



Sales-based consumption: a descriptive analysis of one year post-MUP off-trade alcohol sales data – briefing paper

Introduction

Minimum unit pricing (MUP) came into effect in Scotland on 1 May 2018. From that date every drink containing alcohol has a minimum price based on the amount of pure alcohol it contains. The minimum price in Scotland is currently set at 50 pence per unit of alcohol (ppu).

The Monitoring and Evaluating Scotland's Alcohol Strategy (MESAS) MUP Evaluation Portfolio comprises a number of research studies that are being undertaken to assess the impact of MUP. The portfolio contains studies assessing compliance with and implementation of MUP, its impact on the alcoholic drinks industry in Scotland, changes in alcohol consumption, and changes in health and social harms.

The aim of this report

This report provides an analysis of off-trade alcohol sales data for the 12-month period since the implementation of minimum unit pricing (MUP) in Scotland. We provide a descriptive analysis of the:

- volume of pure alcohol sold per adult in Scotland both before and after MUP was implemented
- percentage change in per-adult alcohol sales over time
- change in average price per unit of alcohol sold.



We have provided comparisons over time and with England & Wales, where the legislation was not implemented. This is the first in a suite of studies looking at the impact of MUP on sales-based consumption. Further reports will provide statistical analyses of the impact of MUP on sales-based consumption at both one and three years post-MUP. These are expected to report in late-2020 and mid-2022, respectively.

What we did

We used weekly off-trade alcohol sales data to estimate alcohol consumption at a population level. The volume of alcoholic beverages (natural volume) sold from most supermarkets and a sample of convenience stores was collated and aggregated from electronic point of sale (EPOS) data. The natural volume was adjusted to account for the lack of data from discount stores using their estimated market share. Natural volumes were converted to pure alcohol volume using category-specific percentage alcohol by volume (ABV). Per-adult alcohol sales were calculated using mid-year population estimates for the adult population aged 16 years and over and presented in litres of pure alcohol per adult.

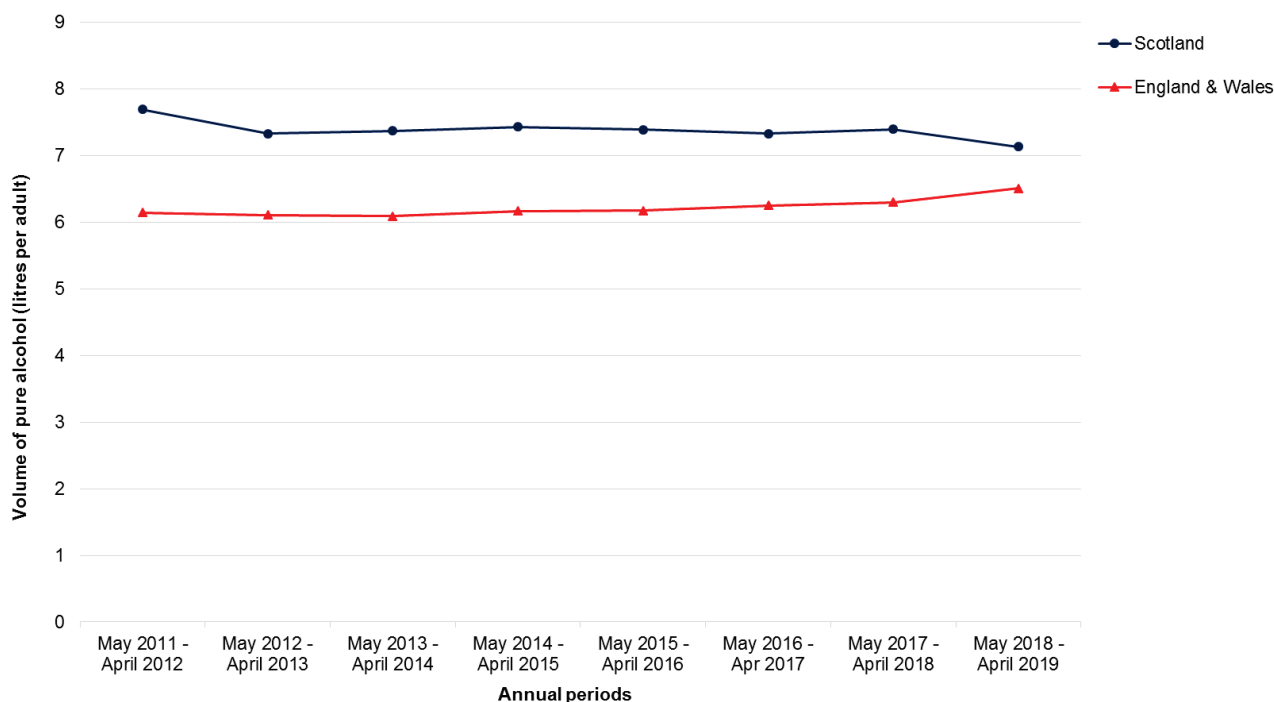
We also used EPOS data to calculate the average sales price of alcohol, by dividing retail sales value by pure alcohol volume. The average sales price was expressed as the price per unit of alcohol.

The total time period covered in this report is from the beginning of May 2011 to the end of April 2019.

What we found

In the 12 months following the implementation of MUP the volume of pure alcohol sold in the off-trade in Scotland fell by 3.6%, from 7.4 to 7.1 litres per adult, compared to the 12 months before MUP was implemented (Figure 1). In England & Wales, over the same period, the volume of alcohol sold in the off-trade rose by 3.2%, from 6.3 to 6.5 litres per adult (Figure 1). The combined fall in Scotland and rise in England & Wales resulted in the smallest difference in per-adult alcohol sales (0.6 litres per adult; 9.6%) between the two areas in this time series.

Figure 1: Annual (May to April) off-trade alcohol sales (litres of pure alcohol per adult), Scotland and England & Wales, May 2011 to April 2019





Not all drink categories were affected in the same way. In Scotland, in the year following the implementation of MUP, per-adult sales of cider fell by the greatest percentage (-18.6%) followed by spirits (-3.8%) and wine (-3.0%). Per-adult sales of beer remained relatively stable (-1.1%) while fortified wine increased (16.4%). By contrast, in England & Wales per-adult sales of cider (8.2%), beer (7.0%) and spirits (5.6%), increased over the same timeframe. Per-adult sales of wine remained relatively stable (-1.3%) while fortified wine fell (-11.2%).

Weekly trends in per-adult alcohol sales demonstrate the seasonal variation in the volume of pure alcohol sold throughout the year, with notable peaks at Christmas and New Year. Per-adult alcohol sales have consistently been higher in Scotland than England & Wales over the festive period; following the implementation of MUP the difference in the volume of alcohol sold per adult in the off-trade between Scotland and England & Wales over Christmas and New Year was the smallest seen of any of the festive periods in the time series.

In the first two weeks of July 2018 both the latter half of the men's World Cup and a heatwave across the UK took place. These had an impact on per-adult alcohol sales in both Scotland and England & Wales in the three months immediately following the implementation of MUP. A peak in per-adult alcohol sales occurred in both areas at this time; this was driven largely by sales of beer and cider.

The implementation of MUP was followed by a step change in the average sales price of alcohol in Scotland that was not seen in England & Wales. In Scotland the average sales price rose by approximately 5 pence per unit (ppu) from 55ppu in April 2018 to 60ppu immediately following MUP implementation. This step change was seen in beer, spirits and, most markedly, in cider. A step change was not seen in wine or fortified wine, for which the average price per unit already exceeded the minimum unit price.



Analysis of alcohol sales data for the north-east and north-west regions of England suggest that the trends in these areas are similar to the rest of England & Wales; a sharper increase was observed in the north-east region in the post-MUP period. The ratio of off-trade sales between the northern regions and the rest of England & Wales in the post-MUP period was similar to that seen in the years prior to MUP implementation. It is therefore unlikely that cross-border sales activity can explain the difference in per-adult alcohol sales in Scotland and England & Wales in the year following the implementation of MUP.

Our understanding of the impact of MUP so far

The MUP Evaluation Compliance (Licensing) Study¹, published in August 2019, sought the views of licensing practitioners on the implementation of MUP. It showed that compliance with the legislation had been high in both large and small retailers, and that the on-trade had been unaffected. This is an important first step in the legislation realising its intended outcomes.

Both the Compliance Study¹ and the Economic Impact Baseline and Short Term Impacts Study², published in October 2019, examined perspectives on cross-border sales activity. Evidence from the Economic Impact Baseline and Short Term Impacts Study² suggests that some cross-border purchasing did take place, although it was recognised that much of this purchasing pre-dated MUP. Neither study was able to demonstrate substantial cross-border activity such as bulk purchasing or purchasing with intent to sell illegally in Scotland. We are continuing to explore different ways of measuring whether cross-border purchases of alcohol have increased and we will report any evidence we find in due course.

In addition to the evaluation studies, the MESAS Monitoring Report 2019 showed that in 2018 the average sales price of alcohol rose in Scotland while the proportion



of alcohol sold at below 50ppu and the volume of pure alcohol sold per adult fell.³ These findings are in line with those of a study⁴ examining the impact of MUP on alcohol purchases recorded through shopping panel data. The study found an increase in price of 5.1 pence per unit of alcohol and a reduction in alcohol purchases of 1.2 units per adult per week in Scotland, relative to England, immediately following the implementation of MUP.

They also found that, in the period between MUP implementation and the end of 2018, the difference in alcohol price between Scotland and England began to fall while the difference in purchasing began to widen again. Similar trends have not been replicated using the Nielsen data as shown in the descriptive analysis of off-trade sales data in the 12 months following MUP implementation.

What other evidence on the impact of MUP on alcohol sales and price is still to come?

This report presents a descriptive analysis of off-trade alcohol sales data for the 12-month period since the implementation of minimum unit pricing (MUP) in Scotland. A number of other studies will offer further insights into the impact of MUP on alcohol sales and price.

- The sales-based consumption study will statistically analyse pre- and post-MUP trends in alcohol sales to provide quantitative evidence of any change in population alcohol consumption (total, by market sector and by drink category) over the 12-month and three-year period following the implementation of MUP. These are expected to report in late-2020 and mid-2022 respectively.
- While not a part of the formal evaluation of MUP, the annual MESAS Monitoring Report will continue to present a wide range of alcohol indicators,



including sales and price. The next MESAS Monitoring Report is planned to be published in June 2020.

- The small retailers study will provide quantitative evidence on the extent of change to the price, characteristics and marketing of products available in the small and independent retailer sector. This study will report in early 2020.
- The alcohol price distribution study will provide quantitative evidence of the volume and proportion of alcohol sold at different price bands through the off-trade in Scotland pre- and post-MUP, and compared with England & Wales. This study will report in late 2020.
- The products and prices study will provide quantitative evidence on the extent of change to the characteristics of products available in the retail and wholesale sectors. This study will report in late 2021.

Conclusion

Analysis of alcohol sales data has shown that, in the 12 months following the implementation of MUP, off-trade alcohol consumption at a population level fell in Scotland while it rose in England & Wales. The combined effect of these changes resulted in the smallest difference in per-adult off-trade alcohol sales between Scotland and England & Wales in the time series available. A step change, namely an increase, in the average sales price of off-trade alcohol was apparent in Scotland following the implementation of MUP. The changes in both per-adult sales and average sales price post-MUP have differed by drink category.

This builds on findings from the MESAS Monitoring Report 2019 that showed both a rise in the price of alcohol and a fall in population-level consumption in 2018. It also complements the findings that the degree of compliance with MUP has been high in both large and small retailers and that cross-border purchasing has not been substantial.

This descriptive analysis of alcohol sales and price in the off-trade is one of several studies that examine the impact of MUP on the price of alcohol and population-level alcohol consumption. Further studies looking at a range of outcomes and some over the longer term will report in due course.

References

¹ Dickie E, Mellor R and Beeston C. Minimum unit price for alcohol evaluation research protocol: Compliance (licensing) study. Edinburgh: NHS Health Scotland; 2019. Available at: www.healthscotland.scot/media/2661/minimum-unit-pricing-for-alcohol-evaluation-research-protocol-compliance-study-english-july2019.pdf

² Frontier Economics. Minimum Unit Alcohol Pricing: Evaluating the impacts on the alcoholic drinks industry in Scotland: baseline evidence and initial impacts. Frontier Economics: London; 2019. Available at: www.healthscotland.scot/media/2810/frontier-economics-mup-evaluating-the-impacts-on-the-alcoholic-drinks-industry-in-scotland.pdf

³ Giles L and Robinson M. Monitoring and Evaluating Scotland's Alcohol Strategy: Monitoring Report 2019. Edinburgh: NHS Health Scotland; 2019. Available at: www.healthscotland.scot/publications/mesas-monitoring-report-2019

⁴ O'Donnell A, Anderson P, Jané-Llopis E et al. Immediate impact of minimum unit pricing on alcohol purchases in Scotland: controlled interrupted time series analysis for 2015–18. *British Medical Journal*. 2019 September; 366:l5274.