

Why Retailers Stop Selling Tobacco and Implications for Tobacco Control

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Executive Summary

Tobacco smoking is a leading cause of preventable morbidity and mortality.

Modern tobacco control policy has evolved to include a comprehensive suite of interventions and strategies.

To further reduce tobacco smoking and realise the tobacco 'endgame,' we need to be innovative in expanding existing tobacco control policy.

The ready availability of tobacco through retail outlets is a primary form of tobacco promotion and is at odds with other efforts to denormalise tobacco smoking and messaging about tobacco harms.

Supply-focused policy that addresses the retail availability of tobacco is a relatively untouched area of tobacco control and is an area where further gains in tobacco control could be achieved.

Policies that aim to reduce tobacco retail availability can directly limit the number, location and/or type of retail outlets that sell tobacco.

Alternatively, policy can indirectly affect tobacco availability by making the retail environment of tobacco sales less favourable and by helping retailers transition away from tobacco sales.

To date, the reasons why ex-tobacco retailers decide to no longer sell tobacco is poorly understood.

Firstly, this study aims to describe the retail availability of tobacco in Tasmania by crude numbers of outlets, outlet density per capita, outlet density per smoking capita and geographical distribution.

Secondly, it aims to explore why retailers decide to stop selling tobacco.

The GLIS Tobacco Licensing Database maintained by the Department of Health and Human Services was used to describe the retail availability of tobacco in Tasmania and to identify historical retailers.

Historical retailers were approached to determine eligibility and underwent a semi-structured interview to understand:

- their business demographics
- tobacco sales before cancellation of their licence
- their reasons for no longer selling tobacco
- how the decision was implemented, and
- the impact the decision had on their business.

As of 31 December 2016, 769 tobacco seller's licences were issued: 233 in the north, 173 in the north west and 363 in the south.

In crude numbers, most licences were held by petrol outlets, supermarkets, bottle shops and mixed businesses.

On average, there is one retail outlet per 650 Tasmanians, one retail outlet per 104 smoking Tasmanians and just over one retail outlet per 100 km².

It was determined that historical retailers exit the tobacco market because of a combination of reasons.

These reasons can be categorised as business, regulatory, security, ethical and health-related.

The decision to no longer sell tobacco is primarily a business decision and rarely made on health or moral grounds.

Historical retailers do not feel they have a role in mitigating the health harms of tobacco smoking through affecting availability.

The decision to no longer sell tobacco was generally supported by customers and the wider community, and had little impact on the profitability or customer base of retailers.

These findings provide insight into the retail availability of tobacco in Tasmania and an understanding of what makes tobacco sales unattractive or unfeasible for business owners.

Strategies that could indirectly reduce tobacco retail availability through creating a less favourable tobacco retail environment include increases in the apparent regulatory burden of selling tobacco, further reductions

in the profitability of tobacco through increasing the costs of applying for and maintaining a tobacco seller's licence and other measures like taxation.

Several strategies that would help retailers to transition away from tobacco sales were identified.

These include fostering a sense of social responsibility to consider the health implications of tobacco, supporting pro-health policies of businesses and dispelling retailers concerns about the implications of ending tobacco sales.

I Background

Tobacco smoking is a leading cause of premature morbidity and mortality, with approximately 6 million deaths attributable to tobacco use across the globe annually (1).

Whilst prevalence of tobacco smoking in Australia has declined over the years, tobacco remains the leading modifiable risk factor for morbidity and mortality.

In 2015-16, it was estimated 16 per cent of Australians and 18.9 per cent of Tasmanians aged over 18 were current smokers (2). Tasmania has the second highest smoking prevalence in Australia after the Northern Territory (2, 3).

In Australia in 2011, tobacco use was associated with nine per cent of the total burden of disease and injury, attributable for 36 per cent of respiratory diseases, 22 per cent of cancers, 12 per cent of cardiovascular disease and three per cent of endocrine disorders (4).

Whilst reductions in smoking prevalence and the denormalisation of tobacco are considered products of successful tobacco control policy, to achieve further reductions in smoking prevalence and to realise the tobacco 'endgame,' there is a need to be innovative and expand existing tobacco control strategies.

Supply-reduction strategies that focus on the retail availability of tobacco is an area of tobacco control that has received relatively little attention.

Certainly, evidence of the effectiveness of population-level interventions that limit the retail availability of alcohol on reducing alcohol-related harm has provided an impetus for exploring the effectiveness of such strategies in the analogous realm of tobacco control (5).

There is growing evidence that greater retail availability of tobacco, as measured by retailer

density and proximity, is associated with greater overall smoking prevalence, including greater likelihood of youth initiation and reduced cessation amongst existing smokers.

In particular, greater retail availability of tobacco is associated with greater individual smoking as quantified by number of cigarettes smoked per day (6, 7). However, this association appears to be mediated by covariates such as neighbourhood deprivation and rurality (6, 7).

Studies have reported an association between the density of tobacco outlets (8-10) and proximity to schools (11) with youth smoking rates. This association was mitigated by other tobacco control strategies, such the clean air laws and advertising restrictions (8, 11). Additionally, greater retail outlet density is associated with greater likelihood of experimental smoking in youth (12).

Proximity to tobacco retailers is associated with reduced likelihood of smoking cessation in existing smokers, in particular, if the residential location of the smoker is within 500 meters of a tobacco outlet (13, 14).

This association was significant for proximity, but not outlet density, and remained after accounting for other individual and neighbourhood-level covariates, such as socioeconomic status (13, 14).

The widespread availability of tobacco through retail outlets is thought to represent a primary form of tobacco promotion.

The pervasive availability of tobacco is at stark odds with other public health efforts to denormalise smoking and undermines messaging about the lethality of tobacco (15).

The mechanism by which reduced availability may reduce smoking prevalence is thought to be chiefly through increasing the true cost of tobacco, including the time and effort involved in obtaining the product (15, 16).

Additionally, reduced retail availability of tobacco may further denormalise smoking and tobacco products, through reduced social acceptability and removal of potential cues to smoke (16).

A study of smoking behaviour amongst smokers in New South Wales (NSW) found about one in five smokers report buying cigarettes on impulse at least once a week.

Impulse buyers were more likely to be light smokers and have intentions of quitting, suggesting tobacco availability may undermine quit attempts (15).

As such, there is increasing interest in policies that act to reduce the retail availability of tobacco (16).

Certainly, smoking has been highlighted as a priority area by the *Healthy Tasmania Five Year Strategic Plan* (2016) (17).

Policies that act to reduce the retail availability of tobacco can be categorised as either direct or indirect.

Direct policy measures include the requirement for retailers to hold a licence, as is the case in Tasmania under Division 3 of the *Public Health Act* (1997).

This licence is subject to an annual licence fee, annual renewal and compliance with the regulations in the *Guidelines for the Sale of Tobacco Products in Tasmania* (2015) (18).

As of January 1 2017, the tobacco seller's licence fee in Tasmania doubled to \$731.34 from \$365.67 a year.

A further increase to \$1 097 a year is scheduled for 2018.

The licencing requirements throughout Australian jurisdictions vary and are outlined in Table 1 below.

Other direct measures to limit the retail availability of tobacco include policy that limits the number, type and/or location of outlets selling tobacco.

For example, regulations could be imposed that cap or place a 'sinking lid' on the total number of tobacco retailers, or that limit the number of retailers in a set-radius from schools or other youth-populated areas.

A study which modelled the effectiveness of a range of interventions that targeted the retail availability of tobacco, found that permitting tobacco sales at only 50 per cent of liquor stores (and nowhere else) had the greatest impact in increasing the true cost of tobacco and in reducing smoking prevalence (16).

Indirectly, tobacco availability could be affected by influencing the retail environment of tobacco, such that tobacco sales are no longer favourable or feasible for retailers, or by supporting tobacco retailers to transition away from tobacco sales.

To develop and implement policy that focuses on indirect strategies, an understanding of retailers motivations in selling tobacco is required and is not currently well understood in both the Australian or global context.

To date, three published studies explore why retailers decide to no longer sell tobacco: two in the US and one in NSW, Australia.

All studies included relatively small sample sizes (between six and 13 retailers) and reported mixed results.

The Australian study of 13 historical tobacco retailers found that lack of profitability was a necessary, but not sufficient reason, for cancellation of tobacco sales.

Other important contributing factors included legislative changes, such as licence fee increases and display regulations, or changes in business circumstances.

Concerns about the health harms of tobacco were not listed as reasons for no longer selling tobacco (19).

By comparison, US studies found retailers reported a greater concern for health harms and stopped selling tobacco for one of two reasons: ethics/health-related and business-related.

These retailers reported positive customer and community reaction to their decision to stop selling tobacco (20, 21).

This project aims to:

- understand and describe the retail availability of tobacco in Tasmania by determining the number, business type, density and geographical distribution of tobacco retailers
- understand why retailers end tobacco sales, to inform supply-focused tobacco control policy in Tasmania.

Table 1. Tobacco retail licensing schemes in Australia (22)

State or Territory	Tobacco seller's licence required?	Annual cost of licence (\$) (as of 1 Jan 2017)
Tasmania	Yes	731.34
Victoria	No	N/A
South Australia	Yes	253
Western Australia	Yes	204-510
Northern Territory	Yes	222
Queensland	No	N/A
New South Wales	Yes, once-off registration	N/A
Australian Capital Territory	Yes	200

2 Methods

2.1 Part One: The retail availability of tobacco in Tasmania

To understand and describe the retail availability of tobacco in Tasmania, the GLIS Tobacco Licensing Database was searched for all licences issued as of 31 December 2016.

The Tobacco Sellers Licence database is a complete register of all past and present licence holders. For this project, the assumption was made that an issued licence was equivalent to a retail outlet.

Basic descriptive statistics were performed to describe crude numbers of licence holders, per capita density (per 1 000 individuals), per capita smoking density (per 1 000 smokers) and geographical density by local government area (as defined by Australian Bureau of Statistics).

Local government area population and the Index of Relative Socioeconomic Advantage and Disadvantage were defined using the 2011 Australian Bureau of Statistics Census of Population and Housing.

The Index of Relative Socioeconomic Advantage and Disadvantage assigns a relative score between 1 and 10, whereby lower values indicate greater disadvantage (23).

Smoking prevalence per local government area was assigned using the Tasmanian Population Health Survey (2016) data (24).

For local government areas where smoking prevalence was undefined in the Tasmanian Population Health Survey (2016) due to high data unreliability (relative standard error \geq 50 per cent), the Tasmanian average was applied.

Results were mapped by local government area using Geographical Information System software ArcGIS.

2.2 Part Two: Why retailers decide to stop selling tobacco

To address aim two of this project, that is to understand why tobacco retailers decide to end tobacco sales, the following methodology was employed:

- 1 **Identification of potential participants:** the GLIS Tobacco Licensing Database was interrogated for all cancelled licences.

A secondary search determined whether the business was, in fact, tobacco-free. For example, it was confirmed the cancelled licence was not replaced by another licence holder or licence number at the same business.

- 2 **Recruitment:** potential study participants were phoned and eligibility for participation was further assessed. The aim of the eligibility criteria was to identify historical retailers who had made a clear decision to cancel tobacco sales.

Exclusion criteria included:

- i) the licence was cancelled purely for the purpose of sale or close of business, where tobacco was not an important contributing factor in the sale or business closure
- ii) the licence was cancelled for the purpose of relocation to another address where tobacco continued to be sold
- iii) the licence was cancelled because of poor compliance with the *Public Health Act* (1997)
- iv) tobacco was sold only through vending machine sales

- v) the interviewee was not involved in the decision to cancel the tobacco licence
- vi) the interviewee had inadequate English to participate in the interview.

If a potentially suitable participant was suggested by another participant (ie by snowballing sampling technique), then their contact details were searched on the GLIS Tobacco Licensing Database and they were contacted to determine eligibility.

Licence holders who had successfully obtained a licence and later decided not to stock and sell tobacco were also invited to participate and a modified interview was performed (Appendix 3: Truncated Interview Guide for Licence Holders Who Never Sold Tobacco Products).

Three attempts were made to contact potential participants on the listed telephone contact contained in the GLIS Tobacco Licensing Database, after which they were excluded from the study.

- 3 **Participant interview:** Upon return of a completed consent form, eligible participants were interviewed by the lead investigator over the phone.

The interview followed a semi-structured format, allowing for exploration of themes and points of interest (Appendix 2: Interview Guide).

Interview findings were transcribed during and immediately after the interview.

Data collection was conducted until data saturation occurred and most business types were represented.

- 4 **Data analysis:** Interview data was entered into a Microsoft Excel (2010) spreadsheet and analysed qualitatively and quantitatively.

Qualitative data was analysed using a thematic framework to identify recurrent themes (25).

Quantitative data was analysed using basic descriptive statistics (frequencies and percentages for categorical variables, and mean, median and ranges for variables measured on a continuous scale).

3 Results

3.1 Part One: The retail availability of tobacco in Tasmania

The retail availability of tobacco as of 31 December 2016 in Tasmania is presented below.

3.1.1 Tobacco retail outlet count, density per capita and geographical density in Tasmania in 2016

As of 31 December 2016, 769 tobacco licences were issued in Tasmania: 233 in the

north, 173 in the north west and 363 in the south of Tasmania.

The boundaries of regions as referenced in part one of this report are outlined in Appendix 4.

On average, there were just fewer than 27 retailers per local government area (median 19 (range five to 118)); however, a large variation between local government areas was observed.

The local government area with the greatest crude count of tobacco retailers was Launceston, with 118 issued tobacco licences (Table 2).

Table 2. Count and density of tobacco retailers in 2016 in Tasmania by region (pooled by local government area)

Region of Tasmania	Smoking prevalence (%) (2016)*	Number of tobacco retailers	Average number of tobacco retailers per 1 000 population [#] (range)	Average number of tobacco retailers per 1 000 smokers* (range)	Geographical density (stores per 100 km ²) [#]
North	16.30	233	2.41 (1.00–6.44)	13.75 (5.41–41.04)	1.99 (0.25–8.35)
North west	16.90	173	1.83 (1.24–3.19)	10.82 (5.13–15.41)	6.13 (0.09–36.93)
South	14.90	363	2.01 (0.91–5.30)	13.16 (3.18–33.79)	17.18 (0.15–115.58)
TASMANIA	15.70	769	1.54 (0.91–6.44)	9.58 (3.18–41.04)	1.14 (0.09–115.58)

*Source: Tasmanian Population Health Survey (2016). Refers to current (daily and occasional) smokers.

[#]Source: Australian Bureau of Statistics Census of Population and Housing (2011)

Accounting for population size, on average there were 1.54 tobacco retailers per 1 000

people in Tasmania – one outlet per 650 Tasmanians.

There was considerable variation in the retail outlet density per capita between the various local government areas.

Kingborough had the lowest tobacco retailer density per capita (0.91 retailers per 1 000 population) and Flinders had the highest retailer density per capita (6.44 retailers per 1 000 population).

If the density of tobacco retailers is considered per daily or occasional smoker, there were 9.58 tobacco retailers per 1 000 smokers in Tasmania – one outlet per 104 daily or occasional smokers.

The local government area with the lowest tobacco retailer density per 1 000 smokers was Brighton (3.18 retailer per 1 000 smokers) and the greatest density per smoker

was Flinders (41.04 retailers per 1 000 smokers) (Table 3).

The geographical density of retail outlets varied greatly between different local government areas.

On average, there was just over one retail outlet per 100km² (1.14).

The West Coast local government area was the most sparsely geographically concentrated (0.09 outlets per 100 km²) and the Hobart City local government area had the greatest geographical concentration (115 outlets per 100 km²) (Table 3).

The distribution of tobacco retail outlets, outlet density per capita, outlet density per smoking capita, and geographical density in Tasmania is seen in Figure 1 below.

Table 3. Count and density of tobacco retailers in 2016 in Tasmania by local government area					
Local government area	Smoking prevalence (%) (2016)*	Number of tobacco retailers	Tobacco retail outlets per 1 000 population[#]	Tobacco retail outlets per 1 000 smokers*	Geographical density (stores per 100 km²)[#]
Break O'Day	29.7^	19	3.07	10.33	0.54
Brighton	32.5	16	1.03	3.18	9.36
Burnie	15.1	24	1.24	8.22	3.93
Central Coast	13.1	28	1.31	10.02	3.00
Central Highlands	N/A	12	5.31	33.79	0.15
Circular Head	29.3	22	2.76	9.41	0.45
Clarence	10.8	60	1.16	10.71	15.87
Derwent Valley	27.4^	14	1.44	5.27	0.34
Devonport	20.90	41	1.67	7.97	36.94
Dorset	13.1^	16	2.34	17.89	0.50
Flinders	N/A	5	6.44	41.04	0.25
George Town	23.50^	13	1.96	8.34	1.99
Glamorgan/Spring Bay	24.3^	15	3.58	14.73	0.58
Glenorchy	23.1	66	1.48	6.40	54.55
Hobart	9.90^	89	1.75	17.73	115.58
Huon Valley	9.0^	24	1.59	17.61	0.44
Kentish	16.90^	8	1.31	7.78	6.96
King Island	N/A	5	3.19	20.34	0.46

Kingborough	9.40^	31	0.91	9.73	4.31
Latrobe	13.20	17	1.73	13.10	2.83
Launceston	14.40	118	1.76	12.22	8.35
Meander Valley	18.60	19	1.01	5.41	0.57
Northern Midlands	18.0^	20	1.64	9.09	0.39
Sorell	14.30^	21	1.59	11.13	3.60
Southern Midlands	15.2^	8	1.32	8.70	0.31
Tasman	N/A	7	2.97	18.93	1.06
Waratah/Wynyard	9.0^	19	1.39	15.40	0.54
West Coast	37.5^	9	1.92	5.13	0.09
West Tamar	18.4	23	1.05	5.73	3.33
TASMANIA	15.7	769	1.54	9.58	1.14

*Source: Tasmanian Population Health Survey (2016). Refers to current (daily and occasional) smokers.

#Source: Australian Bureau of Statistics Census of Population and Housing (2011)

'N/A' refers to estimates that cannot be published due to extreme data unreliability (relative standard error >=50%)

^ Estimate to be treated with caution (relative standard error>=25%)

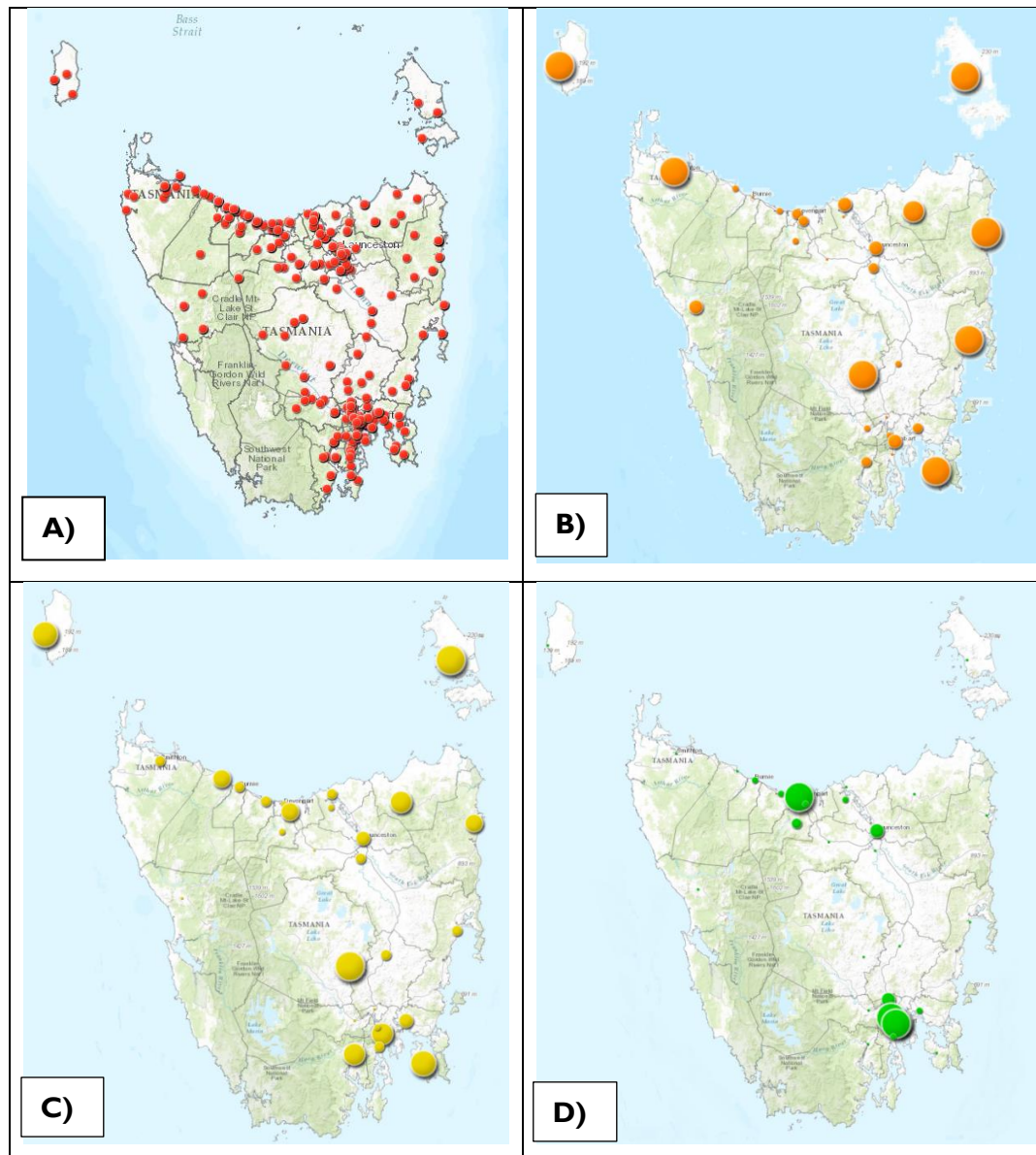


Figure 1 Graphical distribution of tobacco retailers (A), outlet density per capita (B), outlet density per smoking capita (C) and geographical density (D) in Tasmania. Panel B-D use proportional symbols and are based on local government population numbers and smoking prevalence data.

3.1.2 Tobacco retail outlets by business type in Tasmania in 2016

The type of businesses that were issued a tobacco seller's licence as of 31 December 2016 is illustrated in Figure 2 below.

In crude numbers, over two-thirds of the tobacco retail outlets is represented by petrol stations, supermarkets, bottleshops and mixed businesses (73 per cent, n = 562). However, this does not necessarily reflect market share (in terms of tobacco sales).

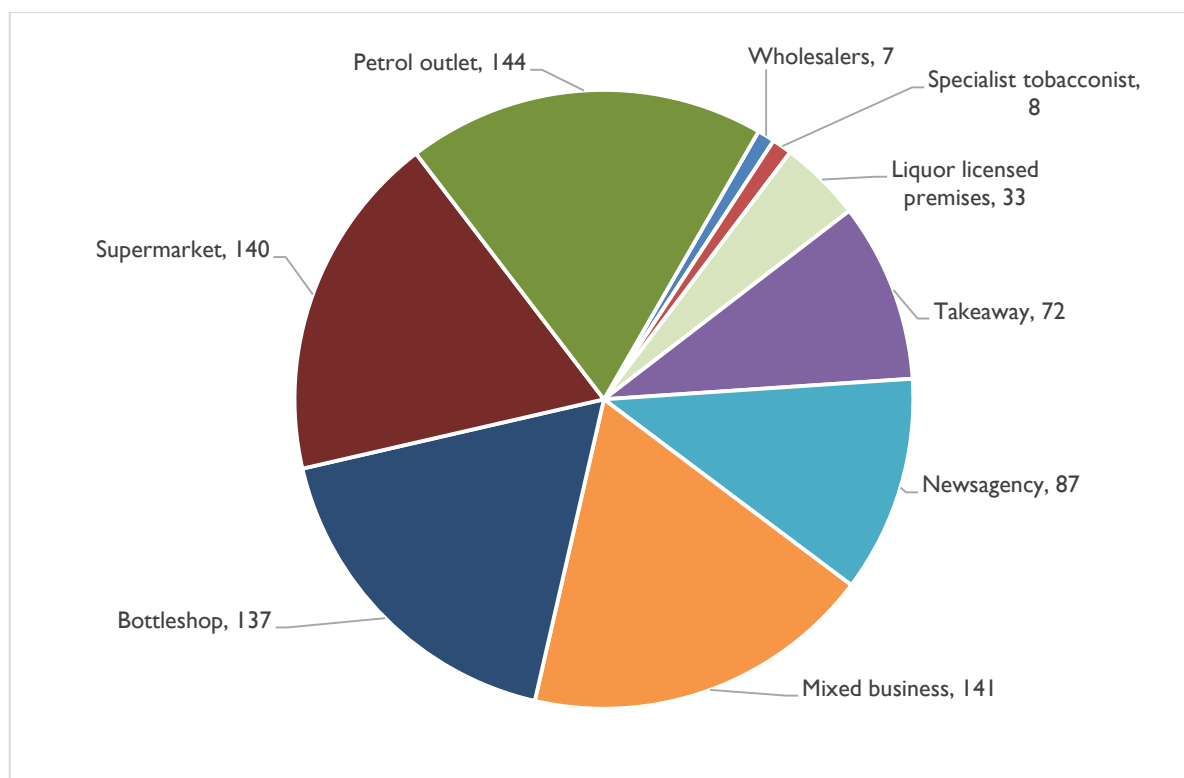


Figure 2. Crude numbers of tobacco retailers in Tasmania in 2016 by business type

3.1.3 Trends in tobacco seller's licence cancellations over time

Because of how a cancellation is defined on the GLIS Tobacco Licensing Database, it is difficult to determine trends in true cancellations over time.

For example, if a licence holder misplaces their licence renewal paperwork, they will apply for a new licence and their existing one is coded as cancelled.

Additionally, a change in the name of a licence holder (e.g. following a change in management) is coded as a cancellation but the business may continue to sell tobacco.

For the period of 1 January 2013 to 30 November 2016, there were 61 'true' cancellations, ie businesses where it was verified that tobacco was no longer being sold at the premise.

Interestingly, there were 10 local government areas where no licence cancellations had been made during this period: Brighton, Central Highlands, Circular Head, Derwent Valley, Glamorgan/Spring Bay, Huon Valley, Meander Valley, Sorell, Tasman and the West Coast.

This raises the question as to whether there are characteristics unique to these regions at the level of local government area that support tobacco sales.

It appears that regions that have higher indices of relative socioeconomic disadvantage, greater smoking prevalence and greater retailer density per capita may support ongoing tobacco sales (Table 4).

Table 4. Differences in remoteness classification, socioeconomic status, smoking prevalence and retailer density for local government areas where licence cancellations have and have not occurred for the period 2013 to 2016

	Local government areas where no tobacco licences were cancelled between 2013 – 2016	Local government areas where tobacco licences were cancelled between 2013 – 2016
	Mean (Standard Deviation)	Mean (Standard Deviation)
Remoteness classification[#]	2.90 (0.74)	2.95 (0.85)
Index of Relative Socioeconomic Advantage and Disadvantage[*]	4.60 (2.79)	6.21 (2.78)
Smoking prevalence^{**}	22.43% (9.16)	16.06% (5.35)
Retailer density per capita (per 1 000)	2.32 (1.35)	1.93 (1.25)
Retailer density per smoking capita (per 1 000 smokers)	12.46 (9.31)	12.67 (7.99)

[#] Remoteness classification as per the Australian Statistical Geography Standard

^{*} Source: Index of Relative Socioeconomic Advantage and Disadvantage as per the 2011 Australian Bureau of Statistics Population of Census and Housing

^{**}Source: Tasmanian Population Health Survey (2016). Refers to current (daily and occasional) smokers

3.2 Part Two: Why retailers decide to no longer sell tobacco

3.2.1 Study participants

Table 5 outlines the initial sampling base and final sample after applying eligibility criteria. A search of the GLIS Tobacco Licensing Database found 390 cancelled licences.

However, 225 were excluded as tobacco was still being sold by the business.

From the remaining 165 potential participants 132 were ineligible for participation: 65 because the licence was cancelled purely for sale of the business; 35 cancelled licences related to vending machine sales; 28 licence holders could not be contacted; two had a history of poor compliance with the *Public Health Act (1997)*; and two licence holders had died. Of the 33 eligible for interview, 13 refused to participate because lack of interest or time and 20 participated.

Table 5. Outline of sampling base and study participants				
		Northern region of Tasmania	Southern region of Tasmania	TOTAL
Potential former tobacco retailers identified through search of cancelled licences		229	161	390
Less				
	Retailer still selling tobacco: new application lodged (rather than renewal) or applied for in another person's name	125	100	225
Less				
Ineligible for interview				
	Licence cancelled for sale or close of business	41	24	65
	Vending machine sales only	22	13	35
	History of failure to comply with <i>Public Health Act (1997)</i>	1	1	2
	Licence holder deceased	1	1	2
	Insufficient English for interview	0	0	0
	Unable to be contacted	14	14	28
	TOTAL	79	53	132
Eligible for interview				
	Refused	9	4	13
	Participated	16	4	20
	TOTAL	25	8	33

Of the 20 participants: nine were from the north, seven from the north west and four from the south of Tasmania.

Participating historical retailers cancelled their licence between November 2013 and November 2016, with the exception of a retailer recruited via snowballing technique who cancelled their licence in 2011.

Amongst the participants, all but one business was still in operation.

Thirteen local government areas were represented by the historical retailers: Break O'Day, Burnie, Central Coast, Clarence, Devonport, Dorset, Flinders, Glenorchy, Hobart, King Island, Launceston, Northern Midlands and Southern Midlands.

Data saturation occurred after 14 interviews but continued until the majority of business types were represented.

The types of businesses that were represented by this study included: liquor licensed premise (n = 6), newsagency (n = 4), takeaway store (n = 3), mixed business (n = 3), petrol outlet (n = 2), supermarket (n = 1) and bottleshop (n = 1).

The term 'mixed business' applies to businesses that cross multiple categories and in the instance of study participants included a café/stationary store/catering service, combined general store/service station, and bakery/newsagency/café.

All business types except specialist tobacconists and wholesalers were represented by the participants.

Only one participant had successfully obtained a tobacco seller's licence but subsequently decided not to stock and pursue tobacco sales.

On average, retailers had been tobacco-free for 17 months (median 13 (range 2–60 months)).

The duration tobacco was sold varied greatly between businesses, between five months and 90 years (median three years).

All businesses remained tobacco-free since the cancellation of their tobacco seller's licence, with no intention to reapply for another licence and resume sales.

Note: The identifying details of the case studies outlined in Box 1-3 below have been altered to protect the identity of individuals.

3.2.2 Tobacco sales before licence cancellation

Most retailers said that before the cancellation of their tobacco seller's licence, tobacco sales only made a minor contribution to their business (60 per cent; n = 12).

The remainder indicated that tobacco made no contribution (10 per cent; n = 2), a somewhat significant contribution (25 per cent; n = 5), or significant contribution (5 per cent; n = 1) to their business.

There was a wide range in the volume of cigarettes sold per week by participating historical retailers.

On average, retailers sold 118 packs of cigarettes per week (median 50 (range 0–1 000 packs/week) before the cancellation of their licence.

Most indicated that among their tobacco-purchasing customer base, tobacco was not the sole reason for their transaction but usually an incidental purchase (79 per cent; n = 15).

Over one-third of retailers reported that their sales were declining in the period before licence cancellation (37 per cent; n = 7) and over one-third weren't sure whether demand had changed (37 per cent; n = 7). The remaining retailers felt that demand for tobacco had been stable over time (26 per cent; n = 5).

3.2.3 Why retailers stop selling tobacco

The reason that retailers decide to no longer sell tobacco is usually multifactorial, underpinned by several contributing factors and not due to a single reason.

On average, retailers identified three different reasons for licence cancellation (median 3 (range 1-7)).

There were four exceptions where interviewees had a single reason for licence cancellation (sufficient cause).

Two cancelled because tobacco sales weren't profitable.

One cancelled following recurrent break-ins where tobacco was targeted.

One cancelled because of concerns about health harms associated with tobacco smoking following the death of a regular smoking customer from a smoking-related illness.

For the majority, the decision to no longer sell tobacco is motivated by business or financial reasons.

Concerns about the health harms associated with tobacco, if present, contribute to the decision but are never sufficient in isolation.

The main categories of reasons that historical retailers stop selling tobacco include: i) business-related reasons, ii) the regulatory obligations associated with selling tobacco, iii) security-related reasons, iv) ethical reasons and v) health-related reasons.

These categories are outlined in Figure 3 and discussed in further detail below.

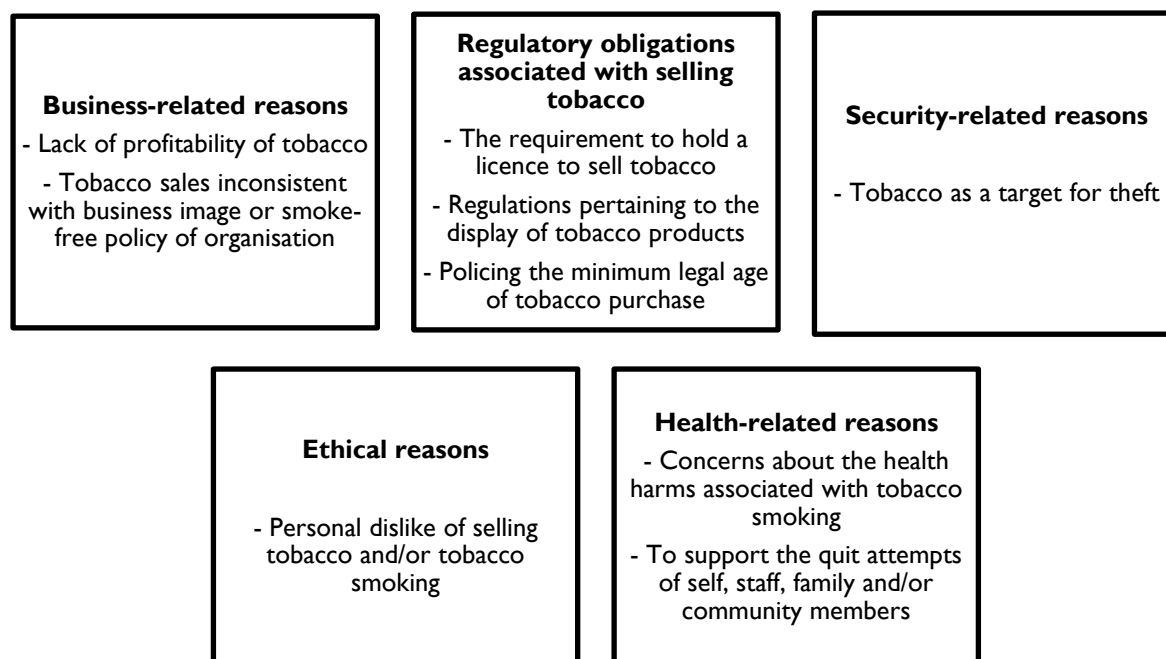


Figure 3. Categories of reasons that historical retailers decide to no longer sell tobacco

Business-related reasons: Lack of profitability of tobacco

The most common reason for deciding to no longer sell tobacco was the lack of profitability of tobacco sales.

Of the 18 retailers who listed lack of profitability of tobacco, for 12 it was the leading reason to no longer sell tobacco.

The reasons underpinning low profitability are those that increase the costs of selling tobacco against those that reduce tobacco sales and revenue:

Costs of selling tobacco:

- Licence fees.
- Requirement to purchase tobacco upfront and customer expectation to stock a comprehensive range of tobacco brands.
- Overheads associated with maintaining regulatory requirements: tobacco storage cabinets.
- Insurance premiums for stocking tobacco.

Sales and revenue from tobacco:

- Highly competitive market: limited ability to markup tobacco.
- Significant taxation: customers sensitive to price markup.
- Declining population-wide demand for tobacco secondary to declining smoking prevalence.

Many of the retailers described the low-profit margin did not warrant “the hassle” of tobacco sales.

A recurrent theme was the hassle or burden associated with selling tobacco. In particular, buying large volumes of stock upfront and maintaining a wide range of tobacco brands to meet customer expectations was problematic.

Some retailers said the step-wise increases in tobacco prices secondary to taxation over the years meant smoking customers had become increasingly agitated and even abusive towards staff.

“There is more money to be made from selling a six-year-old a ham and cheese sandwich than in selling a pack of cigarettes.”

Historical retailer from the north of Tasmania.

“Regulations that impact the price elasticity of demand for smokers indirectly impact the businesses that sell tobacco.”

Historical retailer from the north of Tasmania.

Historical retailers described that demand for tobacco was reportedly stable or declining before the cancellation of their licence.

Retailers from small country towns said demand was very responsive to the changing demographics of their towns, including the successful quit attempts and the departure (or even death) of regular customers.

The introduction of tobacco control policies over the years that aimed to reduce the prevalence of smoking also indirectly influenced retailers by affecting demand. One retailer lamented that many individuals in their customer base had quit smoking as a result of the increasing unaffordability of cigarettes.

Two retailers described that selling cigarettes to staff members who were smokers was an ‘uncomfortable’ or ‘awkward’ arrangement, due to the expectations that cigarettes would be sold at cost price.

Business-related reasons: Tobacco sales inconsistent with business image or smoke-free policy of organisation

Three retailers identified that tobacco sales were not consistent with their business image: two cafés and a newsagency.

The two café businesses said tobacco sales were at odds with the pro-health image their businesses were trying to promote, for example through the sale of healthy menu options.

Both café businesses felt their physical location emphasised the mismatch of tobacco sales and their healthy image, as they were

The newsagency owner felt that tobacco sales were potentially damaging to the brand of their business.

One retailer cancelled their licence to pre-empt the implementation of their banner organisation transitioning to a smoke-free campus.

The retailer felt in doing so, their business was setting a positive example for the community.

Box 1. Case study: Cancellation of tobacco sales as tobacco at odds with business image and in response to the changing demographics of the community

Mr B owns a café in the north of Tasmania. He described tobacco sales as a significant contributor to his business in terms of gross turnover, but minimal in terms of profit. Mr B felt that selling tobacco was at odds with the image of business as a healthy café which is located next to community sporting and recreational facilities.

While this was the main reason behind his decision to end tobacco sales, there were several other contributing reasons. Among these were security concerns in storing tobacco, wanting to set a good example for children and customers, an expectation from smoking staff to provide cigarettes at cost, verbal abuse from customers about the increasing price of cigarettes and the changing demographics of the community.

Mr B had noticed that over the years, many of his regular smoking customers had moved away or quit smoking. He said “people can’t afford tobacco anymore. It’s money they need to spend on groceries and housing.”

Mr B found the impact of his decision to no longer sell tobacco was “less than we expected. I thought we’d cop a lot of criticism.” He felt “times were changing. People don’t expect tobacco to be widespread anymore.”

Mr B said implementation of the decision had little impact on profits and resulted in the loss of a small group of smoking customers.

located on an educational campus or adjacent to sporting facilities.

Regulatory obligations associated with selling tobacco

Half of historical tobacco retailers (n = 10) described the regulatory obligations with selling tobacco – including the need for a licence to sell tobacco, policing the minimum age of tobacco purchase and restrictions on the display of tobacco – as burdensome and contributory to their decision to end tobacco sales.

Recurrent terms used towards these requirements were ‘annoyance,’ ‘burden,’ ‘hassle’ and ‘a headache.’

Whilst these reasons were never sufficient in isolation to trigger the decision to end tobacco sales, they certainly contributed.

The requirement to hold a licence to sell tobacco was the most commonly cited legislative burden (n = 8).

This was followed by the restrictions on the display of tobacco (n = 4), and a minority were troubled by policing the minimum age of tobacco (n = 2).

The need to hold a licence to sell tobacco:

Eight retailers said the need to apply for a seller’s licence and the associated annual renewal, contributed to their decision to stop selling tobacco.

This was never the sole reason for the cancellation of tobacco sales for the interviewed retailers but contributed to the ‘annoyance’ and ‘administrative burden’ of selling cigarettes.

Similarly, the licence fees at the time of cancellation were not the sole reason for the cancellation of tobacco sales but contributed to the overall lack of profitability of tobacco.

All retailers said if they were still selling tobacco, further increases in licence fees would have certainly precipitated their exit from the market.

Restrictions pertaining to the display of tobacco products:

Tobacco retailers are required to adhere to a number of restrictions on the display of tobacco products within their business, as outlined in the *Guidelines for the Sale of Tobacco (2015)* (underpinned by the *Public Health Act (1997)*). This includes several specifications on the tobacco sales unit.

Four retailers said the regulations on the display of tobacco specifically contributed to their decision to no longer sell tobacco.

One retailer found the cost of purchasing a cabinet too excessive, so instead stored their cigarettes in the office. This in turn negatively impacted sales, as the lack of a visible sales unit meant it was not obvious to customers that cigarettes were sold in the business.

One retailer said the cost of the display unit was the primary reason they did not pursue tobacco sales, even though they had a tobacco seller’s licence.

Policing the minimum legal age of tobacco purchase:

Two retailers found that policing the minimum legal age of tobacco purchase was particularly problematic, and the incorrect assessment of a customer’s age was a source of occasional verbal abuse.

One of the retailers reported that a significant number of underage customers attempted to buy tobacco, and this was frustrating from a business perspective as it preoccupied staff while not contributing to revenue.

“It (policing the minimum legal age of tobacco sales) was really hard. People would get aggressive.”
Historical retailer from the south of Tasmania.

Retailers in small country towns did not report policing the minimum legal age of tobacco purchase as a contributing factor, owing to their familiarity with the relatively small customer base.

Security-related reasons: tobacco a target for theft

The security implications of storing tobacco, including tobacco theft and increased insurance premiums, were the second most commonly cited reasons for deciding to end tobacco sales (reported by 11 retailers).

Of these, three retailers reported a burglary where cigarettes were stolen and thought to be the target of the burglary.

One retailer reported fairly exceptional measures to minimise the security risks associated with stocking tobacco, whereby she took all tobacco stock home with her at the close of business every day.

For one retailer, the sole reason to no longer sell tobacco was two burglaries within a short period where cigarettes were the targeted.

Ethical reasons: personal dislike of selling tobacco and tobacco smoking

Nine retailers disliked selling tobacco and tobacco smoking, and while this contributed to the cancellation of their tobacco licence, it was not the only reason.

Many said they continued selling tobacco when they took over the business but had not liked selling tobacco from a moral standpoint.

One owner described how she had built up the business over the years to a point where tobacco sales were no longer needed.

“I’m a non-smoker and I’ve never enjoyed having cigarettes as a part of my business...I’d prefer not to sell cigarettes.”

Historical retailer from the north of Tasmania.

Two retailers said a small subgroup of their smoking customers were “irritable”, and less pleasant to deal with than their non-smoking customers.

One retailer said this was because of the price of their cigarettes. This retailer said it was difficult to remain competitive against large supermarket chains in their cigarette pricing.

Box 2. Case Study: Cancellation of tobacco sales due to the low profitability of tobacco coupled with a personal dislike of selling tobacco

Mrs A is the owner of a general store in the north of Tasmania. She took over ownership of the store seven years ago and to her knowledge tobacco had been sold in the store for at least 60 years. Mrs A described that since taking over the store she had a “philosophical dislike” of selling tobacco, so had been working hard to build the business up to a point where she no longer needed to sell cigarettes. However, she found the profit margin on cigarettes was becoming increasingly marginal and this was the primary reason that led her to cancel the licence. She described the low profitability, coupled with customers being increasingly “agitated” and abusive to staff about the escalating price of tobacco as “the straw that broke the camel’s back”. Additionally, Mrs A found the “hassle” in maintaining licence paperwork an “annoyance”. She said “it was hard to reconcile that someone would spend lots of money on ‘smokes’ but not buy a sandwich for their child”. As such, Mrs A describes her decision as “a philosophical decision, but ultimately a sensible business decision”. She said the decision has had no impact on the profitability of the business and has freed up cash flow to make other purchases.

Health-related reasons: in support of the quit attempt of themselves and others, and concerns about the health harms associated with tobacco smoking

Five retailers said either their intention to quit smoking or the intention of their staff or family to quit contributed to their decision to no longer sell tobacco.

The five said seven of nine owners or staff had quit smoking since the tobacco products were no longer sold at their business.

The health harms associated with tobacco smoking was cited as the sole reason one retailer decided to no longer sell tobacco. This retailer said the decision to no longer sell tobacco followed the death of a regular customer from a smoking-related illness.

The death of this regular customer caused remorse and guilt for this retailer.

“I’ve contributed to his death. I’ve profited from his death.’ People have said he would have bought the cigarettes elsewhere but it’s money in my till.”

Historical retailer from the north of Tasmania.

Another two retailers cited concerns about the health harms associated with tobacco smoking as a contributing, but not sufficient, reason for the cancellation of tobacco sales.

The majority of retailers felt that it was not their role or responsibility to minimise smoking-related harm to the community through affecting tobacco availability.

“If I don’t do it, someone else will. So I might as well be making a profit.”

Historical retailer from the south of Tasmania.

“I don’t agree with smoking but it isn’t my place to impact tobacco availability.”

Historical retailer from the north of Tasmania.

A minority said their concern of the health harms of smoking is contradicted by the sale of other products by their business known to be harmful to health, such as alcohol.

“[Tobacco smoking is a] terrible,

Box 3. Case study: Cancellation of tobacco sales solely due to the health harms associated with tobacco smoking

Mrs C owns a general store in the north of Tasmania, which she has owned and managed for 22 years. Prior to her ownership, her family had owned and operated the store since 1921. She questioned the need to sell tobacco when she took over management of the store from her father. He was adamant that “it gets people in the door”. Mrs C said “I hate cigarettes ... I’ve always disliked it.” Her decision to end tobacco sales was triggered by the death of a regular heavy smoking customer who died from a smoking-related illness. Mrs C said “I’ve contributed to his death. I’ve profited from his death. People have said he would have bought the cigarettes elsewhere but it’s money in my till.” She said demand for cigarettes was declining and it was challenging maintaining a wide range of brands for customers. Ultimately her decision was an ethical one: “I took the moral high ground.” Mrs C was criticised by some of her smoking customers for her decision, claiming they questioned why she didn’t also ban the sale of sugar. The decision has had little impact on the profitability of her business and she said she has lost about one per cent of her smoking customers as a result. In ending tobacco sales primarily for health reasons, Mrs C represents the minority of historical tobacco retailers.

terrible thing for your health. But we also sell alcohol.”

3.2.4 Implementation of the decision to no longer sell tobacco

Following their decision to no longer sell tobacco, the majority (n = 17) of retailers implemented the decision gradually by seeing out the sale of their remaining stock.

On the other hand, three retailers described the sudden implementation of their decision: one where the entire stock was depleted by theft, one where implementation coincided with the relocation of the store to a new premise and the other where the decision was precipitated by the death of regular smoking customer from a smoking-related illness.

Except in the case of the theft, in the instance of sudden implementation of the decision, remaining stock was sold to a neighbouring supermarket.

Half of the retailers (n = 10) opted not to advertise their decision to no longer sell tobacco.

The remainder placed written notice within their store (n = 4), or informed their customers verbally or by word-of-mouth (n = 4). One retailer put a notice in the local newspaper to inform the community of their decision.

3.2.5 Impact of the decision to no longer sell tobacco on the business

Most retailers said smoking customers were “disappointed”, “annoyed” or “inconvenienced” by their decision to no longer sell tobacco. However, this reaction was only transient.

Historical retailer from the north of Tasmania.

The customer and wider community reaction was thought to align with expectations of where tobacco should be available. For example, a newsagency owner felt their decision was more difficult to justify as “most newsagencies sell cigarettes, so it [tobacco sales] is expected”.

Conversely, the owner of a bakery thought the reaction from smokers and the wider community was inconsequential because “most people don’t expect to be able to buy cigarettes from a bakery”.

The retailer, who was concerned about the health harms associated with tobacco smoking, was criticised for their decision by some smoking customers questioning why she continued to sell other harmful products such as confectionary.

The retailer that promptly decided to no longer sell tobacco following the recurrent thefts where cigarettes were targeted felt that the burglaries gave her a “nice story” to deflect any customer disappointment.

One retailer identified that she explained to her smoking customers that her decision was purely a financial one, even though that was “not entirely true”.

Some retailers noted that there were changing public expectations of the availability of tobacco, particularly amongst the younger generations.

“Older generations generally complain. The younger generations are generally more supportive of a non-smoking environment.”

Historical retailer from the south of Tasmania.

“Times are changing. People don’t expect tobacco to be widespread

anymore.”

Historical retailer from the north of Tasmania.

Four retailers said their staff were pleased with the decision to no longer sell tobacco, as some found it burdensome from an ordering and regulatory point-of-view.

For others, it aligned with their personal goals to quit smoking.

3.2.6 The experience of historical retailers who were the last retailers in town

Two retailers were the last tobacco retailers in their towns before the cancellation of their licence and reported distinctly different experiences.

One general store owner felt that the cancellation of their tobacco seller's licence significantly negatively impacted the profitability of the business. They felt the decision was responsible for a large decline in their customer base and total business revenue, as customers decided to conduct all of their business (tobacco and otherwise) elsewhere.

Conversely, the other retailer who was a hotel/pub owner, and also the last retailer in their town, felt that cessation of their tobacco sales had very little or no impact on their customer base or profitability.

The different experiences may relate to the different nature of their businesses, whereby customers are more likely to prefer to continue to conduct their business locally in the case of a pub (proximity to their home and prohibitions on alcohol consumption and driving), as opposed to a general store.

The pub owner felt that his decision to no longer sell tobacco may hinder the quit attempts of local residents. He rationalised that as a result of local residents having to

drive to the next town to purchase tobacco, they may purchase in bulk and consequently smoke greater quantities of cigarettes due to the ready availability of tobacco in their house.

3.2.7 Impact of the decision to no longer sell tobacco on profitability

The vast majority of historical retailers found that ceasing tobacco sales had no impact on profitability ($n = 12$).

This finding is unsurprising, given that lack of profitability of tobacco was an important contributing reason that retailers decided to no longer sell tobacco.

The remainder reported that the decision had a positive impact on the profitability of their business ($n = 3$), a small negative impact ($n = 1$), a large negative impact ($n = 1$) or were unsure of the impact ($n = 4$).

A number of retailers said their decision had improved business cash flow and provided a chance to invest in other goods.

Only two retailers reported that their decision negatively impacted the profitability of their business: both retailers in regional towns who also reported an associated reduction in customers following the decision.

3.2.8 Impact of the decision to no longer sell tobacco on the customer base

The vast majority of retailers reported that their decision to no longer sell tobacco did not affect their customer base: 12 reported no impact, four reported loss of some smoking customers, two reported loss of all smoking customers and one reported an increase in patronage following the decision.

The retailer who reported increased patronage felt that the decision resulted in

less smoking customers in the beer garden of the pub, which increased the number of families accessing the pub for casual dining.

3.2.9 Positive outcomes associated with the decision to no longer sell tobacco

The most commonly reported positive outcomes associated with the decision to stop selling tobacco was the relief of administrative and regulatory burdens associated with tobacco sales (n = 4), the successful quit attempts of themselves or others (n = 4), increased cash flow which enabled purchase of other goods (n = 4) and moral or personal satisfaction with the decision (n = 3).

Less commonly cited positive outcomes included relief at not having to deal with abusive customers about the price of cigarettes, cheaper insurance and relief of security concerns with stocking tobacco.

“A lot have stopped smoking since the decision ... may be related, not sure. I think the decision makes people re-think and re-consider the norm and their day-to-day practices.”

Historical retailer from the north of Tasmania.

“I gave up smoking, it was pretty huge.”
Historical retailer from the north of Tasmania.

3.2.10 Negative outcomes associated with the decision to no longer sell tobacco

With the exception of one retailer, there were no unexpected negative outcomes associated with the decision to no longer sell tobacco.

One retailer, who was also the last remaining tobacco retailer in their town, described that

they attributed the decision to no longer sell tobacco with a significant loss of patronage and associated revenue.

This retailer had predicted that customers would continue to buy other goods from his general store, however this was not the case.

A loss of 20 per cent of revenue was reported by this retailer, resulting in the sale of the business shortly after.

3.2.11 Perspectives on the ‘Tobacco-free retailer’ campaign in New Zealand

In New Zealand, there is a campaign to support retailers to stop selling tobacco.

As part of this campaign, a toolkit containing a number of promotional materials has been developed to support retailers in becoming tobacco-free.

The utility of this toolkit was discussed with the historical retailers and two main thoughts were expressed.

Firstly, around half of retailers said in-store promotional material supporting their tobacco-free status would be helpful, as it would provide the guise of governmental or wider support for their decision as well as challenge community norms about the availability of tobacco.

These retailers said this would make their choice more defensible to their smoking customers.

A smaller subset felt that promotional material advertising their position as a tobacco-free retailer may ostracise their smoking customers and therefore may hinder business.

4 Discussion & Recommendations

In 2016, there were 769 tobacco retailers in Tasmania: 1.54 outlets per 1 000, 9.58 per 1 000 smokers and 1.14 per 100 km².

Significant variation was seen between local government areas and it is expected variation may exist within local government areas.

It is not clear how the retail availability of tobacco in Tasmania compares to other jurisdictions in Australia, as this data is not available.

A NSW study reported one tobacco retail outlet per 384 individuals aged over 15 years and one outlet per 77 smokers (15).

These numbers represent a greater retail outlet density per capita than those reported by this study.

However, the NSW licencing system consists of a once-off register, so these numbers are likely to significantly overestimate the true number of current tobacco retailers.

There were no licence cancellations between 2013 and 2016 in 10 local government areas in Tasmania.

These local government areas were characterised by greater socioeconomic disadvantage, greater smoking prevalence, and greater retail outlet density when compared with local government areas where cancellations had occurred for the same period.

This suggests that these characteristics may reflect an environment that supports or favours tobacco sales.

Assessing retail outlet availability by lower geographical denominations, such as statistical area level 2 (SA2), would be worthwhile in understanding retail availability in more detail

and perhaps overcome some of the limitations in considering populations by denomination at the level of local government area.

This study provides insight into why historical tobacco retailers in Tasmania decided to stop selling tobacco and the implications of this decision for their business.

Despite the various reasons that contribute to the decision to end tobacco sales, for the majority the decision is primarily a business one and not usually motivated by health and/or moral reasons.

Historical retailers can be typified by the following profile: tobacco became increasingly unprofitable in recent years, owing to stepwise cigarette taxation and subsequent customer sensitivity to price.

Coupled with the regulatory obligations associated with selling tobacco, security concerns, ethical and/or health reasons, tobacco was deemed as no longer worthwhile.

The regulatory obligations associated with selling tobacco are seen as “burdens” or “hassles” and certainly contribute to the decision to no longer sell tobacco.

It could, therefore, be expected that jurisdictions in Australia that do not require tobacco retailers to hold a licence, such as Queensland and Victoria, may have greater numbers of tobacco outlets than those where a licence is required.

Retailers who choose to no longer sell tobacco represent the minority of retailers and are typically low volume outlets.

These findings are largely comparable to the findings of a study in NSW, which also explored why historical tobacco retailers ended tobacco sales.

The study’s authors described an “apparent inertia” that retailers had in ending tobacco sales, which was certainly evident among

participants of this study whereby multiple, long-standing reasons slowly accumulated and eventually outweighed the benefits in continuing to sell tobacco (19).

Interestingly, historical retailers do not see they have a role in minimising tobacco health harms through affecting availability.

At odds with the findings of this study, the two studies exploring retailers motivations to no longer sell tobacco in the US described a greater sense of ethical and social concern amongst their participants in regard to the health harms with tobacco smoking (20, 21).

This study provides insights into factors that make tobacco sales unattractive or unfeasible for business owners.

These findings can inform policy to indirectly affect tobacco retail availability by influencing factors that make the tobacco retail environment unfavourable and by supporting retailers to transition away from tobacco sales.

Based on the findings of this study, the following strategies could be employed to achieve reductions in crude numbers of tobacco retail outlets:

- 1 Increase the apparent regulatory burden associated with selling tobacco:** Tobacco control policy that either expands regulatory obligations or exaggerates the administrative burden associated with existing requirements would likely lead to a further reduction in tobacco retailers.

Actions that may increase the apparent regulatory burden in selling tobacco could include the requirement to report tobacco sales data on a regular basis and the requirement to offer quit advice at the point of sale.

The findings of this study also suggest that the need to hold a licence and

apply for renewal on an annual basis is likely to discourage some retailers from tobacco sales altogether.

- 2 Further reduce the profitability of tobacco:** Increases in the costs of applying for and maintaining a tobacco seller's licence would simultaneously increase the regulatory burden associated with tobacco sales and reduce the profitability of tobacco.

While eight retailers said current licence fees at the time of interview (between \$298.08 and \$365.67 a year) were considerations in their decision to cancel tobacco sales, all retailers indicated that further increases to the licence fees would have precipitated their exit from the market, had they not done so already.

Ongoing licence fee increases, as is being enacted in Tasmania in 2017 and 2018, is likely to lead to a number of retailers to exit the market.

The profitability of tobacco could also be further reduced through ongoing cigarette taxation.

Owing to the price elasticity of tobacco, increasing costs of tobacco are associated with declines in tobacco consumption (26).

A Victorian study using data from the Victorian Smoking and Health Survey found that following a 25 per cent increase in taxation on cigarettes in 2010, 48 per cent of smokers reported a change in their purchasing behaviour, 21 per cent of whom looked to alternative retailers for their preferred brand (26).

As a result of step-wise increases in cigarette prices due to taxation in recent years, tobacco pricing is extremely competitive and consumers

are very responsive to variations in the cost of cigarettes offered between retailers.

This restricts the ability of retailers to markup the retail price of cigarettes while remaining competitive.

It is, therefore, unsurprising that historical tobacco retailers reported tobacco was not profitable.

Low profitability was often a necessary, but not sufficient reason, to end tobacco sales and often made the regulatory obligations associated with tobacco sales less tolerable and ultimately not worthwhile.

- 3 Support pro-health policies of retail businesses:** Policies that encourage or support businesses or the physical campuses on which they are located to adopt either a smoke-free policy or a healthy public business image, may lead retailers to decide to no longer sell tobacco.

This was listed as a contributing reason for eight historical retailers included in this study, and for three it was the leading reason to end tobacco sales.

- 4 Create a sense of ethical responsibility amongst tobacco retailers to consider the health implications of tobacco:** Retailers do not appear to have a strong sense of social responsibility in association with being a supplier of a product known to have significant health harms.

A campaign that empowers retailers to become advocates for the health of their community as tobacco-free retailers may be one way to foster a sense of social and ethical responsibility amongst retailers.

The US and NZ both have led campaigns that support retailers to consider their position in selling tobacco, given the known health harms of its use (27, 28). Such campaigns focus on supporting retailers to end tobacco sales through promotional material and media coverage.

The success and effectiveness of these campaigns has not been evaluated. Around half of the retailers who participated in this study suggested that promotional material to place within their store outlining their tobacco-free status would be helpful as it would suggest governmental or wider community support for their decision and challenge community norms about the availability of tobacco.

- 5 Dispel retailers concerns about the business implications of ending tobacco sales:** Presumably, a group of tobacco retailers continue to sell tobacco for fear of the business implications of ending tobacco sales.

The findings of this study could be used to dispel this concern and overcome some of the apparent inertia: the vast majority of retailers reported that their decision to cease tobacco sales had little or no impact on the profitability of their business.

A campaign (as outlined above in strategy four above) could include case studies of historical tobacco retailers who are happy to champion their decision. However, this finding is likely to only be generalisable to businesses that are comparable to those that participated in the study, i.e. low volume outlets where tobacco was a not a key part of their business before licence cancellation.

Any policies implemented to reduce the retail availability of tobacco, including campaigns that help retailers transition away from tobacco sales, should be accompanied by evaluation and monitoring to determine the effectiveness, cost benefit assessment and any unintended consequences of the policy.

The findings of which should be shared to enhance the evidence base and guide other jurisdictions in implementing evidence-based tobacco control policy.

There is public support for stronger measures to restrict the retail availability of tobacco, particularly amongst ex- and non-smokers (29, 30).

A study by Whyte, Gendall & Hoek (2013) found non-smokers and ex-smokers in New Zealand supported interventions to reduce the retail availability of tobacco.

These included the ban on tobacco sales within 500 meters of a school, the need for tobacco retailers to sell smoking cessation aids, the need for all tobacco retailers to be licensed, reducing the total number of stores selling tobacco products and limiting the sale of tobacco from stores that also hold a liquor licence (to eliminate pairing tobacco with other products known to trigger relapse) (30).

Because of the completeness of Tasmania's tobacco licencing system, including the need to renew annually, the sampling base from which participants were recruited is complete.

A strength that this study offers over existing studies is the completeness of the sampling base, the total number of participants and the variety of business types in this study.

Although a substantial number of potential participants were unable to be contacted on their listed phone numbers, data saturation was achieved.

This study synthesises the experiences of 20 historical tobacco retailers in Tasmania, all of which are small businesses.

With the exception of specialist tobacconists and wholesalers, study participants represented all business types selling tobacco.

Larger businesses, such as large supermarket chains, were not intentionally omitted but were simply not in the sampling base.

This is probably because larger businesses are more resilient to the challenges associated with tobacco sales and are able to absorb expenses such as licence fees.

Given the market share large supermarkets are thought to have in total sales of cigarettes, it would be useful to understand the reasons that would lead these larger businesses to exit the tobacco market (if that did indeed occur).

The strategies outlined above that focus on creating a less favourable retail environment are, therefore, more relevant to businesses that are comparable to the historical retailers represented by this study and may not be applicable to larger businesses.

However, this is not to say that large businesses are unreceptive to strategies that transition retailers away from tobacco sales, as outlined under strategies four and five.

Conclusion

The ready retail availability of tobacco is at odds with the known health harms associated with smoking and undermines public health messaging.

Supply-focused policies that address the retail availability of tobacco is a relatively untouched area of tobacco control and represents an area where further gains could be achieved.

This study outlines the retail availability of tobacco in Tasmania and provides local understanding as to why historical tobacco retailers decide to stop selling tobacco.

The decision to exit the tobacco market is primarily a business decision and not based on health or moral grounds.

This is because retailers do not see they have a role in minimising tobacco-related harm through affecting availability.

It is usually a decision with a number of contributing considerations, including business, regulatory, security, ethical or health-related.

These insights provide guidance for tobacco control policy as to strategies that may effectively reduce tobacco retail availability by creating a less favourable tobacco retail environment and by helping retailers transition away from tobacco sales.

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Appendix 2: Interview Guide

Part A: Details of person completing the survey	
1	First name
2	Surname
3	Role within the business (e.g. owner, staff member)
4	Contact number
Part B: About the business where the tobacco licence was held	
1	Business name
	Physical address
2	<p>What is or was the type of business where tobacco was sold? (select the option that is the best match)</p> <p><input type="checkbox"/> Convenience store (defined as store with extended opening hours selling a range of groceries and household goods)</p> <p><input type="checkbox"/> Small supermarket</p> <p><input type="checkbox"/> Large supermarket</p> <p><input type="checkbox"/> Liquor store</p> <p><input type="checkbox"/> Bar, club or pub</p> <p><input type="checkbox"/> Petrol station</p> <p><input type="checkbox"/> Newsagency</p> <p><input type="checkbox"/> Specialist tobacconist</p> <p><input type="checkbox"/> Restaurant or café</p> <p><input type="checkbox"/> Other, please specify _____</p>
3	<p>Is the business still in operation?</p> <p><input type="checkbox"/> Yes</p>

	<input type="checkbox"/> No If no, what was the timing between the licence being cancelled and the business being closed? If no, did tobacco sales contribute at all to your decision to close the business?
4	Between what dates was tobacco sold in this business? From (mm/yyyy): To (mm/yyyy): Date of licence cancellation (mm/yy):
5	How long has/was the business tobacco-free? (e.g. 5 months)
6	Were tobacco sales ever resumed after the licence was cancelled? <input type="checkbox"/> Yes, we decided to resume tobacco sales <input type="checkbox"/> No, we remained tobacco-free If yes, can you explain why tobacco sales were resumed?
7	This question is to understand the contribution of tobacco sales to your business prior to the licence being cancelled. When tobacco was sold in the business, what was the volume of sales? Packs of cigarettes were sold per month? _____ OR % of revenue _____ OR % of customer transactions _____
8	Please select your level of agreement with the following statement: Tobacco sales were an important part of my business. <input type="checkbox"/> Strongly agree – tobacco sales were an important source of revenue and patronage

	<input type="checkbox"/> Somewhat agree – tobacco sales were a contributing source of revenue and patronage <input type="checkbox"/> Neither agree nor disagree <input type="checkbox"/> Somewhat disagree – tobacco sales did not really contribute to revenue and patronage <input type="checkbox"/> Strongly disagree – tobacco sales did not contribute at all to revenue and patronage
Part C: Reasons and motivations to stop selling tobacco	
1	What was the <u>main</u> reason that you decided to stop selling tobacco?
2	Were there any <u>other</u> reasons that contributed to the decision to stop selling tobacco?
3	<p>Did any of the following <i>financial/business reasons</i> contribute to the decision to stop selling tobacco? (select all that apply)</p> <input type="checkbox"/> The profit margin for tobacco was too low <input type="checkbox"/> The upfront cost of tobacco was too great <input type="checkbox"/> The demand for tobacco was reducing <input type="checkbox"/> The licence fees were too high <input type="checkbox"/> Too much competition nearby (e.g. tobacconists, other retailers) <input type="checkbox"/> Other, please specify
4	<p>Did any of the following <i>health reasons</i> contribute to the decision to stop selling tobacco? (select all that apply)</p> <input type="checkbox"/> I wanted to support the quit efforts of myself, my family or a work colleague <input type="checkbox"/> Myself, a family member or a work colleague has been affected by a tobacco-related disease e.g. lung cancer <input type="checkbox"/> I was concerned about the health harms of tobacco use in my local community <input type="checkbox"/> I was worried about the impact of tobacco smoking in certain groups of the community (e.g. young people, pregnant women). If yes, please specify which group you were concerned about <input type="checkbox"/> Other, please specify
5	<p>Did any of the following <i>ethical reasons</i> contribute to the decision to stop selling tobacco? (select all that apply)</p> <input type="checkbox"/> I was worried about the impact of the increasing costs of tobacco to the consumer

	<input type="checkbox"/> Selling tobacco sends the wrong messages that tobacco use is normal, acceptable and appealing <input type="checkbox"/> Other, please specify
6	<p>Did any of the following <i>other reasons</i> contribute to the decision to stop selling tobacco? (select all that apply)</p> <p><input type="checkbox"/> Changes in tobacco legislation (e.g. banning of tobacco displays)</p> <p><input type="checkbox"/> I didn't like dealing with the tobacco company representative/tobacco industry</p> <p><input type="checkbox"/> I didn't like policing the minimum age of buying tobacco or checking ID's</p> <p><input type="checkbox"/> There was community pressure to stop selling tobacco</p> <p><input type="checkbox"/> Security reasons, e.g. tobacco was a target for thieves.</p> <p><input type="checkbox"/> Insurance reasons e.g. insurance doesn't cover loss of tobacco stock</p> <p><input type="checkbox"/> We wanted to change business model (e.g. offer food)</p> <p><input type="checkbox"/> In support of moving toward a tobacco-free Tasmania</p>
7	How was the decision implemented (i.e. was it a gradual process or a sudden stop in sales)?
Part D: Impact of the decision to stop selling tobacco	
1	What was the general customer and community reaction to your decision to stop selling tobacco?
2	<p>What was the response to your decision from the following groups?</p> <ul style="list-style-type: none"> • Existing customers • Staff working in the business • The wider community • The tobacco supplier
3	<p>Were there any positive consequences of ending tobacco sales that surprised you or you did not expect?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not sure</p> <p>If yes, please provide details.</p>

4	<p>Were there any negative consequences of ending tobacco sales that surprised you or were unexpected? If yes, please provide details.</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not sure</p> <p>If yes, please provide details.</p>
5	<p>Do you think that the decision to end tobacco sales impacted the profitability of the business?</p> <p><input type="checkbox"/> Yes, it resulted in a decrease in the profitability of the business</p> <p><input type="checkbox"/> Yes, it resulted in an increase in the profitability of the business</p> <p><input type="checkbox"/> No, it had no impact</p> <p><input type="checkbox"/> Not sure</p> <p>If yes, please provide an estimate of the change in profitability? (e.g. % of sales, % of customers lost)</p>
6	<p>Has becoming tobacco-free resulted in a change in your customer base?</p> <p><input type="checkbox"/> Yes, I've noticed fewer customers following the change</p> <p><input type="checkbox"/> Yes, I've noticed more customers following the change</p> <p><input type="checkbox"/> No, I don't think there has been a change</p> <p><input type="checkbox"/> Not sure</p>
7	<p>Is there anything that you may have found useful in supporting your decision to stop selling tobacco? For example, flyers explaining your decision to the community, a sticker to display on your business window ('tobacco-free retailer!')</p>
8	<p>Based on your experience, would you recommend that other retailers stop selling tobacco?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not sure</p> <p>If yes or no, please explain why or why not</p>
9	<p>If the retailer is still tobacco-free: have you considered resuming tobacco sales?</p>

	If yes, why?
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Appendix 3: Truncated Interview Guide for Licence Holders who Never Sold Tobacco Products

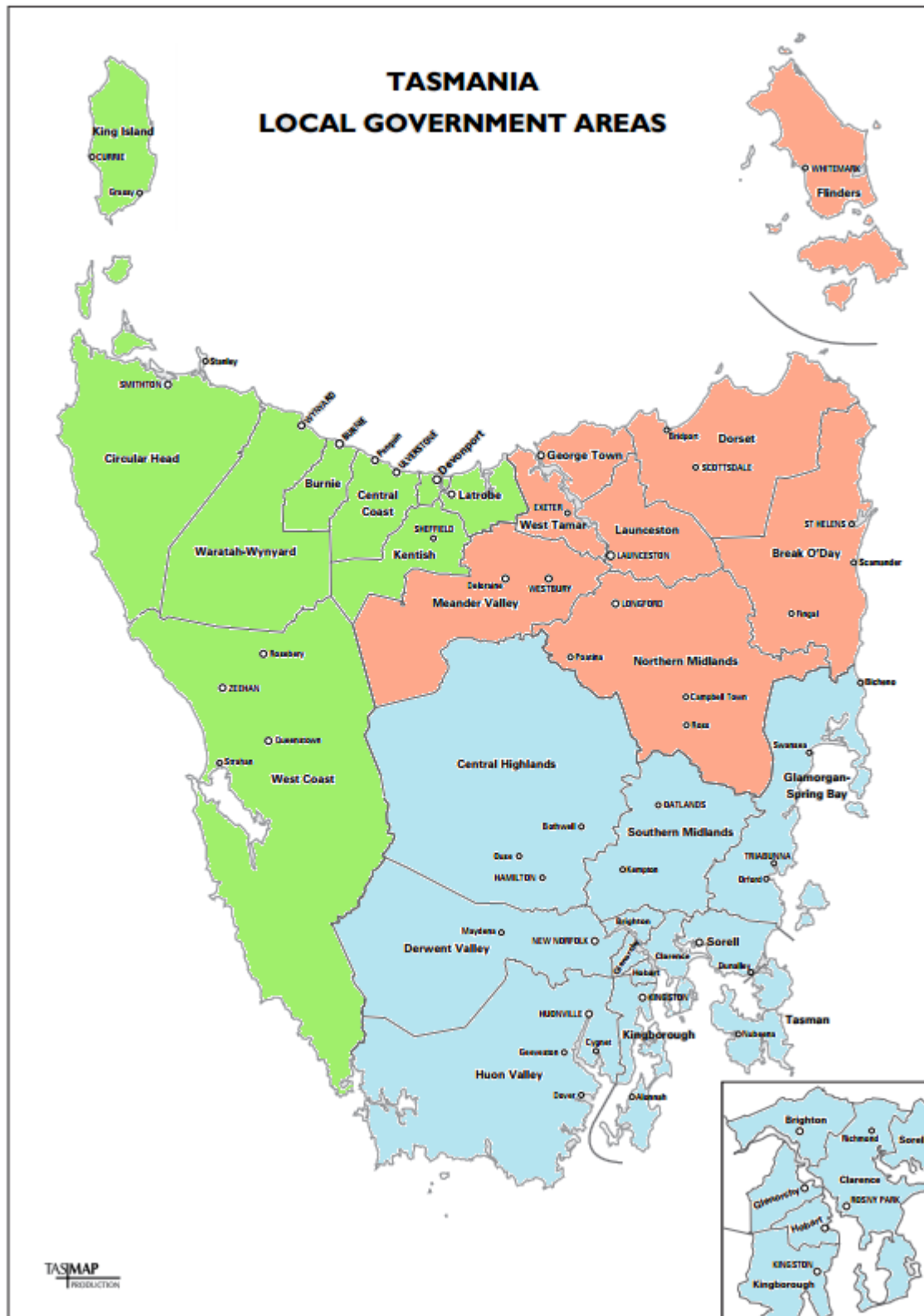
Part A: Details of person completing the survey	
1	First name
2	Surname
3	Role within the business (e.g. owner, staff member)
4	Contact number
Part B: About the business where the tobacco licence was held	
1	Business name
	Physical address
2	<p>What is or was the type of business where tobacco was sold? (select the option that is the best match)</p> <p><input type="checkbox"/> Convenience store (defined as store with extended opening hours selling a range of groceries and household goods)</p> <p><input type="checkbox"/> Small supermarket</p> <p><input type="checkbox"/> Large supermarket</p> <p><input type="checkbox"/> Liquor store</p> <p><input type="checkbox"/> Bar, club or pub</p> <p><input type="checkbox"/> Petrol station</p> <p><input type="checkbox"/> Newsagency</p> <p><input type="checkbox"/> Specialist tobacconist</p> <p><input type="checkbox"/> Restaurant or café</p> <p><input type="checkbox"/> Other, please specify _____</p>

3	<p>Is the business still in operation?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, what was the timing between the licence being cancelled and the business being closed?</p> <p>If no, did tobacco sales contribute at all to your decision to close the business?</p>
4	<p>Between what dates was a tobacco licence held for this business?</p> <p>From (mm/yyyy):</p> <p>To (mm/yyyy):</p>
5	<p>How long since licence cancellation? (e.g. 5 months)</p>
6	<p>Were tobacco sales ever resumed after the licence was cancelled?</p> <p><input type="checkbox"/> Yes, we decided to resume tobacco sales</p> <p><input type="checkbox"/> No, we remained tobacco-free</p> <p>If yes, can you explain why tobacco sales were resumed?</p>
<p>Part C: Reasons and motivations to stop selling tobacco</p>	
1	<p>What was the <u>main</u> reason that you decided not to proceed with selling tobacco?</p>
2	<p>Were there any <u>other</u> reasons that contributed to the decision not to proceed with selling tobacco?</p>
3	<p>Did any of the following <i>financial/business reasons</i> contribute to the decision not to proceed with selling tobacco? (select all that apply)</p> <p><input type="checkbox"/> The profit margin for tobacco was too low</p> <p><input type="checkbox"/> The upfront cost of tobacco was too great</p> <p><input type="checkbox"/> The demand for tobacco was reducing</p> <p><input type="checkbox"/> The licence fees were too high</p> <p><input type="checkbox"/> Too much competition nearby (e.g. tobacconists, other retailers)</p> <p><input type="checkbox"/> Other, please specify</p>

4	<p>Did any of the following <i>health reasons</i> contribute to the decision not to proceed with selling tobacco? (select all that apply)</p> <p><input type="checkbox"/> I wanted to support the quit efforts of myself, my family or a work colleague</p> <p><input type="checkbox"/> Myself, a family member or a work colleague has been affected by a tobacco-related disease e.g. lung cancer</p> <p><input type="checkbox"/> I was concerned about the health harms of tobacco use in my local community</p> <p><input type="checkbox"/> I was worried about the impact of tobacco smoking in certain groups of the community (e.g. young people, pregnant women). If yes, please specify which group you were concerned about</p> <p><input type="checkbox"/> Other, please specify</p>
5	<p>Did any of the following <i>ethical reasons</i> contribute to the decision not to proceed with selling tobacco? (select all that apply)</p> <p><input type="checkbox"/> I was worried about the impact of the increasing costs of tobacco to the consumer</p> <p><input type="checkbox"/> Selling tobacco sends the wrong messages that tobacco use is normal, acceptable and appealing</p> <p><input type="checkbox"/> Other, please specify</p>
6	<p>Did any of the following <i>other reasons</i> contribute to the decision not to proceed with selling tobacco? (select all that apply)</p> <p><input type="checkbox"/> Changes in tobacco legislation (e.g. banning of tobacco displays)</p> <p><input type="checkbox"/> I didn't like dealing with the tobacco company representative/tobacco industry</p> <p><input type="checkbox"/> I didn't like policing the minimum age of buying tobacco or checking ID's</p> <p><input type="checkbox"/> There was community pressure to stop selling tobacco</p> <p><input type="checkbox"/> Security reasons, e.g. tobacco was a target for thieves.</p> <p><input type="checkbox"/> Insurance reasons e.g. insurance doesn't cover loss of tobacco stock</p> <p><input type="checkbox"/> We wanted to change business model (e.g. offer food)</p> <p><input type="checkbox"/> In support of moving toward a tobacco-free Tasmania</p>
<p>Part D: Impact of the decision to stop selling tobacco</p>	
I	<p>Were customers aware of your intentions to sell tobacco within the business? If yes, what their reaction to your decision?</p>

2	<p>What was the response to your decision from the following groups? (If applicable)</p> <ul style="list-style-type: none"> • Existing customers • Staff working in the business • The wider community • The tobacco supplier
3	<p>Were there any positive consequences of not proceeding with tobacco sales that surprised you or you did not expect?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not sure</p> <p>If yes, please provide details.</p>
4	<p>Were there any negative consequences of not proceeding with tobacco sales that surprised you or were unexpected? If yes, please provide details.</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not sure</p> <p>If yes, please provide details.</p>
5	<p>If the retailer is still tobacco-free: have you considered resuming tobacco sales?</p> <p>If yes, why?</p>

Appendix 4: Regions of Tasmania and Constituent Local Government Areas as Referenced in Part One of the Report



Appendix 5: Infographic Summary of Part Two Findings: Why retailers decide to no longer sell tobacco

WHY RETAILERS STOP SELLING TOBACCO AND IMPLICATIONS FOR TOBACCO CONTROL



ABOUT THE STUDY PARTICIPANTS

A qualitative study of 20 historical tobacco retailers in Tasmania

- 9 from the north, 7 from the northwest and 4 from the south of Tasmania
- Typically low volume outlets (mean 118 packs sold/week)
- All business types represented except specialist tobacconists and wholesalers



WHY DO RETAILERS STOP SELLING TOBACCO?

- Multiple underpinning reasons, rarely due to a single reason
- Primarily a business decision, not one made on health and/or moral grounds
- Most commonly driven by the low profitability of tobacco, coupled with the regulatory obligations associated with tobacco sales +/- ethical, security and/or health-related reasons



WHAT WAS THE CUSTOMER AND COMMUNITY REACTION?

- Transient phase of irritation/annoyance among smoking customers
- Largely unnoticed by non-smoking customers and community
- Community reaction seems to align with expectations of where cigarettes *should* be sold (e.g. newsagency vs. bakery)



WHAT IMPACT DID THE DECISION HAVE ON RETAILERS?

- Little to no impact on profits or patronage
- Many positive outcomes reported, especially the relief of administrative and regulatory 'burdens' associated with tobacco sales, and successful quit attempts of business owners, staff, family members and/or community members
- Only one retailer reported the decision had a significant negative impact on their business



WHAT ARE THE POLICY IMPLICATIONS?

Strategies to reduce the retail availability of tobacco could:

- Create a less favourable tobacco retail environment** by further reducing the profitability of tobacco, increasing the regulatory obligations associated with tobacco sales, and supporting pro-health policies of retail businesses, and
- Support retailers to transition away from tobacco sales** by creating a sense of ethical responsibility among tobacco retailers to consider the health harms associated with tobacco and dispel concerns about the business implications of ending tobacco sales