Alcohol Healthwatch
Whakatūpato Waipiro

Cheap drinks

An exploratory audit of alcohol prices at off-licences across Tāmaki Makaurau / Auckland

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Executive Summary

The real price of alcohol and its affordability (price relative to income) are key drivers of alcohol use in Aotearoa New Zealand. Those who disproportionately purchase cheap alcohol, namely heavy and frequent drinkers, are also the drinkers that experience high levels of alcohol harm. The negative impacts of cheap alcohol extend to others beyond the drinker, including children and women.

In Aotearoa New Zealand, alcohol affordability has increased substantially over time and has remained unchecked. Undoubtedly, this has contributed to the longstanding and unjust inequities in alcohol use and harm, that are particularly experienced by Māori.

This study aimed to examine the current retail prices of alcohol products in off-licence supermarkets and bottle stores in the Tāmaki Makaurau / Auckland region. There were three research questions:

- How much do the cheapest alcohol products cost (per standard drink)?
- How much do Aotearoa New Zealand's most popular alcohol products cost (per standard drink)?
- How much does alcohol cost (per standard drink) in multi-buy promotions?

Price data was collected between 25 March and 5 May 2021, from online retail sources. In total, 12 bottle stores and 10 licensed supermarkets located in the most deprived areas of Tāmaki Makaurau / Auckland were included.

Overall, the study found:

- **Cask wine was the cheapest alcohol product (at 77c per standard drink)**, followed by bottled red wine (85c per standard drink), bottled white wine (88c) and beer (98c).
- For cask wine, women would only need to pay $3.85, and men $4.62, to exceed the low-risk drinking advice for a single drinking occasion.
- The cheapest cask wine, bottled red wine, bottled white wine, beer and light spirits (<14%) were all available at less than $1.00 per standard drink. The cheapest spirits and Ready To Drinks (RTDs) were available for $1.20 or less per standard drink.
- **Supermarkets sold the majority of the cheapest beers, wines and ciders**. These products were often sold using price-based promotions, with many sold at the low price on an everyday basis. Across bottle stores and supermarkets, the cheapest red and white wines had a higher proportion of products on price promotion.
- Any one of Aotearoa New Zealand's five most popular alcohol products, across nine beverage types, could be purchased for less than $1.30 per standard drink.
- **Multi-buy promotions offered the lowest prices per standard drink**; bottled wine could be purchased for 81c per standard drink and beer at 85c per standard drink.

Evidence-based policies must be implemented that address the low price of alcohol. These policies can be considered pro-equity given the unequal harms from cheap alcohol. Action is urgently required for the Crown to honour its obligations to Te Tiriti o Waitangi and actively protect Māori health. Effective policies include:

- Increasing the price of alcohol via substantive (beyond inflation adjustment) increases to alcohol excise tax;
- Implementing Minimum Unit Pricing; and
- Implementing s397(1d) of the Sale and Supply of Alcohol Act 2012 to mandate the industry to submit sales data.

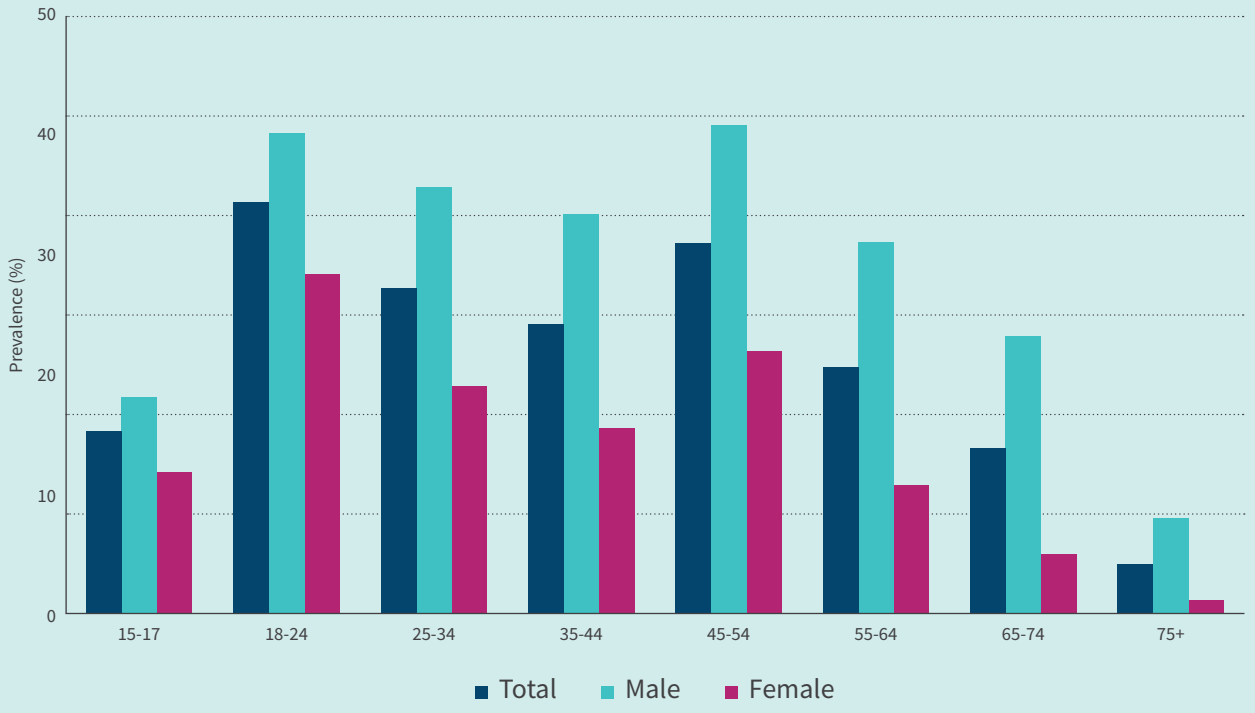
Introduction

Context of drinking

In the New Zealand Health Survey 2019/20 most (81.5%) adults aged 15 years and over reported drinking alcohol in the past year.[1] Of significant concern, 20.9% reported hazardous drinking, equating to **838,000 New Zealanders**. More than one in five (22.4%) reported drinking six or more standard drinks in one drinking occasion at least once per month (ie. heavy episodic drinking), equating to 896,000 New Zealanders. These patterns of drinking place a very large number of drinkers, and others, at an increased risk of harm.

Young adults aged 18 to 24 years have a very high prevalence of heavy episodic drinking (total 33%; males 38.7%, females 27.3%). As shown in Figure 1 below, the prevalence of heavy episodic drinking remains high throughout all adult age groups (particularly among males).

Figure 1. Prevalence of heavy episodic drinking in the last month, among adults aged 15+ years.



Following declines in hazardous drinking between 2006/07 and 2011/12 across most age, sex and ethnic groups, steady increases in the prevalence of hazardous drinking occurred up until 2015/16. The slope of these increases was greatest among wāhine Māori and middle-aged and older adults. By 2015/16, the reductions in drinking had been lost among adults, and many older age groups were now drinking more hazardously than the same age group were in 2006/07. In contrast, adolescents maintained their lower levels of hazardous drinking.

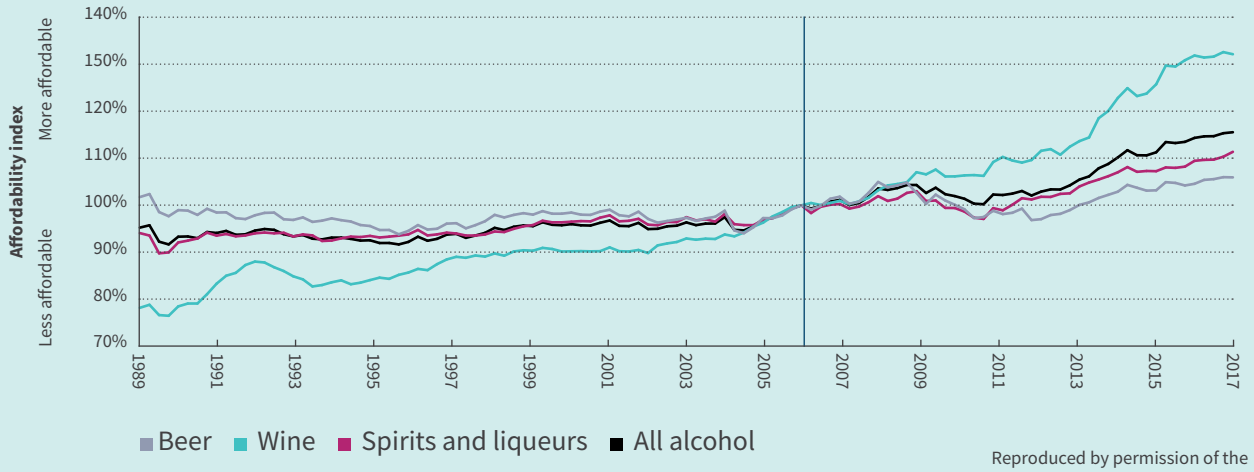
Significant inequities in alcohol use continue to exist and are especially experienced by Māori. In 2019/20, Māori were 1.8 times more likely to report hazardous drinking than non-Māori. These inequities were greater among wāhine Māori (2.2 times) than Māori men (1.6 times).[1]

The role of price in alcohol use

Alcohol use and harm is linked to both the price and affordability of alcohol.[2,3] National research has shown that when incomes increase and the real price of alcohol decreases, consumption levels tend to go up.[4]

Alcohol affordability has increased substantially over time (Figure 2).[5] In 2017, alcohol was more affordable than ever before. This was particularly driven by wine, which increased in affordability by more than 20% between 2012 and 2017, followed by beer and spirits (being 10% more affordable in the same time period).

Figure 2. Changes in affordability of alcohol products in Aotearoa New Zealand (1988-2016).[5]



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Given the rapid increases in the affordability of wine, it is unsurprising that in a study of dependent drinkers in Tāmaki Makaurau / Auckland in 2013-14 that almost one-half (47%) exclusively drank wine.[6] New Zealand research also finds that Pasifika drinkers are more likely to buy cheap alcohol, followed by Māori drinkers.[7] By drinking pattern, heavy drinkers and more frequent drinkers, including young heavy drinkers, have been found to purchase a greater proportion of cheap alcohol.[8]

Currently, **wine is under-taxed** relative to its alcohol content by volume (ABV). It is taxed as if it contains 10% alcohol – in reality, it is likely to be in the range of 12.5% to 14.5% alcohol content. Australian estimates are that an average white wine contains 12.2% alcohol, whilst a red wine contains 13.4%.[9] Aotearoa New Zealand's tax structure for wine has remained unchanged over decades while the alcohol content of wine has been increasing.[10] The under-taxing of wine amounts to a >20% tax deduction and foregone Government revenue. Its increasing affordability may also have contributed, in part, to the significant increases in women's drinking over the past decade.

Over time, shifts in the beverage preference among drinkers has occurred. Whilst spirits contributed less than one-quarter (23%) to pure alcohol availability in 2004, this increased to 31.6% in 2020.[11] Whilst beer has declined in popularity over time, it still remains the most common alcoholic beverage consumed (by volume).[11] Today, beer, wine and spirits each contribute approximately one-third of pure alcohol consumption among New Zealand drinkers.[11]

The typical location of alcohol purchases has also changed over time, with off-licences steadily becoming the most dominant retail channel. Approximately **75% of all alcohol (by volume) is sold from off-licences**. Bottle stores comprise 43% of all alcohol sales and supermarkets 32%.[12] The Law Commission noted that, in 2008, supermarkets sold just over 30% of all beer and just under 60% of all wine available for consumption in Aotearoa New Zealand.[13]

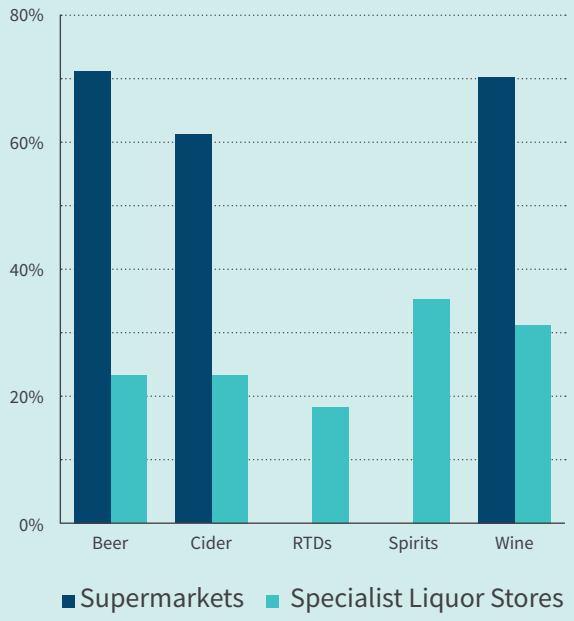
Off-licences also sell the cheapest alcohol per standard drink,[14] driven by lower operating costs and price competition among off-licences in communities. Of significant concern, the Law Commission noted that the budget end of the alcohol market has not moved in price in decades.[13] In 2014, the Ministry of Justice found that 24% of all beverages were sold for less than $1.20 per standard drink, with a greater proportion of spirits (72%) being sold under this price.[14]

Promotions of discounted alcoholic beverages

Discounting is a common strategy used to encourage alcohol sales, particularly within off-licences. In Aotearoa New Zealand, **the majority (55%) of drinkers were found to purchase their alcohol when sold on promotion** (cited in [14]). The Ministry of Justice reported that 78% of beer and wine was sold on promotion.[14]

Nielsen research in 2019 found that supermarkets were more reliant on promotions to drive sales when compared to bottle stores.[15] As shown in Figure 3, in the year ending 31 March 2018, 71% and 70% of dollars spent in supermarkets on beer and wine sales respectively, were for products on promotion (Figure 3).

Figure 3. Percentage of dollar sales for alcohol products on promotion, by supply channel (52 weeks to q1 2018). Reproduced by permission of Nielsen.



Further, Nielsen data has shown that of all items in New Zealand supermarkets, **alcohol products are the most sensitive to price promotion**.[16] Cask wine and beer have the highest price elasticity for promotion of all items in the supermarket, followed by bottled wine. Individual grocery items (eg. coffee, toilet paper, confectionery) are less sensitive than alcohol to promotion in price.

A range of promotions are used to attract customers and purchases. A study[17] of 24 off-licences in Perth and Sydney found that there were 427 unique forms of promotion used across the alcohol outlets. The study found:

- price-based promotions (including but not limited to discounts) represented 61% of all the types of promotion activities;
- supermarkets had a higher number of price promotions compared to liquor chain stores;
- the most common form of price promotion was offering multiple items for a discounted price; and
- wine had the highest number of price promotions, followed by spirits, beer and RTDs.

In the United States, it was found[18] that larger volumes of alcohol products (eg. 12-pack) were more likely to be on promotion than smaller units (eg. 6-pack). This finding has significant implications for reducing the harm from drinking large quantities of alcohol.

It has also been found[19] that drinkers who **participated in point-of-sale promotions reported purchasing a greater quantity of alcohol** than those that did not participate. This was particularly evident for beer purchases (average of 26.8 standard drinks vs 16.4), followed by RTDs (11.5 standard drinks vs 8.9) and wine (16.1 standard drinks vs 13.8). Young drinkers were found to use descriptors such as 'Price' and 'Cheap' as the main reason they purchased wine.

Alcohol pricing policies in Aotearoa New Zealand

All alcohol products sold in the domestic alcohol market are subject to alcohol excise tax, paid by the manufacturers and importers of alcohol. There is also a small levy on every alcohol product sold (eg. about 0.5c on a can of beer and 2.6c on a bottle of wine), called the Health Promotion Agency Levy. This small levy on each product sold in Aotearoa New Zealand collects around $11 million per year to fund activities to reduce alcohol-related harm.

Spirits are taxed at the highest rate in the alcohol excise structure, at about 56% (~$21) of the retail price of a cheap bottle of spirits. Tax comprises approximately 23% of the price of a single can of beer (~41c), 28% of the price of a single RTD (~62c), and 16% of the price of a bottle of wine (~$2.33).

Whilst spirits and beer are taxed by alcohol content, wine, RTDs (above 6%) and cider (above 6%) are taxed per litre of beverage. This incentivises the production of higher strength products as they pay less tax (per litre of alcohol) compared to lower strength products in the 6 to 9% ABV range. New Zealand's tax structure has remained largely unchanged since 1989 (although the threshold for the highest tax rate was reduced from 23% to 14% in 2003).[20]

In 2020, $1.193 billion in alcohol excise revenue was collected.[21] This was an increase from $1.074 billion in 2019[21] and was especially driven by an increase in spirits availability following COVID-19 lockdown (which may have been driven by the closure of duty-free supply channels).

In 2010, the Law Commission recommended increasing alcohol excise tax rates by 50%.[13] This would increase alcohol prices by around 10%. However, this recommendation was not adopted by the Government during the debate on the Alcohol Reform Bill.

Two years after the adoption of the Sale and Supply of Alcohol Act, the Ministry of Justice investigated the effectiveness of alcohol pricing policies.[14] It examined the impact of three levels of alcohol excise increase (82%, 107%, 133%) and three levels of minimum unit pricing ($1.00, $1.10, $1.20). Minimum Unit Pricing (MUP) is a policy that targets only the cheapest alcohol sold, by setting the minimum/lowest/floor price at which a standard drink of alcohol can be sold. The study found significant net cost savings to society from all policies, but savings were much greater among the excise tax increases that were modelled ($340 million net savings in year one for an 82% tax increase).

Upon release of the report, a decision was made to wait five years, until 2019, when pricing policies would be looked at again. It was envisaged that this was sufficient time to examine the progress of the new Sale and Supply of Alcohol Act 2012. Meanwhile, overseas jurisdictions, such as Scotland, Wales and Northern Territory of Australia, **have begun to reap the benefits from implementing MUP**.[22–24]

In relation to promotions and discounts, Section 237 of the Sale and Supply of Alcohol Act 2012 stipulates that any person commits an offence if they *advertise* discounts of 25% or more, where the advertisement can be seen or heard from outside of a licensed premise. Discounts of 25% of more are permitted inside a licensed premise or in an off-licence price catalogue. However, it is important to note that it is only the *advertising*, not the discount, that is prohibited. In other words, heavy discounting activities (eg. 60% discounts) continue in Aotearoa New Zealand, especially during the Christmas and New Year holiday period. There are no restrictions in relation to multi-buy promotions, in contrast to Finland, Scotland and Ireland where multi-buys are prohibited.

Methods

Objectives

The current study sought to examine; 1) the cheapest alcohol products in Aotearoa New Zealand; 2) the lowest price to purchase the country's most popular alcohol products; and 3) the price of alcohol found in multi-buy promotions. Costs/price were determined at the level of a standard drink of alcohol, equating to 10g of pure alcohol. A secondary objective was to examine the price differential between supermarkets and bottle stores, for the same alcohol product.

Off-licence selection criteria

All off-licence supermarket and bottle stores located in the Tāmaki Makaurau / Auckland region were first identified. Tāmaki Makaurau / Auckland was defined using the Territorial Authority boundary.

Supermarkets were restricted to Pak'nSave, Foodstuffs and Countdown (Woolworths), given their large size and purchasing power. Locations of these supermarkets were retrieved from the respective websites. Data on bottle stores were retrieved from the licences register (November 2020) held by the Alcohol Regulatory and Licensing Authority (ARLA).

The selection of off-licence supermarkets and bottle stores was further refined to include only those located in (or immediately neighbouring) the most deprived areas of the Tāmaki Makaurau / Auckland region. This was defined as an overall rank of Q4-Q5 using the 2018 New Zealand Index of Multiple Deprivation (IMD18). Only off-licences with online price data available were selected. In total, 12 bottle stores and 10 supermarkets across Tāmaki Makaurau / Auckland were selected for data collection.

Data collection

Online data collection was conducted between 25 March and 5 May 2021. Data across seven beverage types were collected; beer, cask wine, bottled wine (red and white), cider, light spirits, RTDs, and full spirits (>23% ABV). Only data on gin, vodka, dark rum and bourbon prices were obtained, given their popularity among New Zealanders. In Aotearoa New Zealand, supermarkets are only permitted to sell beer, wine (unfortified cask, bottled, etc.) and cider.

A) THE CHEAPEST ALCOHOL PRODUCTS

The five cheapest cask wines, bottled red and white wines, beer, cider, light spirits, gin, vodka, dark rum and bourbon were identified across the 22 selected stores. The data were crossed-checked with the prices listed on Drinkspy – a national, online platform detailing current alcohol promotions. Monthly deals or promotions advertised through the retailer's respective social media platform (eg. Facebook) were also searched.

B) POPULAR ALCOHOL PRODUCTS

Euromonitor 2020 was accessed to identify the five most popular brands (by brand share) per beverage (ie. cask wine, wine (red or white), beer, cider, RTDs and full-strength spirits). Two stock-keeping units (SKUs) of each of the six beverage categories among the five most popular brands were chosen (eg. 18-pack and 10-pack of a popular RTD brand). Note that for cask wine, only information on the most popular brand was obtained (ie. information on the top five brands was not available in Euromonitor). No information on the brand share of light spirits was available and so this was excluded from the analysis.

The 12 bottle stores and 10 supermarkets (except for spirits) were searched to identify the three lowest prices (per standard drink) per SKU available in supermarkets and bottle stores.

C) MULTI-BUY ALCOHOL PRODUCTS

The prices (per standard drink) of alcohol products offered in two or more units were also collected from the selected supermarkets and bottle stores. These were compared to the single unit price.

An analysis of the price differential for cheap and popular alcohol products between supermarkets and bottles stores was conducted. As spirits are not available for sale in supermarkets, the analysis was limited to cask wine, bottled white wine, bottled red wine, beer and cider.

Results

The study collected 743 online data points from the 22 selected off-licences; 498 for the cheapest alcohol products and 245 for the most popular alcohol products. Table 1 shows a detailed breakdown by off-licence and beverage type. As shown below, there were more cheap bottled red wines and bottled white wines identified in supermarkets than bottled stores. By type of spirits in the cheapest product analysis, there were 47 counts for vodka, 61 for bourbon, 40 for gin, and 42 for dark rum.

Table 1. Total counts of alcohol products by type of beverage and type of off-licence.

	Cask wine	Bottled red wine	Bottled white wine	Beer	Cider	Light spirits	Spirits	RTDs	Total counts
Cheapest alcohol products									
Supermarket	22	26	15	36	22				**121**
Bottle stores	20	2	1	44	31	16	190	73	**377**
Popular alcohol products									
Supermarket	6	15	15	31	25				**92**
Bottle stores	6	15	15	31	35		21	30	**153**

The cheapest alcohol products available for sale

The infographic below shows the cheapest (per standard drink) alcohol products for sale in the Tāmaki Makaurau / Auckland region, by beverage type. Five of the eleven beverage types could be purchased for below $1 per standard drink.

Cask wine	Bottled red wine	Bottled white wine	Beer	Cider
77c	**85c**	**88c**	**98c**	**$1.08**
2L (14%), $17	750ml (13.5%), $6.79	750ml (13%), $6.79	18-pack (5%), $22.99	1.25L (8%), $8.49
Price range of five cheapest	Price range of five cheapest	Price range of five cheapest	Price range of five cheapest	Price range of five cheapest
77c - 91c	85c - $1.04	88c - $1.14	98c - $1.17	$1.08 - $1.41

RTDs	Light spirits	Gin	Vodka	Dark rum	Bourbon
$1.14	**91c**	**$1.08**	**$1.11**	**$1.18**	**$1.20**
12-pack (7%), $24.99	1L (13.9%), $9.99	1L (37.5%), $34.00	1L (40%), $34.99	750mL (42.8%), $30.00	1L (37%), $34.99
Price range of five cheapest	Price range of five cheapest	Price range of five cheapest	Price range of five cheapest	Price range of five cheapest	Price range of five cheapest
$1.14 - $1.45	91c - $1.18	$1.08 - $1.36	$1.11 - $1.36	$1.18 - $1.44	$1.20 - $1.69

With the exception of the cheapest beer and the third cheapest cider, all of the five cheapest beers, wines (cask and bottle) and ciders were found in supermarkets.

The cost to exceed New Zealand's low-risk alcohol drinking advice

The Health Promotion Agency's low-risk drinking advice[25] recommends the following:

- Reduce your long-term health risks by drinking no more than:
  - two standard drinks a day for women and no more than 10 standard drinks a week;
  - three standard drinks a day for men and no more than 15 standard drinks a week;
    - and have at least two alcohol-free days every week.
- Reduce your risk of injury on a single occasion of drinking by drinking no more than:
  - four standard drinks for women on any single occasion; and
  - five standard drinks for men on any single occasion.

Based on the cheapest prices of alcohol found in this study, a man and a woman could exceed the daily low-risk drinking advice for around the price of a coffee (Table 2).

Table 2. Cost to purchase enough alcohol to exceed the low-risk drinking advice.

	To exceed the weekly advice		To exceed the daily advice	
	Women	Men	Women	Men
Cask wine @77c/std drink	$8.47	$12.32	$3.85	$4.62
Beer @ 98c/std drink	$10.78	$15.68	$4.90	$5.88
Red wine @ 85c/std drink	$9.35	$13.60	$4.25	$5.10
White wine @ 88c/std drink	$9.68	$14.08	$4.40	$5.28
Light spirits @ 91c/std drink	$10.01	$14.56	$4.55	$5.46
Vodka @ $1.11/std drink	$12.21	$17.76	$5.55	$6.66
RTDs @ $1.14/std drink	$12.54	$18.24	$5.70	$6.84

Price differential between supermarkets and bottle stores

Of the 25 cheapest products identified across beer, cask wine, bottled red wine, bottled white wine and cider, 14 of the same products were sold in the selected supermarkets and bottle stores.

In general, the cheapest (per standard drink) bottled red and white wines were not available for sale in bottle stores as they were 'Cleanskin' products only available in supermarkets. A Cleanskin wine is a wine whose label does not indicate the winery or the winemaker's name. They are typically sold at a low price and usually only show the grape variety, region and the year of bottling. They may be wines produced for the purpose of being sold as Cleanskins or branded wines that were originally sold at a higher price and re-labelled as Cleanskins. It is suggested that in Australia they were introduced in the early 2000s as a way for the wine industry to cope with a massive oversupply of wine.[26]

When comparing the same cheap alcohol product sold in both off-licence types, supermarkets provided the cheapest price for 13 of the 14 products. The difference in price is shown below (in some instances two products had the same retail price difference):

- There was a 4% and 25% retail price difference for two of the five cheapest cask wines;
- There was a 25% and 41% retail price difference for two of the five cheapest bottled red wines;
- There was a 0% retail price difference for one of the five cheapest bottle white wines;
- There was a 4% (n=2), 12% and 16% retail price difference for four of the five cheapest beers (one bottle store had one cheap beer for sale that was 14% cheaper than the same product in the supermarket); and
- There was a 11% (n=2), 15% and 26% retail price difference for four of the five cheapest ciders.

Although one supermarket chain was found to dominate as a supplier of very cheap alcohol (Pak'nSave), the prices found among other supermarket chains was only around 2c per standard drink more.

The lowest price for New Zealand's most popular products

The lowest price of the most popular alcohol brands, per beverage type, is shown below in the infographic. As shown below, it is possible to purchase any top-five (by brand share) cask wine, bottled wine (red and white), beer, cider, RTD, gin, vodka and bourbon for less than $1.30 per standard drink.

For the products where the top five brands could be identified, the lowest prices of the other four popular brands were as follows:

- Bottled red wine: $1.40, $1.60, $1.92, $2.05 per standard drink;
- Bottled white wine: $1.40, $1.66, $1.66, $2.00 per standard drink;
- Beer: $1.27, $1.28, $1.32, $1.42 per standard drink;
- Cider: $1.55, $1.56, $1.66, $3.16 per standard drink; and
- RTDs: $1.21, $1.51, $1.60, $2.06 per standard drink.

Supermarkets in Tāmaki Makaurau / Auckland were found to offer the lowest price for Aotearoa New Zealand's most popular beers and wines. One of the four lowest price and popular ciders was found at a bottle store with the remaining four found at a supermarket.

Three of the five lowest-price popular beers were found in 24-packs, with the other two sold as a 12-pack. This is concerning given the large quantity of alcohol sold at the low price.

The price differential between off-licence types per beverage type is found below, with supermarkets consistently cheaper than bottle stores for Aotearoa New Zealand's most popular alcohol products:

- There was an 8% retail price difference for the two most popular cask wines;
- There was a 9-30% retail price difference for the five most popular red wines;
- There was a 2-17% retail price difference for the five most popular white wines;
- There was a 14-20% retail price difference for the five most popular ciders; and
- There was a 4-26% retail price difference for the five most popular beers.

Types of price-based promotions for alcohol products

1) PRICE PROMOTION FOR TĀMAKI MAKAURAU / AUCKLAND'S CHEAPEST ALCOHOL PRODUCTS

More than one-third (173, 35%) of the 498 cheapest alcohol products were sold using some form of price-based promotion (Table 3).

The main form of promotion (77% of all promotions) was an 'Everyday Low Price (EDLP)', 'Low price', or 'Special'. EDLP refers to promotion in which an alcohol product was promised to be consistently low, as opposed to having sporadic discounts or promotions. Low price or 'special' refers to a promotion of an alcohol product without its normal price shown. Discounted prices refer to an original price shown in the promotion.

Table 3. Types of price-based promotions – cheap alcohol products.

	EDLP/ Low price/special	Discounted price	Total
Counts	134	39	173
% of all cheap products	27%	8%	35%

Because the majority of cheap products were found in supermarkets, the majority of promotions were also found there. A greater proportion of cheap bottled white wines were found on promotion (94%), followed by bottled red wine (89%). Almost half of the cheapest beers, ciders and cask wines were on price promotion, compared to less than one-quarter of spirits and RTDs.

1) PRICE PROMOTION FOR AOTEAROA NEW ZEALAND'S MOST POPULAR ALCOHOL PRODUCTS

Of the 245 products examined, one-half (123, 50%) were sold on promotion. Two in every five (41%) products were sold on an everyday low price or on an unspecified special. Less than 10% were sold on a specified discount from the original price (Table 4).

Table 4. Types of price-based promotions – popular alcohol products.

	EDLP/ Low price/special	Discounted price	Total
Counts	100	23	123
% of all popular products	41%	9%	50%

By beverage type, the following proportion of products were found on promotion:

- Six (50%) of the 12 cask wines were on promotion, all at EDLP/Low price promotion (4 at supermarkets, 2 at bottle stores);
- 16 (53%) of the 30 bottled red wines were on promotion: 10 were on EDLP/Low price promotion (all at supermarkets), three were discounted (all at supermarkets) and three were on special at bottle stores (no discounted price shown);
- 21 (70%) of the 30 bottled white wines were on promotion: 12 were on EDLP/Low price promotion (10 at supermarkets), five were discounted (3 at supermarkets), and four were on sale at bottle stores (no discounted price shown);
- 30 (48%) of the 62 beers were on promotion; 23 were on EDLP/Low price promotion (all at supermarkets), three on discounted price and four on special (no discounted price shown);
- 12 (57%) of the 21 spirits had a price promotion, with no difference across the five types of spirits examined – 8 were discounted (original price shown) and 4 were on special (no original price shown);
- 16 (53%) of the 30 RTDs had a price promotion – 10 were discounted (original price shown) and 6 were on special (no original price shown); and
- 22 (37%) of the 60 ciders were on promotion; 19 were on EDLP/Low price promotion (all at supermarkets), two on discount (both at supermarkets) and one was on special at a bottle store.

The price per standard drink in multi-buy promotions

Although multi-buy promotions were found in both supermarkets and bottle stores, they were not as common as price promotions on individual products.

For the 498 cheapest alcohol products, 26 (5%) were also identified on multi-buy promotions. Most common were multi-buy price promotions for red wine (10 products) and spirits (9 products). No multi-buy promotions for cider or light spirits were identified during the data collection period.

As expected, the prices per standard drink in multi-buy promotions were cheaper than the price per single unit. The study found:

- Whilst a cheap single bottle of red wine was 86c per standard drink in one supermarket, when bought in a multi-buy offer (6 bottles) from the same store it was 81c;
- Whilst a cheap single bottle of white wine was 90c per standard drink in one supermarket, when bought in a multi-buy offer (6 bottles) in the same store it was 84c;
- Whilst the cheapest single unit (18-pack) of beer was 98c per standard drink, when bought on a multi-buy offer (five 18-packs) in the same store, it was 85c;
- Whilst a cheap 1L (40%) vodka could be purchased for $1.20 per standard drink from one bottle store, when bought on a multi-buy offer (2 bottles) in the same store, it was $1.01; and
- Whilst a cheap 1L (37.2%) gin could be purchased for $1.29 per standard drink in a bottle store, when bought on a multi-buy offer (2 bottles in the same store), it was $1.09.

These multi-buy promotions represent 6-16% discounts from an already low price. Interestingly, at one bottle store the multi-buy price for five 18-packs of RTDs was the same as the price of five single units. Two RTD products were found to be only sold in multi-unit packages; 1) two 1.25L RTDs and 2) four 18-packs of 7% RTDs.

Multi-buy promotions were less common for Aotearoa New Zealand's most popular alcohol products. One popular beer was sold as a single unit (12-pack) for $27.99 or in a two-pack multi-buy for $44.00. This represents a 21% discount, reducing the standard drink price from $1.79 to $1.41. Similarly, another popular beer was $22 for a 12-pack or $40 for two 12-packs. This represents a 10% discount, reducing the price per standard drink from $1.41 to $1.29. Finally, a gin was sold for $39.99 each or two for $74.99. This represented a 6% discount, reducing the standard drink price from $1.35 to $1.27.

Discussion

This study investigated the retail prices of alcohol products in 22 off-licences (12 bottle stores and 10 supermarkets) across the Tāmaki Makaurau / Auckland region. In total, 743 online data points were collected to determine the cheapest alcohol products for sale (per standard drink) and the lowest price (per standard drink) to purchase Aotearoa New Zealand's most popular alcohol products.

Cask wine remains the cheapest alcohol product for sale

Cask wine was found to be the cheapest product to purchase, available in supermarkets for 77c per standard drink. This price is higher in comparison to that found during routine price monitoring prior to the COVID-19 pandemic, when cask wine was typically sold for 68c per standard drink.[27]

It is clear that the price of **cask wine has failed to keep pace with inflation**. In 1988, a 3-litre cask of wine cost $15.[13] If it had increased in price in line with inflation, it should cost $30.21 (price at Quarter 1, 2021). As shown in this report, it can be purchased at $23.00. This represents a 24% difference to the inflation-adjusted price.

Australian[28–30] and New Zealand[6] research clearly demonstrates that the heaviest drinkers are more likely to purchase cask wine. Urgent action is therefore required to address the very low price of cask wine.

Bottled wine at supermarkets was the second cheapest product for sale, particularly bottled red wine due to its higher alcohol content sold at around the same retail price as white wine (which typically has a lower ABV). The price per standard drink for the cheapest bottle of red wine was 85c, and the cheapest bottle of white wine was 88c per standard drink. These prices remain consistent with price monitoring undertaken prior to the pandemic.[27] Multi-buy promotions were shown to offer the lowest price per standard drink, as low as 81c for bottled red wine, 85c for bottled white wine and $1.01 for spirits.

If wine was taxed at a level more appropriate to its alcohol content, the price per standard drink would be more aligned with other beverages for sale in the Aotearoa New Zealand domestic market.

Supermarkets dominate as cheap alcohol (beer, wine and cider) retailers

Of the 25 cheapest beers, cask wines, bottled (red and white) wines, and ciders, 23 were found in supermarkets. The cheapest supermarket cask wine was 77c per standard drink, 85c-88c for bottled wine, and 99c for the cheapest beer. As such, all of the above types of alcoholic beverages could be purchased for less than $1.00 per standard drink in supermarkets. Cider could be purchased for as little as $1.08 per standard drink in supermarkets.

When the same brand and stock keeping unit was found in both supermarkets and bottle stores, wines could be as much as 41% cheaper in supermarkets than in bottle stores, beers could be as much as 16% cheaper and ciders as much as 26% cheaper.

Likewise, **supermarkets offered the lowest price for the majority of New Zealand's most popular alcohol products**. It was possible to purchase one of the most popular cask wines, bottled wines, beers and ciders from supermarkets for less than $1.30 per standard drink. The lowest price of any of the most popular spirits and RTDs in bottle stores ranged from $1.17 to $1.36 per standard drink.

With regards to popular products in this study, the prices of spirits were found to be higher when compared to routine price monitoring carried out prior to the pre-COVID-19 pandemic period. Gin and vodka were on sale for $1.11 per standard drink prior to the pandemic (February 2020), increasing to $1.25 and $1.28 in 2021, respectively. However, the price of the cheapest spirits did not change following the pandemic.

With the exception of cask wine (and spirits described previously), the prices of other alcohol products remained relatively stable during the pandemic. Examination of the Consumer Price Index (CPI) for alcoholic beverages also revealed little change in the five quarters between January 2020 and March 2021.[31] The increase in the price of spirits could reflect increasing import costs as a result of the pandemic, given 78% of all domestically sold spirits in 2014 were imported.[14] Alternatively, or in addition to, the closure of duty-free shops that typically provide a cheap supply channel for popular spirits may have influenced demand, and therefore price, in the local market. It is suggested that approximately 16-18% of total spirits consumption in Aotearoa New Zealand is from purchases at duty-free outlets.[32]

Interestingly, of the 377 cheap alcohol products found at the selected bottle stores, only 16 were light spirits, comprising four brands. The cheapest could be purchased for 91c per standard drink. However, only five of the 12 selected bottle stores in this study offered light spirits for sale. It is worth noting that some more 'boutique' bottle stores now have licence conditions that prohibit the sale of light spirits (eg. see [2020] Auckland District Licensing Committee 8220049053). However, this low price for light spirits (<$1 per standard drink) is cause for concern and showcases the need for measures that increase the price of alcohol.

More than one-third of the cheapest alcohol products and around one-half of New Zealand's most popular products were sold on promotion. **For cheap products, many of the promotions were everyday low price deals**. Cheap bottled wines and popular brands of bottled wines were more likely to be on promotion when compared to other products, supporting findings from Australia.[17] It was very concerning to find that the lowest price for three of the five most popular beers was for large packages of alcohol, ie. 24-packs. This has implications for addressing the role of price in very heavy drinking occasions. Multi-buy promotions were less common overall, although more prevalent for bottled wine.

Findings in this study confirm prior knowledge in relation to **the market power of supermarkets**. The Law Commission noted that, in 2008, supermarkets sold just over 30% of all beer and just under 60% of all wine available for consumption in Aotearoa New Zealand.[13] The Ministry of Justice report into alcohol pricing policies found that off-licence prices were at least three times lower than the same product sold at an on-licence.[14,33] Off-licence retailers (particularly supermarkets) have a strong position and bargaining power to negotiate prices with producers due to their large economies of scale.[14] It has been previously noted that supermarkets had employed strategies such as loss leading to attract consumers (ie. selling alcohol products at a lower price than the purchase price from the manufacturer)[13,14] and/or were able to use deep discounting to negotiate a range of products, and then use the savings to offset the very low prices on specific alcohol products.[13] As a result, the majority of the cheapest beer and wine in Aotearoa New Zealand has been found to be available from supermarkets due to their large purchasing power.

During the one-month data collection period, **supermarkets chains were found to adjust the prices of alcohol products on a weekly basis**. In contrast, the prices listed on the websites of selected bottle stores were found to be more consistent across the data collection period. It appeared to take around one month for bottle stores to update their promotions or deals online. As such, regular collection of sales data, including volume and price data across all types of alcohol products, is imperative to inform the development as well as evaluation of both local and national alcohol policies.

STUDY LIMITATIONS

This study was based on online data only. Whilst it is highly likely that the prices and products offered online at supermarkets would also be found in the physical store, this may not be the case for all bottle store online prices. However, the prices found in this study did not indicate they were online-only prices. Also, only 12 bottle stores and 10 supermarkets were selected for data collection which may not be representative of all off-licences across the region. It may be possible, or even likely, that some independent bottle stores without an online presence have promotions in store that sell alcohol products for prices below that identified in the current study. However, the current study has provided an indication of the prices that alcohol can currently be purchased for across the region. It did not attempt to collect data on more expensive alcohol products, nor did it seek (with the small number of premises sampled) to analyse geographical differences in prices. This would be important for future study to determine if there are inequities in the distribution of cheap alcohol sales across Tāmaki Makaurau / Auckland.

In addition, routine price monitoring across Aotearoa New Zealand conducted prior to this study has consistently shown that one particular off-licence chain offers the lowest prices for spirits in the country (as low as 95c per standard drink). However, these stores are not currently located in Tāmaki Makaurau / Auckland and so were

excluded from the analysis. As such, the results in the current study may not reflect lower prices for alcohol products available in other parts of the country.

IMPLICATIONS FOR POLICY

The low price that alcohol can be purchased for has significant implications for alcohol use and harm, particularly for heavy and frequent drinkers who disproportionately purchase cheap alcohol.

Raising alcohol prices has been recommended by the Law Commission[13], and reinforced by the Mental Health and Addiction Inquiry[34]. Adoption of the Law Commission recommendations are also recommended in Raawiri Ratuu's Waitangi Tribunal Claim (WAI#2624) in the Health Services and Outcomes Kaupapa Inquiry. The Crown has a duty in its obligations to Te Tiriti o Waitangi to actively protect Māori from alcohol harm and reduce the longstanding inequities in harm.

A combination of excise tax increases and minimum unit pricing is required to reduce consumption across the population. Whilst the latter specifically targets the cheapest alcohol in the market, the former is primarily aimed at increasing the overall price of alcohol so that population-level excessive alcohol use and alcohol-related harm is reduced. Across the board price increases will assist in the prevention of 'moderate' drinkers becoming heavy drinkers, and in heavy drinkers becoming dependent drinkers. Importantly, higher prices provide a supportive environment for the thousands of New Zealanders who indicate that they want to cut back their drinking.[35] Alcohol tax increases will help to shift the population curve of total alcohol use to lower mean levels of consumption, **creating new norms of drinking in Aotearoa New Zealand for future generations to benefit**. Substantial revenue can be generated for the Government to then spend on health, education, welfare, etc. In contrast, profits from higher prices achieved under minimum unit pricing will flow back to the industry (to either retailers and/or producers) to then spend on public relations, lobbying and advertising.

Both pricing policies (Minimum Unit Pricing and excise tax increases) are needed to address the role of increasing affordability in alcohol consumption. **As both the real price and affordability of alcohol matter**, it is important that tax rates and any set minimum price are adjusted for wage inflation as well as the Consumer Price Index. It is recommended that the level of excise tax should reflect the general social costs which alcohol consumption incurs, be imposed on the basis of alcohol content and maintain a high minimum unit price for alcohol.[27]

A 50% increase in excise tax would raise the retail price of beer, wine, cider and RTDs by around 10-20% and the retail price of spirits by around 30%.

A minimum unit price of $1.40 (example only) would result in the following price increases across the cheapest alcohol products found in this study:

- 2L of cask wine (14% ABV) at $17 today would increase to $30.93;
- 750ml bottled red wine (13.5% ABV) at $6.79 today would increase to $11.18;
- An 18-pack of beer (330ml, 5% ABV) at $22.99 would increase to $32.80;
- A 12-pack of RTDs (330ml, 7% ABV) at $24.99 would increase to $30.62; and
- A 1L of vodka (40% ABV) at $34.99 would increase to $44.18.

Overall, pricing policies should be considered pro-equity, given the evidence that they can significantly narrow the gap in health inequities between income groups, whilst being mildly financially regressive. The overall impact of price increases – not merely its financial effect but positive health and other impacts – must be considered in policy decision-making. The distributional effects of alcohol price increases across income groups must also be considered in the context of the overall distributional effects of all taxes paid by New Zealanders and the assistance they receive from the Government. The wider tax system can be used to compensate for any negative financial impacts on those drinkers who do not reduce their consumption following price increases. In addition, an alcohol tax increase policy can be made more progressive by redirecting increased tax revenue to improving alcohol treatment services, especially increasing funding to by-Māori, for-Māori services and programmes. The Ministry of Justice estimated that an 82% increase in alcohol excise tax would generate $339 million in societal cost savings in the first year and $2,452 million over 10 years.[14]

Cheap alcohol drives inequities in alcohol harm

Finally, it is imperative that industry sales data is regularly collected and made available. Section 397 (Regulations) of the Sale and Supply of Alcohol Act 2012 provides for the Governor-General to make, on the recommendation of the Minister, regulations for any or all of the following purposes (s397(1)(d)-(f)):

d) for the purpose only of any investigations to be undertaken in relation to the possibility of introducing minimum pricing schemes for alcohol, requiring persons who sell alcohol to give the Chief Executive information relating to the quantities of alcohol they have sold over any period and the prices at which they have sold it:

e) prescribing the form in which information required to be given by regulations under paragraph (d) must be given:

f) providing for any other matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.

Scotland's transparent evaluations of minimum pricing have clearly shown the benefits of obtaining industry data. In Aotearoa New Zealand, the Alcohol Regulatory and Licensing Authority should be tasked to receive, collate and report on the sales data. To assess equity impacts of pricing policies, data on product distribution patterns across areas characterised by ethnic, age and deprivation composition is essential.

Conclusion and recommendations

This study has demonstrated the **very low price of alcohol available for sale** in Tāmaki Makaurau / Auckland. Most beverage categories were found to have a budget range, with beer, cask wine and bottled wine (red and white) being sold for less than $1 per standard drink and spirits, RTDs and cider being sold at $1.20 or less per standard drink. Aotearoa New Zealand's most popular brands of alcohol products were also found to be sold at a low price (often on promotion), with a range of popular beverage types being sold for less than $1.30 per standard drink.

Evidence-based alcohol pricing policies are required to reduce alcohol consumption and harm in Aotearoa New Zealand. These include:

- Increasing the price of alcohol via substantive (beyond inflation adjustment) increases to alcohol excise tax;
- Implementing Minimum Unit Pricing; and
- Implementing s397(1d) of the Sale and Supply of Alcohol Act 2012 to require submission of industry sales data.

Sectors such as health, ACC, justice and police benefit substantially from cost savings from reduced harm

Other approaches to be considered include:

- A total ban on price discounting, including the prohibition of multi-buy promotions;
- Prohibiting the advertising of prices of alcohol products, including outside licensed premises; and
- Developing best practice price conditions for all off-licences.

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