



## Centre for Health Initiatives

### Expert Report on "shopper docket" Alcohol Promotions

Prepared for the NSW Office of Liquor, Gaming and  
Racing

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## Background to the report

As part of its regulatory role, the Office of Liquor, Gaming and Racing (OLGR) is responsible for ensuring compliance with the *Liquor Act 2007* (the Act).

In response to concerns raised with OLGR, the Director Compliance requested that I provide independent and expert advice to inform consideration of whether alcohol promotions in the form of "shopper docket" may encourage the misuse of alcohol and therefore come within Section 102A of the Act.

I was asked to incorporate in my response, where relevant, references to established research, national health guidelines and my expert opinion. The specific issues I was asked to address were:

1. What is considered irresponsible, rapid or excessive consumption of alcohol?
2. Which individuals or groups are at risk of engaging in irresponsible, rapid or excessive consumption of alcohol?
3. Are there distinguishing features of liquor promotions, and any risk of harm associated with same, conducted by corporate versus independent packaged liquor stores?
4. Do point-of-sale promotions impact on purchase behaviour?
5. Does the character of buy one get one free alcohol point-of-sale promotions risk encouraging irresponsible, rapid or excessive consumption of liquor?
6. Do point-of-sale promotions impact on purchase behaviour?
7. Is packaged alcohol (and associated promotions) less associated with harm than on-premises alcohol promotions?
8. Do supermarket-linked point-of-sale promotions target certain types of customers or present increased risks for vulnerable consumers?
9. Are the controls in regard to limits on quantities on shopper docket adequate?
10. Would additional controls in the form of restrictions be appropriate?

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## **What is considered irresponsible, rapid or excessive consumption of alcohol?**

The National Health and Medical Research Council [NHMRC, 2009] recommends that:

- For healthy men and women, drinking no more than two standard drinks on any day reduces the lifetime risk of harm from alcohol-related disease or injury (Guideline 1).
- For healthy men and women, drinking no more than four standard drinks on a single occasion reduces the risk of alcohol related injury arising from that occasion (Guideline 2).

The NHMRC Guidelines do not define binge drinking (or excessive drinking) but refer to a single occasion of drinking; and, as stated above, recommend that this is limited to no more than four standard drinks

The National Drug Strategy Household Survey then defines consumption of alcohol at a level that puts the drinker at risk of harm from alcohol-related disease or injury over their lifetime as more than two standard drinks per day; and at risk of an alcohol-related injury from a single drinking occasion as more than four.

Thus, in the context of medical evidence, national surveys and common parlance, consuming more than four standard drinks in a single drinking occasion is "excessive consumption".

## **Which individuals or groups are at risk of engaging in irresponsible, rapid or excessive consumption of alcohol?**

While it is generally agreed that excessive consumption (and harmful consumption) is highest among young adults, and higher among men than women, excessive consumption is evident across the Australian population.

In 2010 more than 3.7 million people in Australia aged 14 years or older (or 20.1%) drank at levels that put them at risk of long-term harm. This included 20.3% of women aged 18-19, 17.4% aged 20-29, and 11.3% aged 30-39, 12.8% aged 40-49, and 11.9% aged 50-59 [Australian Institute of Health and Welfare, 2011].

In 2010 more than 7.3 million people in Australia aged 14 years or older (or 39.7%) drank at levels that put them at risk of long-term harm. Consuming alcohol at this level monthly or more frequently was reported by 51.2% of women aged 18-19, 37.2% aged 20-29, 22.3% aged 30-39, 18.7% aged 40-49, and 11.8% aged 50-59 [Australian Institute of Health and Welfare, 2011].

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## **Are there distinguishing features of liquor promotions, and any risk of harm associated with same, conducted by corporate versus independent packaged liquor stores?**

Our research on point-of-sale promotions, conducted in New South Wales and Victoria, found that packaged liquor outlets connected to supermarkets are particularly problematic [Jones *et al*, 2012] (note that an earlier conference paper presented only a subset of this data, looking at a limited number of promotion types). The number of standard drinks consumers were required to purchase in order to participate in a promotion differed significantly between store types ( $F(2,790)=11.57, p < 0.001$ ). Supermarket promotions required purchase of a higher mean number of standard drinks ( $m=24.20, SD=18.88$ ) than independent ( $m=19.01, SD=14.27$ ) and chain stores ( $m=18.35, SD=13.71$ ). Price-related promotions (those that offer price reductions for multiple/bulk purchases) were also most commonly offered by outlets attached to large supermarket chains, supporting concerns raised by public health advocates that these large supermarket chains provide greater incentives for customers to purchase larger quantities of alcohol.

## **Do point-of-sale promotions impact on purchase behaviour?**

In 2011 the WA Drug & Alcohol Office commissioned research into the impact of price and convenience on alcohol purchase and consumption [Government of Western Australia Drug & Alcohol Office, 2011]. Using an online panel, TNS Social Research surveyed 403 adult West Australians. Approximately one-quarter (24%) reported buying their alcohol at a liquor store co-located at a supermarket, and this was highest among the 30-49 age group (31%). Women were more likely to buy wine (70%) and men to buy beer (73%), although more than half of men (53%) also bought wine. Wine purchasing was highest among 30-49 year olds (67%) but also high among those aged 50+ (62%) and 18-29 (54%).

In the Government of Western Australia Drug & Alcohol Office [2011] survey, one in five respondents (20%) reported buying discounted alcohol once a week or more, and over half (55%) once a month or more. Buying cheap alcohol once a week or more was most common among 18-29 year olds (26%) and 30-49 year olds (19%). Almost three times as many respondents reported that if alcohol was discounted they would buy more frequently (26%) than less frequently (10%). Those aged 30-49 were most likely to report that they would buy more frequently than usual (34%, compared to 25% of 18-29 year olds and 19% aged 50+); and to report that they would purchase a greater quantity (40% compared to 36% of 18-29 year olds and 22% of those aged 50+).

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We conducted a cross-sectional survey at 24 bottle shops; 12 each in Sydney and Perth. Participants were 509 adults (18 and over) exiting bottle shops having purchased alcohol. When prompted 26.5% indicated that there was a special offer, price discount or special promotion connected with a product that they had purchased. Those who participated in point-of-sale promotions purchased a greater quantity of alcohol than those who did not participate: RTDs, an average of 8.9 standard drinks (SD) compared to an average of 11.5 SD ( $t=1.320$ ,  $p=0.190$ ); beer, an average of 26.8 SD compared to an average of 16.4 SD; wine an average of 16.1 SD compared to an average of 13.8 SD ( $t= 0.924$ ,  $p = 0.357$ ) [Jones et al, under review].

In an earlier study [Jones and Reis, unpublished data] we conducted 764 interviews with patrons exiting bottle shops; 698 were customers buying alcohol for themselves or to share with others. Very few participants spontaneously identified that they had purchased a specific type of alcohol as a result of a promotion, although 13% spontaneously stated that it was due to a price reduction. When prompted, one in five stated that they chose the brand because it was on special or associated with a promotion, and one in 10 stated that they purchased a specific quantity because of a price reduction or promotion. T-tests demonstrated that special discounts and promotions were associated with significant differences in purchasing behaviour. Those who purchased a specific brand or quantity because of a price reduction reported that they purchased a significantly higher number of standard drinks (reported brand change: 23.7 vs. 15.1,  $t = -5.43$ ,  $p < .001$ ; reported quantity change: 34.5 vs. 15.3,  $t = -6.17$ ,  $p < .001$ ). These results suggest that alcohol POS promotions may encourage individuals to buy a greater quantity of alcohol; and that price promotions appear to be a particularly persuasive motivator for purchasing a greater number of standard drinks at one time, and for selecting a particular product.

## **Does the character of buy one get one free alcohol point-of-sale promotions risk encouraging irresponsible, rapid or excessive consumption of liquor?**

We conducted 12 focus groups with young people regarding their recall of, and responses to, alcohol POS promotions, 6 with adolescents (16 -17) and 6 with young people (18-25). Unprompted recall of POS promotions was high, particularly among the older groups, predominantly for price (and price-volume) and free gift promotions. While many participants initially stated that these promotions did not influence their purchasing or drinking decisions, on reflection most of them were able to recall (in considerable detail) promotions they had participated in. Price promotions were particularly popular among the older groups, especially those that were perceived as giving them more alcohol for their money – with the extra alcohol seen as 'bonus'. It was interesting to note the way that the participants expressed

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preferences between '2 for 1' and '50% off promotions (which are theoretically equivalent); the 18-25 year olds (compared to the 16-17 year olds) generally expressed a preference for '2 for 1', based on the reasoning that they were planning to spend that amount of money anyway, so the additional alcohol was a bonus [Jones & Smith, 2011].

As set out in the following section, buy one get one free promotions have the potential to encourage excessive consumption of alcohol due to both the emotional response to receiving something for 'free' and (particularly for young people) the fact that if alcohol is available it is generally consumed.

## **Do point-of-sale promotions impact on consumption behaviour?**

While point-of-sale promotions, including price-volume promotions, are commonly used for many fast moving consumer goods (FMCGs) it is important to note that alcohol is 'no ordinary commodity' [Babor *et al*, 2003]. In the case of point-of-sale promotions, this relates to both the post-purchase consumption pattern and the potential for harm associated with increased consumption. First, point of sale promotions (and particularly price-volume promotions) of commodities such as canned foods and paper-goods result in stockpiling for future use [Gedenk *et al*, 2006; Ailawadi *et al* 2007]; that is, people do not typically consume their 12 cans of baked beans or their 12 boxes of facial tissues in a single sitting. However, our qualitative research with teenagers and young adults found that some (but not all) young people report consuming these increased volumes of alcohol on the single drinking occasion [Jones & Smith, 2011] citing reasons such as the difficulty of storage of 'left-over' alcohol without the knowledge of their parents; the positive emotions experienced by receiving something for free (e.g., "I'd be more inclined to drink both of them because one is free" and "You'd be celebrating"); and their previous experience that if alcohol is available it is consumed (e.g., "...if there's heaps of alcohol, we'll drink heaps of alcohol" and "When you've got it there in front of you, you keep pushing yourself, oh another one"). Unlike many other consumer products, the decision to consume the quantities of alcohol purchased by people redeeming discount coupons in a single sitting does have real potential for harm; 14.6 standard drinks in the Woolworths promotion and 44.4 in the Coles promotion<sup>1</sup>, which is several times the amount identified by the NHMRC as placing a drinker at high risk of harm in the short-term.

In the Government of Western Australia Drug & Alcohol Office [2011] survey, one in four (25%) of the 18-29 year olds and almost one in five (18%) of 30-49 year olds

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<sup>1</sup> Based on Secret Stone Sauvignon Blanc which is 7.4 standard drinks (Rosabrook Classic has a marginally higher alcohol content – 13% compared to 12.5%)

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reported that they drink more than planned when they buy discounted alcohol. Further, those who buy alcohol weekly or more often were considerably more likely to say they drink more than planned if they have bought cheap alcohol (30% vs 18% of the total sample).

In the US, studies of alcohol advertising and promotions have shown a direct association between the availability of specials and promotions in off-premise outlets near university campuses and binge drinking rates among university students [Kuo *et al*, 2003].

## **Is packaged alcohol (and associated promotions) less associated with harm than on-premises alcohol promotions?**

A key issue with packaged alcohol is the issue of 'pre-loading' (that is, drinking alcohol before going to a pub, club or other venue) [Wells *et al*, 2009]; which means that off-premise alcohol consumption contributes to a significant proportion of the alcohol-related harm that occurs in alcohol-related venues. Data from the 2013 Alcohol Poll [FARE, 2013a] shows that there is no significant difference in the tendency to 'preload' between men (58%) and women (57%). However, women are more likely than men to drink more while out than before going out (61% compared to 49%). There are also no significant gender differences in reasons for preloading, other than that women are more likely than men to preload in order to socialise with friends before going out (45% compared to 37%). Wine drinkers who preload are most likely to do so in order to save money (44%), socialise with friends (43%) and feel relaxed (38%).

Another important issue to consider in relation to packaged alcohol is the association between (excessive) alcohol consumption in the home environment and domestic violence. There were 10,079 alcohol-related domestic assaults in NSW in 2011-12, an increase of 37 per cent since 2002-03 (5,151). This is further reflected in the number of alcohol-related domestic assaults per 100,000 people residing in NSW, which increased by 25 per cent from 110.5 to 138.3 over the same time period [FARE, 2013b].

This is consistent with the findings of a recent analysis of the effect of outlet density, which found a strong positive association between packaged liquor outlet density and rates of alcohol-caused chronic disease, and an association between packaged liquor outlet density and violence rates [Livingston, 2011]. A study examining the impact of alcohol availability on violence in Western Australia found that the average volume of sales in off-licence venues was significantly associated with all measures of assault, including those that occur at on-licence venues such as hotels, nightclubs and restaurants [Liang & Chikritzhs, 2011].



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Thus, it is not reasonable to assume that promotions which encourage the purchase (and consumption) of higher volumes of alcohol are intrinsically less harmful than those at licensed venues and thus less relevant for the purposes of Liquor Promotion Guidelines. Packaged alcohol contributes substantially to the harms associated with on-premise alcohol consumption, with people preloading – drinking (cheaper) alcohol at home prior to going out [Wells *et al*, 2009]; and is associated with harm when consumed by drinkers who are not going on to drink outside the home.

## **Do supermarket-linked point-of-sale promotions target certain types of customers or present increased risks for vulnerable consumers?**

There are several aspects to be considered in this regard.

First, the argument that the primary purchasers of wine (and combined wine and other alcohol) promotions are aged 35 and over, and over half are female. While it is true that harmful alcohol consumption is higher among younger adults, as reported above, 22.3% of women aged 30-39 (and 45.2% of men), consume alcohol at risky levels monthly or more frequently [Australian Institute of Health and Welfare, 2011]. Australian women rank third in the world (after Uganda and New Zealand) for negative consequences of drinking; Australian men rank ninth [Graham *et al*, 2011]. While the current NHMRC Guidelines do not differentiate between males and females in the recommended levels of safe alcohol consumption, this is a reflection of the lack of a gender difference in risk at low levels of consumption. Evidence suggests that as consumption levels increase, gender differences in risk emerge [Roche, 2009]; and that the risk of alcohol-related disease increases more quickly for women than men at higher levels of consumption [NHMRC, 2009]. Women are increasingly experiencing the short - and long-term health effects of excessive drinking.

Second, the argument that these promotions offer a bonus (i.e., buy some alcohol get some free) on quality products means they are targeting people who are less likely to be risky drinkers is fallacious. In fact, current evidence suggests that women with higher incomes and higher levels of education are more likely to consume alcohol and to consume at higher levels (a pattern that is not evident for men) [Huerta & Borgonovi, 2010; Borgonovi & Huerta, 2010].

Third, the national average maternal age in Australia is 30 years, with 23% of births being to mothers aged 35 and over in 2009. FASD occurs in babies exposed to alcohol during pregnancy, and causes lifelong disability; thus the NHMRC recommends that "for women who are pregnant or planning a pregnancy, not drinking is the safest option" [NHMRC, 2009]. It is thus not surprising that the recommendations of The House of Representatives Standing Committee on Social

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Policy and Legal Affairs Inquiry into Fetal Alcohol Spectrum Disorders (FASD) included "an independent study into the pricing and availability of alcohol in Australia," an independent study into the marketing of alcohol to young people in Australia" and "a National Alcohol Sales Reform Plan." Australian estimates for alcohol use in pregnancy vary, but are generally high: for example, 47% in national survey in 2004 [AIHW, 2007], 37% in a Western Australian study between 2002 and 2003 [Giglia & Binns, 2007]. Research has also found that 47% of women had not planned their pregnancy [Colvin *et al*, 2007]. Thus, any marketing activity that has the potential to increase alcohol consumption among women of child-bearing age has a high likelihood of placing the most vulnerable of our citizens (unborn children) at risk.

Fourth, and perhaps most importantly, there is substantial evidence from Australia and overseas that exposure to alcohol marketing – including in-store marketing [Hurtz *et al*, 2007; Ellickson *et al*, 2005] is associated with earlier initiation and greater consumption among young people [Anderson *et al*, 2009; Smith & Foxcroft, 2009] as is ownership of alcohol brand merchandise and familiarity with alcohol brands [Hurtz *et al*, 2007]. Our research with 1,113 NSW adolescents aged 12 to 17 years found that 79% had seen alcohol advertising in a bottleshop and that this exposure was associated with earlier drinking initiation [Jones & Magee, 2011]. This is particularly salient in the context of promotions that encourage purchase at a liquor store co-located with a supermarket; given that many women shop for groceries with their children, any promotion that encourages them to enter a liquor store and purchase alcohol at the time of grocery shopping will increase the likelihood of children (a very vulnerable group) being exposed to alcohol marketing. Even more concerning, this also sends the message to children that alcohol is an 'ordinary commodity' that is purchased on a regular basis, just like bread and milk.

## **Are the controls in regard to limits on quantities on shopper dockets adequate?**

The promotions in question are limited to one 6-pack of beer free with one bottle of wine purchased, that is 14.6 standard drinks (Woolworths) and three bottles of wine free with three bottles purchased, that is 44.4 standard drinks (Coles). At these levels, this is 3.6 times (Woolworths) and 11.1 times (Coles) the quantity that puts a drinker at risk of an alcohol-related injury from a single drinking occasion (and even if the Woolworths purchaser was a woman who would drink the wine while her husband drank the beer, they would both be consuming almost double the amount that would put them at risk of an alcohol-related injury. Thus, even if the controls were iron-clad, there would still be risk of harm.

I am not aware of any research on the effectiveness of these stated limits, including whether liquor store staff adhere to them. However, even if they are strictly applied, it is likely that a shopper could easily redeem more than the specified quantity. For

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example, the hypothetical couple in the above example could enter the store together and each redeem a coupon; a single shopper could return several times during the same day; or the shopper could travel to multiple outlets of the same store (for example, there are three Woolworths stores with attached liquor stores within 6km of the Wollongong CBD (Wollongong, Corrimal and Unanderra).

## **Would additional controls in the form of restrictions be appropriate?**

There is a need for regulators – and marketers – to consider the immediate and cumulative effect of point-of-sale promotions on drinking patterns, particularly those of younger drinkers. This is particularly the case for price-volume promotions. Given that the scientific literature has long since recognized the powerful association between reduced price and increased consumption of alcohol, particularly among young people, it is surprising that this form of marketing has avoided the attention of regulators. Limiting such promotions is a potentially important element of the overall strategy required to reduce alcohol-related harm. At a minimum, this would include explicitly including off-premise promotions in the Liquor Act and in the Liquor Promotion Guidelines – and then setting out within the Guidelines specific off-premise promotions that would be subject to a notice under Section 102 (such as free alcohol with the purchase of alcohol, free gifts tied to the purchase of larger volumes of alcohol, competitions to win exclusive merchandise or tickets to high-profile events with the purchase of larger volumes of alcohol).

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