

# Policy Options for Alcohol Price Regulation

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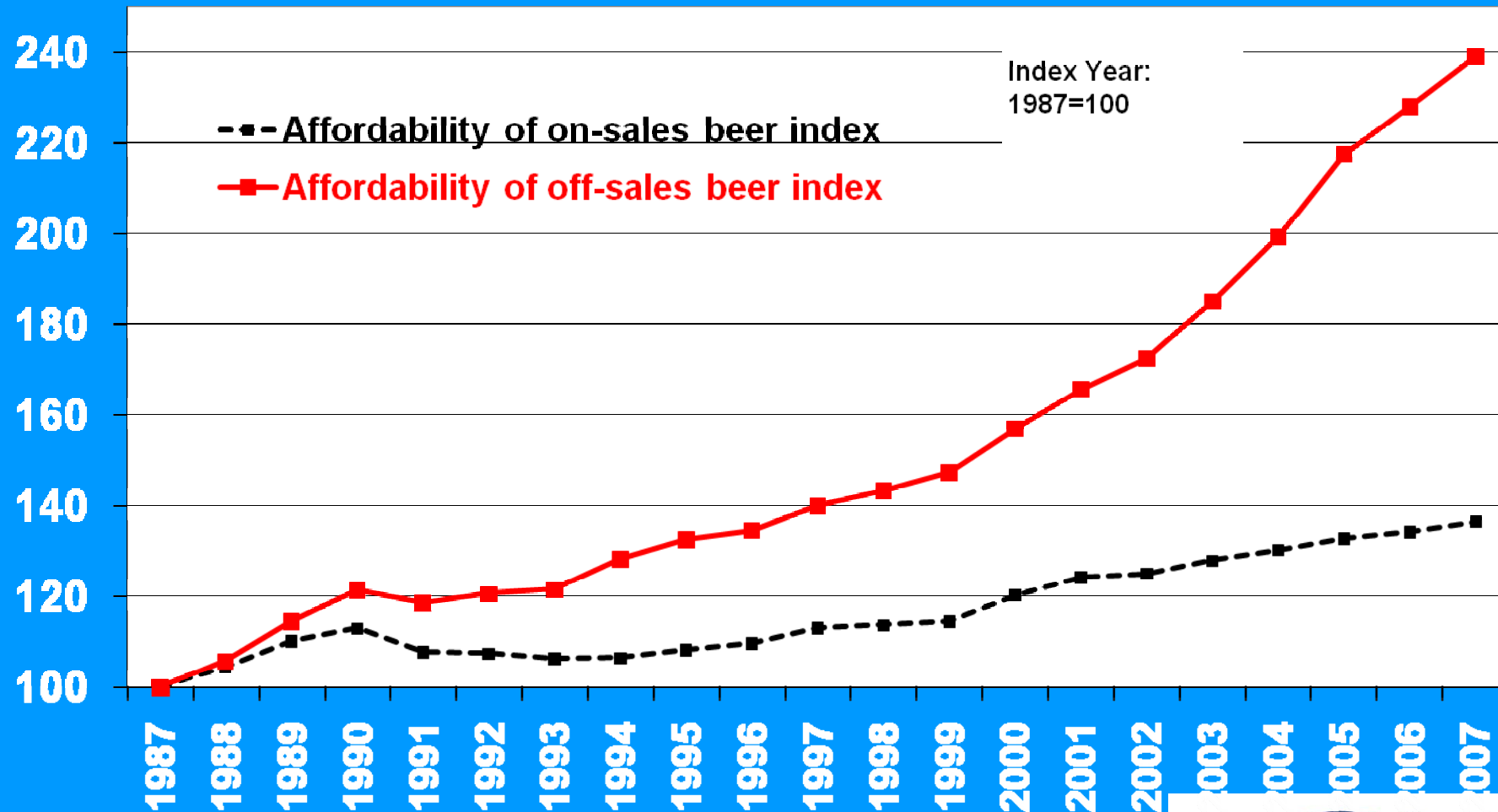
The views expressed are not necessarily those of the Department.

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# Policy context: Affordability trends



# Alcohol pricing & harm

Estimate the effect of policy options on harm

- Health
- Crime
- Unemployment
- Workplace absence

Put value estimates on cost savings.



# UK Department of Health interested in understanding policy effects on:

- Moderate drinkers
- <18s
- 18-24 hazardous drinkers
- Harmful drinkers (all ages)
- Total population



# Policies

- Minimum unit prices (price per 10ml pure alcohol)
- Ban on off-trade promotions
- General price rises
- Targeted price rises



# Why focus on subgroups?

## **Some pricing options affect only part of market**

–minimum prices and price-promotion bans affect cheap, mainly off-trade market more than more expensive and on-trade market.

## **Understand trade-offs/winners & losers:**

- Is policy effective for different priority groups?
- Is policy effective for different harms?



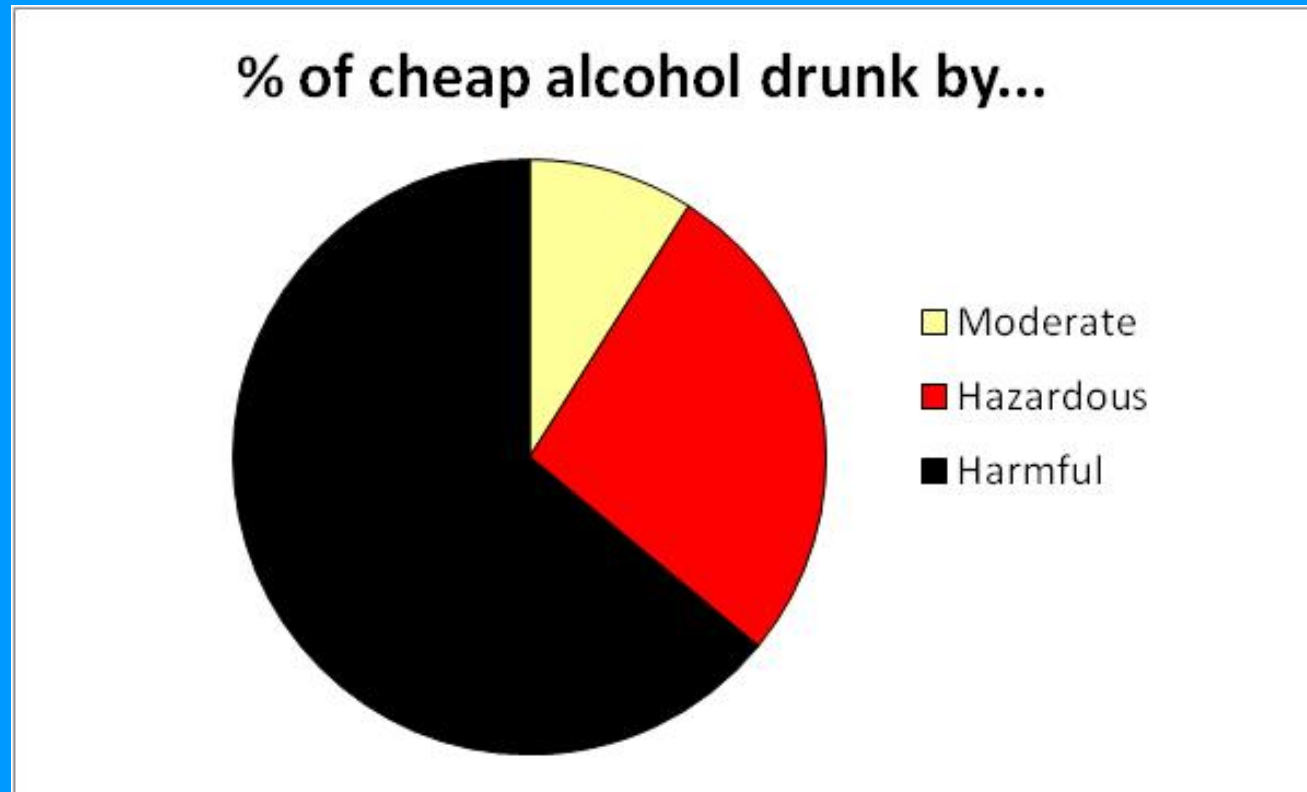


## Subgroup heterogeneity:

- Purchasing and drinking preferences
  - Beverage type (beer, wine, spirits, RTDs)
  - On- vs off-trade (going out/staying in)
  - Price point/quality
- Harm distribution
  - Acute vs chronic harms
  - Health vs crime vs workplace harms



# Who drinks the cheap booze?



- 64% of all cheap off-trade alcohol is consumed by harmful drinkers (and only 9% by moderate drinkers).





# Price per unit

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	Men off-trade	Women off-trade	Men on-trade	Women on-trade
Moderate	0.45	0.45	1.16	1.40
Hazardous	0.41	0.42	1.02	1.21
Young hazardous (<25)	0.40	0.41	1.05	1.13
Harmful	0.41	0.39	0.98	1.14

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# The key active ingredient is the price elasticity of demand.

Consumption change

Price change	256 element matrix	Low price off-trade beer	High price off-trade beer	Low price off-trade wine	...	High price on-trade alcopop
	Low price off-trade beer	<i>Own-price elasticity</i>				
	...					
	High price on-trade alcopop	<i>Cross-price elasticity</i>				

**Separate matrices estimated for:**

- Moderate drinkers
- Hazardous/harmful drinkers.

# Drinking & spending levels

Harmful drinkers:

Prefer off-trade, cheaper alcohol

Average 36 litres pure ethanol per year, spend £2,200  
(2000 Euros)

(approx £60 per litre of pure alcohol – 60p per 10ml unit)

Moderate drinkers: balanced between on-trade & off-trade

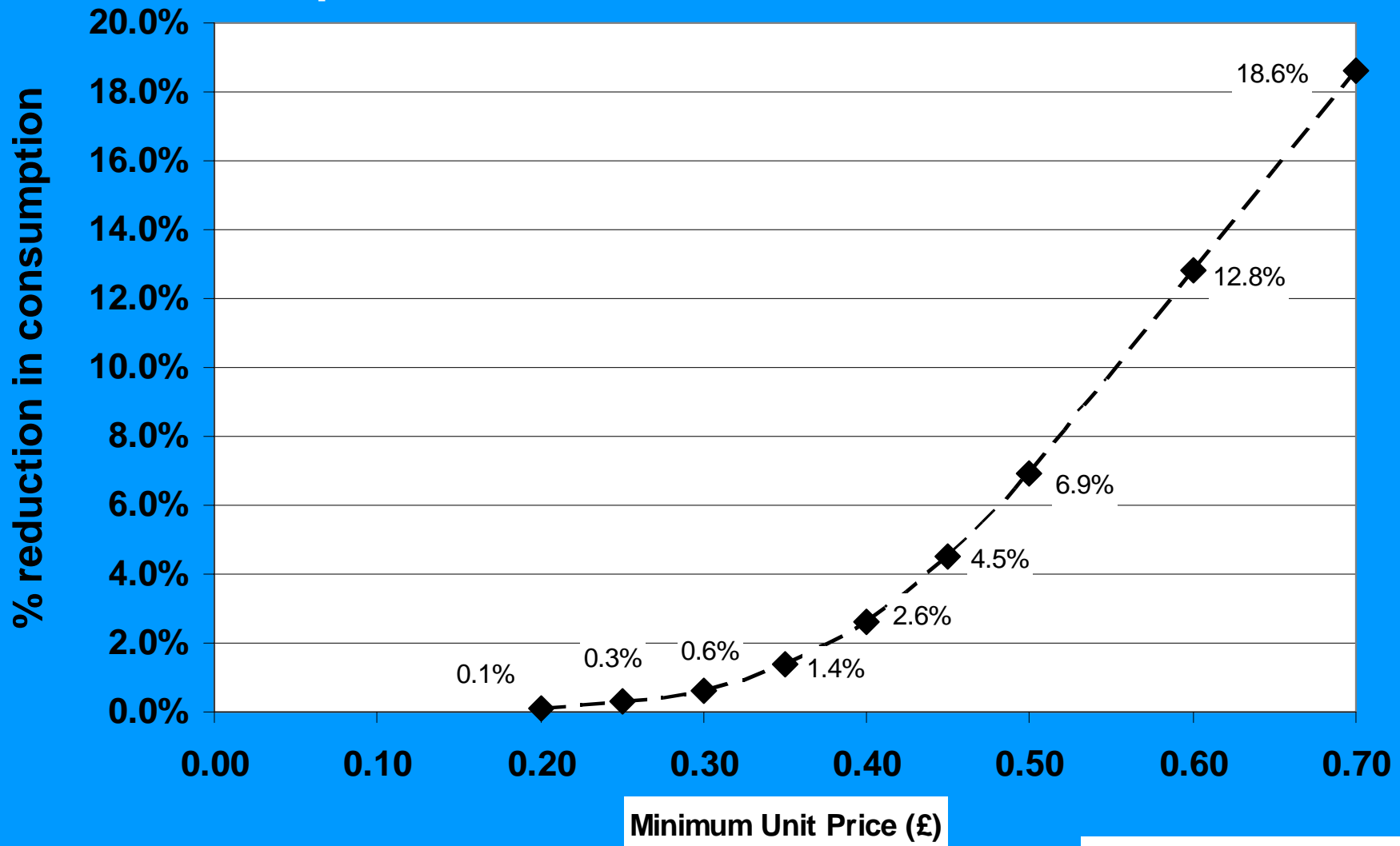
Average 2.4 litres ethanol, spend £257 (220 Euros)

(approx £107 per litre of pure alcohol - £1 per 10ml unit)

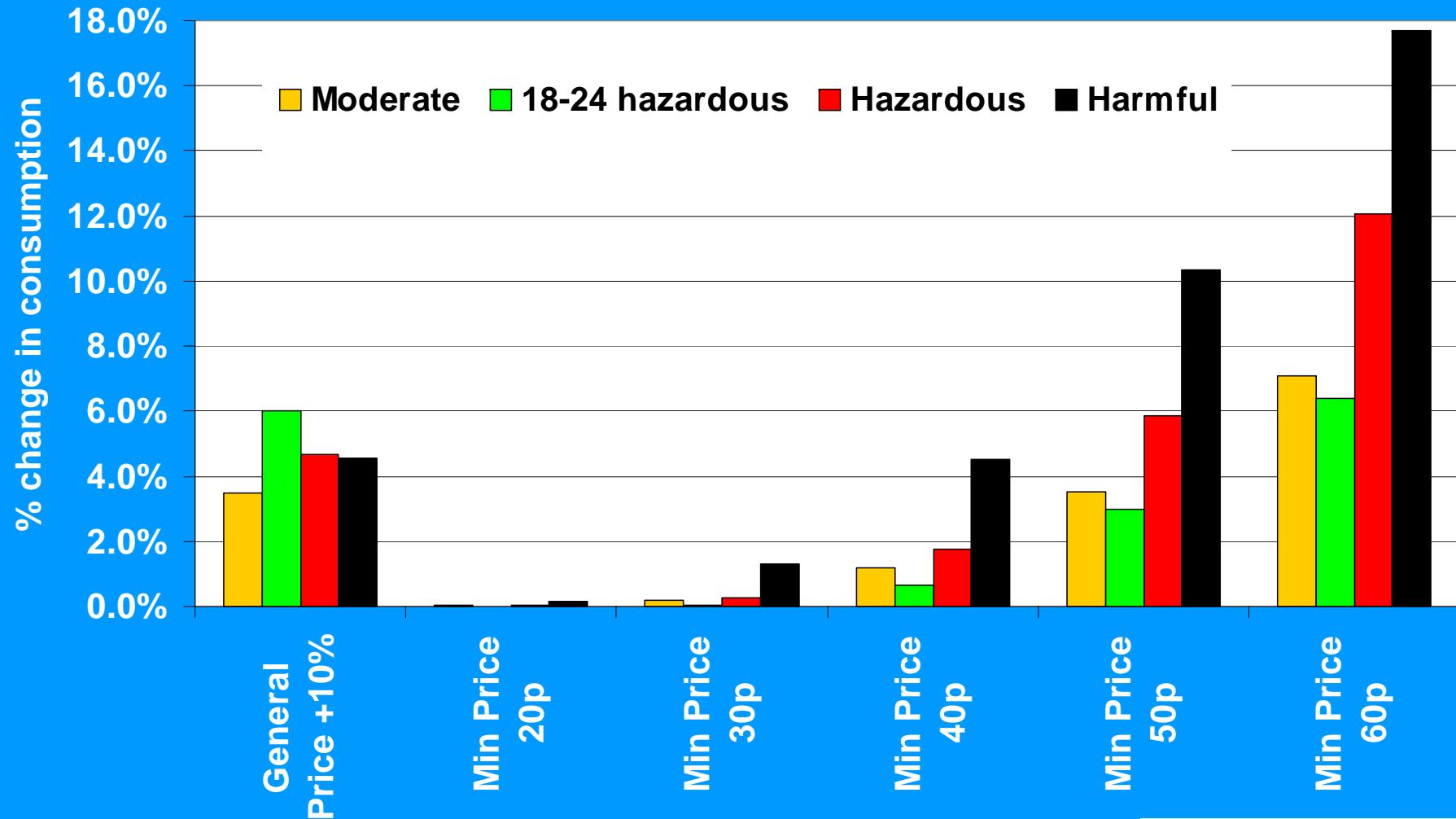


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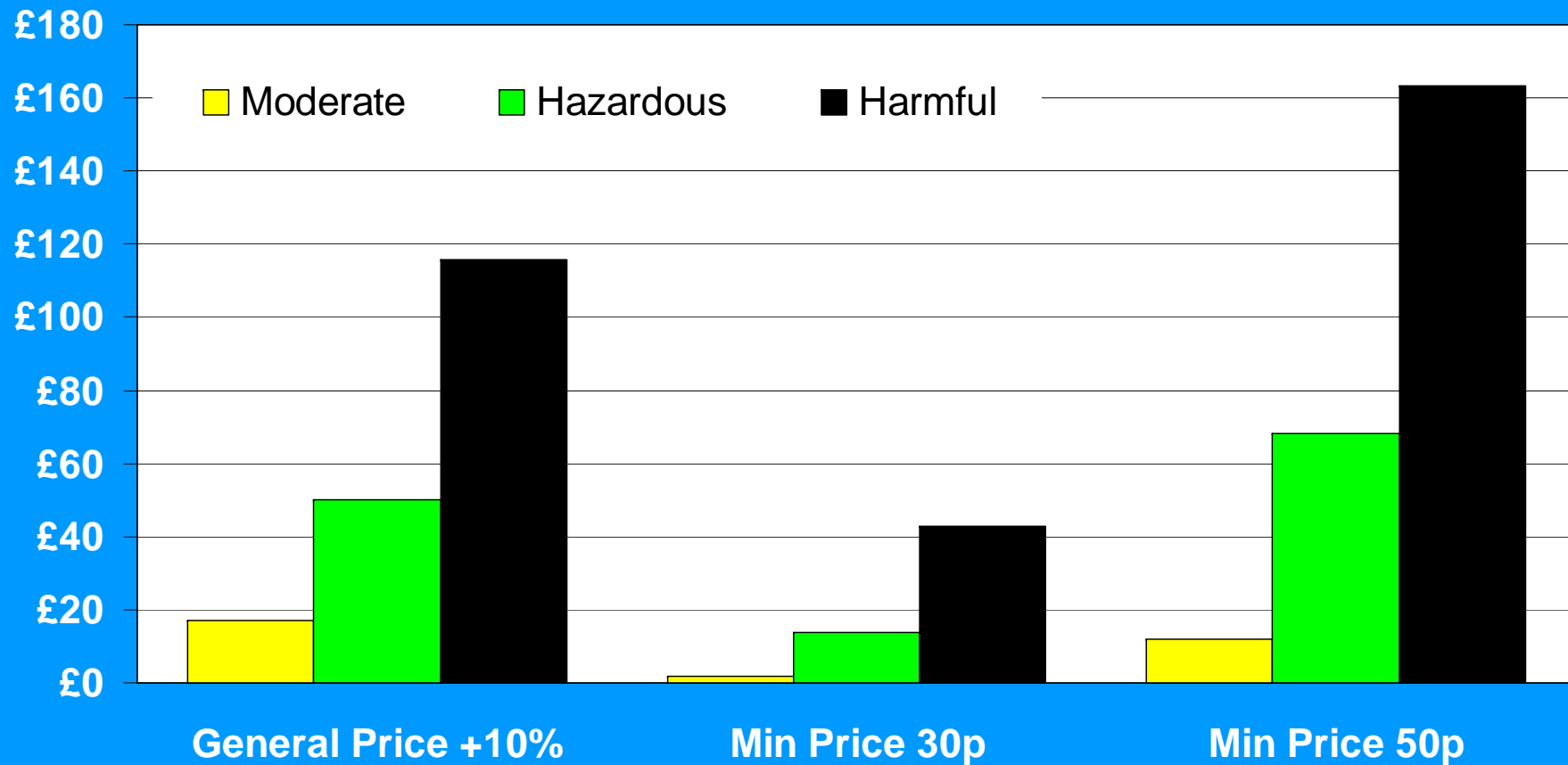
# Minimum price per 10ml unit - effects on consumption



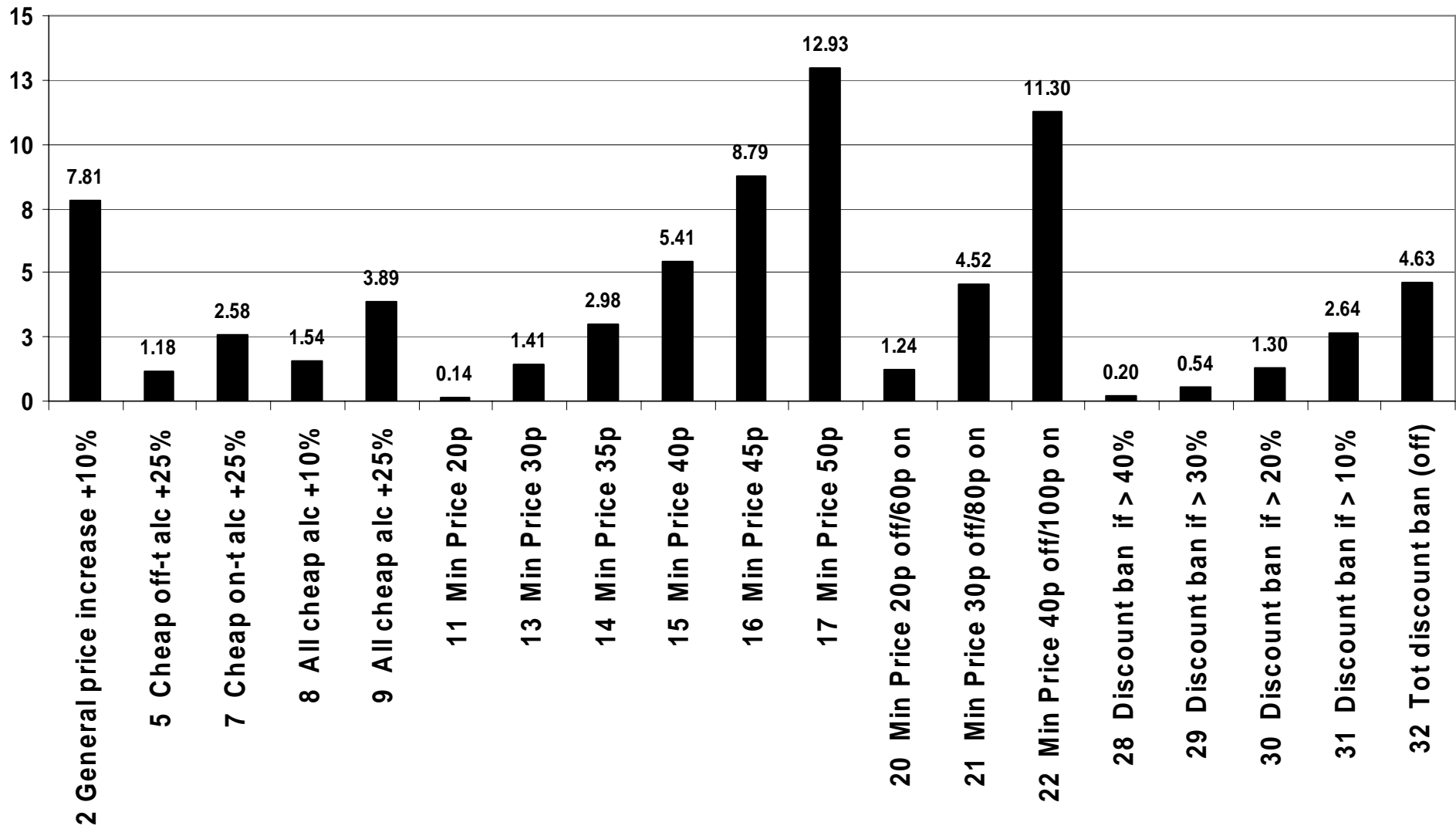
# Minimum Prices: % change in consumption



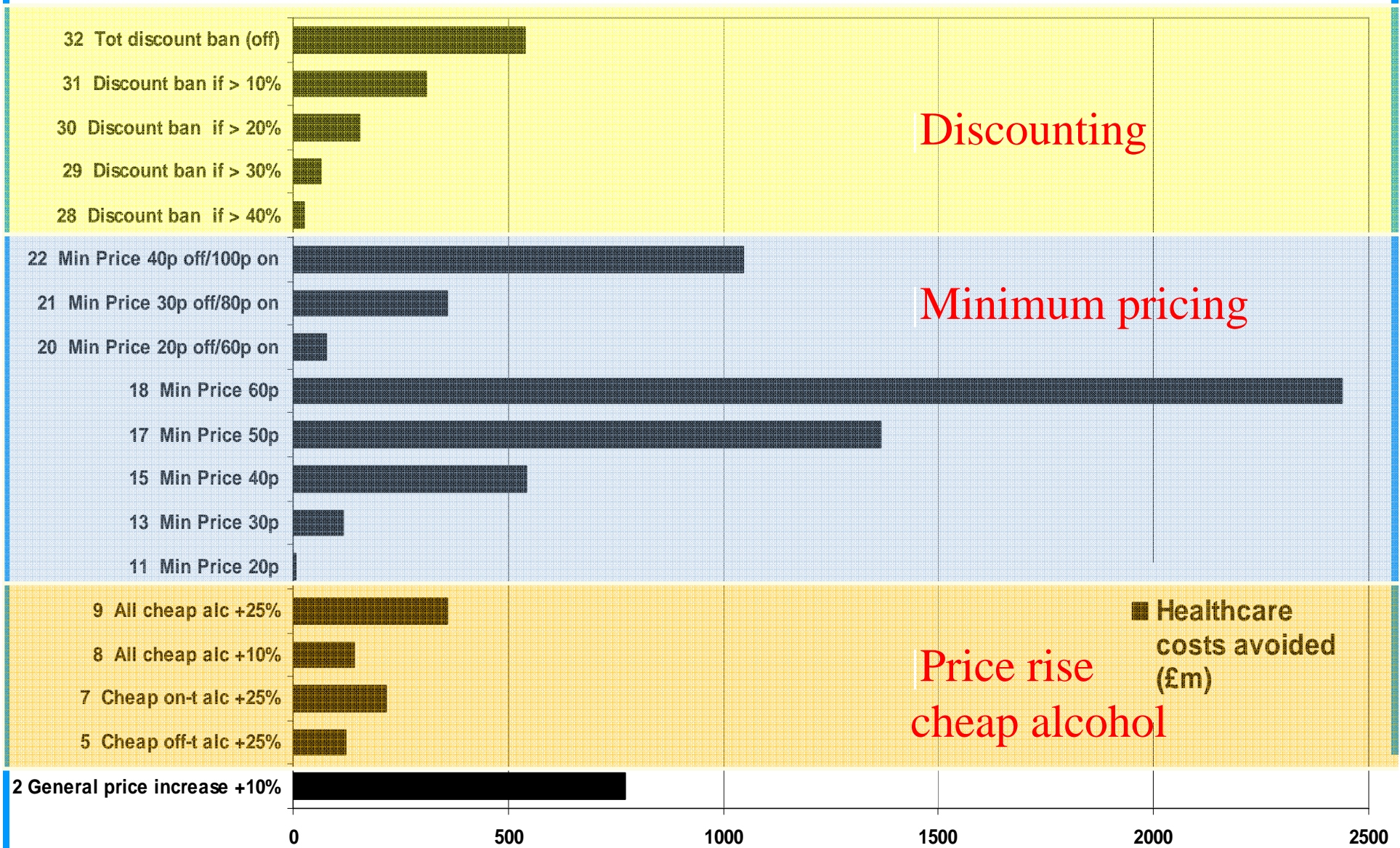
# Who pays? Extra spend per drinker per year



# Valuation of harm reduction (£bn)

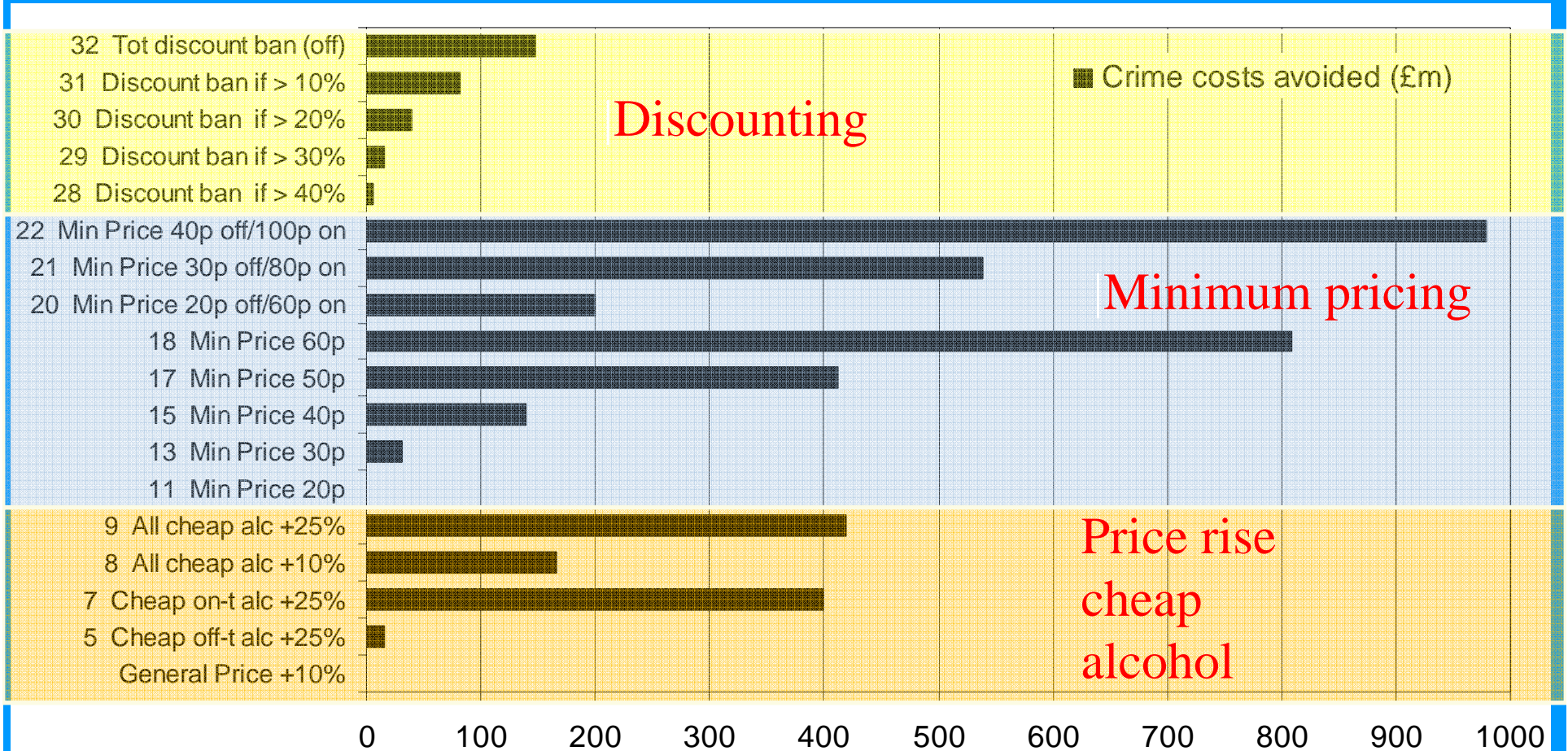


# Health costs avoided (£m)





# Crime costs avoided (£m)



# Workplace costs (unemployment & absences £m)



# Current work

- Availability model
- Screening & intervention model
- Model for on-trade promotions
- Scottish pricing model



# And over to you...

- Questions?



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