Comments on survey of Australian retailers views about plain packaging

Late in 2013 the Australian Association of Convenience Stores (AACS) released a report funded by Philip Morris Ltd (PML) documenting results of a survey conducted in August 2013 reporting on retailers' perceptions about the impact of standardized packaging of tobacco products in Australia.[1] The study conducted for Philip Morris and released by the AACS was a survey of *opinions.* For instance, reports of errors in provision of stock, increased time spent communicating with customers and reduced level of service to non-tobacco customers are all based on *reported perceptions* rather than timed actual measures. A study that measured these things objectively before and after the introduction of the legislation would have been entirely feasible but was not done.

Weaknesses of the Philip Morris Ltd study

Apart from its inherent subjectiveness, the Philip Morris study suffered from several problems which need to be taken into account when considering its findings.

Sample representativeness

The sample from which respondents were drawn was not businesses listed in the *Yellow Pages* (or some other neutral and comprehensive source) but from three lists provided by

- The Australian Association of Convenience Stores;
- Convenience and Mixed Business Association (CMBA) and
- Philip Morris Limited (from a nationwide PML Retailer Panel) (p 13)

The business owners/store managers included on these lists may well have received newsletters and other communications from the AACS, CMBA and PML containing material about plain packaging strongly negative in tone.

The response rate was 56.7%. The survey took an average 16.2 minutes to complete, and while respondents received a $40 gift card, it seems likely that the busiest, most successful shops would have been less likely to respond. Almost 80% of the stores that participated reported that tobacco was 'very important' to their bottom line. It seems likely that such stores and more generally those who were most concerned about the legislation would have been more likely to participate in the survey than those retailers who did not feel strongly about it and had 'moved on'.

Leading nature of the questions

Many of the questions asked in the survey were highly leading in nature. Q15 for instance asks 'has there been any impact on the level of service you are able to provide to non-tobacco customers in the store due to the introduction of plain packaging? If Yes, has it been POSITIVE impact or a NEGATIVE impact? An unbiased study by contrast would have asked retailers in surveys (at points in time before and after introduction of plain packaging) about the level of service they were able to provide to various sorts of customers without referring to the legislation.

Timing of survey

The interviews were conducted between 20 August and 28 August 2013, just three weeks after the Government announced that it would increase excise/customs duty on tobacco by 12.5% the following December and then again on three further occasions over the following three years. This was just 10 to 20 days before the 7 September Australian national election, so the environment was a highly political one—a period when the tobacco companies and other interest groups were attempting to influence the policy platforms of the major and minor parties. The date of the survey also coincided with the start-date of a second set of health warnings on the packs with never-seen-before images including: a tracheotomy survivor breathing through a hole in his throat; a toilet with blood, with a message informing consumers of the link between smoking and cancer of the kidney/bladder; and a young woman with facial paralysis from a stroke. Some retailers may have felt confronted by this stark new information about the real-world effects of the products they sell.

Self-perpetuating negativity

Retailers' opinions and perceptions about the effects of plain packaging are likely to have been affected quite substantially by the tobacco industry's efforts to attract publicity for its criticisms of the legislation. The section of the report and survey concerning illicit trade is particularly troublesome in this regard. The survey could easily have asked whether retailers had ever been approached by operators wishing to sell them illicit tobacco or whether they had ever observed any of their competitors selling illicit tobacco. It did not. Rather it asked whether they had 'seen, read or heard about' chop-chop (unbranded tobacco), counterfeit cigarettes or contraband cigarettes. Unsurprisingly given reports in retailer press [2-6] of reports of industry-funded studies on this topic,[7-10] the majority of retailers responded affirmatively. It could be argued that these results reflect the success of the tobacco industry's public relations strategy but in no way are an indication of the prevalence of illicit tobacco.

The information reported on illicit tobacco is problematic for another important reason. Over one-third of retailers reported that customers had enquired about purchasing illicit tobacco. It should be noted first of all that at least three groups—tobacco industry investigators, research company field workers and Government inspectors— would have been in the field in 2013 researching or testing retailer willingness to sell illicit tobacco, and it could have been these activities that many of the retailers were reporting on. In addition to these pseudo-customers, some genuine consumers might have been prompted to inquire about illicit tobacco after hearing exaggerated claims in the media of the extent of its use and availability.

Findings of studies based on objective data

The Philip Morris/AACS report on retailers' perceptions about the effects of plain packaging is one of seven studies that have been conducted to date attempting to assess the likely or actual impact of the introduction of plain packaging in the retail sector (Table 1). Three of these studies were conducted only prior to the introduction of the legislation. One that was based on the predictions of just a handful of retailers [11]concluded there would be negative effects. Of the two which attempted to simulate the conditions of plain packaging, one found a positive effect[12] and one found a negative effect.[13] 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[14] immediately after implementation of the policy when teething problems were likely to be at their peak and this PML/AACS one before the Australian national election when feelings were heightened[1]. Three studies took objective measures before and after the introduction of plain packaging. [15] [16] [17] All three studies which *objectively* measure retrieval time of packs before and after the introduction of plain packaging find that effects on serving time were minor and short-lived—see Figure 1 below.[15] [16] [17]

Table 1. Summary of studies to date on impact of introduction of standardized packaging of tobacco products on retailers

	Subjective opinions	**Objective, timed measures**
Predicted effects	Deloitte survey of retailer & consumer expectations[11]	
Simulated effects		Carter *et al* Tob Control (2011) in simulated shop[12]
		Rural Shops Alliance UK in 4 shops [13, 18]
Actual effects	Philip Morris (Dec 2012) survey of retailers' perceptions of impact[14]	Carter *et al* BMJ Compared serving times in 100 Perth outlets Oct '12 to Jan '13[15]
	Philip Morris (August 2013) survey of retailers' perception of impact[1]	CBRC in-store study of actual serving times: June & Sept 2012 vs Dec 2012, Feb, and April 2013[16] and July 2013[17]

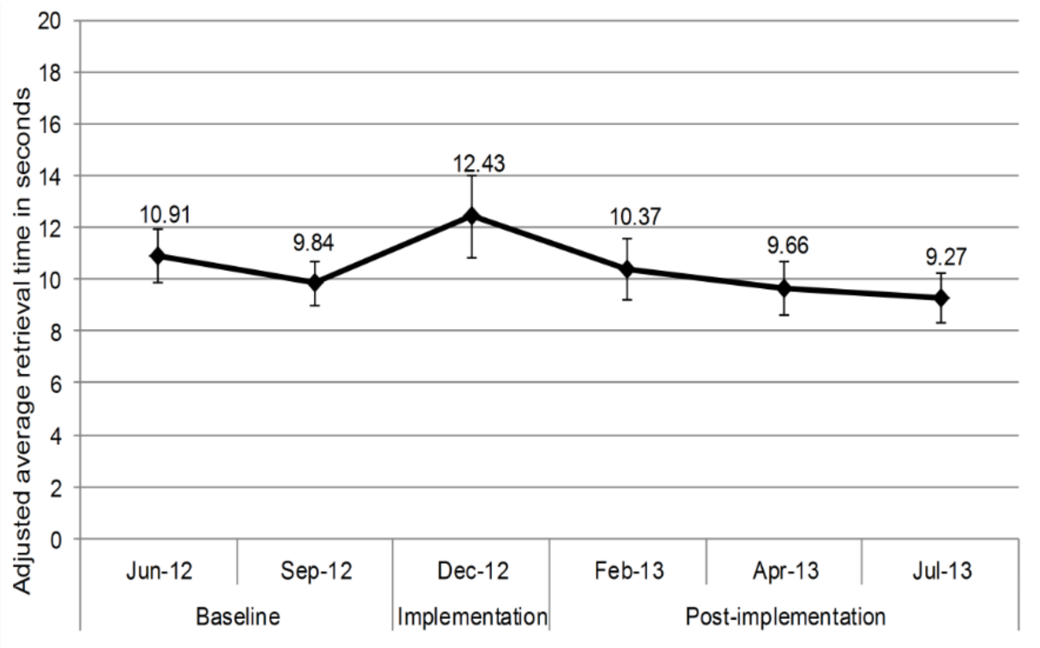

Figure 1. Adjusted average pack retrieval duration with 95% confidence intervals, by month, controlling for area SES and store type.

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[17]

Smoking rates and dutied tobacco have continued to fall in Australia,[19] however there has been no shift in percentages of products purchased from small business as opposed to larger outlets.[20]

Apparent failure of some retailers to accept and adapt to new conditions

It is very simple, quick and easy to locate particular brands of plain packs if they are stored in alphabetical order. The brand name, and then the variant name are both readily readable even at just over a meter's distance, so if the packs are stored in alphabetical order they can readily be counted, stacked and picked. More than 40% of convenience stores interviewed reported having shifted to an alphabetical method of storage,[1] and very few of these outlets reported problems with stock returns resulting from provision of incorrect packs. Roughly 40% of tobacconists however persist in storing packs in the places/order used before plain packaging was introduced. Manually ordering and receipting stock would be particularly mentally taxing if stock was not stored in alphabetical order, but would be a relatively simple task where they were. It is hardly surprising that serving staff would occasionally provide the incorrect pack when packs are stored in a way that provides no cues to retrieval, and relies on memory of placement from a year ago. It is notable in the two simulation studies, the one that organised stock alphabetically found an improvement in pack retrieval time, and the one that left packs in the previous order they were in found an increase in retrieval time. The highest levels of attempted returns of stock in the AACS survey were reported by tobacconists, only ten percent of whom store packs alphabetically. Note however that the majority of retailers reported no change in the frequency of returning packs.

Conclusion

Objective studies [15-17] 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.

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