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► [Price discounts on alcohol in a city in northern England.](#)

Adams J, Beenstock J.

Alcohol and Alcoholism: 2012, 47(2), p. 187–190.

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As the British government reportedly tussles over whether to set a minimum per unit price for alcohol, evidence from Newcastle that the alternative below-cost ban would have prevented less than 1 in 50 discount offers.

Summary Policy debates on pricing alcohol in Britain in order to reduce alcohol-related harm have focused on two options: setting a minimum price per [unit](#) of alcohol; or banning below-cost sales. Unit prices which have been considered include the £0.50 [recommendation](#) from the UK government's former chief medical adviser. Instead of this, for England the government has proposed a below-cost ban [based on](#) the rate of duty plus value added tax (VAT – the tax levied on sales to consumers in the UK). At the time of the featured study, this would have resulted in a minimum unit price of around £0.21–£0.28 depending on the type of drink.

This study conducted in Newcastle upon Tyne in England's North East region aimed to assess the degree to which these two options would have prevented discounted alcohol sales promotions in off-licence stores within 1500m of a city-centre university student social centre, stores thought to particularly service young people. In other words, the question asked was: What difference would the two options make to the present availability of cheap drink in the city centre? Altogether 43 such stores were identified and visited from December 2010 to January 2011; none which actually sold alcohol refused to join the study. The analysis focused on the 29 then mounting what to the researchers were visible discounts on alcoholic beverages, typically either a straightforward price reduction per bottle or can ('single-item'), or an effective price reduction per bottle or can contingent on the customer buying [several](#) at once ('multiple-item').

Main findings

The 29 stores were mounting 2045 discount offers. Enough information was available to include 2018 in the analysis. About a quarter (26%) meant alcohol was being sold at less than £0.50 per unit and would have fallen foul of this mooted level for a minimum per unit price. In contrast, hardly any (1.4%) meant alcohol was being sold at below the duty + VAT 'cost' price for that type of beverage. Multiple-item offers were more likely to dip below cost price, but still only just over 2% did so. Multiple-item offers were most common for beer (where they accounted for nearly 90% of all offers) and wine, and typically the purchase had to involve 54 UK units to qualify for the discount, compared to just 10 units for single-item offers.

One large store's offer of a multiple-item discount on wines accounted for 665 of the 2018 offers. Excluding this store did not change the overall picture that very few (just over 2%) offers would have fallen foul of a below-cost ban and many more (35%) of a £0.50 minimum unit price.

The authors' conclusions

This first survey of price discounts on alcohol in the UK indicates that the current government proposal to ban sales at below 'cost' price will affect very few products and would be unlikely to substantially affect purchasing and consumption. In contrast, a minimum price of £0.50 per unit would have prevented over a quarter of the price discounts we identified.

Discount offers were common among the sampled stores. Overall, they typically cut the price by 25%, but required a purchase of just over 20 UK units. Applying the estimates from a [review](#) of the impact of price on alcohol consumption, a 25% saving would be expected to lead to a 12.5% increase in consumption. The amount of alcohol customers typically had to buy to qualify for a discount is almost the recommended maximum weekly alcohol consumption for a man. Such offers are likely to lead both to immediate increases in consumption and to 'stockpiling', increasing the availability of alcohol in the home and hence consumption, particularly among younger people.

However, these results concern only discounted alcohol. The study did not collect data on what proportion these were of total alcohol sales.

FINDINGS

The study adds to a limited set of relevant studies which concur that a below-cost ban would have minimal impact on reducing the amount of alcohol drunk and on resultant harm. More drastic policies such as a total ban on discounting or a relatively high per unit price would have much greater impacts. At the time of writing the Scottish government is [determinedly proceeding](#) with the introduction of a minimum unit price while England is planning a below-cost ban from April 2012. However, in England it seems that minimum per unit pricing is [still on the table](#), and [being considered](#) for inclusion in a national alcohol strategy later in 2012.

As the authors acknowledged, the featured study can only show what impact alcohol pricing options might have on current discounting practices, not what impact they might have on overall purchasing and consumption. Some very cheap drinks might be outlawed by a below-cost ban even if not discounted, extending the impact of the ban. On the other hand, the fact that their study took place over a Christmas and New Year period

would probably have meant it found more below-cost promotions than normal. Outside peak demand periods, the proportion of offers which would have been prevented by a below-cost ban is likely to have been even fewer.

A commentary to the featured article points out that in October 2011 Scotland introduced a ban on multiple-item promotions at whatever price. Though apparently retailers tried to sidestep this by introducing more single-item offers, the initial effect seems to have been to cut sales relative to trends in England, particularly of beer, which the featured study found was overwhelmingly promoted via multiple- rather than single-item offers. Spirits and wine sales were relatively unaffected.

For England and for Scotland, mathematical modelling based on best available data suggested that a total ban on discounting would cut per capita consumption by about 3%, a similar order of magnitude to a £0.40 minimum unit price. These studies did not estimate the impact of a duty plus VAT minimum price but the English version did investigate discounting bans which effectively reduced the price by various fractions. Only a policy so severe that it approached a total ban (not allowing price cuts of 10% or more) would have a similar impact to a total ban. From the featured study, it seems that a below-cost ban would be far from severe, affecting only a handful of offers. On this basis it can be expected to have a very small impact on consumption and related harms. This too was the conclusion of a study conducted for the UK Home Office which said that though there would be an impact, it would probably be relatively small compared with broader restrictions on discounts and promotions or certain minimum prices or tax increases.

Thanks for their comments on this entry in draft to Jean Adams of Newcastle University in England. Commentators bear no responsibility for the text including the interpretations and any remaining errors.

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