

Point-of-sale alcohol promotions in the Perth and Sydney metropolitan areas

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Abstract

Introduction and Aims. Point-of-sale (POS) is increasingly being used as a marketing tool for alcohol products, and there is a growing body of evidence suggesting that these materials are positively associated with drinking and contribute to creating a pro-alcohol environment. The purpose of the present study was to document the nature and extent of POS alcohol promotions in bottle shops in two Australian capital cities. **Design and Methods.** A purposive sample of 24 hotel bottle shops and liquor stores was selected across Sydney (New South Wales) and Perth (Western Australia) and audited for the presence and nature of POS marketing. **Results.** Point-of-sale promotions were found to be ubiquitous, with an average of 33 promotions per outlet. Just over half were classified as 'non-price' promotions (e.g. giveaways and competitions). Spirits were the most commonly promoted type of alcohol. The average number of standard drinks required to participate in the promotions ranged from 12 for ready to drinks to 22 for beer. Alcohol outlets that were part of supermarket chains had a higher number of promotions, more price-based promotions, and required a greater quantity of alcohol to be purchased to participate in the promotion. **Discussion and Conclusions.** The data collected in this study provides a starting point for our understanding of POS promotions in Australia, and poses important questions for future research in this area. [Jones SC, Barrie L, Robinson L, Allsop S, Chikritzhs T. Point-of-sale alcohol promotions in the Perth and Sydney metropolitan areas. *Drug Alcohol Rev* 2012;31:803–808]

Key words: alcohol, marketing, point-of-sale, Australia, pricing.

Introduction

Excessive alcohol consumption is a major public health issue for Australia, the US, the UK and most other industrialised countries. The promotion of alcohol by retailers and media can contribute to the creation of a culture in which excessive alcohol consumption is seen as the norm [1]. There is considerable evidence that increased availability of alcohol is associated with increased alcohol consumption; and that there is an inverse relationship between the price of alcohol and the level of consumption [2–5].

Point-of-sale (POS) refers to promotional materials that are found within a store or venue, at the point where a purchase will be made, unlike more traditional media

channels that capture the audience's attention at a time when they have no direct opportunity to purchase. POS promotions have been shown to encourage product trial and increase purchase volume [6]. POS is increasingly being used as a marketing tool for alcohol products, to the point where it has been coined as 'aggressive' [7]; with the alcohol industry becoming increasingly competitive, marketers are turning to POS promotions to appeal to a captive audience. There is a growing body of evidence suggesting that these point-of-purchase materials are positively associated with drinking and contribute to creating a pro-alcohol environment [7]. A US study of POS promotions across a range of store types in 2000–2001 found that the majority of stores (94%) had some form of POS alcohol marketing [8].

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An issue that has raised concern among both public health advocates and alcohol retailers (albeit for different reasons) is the rise in alcohol sales by supermarket chains in Australia. The share of the two major supermarket chains has risen from 32% of the retail liquor market in 2004 to 58% in 2011 [9]. These figures do not include smaller supermarkets, which add further to the proportion of alcohol sold by Australian supermarkets [9]. The largest supermarket chain (including its subsidiary stand-alone liquor stores) generates about \$6 billion of the \$16 billion annual alcohol sales [10].

An industry research group, IBISWorld, reports the possibility of supermarkets absorbing the liquor retail market within the next few years [11]. What concerns smaller retailers and public health alike is the capacity for supermarkets to offer products at substantially lower prices—by receiving discounts from wholesalers due to bulk purchases, and their capacity to sell products below wholesale prices [11,12]. This strategy, known as ‘loss-leading’, is used to attract customers in the hope that they will then purchase items from the store which are not discounted [13].

This capacity to loss-lead is also relevant to the offering of promotions and cross-promotions. Perhaps the most controversial of these is the offering of petrol discounts (from co-owned petrol stations) with alcohol purchases, typically a discount of 4c per litre, but often higher. For example, one supermarket chain was criticised in 2007 for offering a 20c per litre petrol discount coupon with the purchase of \$60.00 worth of alcohol.

In Australia, the sale of alcohol for on-premise consumption is covered by rules that are designed to prevent practices that encourage excessive consumption. However, such rules do not currently extend to off-premise (bottle shop) sales. Given the lack of regulation of this area, and the absence of literature to inform our understanding of whether there is a need for such regulation, the purpose of the present study was to document the nature and extent of POS alcohol promotions in bottle shops in two Australian capital cities. Based on previous research conducted by the authors, we anticipated that these promotions would be evident across all store types and in both cities:

H1: POS alcohol promotions will be evident in all store types (independently owned and run stores, national liquor chain group member stores and alcohol outlets connected with large supermarket chains).

H2: POS alcohol promotions will be equally prevalent in the Perth and Sydney metropolitan areas, and will not differ substantially by type (e.g. price vs. non-price promotions or type of alcohol promoted).

Further, based on the increasing evidence of supermarkets offering lower priced alcohol and cross-promotions, we anticipated that supermarket liquor outlets would offer a greater number of promotions, a greater proportion of price-based promotions (e.g. ‘six bottles of wine for \$X’) and a lesser proportion on non-price-based promotions (e.g. ‘a free hat with a six-pack’), and would require a greater amount of alcohol to be purchased to participate in a promotion.

H3: Alcohol outlets connected with supermarket chains will have a higher number of alcohol promotions than other store types.

H4: Alcohol outlets connected with supermarket chains will have a higher proportion of price-based alcohol promotions than other store types.

H5: Alcohol outlets connected with supermarket chains will require a greater amount of alcohol to be purchased to participate in promotions than other store types.

Methods

Based on the evidence and practice of the only published POS alcohol research conducted in Australia [14] and research conducted in 2008 for NSW Health (Jones SC *et al.*, 2008, unpublished data), a draft audit tool was developed to identify the nature of promotions (location, size, dominance), details of the promotional products (e.g. quantity and/or alcohol percentage required to purchase to receive promotion), the potential target audience (i.e. young people) and the type of promotions typically used by alcohol companies. Promotions were defined as any activity initiated by the manufacturer or retailer that aims to develop and maintain brand awareness and/or to influence purchasing intentions (such as price promotions, competitions, gift promotions and percentage discounts on bulk sales). This approach is based on techniques used in POS tobacco [15] and alcohol research [16]. Alcohol products were categorised as: beer, wine, spirits, RTDs (‘ready to drink’ or ‘alcopops’) or other.

In Australia, the sale of alcohol for off-premise consumption is only permitted in liquor stores (often referred to as bottle shops or liquor stores). These are typically stand-alone outlets, attached to pubs or hotels, or attached to supermarkets. A purposive sample of outlets was selected across Sydney (New South Wales) and Perth (Western Australia) to include a representative mix of independently owned and run stores, national liquor chain group member stores and alcohol outlets connected with large supermarket chain. Where possible, advertisements in local print media were

reviewed to identify hotel and liquor store advertisements 2–3 weeks before the data were to be collected, since bottle shops and liquor stores regularly advertise in this manner. Bottle shops were selected across a range of major metropolitan areas in Sydney and Perth (i.e. north, south-east, west) and, where possible, were located within a close vicinity of large shopping centres. This type of purposive sampling does not necessarily result in a fully representative sample of all off-premise outlets. The procedure does, however, identify the larger consortia of liquor outlets and allows description of the nature of alcohol promotions in a range of outlets in different geographical locations.

After suitable liquor outlets had been identified, the project officer formally contacted (by letter or by phone) the licensee/manager and described the purpose and nature of the research and gained consent to undertake the audit. Outlets were able to refuse participation at this initial stage and were not identified in the reporting of data. A moderate rejection rate was anticipated (30%); however, previous studies have demonstrated high willingness to participate among licensees [16]. Recruitment continued until 12 stores in each city had agreed to participate.

In each city, auditors were trained to use the audit tool and were given an information sheet about the project and a script to use when speaking to bottle shop owners/licensees about the project, and to respond to questions from customers if they made any enquiries as to the nature and purpose of the audit. The audits were conducted on Fridays and Saturdays between January and April 2009; the majority were conducted in January and February, with no data collection occurring on public holiday weekends. Each audit took between 2 and 4 h, depending on store size.

When entering the bottle shop, auditors identified themselves to the manager as researchers from the participating university and provided evidence of permission granted to complete the audit and/or sought permission from the manager at the time of the audit. All audit staff worked in pairs. Each auditor conducted an independent audit and upon completion, the two auditors compared their findings and verbally discussed any discrepancies before jointly compiling a report using the specified format.

Data from the audit tool were entered into the statistical software package PASW Statistics 17, Release Version 17.03.2009 (SPSS Inc., Chicago, IL, USA). Simple frequencies and descriptive statistics form the basis of analysis that focused on the nature and variety of POS promotions and the types of advertising or marketing strategies used.

Results

The rejection rate from stores approached was 24.5% (slightly lower than anticipated), 25.9% in Sydney and 23.1% in Perth. We were successful in recruiting stores of all three types: seven independently owned outlets (three in Perth and four in Sydney); 11 liquor chain outlets (six in Perth and five in Sydney); and six outlets attached to supermarkets (three in each city).

Point-of-sale promotions were found to be ubiquitous, evident in all store types in both metropolitan areas (H1 supported). A total of 793 promotions (including duplicates) were recorded in Perth and Sydney (Table 1), with a higher number of promotions recorded in Perth than in Sydney (431; 54.4% of the total). This equates to an average of 33 promotions per outlet (35.9 per outlet in Perth and 30.2 per outlet in Sydney). There was no significant difference between the two cities [$t(22) = 0.723, P = 0.48$]; thus H2 was supported. The average number of promotions differed significantly between store types [$F(2,24) = 23.59, P < 0.001$]; on average, supermarket chains had more than twice as many promotions ($m = 59.83, SD = 12.75$) as chain stores ($m = 25.09, SD = 11.40$) and independent stores ($m = 22.71, SD = 8.64$). Thus, H3 was supported.

Just over half of the promotions ($n = 400, 50.4%$) were classified as 'non-price' promotions (e.g. purchase a four-pack for a chance to win a trip to Rio) and just under half ($n = 387, 48.8%$) as 'price' promotions (e.g. six bottles of wine for \$60). There was a slight variation between the two cities, with a greater proportion of non-price promotions in Perth (data on 'sale' or 'discount' prices without a promotion available from authors). Price and non-price promotions differed significantly between store types ($\chi^2 = 87.60, P < 0.001$). Supermarkets ($n = 240$) had a significantly higher number of price promotions compared to independent

Table 1. Total number of promotions by location

	Perth % (n)	Sydney % (n)	Total % (n)
Non-price promotion	53.6 (231)	46.7 (169)	50.4 (400)
Price promotion	46.2 (199)	51.9 (188)	48.8 (387)
Other promotion	0.2 (1)	1.4 (5)	0.8 (6)
Total	100.0 (431)	100.0 (362)	100.0 (793)

($n = 60$) and chain stores ($n = 87$); while chain stores ($n = 189$) had a significantly higher number of non-price promotions compared to supermarkets ($n = 129$) and independent stores ($n = 99$). Thus, H4 was supported.

Numbers of observed promotions

The most frequently observed type of non-price promotion (including duplicates) was a 'competition' ($n = 227$), which was substantially more frequent than 'free gift with purchase' ($n = 145$) and 'gift pack' ($n = 28$) promotions. A total of 427 unique promotions (i.e. excluding duplicates) were identified (Table 2); the data presented hereafter refers to these unique promotions. Over half of these unique promotions (60.9%) were price promotions, with the most common (55.7%) being an offer of multiple items for a discounted price (e.g. two bottles of wine for \$22 or two four-packs of an RTD for \$25).

Wine had the highest number of unique promotions ($n = 162$; 37.9%) and was most commonly promoted using price promotions (74.1%; e.g. buy two bottles for \$40), followed by a free gift with purchases. Spirits were the next most commonly promoted ($n = 131$; 30.7%), and again most commonly price promotions (43.0%; e.g. buy two bottles for \$55); followed by beer ($n = 100$; 23.4%) and RTDs ($n = 34$; 8.0%).

As shown in Table 3, by far the majority of price promotions were price reductions for volume purchase (91.5%; e.g. 'two bottles of wine for \$28'). Wine was the

only product type that was promoted using all four types of price promotion with price-quantity the most common (82.5%), followed by a per cent discount for increased purchases (11.7%). Price promotions on spirits and RTDs were limited to price-quantity purchases as, with one exception, were price promotions for beer.

Promotions by product type

Promotion types differed significantly between types of alcohol ($\chi^2 = 55.48$, $P < 0.001$). Price promotion was the most frequent promotion for all product types (see Table 4). A free gift was the second most common for spirit products ($n = 43$, 32.8%), for example a 'free Dirty Dancing DVD' with the purchase of a bottle of liqueur; and for RTDs and wine (23.5% and 13.6% respectively), such as 'two four-packs for \$30'. Competitions were used to somewhat more frequently promote beer (18.0%) and RTDs (20.6%) than wine (11.1%). Although when duplicates are included competitions were the most common for RTDs (such as 'Win a trip to Rio').

The type of alcohol promoted at different store types varied significantly ($\chi^2 = 33.23$, $P < 0.001$). Independent stores most commonly promoted wine (35.2%) followed by spirits (32.7%), while chain stores and supermarkets most commonly promoted spirits (39.9% and 34.3%) followed by beer (26.1% and 33.4%).

Table 2. Types of individual promotions associated with alcohol types ($n = 427$)

	Wine % (n)	Spirit % (n)	Beer % (n)	RTD % (n)	Total % (n)
Price promotion	74.1 (120)	43.0 (55)	67.3 (66)	54.4 (19)	60.9 (260)
Free gift	13.6 (22)	32.8 (43)	14.3 (14)	25.7 (8)	20.4 (87)
Competition	11.1 (18)	14.8 (19)	18.4 (18)	20.0 (7)	14.5 (62)
Gift pack	1.2 (2)	9.4 (12)	0.0 (0)	0.0 (0)	3.3 (14)
Other	0.0 (0)	1.5 (2)	2.0 (2)	0.0 (0)	0.9 (4)
Total	37.9 (162)	30.7 (131)	23.2 (100)	8.0 (34)	100.0 (427)

RTD, ready to drink.

Table 3. Types of price promotions by alcohol type (unique promotions; $n = 260$)

	Beer % (n)	Wine % (n)	Spirit % (n)	RTD % (n)
X for \$10 etc.	98.5 (65)	82.5 (99)	100.0 (55)	100.0 (19)
% discount with increased purchase	1.5 (1)	11.7 (14)	0.0 (0)	0.0 (0)
Buy some get some free	0.0 (0)	3.3 (4)	0.0 (0)	0.0 (0)
Extra volume for same price	0.0 (0)	2.5 (3)	0.0 (0)	0.0 (0)
Total	25.4 (66)	46.2 (120)	21.2 (55)	7.3 (19)

Table 4. Types of unique promotion by alcohol type

	Beer % (n)	Wine % (n)	Spirits % (n)	RTDs % (n)	Total % (n)
Price promotion	66.0 (66)	74.1 (120)	42.0 (55)	55.9 (19)	60.9 (260)
Competition	18.0 (18)	11.1 (18)	14.5 (19)	20.6 (7)	14.5 (62)
Free gift	14.0 (14)	13.6 (22)	32.8 (43)	23.5 (8)	20.4 (87)
Other	2.0 (2)	0.0 (0)	1.5 (2)	0.0 (0)	0.9 (4)
Gift pack	0.0 (0)	1.2 (2)	9.2 (12)	0.0 (0)	3.3 (14)
Total	100.0 (100)	100.0 (162)	100.0 (131)	100.0 (34)	100.0 (427)

RTD, ready to drink.

Table 5. Standard drinks required to participate in the promotion by type of drink

	Minimum	Maximum	Mean	SD
Wine (n = 162)	6.5	96.0	21.5	18.6
Beer (n = 100)	2.7	84.0	25.4	22.2
RTD (n = 34)	1.5	44.0	12.6	12.0
Spirit (n = 131)	5.5	44.0	28.5	13.9

RTD, ready to drink.

Promotions and alcohol purchase quantity

With the exception of spirits, few of the identified promotions were available regardless of the quantity of alcohol purchased. Beer promotions most commonly required the purchase of one or two cases (43.0%), followed by three or four 600–750 mL bottles (29.0%), or one to two multipacks of four or six units (18.0%). Nearly half (48.1%) of all wine promotions required the consumer to purchase two bottles; and almost one-fifth, five or more bottles (17.3%). Spirit promotions most commonly required the purchase of two 600–750 mL bottles (42.0%). More than three-quarters (76.5%) of RTD promotions required the purchase of one or two multipacks (of four or six units each); 11.8% required the purchase of three or more multipacks and 8.8% a case (24 or 30 units).

On average, the wine promotions required a purchase of 21.5 standard drinks (range 6.5–96.0; Table 5), and the beer promotions 25.4 standard drinks (range 2.7–84.0). On average, the spirit promotions required a purchase of 28.5 standard drinks (range 5.5–44.0), and the RTD promotions a purchase of 12.6 standard drinks (range 1.5–44.0).

Price promotions had significantly higher purchasing requirements than non-price promotions (25.1 vs. 17.3 standard drinks [$t(782) = 6.75, P = 0.00$]).

The number of standard drinks consumers were required to purchase in order to participate in a pro-

motion 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 ($m = 18.35, SD = 13.71$). Thus, H5 was supported.

Discussion

As noted in the introduction, there is a virtual absence of research into (non-price) POS alcohol marketing, particularly in the Australian context (although we can draw some parallels to tobacco POS marketing, which has been more extensively researched). An obvious limitation of our study was that we conducted audits in only 24 outlets (12 in each of the two cities) and thus our findings may not be generalisable to all Australian outlets. However, the similarities in the findings between Perth and Sydney, and across the store types, suggests that these findings are not unique to a specific study site. Thus, the data collected in this study provides a starting point for our understanding of this type of promotion in Australia, and poses important questions for future research in this area.

Our audit of 24 alcohol outlets in metropolitan Sydney and Perth identified 793 POS promotions (excluding simple price reductions), an average of 33 per outlet, with a total of 427 unique promotions. Non-price promotions were the most commonly identified across the 24 outlets, although a greater proportion of unique promotions were price promotions, reflecting the fact that the former are generally distributor-initiated whereas the latter are often retailer-initiated and thus limited to the individual outlet. Of the non-price promotions, competitions were the most frequently identified type of promotion, accounting for approximately half of the total.

Price-related promotions (those that offer price reductions for multiple/bulk purchases) were most commonly offered by outlets attached to large supermarket chains, which also offered the highest number of

promotions per store. This supports concerns raised by public health advocates that the increasing market share of these large supermarket chains results in a market with greater incentives for customers to purchase larger quantities of alcohol. This is important to consider in the context of the small amount of research that has examined the effects of such promotions. For example, a US study of scanner data for beer sales from the US found that volume-based price discounting results in customers purchasing the larger volume (promoted) products and, conversely to buy 'less beer overall if the volume price of 6-packs is equal to the volume price of 12-packs' [17].

However, the most concerning finding was that participation in POS promotions almost universally required the purchase of a large number of standard drinks, on average about 21 per promotion, and that this was highest in those stores that were part of the large supermarket chains. The linking of desirable items to the purchase of multiple units of alcohol, particularly given existing pricing strategies which often result in it being (for example) cheaper to purchase six RTDs than four of the identical product [18], has clear potential to increase the amount of alcohol purchased and, in many cases, consumed on a single occasion.

There have been rapid shifts in the share supermarket chains, who have substantial capacity for widespread discounting, have in the alcohol market. This has coincided with a diversification in alcohol promotion strategies. This may signal it is an appropriate time to review regulatory controls on alcohol, including the range of promotions being embraced. Some jurisdictions are already responding. For example, the Australian Capital Territory's Office of Regulatory Services recently introduced new liquor laws which include fines for selling products at below cost-price [19]. However, an evidence-informed approach will require investment in research to better understand the effects of the various promotions, alone and combined, on purchase and consumption volumes.

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