



*'Representing Leading News & Convenience Retailers'*

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## **NFRN response to the 'Future of Tobacco Control' consultation**

The National Federation of Retail Newsagents (NFRN) is today responding to the consultation on the 'Future of Tobacco Control' by the Department of Health. The NFRN represents over 33,00 independent retailers, the vast majority of whom stock and sell tobacco products.

NFRN members are responsible retailers who welcome the government's initiative to protect young people and reduce underage smoking. As independent and local retailers our members care for the wellbeing of their communities and, on numerous occasions, have expressed distress at the phenomenon of 'proxy purchasing' whereby an adult buys tobacco products and then passes them on to young people.

Tobacco is an important product category for small shops. On average, tobacco products account for up to a third of independent retailers' turnover and it's the third most commonly bought item after newspapers and confectionary.

In our response we address the government's policy questions and plans as set out in the consultation document. We stress the potential challenges and problems that retailers as well as local authorities and consumers, face should some of the suggestions go through.

Our main concern is that a display ban will be just another example of burdening the retailer instead of taking positive and effective steps towards reducing youth smoking. There is no satisfactory evidence that such a ban will have the desired effect on youth smoking.

The NFRN welcomes the opportunity to respond to this consultation and make the views of its members known. We would be keen to participate in further discussions and are prepared to provide any information needed regarding our submission and wider tobacco trade issues. **Please contact Sofia Gkiousou, Public Affairs Manager at 020 7017 8864 or [sofia@nfrn.org.uk](mailto:sofia@nfrn.org.uk)**

## **NFRN RECOMMENDATIONS**

1. Investigate the possibility of making purchasing tobacco while underage and 'proxy purchasing' – purchasing tobacco for underage persons – an offence.
2. Set clearly defined goals for the Police and Trading Standards departments in relation to the illicit trade of tobacco, making sure that the policy is not compromised due to budgetary or other concerns.
3. Give more support to retailers via Trading Standards, establishing a two – way relationship and allowing for exchange of information for better regulation.
4. Introduce educational initiatives for young people as to the effects of smoking.
5. Enforce the existing display legislation and examine the possibility of new guidance for retailers and Trading Standards without restricting the display of tobacco further.
6. Commission new and independent research to robustly check the projected results of a display ban on youth smoking
7. Retain the 10 pack as a way for responsible adults to regulate their tobacco intake.



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## **EXECUTIVE SUMMARY**

The National Federation of Retail Newsagents (NFRN) is today responding to the consultation on the 'Future of Tobacco Control' by the Department of Health. The NFRN represents over 33,000 independent retailers, the vast majority of whom stock and sell tobacco products.

NFRN members are responsible retailers who welcome the government's initiative to protect young people and reduce underage smoking. As independent and local retailers, our members care for the wellbeing of their communities and, on numerous occasions, have expressed distress at the phenomenon of 'proxy purchasing' whereby an adult buys tobacco products and then passes them on to young people.

Tobacco is an important product category for small shops. On average, tobacco products account for up to a third of independent retailers' turnover and it's the third most commonly bought item after newspapers and confectionary.

The NFRN's main concern is that a display ban will be just another example of burdening the retailer instead of taking positive and effective steps towards reducing youth smoking. There is no satisfactory evidence that such a ban will have the desired effect on youth smoking. The government should look rather to education, policing and illegal trade to assist in fighting smoking – especially by young people.

## **UNDERAGE SMOKING**

The NFRN fully supports the initiative to tackle underage smoking and our members have been fully cooperative with the age change for purchasing tobacco. However this legislation has had two unintended effects: 1) Attempting to deceive a retailer into selling tobacco to someone underage has glamorised smoking further, and 2) Adults

routinely purchase tobacco for young people – a phenomenon known as proxy purchasing.

The smoking ban in public enclosed spaces is yes another law which had a serious impact on youth smoking. Young people now see smokers being sociable and having fun while smoking outside most pubs, cafes and clubs. This only adds to the appeal of tobacco.

Young people are affected by such encounters and research has shown that peers and family are the biggest factor involved in adolescent smoking.

For all these reasons we see no connection between the display of tobacco and underage smoking.

### ***DISPLAY OF TOBACCO IN A RETAIL ENVIRONMENT***

The existing legislation is robust enough and quite sufficient to deal with attempts to display tobacco in an inappropriate manner. If instances of contravening the spirit of this legislation exist then the government should consider researching and publishing new guidance.

There is not enough robust evidence showing a connection between display and smoking. Instead we have identified research showing that peers and family are the biggest factor involved in adolescent smoking. Moreover their purchasing decision on tobacco is made before entering a store and seeing any display.

We see no connection between in store display and smoking and would urge the government to commission independent and robust research into this issue.

### ***ILLICIT TRADE***

The government appears to have a major drive against smuggling. However this is only as far as our borders are concerned. Major quantities still appear on the high street and there is no body with the resources or drive to tackle this.

Young people seek out illicit traders who do not check their age and are posing a serious threat to their health hence a more effective attempt at tackling this issue would be welcomed.

## **PACKS OF 10**

Packs of 10 are used by adult smokers to regulate their tobacco intake. It would be a mistake to ban their production as it will drive those smokers towards more consumption.

We do not believe that smokers are price sensitive and subsequently choose packs of 10. But if there are such instances, abolishing the 10 pack can only drive those smokers to the illicit trade where the price of a 20 pack is equal to that of a legal 10-pack.

## **PRICING**

Due to the low profit margin of tobacco, retailers have the opportunity to increase the price of tobacco to achieve a bigger gross margin, where packs are not price marked by the manufacturers.

Should a tobacco display ban initially reduces consumption, manufacturers will place an increased amount of flash marked, lower priced stock into the market place in order to re stimulate demands.

Should a tobacco display ban becomes a reality then pricing will become a major factor. This means that significantly more products will be produced with price markings with the effect of driving down retail prices and margins and driving up unit volume sales.

## **NFRN RECOMMENDATIONS**

1. Investigate the possibility of making purchasing tobacco while underage and 'proxy purchasing' – purchasing tobacco for underage persons – an offence.
2. Set clearly defined goals for the Police and Trading Standards departments in relation to the illicit trade of tobacco, making sure that the policy is not compromised due to budgetary or other concerns.
3. Give more support to retailers via Trading Standards, establishing a two – way relationship and allowing for exchange of information for better regulation.
4. Introduce educational initiatives for young people as to the effects of smoking.
5. Enforce the existing display legislation and examine the possibility of new guidance for retailers and Trading Standards without restricting the display of tobacco further.
6. Commission new and independent research to robustly check the projected results of a display ban on youth smoking
7. Retain the 10 pack as a way for responsible adults to regulate their tobacco intake.

## **1. INTRODUCTION**

The National Federation of Retail Newsagents (NFRN) welcomes the opportunity to respond to the consultation on the 'Future of Tobacco Control' by the Department of Health. The NFRN represents over 33.000 independent retailers, the vast majority of which stock and sell tobacco products.

NFRN members are responsible retailers who welcome the government's initiative to protect young people and reduce underage smoking. As independent and local retailers our members care for the wellbeing of their communities. For example, on numerous occasions the NFRN has expressed distress at the phenomenon of 'proxy purchasing' whereby an adult buys tobacco products and then passes them on to young people.

Tobacco is an important product category for small shops. On average, tobacco products account for approximately a third of independent retailers' turnover and it's the third most commonly bought item after newspapers and confectionary.

In our response we address the government's policy and plans as set out in the consultation document. We stress the potential challenges and problems that retailers as well as local authorities and consumers face should some of the suggestions go through.

## **2. UNDERAGE SMOKING**

### ***Tobacco Age Limit***

- 2.1 The NFRN fully supports the initiative to tackle underage smoking. NFRN members were fully cooperative with changing the age for purchasing tobacco from 16 to 18 and applied the new legislation with minimum or in some cases no support from the authorities.
- 2.2 From the experience with the change of purchasing tobacco from 16 to 18, our members know that policies which place the onus firmly and exclusively on the retailer are not likely to have a significant effect to underage smoking.
- 2.3 NFRN members stress that underage persons who attempt to buy tobacco are not in breach of the law. However if the young person succeeds in deceiving a retailer then the retailer is heavily sanctioned. This creates a disparity in the way young people view tobacco and the attempt to deceive a retailer could very well be glamorised.
- 2.4 A phenomenon that grew out of the tobacco age limit was that of 'proxy purchasing' – adults purchasing cigarettes and passing them on to young people. Our members have expressed concern about this practice in the past.
- 2.5 Another phenomenon of which our members inform us is the increase of illicit and counterfeit tobacco. People who illegally trade in these products are posing a threat to public health and loss of taxation to the country. They do not care about the age of a smoker and will sell tobacco products regardless of age restrictions.
- 2.6 The actual effect of the tobacco age limit legislation was not that young people stopped smoking but that they found other ways to gain access to tobacco. This has resulted in 'proxy purchasing' and even more worryingly a turn towards counterfeit tobacco which could pose a serious health risk.

- 2.7 None of the suggestions contained in the consultation document will stop these practices. More and more young people will consider deceiving a retailer even more glamorous or rebellious, 'proxy purchasing' will remain a problem and people will continue turning towards illicit trade.
- 2.8 We understand that there have been concerns about glamorising tobacco if the attempt to buy tobacco and/ or proxy purchasing becomes an offence. However our members feel that smoking and the attempt to buy tobacco is already sufficiently glamorised by existing measures and circumstances, for example:
- 2.8.1 Success in deceiving a retailer who will be heavily sanctioned while the young person has no repercussions can only add to the appeal of attempting to buy tobacco.
  - 2.8.2 Underage persons see people being sociable and having fun while smoking outside most pubs, cafes and clubs. This could only add to the appeal of tobacco.
  - 2.8.3 Adults are prepared to buy cigarettes for young people – the phenomenon known as 'proxy purchasing' – sending out false messages about the need for the rise in the tobacco age limit.
- 2.9 We also understand that there have been fears of criminalizing young people when discussing the possibility of making the attempt to buy tobacco and/ or proxy purchasing an offence. Our members do not under any circumstances advocate extreme measures against young people. A possibility could be talking with their parents or the person in question having to take educational classes. There is currently disparity in the existing legislation – retailers are punished while young people are blameless for seeking to deceive them. This does not send a clear enough message. The government should commission robust research into making purchasing tobacco while underage and 'proxy purchasing' – purchasing tobacco for underage persons – an offence.
- 2.10 We are at a loss to understand how the perceived difficulty in enforcing a new offence for proxy purchasing (*see Consultation Document p. 44 par. 3.94*) has any relevance when considering the attempt to stop young people from smoking. This means that retailers are being heavily sanctioned only because it is easier and out of no regard for

young people smoking. If the policies are to have any effect on underage smoking then all relevant factors will have to be taken into consideration and addressed.

- 2.11 We are also deeply sceptical of the statement in the consultation that there is no evidence to suggest that proxy purchasing is a common practice (see *Consultation Document p. 44 par. 3.94*). The government's own annual survey on Smoking<sup>1</sup> indicates that young people "were most often given cigarettes by friends (57% of smokers), but also by siblings (12%) and parents (7%).

#### **NFRN PROPOSAL**

Investigate the possibility of making purchasing tobacco while underage and 'proxy purchasing' – purchasing tobacco for underage persons – an offence.

#### **Peers and adolescent smoking**

- 2.12 We are convinced that there is no indication or any robust research results that would indicate that young people smoke due to the presence of tobacco displays in shops or the availability of ten packs of cigarettes. Instead we would like to point out that there are other circumstances due to which young people might be smoking.
- 2.13 Since the smoking, ban smokers have been forced to step outside their premises. Often this leads to underage persons being able to see people being sociable and having fun while smoking outside most pubs, cafes and clubs. This can only add to the appeal of tobacco.
- 2.14 Academic research clearly indicated that adolescent smoking is influenced by peers and other personal reasons:
- 2.14.1 "There is a considerable body of empirical research that has identified adolescent peer relationships as a primary factor involved in adolescent cigarette smoking (...) Non – smokers who affiliate with smokers have been found

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<sup>1</sup> Fuller, E. ed. (2007). *Smoking, Drinking and Drug Use Among Young People in England 2006*. NHS Information Centre, Leeds, p. 25

to be at a greater likelihood for transitioning to tobacco use than youth without smoking friends."<sup>2</sup>

- 2.14.2 "Studies of the reasons adolescents give for smoking indicate a variety of motivations ranging from smoking for relaxation and pleasure to smoking to impress others (...) Furthermore, a significant proportion of adolescents report smoking to reduce stress. The image of smokers as self-confident, autonomous and generally more competent may also be an important motivation."<sup>3</sup>

### **Existing initiatives**

- 2.15 Already NFRN members are strong advocates of numerous schemes and initiatives that have done a lot to reduce underage smoking, especially at times when the authorities' initiatives were characterized by simple penalization of retailers with no educational or training support.
- 2.16 The NFRN has a strong educational role when it comes to laws and regulations surrounding tobacco. Via our membership publication, website, field visits and members' meetings NFRN members are constantly updated on tobacco regulatory and legal developments - something that the government has failed to do.
- 2.17 Retailers often see that Trading Standards not have the capacity or budget to support them in their attempt to reduce underage smoking. Trading Standards are unfortunately limited to a policing capacity whereas they could play an important role in supporting retailers and the communities they serve.

#### **NFRN PROPOSAL**

Give more support to retailers via Trading Standards, establishing a two – way relationship and allowing for exchange of information for better regulation.

<sup>2</sup> Kobus, K. (2003), *Peers and adolescent smoking*, *Addiction*, Volume 98, Supplement 1, May 2003 , pp. 37-55(19)

<sup>3</sup> McGee, R. & Stanton, W. (1993) A longitudinal study of reasons for smoking in adolescence, *Addiction*, Volume 88 Issue 2, Pages 265 - 271

- 2.18 The CitizenCard proof of age scheme has issued over 1.7 million proof of age cards and initiated the extremely successful No ID No Sale scheme which supports retailers in tackling underage attempts to purchase tobacco. The vast majority of NFRN members use the scheme's point of sale materials and refusals register to train their staff and control tobacco sales.
- 2.19 A multitude of other Proof of Age Standards Scheme (PASS) cards has assisted retailers in checking a customer's age. The PASS scheme sets certain criteria for secure card design.
- 2.20 In 2008 legislation was passed which strengthened the sanctions available against retailers found to persistently sell tobacco to underage persons. This legislation introduced tough measures.
- 2.21 The tough new measures are still untested and the government appears to not trust its own initiative by seeking to add more to the mix. The NFRN seeks well – rounded policies but the suggestion of a display ban will only serve to place additional burdens to an already struggling independent small shop sector. Instead the government needs to look towards providing more support for the retailer and more educational initiatives for young people.
- 2.22 We would like to stress that the issue here should not be the availability of a perfectly legal product to responsible adults under any circumstances. The issue at hand – which has not been resolved by government in this consultation - is why young people want to smoke. Only via well – rounded measures and robust research can we begin to understand the issue better.

**NFRN PROPOSAL**

Introduce educational initiatives for young people as to the effects of smoking.

### **3. DISPLAY OF TOBACCO IN RETAIL ENVIRONMENTS**

The NFRN feels overall that the proposals covering the ban of tobacco display in retail environments is disproportionate and is based on research that does not yield relevant or convincing evidence as to the effect of such a ban on tobacco consumption.

Existing initiatives and legislation are more than sufficient in terms of tobacco retailing – which we would like to stress is a legal product.

#### ***Existing Initiatives***

The Tobacco Advertising and Promotion Act already prohibits the advertising and promotion of tobacco products in England, Scotland, Wales and Northern Ireland, including sponsorship.

Under the Tobacco Advertising and Promotion Act there are limited exemptions for specialist tobacconists and at the point of sale in retail outlets/vending machines, both covered by extensive regulations (see 3.5).

The Tobacco Advertising and Promotion (Point of Sale) Regulations 2004 has very specific instructions as to the permitted advertising of tobacco on point of sale. It allows a display limited to A5 size and this can only be present in one gantry irrespective of how many may be in the shop. Trading Standards remain responsible for enforcing the Act and they have the right to pursue the matter to a Magistrates Court.

The display of a health warning and the number of the NHS Smoking Helpline are also displayed.

Retailers that stock and sell tobacco also display a notice on the age of sale of tobacco products.

The consultation mentions that many retailers “have been found to have been stacking multi-packs of cigarettes in a way that creates large virtual advertisements that contravene the spirit, if not the letter, of the point of sale restrictions” (p. 30, par. 3.21). Even though we are not aware of such a practice in our members’ shops, nor is it something that the small space of most independent shops would

permit, we would clearly be opposed to any such attempt. However we do not believe that the presence of tobacco encourages people to smoke.

If the government feels that the Tobacco Advertising and Promotion Act, as well as the Tobacco Advertising and Promotion (Point of Sale) Regulations 2004 are being stretched, then may we stress that there can be a tightening of their application with a new set of advice for retailers. The existing Acts are the most suitable means of ensuring that the letter of the law is being followed.

There is no need to impose new legislation as the current Acts are sufficient. The NFRN would be willing to submit the views of its members as to how advice on the legislation could make sure that retailers adhere to its 'spirit'.

### ***Evidentiary problems***

The vast majority of evidence offered throughout the consultation document are either based on different countries or are not enough scientifically robust.

Sections 3.5, 3.27, 3.58 rely exclusively on US evidence.

Section 3.29 uses evidence from Iceland which is an extremely small country. The results of that research are "not definitive"

Section 3.31 uses evidence which is not taken from a major scientific journal

Section 3.39 uses evidence from countries which have low populations.

Sections 3.66 and 3.82 rely on opinion – based research.

In section 3.75 the consultation document refers to plain packaging and that "the research evidence into this initiative is speculative".

We note worryingly that throughout the consultation document the use of qualifying terms such as "could", "might" and "may" is extremely high. This shows a low level of confidence in the proposals and we cannot support any policy initiatives that are not based on robust research and a level of confidence as to the results.

## **Smoking and tobacco display**

Throughout the consultation document we have not seen convincing evidence that banning tobacco display will affect youth smoking. Instead we believe that peer pressure and the glamorization of tobacco are the most prevalent initiators.

94% of people believe that under 18s start smoking because they see friends, family or celebrities smoke or because they perceive it to be "cool," suggesting young people might be influenced to smoke regardless of whether it is displayed<sup>4</sup>.

This research considers interventions such as school education, social marketing and parental support techniques to be likely to have a far greater impact on youth smoking uptake and access than product display bans.

The availability of tobacco products is clearly a necessary factor for initiation, but peers and older siblings are the most commonly cited sources. Where young people report stealing to obtain cigarettes, the most likely sources are family members.

The vast majority of people (one research sites 99%<sup>5</sup>) make a decision to purchase cigarettes in convenience stores before entering the store in question.

The consultation document itself states that "most smokers make up their minds about which brand of tobacco they will buy long before they reach the shop, with less than 3% of tobacco – purchasing customers deciding to change brand at the point of sale"<sup>6</sup> (p. 33, par. 33.38) We fail to see therefore how point of sale display could affect customers.

We remain unconvinced that the display ban will affect teenage smoking. Instead the government should look at more robust research initiatives in order to check this assumption

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<sup>4</sup> Eureka Strategic Research, Youth Tobacco Prevention Research Project, June 05 (commissioned by the Australian Government Department of Health and Ageing):

<sup>5</sup> Meyers Research Centre, North American C-Store Close-Up 2003. An in-store intercept category management research program (among shoppers 21 years and older) Report, December 03

<sup>6</sup> Annan, S. (1995), *Consumer communication at POP*, Trade Marketing Solutions, Richmond.

## **NFRN PROPOSAL**

Commission new and independent research to robustly check the projected results of a display ban on youth smoking

### ***Opposing a display ban***

The consultation document mentions Loss of Sales (p. 33, par. 3.35 – 37). According to these paragraphs some retailers have expressed the fear that a prohibition on displaying tobacco products will damage sales.

The NFRN does not believe that a prohibition on display will damage sales due to less people smoking – in fact it welcomes the expected success of government strategy to reduce smoking. However we do not believe that a display ban will have any effect whatsoever on people quitting or not starting as the display does not induce non – smokers to smoke.

However, it is important to stress that concealing tobacco products under the counter will blur the distinction between legitimate sales and illicit trade. Currently customers are confident that they are buying a legal product. If tobacco is stored under the counter that confidence is shattered and increasingly the boundary between legal and illegal will be rendered meaningless.

Trading Standards will find it even more difficult to check the legitimacy of products if they are out of sight.

The display of tobacco is useful only to existing adult and responsible smokers who want to be informed of the range in stock as quickly as possible.

Small and independent retailers are faced with increasing instances of crime and shop lifting which is not resolved by the already stretched local police forces. Meantime, business crime is not a separately defined crime and no statistics exist in order to spur police forces into more support towards retailers. This also means that if there are to be “reports of increased violence against retailers” they will not be captured by the current system. The result is that independent retailers - who don't have access to expensive security measures - are

required to remain constantly vigilant. Removing any frequently required product from a convenient location puts these retailers at further risk.

**NFRN PROPOSAL:**

Strengthen the existing display legislation by examining new advice for retailers and Trading Standards without restricting the display of tobacco further.

## **4. ILLICIT TRADE**

We are concerned that by not tackling illicit trade effectively the government is electing to see only a portion of the overall tobacco trade picture and makes assumptions about proposed policy decisions while disregarding the easy availability of illicit tobacco.

We mentioned above (par. 2.23) that people who illegally trade in these products are posing a threat to public health and loss of taxation to the country. They do not care about the age of a smoker and will sell tobacco products regardless of age restrictions.

Illicit traders also frequently provide counterfeit tobacco products which might be higher in chemicals and more dangerous to public health.

We notice that the government reports frequently on smuggling but the fact remains that not all smuggled products are being found. This means that significant quantities enter the country where local police and trading standards do not have the means, or authority to tackle the issue. Our members' inform us that tackling illicit trade on a local level does not seem to be a priority. There appears to be some confusion over which agencies should be tackling illicit trade after it has come through the borders and not enough communication between HMRC, the police and trading standards.

We also notice that the consultation document mentions that a possible rise in price will also lead to a rise in illicit trade and there is suggestion for the government's "strategy on tobacco tax needs to take these issues into account" (par. 2.37, p. 23). Since the consultation recognizes a connection between price and illicit trade it should also recognize the connection between availability of product and illicit trade. For example:

- 4.51.1.1 Young people who cannot legally purchase tobacco are increasingly turning towards illicit traders who do not check the age of a customer.
- 4.51.1.2 If smokers choose 10-packs due to price sensitivity then if these are banned they will most probably turn to the illicit trade where the price of a 20-pack is equal to the price of a legal 10-pack.

**NFRN PROPOSAL**

Set clearly defined goals for the Police and Trading Standards departments in relation to the illicit trade of tobacco, making sure that the policy is not compromised due to budgetary or other concerns.

## **5. PACKS OF 10**

We find the assumption that young people prefer 10 packs misleading because the under-18s cannot legally purchase cigarettes either way. The existing law is sufficiently tough when it comes to retailers. However the government should note instances of proxy – purchasing which are not covered by legislation.

The consultation document mentions that “Packs of cigarettes (are) often referred to as ‘kiddie’ packs” (Par. 3.82, p. 42). We find the term ‘kiddie packs’ pejorative and have not heard it used in any shape or form when dealing with such products.

The experience of our members shows that packs of 10 are purchased by adults who choose to manage their tobacco intake that way. This trend has also been supported by groups like Action on Smoking and Health (ASH).

Our members’ experience shows that when a customer cannot find their preferred brand in a 10 – pack they elect to purchase the 20 – pack which could upset their tobacco intake management.

The pricing position that the consultation uses assumes that 10-packs should be banned due to their low price. If there are customers who elect to buy 10- packs for their price then by banning 10 – packs they will only be led to illicit trade where the price of a 20-pack is equal to the price of a legitimate 10 – pack.

### **NFRN PROPOSAL**

Retain the 10 pack as a way for responsible adults to regulate their tobacco intake.

## **6. Implications of the Removal of Tobacco Gantry Displays in Retail on Pricing**

The predominant sources of supply of tobacco products for independent retailers are Cash and Carry Wholesalers such as Bookers and Costco. These wholesalers will offer tobacco products at a price per outer. The individual packets within the outer will either be devoid of a recommended retail price - allowing the retailer to set a retail price - or will occasionally be price marked/flushed when in effect the manufacturer is setting the retail price to consumers

Generally, the manufacturers RRP/price marked products will allow the retailer around a 5% gross margin on sales. This margin is amongst the lowest of all products sold through independent convenience stores.

Depending on local purchasing and competitive activity, retailers tend to increase the price of tobacco products over and above the RRP in order to achieve a gross margin of around 6.5% to 7%. Many look to avoid purchasing price marked stock in order to be able to do this. Packs of 10`s will tend to be premium priced to an even greater extent.

This present trend will tend to have a dampening effect on sales as higher than RRP prices are being determined by the store owner by striking an optimum position between wholesale prices, competition and consumer demand.

The government's proposal to remove tobacco gantry displays in shops is designed to lower the demand for tobacco products from consumers. If this desired effect is achieved initially, it is predicted by the NFRN that pricing – one of the most powerful consumer marketing tools available to a supply chain – will become a major factor used by tobacco manufacturers in attempting to restimulate demand.

The NFRN predicts that significantly more product will be produced with price marked/flushed prices with the effect of driving down retail prices and retail margins in the pursuit of driving unit volume sales, with the manufacturer in control of pricing throughout the supply chain. DBERR's Pricing Practices Guide of May 2008 – page 15,

section 1.7 – actually advises retailers that reductions stated on the manufacturers` packaging (e.g. “10p off RRP”) should be passed on to consumers. Without an open display, the consumer will initially ask about which brands are `cut priced` and will use this information in their selection of what to buy as well as how much to buy.

Any attempt by manufacturers to charge lower retail prices to consumers will have a positive effect on increasing volume sales. Government should take this into serious consideration when consulting on the removal of tobacco gantry displays.

## **CONCLUSION**

The NFRN fully supports the initiative to tackle underage smoking and our members have been fully cooperative with the age change for purchasing tobacco.

However we are in opposition to a display ban as we do not believe that a satisfactory connection has been made between display and tobacco consumption. We stress that young people smoke due to their peers and family – not due to the display of tobacco.

We also oppose the proposed abolition of 10-packs as there are used by adults in order to regulate their daily tobacco intake.

The current legislation is quite sufficient but we believe that the government should enforce it with more rigour and conviction, specifically as far as illicit trade on street corners is concerned.

At the present time we are continuing our data gathering and will be making further submissions to the Department of Health. In the meantime please contact Sofia Gkiiousou, Public Affairs Manager ([sofia@nfrn.org.uk](mailto:sofia@nfrn.org.uk) – 02070178864) should you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Naresh Purohit', with a large, stylized flourish at the end.

Naresh Purohit  
NFRN National President