

# **Implications of the Tobacco Display Ban**

**Peter Ward**

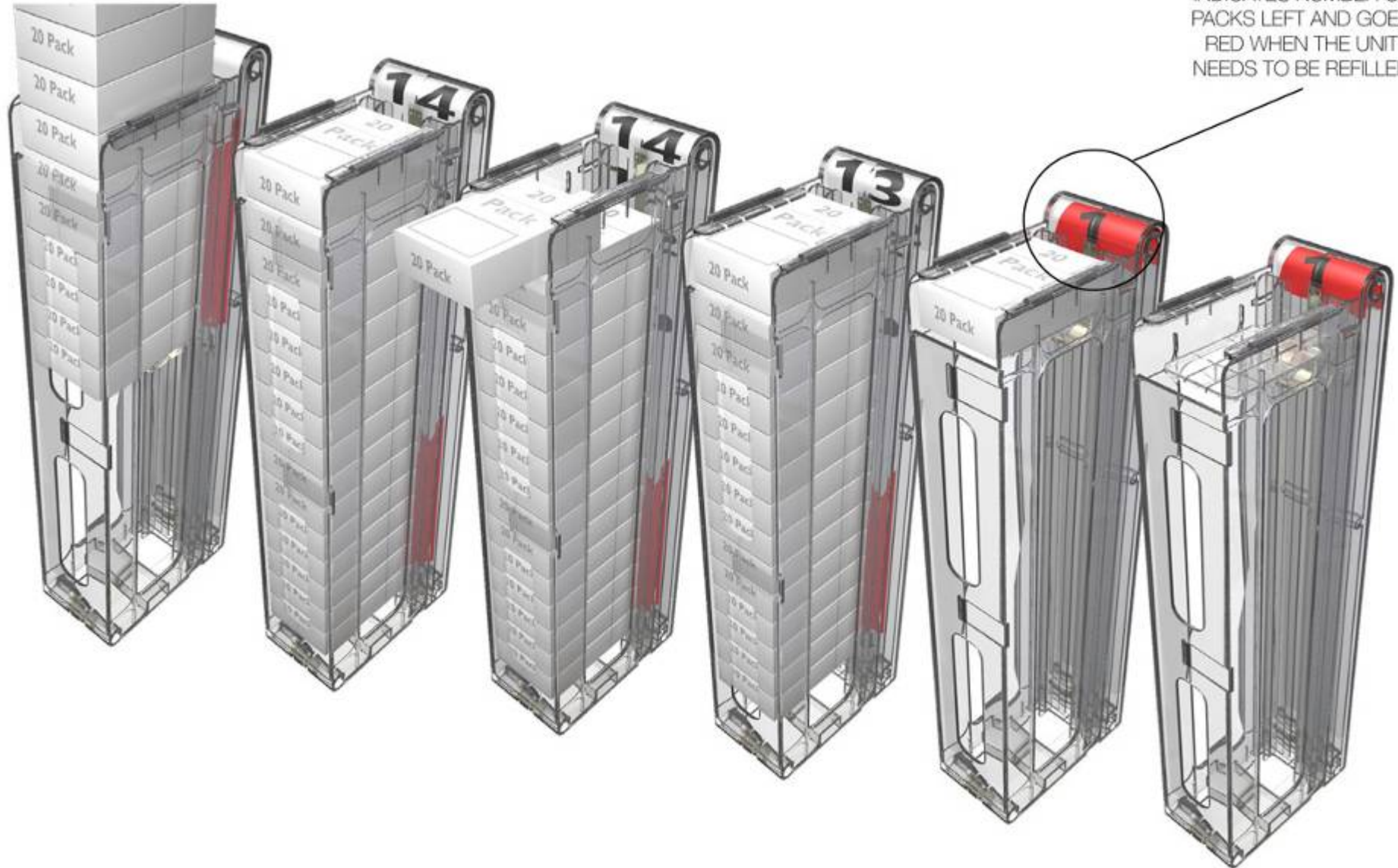
**Business Development Director  
Ejector Calibrated Displays**

- 14 years experience creating tobacco P-O-S for the Irish market from 1986 - 2000
- 4 years R&D in display ban products
- In depth discussions with retailers, brands, trade bodies and government on the display ban in the UK and abroad.

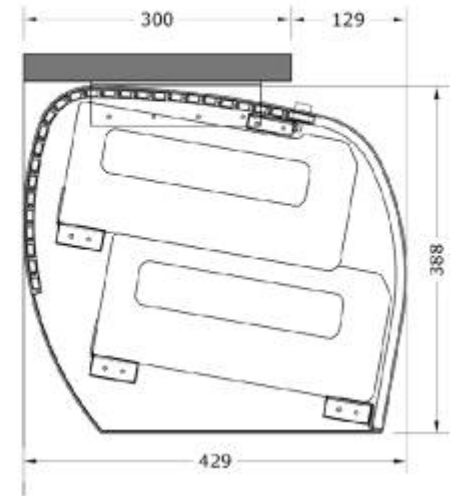
# Tobacco Dispenser

UNDER COUNTER FORMAT

CALIBRATED COUNTER  
INDICATES NUMBER OF  
PACKS LEFT AND GOES  
RED WHEN THE UNIT  
NEEDS TO BE REFILLED



# Modular Tambour Displays



Column Quantity	Dimensions	SKUs
6 Column	453mm	12 SKU
8 Column	600mm	16 SKU
9 Column	665mm	18 SKU
12 Column	875mm	24 SKU

## Back of Counter Ejectors



# Why is this important?

## UK Grocery Retail

Total - 91,509 Stores

Supermarkets – 7,970 stores (£107.8 billion) - 2012

Convenience Retailing – 48,289 stores (£32.1 billion) - 2015

Traditional Retailing – 35,250 stores (£6.1 billion) - 2015

Online - £4.8 billion

# Legislation - Past

- 14 February 2003 – General Advertising ban
- 30 July 2003 - Sponsorship of sporting events within the UK ban
- 21 December 2004 - Large adverts in shops, pubs and clubs ban
- 1 July 2007 – Smoking ban (smoke free legislation)

# Legislation - Present

“My ambition is to reduce smoking rates faster over the next five years than has been achieved in the past five years” – **Andrew Lansley Health Secretary**

- 1st October 2011 Vending Machine Ban in pubs
- 6th April 2012 for large stores (larger than 280sqm)
- 6th April 2015 for stores smaller than 280sqm

Allowed opening size 1500 cm / sq

Scotland, Wales and Northern Ireland yet to announce regulations.

# Legislation - Future

## Plain Packaging

- In April 2010 the Australian Government announced that, in a world first, all tobacco products sold in Australia would be required to be sold in plain packaging by 1 July 2012. A consultation process completed on June the 6<sup>th</sup> and legislation is currently being discussed.
- UK government looking to consult on Plain Packaging by the end of the year.
- What would a Display Ban + Plain Packaging look like?

# What is delaying progress?

UK legislation is decided

- Who pays?
- Who owns the fixture?
- What is the right solution?
- What are the steps along the way?
- The current industry model; Contracts, Rebates, Fixtures etc.
- Staggered implementation – large stores / small stores

Most retailers primarily concerned about compliance

Step 1 – Comply

Step 2 – Consider alternative / better ways of dispensing and selling tobacco

# Large and Small

Key issues among all retailers are; transaction time and stock control.

- Larger stores can afford to pay for displays. Kiosk is generally a separate transaction location in the store. Tobacco also makes up a much smaller share of revenues than for smaller outlets.
- Small stores are more dependant on funding for fixtures. Tobacco kiosk forms an important part of the whole store as it is the area where the transaction occurs.

# Why we shouldn't delay action!



# The Irish Market - Past

- Full tobacco display ban implemented in July 2009



# The Irish Market - Present



# The Irish Market - Present



# The Irish Market - Future



# Where should cigarettes go?

- Under the counter - an evolutionary step
- Creates a new intimacy between the retailer and the customer - face to face transaction
- Irish Market – Tobacco's starting to consider under counter solutions.
- Lot of talk from retailers as to wanting to control the tobacco channel
- The back wall should be used for Advertising and/or 40%+ margin products with security requirements

# How can this benefit the progressive retailer?

## Key Factors

- Create space on the back wall for high profit products
- Create feel good factor in store
- Create positive word of mouth about store
- Promote healthy lifestyles
- Facilitate services offering

## Implementation

- Relate tobacco configuration to market share
- Consolidate range and simplify offering
- Replace tobacco sponsored gantry

## Improving Profit and Brand Awareness at the Focal Point of Convenience Retailing

### REINVENT YOUR STORE FOCAL POINT AND INCREASE PROFITS

PRODUCT	% of total	+ %	+ £	£ pw	M %	P
COFFEE	1	1 overall	25,000	480	100	12,500
(HERO) WINE	5	+ 3.5 of wine	4,375	84	20	875
MAGS	1.2	+ 25 (irish)	7,500	144	25	1,875
Batteries	.002	+ 50 (to .003)	2,500	48	60	1,500
Shavers	.0006	+ 80 (to 001)	1,200	23	60	720
Confec Sugar	4	+ 2.5%	3,125	60	20	625
Snk / Muf / Frt	(Snack 3)	+10% w/new	7,500	144	35	2,625
New mind & body	-	Expected initial	5,200	100	60	3,120
Counter Meds	.008	+ 15%	3,000	56	40	1,200
Promos / cards	-	Expected initial	2,600	50	60	1,560
Tech / Phone	-	Expected initial	2,600	50	50	1,300
Fin. services	-	Ref Pay Pt x 50%	excl			1,750
SIM Cards		Sell 20 per week	9,360	180	comm	2,080
Fin Svs ex Spend		Per Pay Pt claim	4,836	93	20	967
<b>TOTAL</b>			<b>78,796</b>			<b>32,697</b>

**EXTRA GROSS PROFIT**

**£30,000 +**

# What do the retailers want?

Spar managing director Jerry Marwood urged retailers to embrace new categories and not rely on the "comfort blanket" of established categories such as tobacco. He said too many retailers were still missing out on opportunities to sell fresh produce. Convenience Store 22 June 2011

<http://www.thegrocer.co.uk/articles.aspx?page=independentarticle&ID=218998>

Charles Wilson, Chief Executive of Booker cash and carry, said: *“we are investing heavily in non-tobacco areas, as frankly that is where the future is”*.

Convenience Store. (May 30, 2008) p 4.

# The Kiosk of the Future

Improved Shopper Experience using POS fixtures



**Thankyou**

**Peter Ward**

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For further information please feel free to contact me on

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**Questions**

ACS.org.uk

ACS | the voice of  
local shops

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# Agenda

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- ACS and the Display Ban
- Tobacco Display Ban Timeline
- Implications for Retail Marketing

# About ACS

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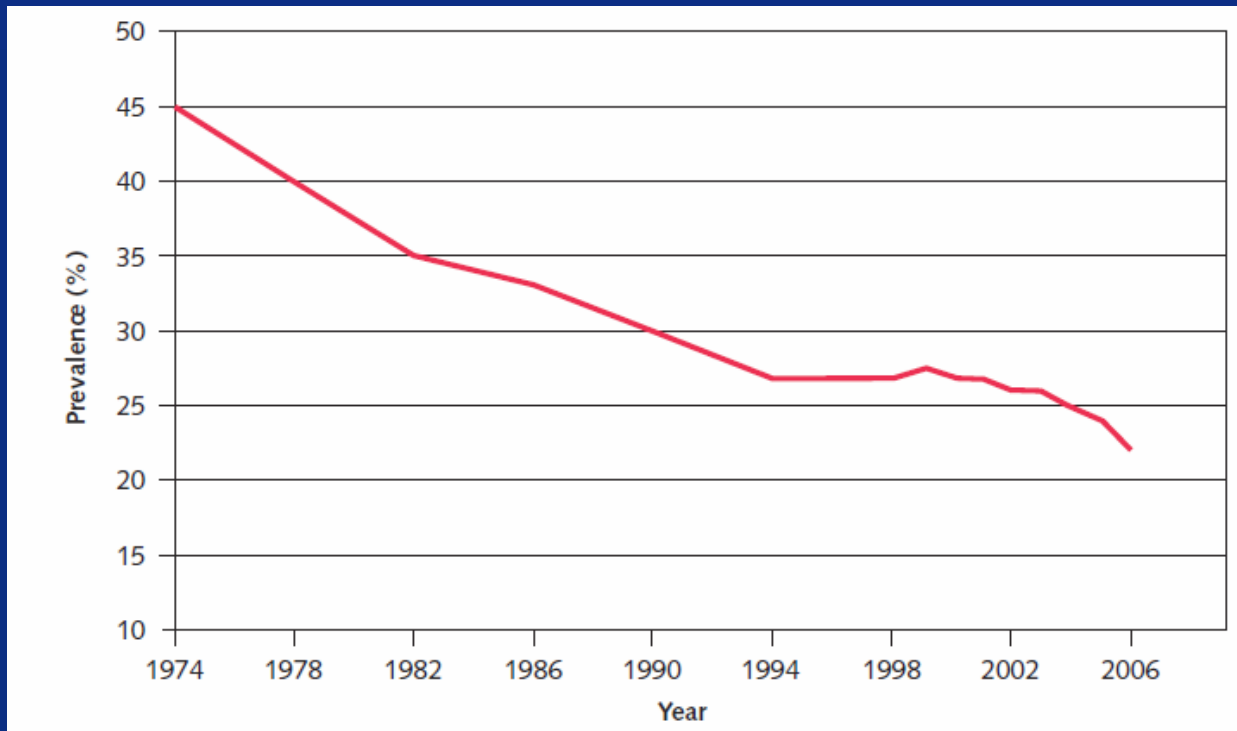
- Formed in 1995
- 33,500 shops in Membership
- Buying Groups, Symbol Groups, Multiples Convenience Stores, Independents
- Premier Club of Suppliers
- Lobby group for Sector
- Providing advice for Members
- Offering networking opportunities
- Website: [ACS.org.uk](http://ACS.org.uk)

# 33,500 Members

# ACS.org.uk



# Changes in smoking rates



Smoking rates have halved in the last three decades, going from 45% of the population in 1974, to just over 20% in 2006

# Changes in smoking rates

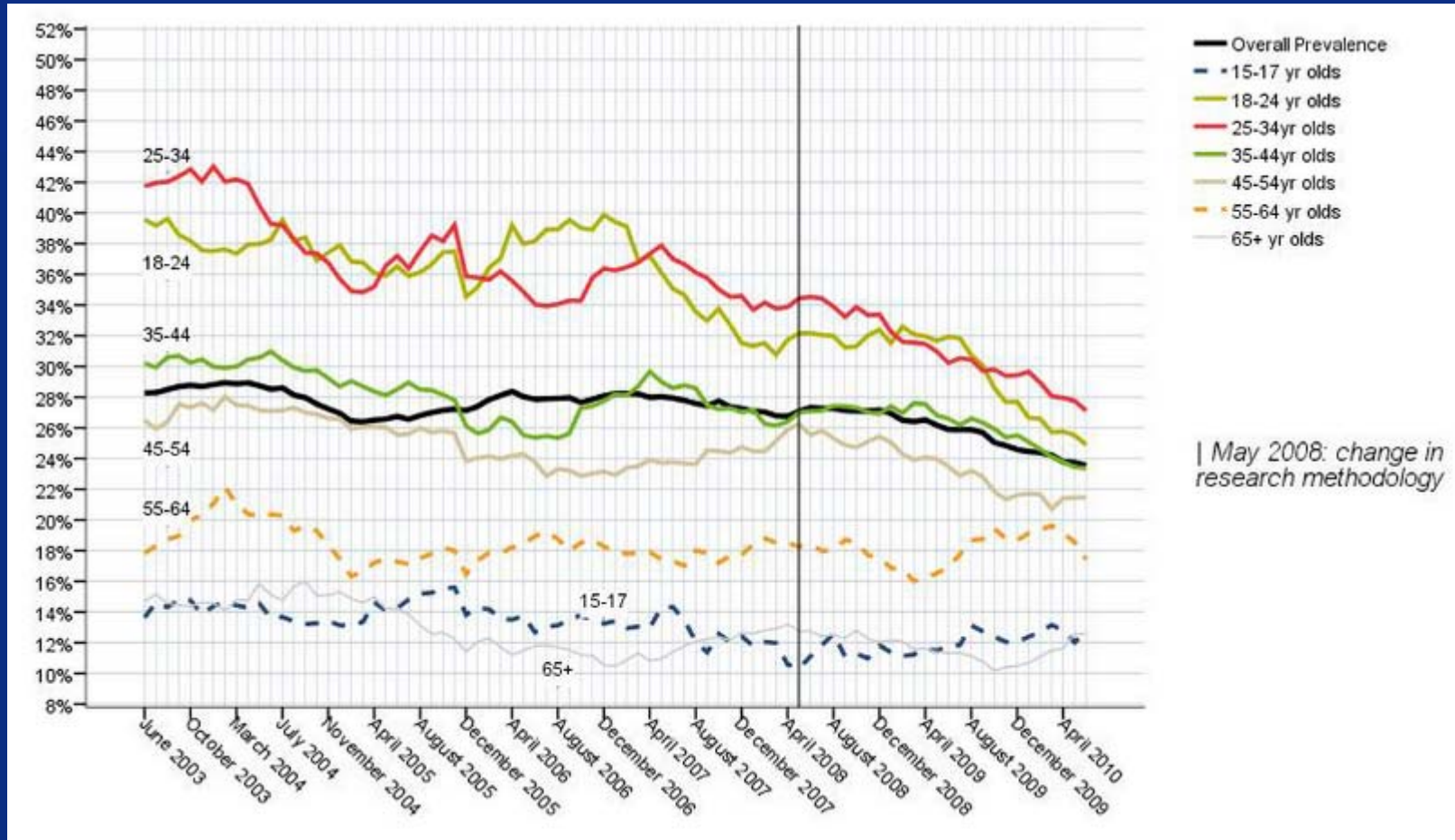
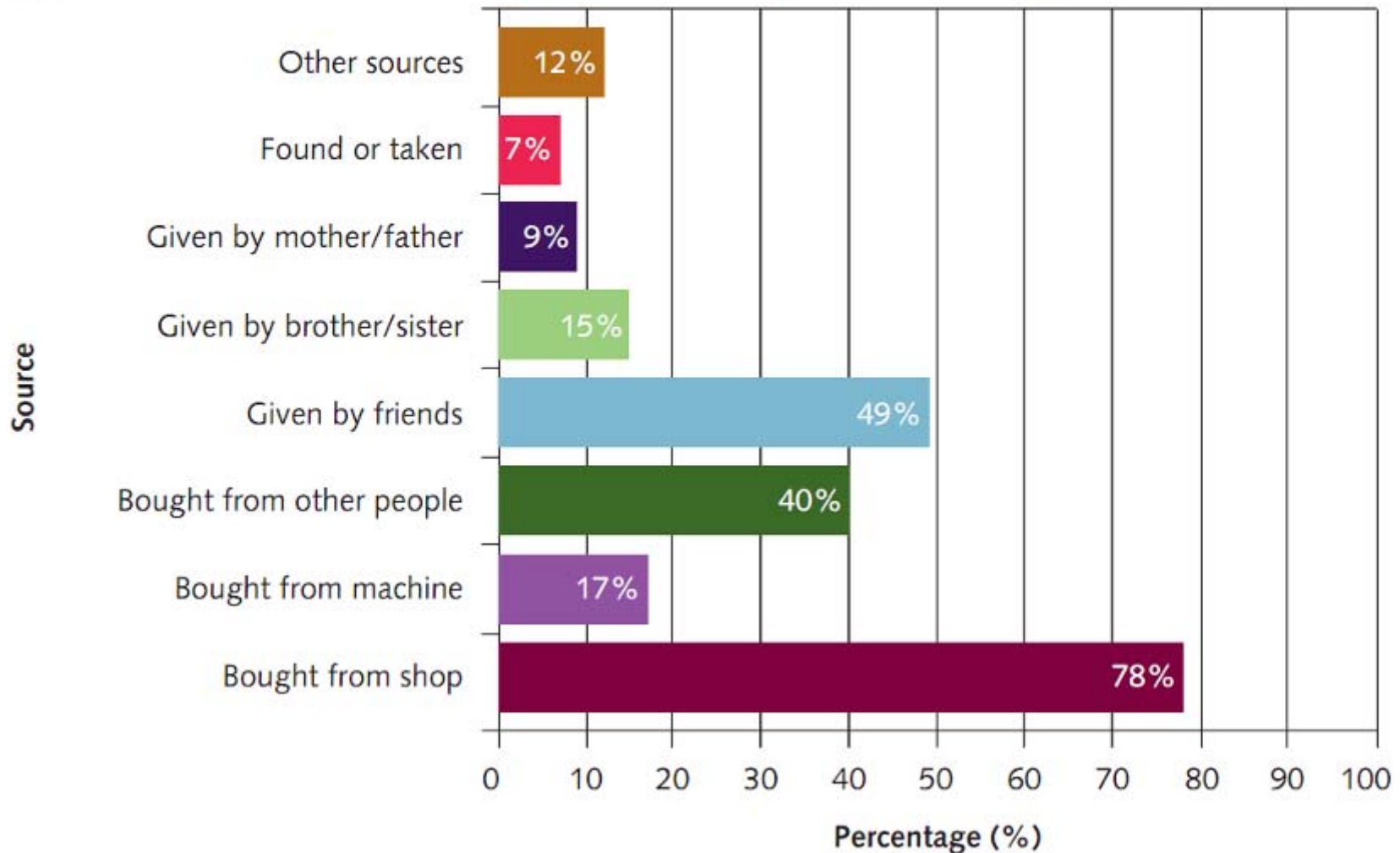


Figure 10: The usual sources of cigarettes for regular smokers aged 11–15 in 2006<sup>24</sup>



# Illicit Trade

ACS.org.uk

27% of cigarettes and 68% of roll your own tobacco is purchased on the black market

The illicit trade costs the UK Government in excess of £4billion per year in tax revenue

# Timeline

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2008

- Consultation on Display Ban
- Original Timetable for 2011 Implementation
- Small Store extension to 2013

2009

- Consultation on details, 1500 cm<sup>2</sup> requested display area

# Timeline

2010

- Increase in RDA to 7500 cm<sup>2</sup>
- Delay to 2012 (large stores), 2015 (small stores)

2011

- Increase in RDA to 1.5m<sup>2</sup>
- Plain packaging consultation
- 2012 Onwards: Display Ban or Plain Packaging?

# Existing Solutions

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# Vending Machines

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LOTTERY™**



# Conclusion

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- Bad policy not supported by evidence
- Important concessions for small shops
- Variety of solutions – but will changes go wider?

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Thank you

ACS | the voice of  
local shops