



NEWS RELEASE

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Market Study into Jersey’s Alcohol Pricing and Promotions published

The Jersey Competition Regulatory Authority (the Authority) has published its key findings and recommendations following a study into the impact of alcohol pricing strategies and promotions by licensed premises in Jersey. The study was requested by Jersey’s Attorney General following an application to the Licensing Assembly.

The study focused on the Attorney General’s Guidance (Licensing (Jersey) Law 1974) on Drinks Pricing and Promotions (the Guidanceⁱ), and its economic impact on licensed outlets and consumers. The Guidance prohibits, for example, the on-licence trade, such as pubs, offering “buy one, get one free” deals, or off licences selling alcohol for below the Minimum Unit Price (MUP), currently set at 50 pence per unit of alcohol. While the Authority recognises the health/social impact of the alcohol market, the focus of the study was on the economic impact, consistent with the Authority’s expertise as an economic regulator.

To analyse the impact of the Guidance, the study considered lessons from economic theory and analysis alongside international experiences of similar policies in comparative markets in other jurisdictions, including Guernsey (which has a similar market structure to Jersey but no restrictions on alcohol promotions) and Scotland (which introduced MUP in 2018). The research also included extensive engagement

with stakeholders. Structured interviews were held with consumers, retailers, the hospitality trade and suppliers on the impact of the Guidance.

The Guernsey experience showed that responsibly applied price promotions support competition without leading to excessive drinking or anti-social behaviour. The Scottish experience was one of higher prices and lower consumption following the introduction of MUP. It was also associated with lower alcohol-specific deaths and had limited unintended consequences.

The key findings of the study are:

- Jersey's on-licence pricing restrictions are unique. Stakeholder feedback, economic theory and analysis, and market outcomes all suggest they restrict competition.
- There are relatively higher on-licence prices on Jersey. This suggests the removal of pricing restrictions and responsible use of promotions could encourage competition, lower prices and benefit consumers.
- Inconsistencies in the way the Guidance is applied could impact the level playing field in the on-licence market.
- High prices in the on-licence sector are likely to lead to a shift away from on-licence to off-licence consumption. This is a trend identified by stakeholders and is consistent with economic theory, and the weight of econometric evidence from other countries.
- There are other features of the on-licence trade that might also have an impact on competition. This includes tied relationships and exclusive wholesale supply deals.

Building on the key findings the Authority has made the following recommendations for the Attorney General/Licensing Assembly and Government to consider:

- From an economic perspective, the pricing restriction on the on-licence trade should be removed i.e. to allow on-licences to price freely. This would ensure

that benefits of competition and innovation are passed on to consumers in the form of lower prices.

- The restrictions on promotion for the on-licence trade, when considered from an economic perspective, should be removed or eased. The restrictions limit on-licences' ability to compete and to attract price sensitive customers. They may also affect the level playing field in the market.
- For the on-licence trade, to consider using alternative measuresⁱⁱ that distort competition less but ensure that promotions do not lead to excessive drinking.
- For the off-licence sector, to review the impact of minimum unit pricing after a sufficient length of time post-COVID has passed. This review should be holistic and cover the economic, health and social impacts of the policy.
- For the Authority to monitor the impact of tied house relationships and exclusive wholesale supply deals after restrictions imposed by the Guidance are relaxed. If competition issues persist, to take appropriate action to address this.

Tim Ringsdore, CEO of the Authority said, “Market Studies are an effective tool to ensure markets are working well for consumers and businesses. While there are well-documented health considerations related to consumption of alcohol, it’s important to understand this review explores only the economic factors.

“This Market Study, carried out at the request of the Attorney General, has provided valuable insights into the impact of the Guidance on the market, and the published findings and recommendations have been shared with the Law Officers’ Department. There was considerable interest in responding to this Study and we are grateful to all stakeholders for their time and contributions.”

Mark Temple QC, Attorney General said, “I welcome this report and thank the Jersey Competition Regulatory Authority for their work, as well as all those who contributed to the process. The report has set out a number of findings and recommendations that will need to be taken into account when considering whether changes should be made to the Guidance. It is important to highlight that the Report concerns economic analysis, and that other considerations, such as public order and crime prevention,

also need to be taken into account in relation to the Guidance. I will be referring the Report to the Licensing Assembly for its consideration in due course.”

The Authority worked with experts from Frontier Economics to carry out the study.

Further details of the [Market Study](#) can be found on the Authority’s website, together with the Terms of Reference and Frequently Asked Questions.

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NOTES TO EDITORS:

About The Jersey Competition Regulatory Authority:

The Authority was established under the Competition Regulatory Authority (Jersey) Law, 2001. It is responsible for administering and enforcing the Competition (Jersey) Law 2005 and regulates the telecoms and postal sectors and the Ports of Jersey. The Authority strives to ensure that the markets work well for the benefit of all stakeholders, including Government, business, citizens, and consumers facilitating best value, choice and access to high quality services.

ⁱ A link to the AG’s Guidance is here: [ID Attorney General’s Statement Drinks Promotions 20130328 JB.pdf \(gov.je\)](#)

ⁱⁱ There are potentially less distortive measures that can be introduced/enforced. For example, raising alcohol duties, extending MUP to on-licences, revoking licences of businesses that do not use promotions responsibly and providing more education on risks associated with excessive drinking, to name a few.