

# The Dangers of Alcohol Deregulation: The United Kingdom Experience

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# The United Kingdom's crisis



- *“Quite simply, England is drinking far too much. England has an alcohol problem.”*  
Sir Liam Donaldson, former Chief Medical Advisor, UK
- The epidemic includes high rates of consumption, heavy youth intoxication, large increases in alcohol induced disease, and major public disorder around pubs and clubs.
- This is not their first alcohol epidemic. History repeats itself starting with the Gin Craze of 1690.

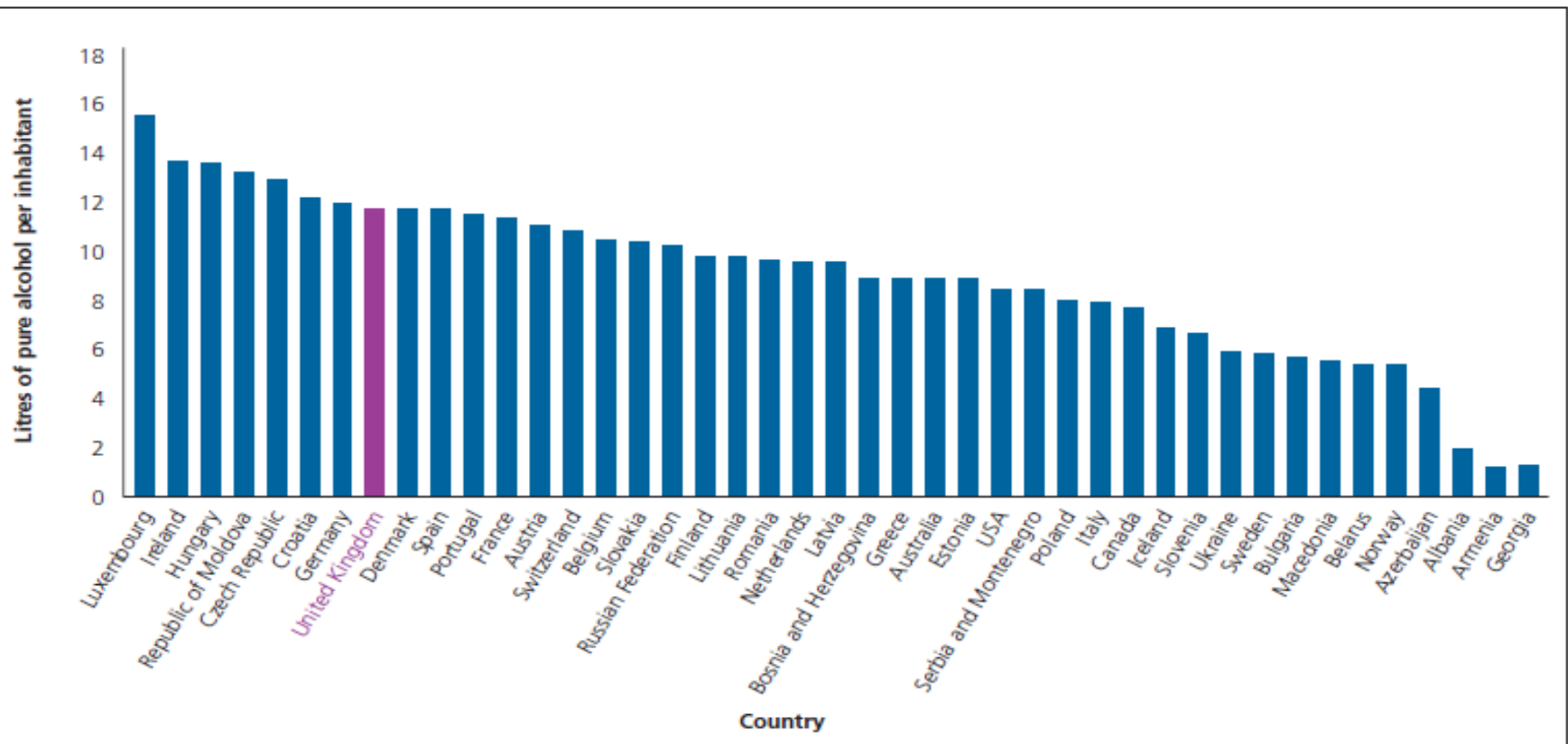
# Could it happen to us?



- We are similar in culture, government, business, and drinking patterns.
- The global business environment makes alcohol harder to control.
- We have experienced gradual deregulation.
- We need to take a hard look at the lessons from this epidemic and redouble our efforts to ensure it doesn't infect us.

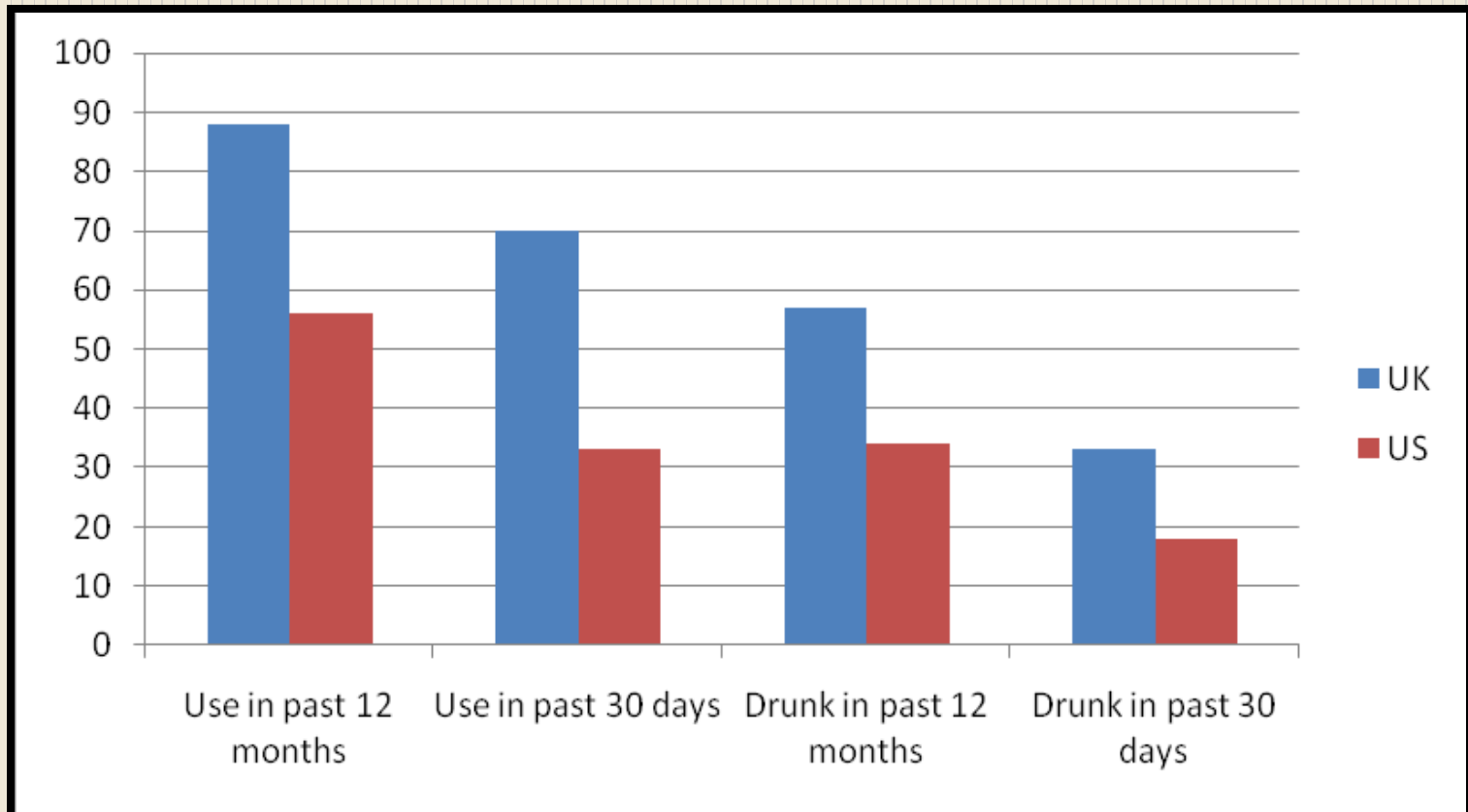
# Alcohol Consumption per Person: the UK ranks 8<sup>th</sup> v. 27<sup>th</sup> for the US

Per capita alcohol consumption in selected European and other countries (liters of pure alcohol per inhabitant) among adults ( $\geq 15$  years), 2003



Source: WHO Global Alcohol Database

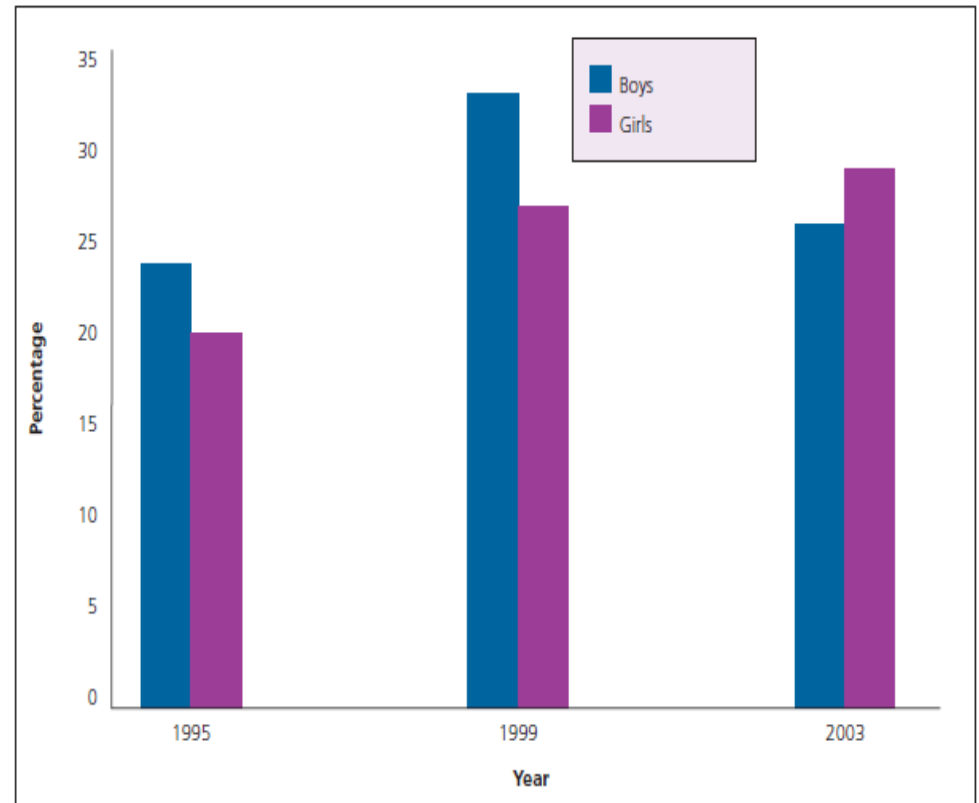
# Youth are drinking at twice US rates!!



Source: 2007 European School Survey Project on Alcohol and Other Drugs, Percent intoxicated in past 30 days of 15-16 year olds.

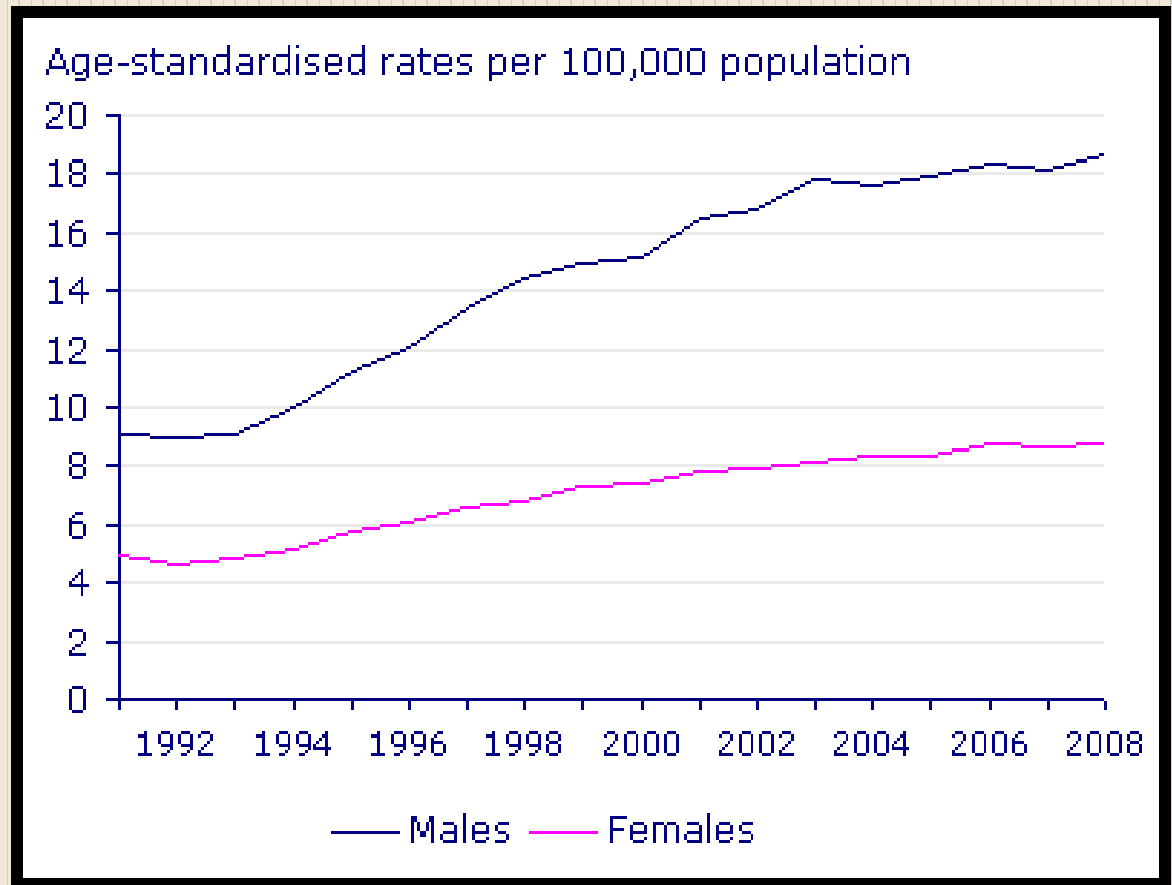
# Girls drinking exceeds the boys

Percent of 15-16 years olds consuming 5 or more drinks on 3 or more occasions in the past 30 days

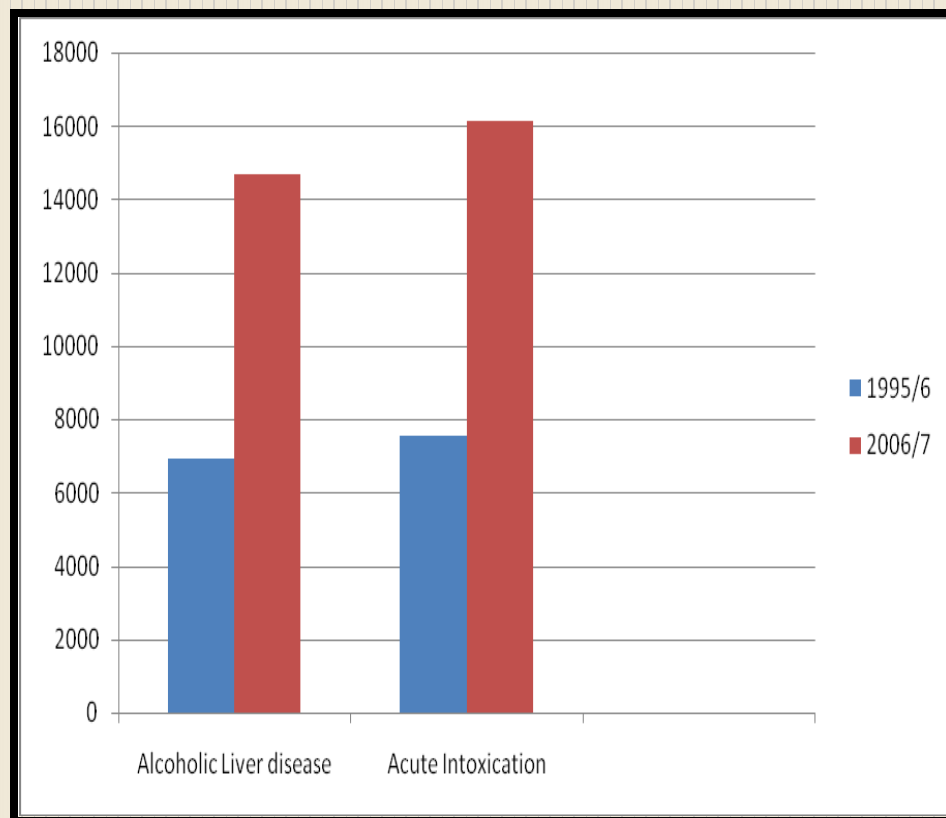


Source: Plant MA & Plant ML (2006) *Binge Britain: Alcohol and the national response*. Oxford: Oxford University Press.

# Death rates for alcohol-related disease increasing for males and females



# Hospital Admissions for Alcohol Liver Disease and Acute Intoxication



- Source: Hospital Episode Statistics, The Information Centre, 2008

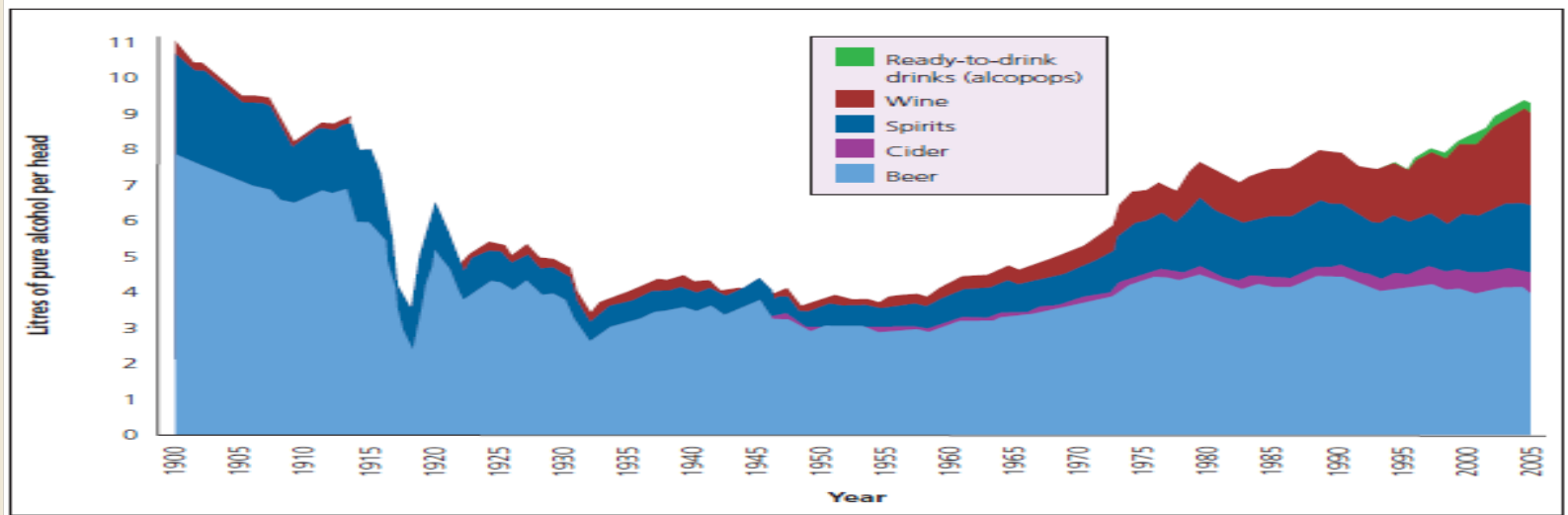


# Public disorder and violence in town centers



- Large increase in public disorder crimes around bars (vomiting, urination, fights, vandalism).
- Thirteen “Booze Buses” used for 2009 New Year’s Celebration to take revelers to the hospital.
- Serving practices promote rapid intoxication.
- “Predrinking” at home increases bar intoxication.

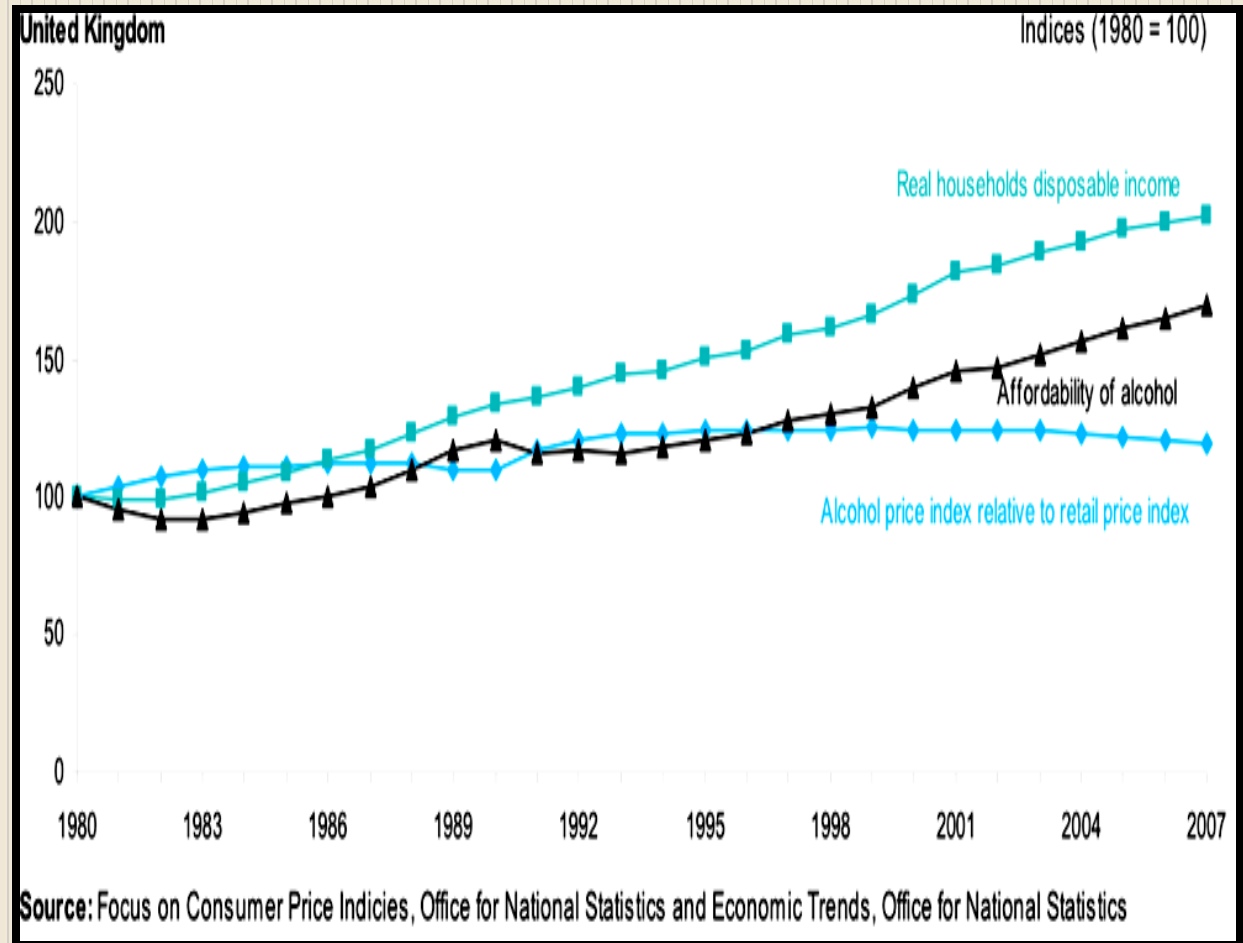
## UK deregulation begins in the 1960s and is followed by increased consumption



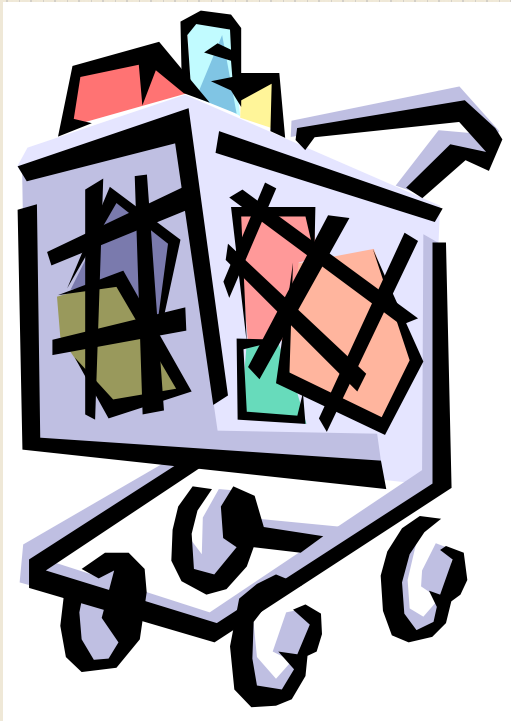
- In 1930's, the UK's license system was a model for US regulatory system design after Prohibition.
- All forms of alcohol sold in grocery stores beginning in the 1960's. Bar hours extended; Sunday sales permitted.
- Age laws are weak and poorly enforced.
- Licensing Act of 2003 permitted 24 hour sales; enforcement overwhelmed.
- New efforts aimed only at on-premise.

# Affordability of alcohol increased over 65% between 1980 and 2006 despite high taxes

- *Among 23 European Countries, the UK has the second highest beer and wine tax; and, the third highest spirits tax.*



# Large grocery chains are widely blamed for the epidemic as prices fall



- Four large chains control 75% of the market.
- Most use alcohol as a “loss leader” with heavy promotions.
- Drinking at home has increased.
- The UK has no law against volume discounts, promotions that induce heavy consumption or minimum prices.
- The large chains are locked in price wars.

# Decline of the Pub



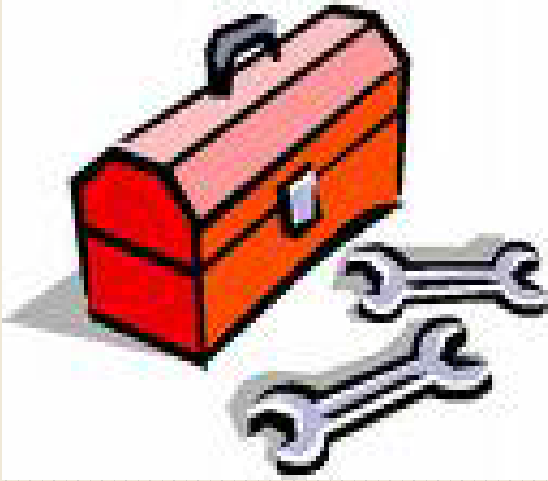
- UK adults used to drink primarily beer in pubs versus drinking at home.
- Cheap alcohol in stores shifted drinking patterns to at home consumption including “pre-loading.”
- Pub chains and bars ignore law against serving intoxicated patrons and sell aggressively.
- Many traditional pubs have closed: undercut by big box stores and squeezed by pub chain owners via a “tied house” arrangement.

# No effective tracking system to protect public from tainted product

- Just this month, 25,000 liters of fake vodka with fake “duty stamps” were seized in Manchester.
- Such products often contain methanol, a form of alcohol unfit for consumption. Consuming methanol can cause toxic hepatitis, a liver disorder that can cause blindness or death.
- The UK has a weak “duty stamp” system to track alcohol; it is highly vulnerable to counterfeiting.



# UK has few tools to bring things into balance



- Deregulation robbed the toolbox.
- Underage drinking laws are weak—legal drinking age is 5! (Purchase age is 18).
- Enforcement of underage sales is relatively recent—20 year moratorium on minor decoy operations lifted.
- Industry has major influence and prefers education programs.
- Many announced proposals to decrease price; little action. Tax increase has not decreased prices as expected.
- UK does have tools to reduce drunk driving which has declined.

# What could the UK government have done to prevent the epidemic?

*“Complementary system strategies that seek to restructure the total drinking environment are more likely to be effective than single strategies.”* World Health Organization, What are the most effective and cost-effective interventions in alcohol control?

- The World Health Organization states that an effective alcohol control system should address price, availability, promotion, age restriction, drunk driving and enforcement.
- Science should be used to select policies. Science did not support 24 hours sales as a way to curb problems.
- UK government has relied too often on a single strategy (large tax increase) or a few strategies with weak enforcement.



# Could the US have a similar alcohol epidemic with off-premise market domination and deregulation?

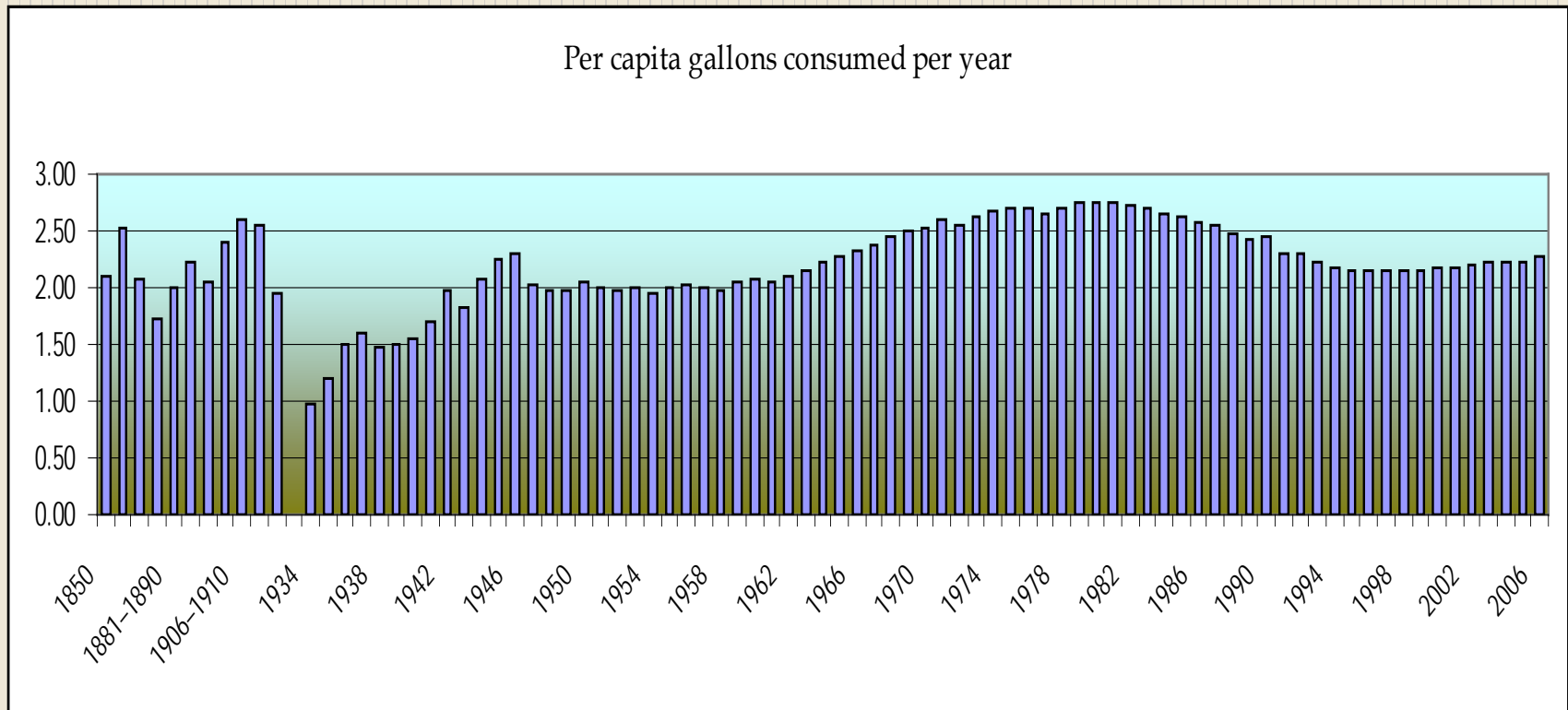
## United Kingdom Trend

- Four large supermarket corporations have 75% market share.
- Price of alcohol is 70% more affordable.
- Cheap prices drove increase in drinking at home/pre-loading.
- Regulation reduced over a 40 year period to a point where there are few restrictions.

## United States Trend

- Top 10 supermarket chains have 68% of revenue.
- US alcohol prices also reduced. Sale prices can reduce price to less than \$.25-50 per drink.
- Recession and low prices drive drinking at home.
- Increase in off-premise outlets.
- Costco, Wal-Mart, Kroger and other chains actively promote deregulation.

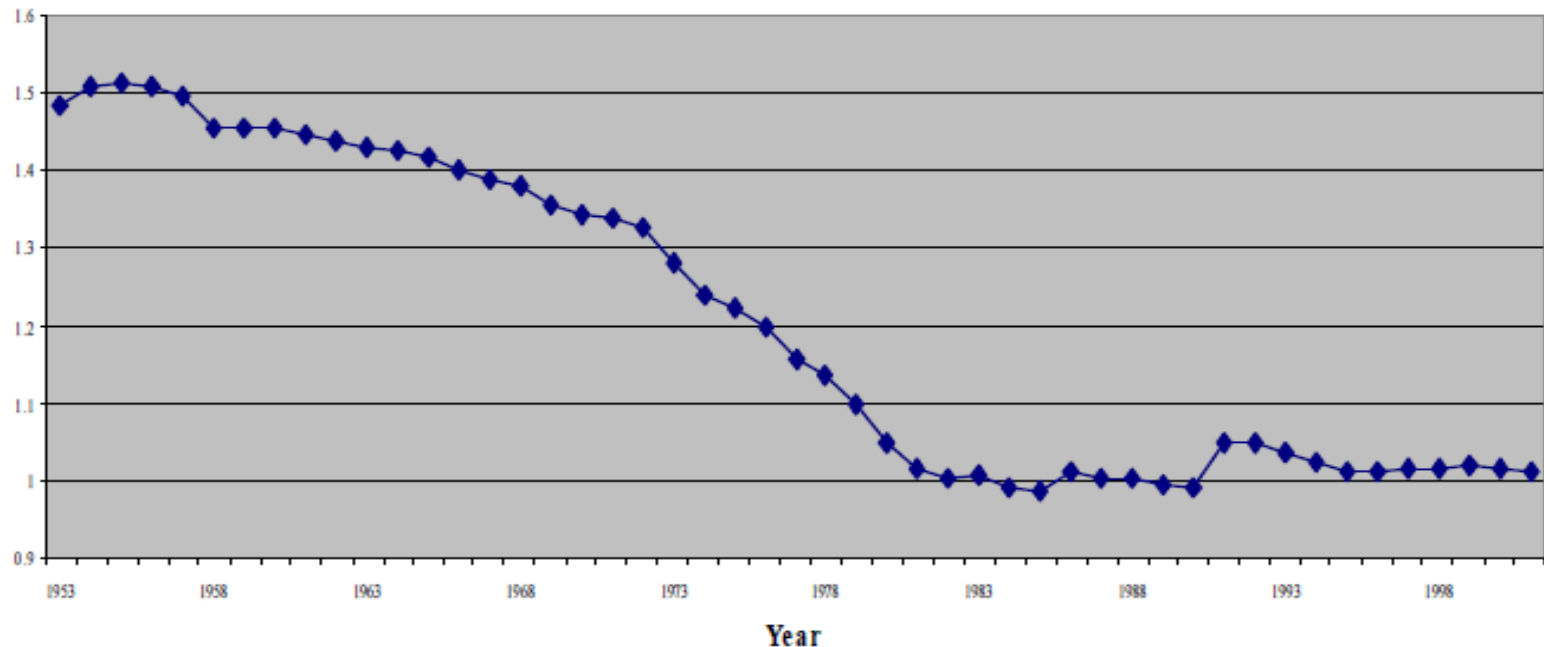
# The US also has periods of high consumption



Source: Centers for Disease Control: Apparent consumption in the US 1850-2006.

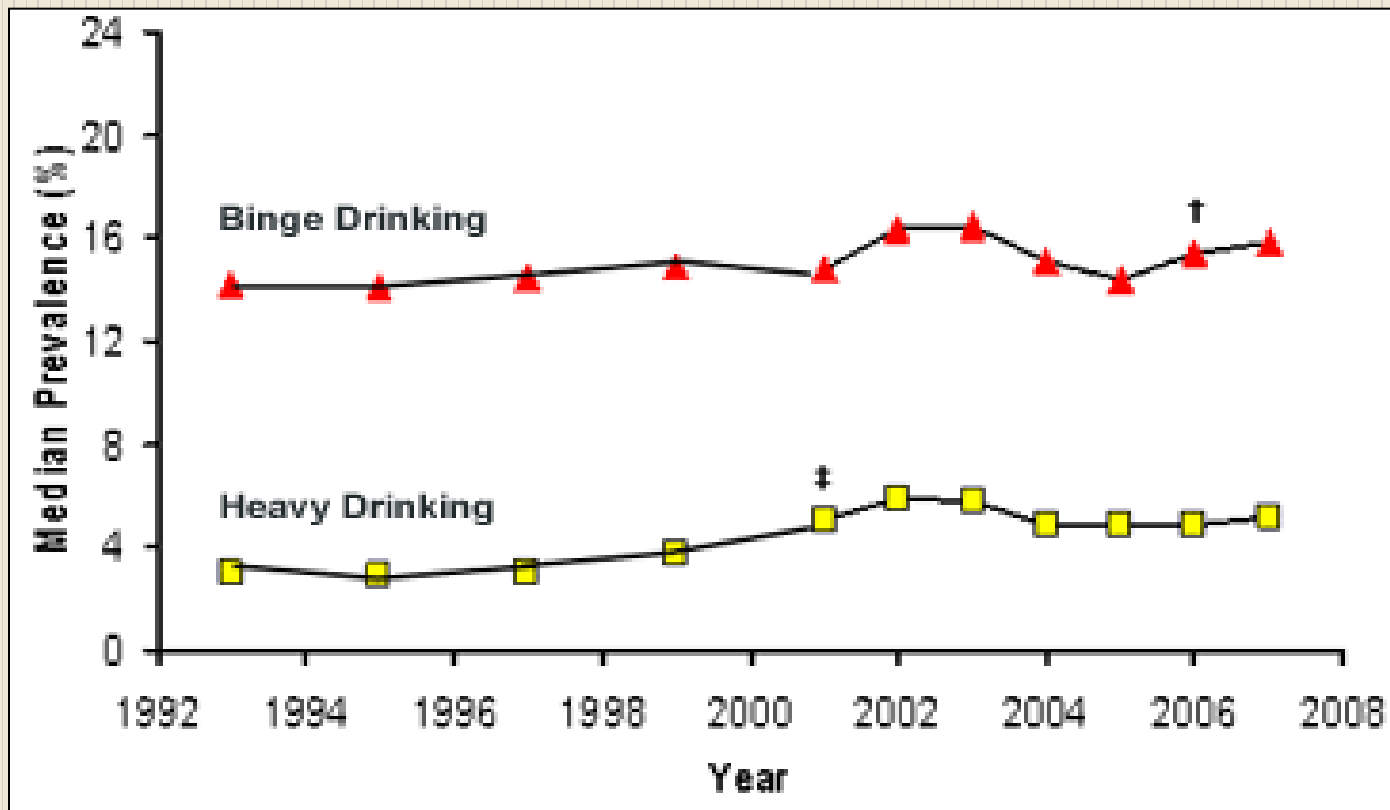
# Alcohol is more affordable

## Inflation Adjusted Alcoholic Beverage Prices, 1953-2001



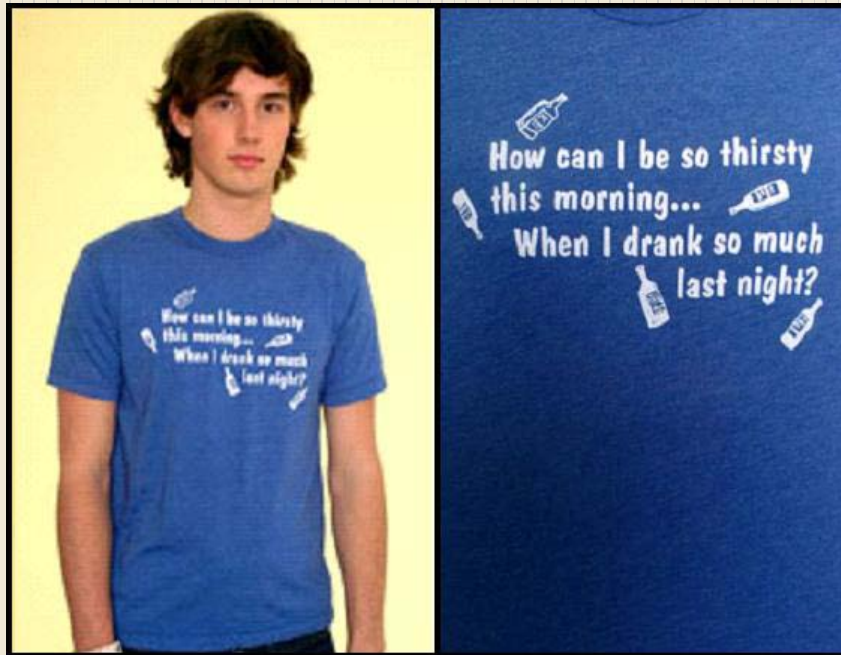
Source: “Reducing Morbidity and Mortality through Alcohol Pricing and Taxation”, Frank J. Chaloupka, Director, ImpacTeen, University of Illinois at Chicago.

# Increase in binge and heavy drinking



Source: Centers for Disease Control: Prevalence of binge and heavy drinking among adults in the US—1993-2007.

# US underage drinking is no small problem



More than 90% of alcohol consumed by youth is binge drinking

During the past 30 days US high school students:

- 42% drank some alcohol
- 24% binge drank
- 10% drove after drinking
- 28% rode with a driver who had been drinking

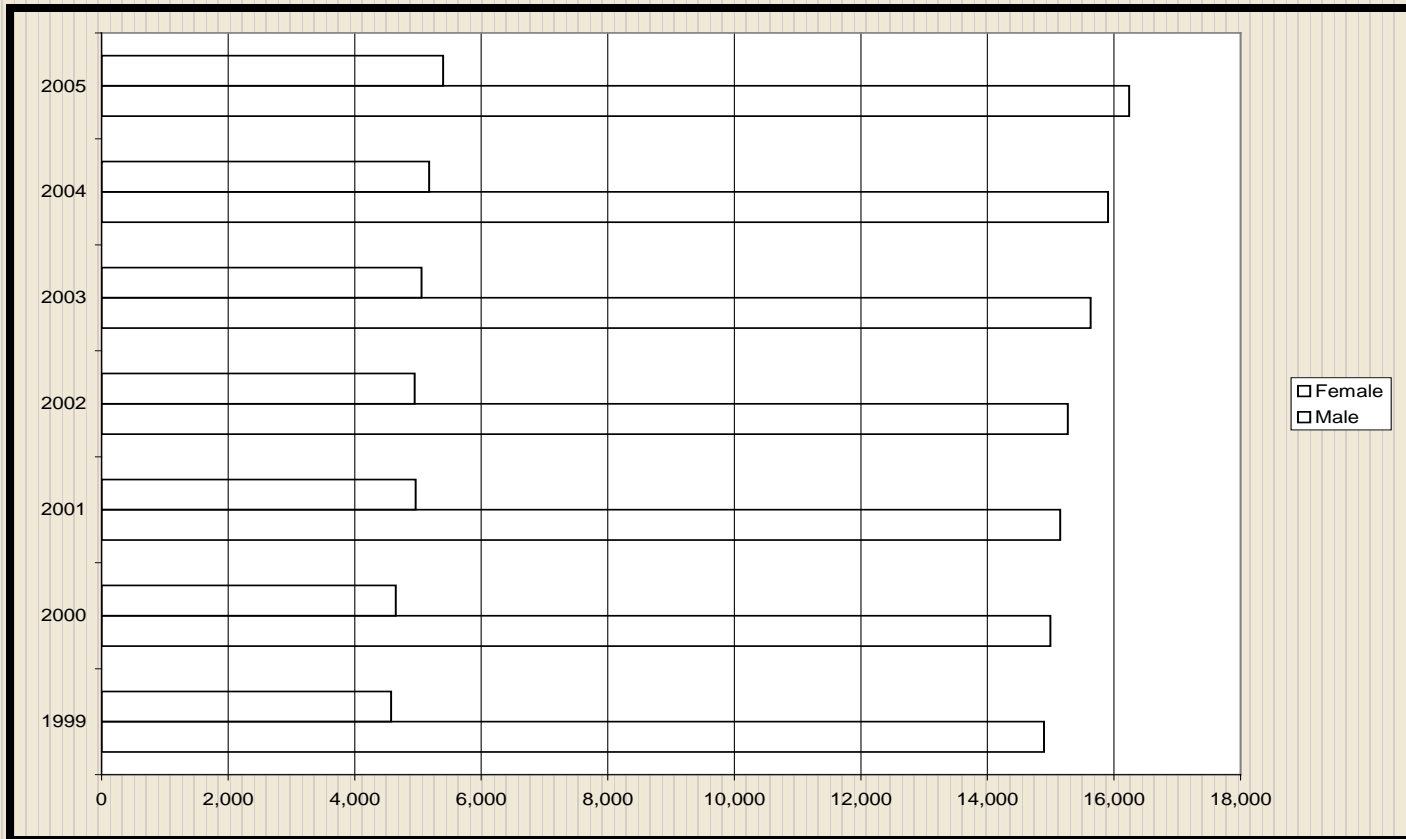
Source: CDC Fact Sheet on Underage Drinking

# Females are drinking more

- *“...in the 1960’s, only 7 percent of girls reported having their first drink between the ages of 10 and 14; today, nearly one-quarter of all girls report beginning to drink alcohol before age 13.”*
- *US Substance Abuse and Mental Health Administration, website Fact Sheet.*



# Alcohol induced disease is increasing for males and females



Source: Centers for Disease Control: Alcohol-induced deaths by gender.

The US grocery market is consolidating and promoting greater use of mass merchandising model for alcohol



*“Top US Supermarket and Grocery Chains” (By 2007 Grocery Sales)*

|                       |                 |       |
|-----------------------|-----------------|-------|
| • Wal-Mart/Sam’s Club | \$138.2 million | 26.4% |
| • Kroger              | \$ 65.6 million | 12.6% |
| • Safeway             | \$42.3 million  | 8.1%  |
| • Costco              | \$35.3 million  | 6.8%  |
| • Others              | \$241.2 million | 46.1% |

• *Source: Food Marketing Institute*



# Supermarket's business model relies on high volume, not mark-up, to generate profits



- ▶ Net profit for food retailers is less than two pennies on each dollar of food sales.

- How can supermarkets survive?
- **“To earn a dollar, supermarkets would rather sell a \$1 item 100 times, making a penny on each sale, than 10 times with a dime markup.”**

*Source: Food Marketing Institute*

# Mass merchandising model is in direct conflict with goal of alcohol regulation



- Mass merchandising must sell products in high volume at low prices to bring profits.
- High volume consumers include youth and alcohol abusers.
- Alcohol regulatory system goal is to foster moderate consumption.

# Our greatest protection against an alcohol epidemic is an effective alcohol control system which addresses the ABC's of regulation :

- **Availability**. Allows alcohol to be sold by the bottle and the drink, but limits the number, location, types of alcohol products, and hours of outlets. Limits consumption and problems.
- **No “Bargain Booze”**. Regulations balance prices, control price competition, and restrict dangerous marketing and promotional practices. Reduces consumption rates.
- **Children and Teens**. Age restrictions protect young people from the serious problems of underage drinking.
- **Drunk driving**. Creates and enforces strict measures against drinking and driving—sobriety checks, blood alcohol limits, driver’s license suspension.
- **Education and Enforcement**. Uses the carrot of education (alcohol awareness programs, “schools” for offenders) and the stick of enforcement (fines, community service and jail) when education fails.
  - **Source: Adapted from World Health Organization recommendations in “What are the most effective and cost-effective interventions in alcohol control?”, WHO, 2004.**

# Conclusions:

- The US is seriously at risk for an alcohol epidemic similar to the UK.
- Market trends and powerful efforts to deregulate are the primary threats.
- The greatest defense against an alcohol epidemic is the US state-based regulatory system which protects the public by keeping prices in balance, outlets limited and by preventing aggressive sales practices.
- Education and advocacy efforts are needed to preserve our regulatory system.



For more information:

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- Website has educational tools: Monthly newsletter, educational pieces, PowerPoint presentations from conferences.
- Full report, "The Dangers of Alcohol Deregulation: the United Kingdom Experience," can be downloaded from website.
- Coming soon: Issue Briefs for 2011 legislative sessions!