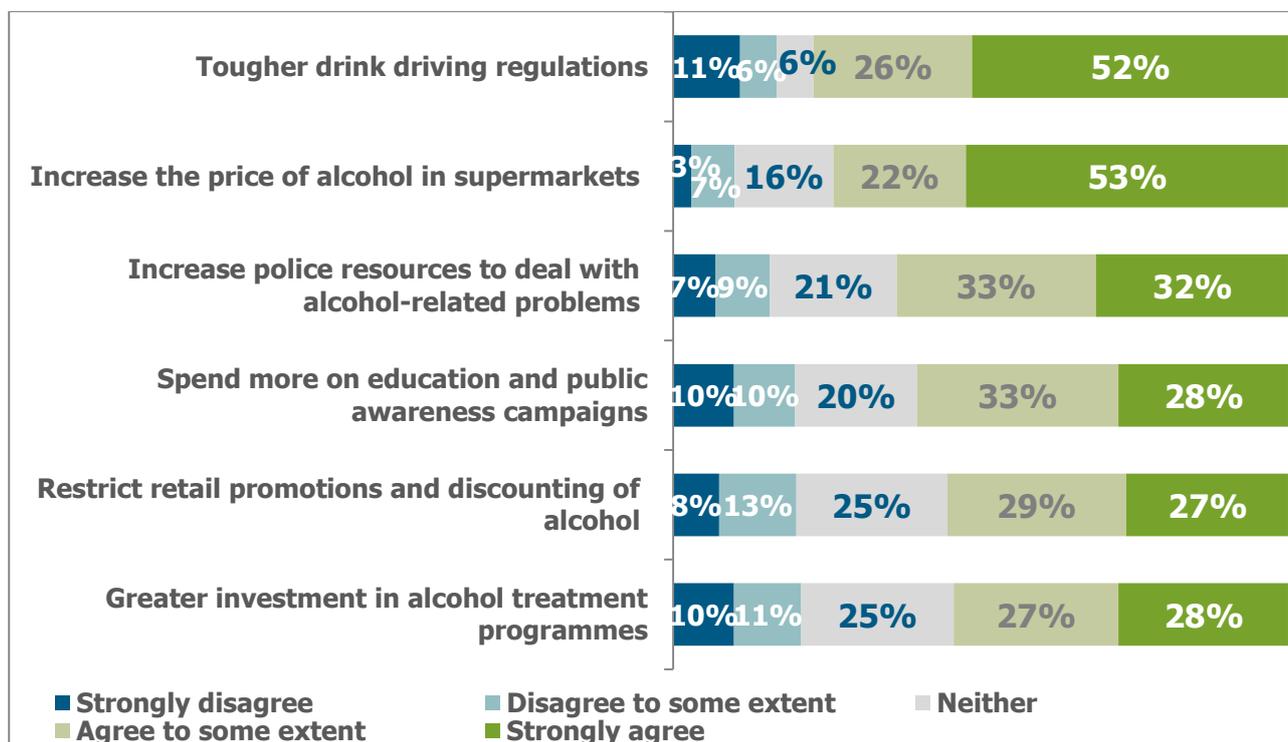
## Policy Solutions

### TACKLING THE UK'S PROBLEMS WITH ALCOHOL

In a survey of 2,000 members of the general public carried out by Balance in 2017, eight in ten people described the North East of England as having an unhealthy relationship with alcohol. While publicans don't take so strong a position, they are twice as likely to say our relationship with alcohol is unhealthy as it is healthy. They are also more likely to say it has got worse in the last 10 years than that it has improved.

These figures would suggest that publicans believe something should be done to improve the UK's relationship with its favourite legal drug, so we asked them a number of policy-related questions relating both to how alcohol harm could be reduced and what politicians could do to help their trade.

In terms of reducing alcohol harm, there was strong agreement that a range of actions could be taken to tackle alcohol problems. The top answer was tougher drink drive regulations, with 78% agreeing it would help reduce alcohol harm. Not far behind was an increase in the price of alcohol sold in supermarkets, with three in four respondents believing it could help. In fact, publicans' concern about cheap supermarket and off license prices – both to the health of the nation and of their own pubs – can be seen throughout the survey.

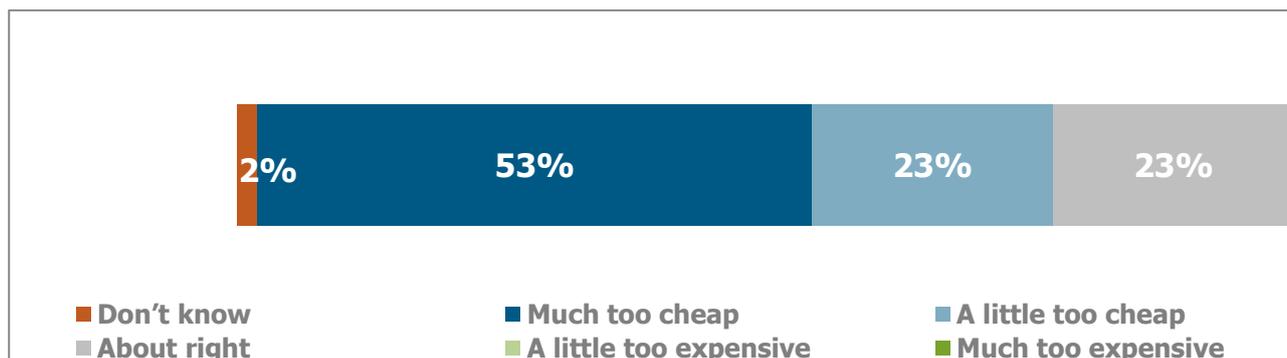


*What do you think politicians could do to tackle alcohol problems in the UK?*

A majority of respondents also said that increasing police resources (65%); spending more on education and public awareness campaigns (61%); restricting retail promotions and the discounting of alcohol (58%); and greater investment in alcohol treatment programmes (55%) would help tackle alcohol harms.

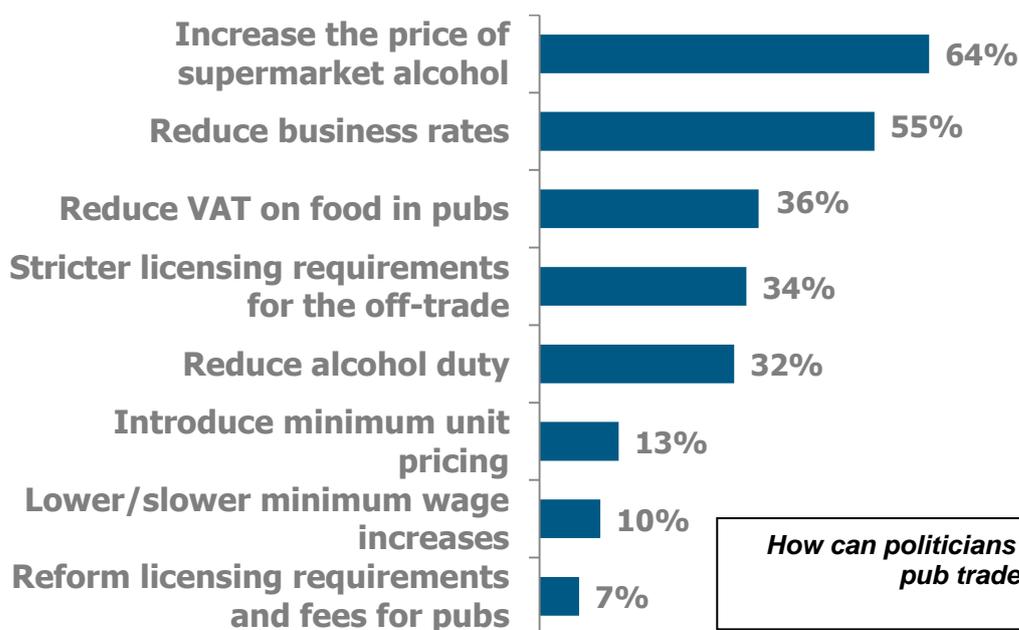
### THE PROBLEM WITH ALCOHOL PRICES

It is clear from our survey that the biggest concern publicans have in terms of the future of their business is the price of off trade alcohol, especially in supermarkets. 76% of North East publicans say alcohol sold in supermarkets is too cheap – none believe it is too expensive.



*How do you feel about the price of alcohol in supermarkets and shops?*

We have already heard that over half believe cheap off trade alcohol is a reason pubs are closing. When asked for their top three answers to the question, 'how can politicians support the pub trade', 64% replied that they should increase the price of supermarket alcohol, twice as many as want the government to reduce alcohol duty.



*How can politicians support the pub trade?*

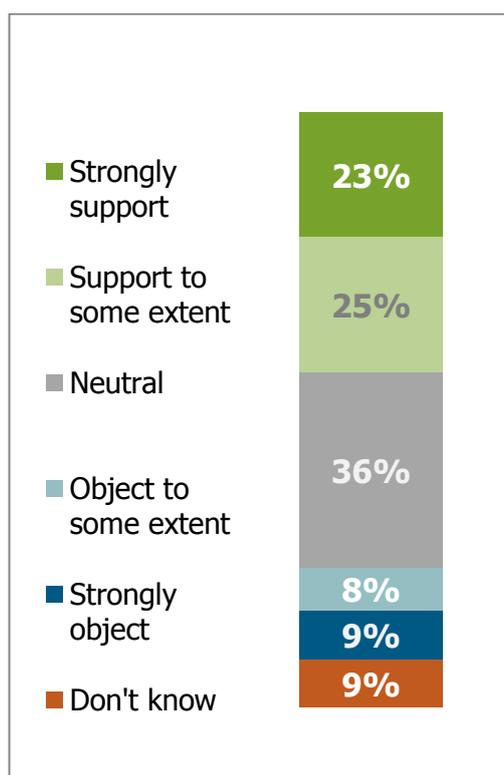
## THE ANSWER TO CHEAP OFF TRADE ALCOHOL?

One answer to increasing the price of the cheapest products found in off licenses and supermarkets would be the introduction of a minimum unit price (MUP) for alcohol. By applying a minimum price per unit of alcohol, the measure effectively increases the price of the very cheapest products, while largely leaving pub prices untouched.

Since the introduction of a 50p MUP in Scotland, for example, three litre bottles of strong white cider, which were being retailed for less than £4, now cannot be sold for less than around £11. The result is that such products, which were largely consumed by very heavy drinkers and by some children, have largely disappeared from shelves in their large volume packages.

By contrast, it is estimated that less than one per cent of products in the on trade are sold for less than 50p per unit of alcohol. The measure effectively reduces the price differential between on and off trade alcohol.

Given its effects, you would expect MUP to receive widespread support amongst pub landlords – and almost one in two (48%) would support its introduction in England, with only 17% objecting. In that regard they are not very different to the North East public. In our 2017 public opinion survey, 54% supported the introduction of a MUP, with 19% objecting.



*Would you say you support or object to minimum unit pricing for alcohol?*

While eight in 10 publicans had heard of MUP, it was not widely selected as one of the top three ways politicians could help the pub trade. While 64% wanted an increase in supermarket prices, only 13% wanted to see the introduction of MUP to help their businesses. It may be that the measure would not decrease the price differences between on and off trade alcohol significantly, but it would certainly increase the prices of the very cheapest off trade products.

Interestingly, when the same question was asked in a national survey of publicans, only 5% chose the MUP option, much lower than the North East figure.

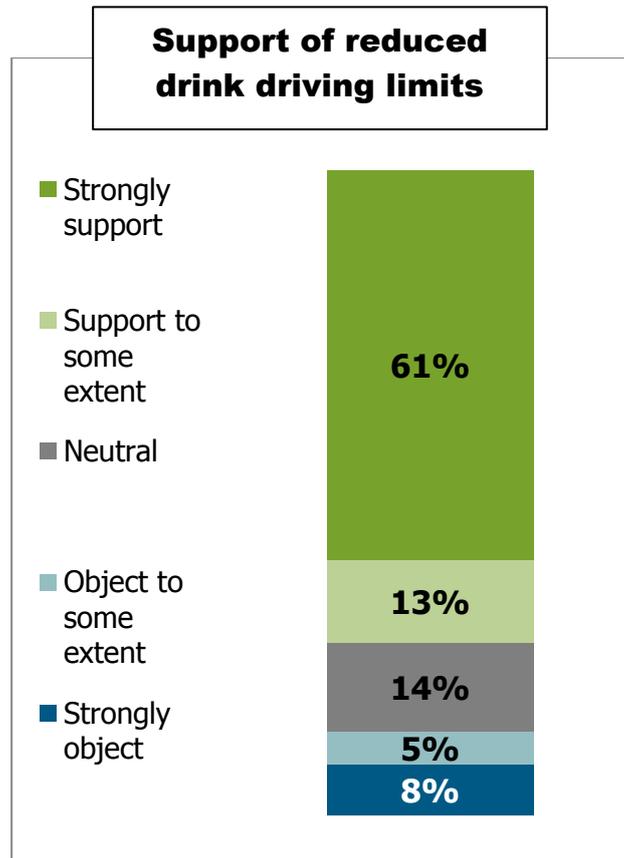
The fact remains that most publicans (60%) see no benefit to their business from the introduction of MUP, with 45% saying people will drink less when they are at the pub; 43% saying they will come out less often; and 28% saying their costs to buy alcohol will increase. This suggests a lack of understanding about the main impact of MUP, which would be on alcohol sold in supermarkets and off-licenses; especially when sold in multipacks, promotional deals or in relatively low-cost but high strength products. Prices in the on-trade (e.g. pubs and clubs) would be largely unaffected as they typically sell at well above the minimum levels under discussion.

Perhaps this is not surprising when global alcohol companies and their representative bodies have been engaged in undermining the evidence base for MUP and challenging its introduction in Scotland in the courts, rather than explaining its impact to those people running pubs.

#### **OTHER POLICY MEASURES – DRINK DRIVING**

One other thing to note is publicans' views on the drink drive limit. The current blood alcohol limit in England and Wales is 80 milligrams per 100 millilitres of blood, the highest level to be found anywhere in Europe. Road safety and health campaigners have been calling on the Westminster government to follow Scotland's example and reduce the limit to 50 milligrams. The impact on community pubs of such a change is often used as an excuse to maintain the status quo.

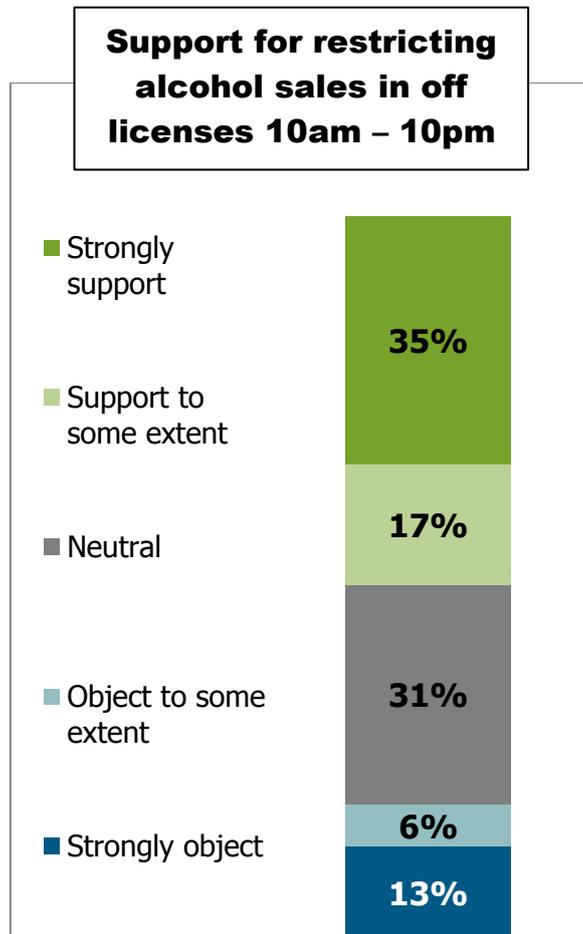
In line with strong public support, 74% of publicans would support reduced drink drive limits, with 61% strongly supporting the change. Only 8% strongly objected to its introduction.



When asked about the impact such a change would have on their business, only 23% said it would have a negative impact, with 71% saying it would have no impact at all.

#### **OTHER POLICY MEASURES – OPENING HOURS**

Publicans were also asked their views on restricting opening hours in both off and on trade premises. Fifty-two per cent said they would support – at least to some extent – measures which regulated off trade opening hours so that alcohol could only be sold in off licenses and supermarkets between the hours of 10 in the morning until 10 at night.



While it might not be surprising that they would be happy to restrict the opening hours of their competitors, they were as likely to support a restriction of sales in bars and pubs to between the hours of 11am and 12pm as they were to object. They were more supportive of clubs closing at 2am, with 45% in favour and 36% objecting.

## Conclusions

This report of a survey of 200 North East publicans provides a snapshot of their views relating to their confidence in the future of their business; their views on the role alcohol plays in North East life; and the changes they would like to see to reduce alcohol harm and help the on trade.

While the current 'Long Live the Local' campaign run by some of the world's biggest brewers paints a picture of doom and gloom for the pub trade, that was not reflected in our survey results. On the whole, publicans were generally optimistic about the future, despite a range of concerns.

One of those concerns was undoubtedly alcohol taxes, yet an overwhelming majority said they had not seen any benefits from recent alcohol duty cuts. They are not seen as a major cause of pub closures, despite claims being made to politicians, and it seems they were not passed down to the local or passed on to the consumer. The question remains, who sees the benefits of alcohol duty cuts?

Much more concerning to our publicans was the role played by cheap supermarket and off license alcohol. It was seen as causing harm to consumers and a threat to their businesses and they want something done about it.

One way to close the gap between on and off trade would be the introduction of a minimum unit price for alcohol in England. It would increase the prices of a significant number of products in supermarkets while leaving pub prices virtually untouched. Yet it has been strongly opposed by organisations such as the British Beer and Pub Association, one of the organisations behind the 'Long Live the Pub' campaign which claims to be seeking tax cuts to prevent pub closures.

Interestingly, while around one in two publicans would support the introduction of MUP, many don't see it as helping their own businesses. Perhaps the opposition to the measure by bodies such as the BBPA and the Wine and Spirits Trade Association has led to some confusion about MUP's impact on prices.

Finally, it is interesting to see that, like the general public, landlords are concerned about the harm alcohol causes. They think a range of measures would help reduce the country's problems with alcohol. In particular, they see a role for reducing the current drink drive limit in England.

What is clear from our survey is that publicans could support a number of measures which are being advocated by public health bodies. What is less clear is whether in opposing MUP and advocating further alcohol duty cuts, big alcohol corporations and their representative bodies truly have the interests of the great British pub as their main priority.