

Questions and answers on plain packaging in Australia

Prepared by the Cancer Council Victoria

Fact sheet no. 5:

How much have retailers been affected by plain packaging legislation?

Opponents of plain packaging legislation argued that retailers would find plain packs difficult to locate[1] and that lengthened waiting times in small shops would result in a shift of customers from small business to large supermarkets.[2]

5.1. Did serving times increase following the implementation of plain packaging?

Seven studies have been conducted to date attempting to assess the likely or actual impact of the introduction of plain packaging on retailer serving times (**table 1**). Three of these studies were conducted only prior to the introduction of the legislation. A survey by Deloitte on the predictions of just a handful of retailers [1] concluded there would be negative effects. Of the two studies which attempted to simulate the conditions of plain packaging, one found a decrease[3] and the other found an increase in serving times.[4] Five studies were conducted over a period that included time after the introduction of plain packaging. Two studies funded by Philip Morris assessed retailers' *subjective* experience, one[5] immediately after implementation of the policy when teething problems were likely to be at their peak and one before the Australian national election when feelings were heightened.[6] Two studies (Carter *et al*[7] and Wakefield *et al*[8] followed up by Bayly *et al*)[9] took *objective* measures of retrieval time before and after the introduction of plain packaging, and both found that effects on serving time were minor and short-lived.

Objective studies,[3, 7-9] as well as every day observations (see <http://www.youtube.com/watch?v=RC99efgDs90&feature=youtu.be>), suggest retailers in Australia generally adapted quite quickly and readily to plain packaging legislation, with pack retrieval time now no higher than before the implementation of the legislation.

Table 1 Summary of studies to date on impact of introduction of standardized packaging of tobacco products on retailers—*subjective* opinions versus results of studies of *objective* measures

	Subjective opinions	Objective, timed measures
Predicted and simulated effects (assessed pre-implementation)		
Predicted effects	Deloitte survey of retailer & consumer expectations[1]	
Simulated effects		Carter <i>et al</i> <u>Tob Control</u> (2011) in simulated shop[3]
		Rural Shops Alliance UK in 4 shops [4, 10]
Actual effects (post-implementation)		
	Philip Morris (Dec 2012) survey of retailers' perceptions of impact[5]	Carter <i>et al</i> <u>BMJ</u> Compared serving times in 100 Perth outlets Oct '12 to Jan '13[7]
	Philip Morris (August 2013) survey of retailers' perception of impact[6]	CBRC in-store study of actual serving times: June & Sept 2012 vs Dec 2012, Feb, and April 2013[8] and July 2013[9]

Figure 1 below summarises the results of the most comprehensive national study.

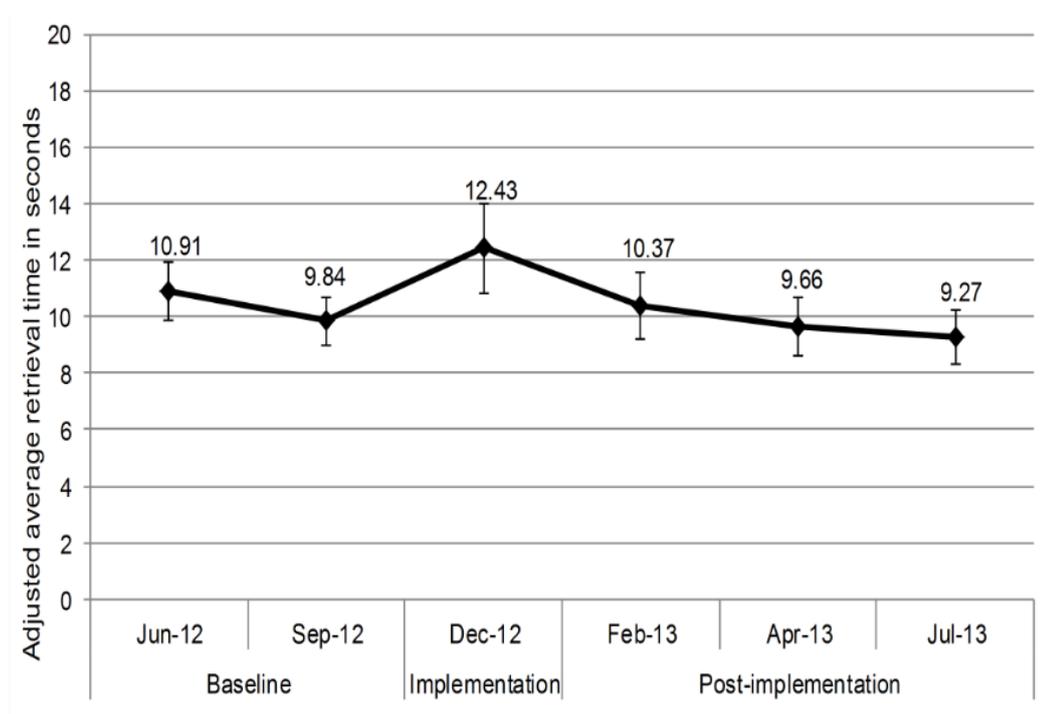


Figure 1. Adjusted average pack retrieval duration with 95% confidence intervals, by month, controlling for area SES and store type.

Source: Bayly, Scollo and Wakefield 2014 No lasting effects of plain packaging on cigarette pack retrieval time in small Australian retail outlets, *Tobacco Control* 2014[9]

5.2. Did smokers shift their custom away from small businesses?

Smoking rates and purchases of dutied tobacco have continued to fall in Australia,[11] however there has been no shift in percentages of smokers who report purchasing from small businesses rather than larger outlets.[12] A study analysing data from Victoria between 2011 and 2013 found no decline in the percentage of smokers indicating that their last pack was purchased from a small convenience outlet, and no increase in the percentage of smokers reporting that their last pack was purchased from a supermarket.[12]

5.3. Has the proportion of products sold from supermarkets increased at the expense of small business?

Data from international marketing firm Euromonitor corroborates the results of the Victorian study, indicating that the *percentage* of tobacco products sold from supermarkets compared to convenience stores did not change between 2012 and 2013.[13]

Euromonitor International publishes data on sales of tobacco product by retail distribution channel. The figures for 2012 and 2013 are set out in Table 2.

Table 2 Percentage of sales of cigarettes from each retail channel, 2013 compared to 2012

	2012 %	2013 %
Supermarkets & other grocery outlets	54.2	54.2
Convenience stores	11.7	11.7
Small independent grocers and food/drink specialists	7.1	7.1
Tobacconists	17.4	17.3
Petrol stations	6.4	6.4
Other (newsagents, vending machines, bars & hotels)	1.6	1.5
Internet	0.6	0.7
Total	100	100

Source: *Tobacco in Australia: Facts and Issues*, Table 10.3.4[14] citing data provided by Euromonitor International, <http://www.euromonitor.com/tobacco>

No information is publicly available about the *quantity* of products sold from small businesses, however *Retail World* magazine reported a 0.9% decline in volume in the supermarket sector in 2013 compared to 2012[15] and a 4.1% decline in volume in 2014 compared to 2013.[16]

For further facts sheets on plain packaging in Australia see <https://www.cancervic.org.au/plainfacts/browse.asp?ContainerID=factsheets1>

References

1. Deloitte. Potential impact on retailers from the introduction of plain tobacco packaging. February 2011. Sydney: Alliance of Australian Retailers, 2011. Available from: https://www.australianretailers.com.au/downloads/pdf/deloitte/2011_01_31_AAR_Plain_Packaging_2.pdf.
2. Deloitte. Plain packaging and channel shift. June. Sydney: Alliance of Australian Retailers, 2011. Available from: https://www.australianretailers.com.au/downloads/pdf/deloitte/Potential_impact_of_channel_shift.pdf.
3. Carter OBJ, Mills BW, Phan T, and Bremner JR. Measuring the effect of cigarette plain packaging on transaction times and selection errors in a simulation experiment. Tobacco Control, 2011. Available from: <http://tobaccocontrol.bmj.com/content/early/2011/09/23/tobaccocontrol-2011-050087.abstract>
4. Rural Shops Alliance UK. The effects of standardizing packaging on retail service in the UK. 2012. Available from: <http://www.ruralshops.org.uk/EN/store/Projects/TheEffectofStandardisedPackagingonRetailService%20z.pdf>.
5. Roy Morgan Research for Philip Morris Ltd. Impact of plain packaging on small retailers - wave 1. Melbourne 2013.
6. Roy Morgan Research for Philip Morris Ltd. Impact of plain packaging on small retailers - wave 2. Melbourne: Australian Association of Convenience Stores, 2013. Available from: <http://www.aacs.org.au/wp-content/uploads/2013/10/Impact-of-Plain-Packaging-on-Small-Retailers-W2-Final-Report.pdf>
7. Carter O, Welch M, Mills B, Phan T, and Chang P. Plain packaging for cigarettes improves retail transaction times. BMJ, 2013; 346:f1063. Available from: <http://www.ncbi.nlm.nih.gov/pubmed/23423370>
8. Wakefield M, Bayly M, and Scollo M. Product retrieval time in small tobacco retail outlets before and after the Australian plain packaging policy: real-world study. Tobacco Control, 2014; 23(1):70-6. Available from: <http://www.ncbi.nlm.nih.gov/pubmed/23712769>
9. Bayly M, Scollo M, and Wakefield M. No lasting effects of plain packaging on cigarette pack retrieval time in small Australian retail outlets. Tobacco Control, 2014; 24(e1):e108-9. Available from: <http://tobaccocontrol.bmj.com/content/early/2014/05/30/tobaccocontrol-2014-051683.short>
10. Rural Shops Alliance UK. Selling tobacco in plain packaging would take longer - the rural shops alliance provides conclusive evidence. 2012. Available from: <http://www.ruralshops.org.uk/EN/store/Press%20Releases/13%20August%202012%20-%20selling%20tobacco%20in%20plain%20packages%20takes%20longer.pdf>.
11. Department of Health. Tobacco: Key facts and figures. Canberra: DOH, 2014. Last update: 17 July; Viewed July 2014. Available from: <http://www.health.gov.au/internet/main/publishing.nsf/Content/tobacco-kff>
12. Scollo M, Zacher M, Durkin S, and Wakefield M. Early evidence about the predicted unintended consequences of standardised packaging of tobacco products in Australia: a cross-sectional study of the place of purchase, regular brands and use of illicit tobacco. BMJ Open, 2014; 4(8). Available from: <http://bmjopen.bmj.com/content/4/8/e005873.abstract>
13. Euromonitor International. Tobacco: Australia. 2014. Viewed: Available from: <http://www.euromonitor.com/tobacco>.
14. Freeman B. Chapter 10. The tobacco industry in Australian society, in Tobacco in Australia: facts and issues. Scollo M and Winstanley M, Editors. Melbourne: Cancer Council Victoria; 2013. Available from: <http://www.tobaccoinaustralia.org.au/chapter-10-tobacco-industry>.
15. Anon. Retail World Annual Report 2013. Market sizes and shares. Retail World, 2013; December:30.
16. Anon. Retail World Annual Report 2014. Market sizes and shares. Retail World, 2014; December:30.