

The
*S*cottish
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The Impact of the Smoking Ban: One Year On

A survey of Scottish licensed premises operators

March 2007

Introduction

This report analyses the impact of the 2006 smoking ban on Scotland's pubs and bars after almost a year of implementation.

Background

The Scottish Licensed Trade Association (SLTA) is the leading trade association representing individual licensees in Scotland and has approximately 1500 members.

A smoking ban was implemented in almost all indoor workplaces, including all pubs, on 26 March 2006. Three months after the ban (June/July 2006) the SLTA mailed a survey to all members to identify the impact of the ban; 365 members responded and the results were published on 23 August 2006.

This, second, survey was mailed to all members on 29 January 2007, and then mailed again on 19 February to members who had not responded. The survey was shorter than the previous version but with the key questions identically worded – allowing a direct comparison to be made between the results. 530 responses have been received to date (16 March 2007).

Executive Summary

Three quarters of SLTA members have seen their business affected by the ban, the great majority of them losing rather than gaining business and one third shedding staff.

Between the three month and one year survey the effects have polarised, with the gap between the minority of 'winners' and the majority of 'losers' growing. Although the industry has been working hard to provide better outdoor facilities for customers individual licensees have met with little help from Local Authorities – only 20% felt that their Local Authority had been at all helpful in assisting them to adapt to the ban.

Key findings

Numbers in (brackets) represent the answers to the same questions when posed in June 2006 3 months after the ban, for comparison.

- Overall drink sales are down -11% (-11%), and food sales remained at below pre-ban levels at -3% (-3%).
- The effect on visits by pub 'regulars' worsened with 56% (46%) of members reporting fewer visits. The proportion of operators noticing fewer visits from new or other customers increased to 30% (17%) as the novelty of the ban appeared to wear off.
- The polarisation in the industry continued with 60% (49%) reporting a decrease in drink business and 34% (21%) in food sales. Against the trend some operators did relatively well: 13% (12%) reporting an increase in wet and 22% (18%) in dry sales.

- As business turned down so members looked to cut their costs by reducing staff levels: 34% have reduced staff, with only 3% reporting that they had hired new staff.
- 42% have sought to invest in outdoor facilities to help to offset the business losses or gain new trade. Unfortunately they generally claim to have found Local Authorities of little assistance in adapting to the ban: 67% rated them as ‘not at all helpful’ and 14% thought their attitude to be actively ‘unhelpful’.

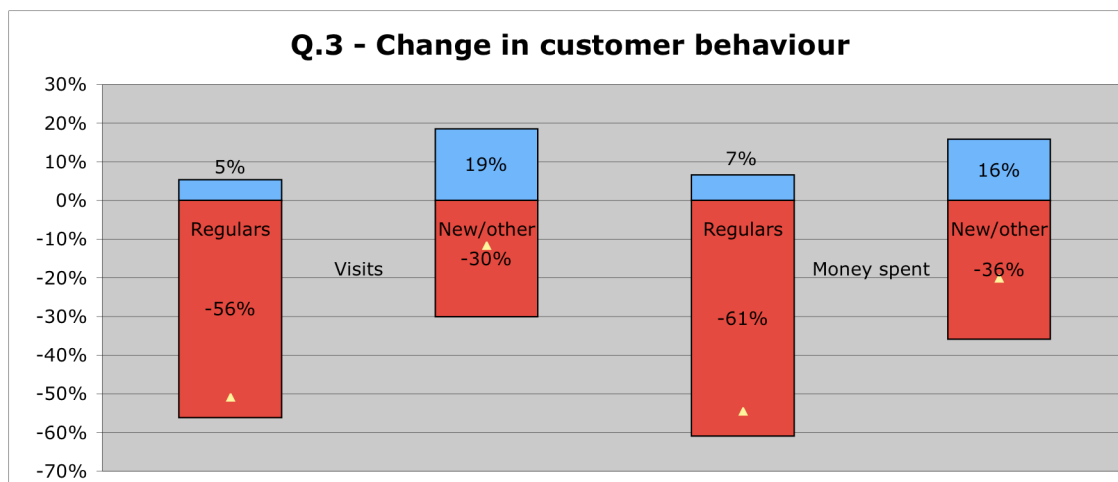
Questionnaire Responses

Have you noticed any changes in customer behaviour since the ban?

‘Our biggest drop in customers has been our older daytime regulars who came in for the social aspect. A lot of these older customers are not fit and well enough to be standing outside in all weathers.’

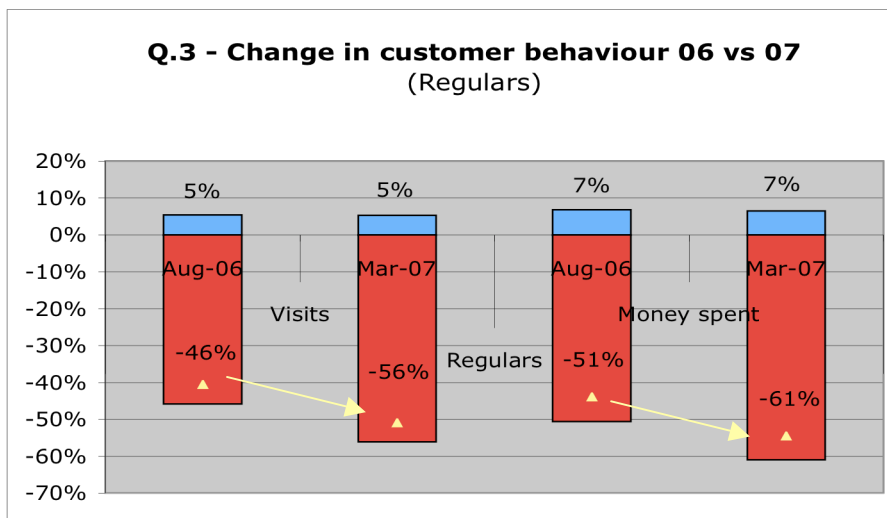
‘A lot of regulars (past tense) are now buying from supermarkets and drinking and smoking at home - it defeats the purpose of the smoking ban if they still smoke at home. What about their children?’

‘There has been no influx of non smokers as predicted by the anti smoking lobby.’

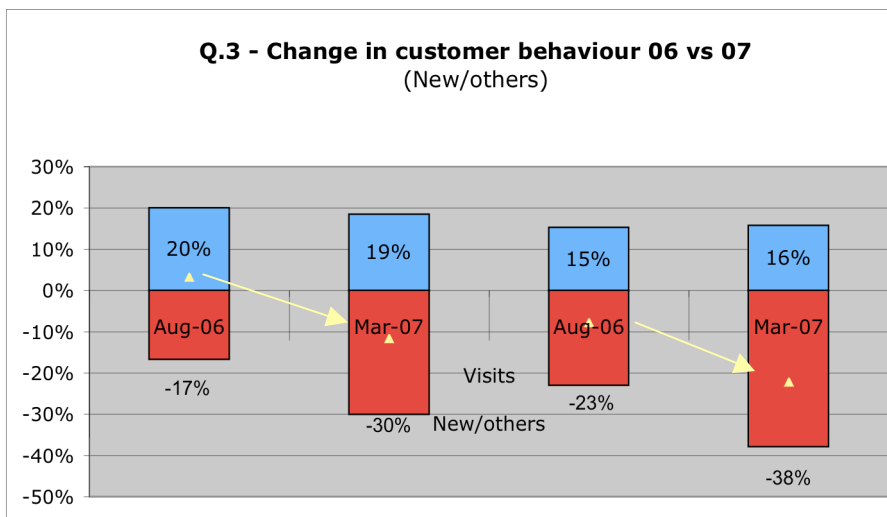


Base 494 - 527 ▲ = mean

- Regular customers are the bedrock of many licensees’ business – each regular being worth several occasional users in terms of volume and value. 56% reported fewer visits by their regulars.
- An increase in visits by regular customers was reported by only 5% of operators.
- 7% of operators thought that their regulars were spending more, and 16% that other or new customers were spending more. However, 61% and 38% respectively reported a reduction in money spent by these groups.
- The loss of regular customers greatly outweighs any gain from new customers, both in terms of money spent and visits made.



Base 494 - 527 ▲ = mean



Base 494 - 527 ▲ = mean

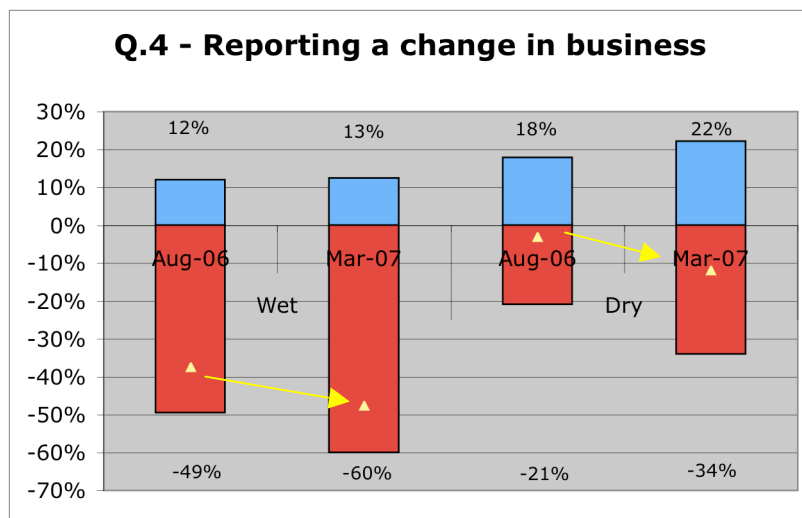
- The winter has polarised results, few licensees are unaffected by the ban.
- The rate of visits from new customers has dipped showing that after an initial experimentation period the industry has been left with fewer customers, not more.

Have you noticed any changes to your sales or turnover since the ban?

‘Public bar wet sales have gone down, probably because regulars who smoke now spend more time outside rather than within the bar.’

‘Government will put small pubs out of business at the rate they are going with the smoking ban and all the other stupid things they get up to... It is enough to make you shut up shop and move abroad and I'm seriously considering doing just that.’

'I used to have an increasing business [with] takings of £80,000 and on the up. I worked, my wife and two part time staff, I paid tax and VAT. Now I have no staff, I pay no tax or VAT and my wife has had to go back to work to make ends meet.'



Base 388-522 ▲ = mean

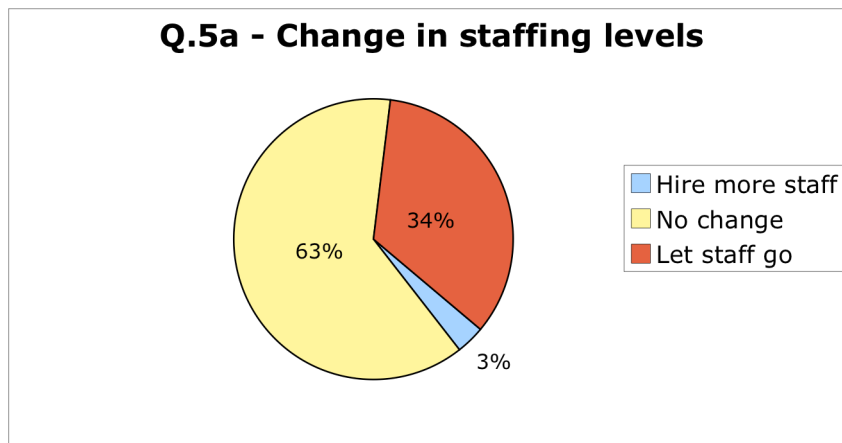
- 73% of operators reported a change in 'wet' sales (drink) and 56% a change in 'dry' sales (food). In both cases, more reported that they were 'down' than were 'up'.
- 378 individuals indicated the percentage by which their wet sales had changed – the mean increase reported was 13% compared to a mean decrease of 16%.
- **Allowing for the far larger number of people reporting lost business, the average stated decrease in drink sales was 11.5%.**
- The mean increase in dry sales of those increasing their business was 18% compared to a mean decrease of 17%.
- **Of those indicating by what percentage their dry sales had changed, allowing for the far larger number of people reporting lost business, the average was a decrease of 2.6%.**

Has the ban led you to change staffing levels?

'I have not let any staff go but we have reduced hours with part time staff.'

'Staff have left and not been replaced.'

'Will be lucky to survive – Rate reduction would be helpful – Having to work more shifts to save wage bill.'

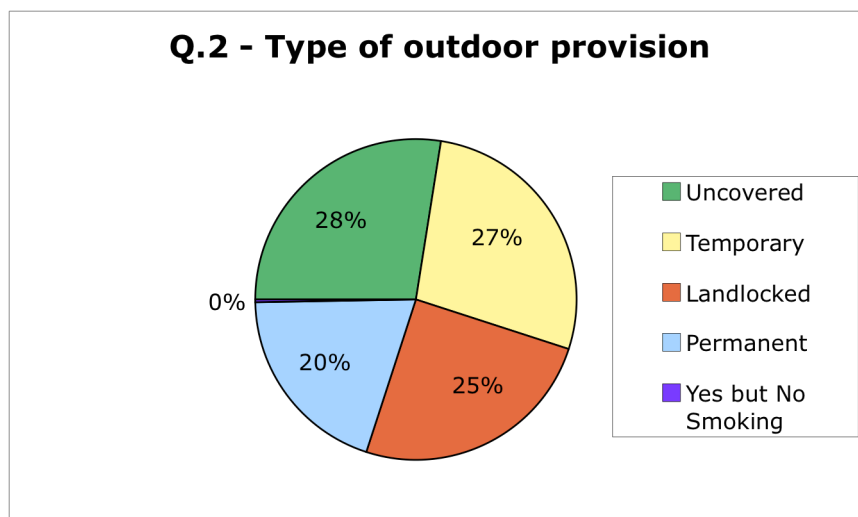


Base 522

- **34% of members reported that they had let staff go, as opposed to just 3% who had hired more staff.**
- From comments received it is clear that staff hours have been cut in an effort to save jobs.

Has the ban led you to invest more in outdoor facilities?

'[We] find it difficult to control what is happening outside. Considering CCTV outside. The mess is also a problem and extra work for the staff.'



Base 522

- 42% have invested in outdoor facilities as a result of the ban.
- 75% now have some form of outside area, but only 20% of them has installed a permanent cover to protect guests from the weather.
- 25% are completely landlocked and have nowhere for customers to smoke.

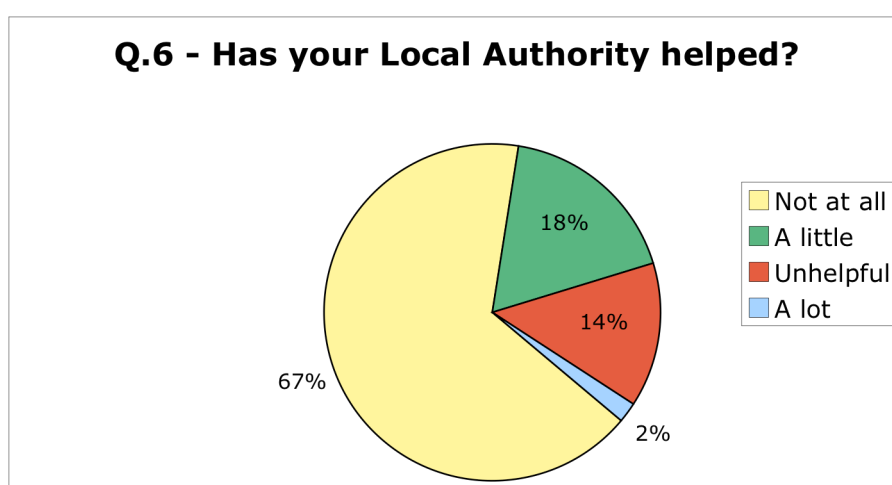
Has your Local Authority helped you to adapt to the ban?

'I think the smoking ban could be good for both staff and customers alike but the downfall is that Edinburgh council will do nothing at all to help e.g. refused for awnings, refused for seating area at the side of the pub.'

'Initial confusion, lack of help, and information elongated the planning application process, although eventually Fife council came good.'

'Have been trying since Jan 06 to get planning permission. West Lothian came out with their smoking policy letter end of April 06. No manpower to assist Planning, still waiting for a building warrant.'

'Lack of clarity and direction from local council.'



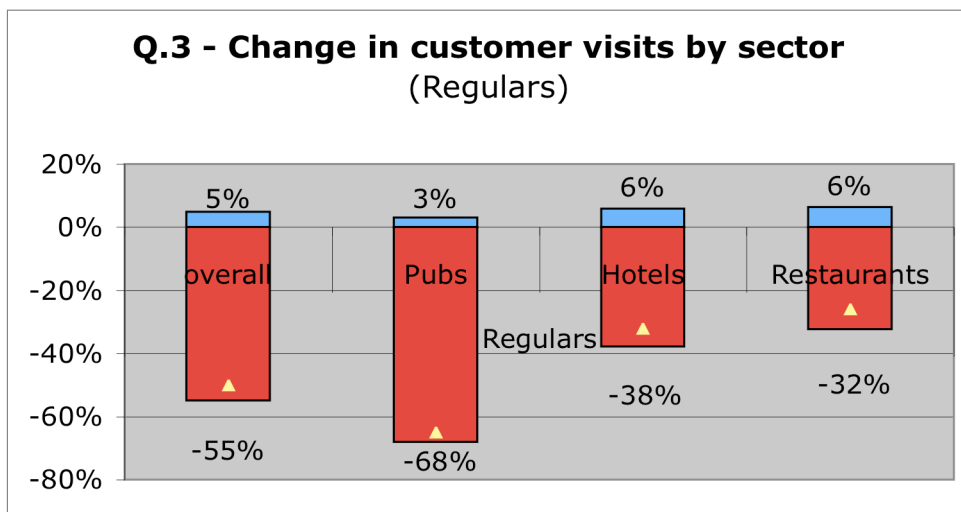
Base 514

- There is a high level of dissatisfaction with the way in which Local Authorities have dealt with the ban.
- The main issues appear to be the time required to process and application before it is accepted.

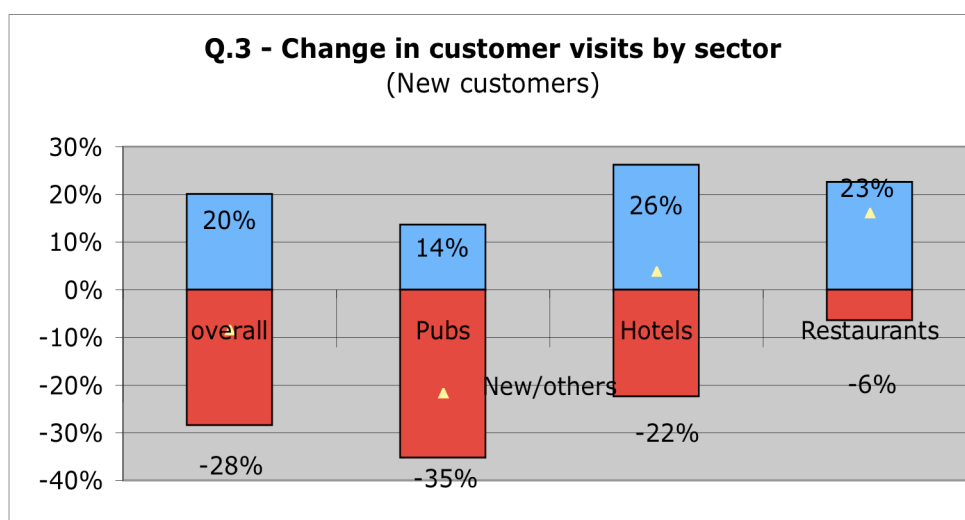
It's not all bad – signs of hope?

'Smoking ban is positive for us.'

'Very little resistance to the ban. Working conditions much improved. 80% of our trade is English and even the smokers seem to accept the logic and cleaner environment.'



Base 419 - 527 ▲ = mean



Base 419 - 527 ▲ = mean

- Although all types of business have lost regular users as a result of the ban restaurants have seen a significant increase in visits from new and other customers.
- Hotels have also seen a marginal increase in visits from new and other customers.
- The drop in drinks and food trade after twelve months was much the same as after three months showing that things are not getting any worse overall.

Conclusion

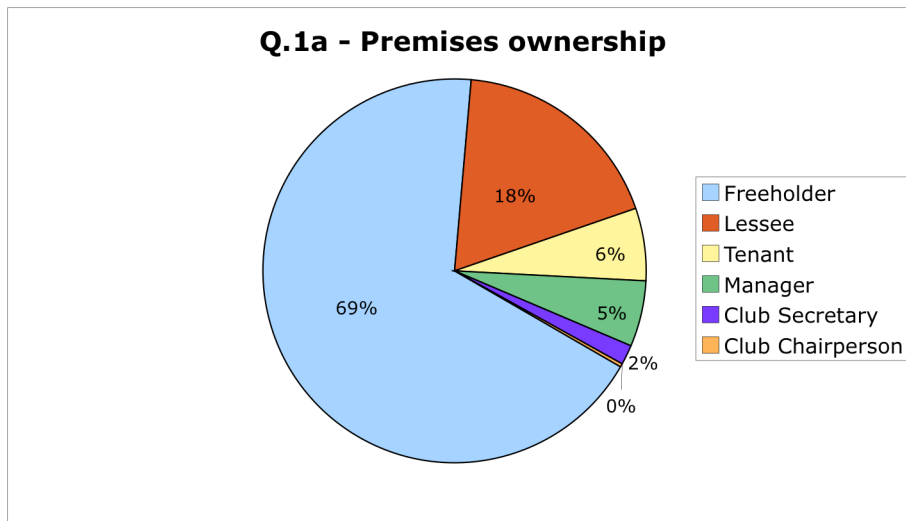
Whilst staff and customers have enjoyed improved conditions as a result of the ban it has come at a significant price.

The claims that a ban would be good for business were clearly wrong – as predicted by the SLTA. Only a very small minority of members have increased their business and hired more staff to deal with increased demand. For the great majority of licensees the ban has meant lost trade from their regulars and even a drop in the visits by other customers.

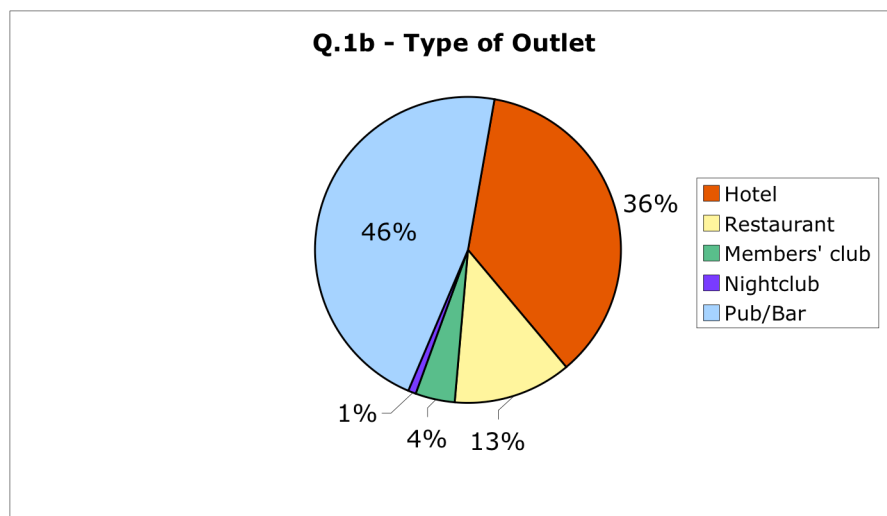
Licensees are working hard to turn their businesses around, but they are being hampered by the slow bureaucracy of Local Government.

Rate relief for businesses that have suffered most, or a more sympathetic attitude from Local Authorities to planning permission, could make the difference between survival and penury for many licensees.

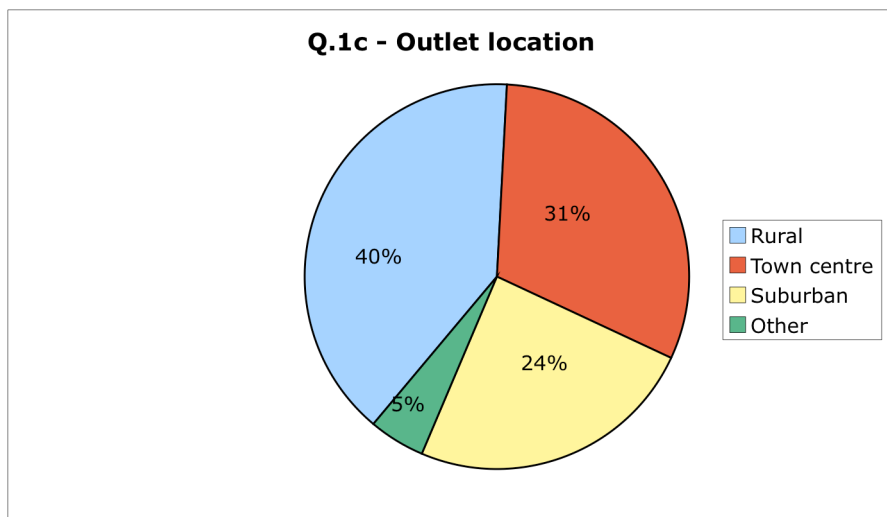
APPENDIX



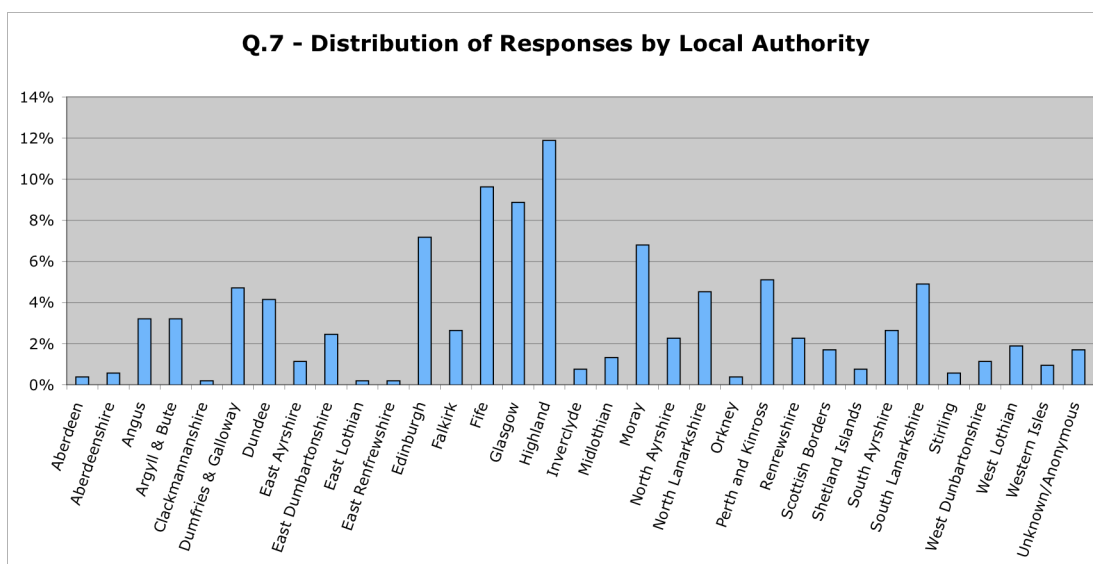
Base 453



Base 388



Base 280



Base 530

The
Scottish
Licensed
Trade
Association

10 Walker Street, Edinburgh, EH3 7LA
Tel: 0131 225 5169
Email: enquiries@slta.co.uk
Web: www.slta.co.uk

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