



Tobacco Control in the Licensed Trade **- the past, the present and the future -**

REPORT OF SURVEY FINDINGS **September 2008**

Introduction

This report summarises the results of a survey carried out by BII, the professional body for the licensed retail sector and the Federation of Licensed Victuallers Associations (FLVA) into the impacts of past and possible future smoking controls on their members.

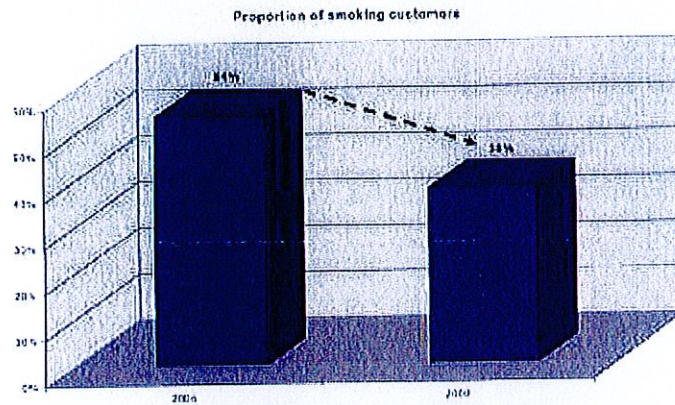
The questionnaire was mailed to 17,000 BII members and 500 FLVA members in the week commencing 23 June 2008 with a reply-paid envelope. 912 responses were received by 1 September 2008 representing an overall response rate of 5.2%. This followed a previous questionnaire to the same database examining the impacts of the English smoking ban three months after it came into effect on 1 July 2007 and an earlier survey in the autumn of 2006.

The purpose of this latest questionnaire was two-fold - to benchmark against the findings of the 2007 survey (expectations v reality) and to find out what members felt about a potential ban on vending machines in their premises in light of the Government's consultation into the 'Future of Tobacco Control'.

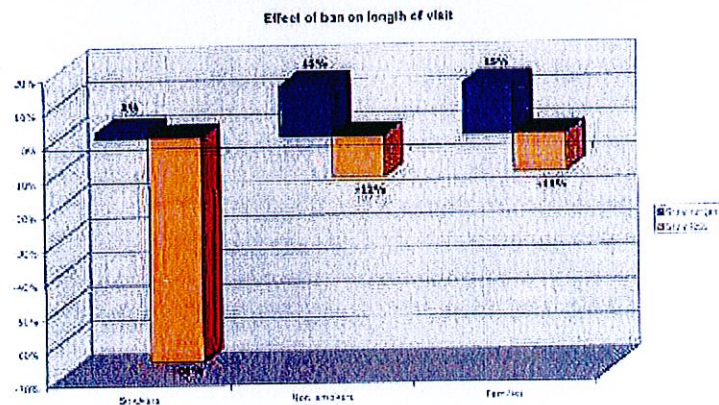
Due to the turbulent economic climate licensees were asked specifically about the impact of tobacco controls on their business to separate out the effect of other factors.

Smoking Ban - Impact on the customer base

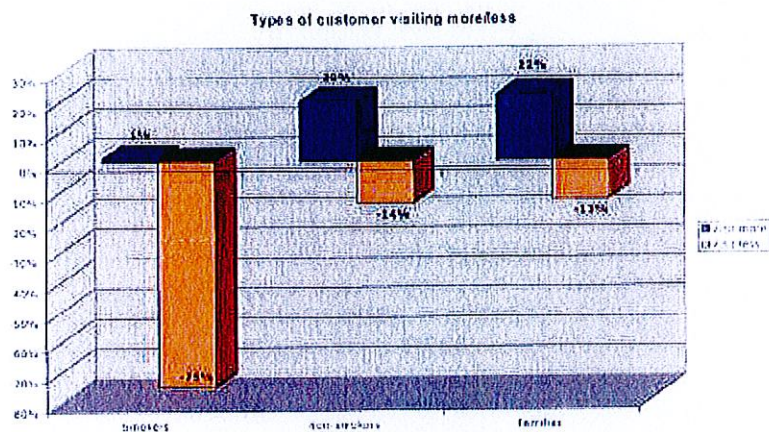
In 2006 BII and FLVA members estimated that 54% of their customers smoked. By 2008 - a year after the introduction of smoking ban - this had dropped to 36%.



This loss was compounded by smokers tending to stay for shorter periods during their visits to the pub. 68% of the licensees surveyed believed that the duration of smoker visits had reduced as a result of the ban. This was only slightly compensated for by increases in non-smoker and family business; although the proportion of licensees reporting longer visits from these customer groups only slightly outweighed those reporting shorter stays - by 3% and 4% respectively.

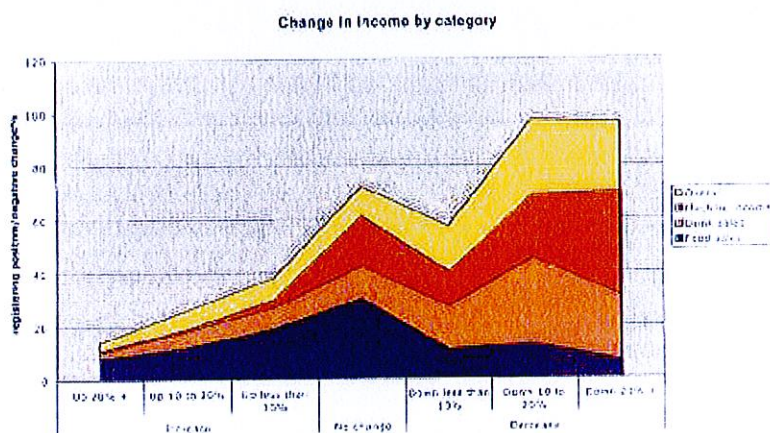


Nor did these customers visit much more frequently. There was only a net increase of 6% in non-smoker visits and 9% in family visits to partially offset the 74% reduction in visits by smokers.

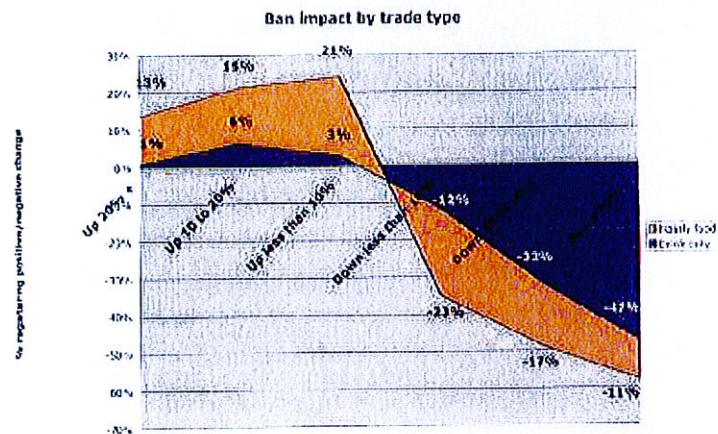


Smoking Ban - Impact on trade

The overall impact on sales was therefore negative - dramatically so for machine income from gaming machines (-13.5%) and for drink (-9.8%); with food income just stable (+0.6%).

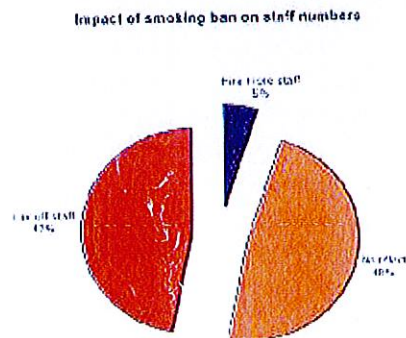


The impact is far more dramatic for drink-only pubs. As the chart below demonstrates, traditional 'locals' have been hit very hard – 47% believe that their trade has decreased by over 20%. On the positive side just 13% of the (far rarer) food-led businesses saw their business increase by over 20%.



Smoking Ban - Impact on staffing levels

The result of this income squeeze has been a considerable reduction in employment with 47% of licensees laying off staff and only 5% (mainly food-based businesses) adding to their staff numbers.



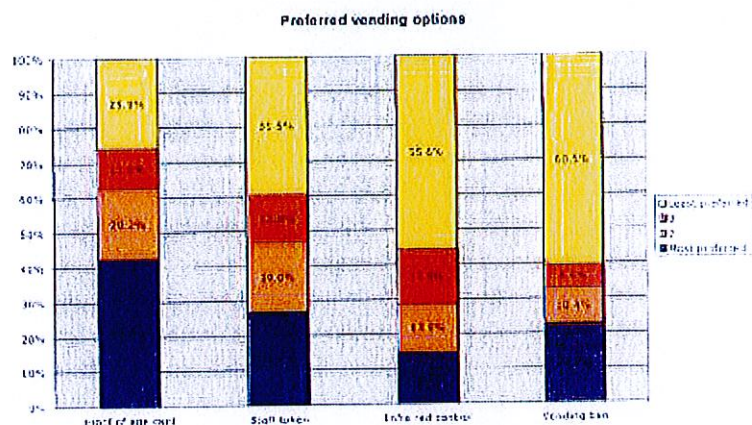
Not surprisingly 74% of licensees considered the ban to have been bad for pub and bar trade in their area and 80% continue to sell cigarettes (69% through vending machines), to try to keep their remaining smoking customers on the premises rather than buying their food and drink from the 'off trade'.

Vending and Display Controls

As before the smoking ban, licensees are looking into the future with considerable nervousness. They see a vending ban as offering few advantages and posing a very real threat – 42% believed that a ban would further decrease their business, and only 1% thought that their business would benefit from such a move.

Not unnaturally, 47% thought that this would result in more people drinking at home or in the street – as opposed to 0% who thought that this would decrease.

The licensees were asked to grade the options for vending, short of an outright ban, as set out in the consultation paper from 1 to 4 (preferred to least preferred).



The proof of age (PoA) card attracted the highest number of positive (level 1) ratings and an outright vending ban attracted the highest number of negative (level 4) ratings. Overall, only the PoA card attracted more positive than negative ratings and it is clearly the licensees' preferred option by some margin.

The proposals for further restrictions on the display of tobacco products were also opposed with one third of licensees believing that this too would damage their business (only 2% thought that it would be beneficial).

Of the 69% who currently sell cigarettes through a vending machine, 46% would continue to sell cigarettes over the bar in the event of a ban. This is despite 48% believing that there would be a problem finding space for them, and 47% believing that it would also bring security issues.

Conclusion

The smoking ban has had a serious and continuing effect on trade with the very important custom of smokers much diminished, and little positive news in terms of increased non-smoker or family business. The impact has been borne most by the community, drink-based pubs – which also have the fewest resources to withstand the downturn.

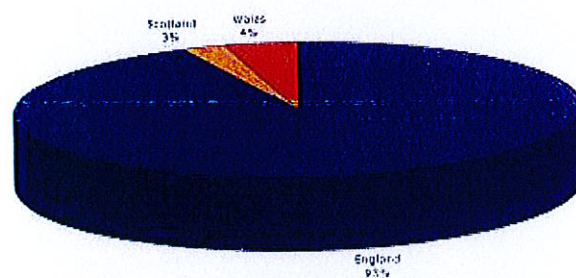
As a result, licensees view any further tobacco control initiatives in their area with considerable suspicion, and almost half believe that a ban on vending will further harm their, now often already fragile, businesses.

If further controls are imposed then the proof of age card is by far the preferred option as this is already a well established method of identification used to control the sale of alcohol. However, widespread concern remains that further tobacco control measures will damage or destroy their businesses.

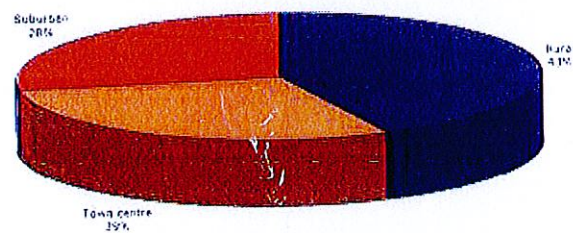
Participation

The respondents were broadly representative of the national pub estate.

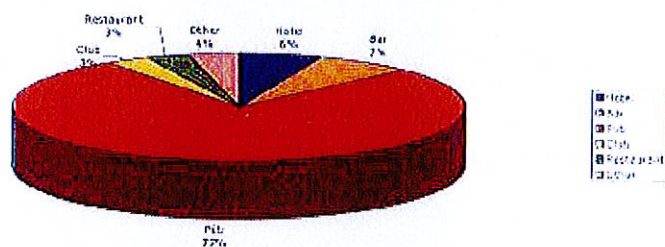
Respondents by country



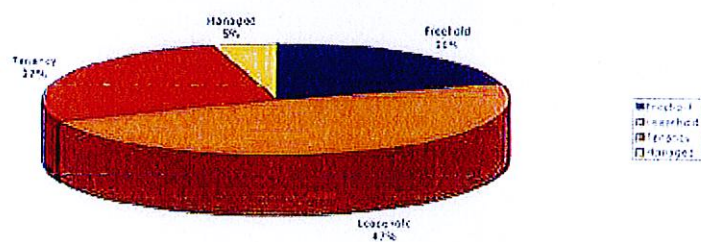
Respondents by location



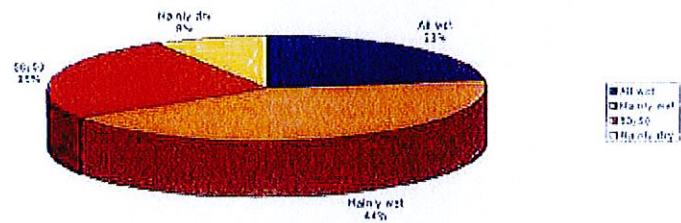
Respondents by outlet type



Respondents by ownership type



Drink ('wet') and food ('dry') trade respondents



Key Contacts:

BII – Michelle Luscombe T: 01276 417 863 or 07795 394660 E: MichelleL@bii.org
FLVA – Tony Payne T: 01484 710534 E: admin@flva.fsbusiness.co.uk

8th September 2008

Page 9 of 9