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Executive Summary

- The purpose of this research was to determine the level of operational impact felt by small retailers in Australia as a result of the introduction of plain packaging of tobacco products.
- Lists of owners/managers of small retailers across Australia – including convenience stores, general trade and tobacconists – were provided by the Australian Association of Convenience Stores (AACCS), Convenience and Mixed Business Association (CAMBA) and Philip Morris Limited (from the nationwide PML Retailer Panel), and 450 of these respondents were surveyed by telephone in December 2012 to gain an understanding of retailers' experiences with the transition to plain packaging.

Summary of Findings

- The introduction of plain packaging has had a negative impact on numerous facets of small retailers' **customer interaction**:
 - Overall, 9 in 10 small retailers have experienced an increase in the time taken to serve adult smoker customers, and three-quarters report additional time is spent communicating with these customers about tobacco products.
 - Three-quarters have faced increased frustration from adult smoker customers, and three in five have seen an increase in the frequency of staff giving the wrong products to customers (primarily due to difficulty in recognising/distinguishing between brands). Currently only a quarter of retailers have experienced increased frequency of attempted product returns since the transition to plain packaging.
 - Nearly half of small retailers also consider that plain packaging has negatively affected the level of service they are able to provide to their non-tobacco customers.
 - Overall, of the three small retail types, tobacconists and general trade have generally felt the strongest impact of plain packaging on customer interaction.

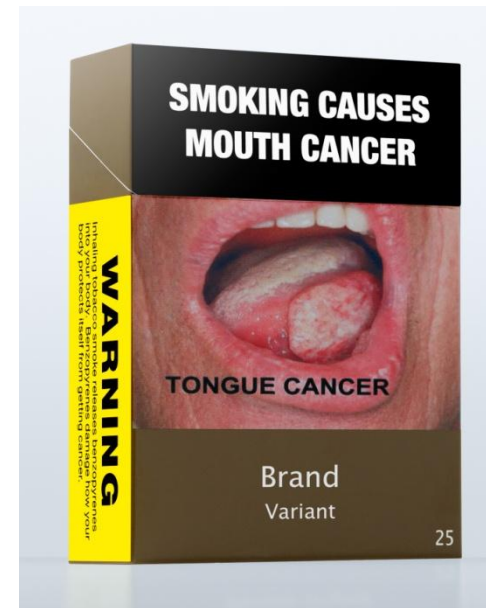
- Small retailers' **stock and inventory management** has also seen a detrimental effect since the transition to plain packaging, encompassing impacts on ordering, deliveries, and storage:
 - The large majority of small retailers find it now takes more time to order stock, including two-thirds claiming it takes much more time. The accuracy of the ordering process has also been impacted by plain packaging, with almost half of small retailers facing an increase in the frequency of incorrect orders placed (including ordering the wrong products/brands or too much/not enough of particular products). Around four in five small retailers have also experienced an increase in the occurrence of out of stocks since the transition to plain packaging.
 - More than two-thirds of small retailers noted an increase in the time taken to receipt stock while the courier is on site (also resulting in courier frustration), and nine in ten now take longer to process stock once the courier has left.
 - Nearly nine in ten small retailers have seen an increase in the time taken for stock storage in the backroom storage area, storefront storage and sales cupboards/drawers, and around two-thirds have experienced increased frequency of incorrect product placement in each of these areas.
 - Tobacconists and general trade have generally been the retail channels whose stock and inventory management has been most affected by plain packaging.

- Plain packaging has also impacted on several **staffing** issues, particularly amongst tobacconists:
 - While less than half of small retailers overall had increased the number of staffing hours (a fifth of general trade, just over a quarter of convenience and almost half of tobacconists), the majority reported that their staff now have a heavier workload since the transition to plain packaging.
 - Only about a third of small retailers indicated being concerned about store or staff safety issues as a result of staff members facing the storefront less since the introduction of plain packaging.
 - Almost two-thirds of small retailers have spent additional time training part-time, casual or transient staff as a result of the changeover to plain packaging, while two in five have faced additional costs from training staff members as a result of the changeover.
- Small retailers have clear views about the **government's involvement in tobacco regulation**. Three-quarters expect to see more government involvement in tobacco regulation and two-thirds do not perceive that the government considers the needs of small businesses at all in its tobacco legislation. Two-thirds of retailers reported that their feelings towards the government are now less favourable as a result of the plain packaging legislation.
 - Negative government perceptions were most common amongst tobacconists and general trade.

- The **human reaction** to plain packaging centred around key themes of requiring more work, training and effort for retailers, the perception that it won't work or make any difference to smoking habits, and the notion that the legislation is costing retailers money through increased costs and losing customers. These themes were common across the three small retail channels.
 - Three-quarters of small retailers rated plain packaging as having had a negative impact on their business overall.
 - Tobacconists experienced the strongest sense of frustration with the plain packaging legislation, followed by general trade.
- Small retailers' awareness of **illicit tobacco products** in Australia is high, particularly amongst tobacconists (followed by general trade). However, around half of retailers perceive illicit trade to have no impact or only a minor impact on their business.
 - Perceived impact of illicit trade did vary by channel, from a quarter of convenience retailers considering it to have a moderate or major impact on their business, to just over a third of general trade and almost half of tobacconists.
 - Open-ended comments from retailers also revealed a concern that plain packaging will result in an increase in illicit trade.

Background & Research Objectives

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- Under the Australian Government's *Tobacco Plain Packaging Act 2011*, the manufacture, packaging, labelling and supply of tobacco products (cigarettes, loose leaf tobacco, cigars etc.) in Australia has become standardised to specific plain packaging regulations, including:
 - Requirement that tobacco retail packaging is a specified drab dark brown colour in a matt finish;
 - Removal of all branding (corporate logos, brand imagery, colours and promotional text) on tobacco products and retail packaging, other than brand and variant names in a standard colour, position, font style and size;
 - Restrictions on the size of tobacco retail packaging; and
 - Restrictions on packaging format and materials for cigarette retail packaging.
- The manufacture and rollout of plain packaged tobacco products began as early as September 2012. From 1 October 2012, all tobacco products manufactured or packed for the Australian market were required to be in plain packaging, with 100% plain packaging penetration of all tobacco products for sale or supply nationally from the legislated start date of 1 December 2012.

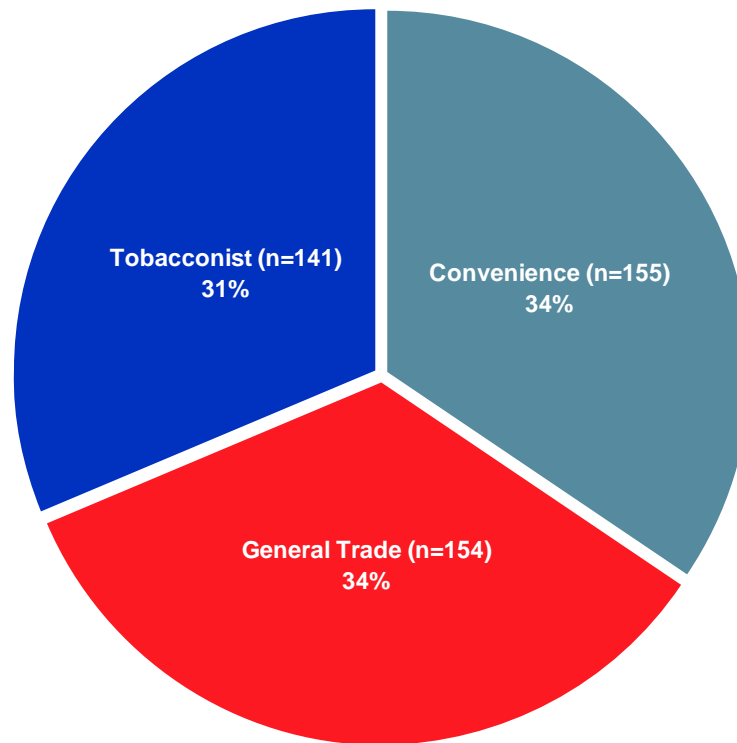
- Roy Morgan Research was commissioned to conduct research to determine the level of impact felt by small retailers in Australia as a result of the introduction of plain packaging of tobacco products.
- The research was centred around addressing the following key objectives:
 - Determine the operational impact of plain packaging on small retailers' customer interaction, stock management and inventory processes, and staffing and workloads; and
 - Compare the impact of plain packaging across different retail channels (convenience stores, general trade and tobacconists).
- In order to evaluate this, three types of small retail channels were targeted via a telephone survey obtained from lists supplied by client, AACCS and CAMBA :
 - **Convenience stores;**
 - **General trade;** and
 - **Tobacconists.**
- This survey is part of a larger project to understand the impact of the plain packaging legislation on small retailers more broadly, including not only operational impacts on the business, but also volume and profitability effects since the introduction of plain packaging.

Methodology & Sampling

- A total of **n=450** telephone interviews were conducted via Computer-Assisted Telephone Interviewing (CATI) with a nationwide sample of small retailers.
- For the purposes of this research, target respondents were defined as owners, licensees/franchisees, and managers or assistant managers of small tobacco retailers in Australia, including convenience stores, general trade, and tobacconists.
- Contact details of eligible respondents were provided to Roy Morgan Research from three sources:
 - The Australian Association of Convenience Stores (AACS);
 - Convenience and Mixed Business Association (CAMBA); and
 - Philip Morris Limited (from the nationwide PML Retailer Panel).
- The final sample was split approximately equally by channel, with the following number of interviews completed amongst each retailer type:
 - A sample of **n=155** was achieved for **convenience stores**
 - A sample of **n=154** was achieved for **general trade**
 - A sample of **n=141** was achieved for **tobacconists**

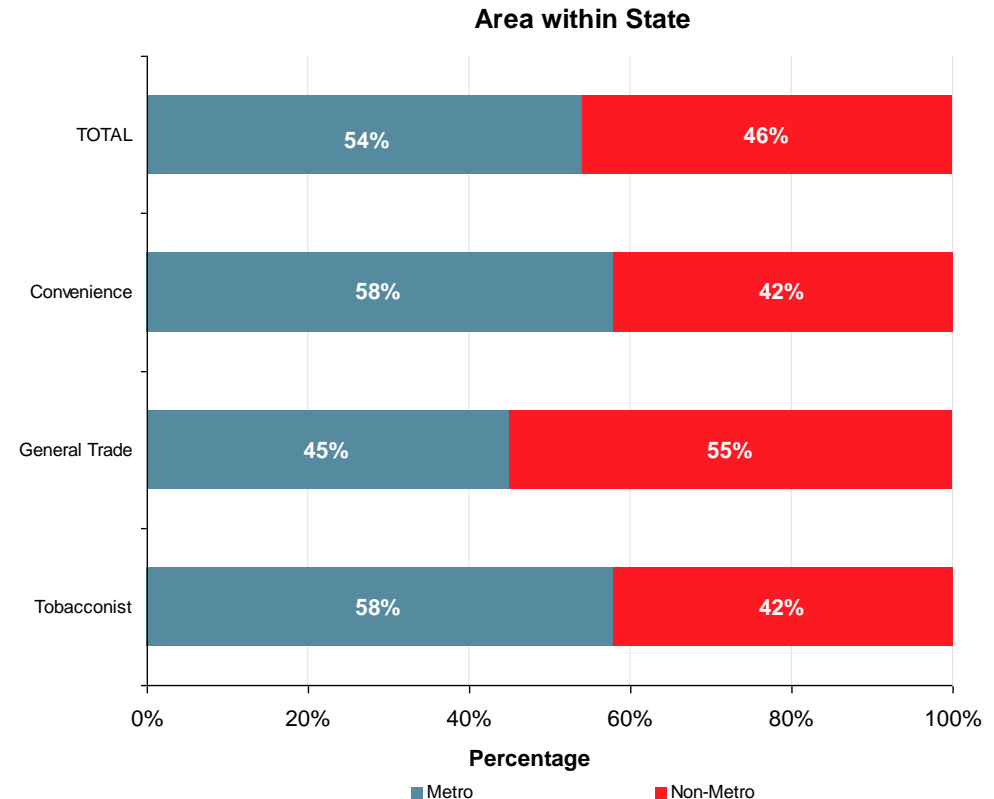
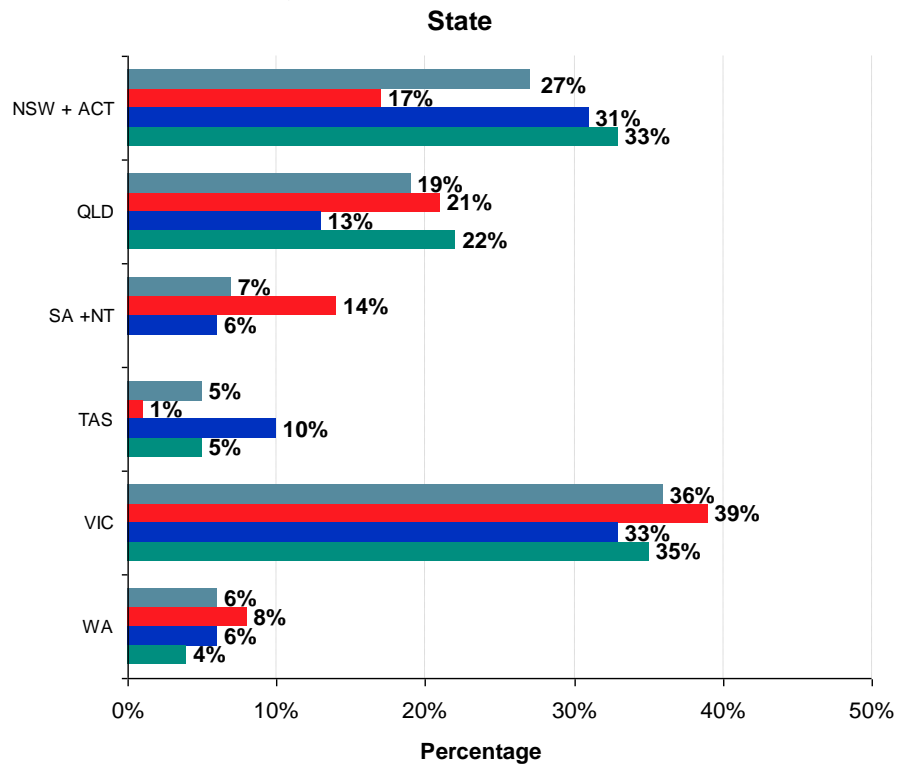
- Interviewing was conducted from Monday 3 December to Monday 10 December 2012.
- Overall, contact was made with a total of 632 retailers throughout the fieldwork period, to achieve an overall participation rate of 71.2%.
- The survey took an average of 19.1 minutes to complete, and participating respondents received a \$30 gift card as compensation for their time.
- The questionnaire included a variety of questions centred around various themes, including:
 - Impact of plain packaging on customer interaction;
 - Impact of plain packaging on stock and inventory management;
 - Impact of plain packaging on staffing;
 - Perceptions about the government's involvement in tobacco regulation;
 - Human reaction to plain packaging;
 - Awareness and perceived impact of illicit tobacco; and
 - Retailer characteristics and experience in relation to tobacco retailing.
- NB: Figures reported throughout may not sum to 100% due to rounding.
- Single response questions are denoted by (s), and multiple response questions by (m) throughout this report.

Sample & Retailer Characteristics



Region Distribution

- The sample included retailers from a mix of Australian states and territories, with strongest representation of the eastern seaboard states: Victoria (36%), NSW (incl. ACT; 27%); and Queensland (19%).
 - This was consistent across all three channels, although the convenience sample also included high proportions of SA/NT retailers (14%), and the general trade sample included relatively high proportions of Tasmanian retailers (10%).*
- Overall, just over half of retailers in the total sample were based in metropolitan areas (54%).
 - The convenience and tobacconist sub-samples included higher proportions of metropolitan retailers (both 58%), while the general trade sub-sample had proportionately more regional retailers (55%).*



■ TOTAL ■ Convenience ■ General Trade ■ Tobacconist

Not asked in survey; state and area were recorded on sample file.

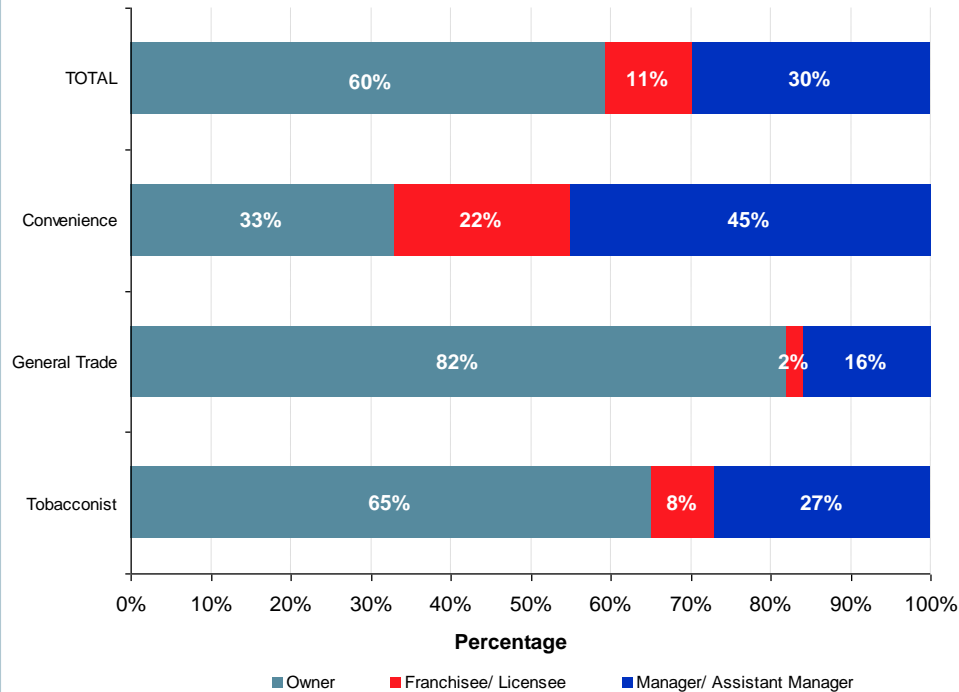
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

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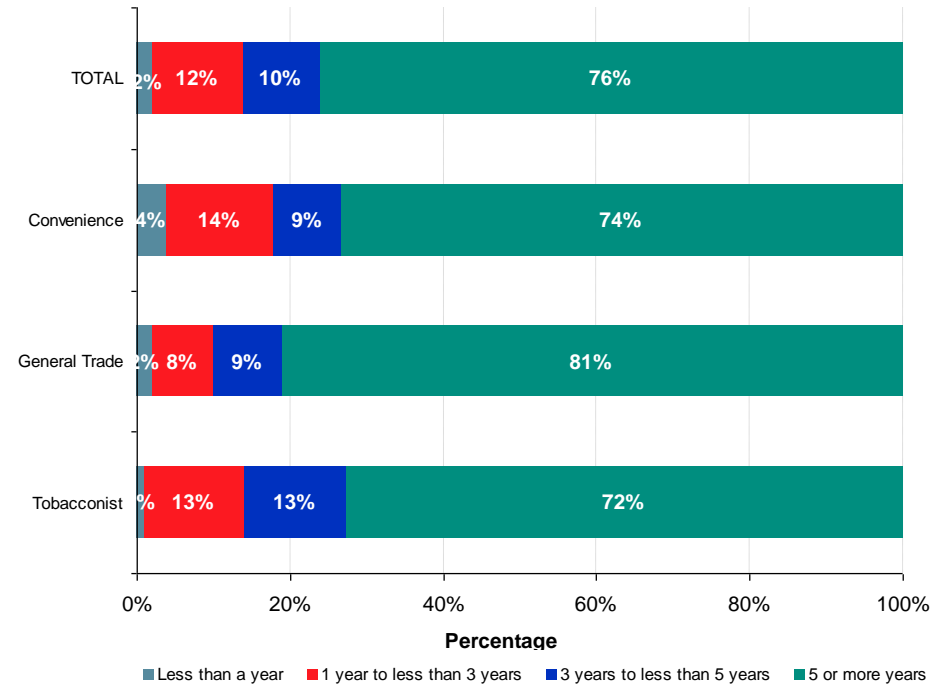
Respondent Characteristics

- The majority of respondents surveyed were the owners of the retail outlet (60%).
 - This was also the case for the general trade and tobacconist sub-samples (82% and 65% respectively); however, amongst convenience stores, only a third of respondents were the business owner (33%), with the largest proportion of this group being store managers/assistant managers (45%).
- The majority of respondents across all channels had been involved in retailing tobacco for five or more years (76% of total sample).
 - General trade retailers tended to have had the longest tobacco retailing experience.

Respondent Position Within Store



Length of Time Retailing Tobacco



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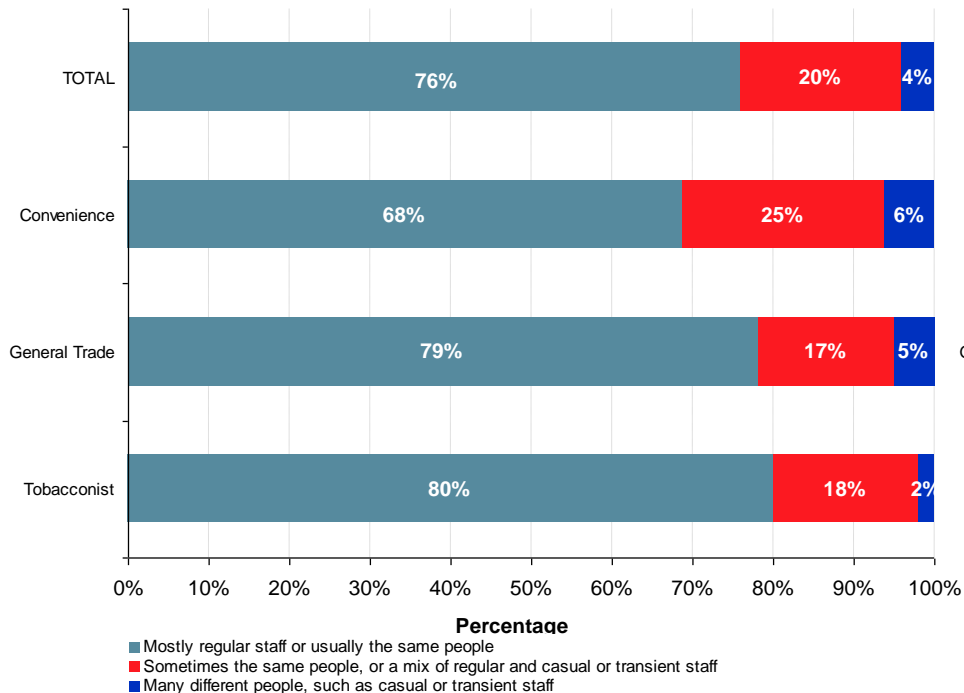
Q1. Which of the following best matches your position within the store? (s); Q2. How long have you personally been involved in retailing tobacco? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

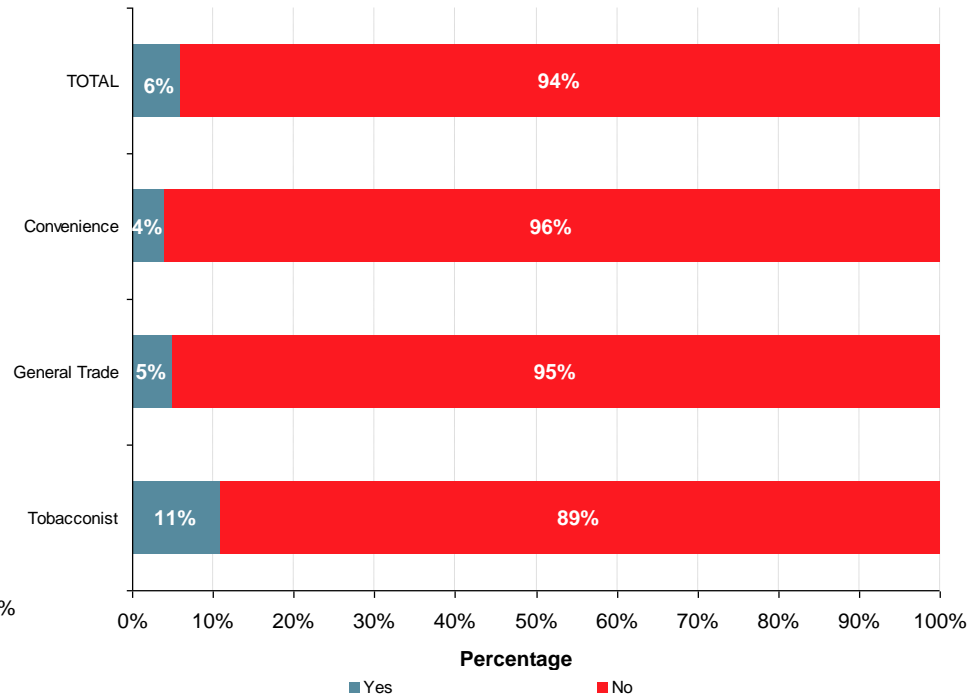
Store Characteristics

- The majority of retailers surveyed indicated that their tobacco service staff were mostly regular staff members or usually the same people (76%).
 - This was consistent across the three channels, although convenience stores had a higher proportion reporting that their tobacco staff were a mix or regular and casual or transient staff members (25%) relative to general trade (17%) and tobacconists (18%).*
- Very few retailers had an automatic cigarette dispensing unit in their store (6%). This proportion was highest amongst tobacconists (11%).

Tobacco Service Staff



Whether Store has Automatic Cigarette Dispensing Unit



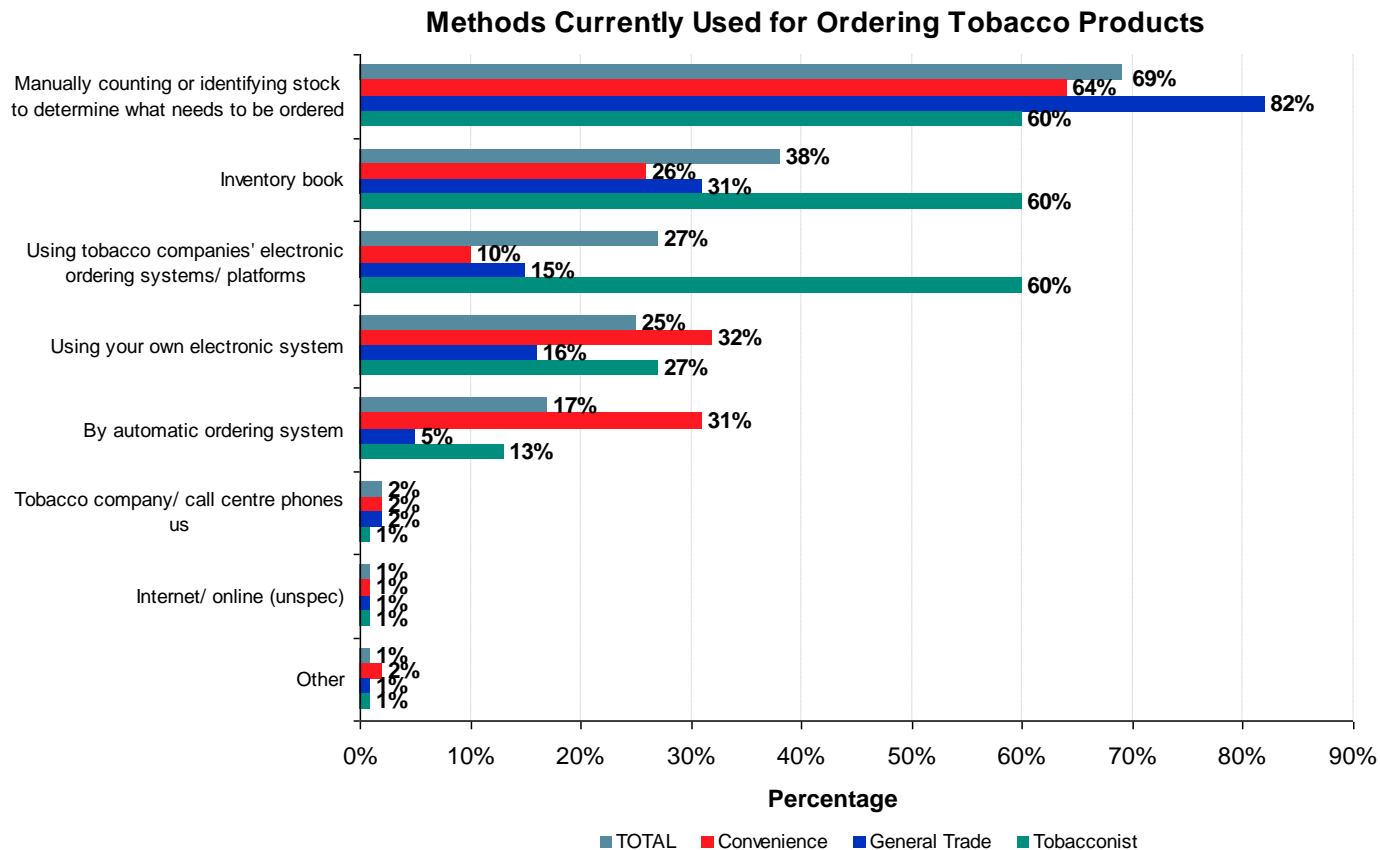
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Q7. Thinking about the staff who serve tobacco products to adult smoker customers, would you say that they are...? (s); Q3. Does your store have an automatic cigarette dispensing unit? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Methods Used for Ordering Tobacco Products

- The most frequently cited method currently used for ordering tobacco products was manually counting or identifying stock to determine what needs to be ordered (69%).
- Tobacconists were also likely to use inventory books (60%) and tobacco companies' electronic ordering systems or platforms (60%).



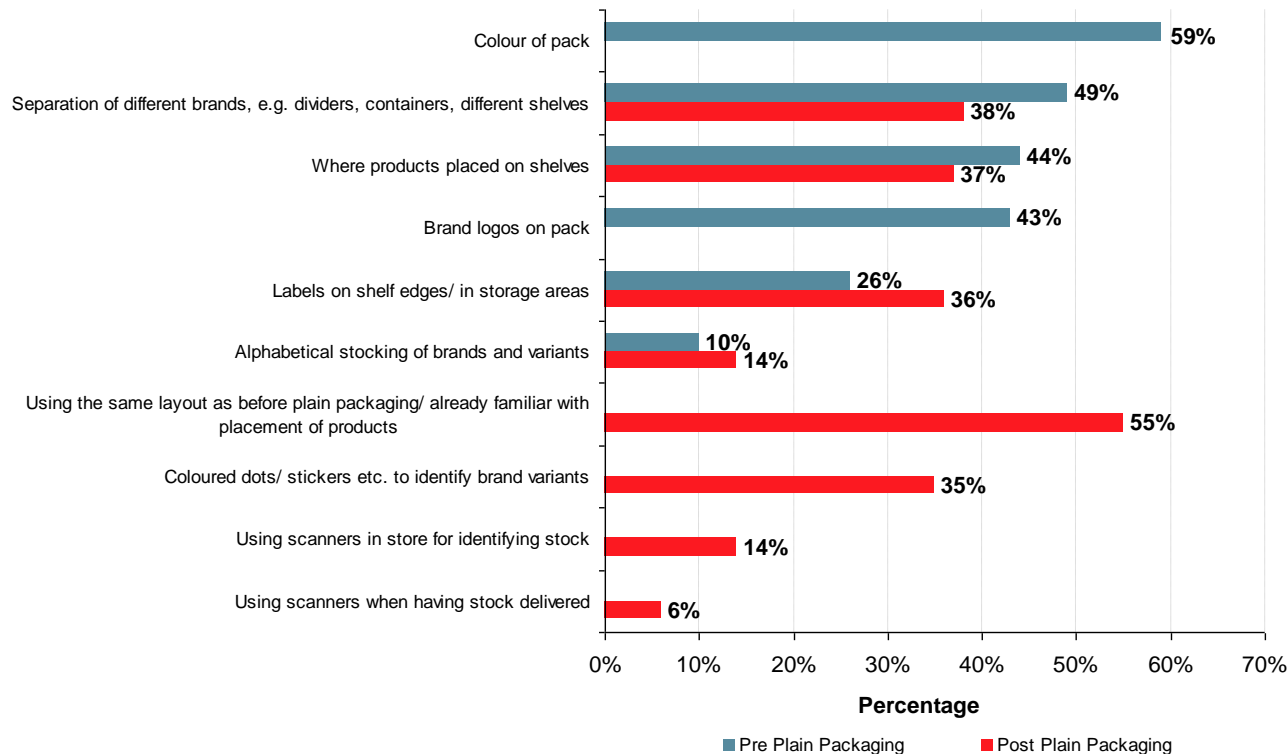
Q4. Which of the following methods does your store currently use for ordering tobacco products? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Methods Used to Identify Tobacco Products – Pre versus Post Plain Packaging

- Not surprisingly, methods used to identify tobacco products differ pre- and post-plain packaging.
- In addition to the removal of visual cues such as pack colour and brand logos (59% and 43% respectively pre-plain packaging), other methods that have dropped off since the introduction of plain packaging include separation of different brands (38% cf. 49% pre-plain packaging) and placement on shelves (37% cf. 44%), while labels on shelf edges/in storage areas are now used by higher proportions (36% cf. 26%).
- Since the introduction of plain packaging, new methods for identifying tobacco products include using the same layout as before (55%), coloured dots/stickers to identify brand variants (35%) and the use of scanners (14% in store; 6% for deliveries).

Top Methods Used to Identify Tobacco Products - Pre vs. Post Plain Packaging



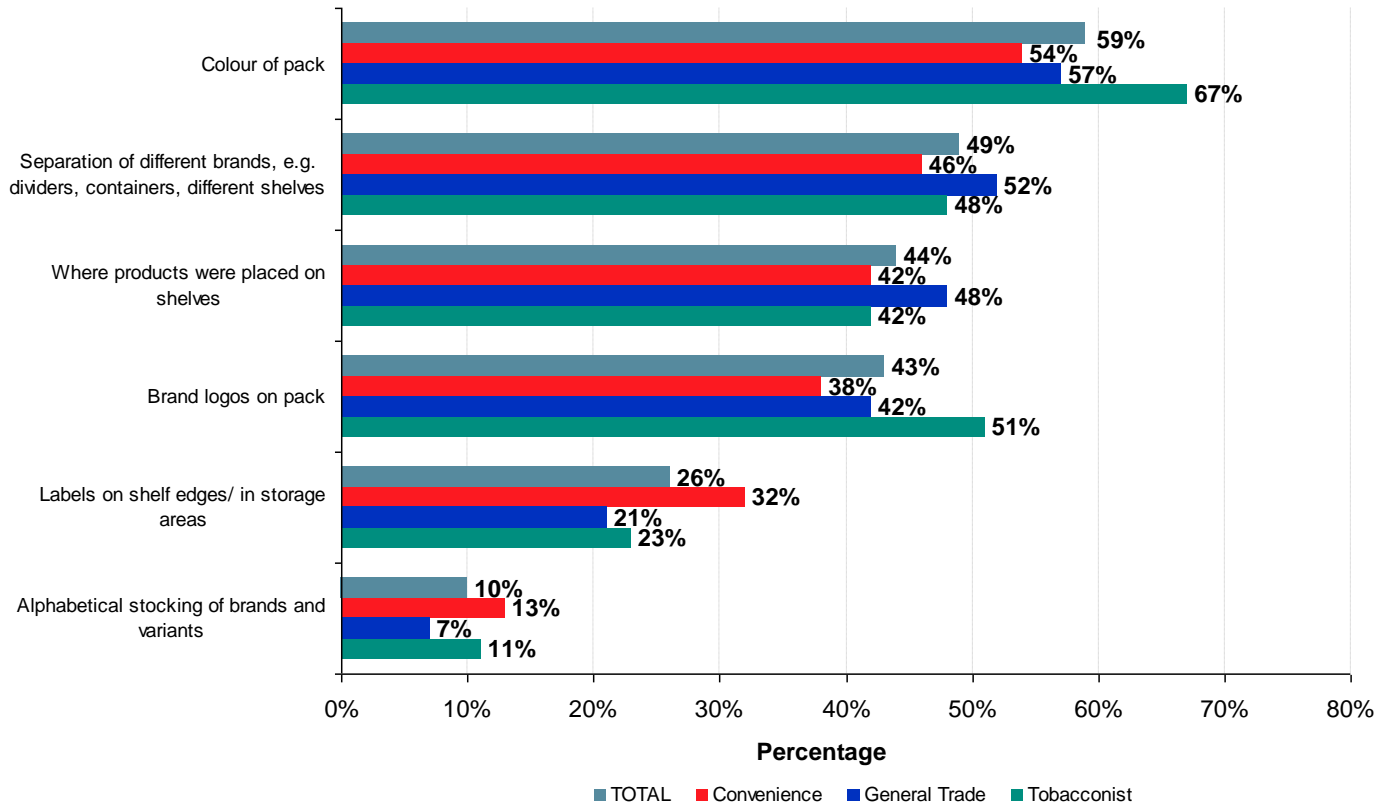
Q5. Prior to plain packaging, which of the following methods did your store use to identify tobacco products? (m); **Q6.** And which of the following methods does your store NOW use to identify tobacco products since plain packaging? (m)

Base: All respondents (n=450). Responses less than 5% not shown.

Methods Used to Identify Tobacco Products – Pre Plain Packaging

- Prior to plain packaging, tobacconists in particular tended to use visual methods of identification of tobacco products, with two-thirds citing pack colour (67%) and half reporting they used brand logos on packs (51%) to identify tobacco products.

Top Methods Used to Identify Tobacco Products - Pre Plain Packaging



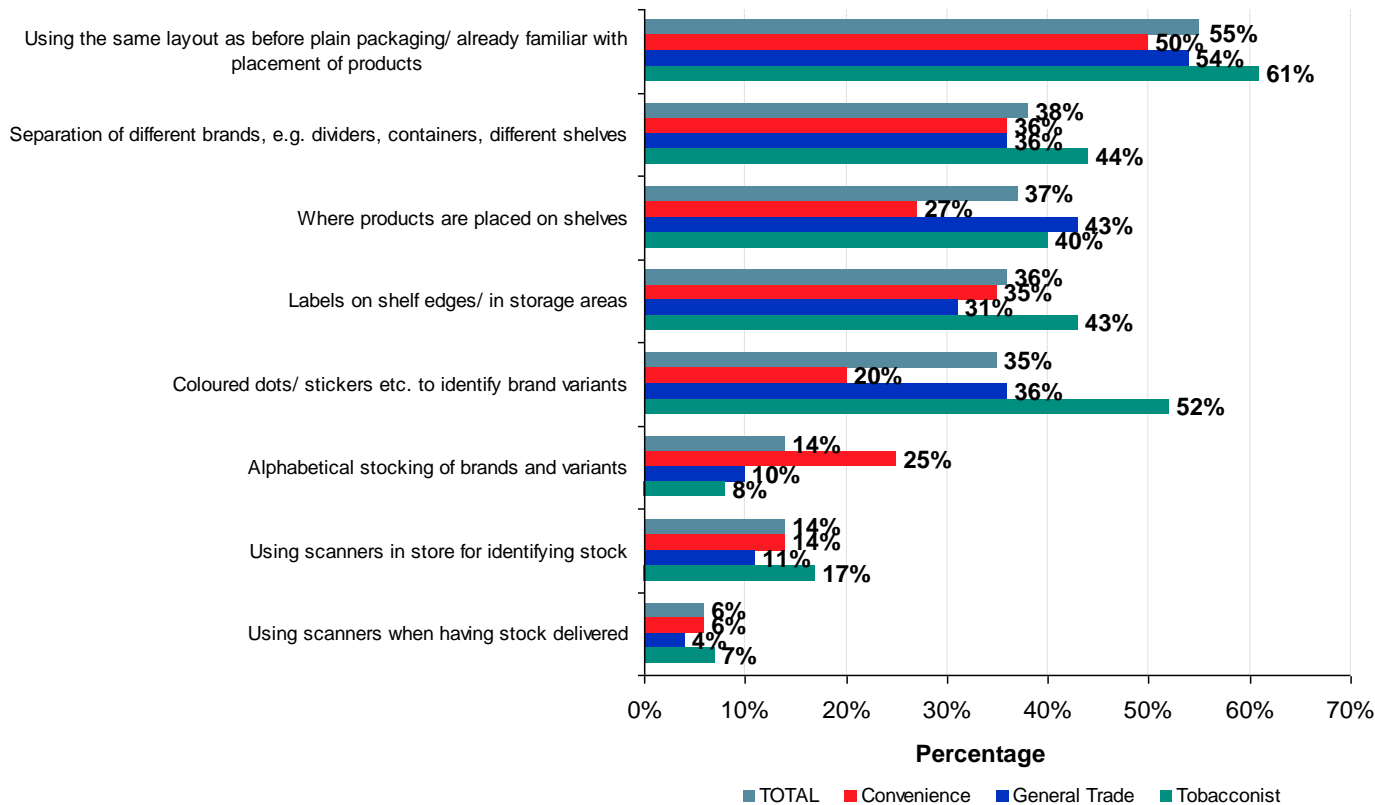
Q5. Prior to plain packaging, which of the following methods did your store use to identify tobacco products? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141). Responses less than 5% not shown.

Methods Used to Identify Tobacco Products – Post Plain Packaging

- Since the introduction of plain packaging, tobacconists are more likely than other small retailers to use the same layout as before (61%), coloured dots/stickers etc. to identify brand variants (52%), and separation of different brands (44%) to help identify tobacco products.

Top Methods Used to Identify Tobacco Products - Post Plain Packaging



Q6. And which of the following methods does your store NOW use to identify tobacco products since plain packaging? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141). Responses less than 5% not shown.

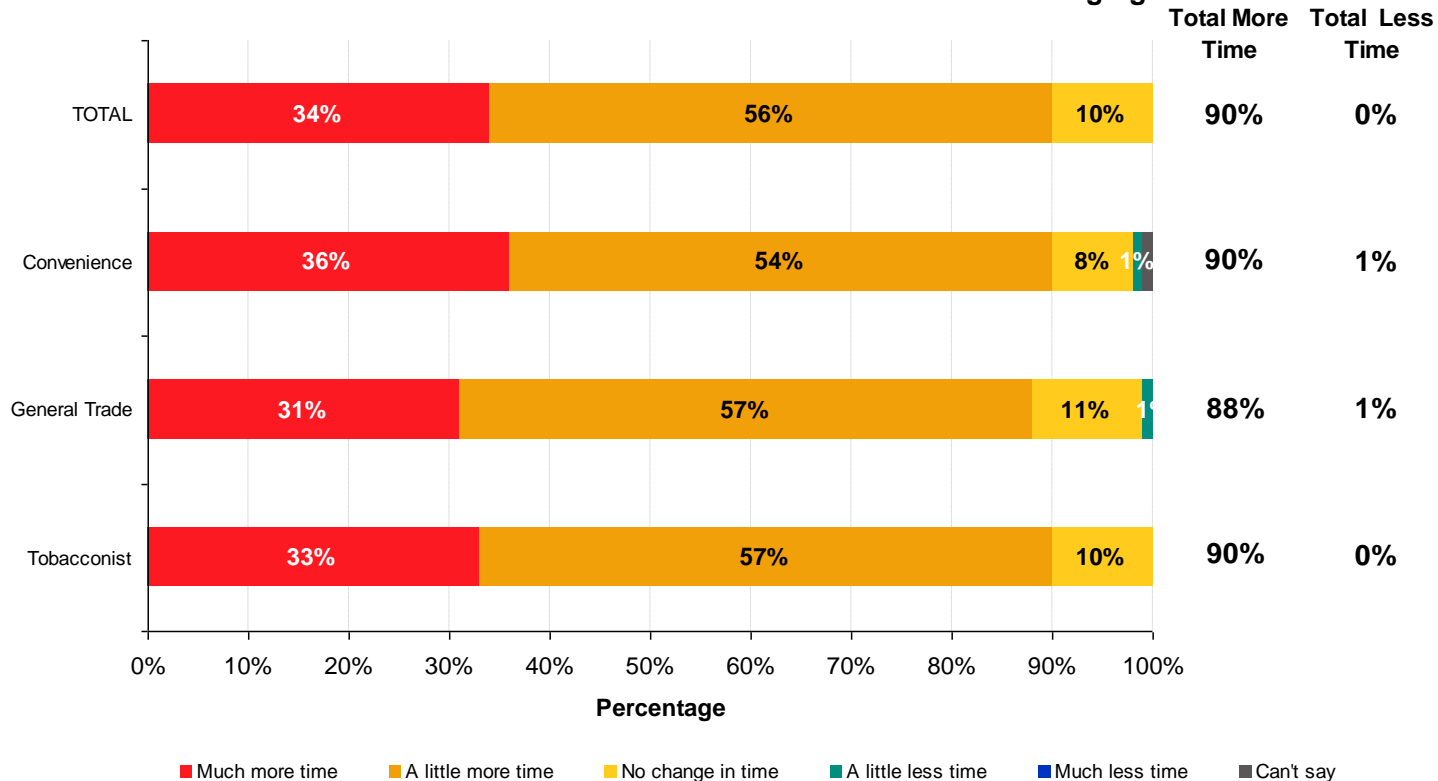
RESULTS

Impact of Plain Packaging on Customer Interaction

Time Taken to Serve Adult Smoker Customers

- The large majority of small retailers reported experiencing an increase in the time taken to serve adult smoker customers since the introduction of plain packaging (90%), including a third indicating it now takes much more time to serve adult smoker customers (34%).
- Impact on serving time was similar between retail channels.

Time Taken to Serve Adult Smoker Customers Since Plain Packaging



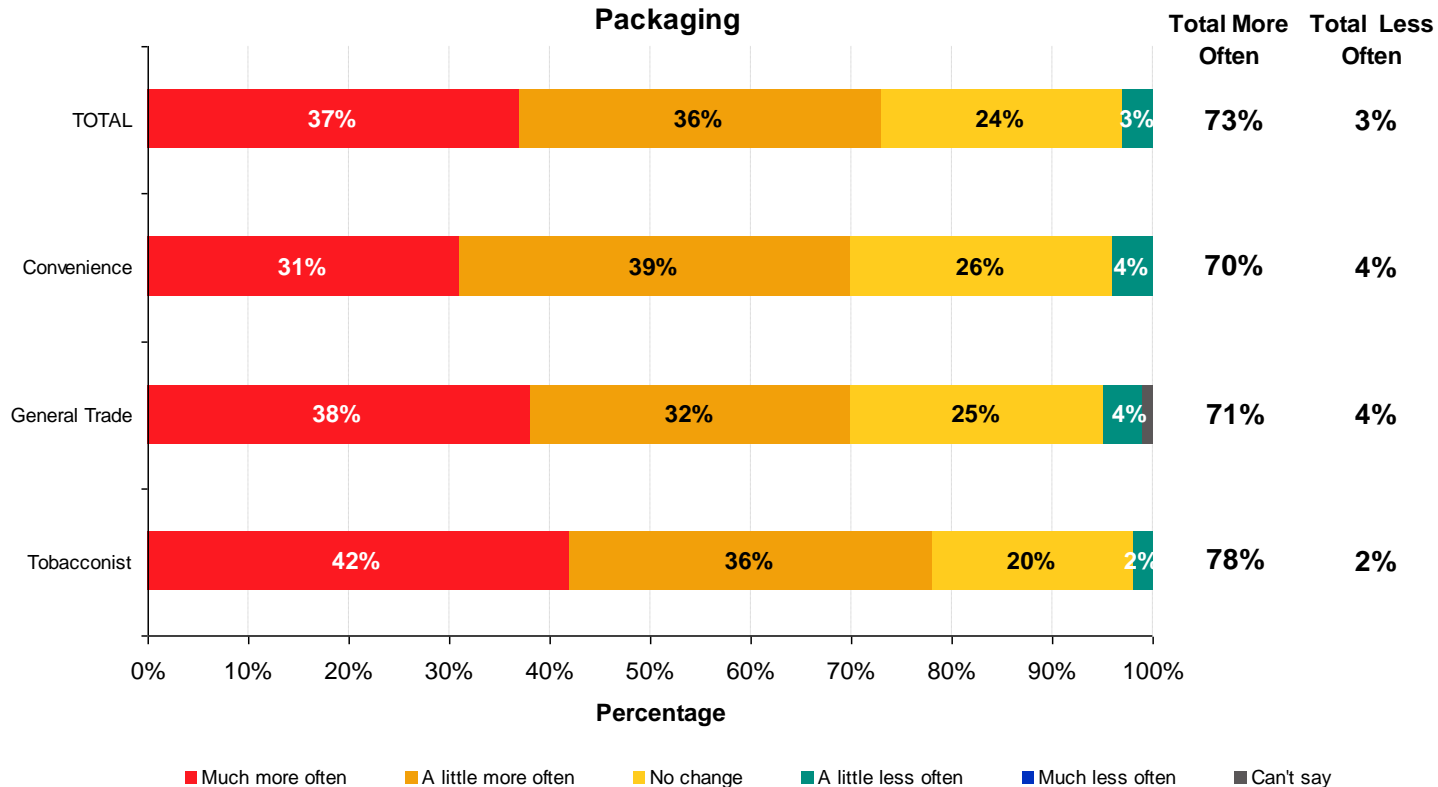
Q8. Has there been any effect on the time taken to serve adult smoker customers? Would you say that it takes...? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Adult Smoker Frustration During Tobacco Sales

- Around three-quarters of retailers surveyed indicated that adult smokers now experience or express frustration more often during tobacco sales (73%).
- This proportion was highest amongst tobacconists (78%, including 42% much more often).

Frequency of Adult Smoker Customer Frustration During Sale Since Plain



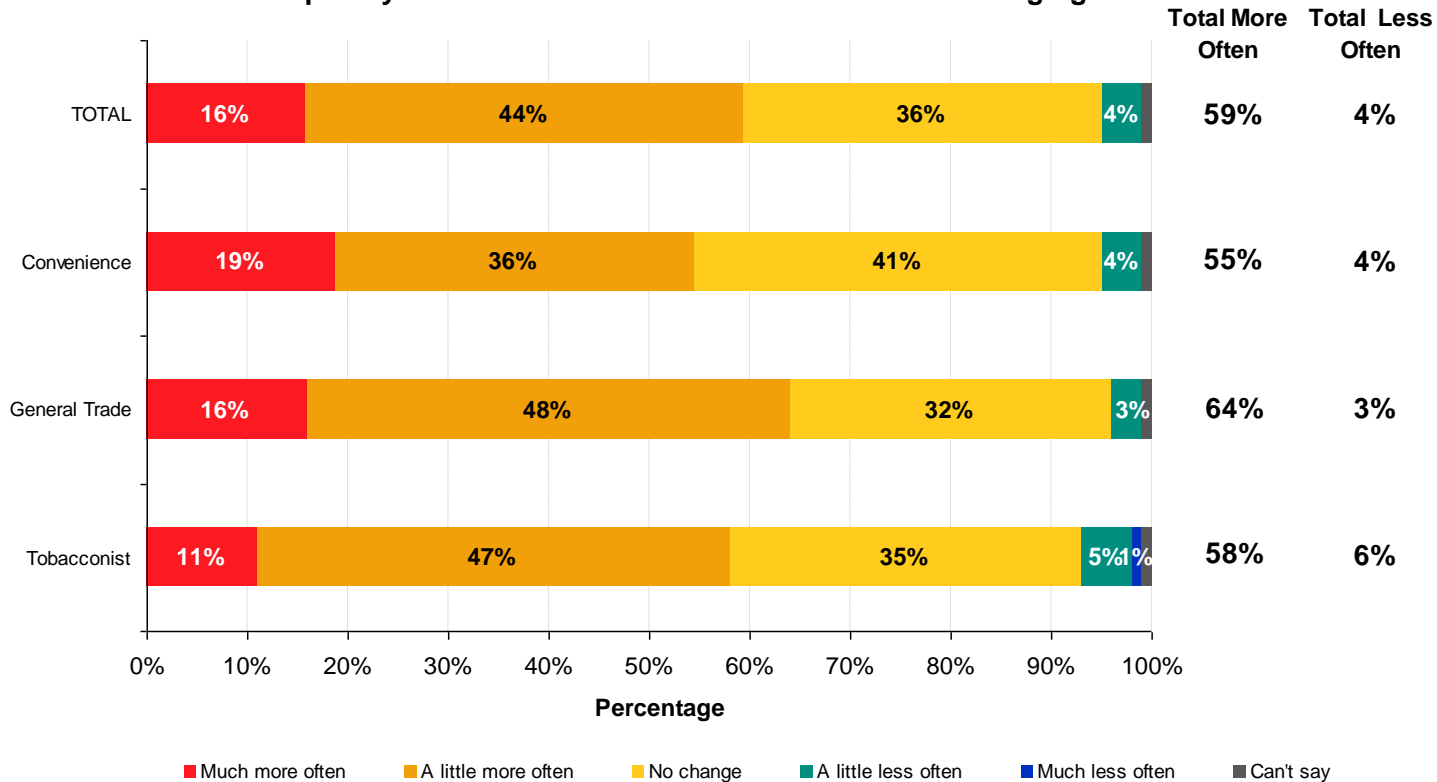
Q9. The frequency of adult smoker customers experiencing or expressing frustration during the sale? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Giving Incorrect Product

- More than half of small retailers indicated that staff have given adult smoker customers the wrong product more often since the introduction of plain packaging (59%).
- Amongst general trade, nearly two-thirds reported an increase in incorrect products being given (64%).

Frequency of Incorrect Product Given Since Plain Packaging

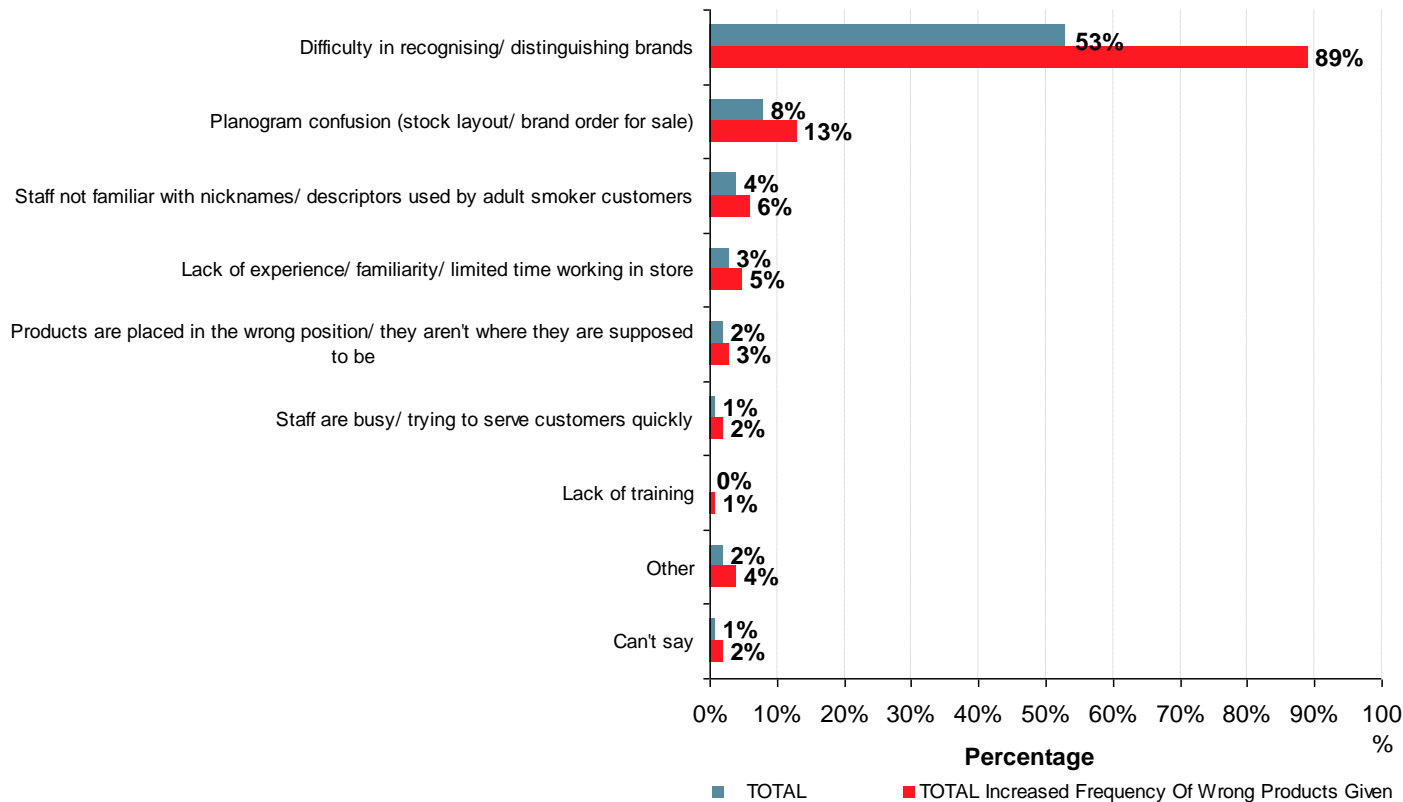


Q10. The frequency of store staff giving the wrong product to adult smoker customers? (s)
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Reasons for Increase in Incorrect Product Given

- Amongst those who reported an increase in the frequency of staff giving the wrong tobacco products to adult smoker customers, the large majority indicated that it was due to difficulty in recognising or distinguishing between brands (89%).
 - *This equates to just over half of total retailers experiencing an increase in the frequency of incorrect products being given due to difficulty recognising/distinguishing brands (53%).*

Reasons for Increase in Incorrect Product Given Since Plain Packaging



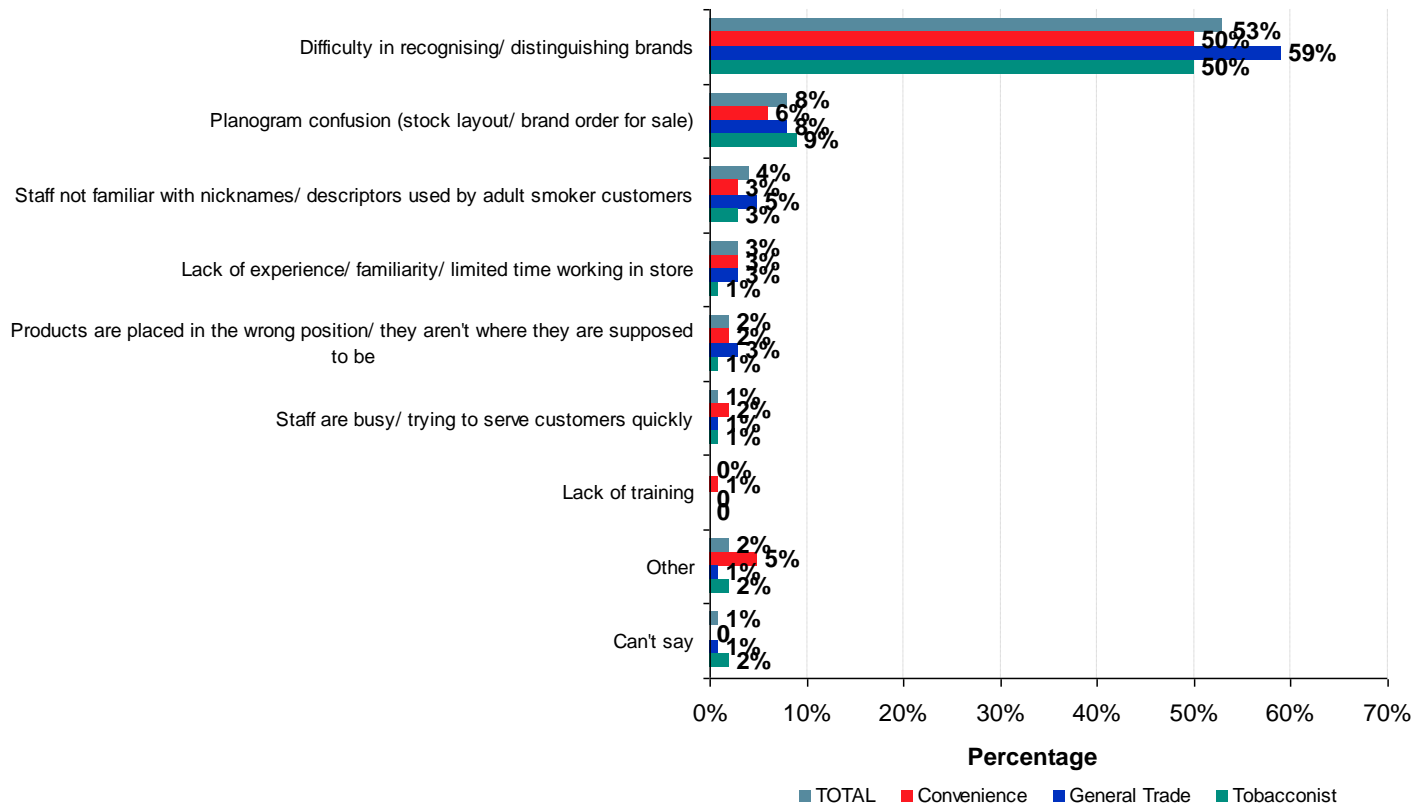
Q11. What are the reasons for the increase? (m)

Base: All respondents (n=450); total increased frequency of wrong products given (n=266).

Reasons for Increase in Incorrect Product Given

- The incidence of increases in wrong products given due to difficulty in recognising/distinguishing brands was highest amongst general trade retailers (59%). Other reasons were generally similar by retail channel.

Reasons for Increase in Incorrect Product Given Since Plain Packaging



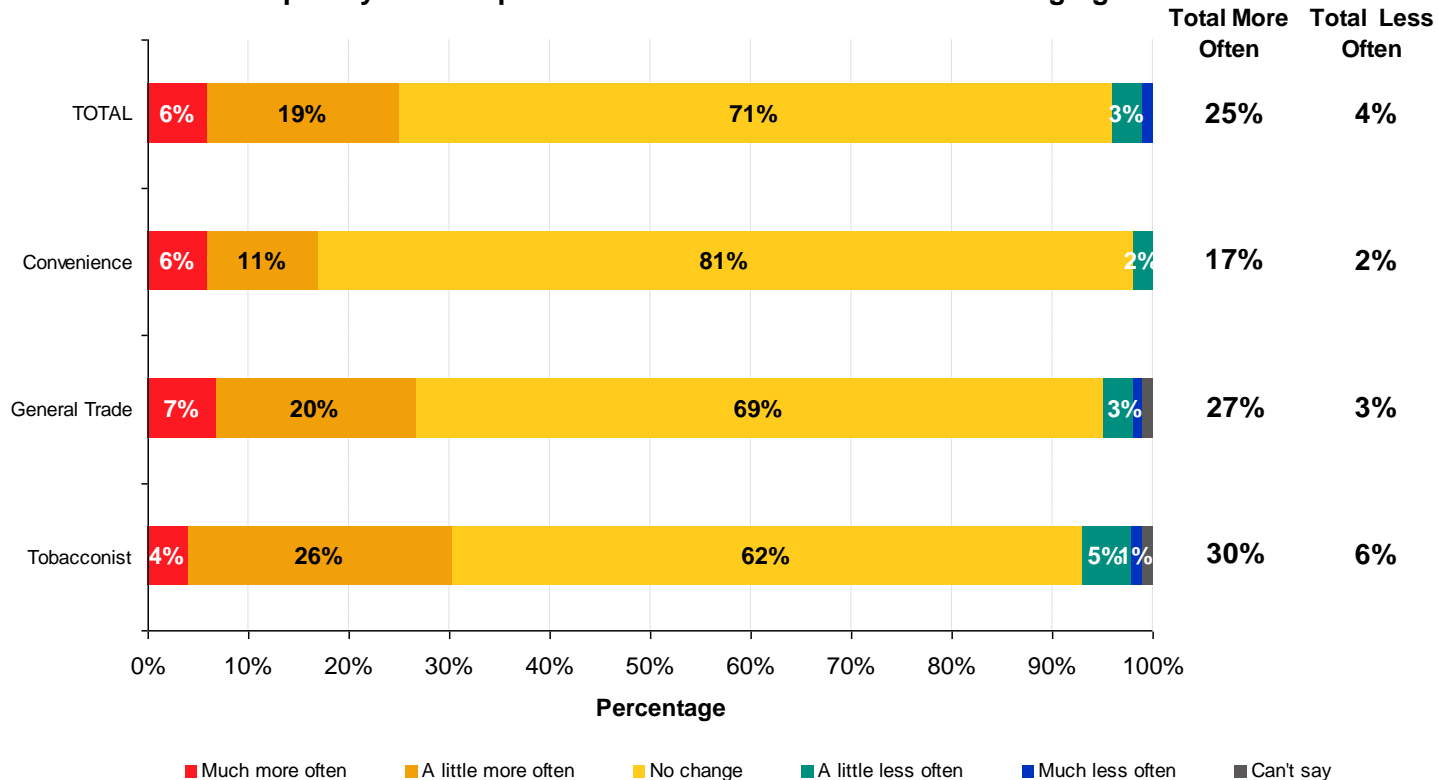
Q11. What are the reasons for the increase? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Attempted Product Returns

- The majority of retailers surveyed reported that there has been no change in the frequency of adult smoker customers attempting to return tobacco products since the introduction of plain packaging (71%).
- Incidence of increased frequency of attempted returns was higher amongst tobacconists (30%) and general trade (27%) than convenience stores (17%).

Frequency of Attempted Product Returns Since Plain Packaging



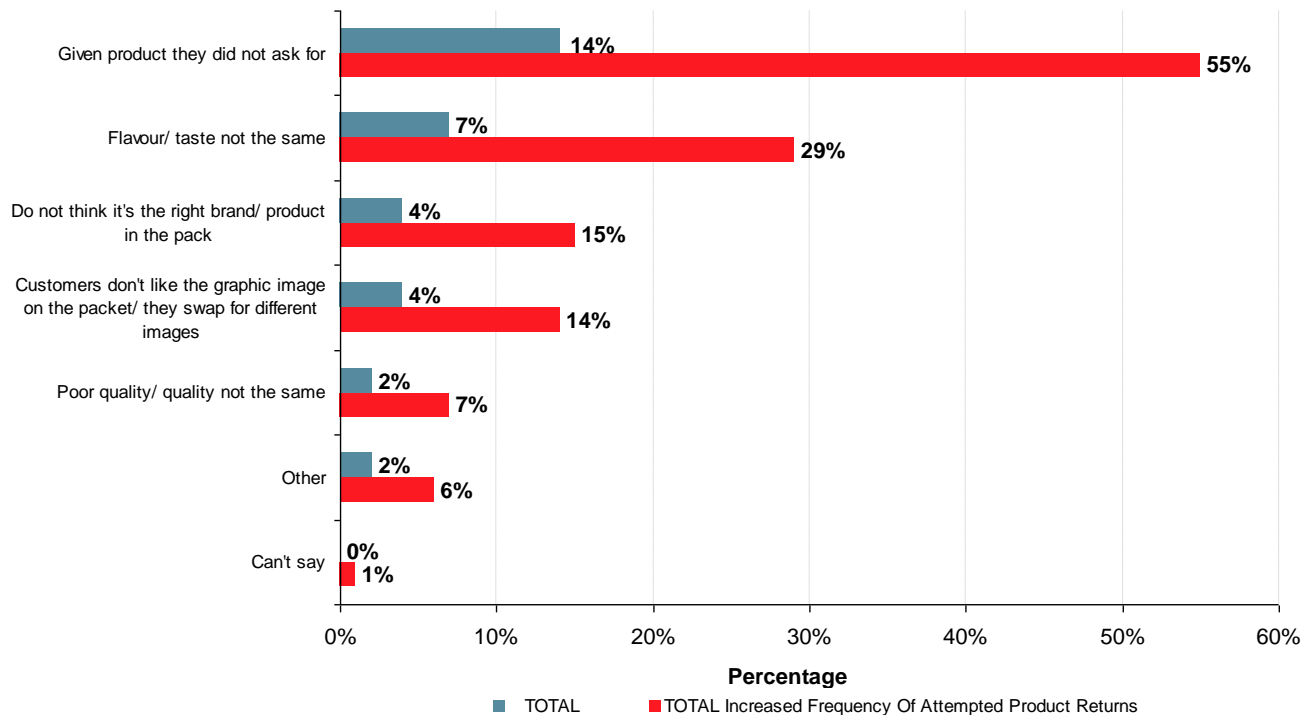
Q12. Has there been any change in the frequency of adult smokers trying to return cigarette products? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Reasons for Increase in Attempted Product Returns

- Amongst those who reported an increase in the frequency of adult smoker customers attempting to return tobacco products since plain packaging, just over half indicated that it was due to customers being given a product they did not ask for (55%).
 - *This equates to 14% of total retailers experiencing an increase in attempted product returns due to adult smokers being given products they did not ask for.*
- Other main reasons for the increase included the flavour/taste not being the same, adult smoker customers not thinking it's the right brand or product in the pack, and dislike of the graphic health warning images on the packet.

Reasons for Increase in Attempted Product Returns Since Plain Packaging



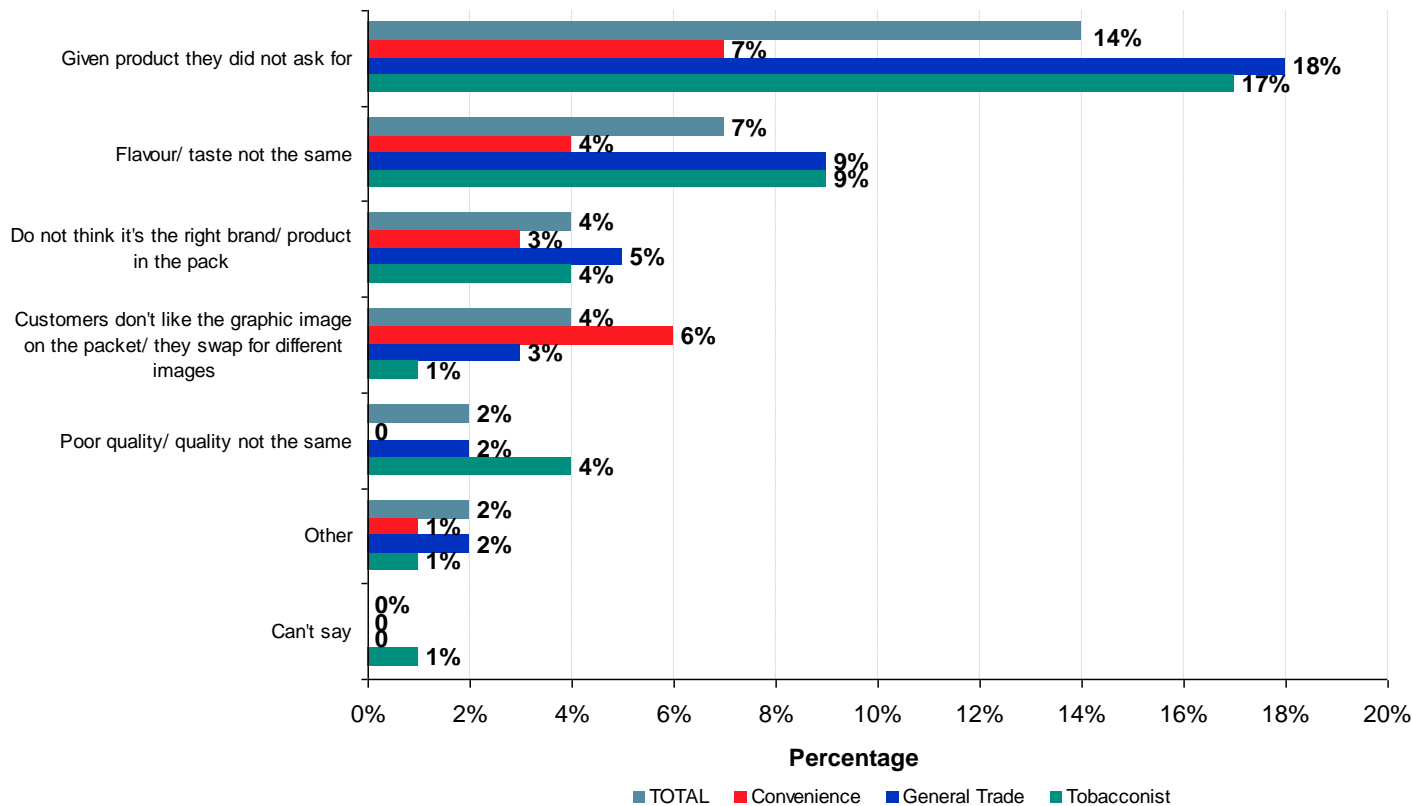
Q13. What types of reasons have been given for their return? (m)

Base: All respondents (n=450); total increased frequency of attempted product returns (n=112).

Reasons for Increase in Attempted Product Returns

- General trade and tobacconists were more likely to experience increases in attempted product returns due to customers being given products they didn't ask for, or the perception that the flavour/taste is not the same.

Reasons for Increase in Attempted Product Returns Since Plain Packaging



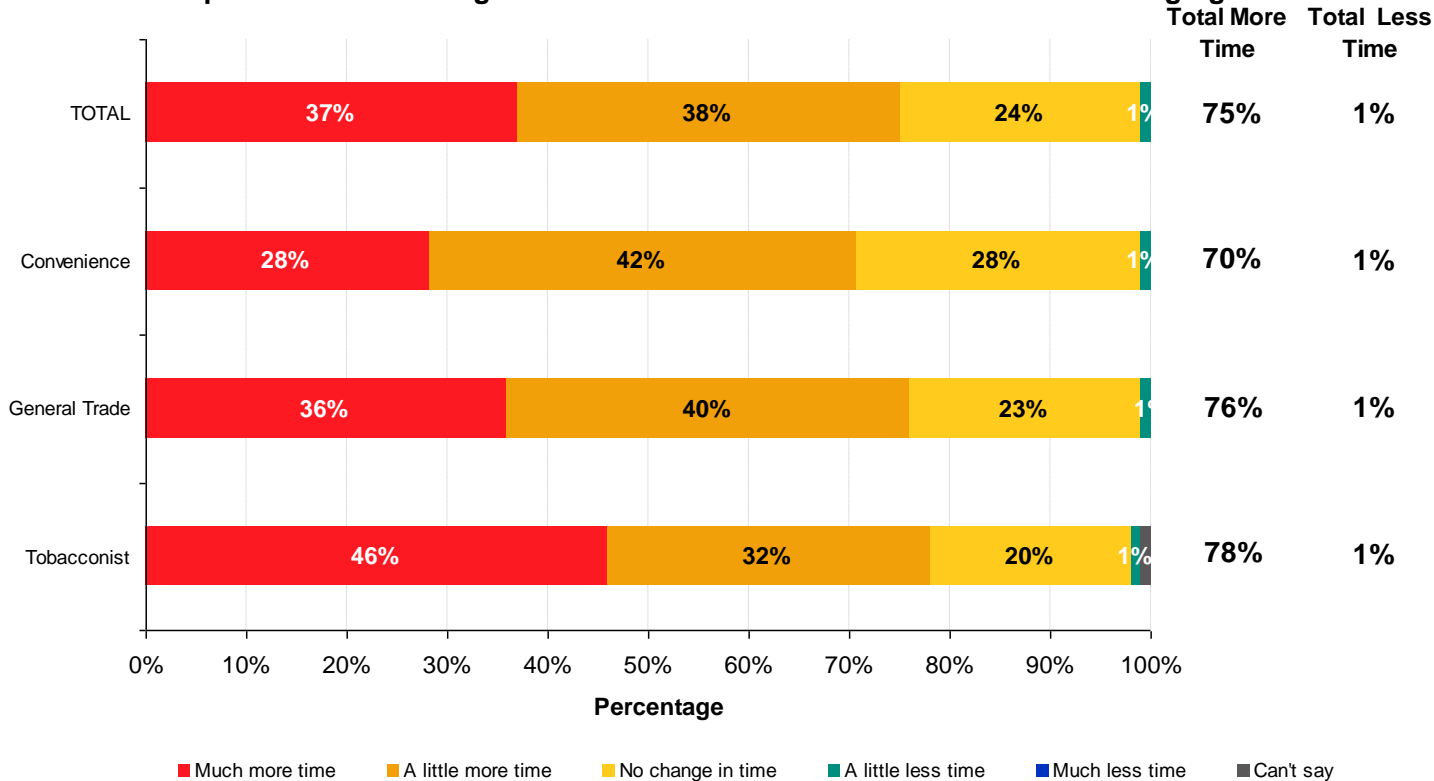
Q13. What types of reasons have been given for their return? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time Spent Communicating with Adult Smoker Customers

- Three-quarters of retailers interviewed reported that their staff now spend more time communicating with adult smoker customers about tobacco products (75%).
- Tobacconists and general trade retailers were more likely to experience an increase in communication time (78% and 76% respectively) than convenience stores (70%).

Time Spent Communicating with Adult Smoker Customers Since Plain Packaging



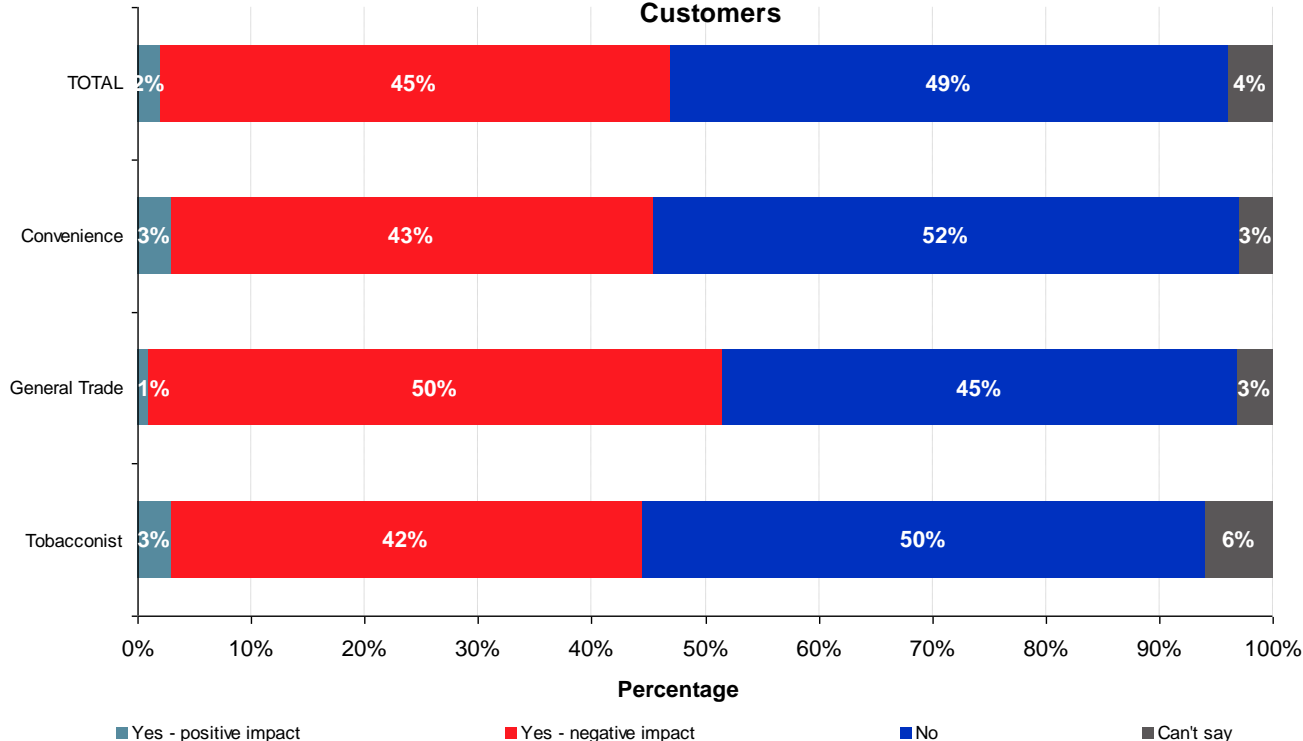
Q14. Thinking of questions and comments from adult smoker customers and interactions with them... Has there been any change in the amount of time staff spend communicating with adult smokers about tobacco products? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Impact on Level of Service to Non-Tobacco Customers

- The sample was split relatively equally in terms of whether the introduction of plain packaging has impacted on the level of service able to be provided to non-tobacco customers.
- The proportion of retailers reporting that plain packaging has had a negative impact on the level of service to non-tobacco customers ranged from around two in five convenience and tobacconists (43% and 42% respectively) to half of general trade retailers (50%).
- Only 2% of the total sample reported a positive impact on non-tobacco service levels.

Impact of Plain Packaging on Level of Service able to provide to Non-Tobacco Customers



Q15. Has there been any impact on the level of service you are able to provide to non-tobacco customers in the store due to the introduction of plain packaging? IF YES: And has it been a POSITIVE impact or a NEGATIVE impact on the level of service to non-tobacco customers? (s)

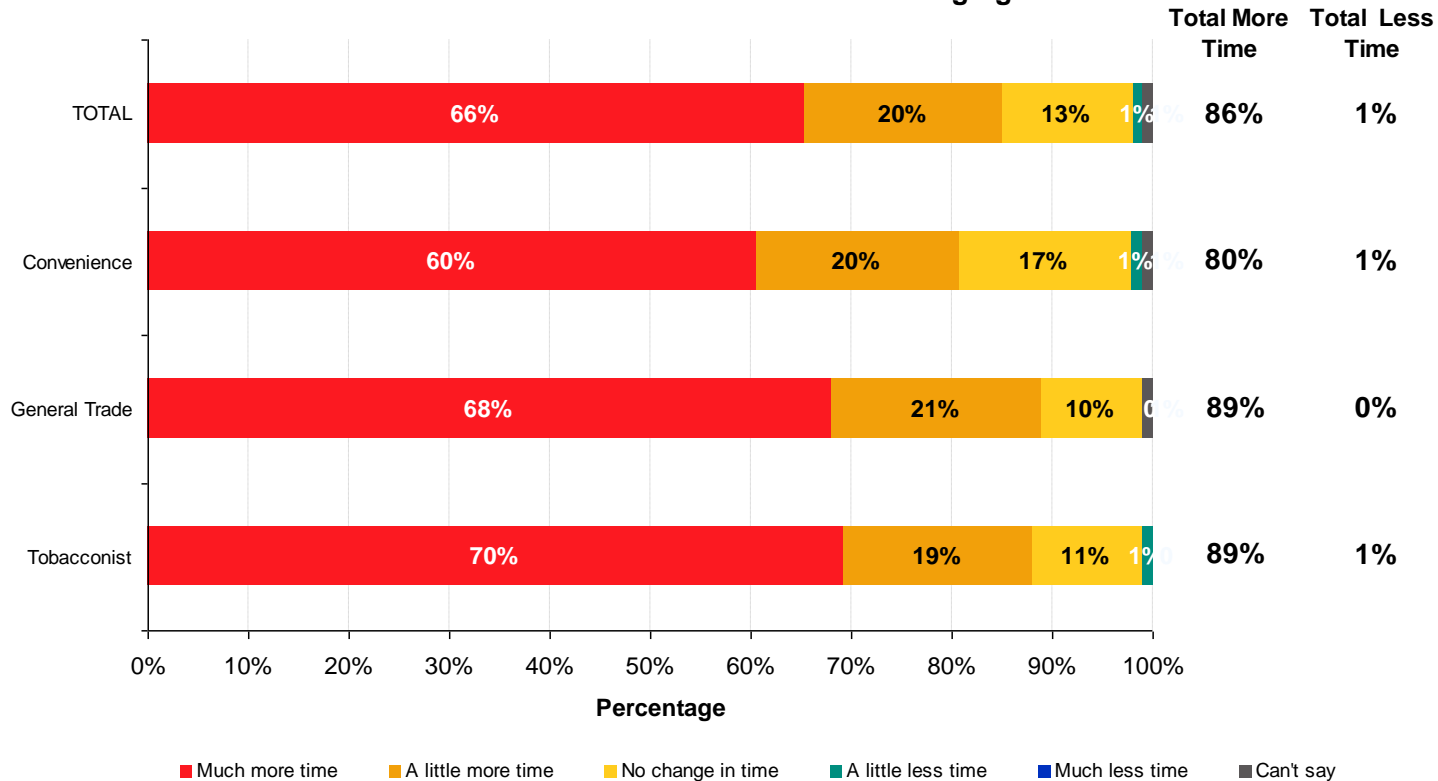
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Impact of Plain Packaging on Stock & Inventory Management

Time Taken to Order Stock

- The majority of retailers surveyed indicated that it now takes more time to order stock since the introduction of plain packaging (86%), including two-thirds who reported that it now takes much more time (66%).
- Higher proportions of general traders and tobacconists reported an increase (both 89%) than did convenience store retailers (80%).

Time Taken to Order Stock Since Plain Packaging

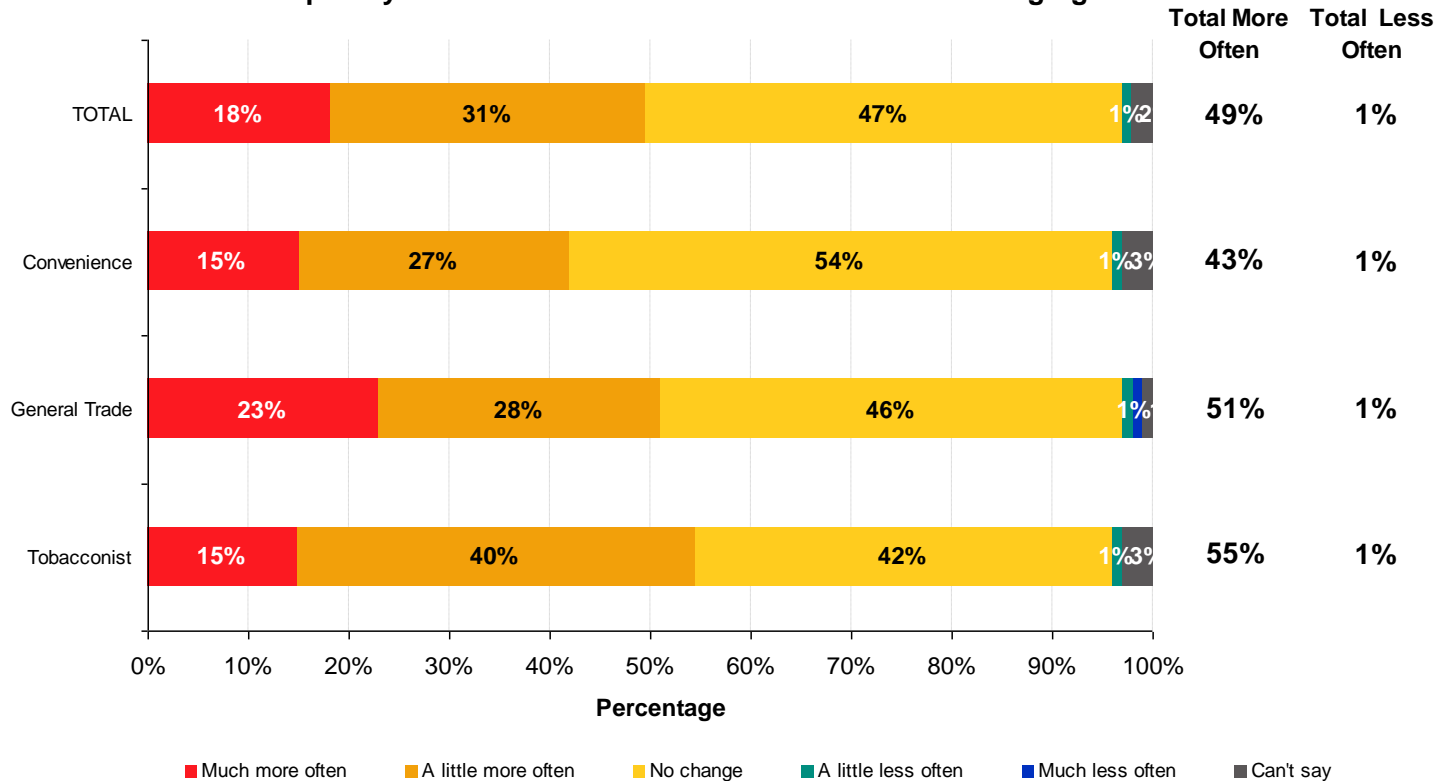


Q16. Has the time taken to order stock (including inventory checking and ordering) changed? (s)
 Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Incorrect Orders Placed

- Approximately half of retailers indicated that incorrect orders are placed more often now than prior to plain packaging (49%).
- Convenience stores were less likely to have experienced an increase in the frequency of incorrect orders being placed (43%).

Frequency of Incorrect Orders Placed Since Plain Packaging



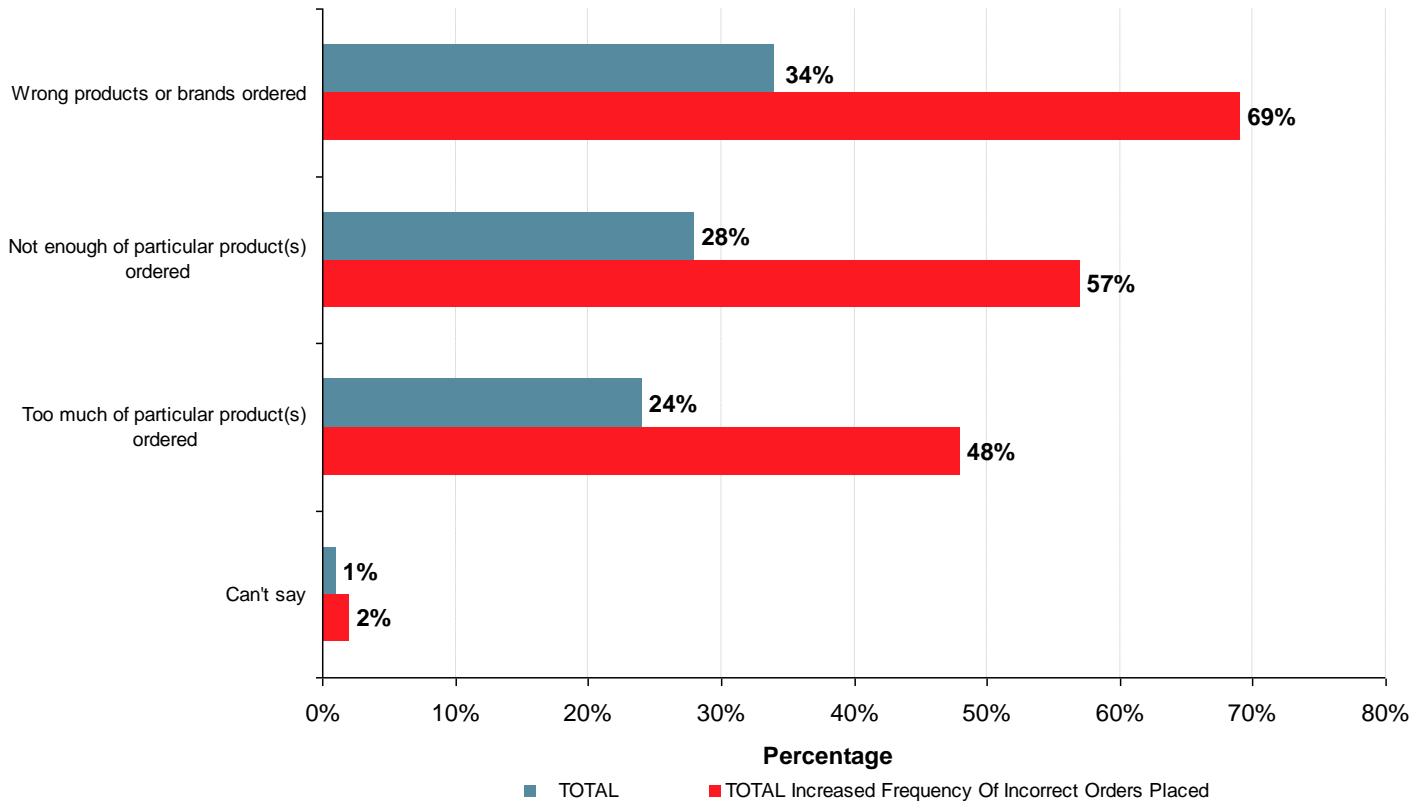
Q17. Has there been any change in the frequency of incorrect orders being placed? This could include the wrong products ordered, as well as ordering too much or not enough of particular products. (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Types of Ordering Errors

- Amongst those who reported an increase in the frequency of incorrect orders being placed, almost 7 in 10 reported ordering the wrong products/brands (69%). More than half of these retailers reported not ordering enough of particular products/brands (57%), and just under half had ordered too much (48%).
 - *This equates to around a third of total retailers experiencing an increase in ordering errors due to ordering the wrong products/brands (34%) and around half due to not ordering enough (28%) or ordering too much (24%) of particular products/brands.*

Ordering Errors Since Plain Packaging

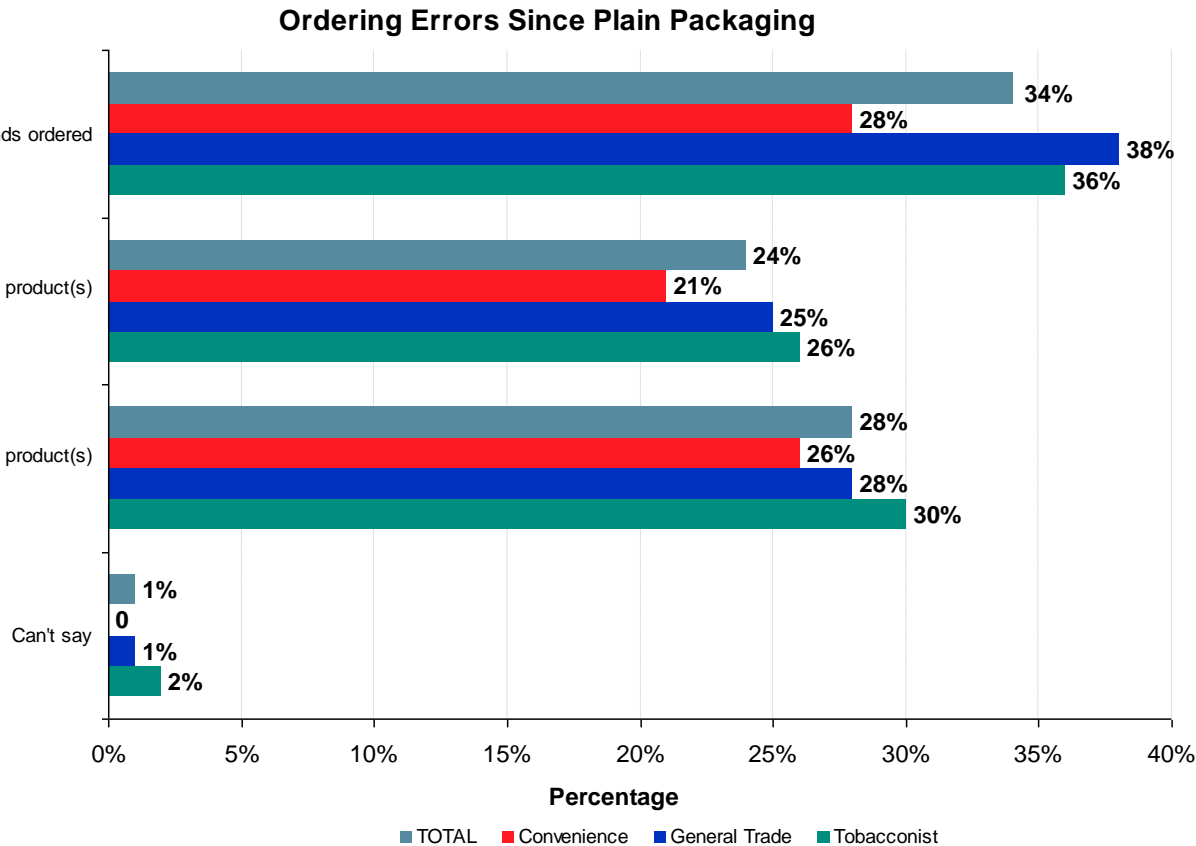


Q18. And which of the following ordering errors have occurred? (m)

Base: All respondents (n=450); total increased frequency of ordering errors (n=222).

Types of Ordering Errors

- In line with the higher increased frequency of ordering errors amongst general trade and tobacconists, these groups were more likely to report each of the three types of ordering errors, compared with convenience stores.



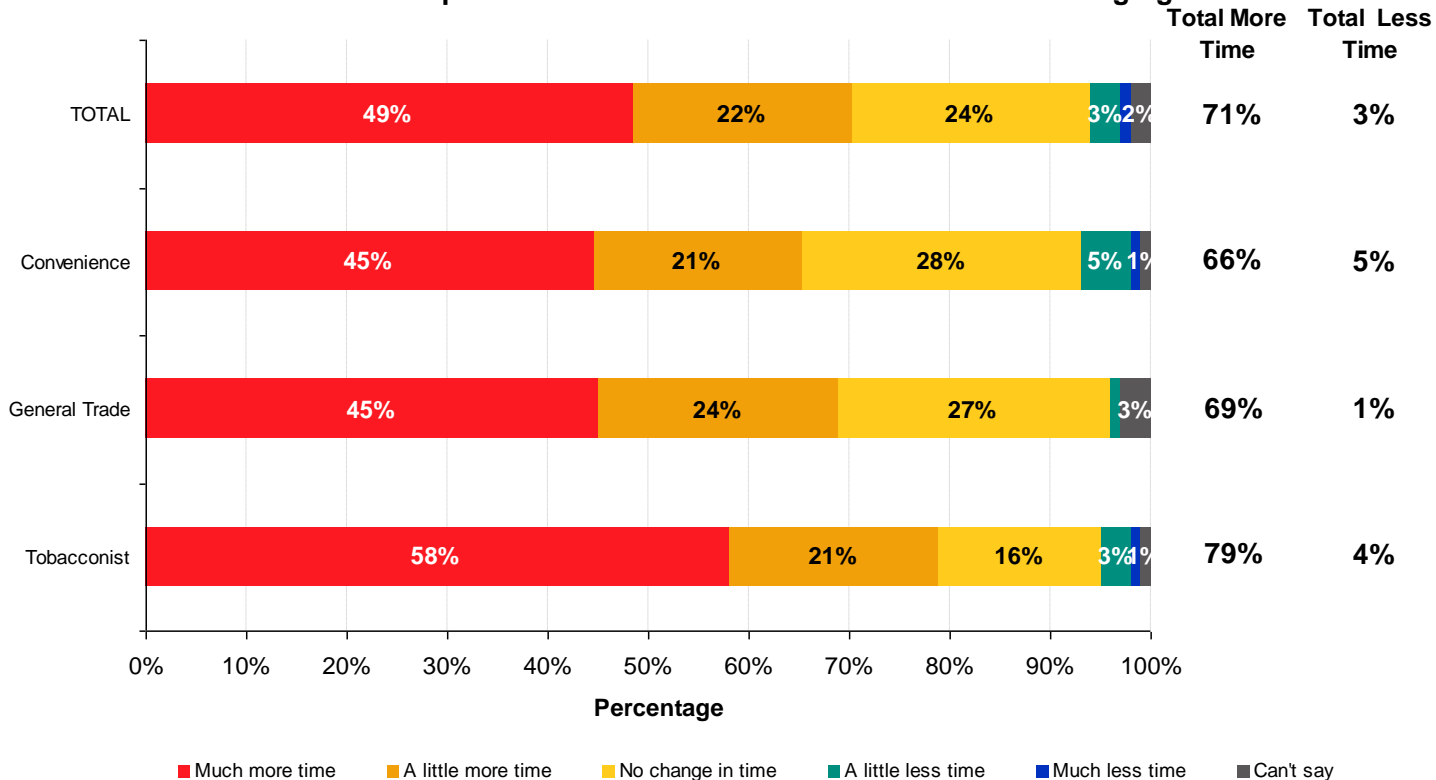
Q18. And which of the following ordering errors have occurred? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time to Receipt Stock while Courier is On Site

- The majority of retailers interviewed reported an increase in the time taken to receipt stock while the courier is still on site (71%), including approximately half who indicated it now takes much more time (49%).
- This differed by retail channel, from around two-thirds of convenience and general trade (66% and 69% respectively) to 79% of tobacconists.

Time Taken to Receipt Stock While Courier On Site Since Plain Packaging



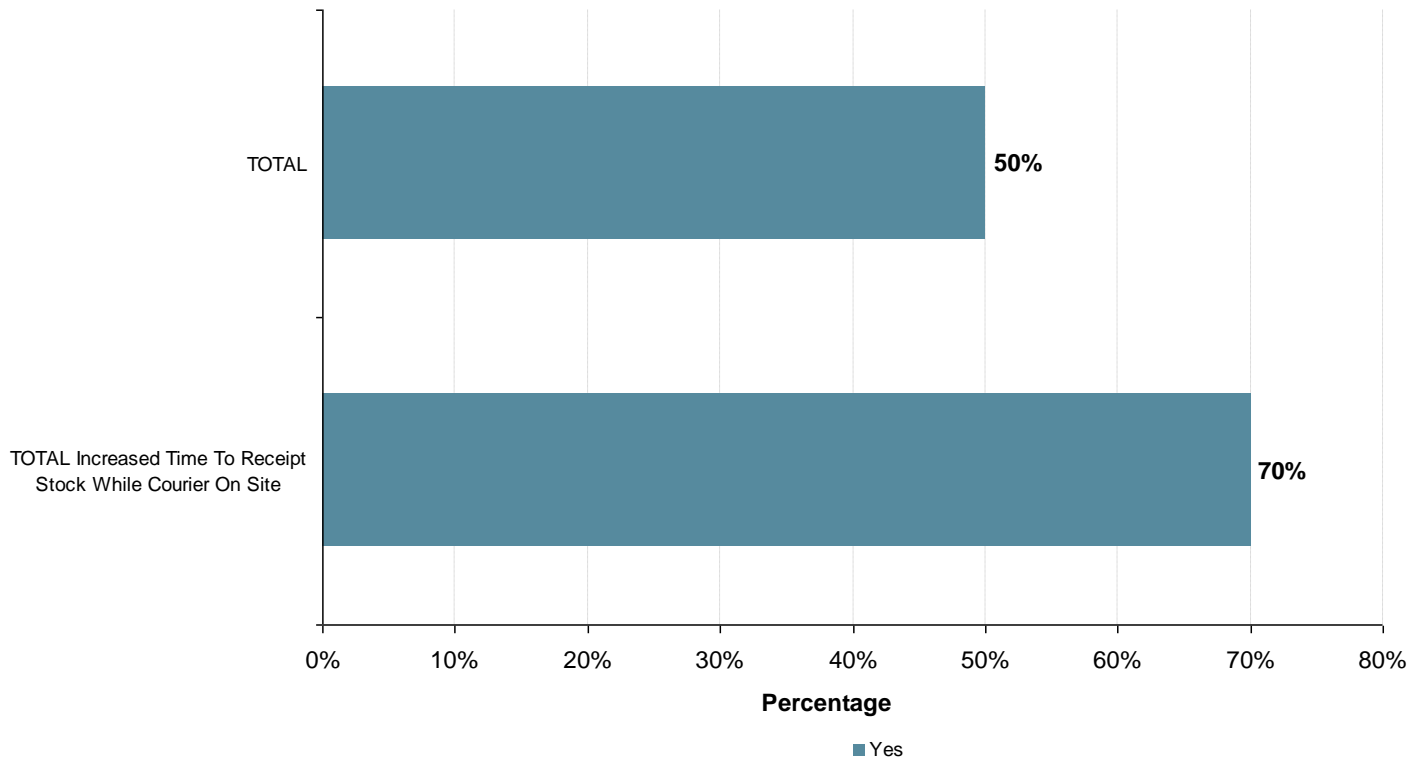
Q19. Thinking about the process of receiving new stock, from the time the courier arrives with the delivery to the time they depart... Has the time it takes to receipt stock WHILE THE COURIER IS ON SITE changed? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Whether Couriers are Becoming Frustrated by Increased Time Taken to Check Deliveries

- Amongst those who reported an increase in the time required to receipt stock while the courier is on site, 7 in 10 reported that couriers/delivery drivers are becoming frustrated by the time taken to check deliveries (70%).
 - *This equates to half of total retailers having couriers become frustrated by the increased time to check deliveries since plain packaging (50%).*

Couriers Becoming Frustrated by Time Taken to Check Deliveries Since Plain Packaging



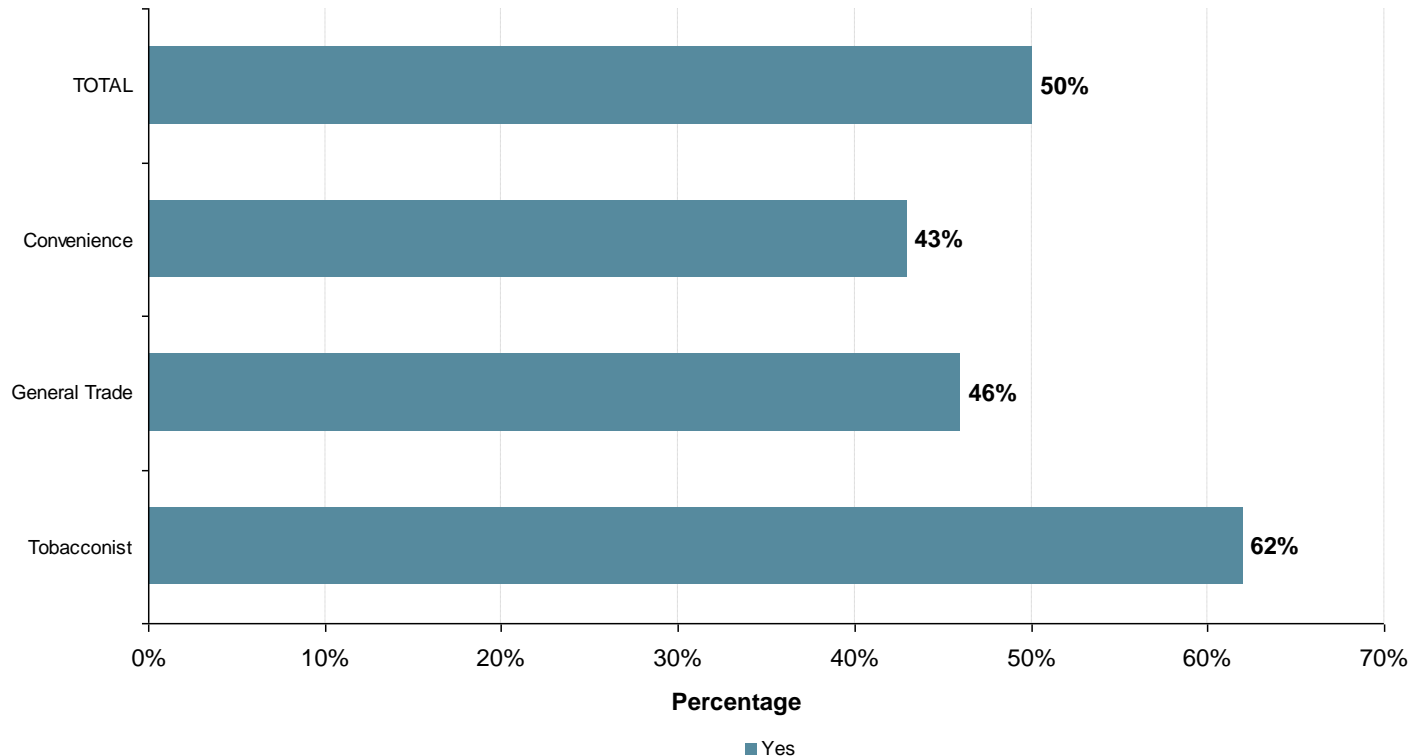
Q20. Are couriers or delivery drivers becoming frustrated by the length of time taken to check the delivery? (s)

Base: All respondents (n=450); total increased time to receipt stock while courier on site (n=320).

Whether Couriers are Becoming Frustrated by Increased Time Taken to Check Deliveries

- Around two-fifths of convenience and general trade retailers reported couriers becoming frustrated by the increased time to check deliveries since plain packaging (43% and 46% respectively), while the proportion was 62% amongst tobacconists.

Couriers Becoming Frustrated by Time Taken to Check Deliveries Since Plain Packaging



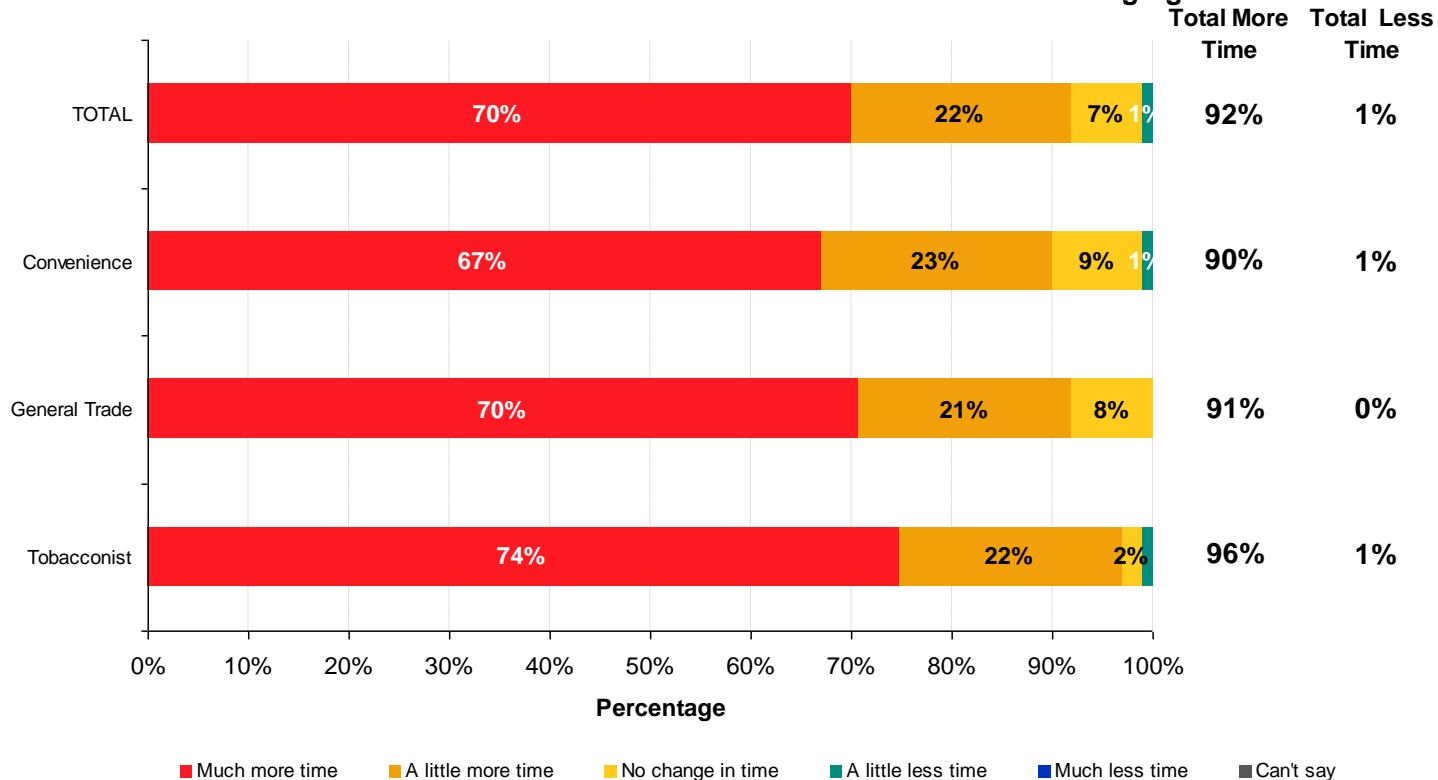
Q20. Are couriers or delivery drivers becoming frustrated by the length of time taken to check the delivery? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time Taken to Process Stock After Courier Has Left

- The large majority of retailers reported an increase in the time taken to process stock after the courier has left (92%), including 70% who indicated it now takes much more time.
- The impact of plain packaging on stock processing times after the courier has left was slightly higher amongst tobacconists (96%, including 74% 'much more time').

Time Taken to Process Stock After Courier Has Left Since Plain Packaging



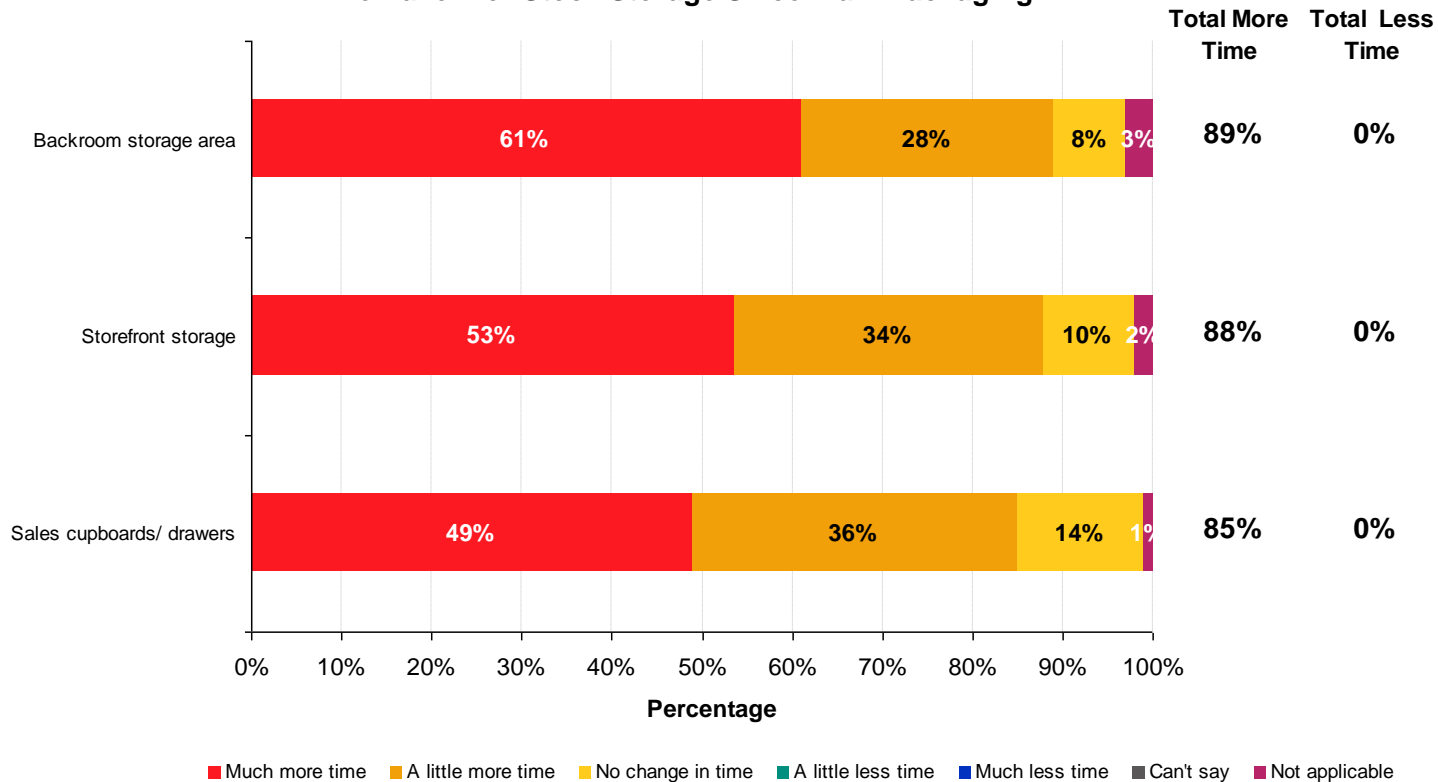
Q21. Now thinking about the process of unpacking and processing new stock, has the time it takes to process stock AFTER THE COURIER HAS LEFT changed? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time Taken for Stock Storage

- The majority of retailers reported additional time is now taken for stock storage across all three areas. This ranged from 85% taking more time to stock sales cupboards/drawers to 88% for under the counter or in storage in the storefront, and 89% for the backroom storage area.

Time Taken for Stock Storage Since Plain Packaging



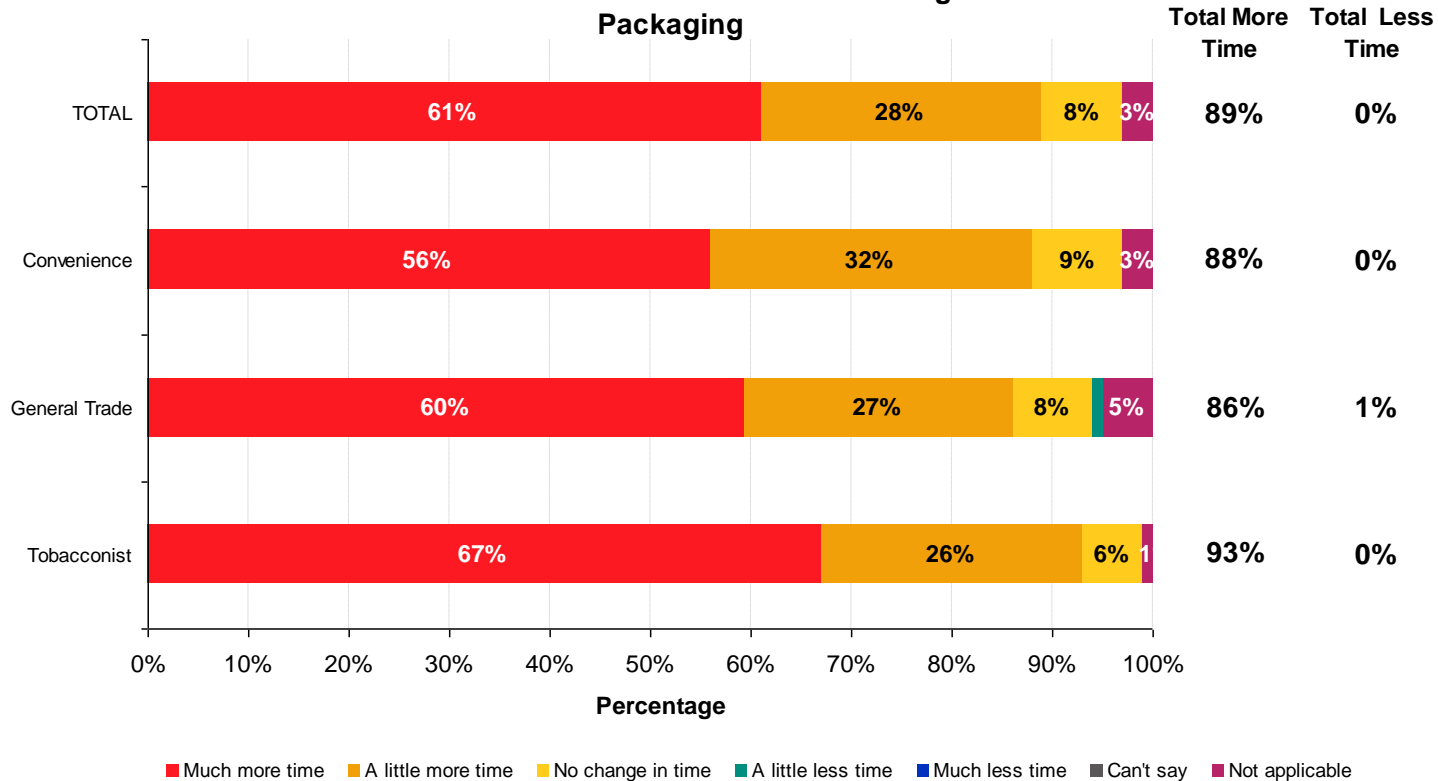
Q22. The time it takes to stock tobacco shelves in the backroom storage area? (s); **Q23.** The time it takes to stock tobacco shelves under the counter or in storage in the storefront? (s); **Q24.** The time it takes to stock sales cupboards or drawers at the tobacco counter? (s)

Base: All respondents (n=450).

Time Taken to Stock Tobacco Shelves in Backroom Storage Area

- Tobacconists had the highest proportion reporting an increase in the time taken to stock tobacco shelves in the backroom storage area (93%), including two-thirds reporting it now takes much more time (67%).

Time Taken to Stock Tobacco Shelves in Backroom Storage Area Since Plain Packaging



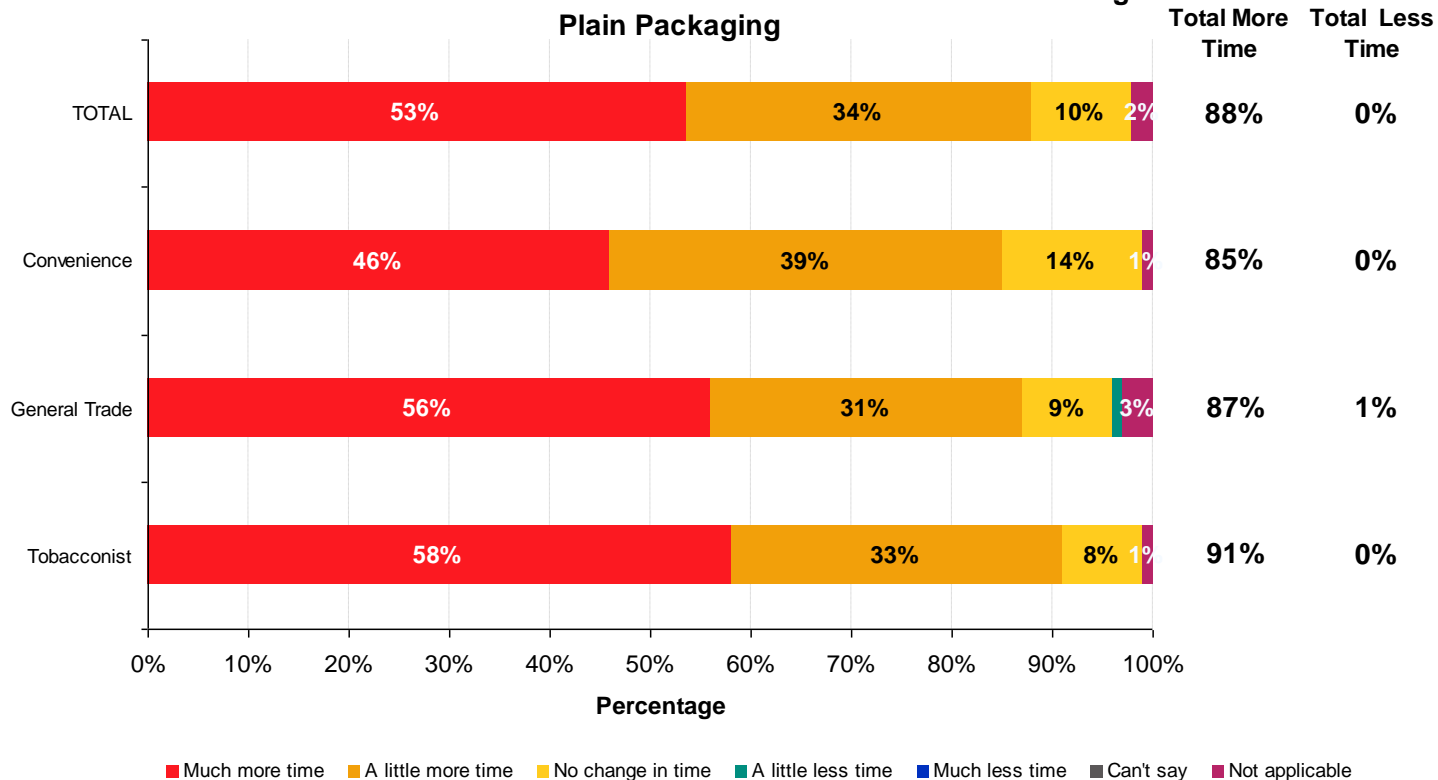
Q22. The time it takes to stock tobacco shelves in the backroom storage area? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time Taken to Stock Tobacco Shelves Under Counter/ In Storage in the Storefront

- Tobacconists had the highest proportion reporting an increase in the time taken to stock tobacco shelves under the counter or in storage in the storefront (91%).

Time Taken to Stock Tobacco Shelves Under Counter/In Storefront Storage Since Plain Packaging



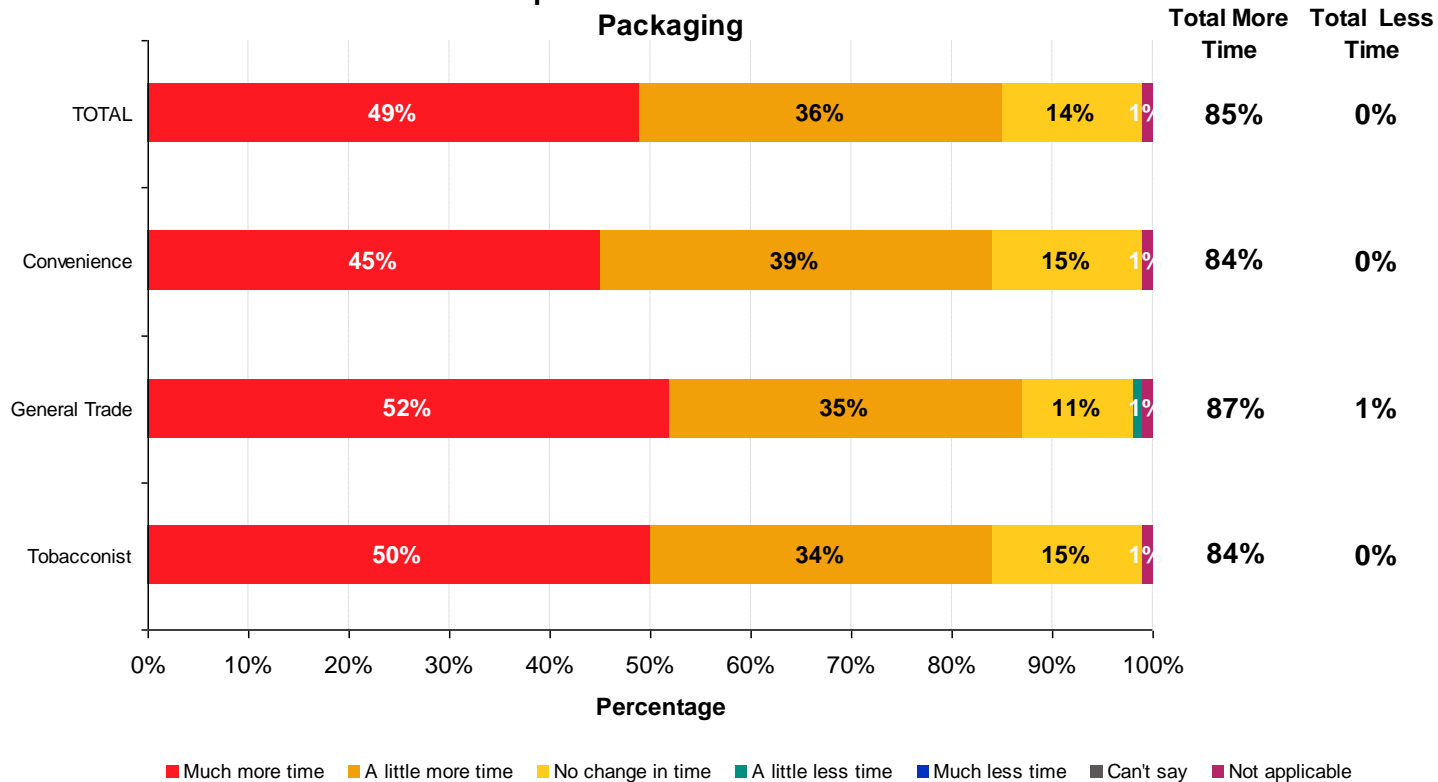
Q23. The time it takes to stock tobacco shelves under the counter or in storage in the storefront? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Time Taken to Stock Sales Cupboards/Drawers at Tobacco Counter

- Proportions reporting an increase in time taken to stock sales cupboards/drawers at the tobacco counter were relatively similar across the three retail channels.

Time Taken to Stock Sales Cupboards/Drawers at Tobacco Counter Since Plain Packaging



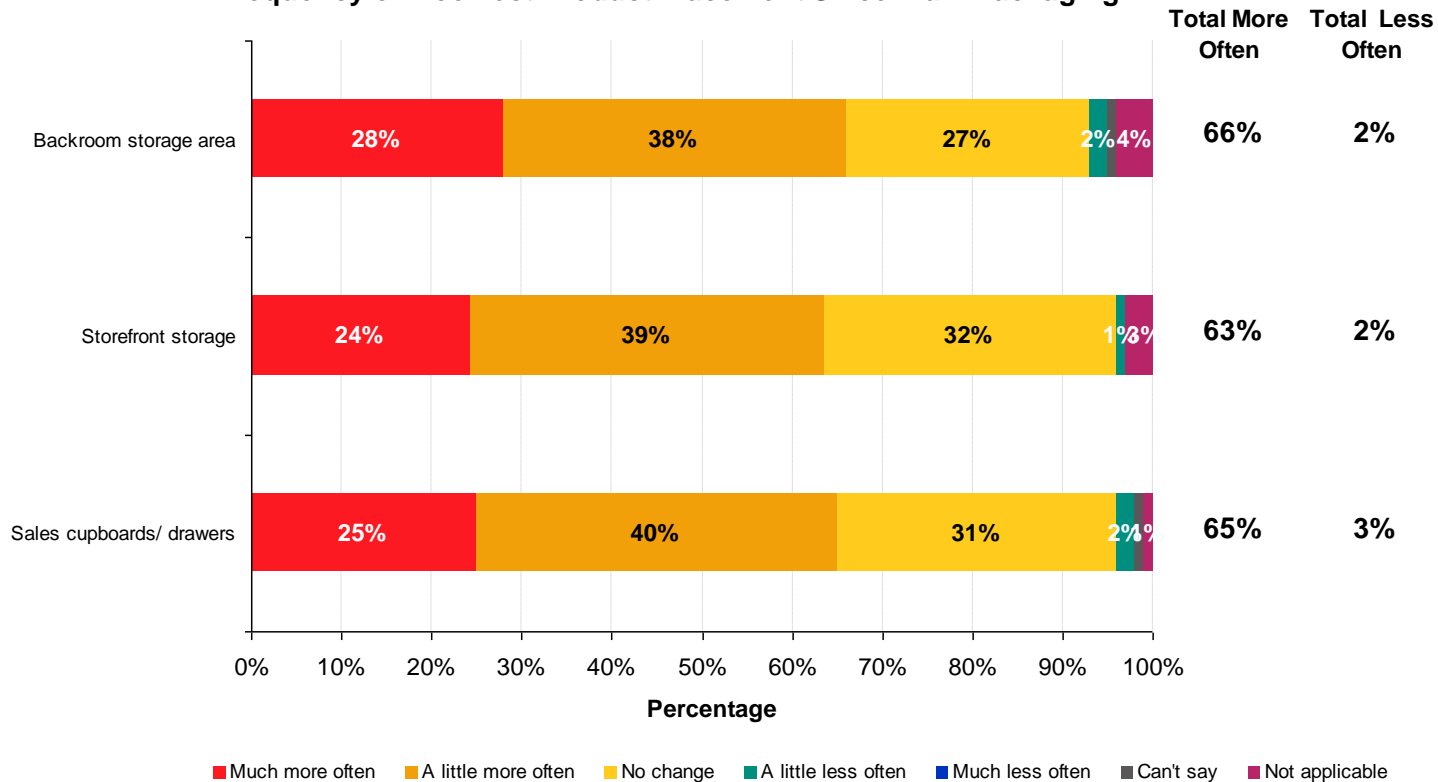
Q24. The time it takes to stock sales cupboards or drawers at the tobacco counter? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Incorrect Product Placement

- Around two-thirds of retailers reported increased frequency of products being stored outside of their usual places across all three areas.

Frequency of Incorrect Product Placement Since Plain Packaging



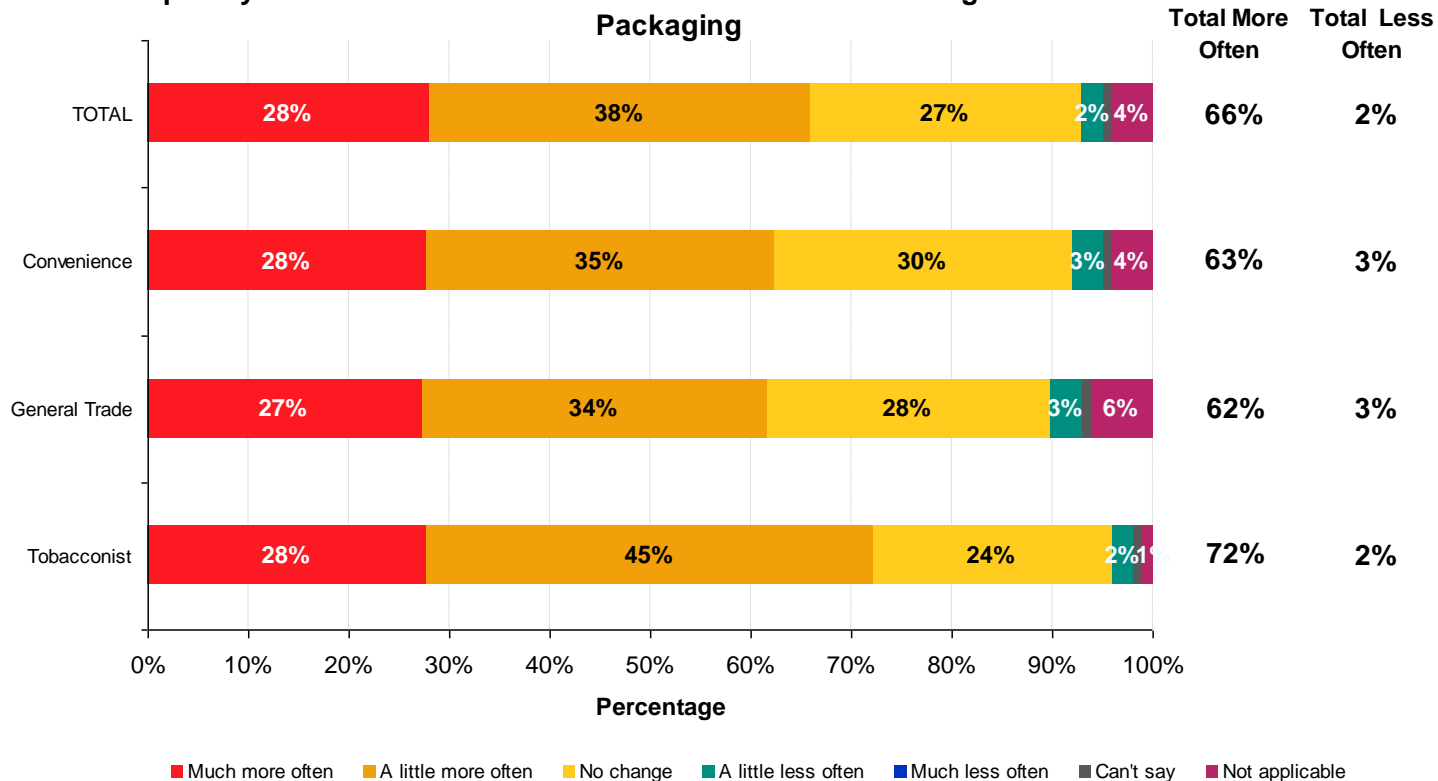
Q25. The frequency of products not being stored in their usual place in the backroom storage area? (s); **Q26.** The frequency of products not being stored in their usual place under the counter or in storage in the storefront? (s); **Q27.** The frequency of products not being stored in their usual place in sales cupboards or drawers at the tobacco counter? (s)

Base: All respondents (n=450).

Frequency of Incorrect Product Placement in Backroom Storage Area

- Tobacconists had the highest proportion reporting increased frequency of incorrect product placement in the backroom storage area at almost three-quarters (72%).

Frequency of Incorrect Product Placement in Backroom Storage Area Since Plain Packaging



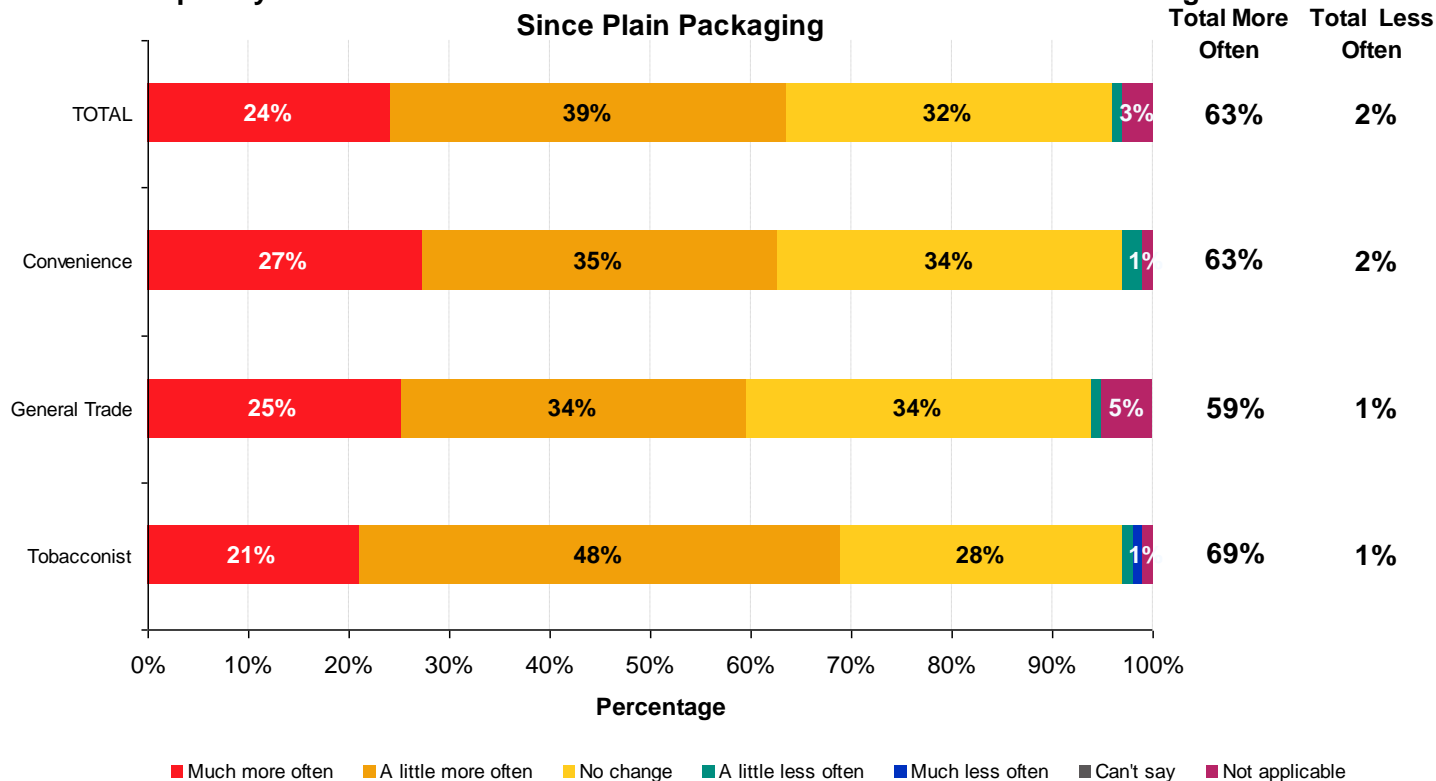
Q25. The frequency of products not being stored in their usual place in the backroom storage area? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Incorrect Product Placement Under Counter/ In Storage in the Storefront

- Proportions indicating increased frequency of incorrect product placement in tobacco shelves under the counter or in storage in the storefront were highest amongst tobacconists (69%) and lowest amongst general trade (59%).

Frequency of Incorrect Product Placement Under Counter/In Storefront Storage Since Plain Packaging



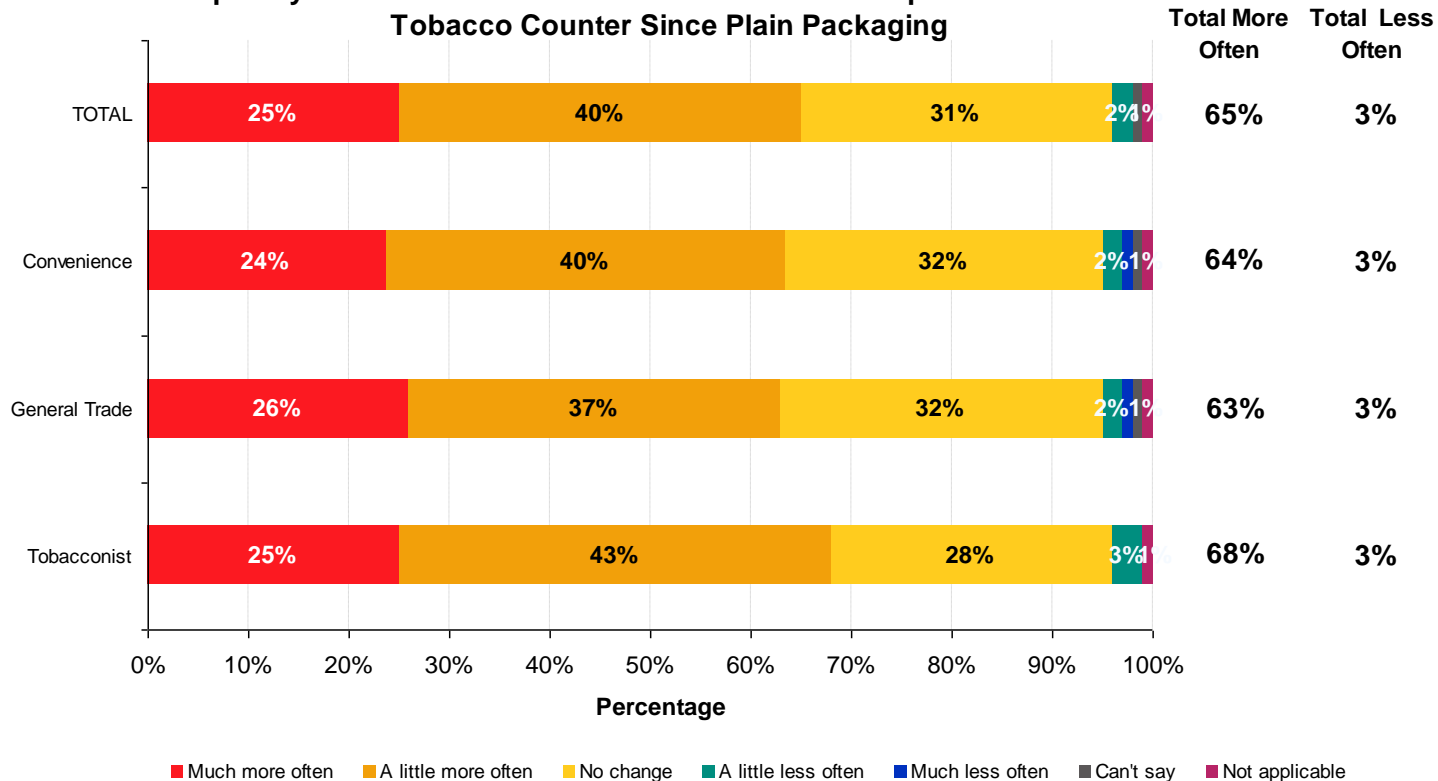
Q26. The frequency of products not being stored in their usual place under the counter or in storage in the storefront? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Frequency of Incorrect Product Placement in Sales Cupboards/Drawers at Tobacco Counter

- The increased frequency of incorrect product placement in sales cupboards/drawers at the tobacco counter was relatively similar across the three retail channels.

Frequency of Incorrect Product Placement in Sales Cupboards/Drawers at Tobacco Counter Since Plain Packaging



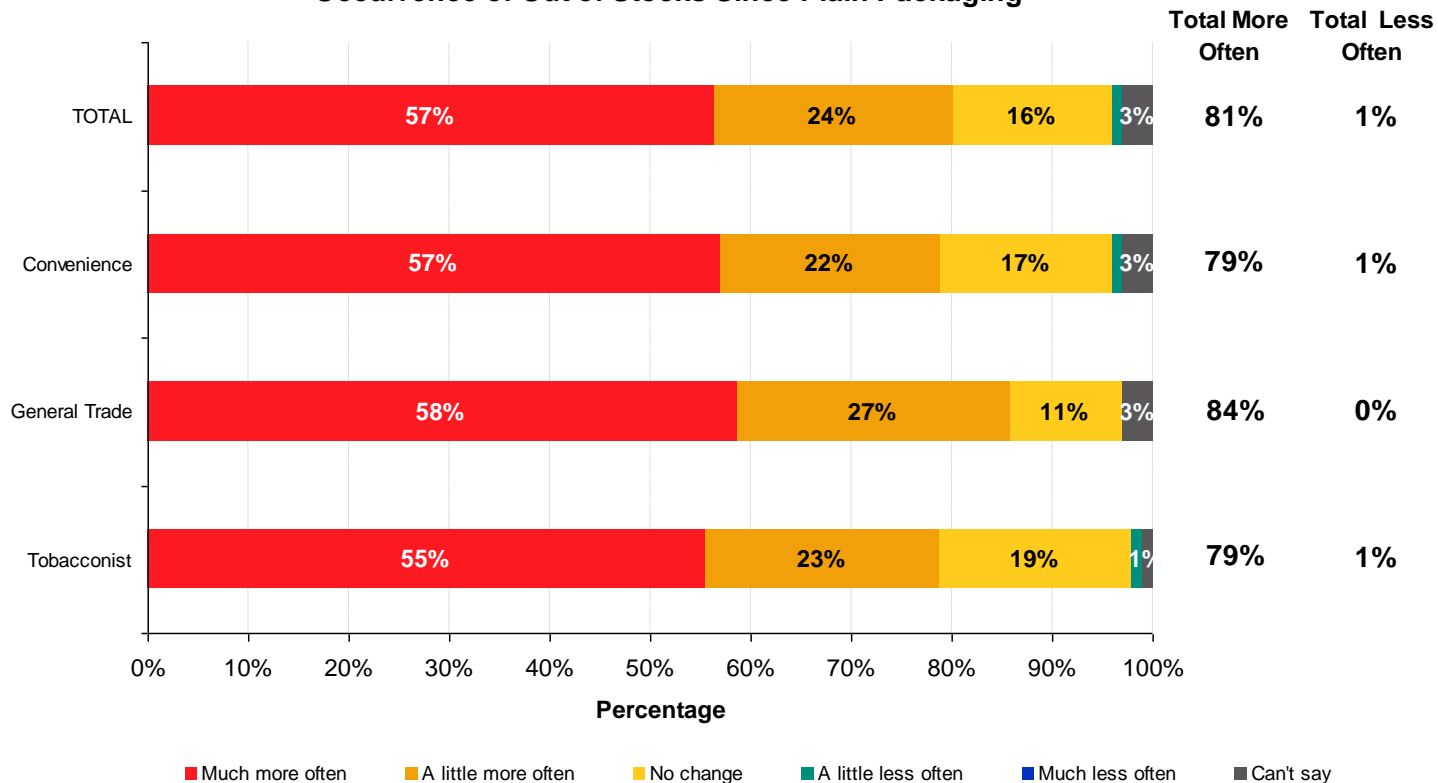
Q27. The frequency of products not being stored in their usual place in sales cupboards or drawers at the tobacco counter? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Occurrence of Out of Stocks

- Around four in five small retailers reported experiencing an increase in the occurrence of out of stocks since the introduction of plain packaging (81%), including more than half indicating it now happens much more often (57%).
- A higher proportion of general trade (84%) than convenience or tobacconists (both 79%) reported an increase in the occurrence of out of stocks.

Occurrence of Out of Stocks Since Plain Packaging



Q28. The occurrence of out of stocks since the introduction of plain packaging products in your store? (s)

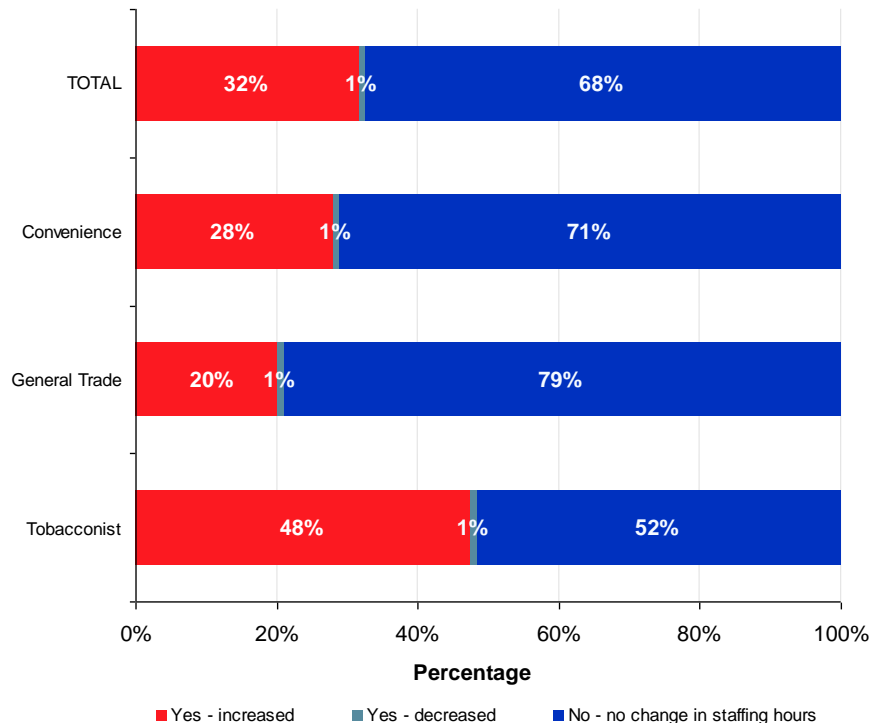
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Impact of Plain Packaging on Staffing

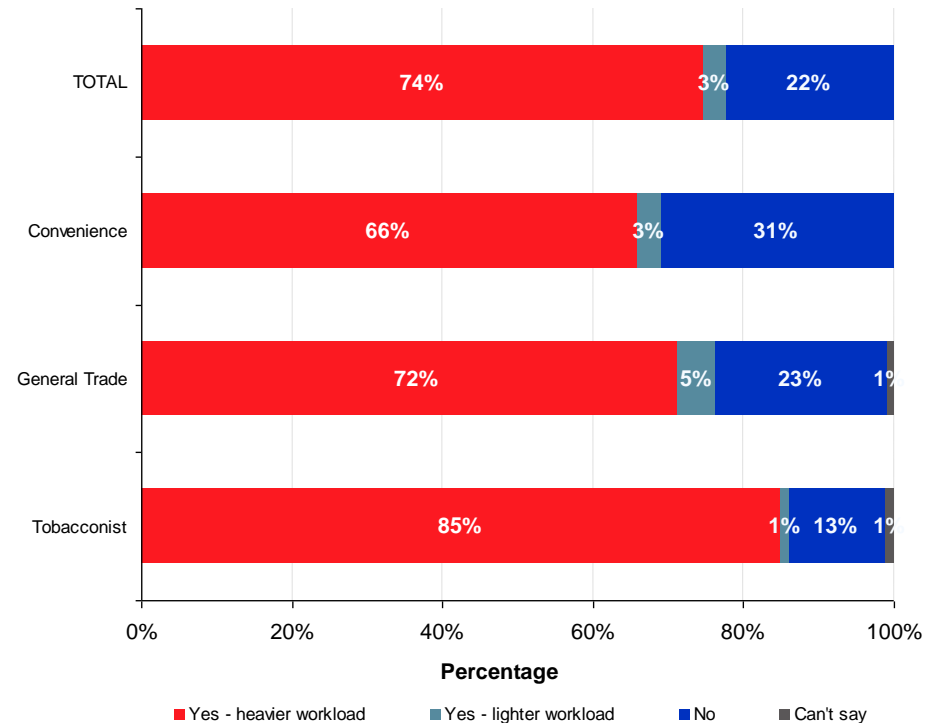
Changes to Staffing Hours and Staff Workload

- Around a third of retailers reported increasing the number of staffing hours as a result of plain packaging.
 - This varied by retail channel, from one in five general trade (20%) to 28% of convenience retailers and almost half of tobacconists surveyed (48%).
- The majority of retailers indicated that their staff now have a heavier workload since the introduction of plain packaging (74%).
 - This ranged from two-thirds of convenience stores (66%) to three-quarters of general trade (72%) and 85% of tobacconists surveyed.

Impact of Plain Packaging on Number of Staffing Hours



Impact of Plain Packaging on Staff Workload

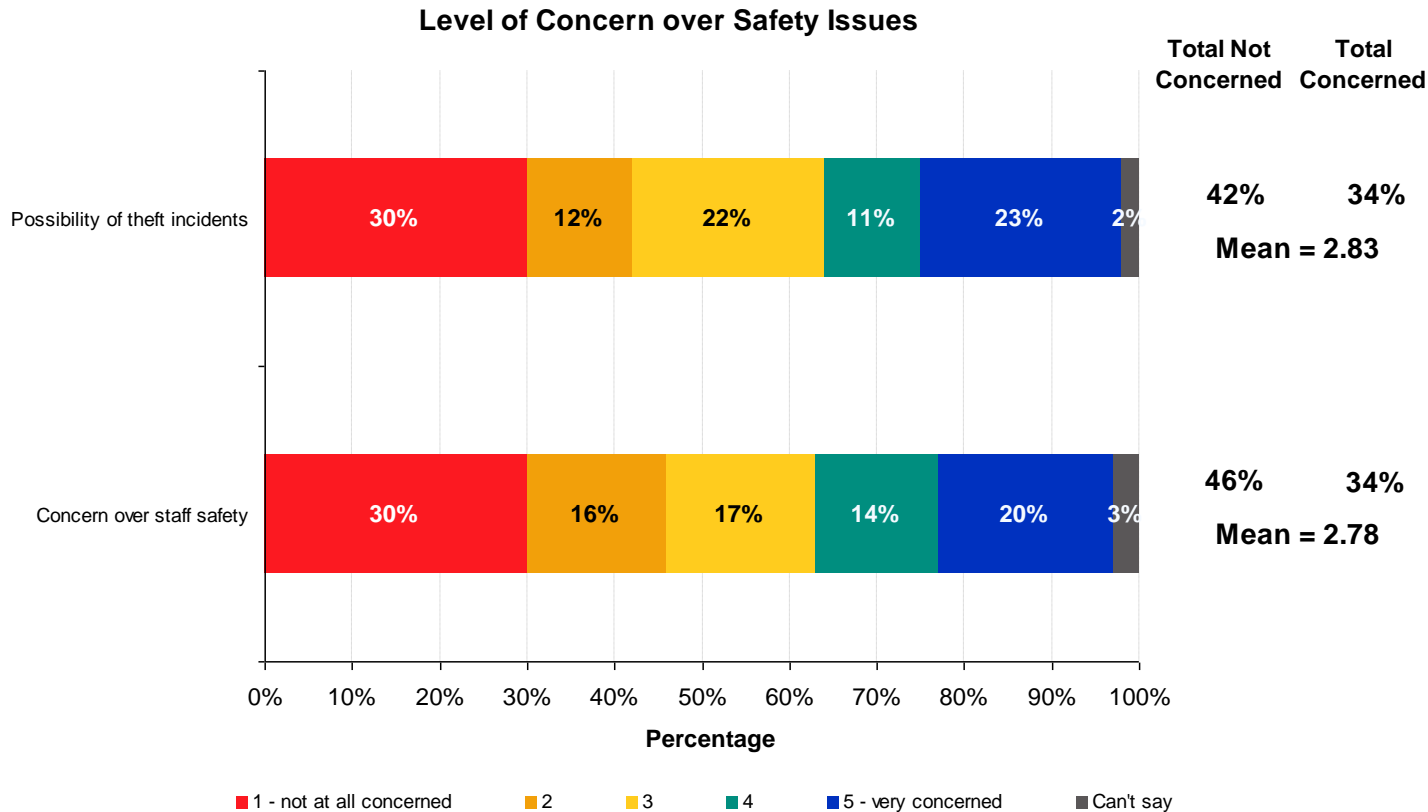


Discover your edge

Q29. Has the changeover to plain packaging impacted on the number of staffing hours in your store? IF YES: And did you increase or decrease the number of staffing hours? (s);
Q30. Has the changeover to plain packaging impacted on the workload of your staff members? IF YES: And overall has the workload become heavier or lighter for your staff ? (s)
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Level of Concern over Safety Issues

- Around a third of retailers surveyed indicated being concerned over the possibility of theft incidents and staff safety (both 34%).

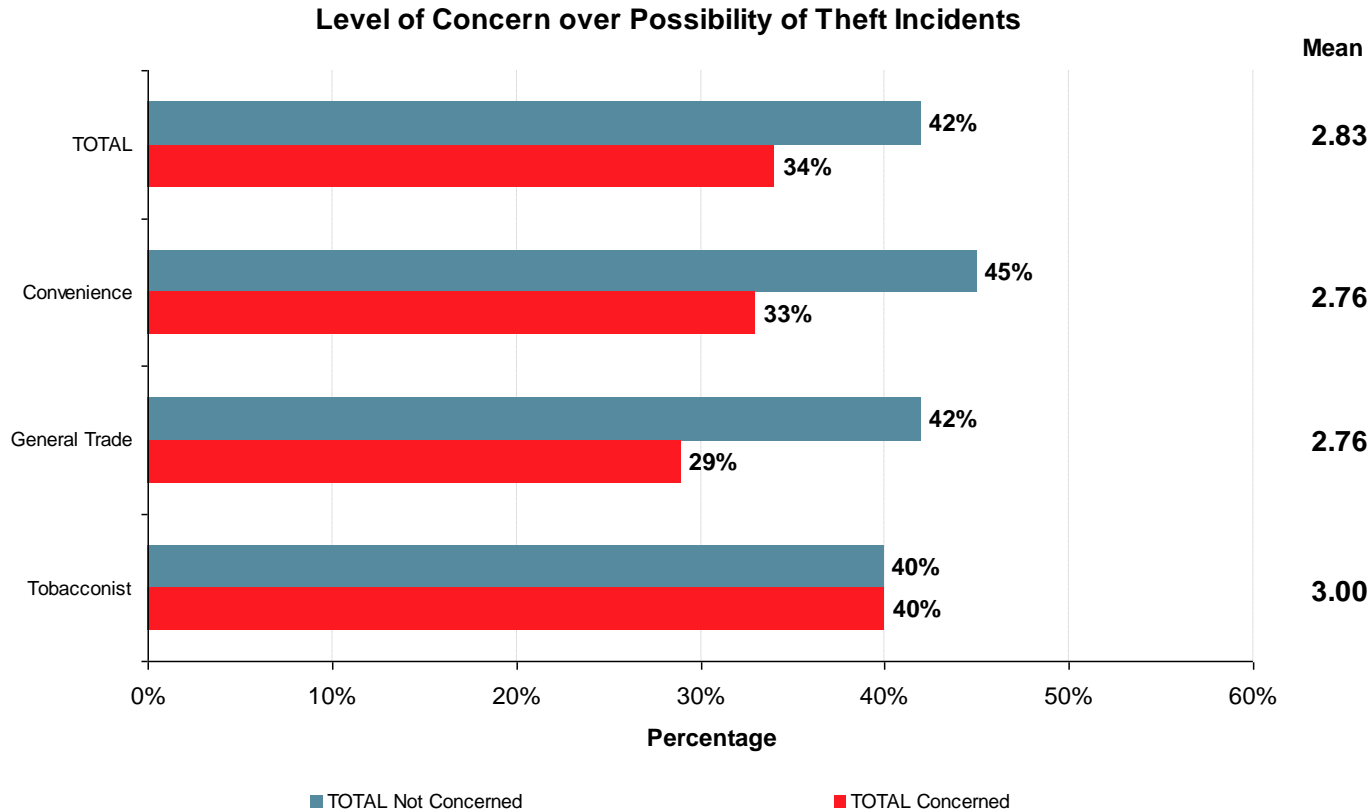


Overall, on a scale of 1 to 5 where 1 is not at all concerned and 5 is very concerned, how **CONCERNED** are you about the following? **Q31.** The possibility of theft incidents due to staff facing the store front less while dealing with or accepting delivery of plain packaging stock? (s); **Q32.** The safety of staff members or possibility of becoming increased crime targets due to less time facing the store front while dealing with or accepting delivery of plain packaging stock? (s)

Base: All respondents (n=450).

Level of Concern over Possibility of Theft Incidents

- Higher proportions of tobacconists indicated being concerned over the possibility of theft incidents due to staff facing the store front less while dealing with or accepting delivery of plain packaging stock (40% concerned).

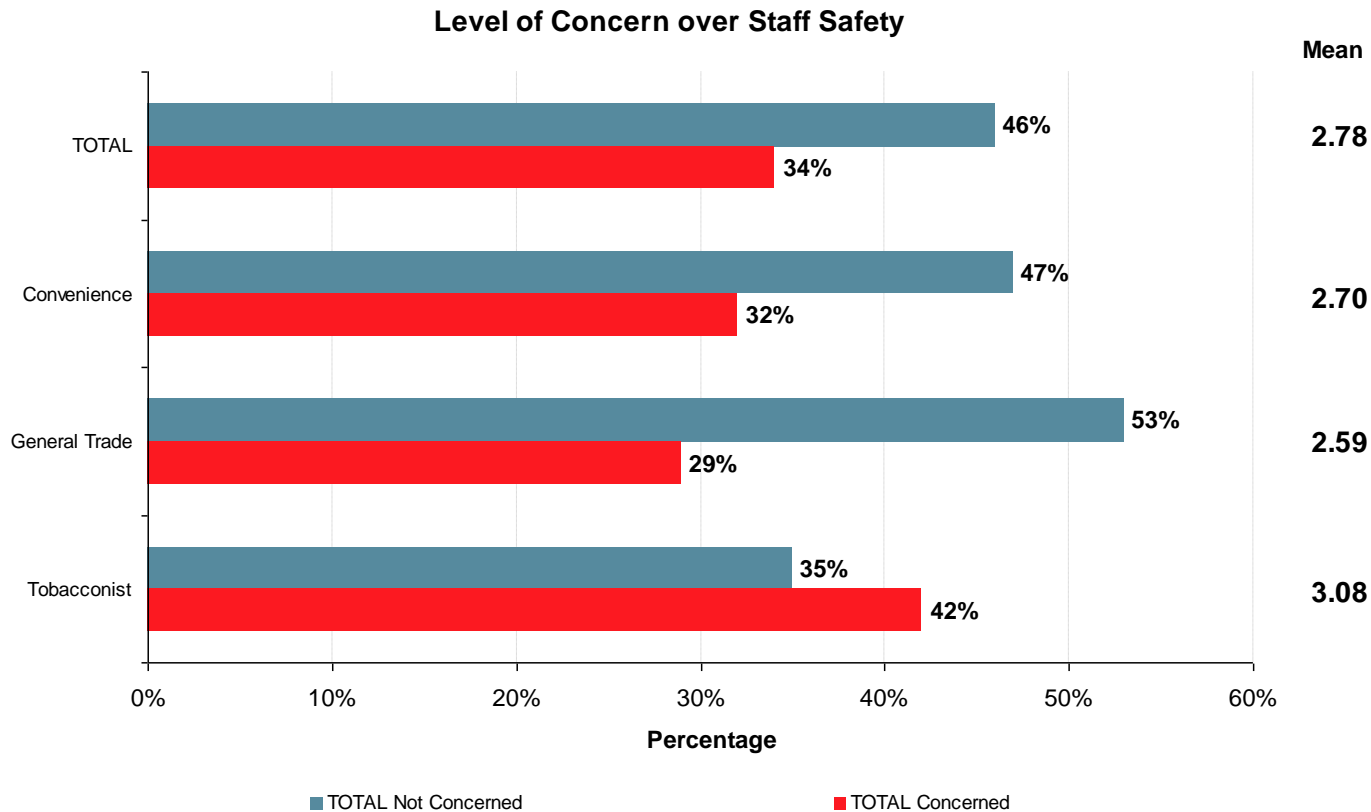


Q31. The possibility of theft incidents due to staff facing the store front less while dealing with or accepting delivery of plain packaging stock? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Level of Concern over Staff Safety

- Higher proportions of tobacconists indicated being concerned over the safety of staff members or possibility of becoming increased crime targets due to less time facing the store front while dealing with or accepting delivery of plain packaging stock (42% concerned).



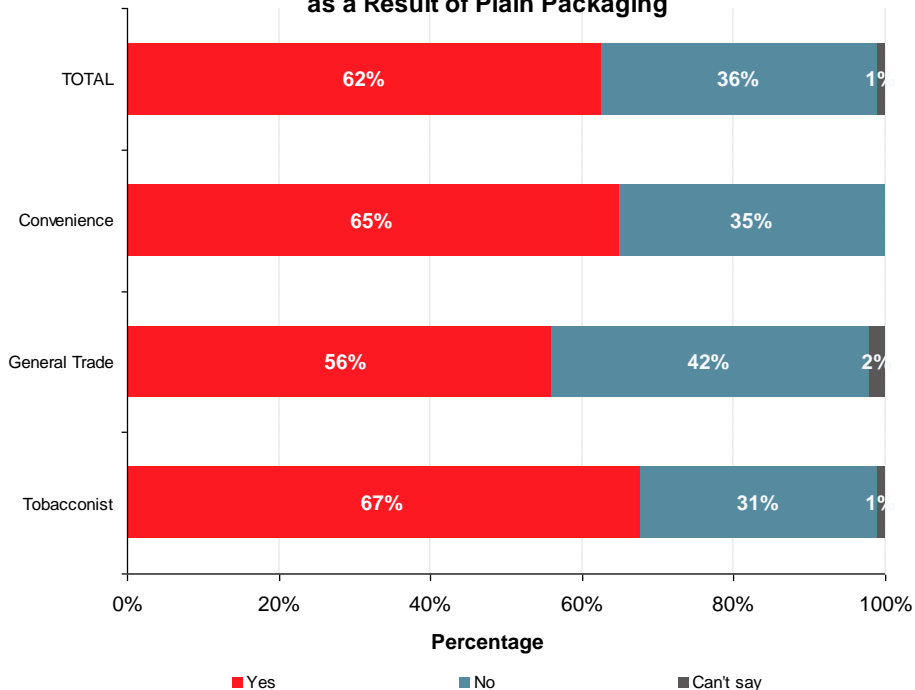
Q32. The safety of staff members or possibility of becoming increased crime targets due to less time facing the store front while dealing with or accepting delivery of plain packaging stock? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

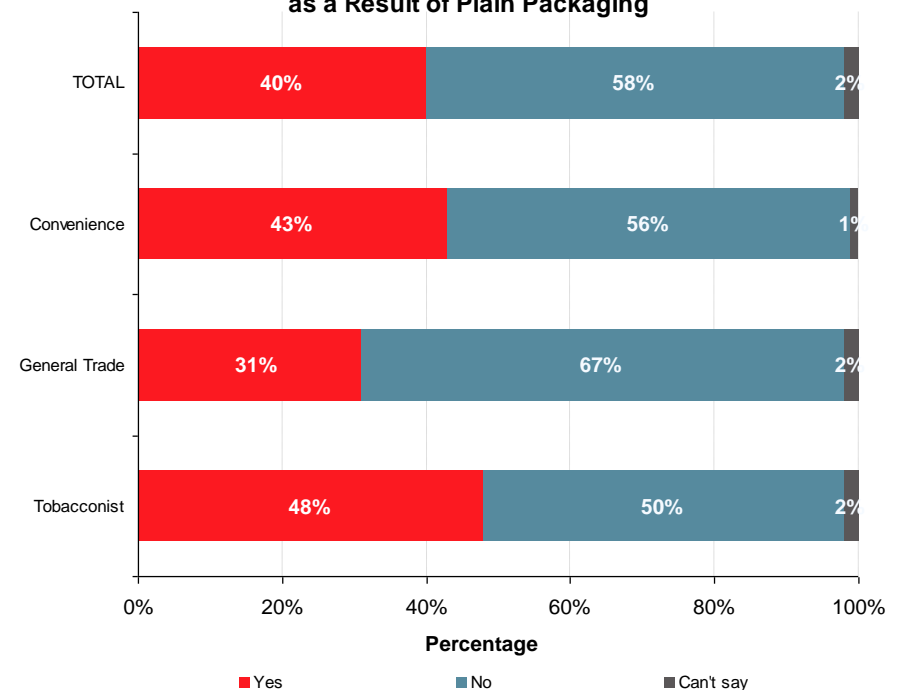
Time and Cost of Staff Training as Result of Plain Packaging

- Almost two-thirds of retailers interviewed reported spending additional time training part-time, casual or transient staff as a result of the changeover to plain packaging (62%).
 - *Convenience and tobacconists were more likely to have spent additional time training (65% and 67% respectively) than general trade (56%).*
- Two in five retailers indicated that there had been additional cost from training staff as a result of the changeover.
 - *Convenience and tobacconists were also more likely to have incurred additional training costs (43% and 48% respectively) than general trade (31%).*

Whether Spent Additional Time Training Part Time/Casual/Transient Staff as a Result of Plain Packaging



Whether Any Additional Cost From Training Staff as a Result of Plain Packaging



Q33. Have you spent additional TIME in training part time, casual or transient staff as a result of the changeover to plain packaging? (s); **Q34.** And has there been any additional COST to the business from training staff as a result of plain packaging changes? (s)

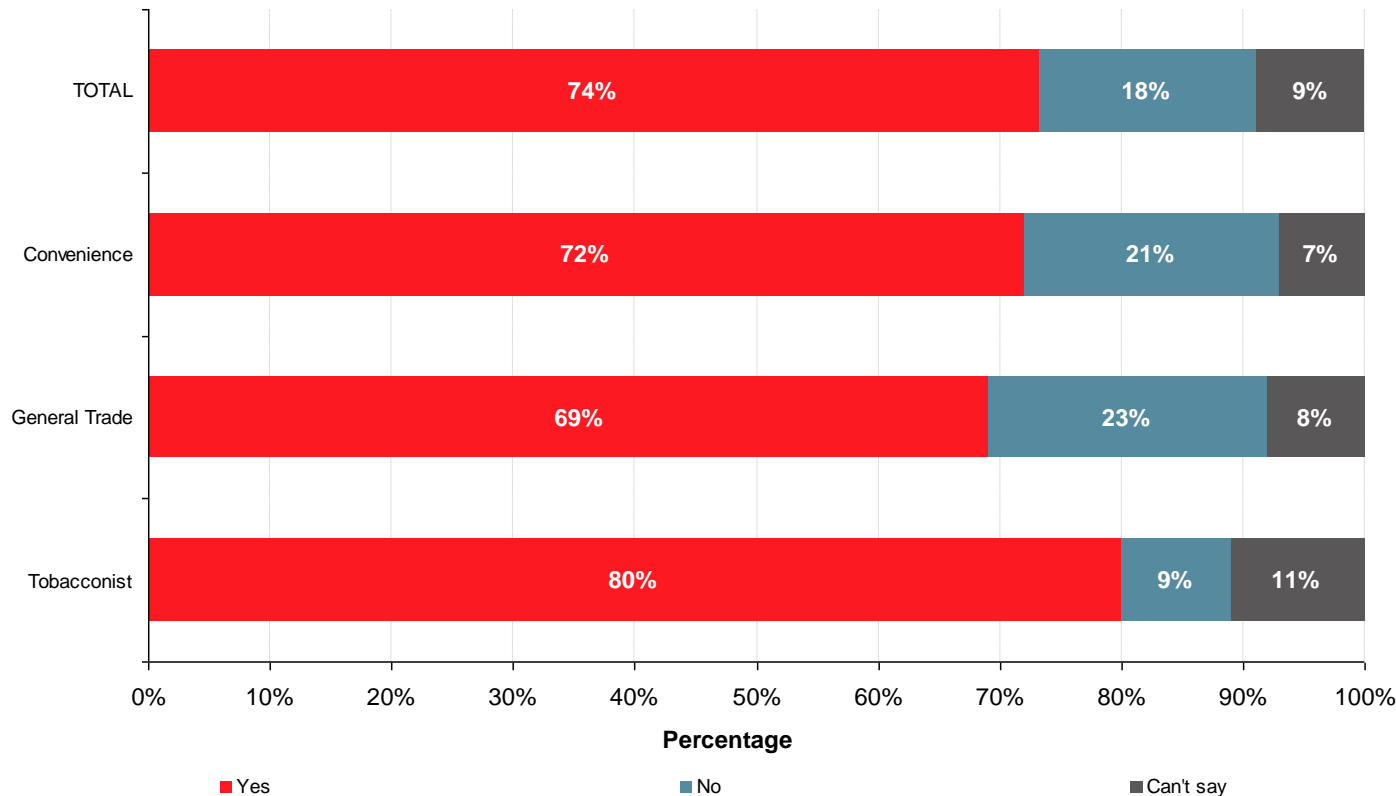
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Government Perceptions

Whether Expect to See More Government Involvement in Tobacco Regulation in the Future

- Around three-quarters of retailers surveyed reported that they expect to see more government involvement in tobacco regulation in the future (74%).
- This proportion was highest amongst tobacconists (80%) and lowest amongst general trade (69%).

Whether Expect to See More Government Involvement in Tobacco Regulation

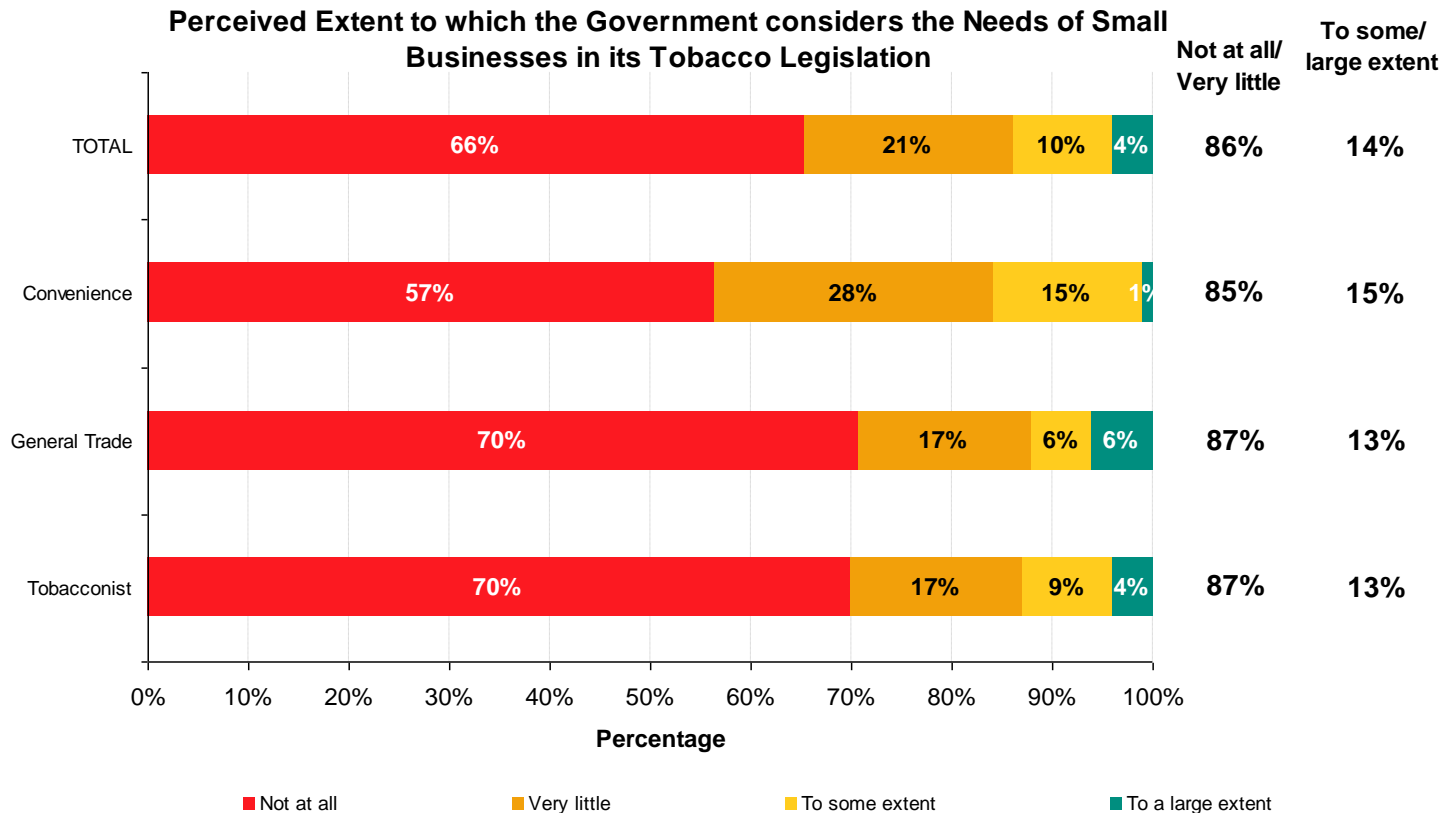


Q37. Do you expect to see more government involvement in tobacco regulation in the future? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Perceived Extent to which the Government considers Small Businesses' Needs in Tobacco Legislation

- The majority of retailers surveyed did not perceive that the government considers the needs of small businesses in its tobacco legislation at all (66%), with a further 21% reporting 'very little'.
 - Higher proportions of general trade and tobacconists rated the government as not considering small businesses' needs at all (both 70%) compared with convenience stores (57%).



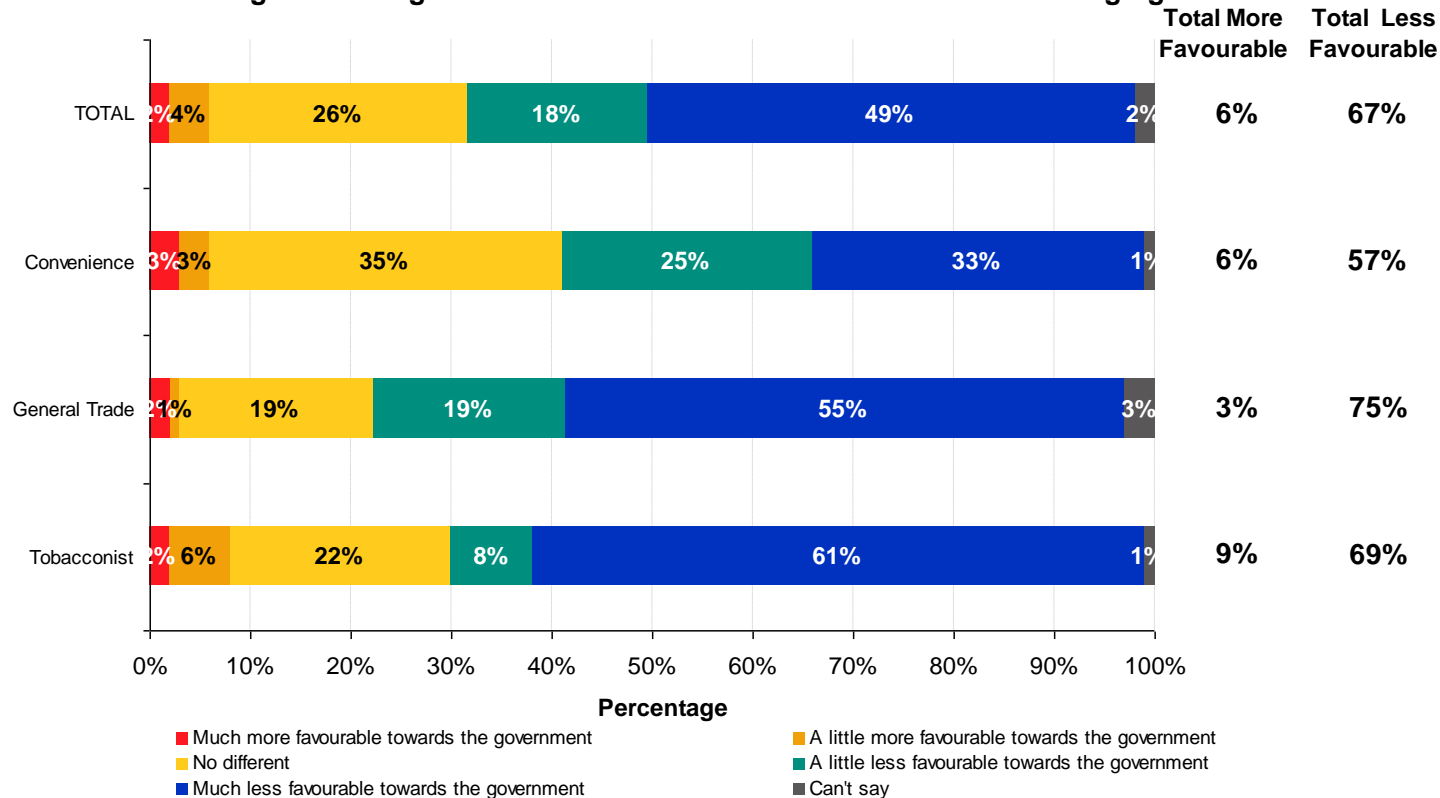
Q38. To what extent do you believe the government considers the needs of small business in its tobacco legislation? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Change in Feelings towards Government as a Result of Plain Packaging

- Two-thirds of the total sample reported that they now feel less favourable towards the government as a result of the plain packaging legislation (67%). This includes almost half who reported feeling much less favourable (49%).
 - Change in feelings towards the government varied by retail channel, from 57% of convenience to 69% of tobacconist and three-quarters of general trade (75%) now feeling less favourable towards the government.
 - Across all three channels, less than one in ten retailers reported feeling more favourable.

Change in Feelings towards Government as a Result of Plain Packaging



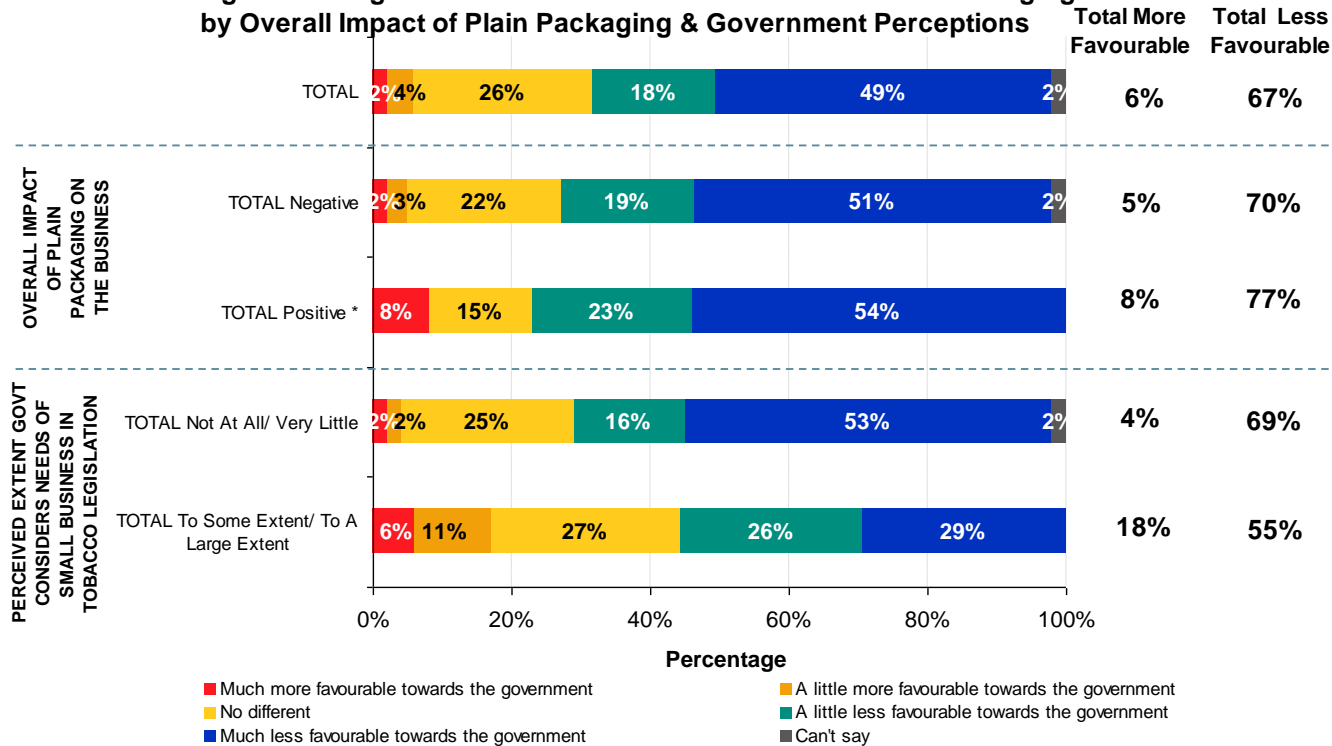
Q39. Have your feelings towards the government changed as a result of plain packaging? Would you say you now feel...? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Change in Feelings towards Government as a Result of Plain Packaging

- The impact of the plain packaging legislation on retailers' feelings towards the government varied depending on the perceived extent to which the government considers the needs of small businesses. Two-thirds of those who perceived the government to consider small businesses' needs not at all or very little indicated that they now feel less favourable towards the government (69%), compared with just over half of those who rated the government as considering the needs of small businesses to some or a large extent (55%).

Change in Feelings towards Government as a Result of Plain Packaging by Overall Impact of Plain Packaging & Government Perceptions



Q39. Have your feelings towards the government changed as a result of plain packaging? Would you say you now feel...? (s)

Base: All respondents (n=450); total negatively affected by plain packaging (n=347); total positively affected by plain packaging (n=13)*; total perceive government considers needs of small businesses not at all/very little (n=388); total perceive government considers needs of small businesses to some/large extent (n=62).

* Caution small sample size.

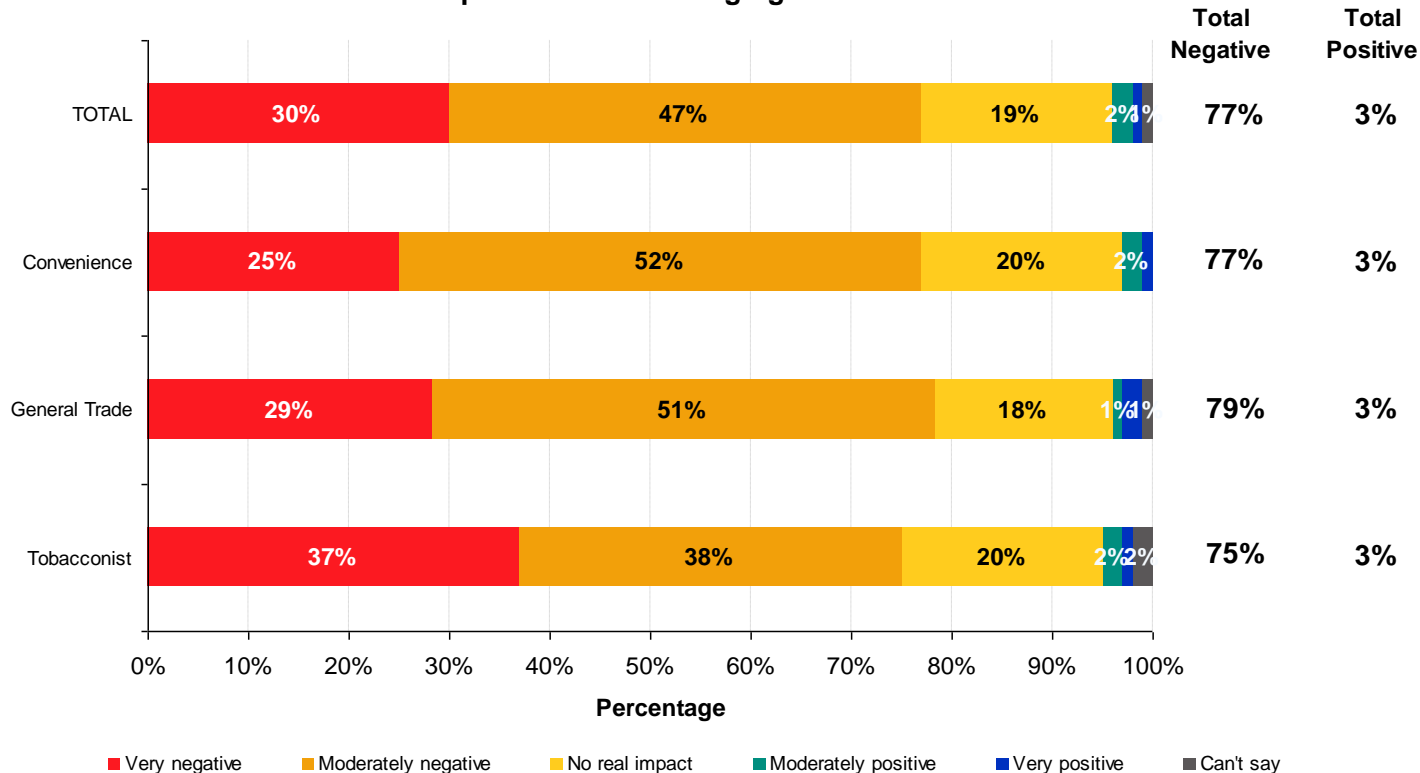
Human Reaction to Plain Packaging

Discover your edge

Overall Impact of Plain Packaging on the Business

- Overall, around three-quarters of small retailers rated plain packaging as having had a negative impact on their business. (77%)
- Proportions were relatively similar across the three channels, and only 3% considered plain packaging to have had a positive impact.

Overall Impact of Plain Packaging on the Business

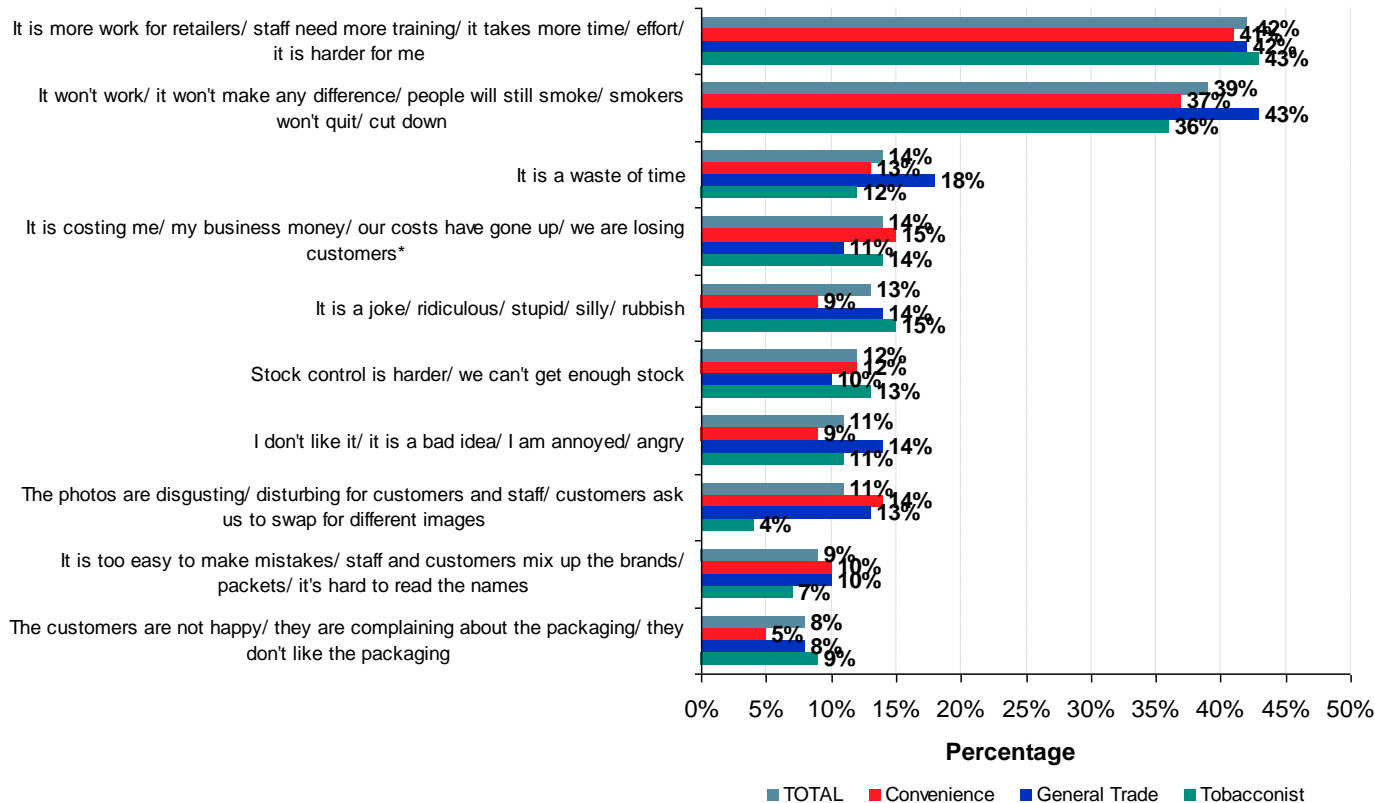


Q35. Overall, taking into account everything we have discussed so far, what sort of impact has plain packaging had on your business? Would you say it has been...? (s)
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

How Retailers Feel About Plain Packaging Legislation

- When asked to describe in their own words how they feel about the plain packaging legislation, the main themes that emerged from small retailers related to more work/training/effort for retailers (42%) and that it won't work or make any difference to smoking habits (39%).

How Retailers Feel About Plain Packaging Legislation (Top 10 Themes)



Q36. Taking into account the impacts on your business, in your own words could you tell me how you feel about the plain packaging legislation on your business? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

* No further clarification provided by respondents.

How Retailers Feel About Plain Packaging Legislation – Example Verbatim Responses

“People who want cigarettes still want cigarettes and new people starting to smoke still smoke. It doesn’t change anything.”

“I’m very concerned about it. It takes me longer to do everyday housekeeping stuff to order my cigarettes - which is costing me money. It also means the customers get the wrong stock because they get shelved incorrectly. They are my main concerns.”

“A whole heap of headaches we didn’t need and to us, it’s just a waste of time. It doesn’t do anything, people don’t care about the pictures. The people that do care about the pictures are buying cases. Some people are even spray painting their packets. There are heaps of things to do. I think it has not affected anyone except for retailers. Panadol sales are going to go up. It is really giving us a lot of headaches.”

“It hasn’t made any difference in sales except spending more time with them. All staff have had days that we have been abused quite badly over it, not for giving out wrong cigarettes but because they don’t want plain packaging.”

Taking into account the impacts on your business, in your own words could you tell me how you feel about the plain packaging legislation on your business?

“Ridiculous, it’s cost the companies and everyone else a lot of money for the sake of some colour and pictures.”

“The plain packaging legislation has had a negative impact due to the added time it takes to stock, to count, to receive and to ensure that the customer still receives the same service. A couple of customers have come back to tell me that some of the tastes have changed.”

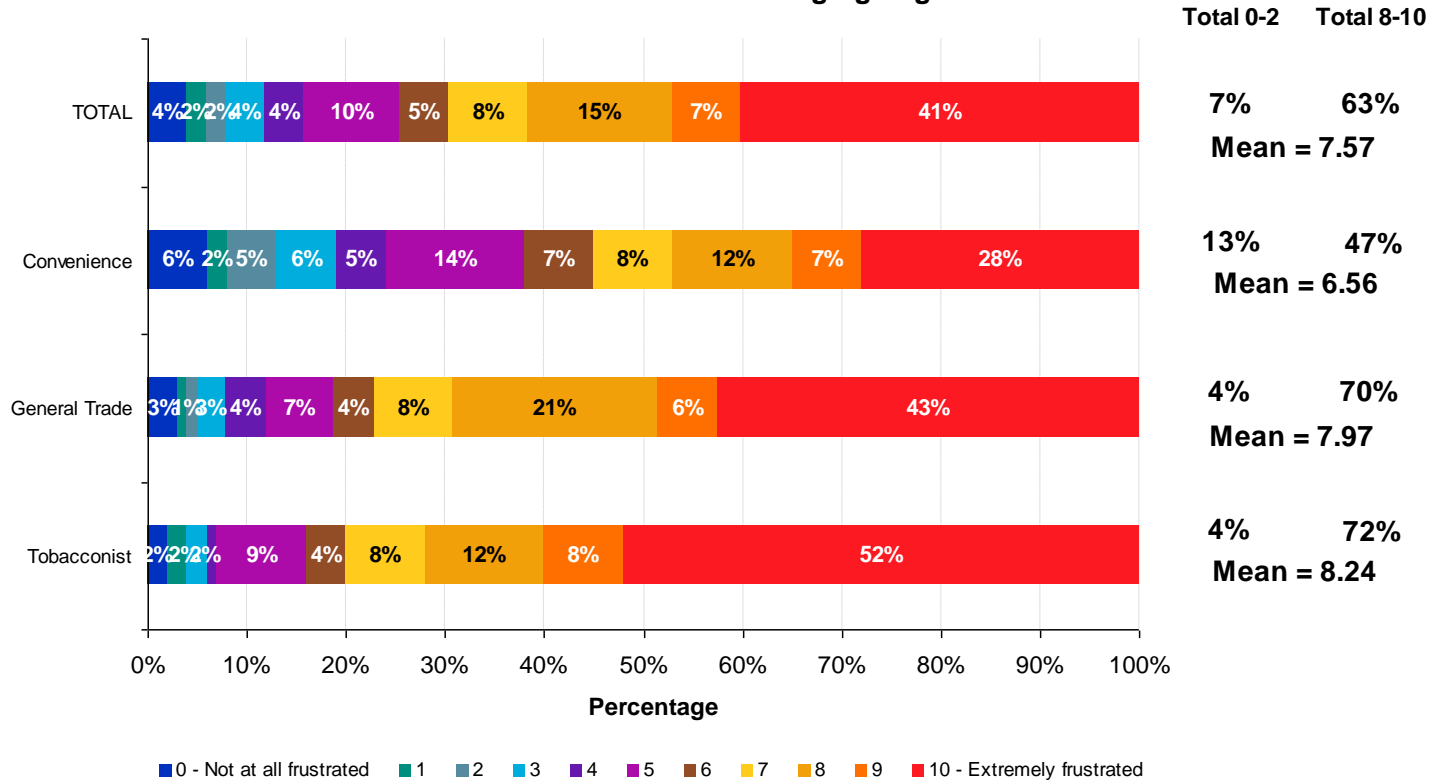
“I feel that it is waste of government money and time, the money could be spent helping people quit rather than changing the packets. That makes no difference to smokers. It’s time consuming and troublesome for retailers, the time spent making sure it’s the right product and dealing with counterfeit is difficult.”

“Plain packaging is not very good for any business. It takes more time for our staff members to check the stock and serve customers. Those who are not smokers sit and wait while staff members explain to tobacco customers the products they are taking. Takes more time for delivery drivers to do the stock count.”

Level of Frustration with Plain Packaging Legislation

- The majority of retailers interviewed rated their level of frustration with the plain packaging legislation relatively highly, with 63% in the top three categories (8-10 on a scale of 0-10) and an average frustration rating of 7.57.
 - Convenience store retailers rated themselves less frustrated (47% 8-10 ratings; mean = 6.56) than general trade (70% 8-10; mean = 7.97) or tobacconists (72% 8-10; mean = 8.24).
 - More than half of tobacconists gave a rating of 10 (the scale endpoint) (52%).

Level of Frustration with Plain Packaging Legislation

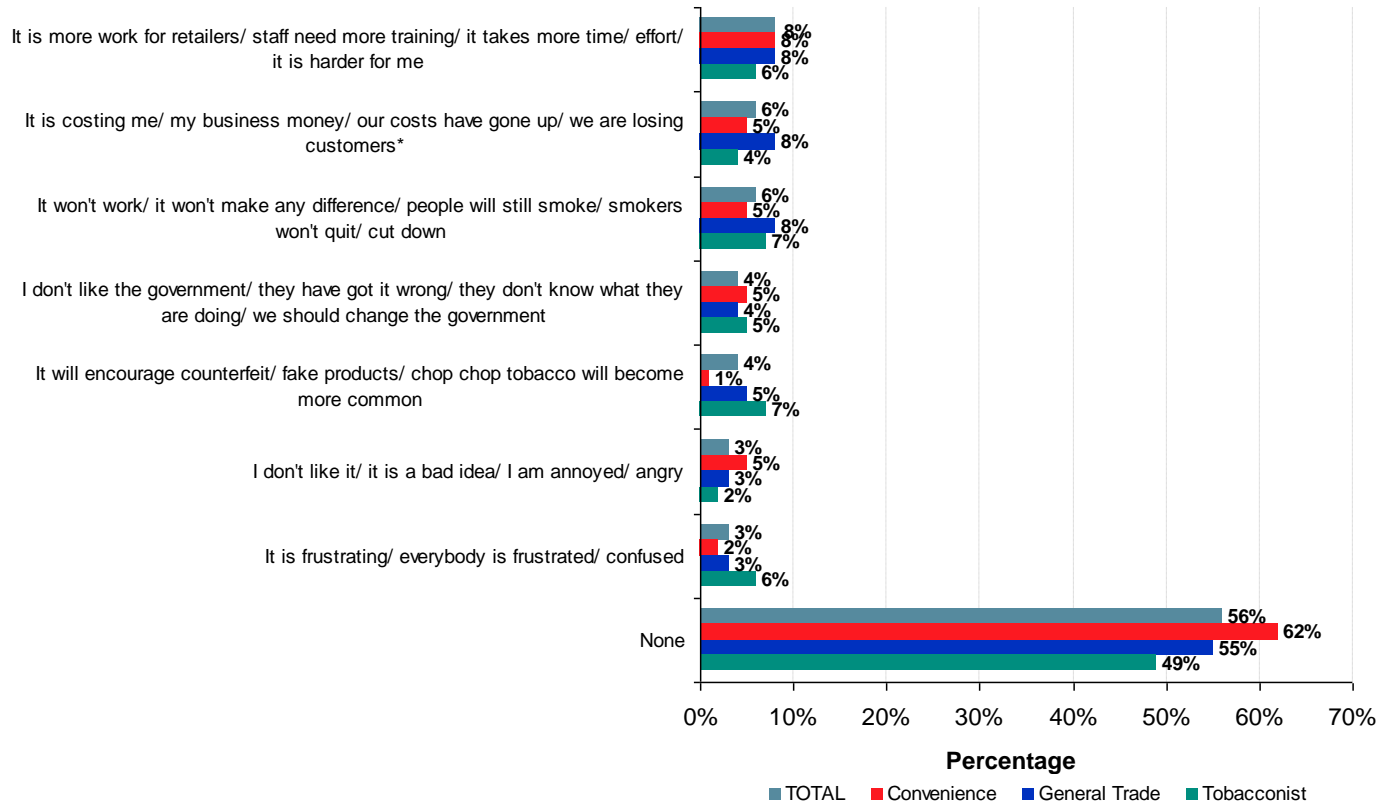


Q40. On a scale of 0 to 10 where 0 is not at all frustrated and 10 is extremely frustrated, how FRUSTRATED are you by the plain packaging legislation? (s)
Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Other Comments about Impact of Plain Packaging

- When asked if they had any other comments about the impact of the plain packaging legislation, key themes that emerged from small retailers included that it requires more work/training/effort for retailers (8%), it is costing them/the business money through increased costs/losing customers* (6%), and that it won't work or make any difference to smoking habits (6%).

Other Comments about Impact of Plain Packaging on the Business (Top Themes)



Q43. Is there anything else you'd like to add about the impact of plain packaging on your business? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141). Responses less than 3% not shown.

* No further clarification provided by respondents.

Other Comments about Impact of Plain Packaging – Example Verbatim Responses

“It’s the law, we have to comply but we don’t like it. It’s not beneficial to anybody. They say it can reduce smoking rates but I don’t see that.”

“It’s a horrible frustrating thing on business that was not necessary.”

“I think eventually it will take away from our business as there is more counterfeiting because it’s so easy for them to produce.”

“There’s not much more you can say. People still smoke exactly the same as they did before. That’s what’s most annoying about it. You know this has done nothing, made no difference.”

“I just wish that it never happened. Australia is a first world democratic country, people should be able to make their own decisions. They might as well control the liquor industry as well. Why do they allow people to drink when it causes drink driving? People should be able to make their own decisions.”

Is there anything else you’d like to add about the impact of plain packaging on your business?

“Plain packaging is stupid. In the long run it won’t change anything.”

“There’s no evidence behind what they are trying to achieve. I would not vote them for next election.”

“It’s a legal product so why can’t we show it? It’s making no difference. Why don’t they put everything else in supermarkets behind cupboards?”

“We have started selling more papers, filters and cigarette tubes. This indicates that the chop chop industry is more prevalent.”

“Government should’ve consulted with the small business.”

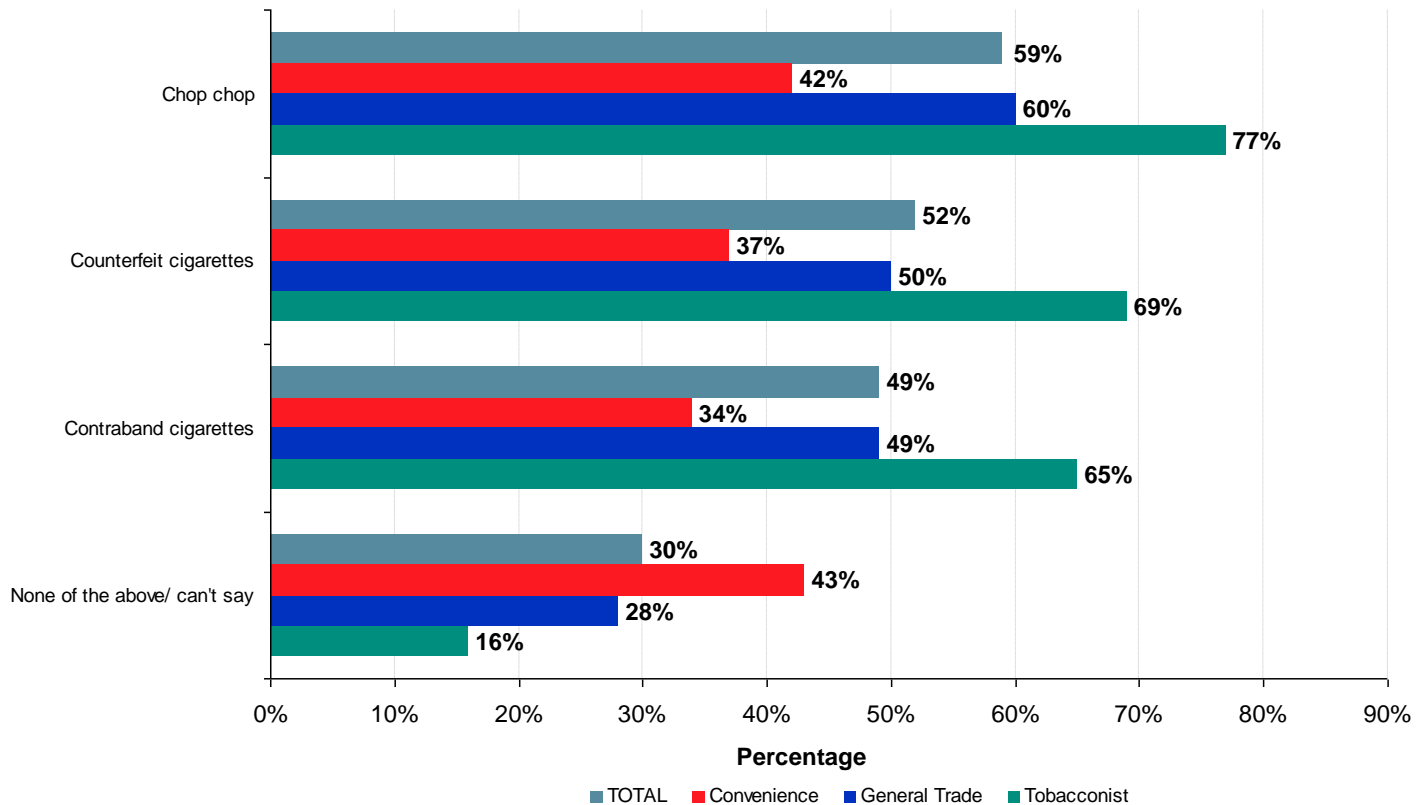
“Bringing up the counterfeit thing, it is easier to counterfeit them now. The government gave out the font and colour in the guidelines, it just makes it a lot easier to counterfeit.”

Illicit Trade

Awareness of Illicit Trade in Australia

- The majority of small retailers surveyed indicated that they had seen, read or heard about at least one of the illicit tobacco products.
- Not surprisingly due to tobacco products comprising the core component of their business, tobacconists had the highest rate of having seen, read or heard about the three types of illicit tobacco. They were followed by general trade for all three types.

Whether Seen, Read or Heard about Illicit Tobacco Products in Australia

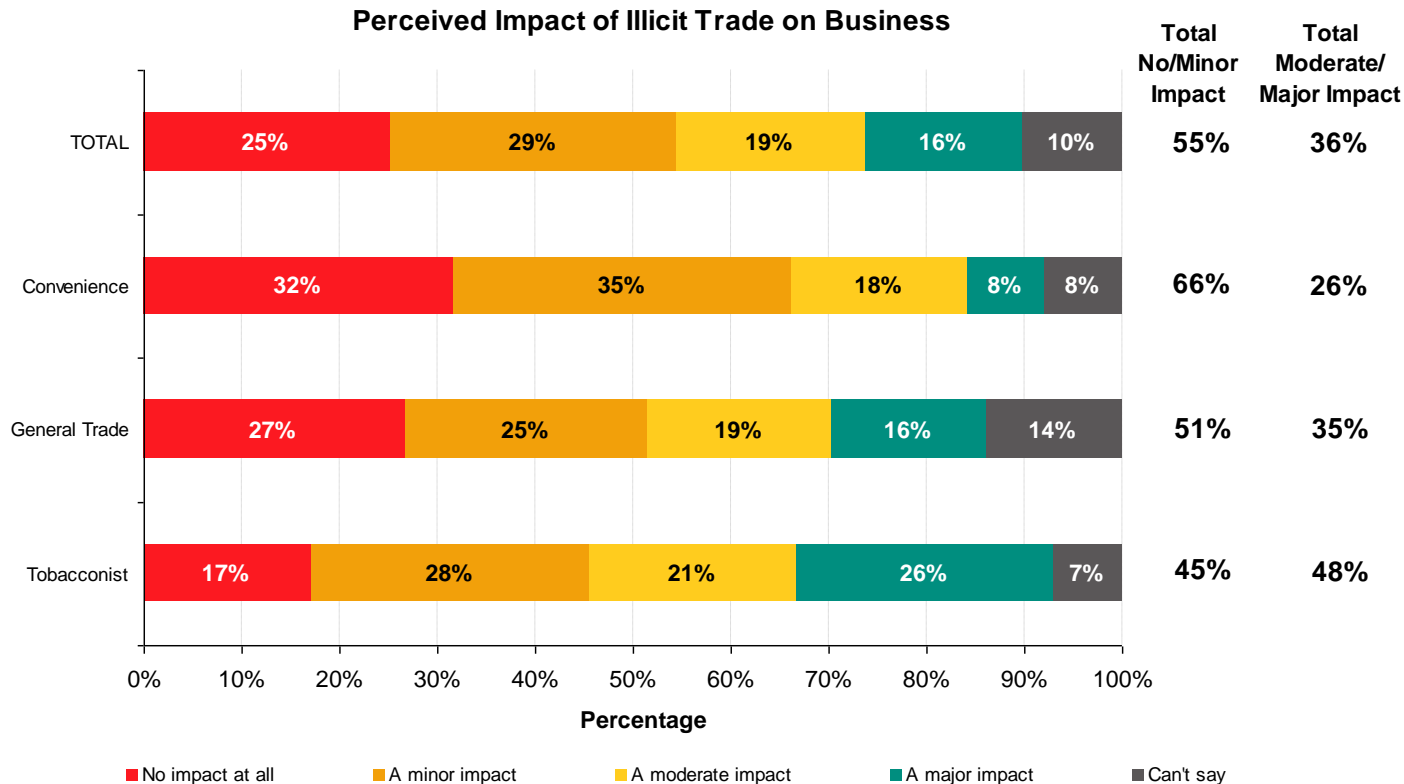


Q41. Have you seen, read or heard about any of the following types of illicit tobacco products here in Australia? (m)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Perceived Impact of Illicit Trade on Business

- The majority of retailers surveyed indicated that they perceived illicit trade to have no impact or only a minor impact on their business (55%).
- Perceived impact varied by channel, with a quarter of convenience retailers rating illicit trade to impact on their business moderately/majorly (26%), compared to just over a third of general trade (35%) and almost half of tobacconists (48%) perceiving illicit trade to have a moderate/major impact.



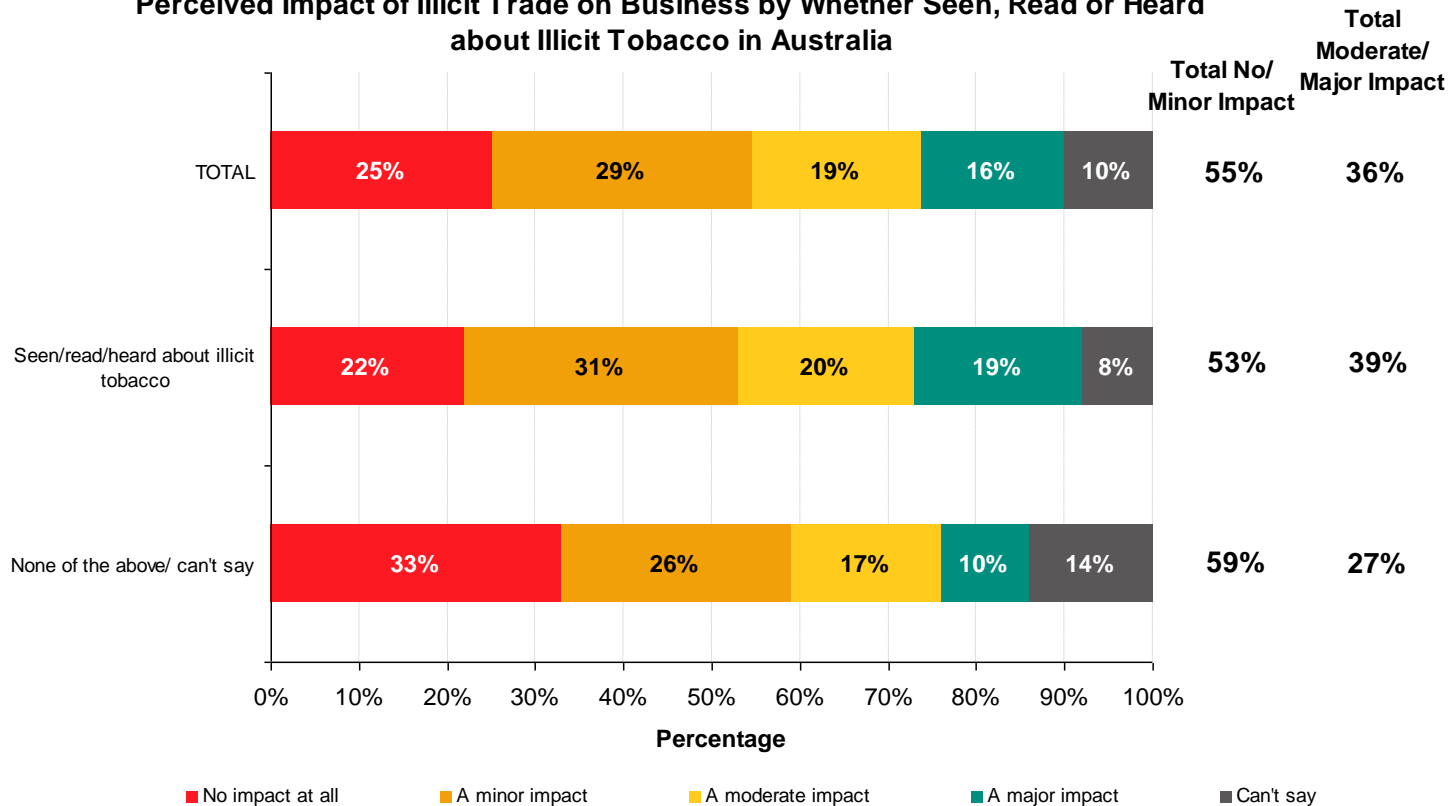
Q42. And, regardless of whether you have seen, read or heard anything recently, in your opinion, how much of an impact do you believe illicit trade has on your business? Would that be...? (s)

Base: All respondents (n=450); convenience (n=155); general trade (n=154); tobacconist (n=141).

Perceived Impact of Illicit Trade on Business

- Not surprisingly, those who had seen, read or heard about one or more illicit tobacco products in Australia were more likely to perceive illicit trade as having a moderate or major impact (39%) compared with those who had not (27%).

Perceived Impact of Illicit Trade on Business by Whether Seen, Read or Heard about Illicit Tobacco in Australia



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Q42. And, regardless of whether you have seen, read or heard anything recently, in your opinion, how much of an impact do you believe illicit trade has on your business? Would that be...? (s)

Base: All respondents (n=450); total seen, read or heard about one or more illicit tobacco products in Australia (n=317); not seen, read or heard about illicit tobacco products (n=133).

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