BACKGROUND

• In June, 2012, after passage of an initiative, Washington State ended a wholesale and retail monopoly on liquor, permitting sale of spirits in stores with > 10,000 square feet, and ending the three-tier system separating production, distribution and retail levels, in place since repeal of Prohibition.

• The initiative’s success (after a previous failure) in part was due to language assuring liquor taxes to generate State revenues equivalent to the earlier Liquor Control Board’s (LCB) markups. Spirits taxes in Washington are the highest in the nation.

• The initiative resulted in a 15.5% average price increase for the 75 ml size (4.7% for 1.75 l size), but also about five times as many stores selling liquor, including supermarkets, drug stores, liquor superstores, wholesale stores like Costco® and others. (Kerr, Williams & Greenfield, 2015)

• The spirits privatization initiative represents a ‘policy intervention’ in which two important alcohol control policy levers, each of which evidence suggests are important ways of reducing alcohol-related problems in themselves—increasing taxes/price, and decreasing availability (Baboret et al., 2010)—appear at the same time to be pulling in opposite directions (i.e., increased taxes/price and also increased availability of spirits).

DATA SOURCES

The LCB survey was conducted under State LCB contract by Elway Research, Inc. (a market research firm) with landline telephone surveys conducted in English between December 26 and 28, 2010. Of those reached (response rate not reported), 52% of the liquor purchasers in LCB-authorized (monopoly) stores were women; by age, 10% were 21-35, 27% 36-50, 40% 51-64, and 23% ≥ 65; 60% were employed, 8% unemployed and 29% retired. They were well distributed throughout the state and by rural, suburban, urban classification, with 96% of the purchasers reporting being drinkers themselves.

Baseline data for our ongoing Washington State surveys were collected between January and April, 2014 by ICF Macro, Inc., of Burlington, Vermont. The survey series examines changes in adult consumption, purchase decisions, beverage selection, brand pricing, retail locations and, here, satisfaction with store features. The analytic sample included 465 adults aged ≥ 21 who purchased or drank liquor (spirits) in the prior 12 months. We used state-wide list-assisted random digit dialed (RDD) strategies, randomly selecting one adult (age ≥ 18) per landline household. For the 50% cell-phone sample, any answering adult who reported being in a safe place was eligible. The initial sample had 1,202 cases (cooperation rates: landline 50.9%, cell phone 60.9%). Of these, 465 were ≥ 21 who purchased/drank spirits in the last 12 months.

MEASURES

• Satisfaction with retail purchase experiences used the 10 Likert-type questions from the LCB December 2010 survey that we retained, each asking the respondent to give a grade, from A (best) to D (worst) and F (fail) to each feature of the purchasing experience. Grades were recoded to numeric values with F=0, D=1, C=2, B=3 and A=4.

• Satisfaction items retained were: 1) courtesy of staff, 2) professionalism of staff, 3) adequate supply of product, 4) selection of liquor offered, 5) level of staff knowledge, 6) number of staff to help, 7) store prices, 8) convenience of store locations, 9) speed of checkout, and 10) store’s operating hours.

• Types of retail stores purveying liquor post privatization in 2014 were classified as follows: a) Liquor Superstores (e.g., Bevmo, Total Wine and More), b) Liquor Stores, c) Grocery Stores, d) Drug Stores, e) Department Stores, f) Wholesale (e.g., Costco®), and g) Other.

DECLARATIONS

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Satisfaction with liquor purchase experiences increased after privatization for half the features of the purchase experience assessed both times, and decreased for two attributes (both related to staffing (knowledge and number helping). Availability (location and hours) perceived product supply and staff professionalism appeared to be the most favored for open market liquor purchasers.

After privatization it is still possible to find relatively inexpensive spirits products, so perhaps it is not as surprising that price (though still the least favorable attribute at both times), was rated somewhat better after than before privatization.

Objectively prices went up on average 15.5% for the 75 ml size and 4.7% for the 1.75 l size (Kerr et al., 2015), but as we noted “persistent drinkers looking for low prices will be able to find them in certain stores” (Abstract). This is particularly true for the large size of spirits containers, for certain brands, in the wholesale Costco store.
LIMITATIONS

• Cross-sectional, self-report results, obtained with somewhat different telephone surveys.
• Washington State LCB survey is “as is.”
• Small samples of spirits purchasers at both times.
• Descriptive findings without adjustments for demographics (other than gender).
• Nevertheless this represented an unusual opportunity to conduct a formal pre-post test of
experiences with purchasing liquor in monopoly versus privatized stores after spirits privatization
in Washington State.

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THANK YOU!

Plan to attend Alcohol Policy Conference 2017

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