

The
Scottish
Licensed
Trade
Association

The Impact of the Smoking Ban Three Months On

A survey of Scottish licensed premises operators

August 2006

SMOKING BAN – THREE MONTHS ON

Introduction

This provides analysis of the 365 responses to a survey of Scottish licensees, by the Scottish Licensed Trade Association (SLTA), to assess smoking ban impacts after three months of enforcement.

Background

Scotland implemented a smoking ban in public places on 26 March 2006. Several media reports have stated that the ban has been a success in terms of both compliance and the commercial impact on the licensed trade. In contrast, Rank Group reported a decline in revenue in its 14 Scottish bingo clubs of 14% (vs 1% for UK) and JD Wetherspoon a drop of 0.3% (vs +5.1%) in May-July.

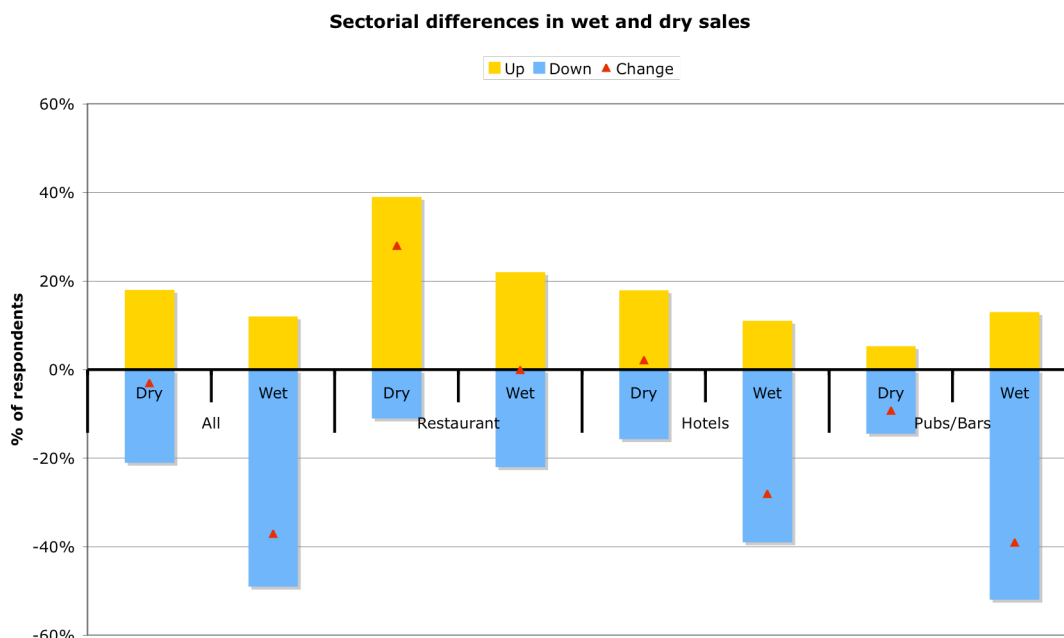
Anecdotal reports suggest that the effects are mixed at best.

The SLTA have been approached by several media representatives, asking what they believe the impact has been. Though the Association continues to state that the true impacts will not be clear until the winter, they surveyed, through direct mail, all of their members during July, asking for feedback on the initial effects of the ban.

365 responses have been received to date.

Summary Data

Have you noticed any changes in your sales since the ban?



* average for all those reporting the £% change – Wet 141 (21 up, 125 down), Dry 51 (23 up, 28 down)

“It is noticeable to all that we have lost trade over the smoking ban. We have already had to reduce our workforce and anticipate that the worst is probably still to come”.

Members Club Licensee, Dumfries and Galloway.

Changes in ‘Wet’ Sales

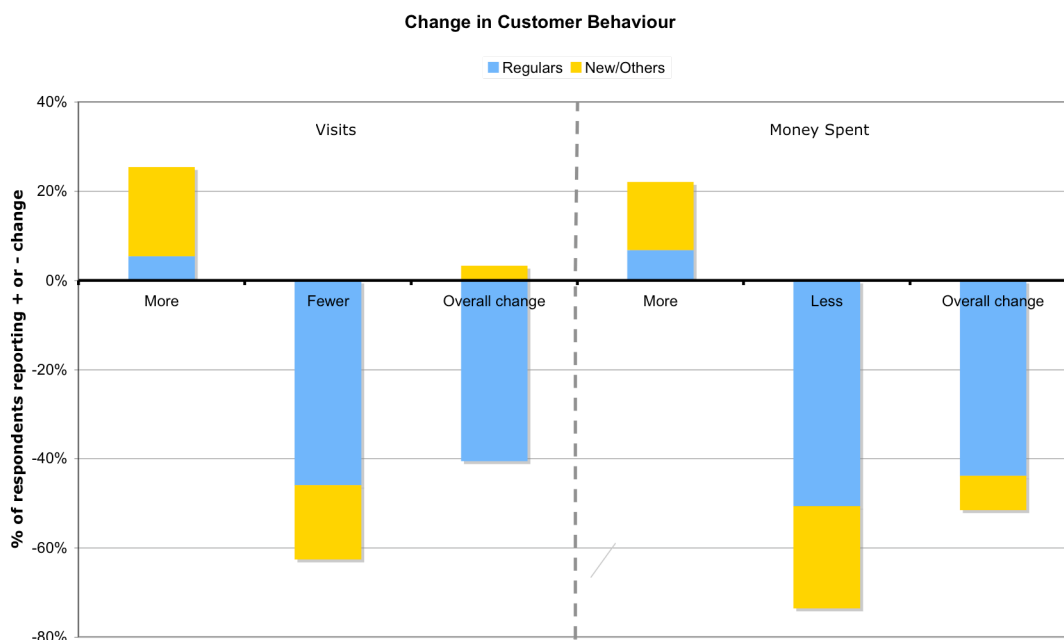
Up	12%
Down	49%
No Change	39%

Changes in ‘Dry’ Sales

Up	18%
Down	21%
No Change	61%

- 61% of operators reported a change in ‘wet’ sales (drink) and 39% a change in ‘dry’ sales (food). In both cases, more reported they were ‘down’ than were ‘up’.
- 144 individuals indicated by what percentage their wet sales had changed – the mean increase reported was 8% compared to a mean decrease of 14%.
- **Of those indicating by what percentage their wet sales had changed, the average was a decrease of 10.8%.**
- 51 individuals indicated by what percentage their dry sales had changed – the mean increase reported was 13% compared to a mean decrease of 17%.
- **Of those indicating by what percentage their dry sales had changed, the average was a decrease of 2.6%**

Have you noticed any change in customer behaviour since the ban was introduced?



“As regards ‘non smokers’ coming for a drink, we have not noticed any increase in capacity. Business is very quiet, especially during week nights since the ban and we’ve had no extra food customers”.

Hotel Freeholder, Perth & Kinross.

- Regular customers behaviour has changed in a markedly negative way in comparison to other and new customers during a relatively good trading period for licensed premises.
- An increase in visits by regular customers was reported by only 5% of operators compared to 46% reporting fewer visits by their regulars.
- 7% of operators thought that regulars were spending more, and 15% that other and new customers were spending more. However, 51% and 23% respectively, reported a reduction in money spent.
- If weighing the loss of regular customers against gain from new customers, the balance is negative both in terms of money spent and visits made.
- While a small minority are benefiting from new customers and increased trade, far more are suffering losses.

We still have most of our regulars, but they do not stay as long or drink as much. They prefer to go home with their supermarket carry-out and cigs”.

Pub Freeholder, Midlothian

“Visitor trade has not changed, but local trade has gone. The ban was introduced at spring holiday period and takings were up as normal in summer but I expect to close the bar through the winter period for the first time ever”.

Hotel Freeholder, Highlands

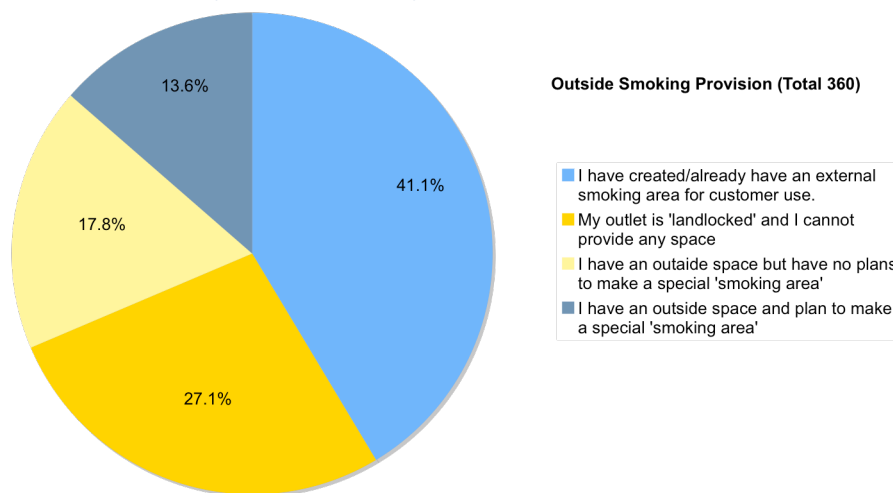
The lounge is so quiet it's like a library not a bar”

Hotel Licensee, Argyll & Bute.

Certain sectors of the licensed trade are faring better than others.

- More restaurants are experiencing an upturn in food sales than a decrease (+39% vs -11% = 28% up overall) and the same number report an upturn in wet sales as are experiencing a downturn.
- Hotels are marginally up on food sales (+18% vs -16% = 2% up overall) but far more report a downturn in wet sales than are up (+11% vs -39% = 28% down overall).
- Pubs are by far the worst affected sector. Significantly down on both dry and wet sales (Dry, +5% vs -14% = 9% down overall. Wet, +13% vs -52% = overall 39% are down).

What facilities do you have for your customers who smoke?



Conclusion

Reports of the impacts of the ban on the licensed trade have been largely misrepresentative, using over-optimistic estimations of what consumers 'say' they will do rather than their actual behaviour.

Though good for a small minority of businesses, the impact of the ban on trade has been negative overall, easily outweighing the coincidental positive influences on trade such as the football World Cup and generally good weather.

Traditional community pubs are much more negatively affected than food-based outlets, with the loss in 'regular' trade only partially offset by low spending 'trialists'.

Even businesses doing well at this time, or those who already have outdoor spaces, are concerned about customer reaction during the cold months. The majority comment that they are almost certain to lose further trade.

Many premises have not yet created an outdoor space despite their intentions and the winter is certain to accelerate any downturn in trade for outlets without facilities them.

The Scottish Executives decision to take a measured approach to the use of penalty notices was correct. A third of operators have had to stop customers smoking, but these incidences have been almost universally through forgetfulness rather than intent.

Thanks to enforcement by operators little official action has been required by local authorities, and incidences of non-compliance should continue to reduce as consumers become familiar with the law and change their habits accordingly.