

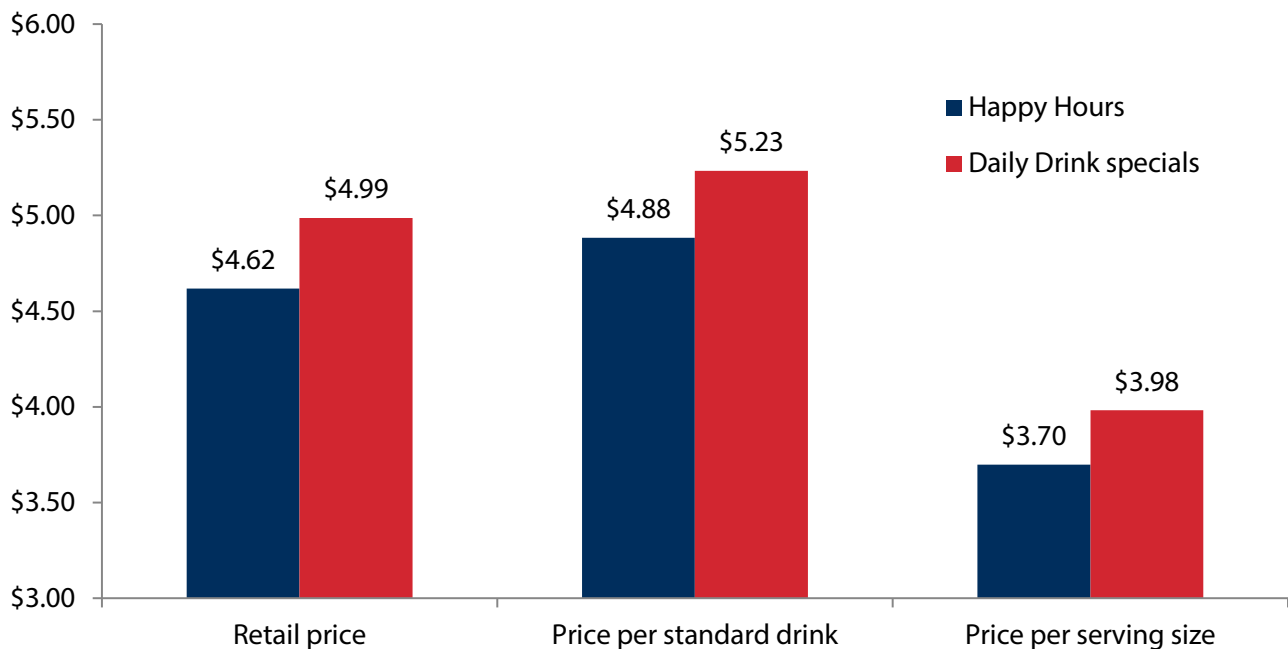
# The introduction of Happy Hours to bars, pubs and clubs in Victoria, BC: Did alcohol become cheaper?

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## Overview

- This bulletin presents data on alcohol prices in Victoria following the adoption of Happy Hours (HHs) made possible by changes to British Columbia’s liquor laws in June, 2014.
- Discounted alcohol has been associated with hazardous consumption and increased harm in previous studies.
- 15 of 23 outlets participating in the study introduced HH promotions after the new regulations took effect.
- Most HHs lasted 2 to 3 hours with a usual start time of 4pm. The longest HH was 7 hours, the latest was at 1am.
- A total of 197 “drink specials” were recorded, of which 50 were HHs and 147 were daily drink (DD) specials (permitted before the new regulations); most were for spirits or beers.
- HH prices were significantly lower than DD specials, on average by 35 cents or 6.7% per standard drink (i.e. the HH regulations resulted in significantly cheaper alcohol being available than before).
- Two drink specials (1 HH, 1 DD) did not meet the legal minimum price of \$3 per “serving” (defined by regulation in millilitres of each beverage regardless of alcohol content).
- 15 drink specials (4HHs, 11 DDs) were priced below the \$3 minimum per “standard drink” (=17.05 mL of pure alcohol) endorsed by BC’s Provincial Health Officer in 2009.
- The most common reasons given for introducing HHs were to stay competitive and attract business.
- The most common reason given for not running HHs was fear of reduced profits.
- It is recommended that minimum alcohol prices for on-premise sales are (i) calculated per standard drink to close the present loophole allowing high strength beverages to be sold cheaply (ii) increased to \$3.25 per standard drink, and (iii) adjusted annually with inflation, In addition, it is recommended that (iv) happy hours are restricted to a maximum of two-hours in duration.

## Average Happy Hour vs Daily Drink special prices in Victoria bars, pubs and clubs



## Introduction

This bulletin examines the impact of the implementation of one of the 73 recommendations from 2013's major review of BC Liquor laws, led by MLA John Yap under the auspices of the BC Ministry of Justice [1]. The recommendation we studied was variable pricing of alcohol, popularly known as "Happy Hours" (HHs), throughout the day at on-site alcohol-serving venues. This was the first time variable pricing was allowed in BC. Previous studies have shown that certain kinds of drink specials can lead to increased consumption [2, 3] and therefore represent a potential harm to consumers. In order to minimise this possibility, the province also rolled out a minimum price for alcohol sold in bars of \$3 plus tax for stipulated serve sizes (28ml liqueurs or spirits, 140 ml wine or fortified wine, 336 ml beer or cider, if less than 1400ml). Following complaints that the rules made pitchers more expensive, a lower rate of \$2.40 per 336 ml serve was introduced for draught beer or cider if sold in a pitcher equal to or greater than 1400ml. Minimum bar prices are a separate strategy from other minimum prices and minimum mark-ups which have been applied to liquor store sales in BC for several decades. Research evidence has accumulated to suggest that increases in minimum liquor store prices in BC have significantly reduced alcohol consumption [4] as well as alcohol-related deaths [5], hospital admissions [6] and crimes [7].

We present results of a survey of "liquor primaries" (bars, clubs and pubs) in the downtown Victoria region to gather data on the implementation of HH, alcohol pricing, and industry opinions on the new changes to BC liquor laws. We used this information to test the hypotheses that a) most establishments will have implemented HHs since their introduction, resulting in the availability of cheaper alcoholic drinks, b) some venues introduced HHs due to competitive pressures, c) some HH drink specials will be less than the \$3 per standard drink (=17.05mL of pure alcohol) recommended by BC's Provincial Health Officer in 2008 [8], and d) HH drink specials will be less expensive per standard drink compared to daily drink (DD) specials which were permitted before the 2013 liquor law changes (i.e. the new regulations resulted in a significant reduction in drink prices).

## Methods

### *Measures*

A simple, descriptive survey was developed for this study to gather data on a) the type of special (e.g. DD or HH special, if offered), b) type of alcohol, c) serving size, d) alcohol percentage, e) day of the week the special was held, f) the promotional price, and g) the special's regular price. The legal serving size of the beverage, the number of standard drinks, the price per legal serving size, and price per standard drink were also recorded. Participants were also asked closed- and open-ended questions regarding their opinions on HHs and other recent changes to BC liquor laws.

### *Sample*

All 30 pubs, bars and clubs in the Victoria Central Business District were approached to participate in the study. The sample was drawn from a list of establishments [9] that a) held a liquor primary license and b) were located in the downtown Victoria region in BC. Data collection ran from February to April, 2015.

### *Procedure and Recruitment*

Target participants were bar owners or managers of selected establishments. Bar owners and managers were contacted either over the phone, in person, or via email to arrange an in-person or telephone interview of approximately 10-15 minutes duration. The study was approved by the Human Research Ethics Board of the University of Victoria.

### *Analyses*

Descriptive statistics were collected on whether participating venues had at any time since June 2014 introduced a HH, the usual times these were implemented, how long they lasted and the prices charged. "Paired Student t-tests" were also conducted on the price data to compare HH prices with those of daily drink specials (DDs) of the same beverage type. We considered observed differences to be significant if the likelihood of their happening by chance was less than 5%.

## Results

Of the 30 venues eligible to participate, we gathered complete price data for 20 bars and pubs and three nightclubs for a participation rate of 76.7% (see Table 1). Complete data for all other survey questions were collected for 20 establishments (66% participation rate).

Table 1: Happy Hour (HH) and Daily Drink (DD) specials in Victoria bars, pubs and clubs

Outlet type	N	N outlets participating	N outlets with specials	N of HH drink specials	N of DD specials
Bar/pub	25	20	16	43	133
Club	5	3	3	7	14
Total	30	23	19	50	147

Over half (13) of the 23 participating establishments currently offered HHs, while two had previously run and later removed the promotion. Most HH specials were two to three hours in duration (N=10), but ranged between two and seven hours. By way of context, clubs tend to be open for six hours, while most bars/pubs are open for 10-14 hours. Most bars and pubs held HHs between 3pm and 5pm, while nightclubs offered HHs up to 1am (see Figure 1). HH specials were equally likely each day of the week, with 8-10 establishments running specials on any given weekday. DD specials remained popular, with 19 of 23 of businesses continuing to offer these.

Details were collected on 147 DD and 50 HH specials, recorded on single visits to the 23 establishments (see Table 2). Half of these were beers, with spirits the next most common. Many of the beers on special were of higher strength (i.e. 6% abv or higher).

In order to directly compare DD and HH special prices, we looked at similar types of special offers matched on alcohol type (beer or spirits), serving size and venue. No jugs or pitchers were included, as they are priced differently. When matched by venue, all but one of the available matched HH versus DD specials were for beer or spirits and so only these are included in these direct comparisons. This resulted in just 38 exactly matched pairs of HH and DD drink specials for comparison (see Figure 2). We compared prices calculated in three different ways: (i) the advertised retail price (ii) the price per standard drink (equals 17.05 mL pure alcohol) and (iii) the price for a regulated serve of beer or spirits. As illustrated in Figures 2, 3 and 4, average HH prices were always lower than those for DD specials regardless of how the price was calculated or the beverage type. In each case, “paired t-tests” confirmed these differences were significant.

Figure 1: Frequency of venues with different Happy Hour times

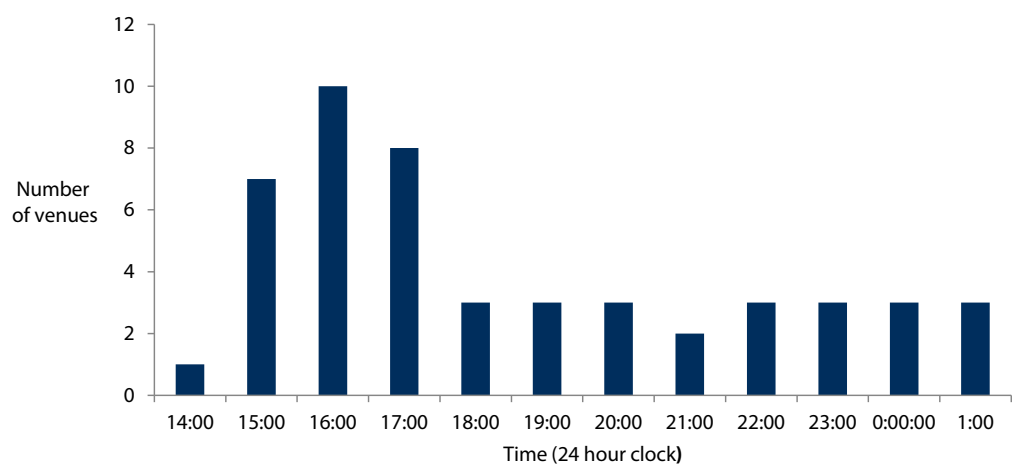


Table 2: Happy Hour (HH) and Daily Drink (DD) specials by beverage type (total N=197)

Type of special	Beer	Spirits	Mixed drinks	Wine	Others	Totals
HH	21	12	7	8	2	50
DD	77	28	24	13	5	147
Total	98 (49.7%)	40 (20.3%)	31 (15.7%)	21 (10.7%)	7 (3.6%)	197

When considering beer and spirit specials combined (see Figure 2), HH specials were 37 cents or 7.4% cheaper than DD specials (\$4.62 per serving versus \$4.99,  $t=-4.40$ ,  $p < 0.001$ ,  $n=38$ ). In terms of price per standard drink, HHs were 35 cents or 6.7% cheaper than DDs (\$4.88 vs \$5.23,  $t=-3.54$ ,  $p=0.001$ ). For government regulated serve sizes HHs were 28 cents or 5.6% cheaper than DDs (\$3.70 vs \$3.98,  $t=-4.08$ ,  $p < 0.001$ ).

There was a marked difference in these prices between beer and spirits, largely because higher minimum price rates applied to spirits (see Figures 3 and 4). In particular, the average prices for beer drink specials were only slightly above \$3 a standard drink (see Figure 3) compared with approximate \$7 for spirits (see Figure 4). However, advertised retail prices for spirit specials were always lower than beer because spirits were provided in smaller quantities than a standard drink and beer usually in a larger quantity (e.g. a pint or sleeve). In every comparison using paired t-tests, HH specials were significantly cheaper than DDs for both beer or spirits.

### Compliance with BC Minimum Bar Prices

Of the 197 specials, two were priced below the government mandated \$3.00 minimum per serve (see Figure 5). One of these was a wine offered at 10 cents below the minimum price (\$2.90) while the other was a mixed drink offered at \$1.05 below the minimum (\$1.95). Both were offered by the same establishment. While the average price for drink specials based on cost per standard drink was within the \$5.00 range for both DD and HH specials

Figure 2: Average prices of drink specials (beer and spirits, n=38)

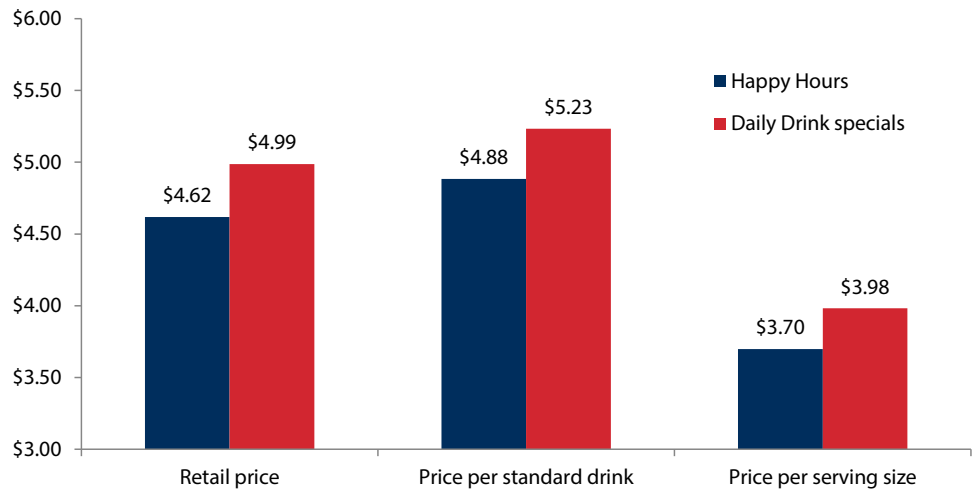


Figure 3: Average prices of drink specials (beer, n=20)

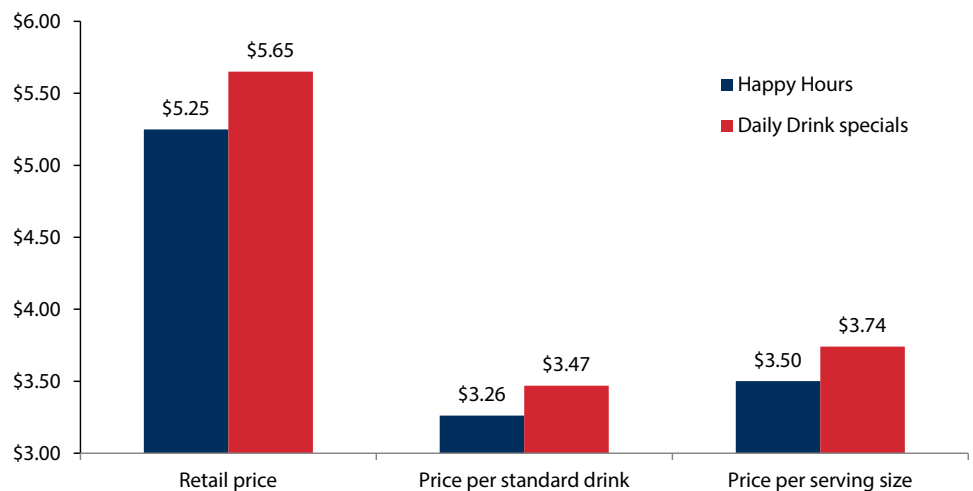
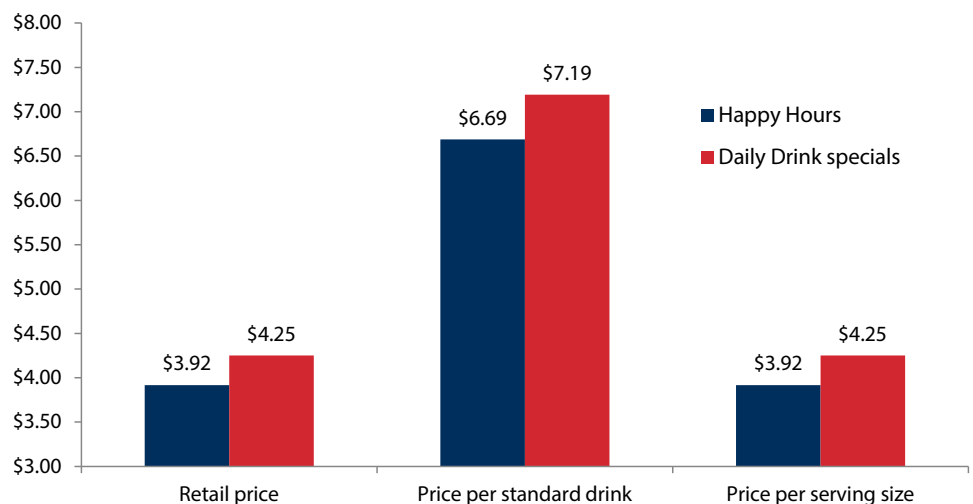


Figure 4: Average prices of drink specials (spirits, n=18)



(see Table 1), 15 of 197 drink specials cost less than \$3.00 per standard drink, four of which were HH specials.

### Industry Opinions

Nearly all venues expressed the hope it would increase business and nearly half mentioned staying competitive with other venues (See Figure 6). Reasons for not introducing HHs were a concern about profit margins and scepticism about attracting more customers. One establishment was about to introduce HHs after observing results in other locations.

Participants were asked “Are there any changes you would like to see in how the policy is implemented?” which was answered directly but also gave participants an opportunity to share any thoughts they had on liquor practises affecting on-premise establishments. Six establishments had no feedback on recent changes to BC liquor laws. Two participants approved of minimum pricing, with one manager stating the practise “levels the playing field” between competitors, while an equal number disapproved of the practise, believing it was too restrictive on businesses. Most participants did not report a strong opinion on minimum pricing.

In regards to the scope of the changes, one establishment felt that regulations were still too stringent while two others would prefer to see tighter regulations on changes such as HHs, most falling somewhere in the middle. Reflecting on these changes, two bar managers indicated they would like increased inclusion and communication regarding policy changes that impact their businesses. Five businesses gave unprompted responses that were relevant to the impact of HHs on sales. Three respondents from bars with HHs believed they increased business while two others believed business was unchanged. Overall, when asked if bar managers thought HHs were a good option for local venues, a great majority (17/20) believed that HHs were a good idea. Only one respondent viewed HHs as a negative change.

Figure 5: Percentage of specials at, above, or below \$3 per drink

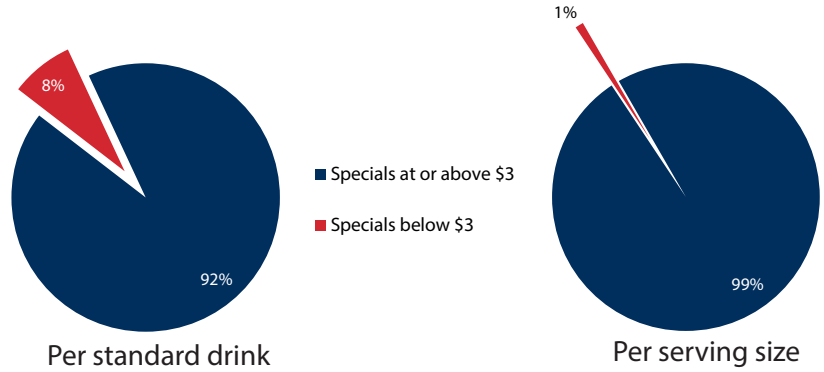
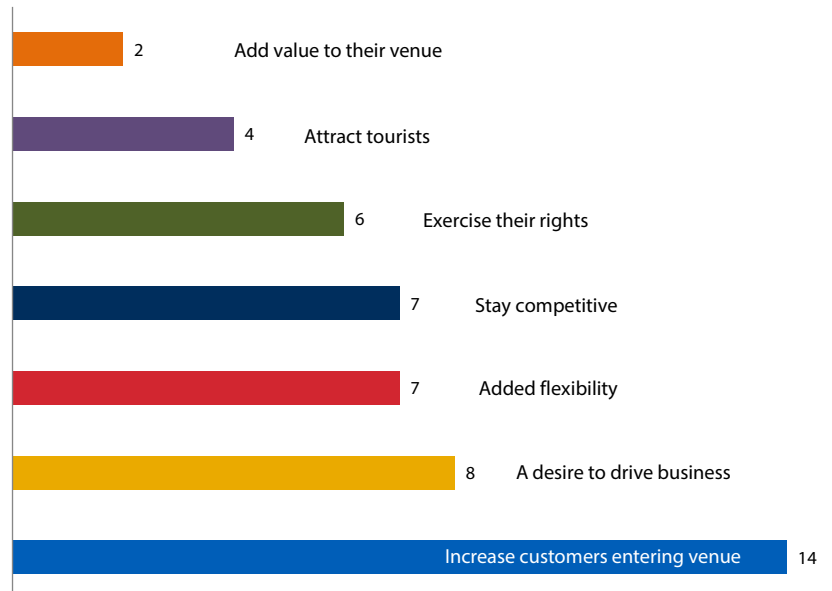


Figure 6: Reasons for introducing Happy Hours (n=15)

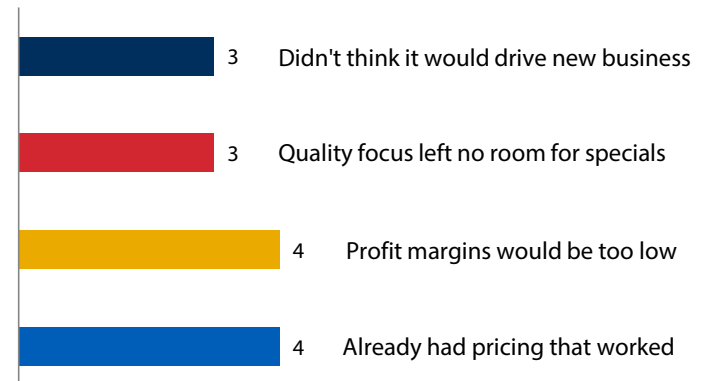


### Discussion

HHs are a popular promotion in Canada [10] so it is surprising that only two studies have been conducted on the topic, both over 30 years ago [11, 12]. This is not from a lack of interest in research on affordability of alcohol; the field of research on minimum pricing is relatively well defined [4,5,6,7]. The present study aimed to provide information on how HHs were implemented in terms of to what extent they reduced the price of alcohol and impressions from managers as to the impact on business.

The majority (62.5%) of participating establishments had introduced HHs at least some point after the laws had changed. For comparison, less than 25% of Toronto bars

Figure 7: Reason for not introducing Happy Hours (n=15)



in 1983 ran HH specials [12] and in the Netherlands, 31% of cafes had drink specials and of those, only 11% were HH specials [13]. In addition, most (91.3%) participating Victoria venues offered all-day drink specials, something they had been permitted to do before the new regulations. Most establishments kept DD specials and added HH specials to the regular menu, thereby offering a broader range of cheap drinks than before HH took effect.

With an increasing range of discounted alcoholic drinks available at lower prices than before, there is a public-health concern of increased hazardous consumption and related harms. An additional concern was that two drink specials did not comply with the new minimum pricing requirements i.e. were below \$3 per serve (see Figure 6). Furthermore, while average price per drink serving was over \$3.90, 15 examples did not meet the BC Provincial Health Officer's [8] and CARBC's [14] recommended \$3 per standard drink. The latter contained several higher-strength beers.

While HHs were introduced with price limitations, no such limitations were placed around time or duration [15]. This led to a wide array of HH start times and durations, for which a similar pattern was found for Toronto bars surveyed in 1985 [11]. This is not the case currently in some other Canadian provinces, where governments have tried to reduce access to alcohol by restricting the duration of happy hours [16] to reduce possible negative health consequences.

## Conclusion

Our hypotheses were largely supported: a) most establishments had at least tried HHs since their introduction, b) most establishments introduced HHs within a week of the legislative change but rather than seeing an increase over time, a few businesses stopped running HH specials, c) some HH specials, whether expressed per serve or per standard drink, cost less than \$3 per drink, and d) the HH drink specials were less expensive per standard drink compared to DD specials i.e. the new regulations resulted in significantly cheaper alcohol being available in bars, pubs and clubs in Victoria, usually for periods of two to three hours during the late afternoon and early evening. The present definition of minimum prices as applying to an amount of fluid rather than an amount of alcohol (e.g. a standard drink) appears to encourage promotion of higher-strength beverages.

This study was mostly descriptive in nature and only included data from bars, pubs and clubs in one city affected by the new regulations. The study was based on self-report, so some responses may be biased towards presenting an establishment in the best possible light. However, the key data on alcohol prices were mostly publicly displayed in the bar or in menus.

While US studies of HHs have shown that customers who take advantage of HH specials are more likely to become intoxicated [2, 17] and that increased HH drinking is associated with violence, impaired driving and other negative consequences and vehicular accidents [11, 18-21], no such studies have been conducted in Canada. It would be valuable to confirm whether cheaper alcohol in BC has resulted in more negative public health and safety consequences in and around licensed venues.

## Recommendations

We suggest our findings are likely to be indicative of wider pricing policies in BC drinking venues. In order to offset negative consequences of cheaper alcohol, we offer the below some specific recommendations to make the new minimum pricing laws more effective.

We recommend that minimum prices in bars, pubs and clubs in BC should:

- be calculated based on alcohol content (i.e. in dollars per standard drink) rather than on an amount of alcoholic liquid of unspecified strength;
- be increased to \$3.25 per standard drink to allow for inflation since the BC Provincial Health Officer endorsed CARBC's 2009 recommendation of \$3; and
- be adjusted at least once a year to keep pace with the cost of living.

We also recommend that:

- Happy Hours be restricted to a maximum of two-hours duration.



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