

Regulation is not a dirty word



Local retailers' views of proposals for new tobacco laws

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Contents

Foreword.....	<u>3</u>
Summary of key findings.....	<u>4</u>
Introduction.....	<u>5</u>
Methods and sample.....	<u>6</u>
Findings.....	<u>7</u>
Retailers' attitudes to tobacco products and the tobacco industry.....	<u>7</u>
The impact of tobacco control legislation on retailers' business.....	<u>8</u>
Retailers' support for new measures to reduce the harm of tobacco.....	<u>9</u>
Retailers' support for measures to improve the enforcement of existing laws.....	<u>11</u>
Retailers' attitudes to e-cigarettes and vaping products.....	<u>11</u>
Discussion.....	<u>13</u>
Conclusion.....	<u>15</u>
Appendix: findings for all of the United Kingdom.....	<u>16</u>
References.....	<u>20</u>

Foreword

In 2016, *Counter Arguments*, published by ASH, demonstrated that tobacco was not the driver of footfall to small shops that tobacco manufacturers always told us that it was. The evidence was clear: only a minority of shoppers bought tobacco, fewer than two thirds of those bought anything else at the same time, and tobacco made retailers little profit compared to other products.

This reflected my experience as an independent retailer, and I was pleased to be asked to author the Foreword to the report. I called on my fellow retailers to recognise that tobacco is a burden for us, as it is for our customers who suffer ill health and premature death from smoking.

Six years on the survey of my fellow retailers contained in this new report shows that I'm not unusual. Up and down the country retailers like me support tough tobacco regulations and want government to go further, including increasing the age of sale from 18 to 21. We know that smoking is harmful, and if the Government is to achieve its Smokefree 2030 ambition, it needs to strengthen not loosen the regulation of tobacco.

This Government is being simplistic if it thinks that deregulation is by definition good for business. Regulation sets standards and a level playing field, which can make it easier not harder for business and benefit us all. That's why retailers support additional regulations, such as tobacco licensing and mandatory age verification, which would make it easier to prevent illegal sales.

In 2016 I said that I looked forward to the day when I could walk away from selling tobacco. That day has come, but only because I retired this year. The shops I used to own still sell tobacco. The Government's ambition is to make smoking obsolete by 2030, an ambition I strongly support. A new Tobacco Control Plan to deliver this ambition is due this year. I call on the Government to listen to tobacco retailers and take the tough action which is needed to achieve a Smokefree 2030.



John McClurey

Retired local retailer, Newcastle

Summary of key findings

Local retailers in England support further measures to reduce the harm of tobacco including increasing the age of sale from 18 to 21, introducing a licence to sell tobacco, and requiring tobacco companies to pay for services to help smokers quit.

Local retailers in England also support greater enforcement of existing legislation to control the sale of tobacco products and prevent young people obtaining cigarettes.

Local retailers in England – newsagents, off-licences, convenience stores and petrol stations – continue to stock tobacco products either because they want to retain the footfall of local smokers (76%) or because they think that profit from tobacco products is an important part of their overall profits (51%).

Profit margins for tobacco are, however, slim: 72% of retailers acknowledge that they do not make much profit on a packet of cigarettes compared to other products, and 44% feel that they have too much money tied up in tobacco products.

Only 36% of retailers think that the tobacco companies have their best interests at heart. The prohibition of displays of cigarettes in local shops and the introduction of standardised packaging for tobacco products have had little impact on retailers. Only 13% feel that these changes have had a negative impact on their business.

New measures proposed to further reduce the harm of tobacco have the support of local retailers:

- 54% support raising the age of sale for cigarettes from 18 to 21 years (27% oppose)
- 81% support the introduction of a tobacco licence (9% oppose)
- 83% support the introduction of mandatory age verification for anyone under 25 (5% oppose)
- 73% support a requirement for tobacco manufacturers to pay a fee to Government for measures to help smokers quit and prevent young people from taking up smoking (10% oppose)

Local retailers also support a range of proposals to improve the enforcement of existing tobacco regulations:

- 71% support larger fines for breaking the law (9% oppose)
- 54% support the removal of the alcohol licence for breaking tobacco laws (27% oppose)
- 49% support the removal of lottery terminals for breaking tobacco laws (31%)
- 81% support more regular checks by trading standards staff (9% oppose)
- 84% support quicker action when offences take place (4% oppose)
- 79% support closure orders for repeated breaches of tobacco laws (11% oppose)

Over half of retailers (51%) expect that e-cigarettes will be more important to their business in 10 years' time compared to only 7% who think that tobacco will be more important. They recognise the value of stronger regulation here too: 69% support a proposal to prohibit colours, cartoon characters, and names of sweets which might appeal to children on e-cigarette and vaping product packaging (14% oppose).

Introduction

This briefing presents the results of a survey of local retailers in the United Kingdom, focusing on the findings for England. The survey explored retailers' attitudes to selling tobacco and to proposals for new measures to further reduce the harm of tobacco, including measures that would directly affect their business. It also investigates retailers' views of e-cigarettes and vaping products.

The government's smokefree goal for England – reducing smoking prevalence to below 5% by 2030 and making smoking obsolete¹ – will only be achieved if new measures are introduced both to support smokers to quit and to prevent young people starting to smoke. Tobacco companies and the trade associations they fund have a long history of opposing such measures and lobbying politicians, ostensibly to protect the interests of local retailers.² In reality, however, the interests of local retailers diverge from the interests of the industry. This study offers an independent account of retailers' views, free from commercial influence.

Methods and sample

The survey was conducted by NEMS, a market research company. In March and April 2022, interviewers from NEMS conducted computer-assisted telephone interviews among a random sample of 27,950 managers of small shops selling tobacco in all the nations and regions of the United Kingdom. Of the 27,950 retailers, 9,680 were contacted at least once to have the opportunity to participate. A total of 961 agreed to take part in the study, a 10% response rate in this subsample.

Retailers included newsagents, off-licences, specialist tobacconists, local convenience stores/supermarkets (including symbol groups), and independent fuel stations. Retailers were sampled using an existing database with owners classified by geographic location and business activity type based on the governmental SIC code. Quota controls on business type ensured a proportional stratified sample. The business sector sub-samples were based on the overall proportion for the UK, with the regional business sector sub-samples being guided by number availability within each region. Table 1 describes the number of respondents by retailer type and geography.

All questions in the survey followed a fixed script and had predefined answers but interviewees could refuse to answer specific questions. Analysis was conducted using Excel and SPSS.

The findings presented below are for retailers in England only. Findings for all the UK and its constituent nations are summarised in the appendix.

Table 1. Survey sample by retailer type and primary geography

Geography	Total number of retailers	Newsagents	Off-licences	Convenience stores	Petrol stations
UK (all)	961	106	163	609	83
England	746	94	124	456	72
Scotland	95	5	11	73	6
N. Ireland	50	5	22	20	3
Wales	70	2	6	60	2

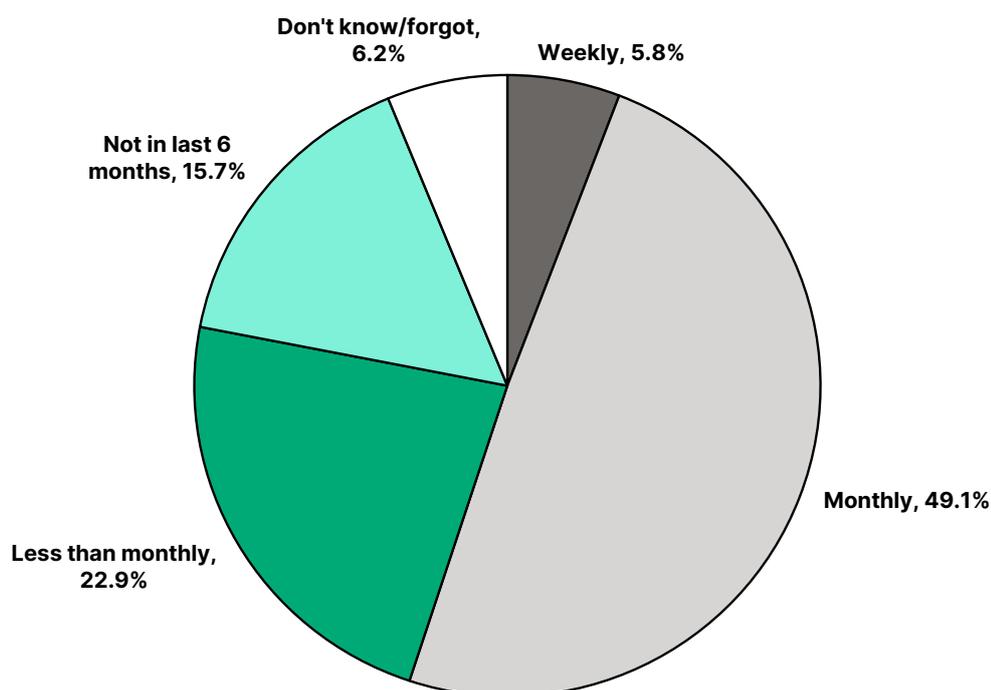
Findings

Retailers' attitudes to tobacco products and the tobacco industry

Retailers had mixed views about tobacco products. Profit margins are low: among surveyed retailers in England, 72% said they did not make much profit on a packet of cigarettes compared to other products. Only 9% disagreed with this view. In addition, 44% of retailers felt they had too much money tied up in tobacco stock every week. Despite the low profit margins, 51% of surveyed retailers thought that profit from tobacco products was an important part of their overall profits. Furthermore, 76% felt that tobacco was important to their business because customers bought another product at the same time.

Retailers were also equivocal about the tobacco industry. Half of surveyed retailers in England (51%) reported that their tobacco gantry was paid for by a tobacco company and 55% had at least monthly visits from tobacco company reps (Figure 1). Despite these relationships, only 36% of retailers in England agreed that 'tobacco companies have the best interests of retailers like me at heart'. Retailers whose tobacco gantry was paid for by a tobacco company were more likely to feel that the industry had their best interests at heart: 37% agreed compared to 32% whose gantry was not paid for by a tobacco company. Retailers who were visited by tobacco company reps weekly or monthly were much more likely to agree that the companies had their best interests at heart (42% did so) than those who were visited less often or not at all (28%).

Figure 1. Frequency of visits from tobacco company reps to local retailers (England)



The impact of tobacco control legislation on retailers' business

Over the past ten years there have been major changes to the way tobacco products are sold in England. The days of in-store promotion of tobacco products are long gone. Since 2015 cigarettes and rolling tobacco have been hidden behind closed doors and from 2016 they have all been sold in the same plain packaging, free from company branding other than the brand name in a standard type. In 2020, the sale of menthol-flavoured cigarettes was banned.

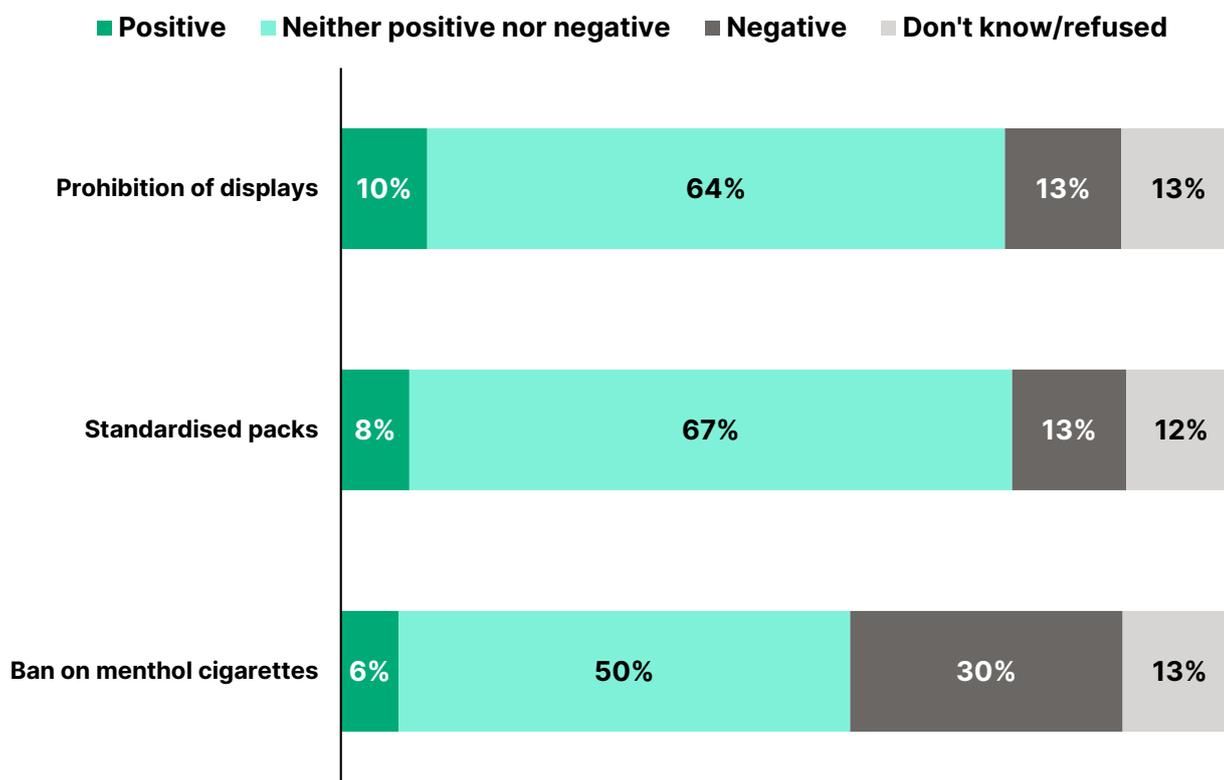
Surveyed retailers were asked whether or not these changes had had an impact on their business (Figure 2). The majority of retailers did not report negative impacts:

- 74% felt that the prohibition of tobacco displays had had either no impact or a positive impact
- 75% felt that the introduction of standardised packaging of cigarettes and rolling tobacco had had either no impact or a positive impact
- 56% felt that the ban on menthol-flavoured cigarettes had had either no impact or a positive impact

Only 13% of retailers felt that their business had suffered any negative impact from either the introduction of standardised packaging or from the prohibition of tobacco displays. Thirty percent reported negative impacts from the ban on menthol-flavoured cigarettes.

Retailers have also accepted the technical and administrative changes to how tobacco is sold. Tracking and tracing had the support of 86% of surveyed retailers in England, and the requirement to have an economic operator identification code (which can be deactivated if they are found to be selling non-compliant stock) was supported by 75%.

Figure 2. Impact on retailers' business of the prohibition of displays, standardised packs and the ban on menthol cigarettes (England)



Retailers' support for new measures to reduce the harm of tobacco

A range of new measures have been proposed to further reduce the harm of smoking. Surveyed retailers were asked if they supported or opposed the following proposals:

- raising the age of sale for cigarettes from 18 to 21 years
- introducing a tobacco licence for retailers that would be lost if tobacco laws are broken
- introducing mandatory age verification for anyone buying tobacco or nicotine products who looks under 25
- requiring tobacco manufacturers to pay a fee to Government for measures to help smokers quit and prevent young people from taking up smoking

Figure 3 illustrates the results for England. Every measure was supported by a majority of surveyed retailers, including the three proposals that would directly affect them:

- 54% supported raising the age of sale for cigarettes from 18 to 21 (27% were opposed)
- 81% supported the introduction of a tobacco licence (9% were opposed)
- 83% supported the introductory of mandatory age verification for anyone under 25 (5% were opposed)

Figure 3. Retailers' views of proposed measures to reduce the harm of smoking (England)

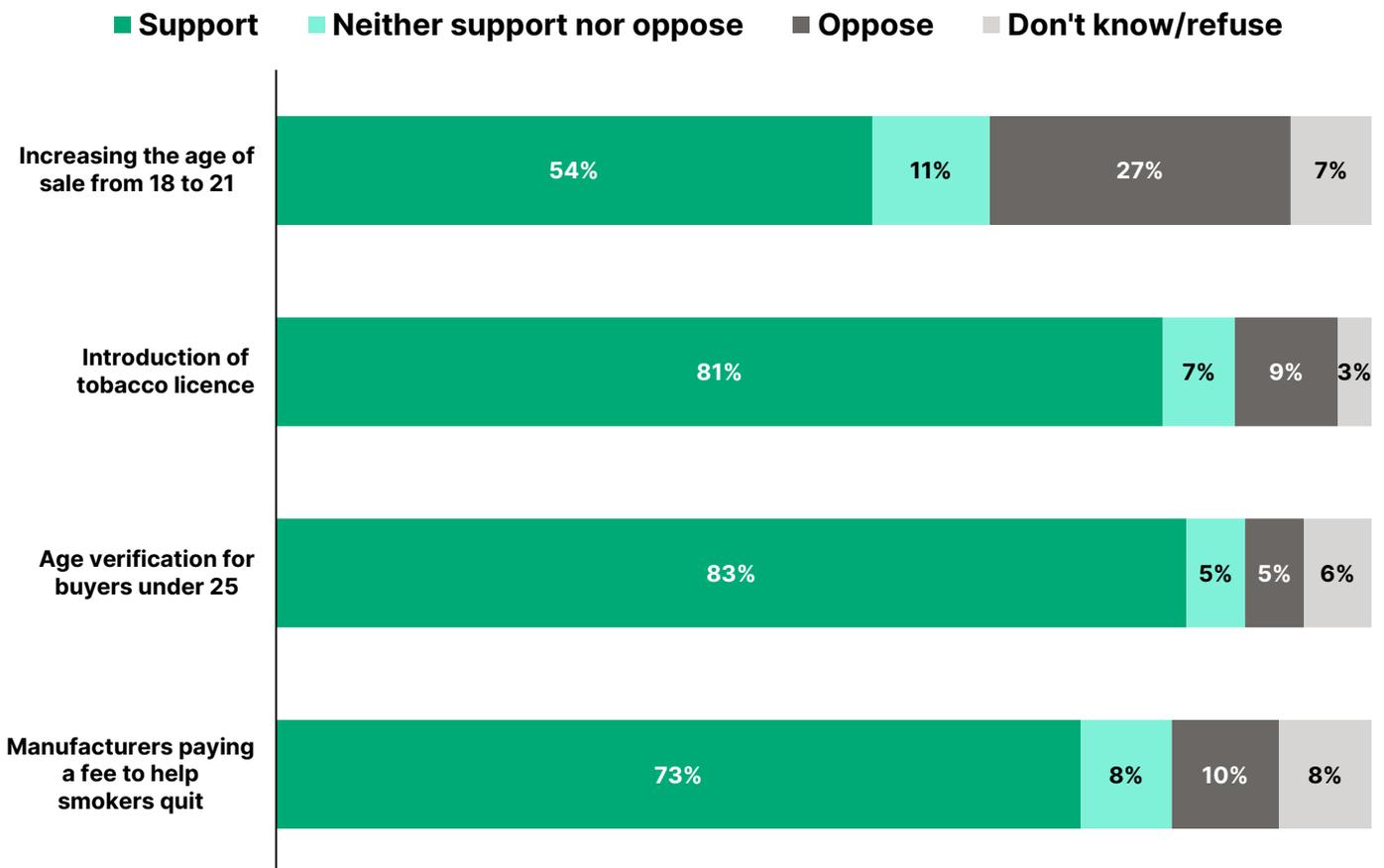


Table 2 describes the level of support for these measures among the following subgroups of retailers in England:

- retailers who thought that profit from tobacco products is an important part of their overall profits
- retailers who thought that tobacco companies have the best interests of retailers like them at heart
- type of retailer
- region

Retailers' attitudes to tobacco products and the tobacco industry had little effect on their support for the proposed new laws. There was majority support for all four measures both among those who thought that profit from tobacco is important and among those who felt that the tobacco companies had their best interests at heart.

There was also majority support for all four measures across retailer types and in all regions of England, with two exceptions: support for raising the age of sale from 18 to 21 in the North West (44%) and in London (47%). Even here, however, support outweighed opposition: only 35% opposed raising the age of sale in the North West (net support of 9%), and 28% opposed the measure in London (net support of 19%).

Table 2. Level of support among retailers for four proposed tobacco control measures (England)

Group		n=	% who support the proposal			
			Raising age of sale	Tobacco licence	<25 age	Levy on industry
All		746	54%	81%	83%	73%
'Profit from tobacco is important to me'		378	53%	84%	83%	76%
'Tobacco companies have my best interests at heart'		271	61%	83%	82%	73%
Type of retailer	Newsagent	94	51%	78%	80%	72%
	Off-licence	124	52%	80%	85%	73%
	Convenience store	456	55%	82%	83%	75%
	Petrol station	72	61%	81%	82%	69%
Region	North East	93	68%	84%	89%	78%
	North West	93	44%	85%	80%	69%
	Midlands	94	55%	84%	90%	77%
	Yorkshire & Humber	93	51%	80%	81%	67%
	East of England	93	56%	82%	85%	82%
	South East	93	57%	73%	83%	74%
	London	93	47%	72%	73%	69%
	South West	94	57%	88%	84%	72%

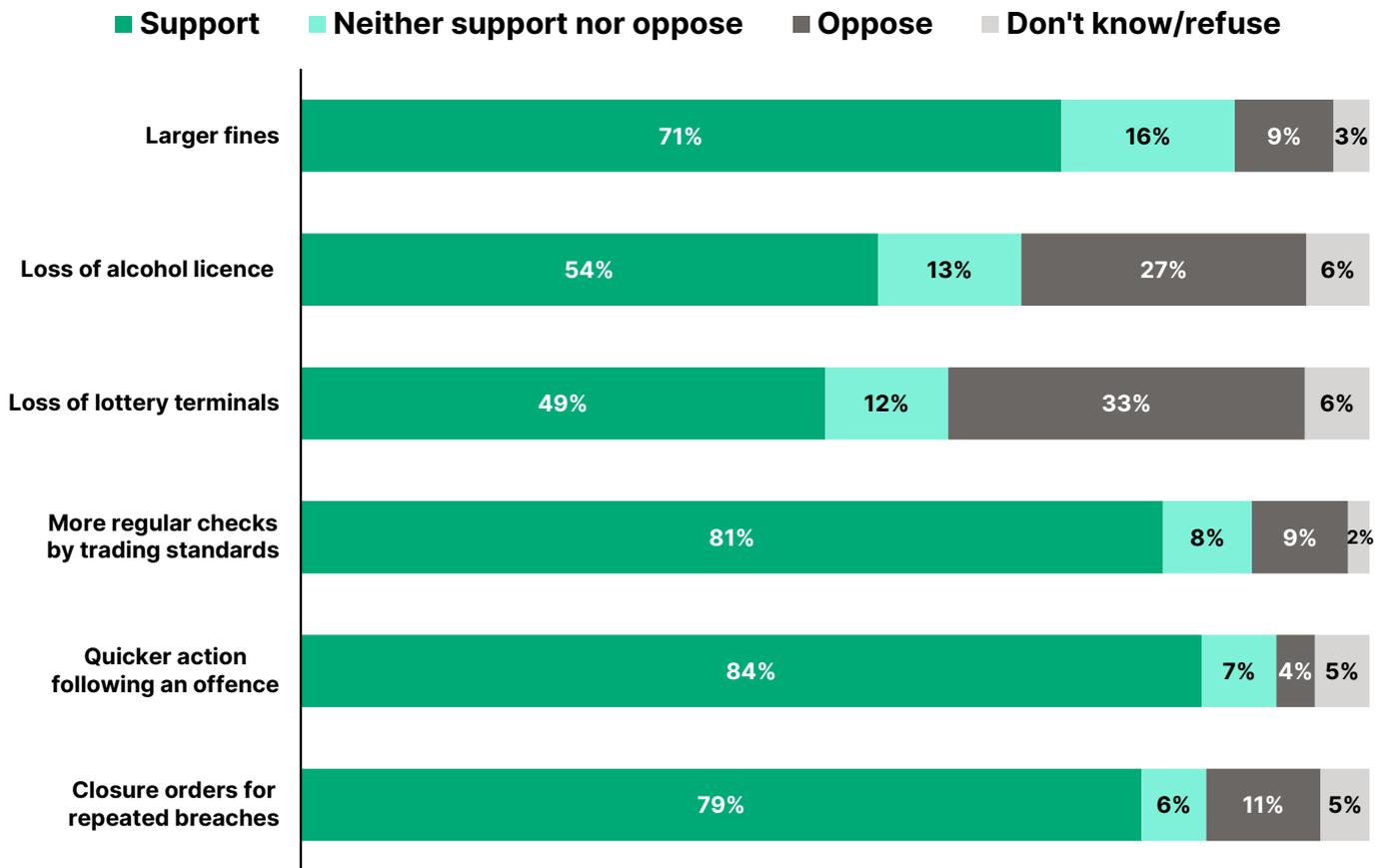
Retailers' support for new measures to reduce the harm of tobacco

Surveyed retailers were also asked whether they supported or opposed the following proposals designed to improve the enforcement of current tobacco regulations:

- larger fines for breaking the law
- removal of the alcohol licence for breaking tobacco laws
- removal of lottery terminals for breaking tobacco laws
- more regular checks by trading standards staff
- quicker action when offences take place
- closure orders for repeated breaches of tobacco laws

Figure 4 illustrates the results for England. With one exception, there was majority support among surveyed retailers for all these measures (49% supported removing lottery terminals).

Figure 4. Retailers' views of proposed measures to increase enforcement of current tobacco laws (England)



Retailers' attitudes to e-cigarettes and vaping products

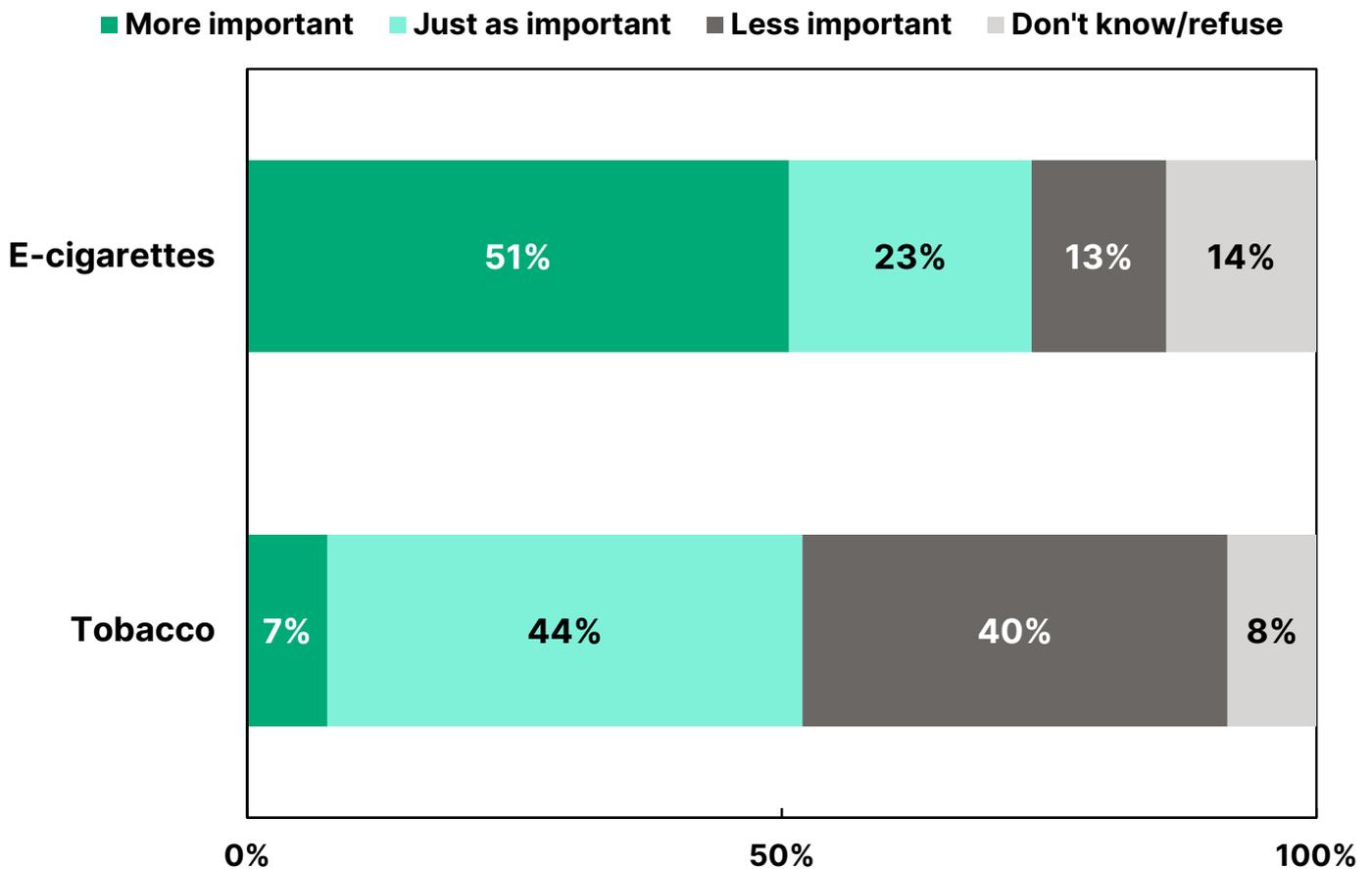
In the last ten years the use of e-cigarettes and other vaping devices has become a familiar sight. These products have not, however, displaced tobacco products from retailers' shelves and sales of tobacco products remain much more common than sales of e-cigarettes. Among surveyed retailers, 77% said that on a normal day a quarter or more of their customers bought tobacco products. In comparison, only 40% said that a quarter or more of their customer bought e-cigarettes or vaping products.

Retailers have mixed views about the value of e-cigarettes and vaping products to their business. Asked if they were interested in expanding the e-cigarette and vaping side of their business, 36% of surveyed retailers in England said that they were interested and 37% said that they were not. Despite this ambivalence, retailers recognised that sales of e-cigarettes were likely to improve in the long-term, at least in comparison to tobacco products (Figure 5). Over half (51%) thought that e-cigarettes would be more important to their business in 10 years' time compared to only 7% who thought that tobacco would be more important.

Tobacco companies are increasingly using retailers' tobacco gantries as opportunities to promote their own vaping products, which do not have to be kept behind doors like tobacco products. Among the surveyed retailers whose gantry had been paid for by a tobacco company, 53% reported that the company had adapted the gantry to display their e-cigarette products.

As with tobacco products, retailers were supportive of proposals for new measures to reduce the possible harm caused by e-cigarettes. Overall, 69% supported the proposal to prohibit colours, cartoon characters, and names of sweets which might appeal to children on e-cigarette and vaping product packaging. Only 14% opposed this proposal.

Figure 5. Retailers' views of the importance of e-cigarettes and tobacco to their business in 10 years' time (England)



Discussion

This study of local retailers was carried out by NEMS, a market research organisation, on behalf of Action on Smoking and Health. The findings offer independent insight into the experience and attitudes of local retailers in England. The focus of this briefing is the results for England but full results for the United Kingdom and its constituent nations are included in the appendix.

For surveyed retailers, 'footfall' remains the primary reason for stocking tobacco products: 76% of surveyed retailers felt that tobacco was important to their business because customers bought another product at the same time. Profit from tobacco is less of a driver: although 51% of retailers thought that profit from tobacco products was an important part of their overall profits, 72% acknowledged that they did not make much profit on a packet of cigarettes compared to other products. Previous analyses of sales data found that small retailers made on average 6.6% profit margin on tobacco compared to 24.1% for non-tobacco products, and that profit on tobacco represented only 1.6% of total sales income.³

Although the importance of tobacco in bringing customers into shops is highly questionable,^{3,4} and the number of people buying tobacco in local shops has fallen markedly with declining smoking prevalence,⁵ retailers still feel they should stock tobacco products to retain the custom of the smokers that remain.

This raises the question of how long the diminishing case for stocking tobacco products can be sustained. If smoking prevalence continues to fall, the balance of costs and benefits in stocking tobacco products may shift. A decision not to sell tobacco might result in some smokers going elsewhere, but the costs of keeping tobacco products stocked would disappear and a large amount of shelf space at the counter would be freed up for products with higher profit margins. How small does the local population of smokers have to get before a retailer decides that it is no longer worth their while stocking tobacco products?

This is not a question that tobacco companies want retailers to ask, and they continue to invest in keeping retailers onside. Although retailers' ambivalence towards the industry is striking, with only 36% agreeing that 'tobacco companies have the best interests of retailers like me at heart', this investment by the industry has clear effects: retailers who were regularly visited by tobacco company reps were more likely to support this view than those were not.

Despite the opposition to new tobacco control measures by the industry, the findings presented here reveal the extensive support among retailers for strong laws to control the sale of cigarettes and tobacco products. Such laws may be in their interests: some of the measures explored in this survey would protect the business of law-abiding retailers. The introduction of a tobacco licence, larger fines for breach of tobacco laws, and closure orders for repeated breaches of tobacco laws all had the support of a substantial majority of retailers. However, there was also majority support among retailers for measures that would affect their daily business: raising the age of sale of tobacco products from 18 to 21 years,

and introducing age verification for anyone looking under the age of 25.

This support is consistent with retailers' attitudes to measures that have already been implemented. The prohibition of tobacco displays and the introduction of standardised packaging were both opposed by the tobacco industry and the trade associations they fund.² Yet retailers in this study overwhelmingly reported no negative impacts from these major changes to the sale tobacco products, even among those retailers who perceive profits from tobacco to be an important part of their overall profits.

It may seem counter-intuitive that retailers should support measures that have contributed to the downward trend in smoking prevalence, reducing the demand for one of their products. However, plain packs and the prohibition of tobacco displays were both designed to make tobacco products unattractive to children and young people, thereby reducing the uptake of smoking, rather than deterring existing smokers. Furthermore, anyone who chooses not to smoke or who quits smoking has more money in their pocket to spend on items that are likely to have a higher profit margin. It may not be in retailers' interests for smokers to go elsewhere to shop, but it is in their interests for smokers to quit.

Conclusion

Government in England should not be deterred from introducing new tobacco control measures because of concerns about their impact on local retailers. To date, retail tobacco regulations such as the standardised packaging of cigarettes and the prohibition of tobacco displays have not negatively affected retailers' business. Among retailers, support for new measures far outweighs opposition, even for measures which will directly affect daily sales of tobacco products including the proposal for an increased age of sale from 18 to 21.

Appendix: findings for all of the United Kingdom

Table 3. Retailers' attitudes to tobacco products and the tobacco industry

	UK	England	Scotland	Northern Ireland	Wales
Number of retailers surveyed	961	746	95	50	70
'Compared to other products, I do not make much profit on a packet of cigarettes'	70%	72%	62%	64%	67%
'I have too much money tied up in tobacco stock every week'	41%	44%	20%	40%	31%
'Profit from tobacco is an important part of my overall profits'	47%	51%	31%	30%	43%
'Selling tobacco is important to my business because most customers buy another product at the same time'	73%	76%	69%	60%	61%
Tobacco gantry is paid for and maintained by a tobacco company	51%	53%	44%	46%	40%
Tobacco industry reps have visited the shop at least every month in the last 6 months	51%	55%	28%	32%	49%
'Tobacco companies have the best interests of retailers like me at heart'	33%	36%	25%	22%	21%

Table 4. The impact of tobacco control legislation on retailers' business

	UK	England	Scotland	Northern Ireland	Wales	
Number of retailers surveyed	961	746	95	50	70	
Impact of the prohibition of tobacco displays	Positive	10%	10%	12%	10%	10%
	Neither + nor -	66%	64%	73%	58%	73%
	Negative	13%	13%	13%	24%	7%

Impact of standardised packaging of cigarettes/rolling tobacco	Positive	7%	8%	6%	2%	9%
	Neither + nor -	70%	67%	80%	80%	75%
	Negative	12%	13%	8%	10%	4%
Impact of ban on menthol-flavoured cigarettes	Positive	7%	6%	5%	12%	6%
	Neither + nor -	52%	50%	63%	48%	21%
	Negative	30%	30%	28%	32%	21%
Impact of the tracking and tracing of tobacco products	Positive	17%	18%	15%	8%	10%
	Neither + nor -	63%	62%	66%	70%	64%
	Negative	3%	3%	4%	6%	3%
Impact of requirement to have an economic operator ID code	Positive	12%	12%	13%	6%	6%
	Neither + nor -	61%	60%	61%	62%	66%
	Negative	3%	3%	4%	4%	1%

Table 5. Retailers' support for new measures to reduce the harm of tobacco

		UK	England	Scotland	Northern Ireland	Wales
Number of retailers surveyed		961	746	95	50	70
Raising the age of sale from 18 to 21	Support	56%	54%	52%	64%	77%
	Neither support nor oppose	10%	11%	12%	4%	7%
	Oppose	27%	27%	32%	26%	16%
Introducing a tobacco licence for retailers that would be lost if tobacco laws are broken	Support	81%	81%	81%	80%	87%
	Neither support nor oppose	6%	7%	9%	4%	3%
	Oppose	9%	9%	12%	4%	3%
Mandatory age verification laws for anyone buying tobacco or nicotine products who looks under 25	Support	85%	83%	91%**	84%	93%
	Neither support nor oppose	5%	5%	3%	2%	1%
	Oppose	6%	5%	4%	10%	6%

*Support for mandatory age verification is highest in Scotland where this is already a legal requirement

Requiring tobacco manufacturers to pay a fee to Government for measures to help smokers quit and prevent young people from taking up smoking	Support	75%	73%	77%	82%	77%
	Neither support nor oppose	8%	8%	9%	2%	6%
	Oppose	10%	10%	7%	8%	14%

Table 6. Retailers' support for measures to improve the enforcement of existing laws

		UK	England	Scotland	Northern Ireland	Wales
Number of retailers surveyed		961	746	95	50	70
Larger fines for breaking the law	Support	71%	71%	71%	66%	73%
	Neither support nor oppose	16%	16%	16%	18%	16%
	Oppose	9%	9%	9%	14%	4%
Removal of the alcohol licence for breaking tobacco laws	Support	53%	54%	51%	46%	53%
	Neither support nor oppose	14%	13%	19%	10%	10%
	Oppose	27%	27%	25%	32%	31%
Removal of lottery terminals for breaking tobacco laws	Support	48%	49%	42%	44%	50%
	Neither support nor oppose	11%	11%	14%	10%	9%
	Oppose	35%	33%	42%	38%	36%
More regular checks by trading standards staff	Support	80%	81%	79%	74%	76%
	Neither support nor oppose	9%	8%	8%	12%	9%
	Oppose	9%	9%	11%	12%	9%
Quicker action when offences take place	Support	84%	84%	84%	84%	81%
	Neither support nor oppose	7%	7%	6%	2%	9%
	Oppose	3%	4%	3%	6%	3%

Closure orders for repeated breaches of tobacco laws	Support	79%	79%	80%	82%	73%
	Neither support nor oppose	6%	6%	3%	4%	4%
	Oppose	12%	11%	14%	10%	20%

Table 7. Retailers' support for a new measure to control the promotion of e-cigarettes

	UK	England	Scotland	Northern Ireland	Wales	
Number of retailers surveyed	961	746	95	50	70	
Prohibit colours, cartoon characters, and names of sweets which might appeal to children on e-cigarette and vaping product packaging	Support	70%	69%	76%	76%	77%
	Neither support nor oppose	9%	9%	9%	0%	9%
	Oppose	14%	14%	12%	16%	14%

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