

Sunday Sales: A Commercial and Social Success

An analysis of states allowing Sunday sale of spirits since 2002

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Summary

Since a nationwide campaign advocating for increased availability of distilled spirits products was undertaken in 2002 12 new states have allowed package stores to open on Sunday. This paper makes the following points:

- ✚ In 2006 Sunday sales generated \$121 million in new sales for suppliers and \$212 million for retailers. These figures are expected to increase annually.
- ✚ Many states have adopted Sunday sales incrementally, either by allowing “local option” or, in Control States, designating that only a limited number of stores open.
- ✚ In those states where data comes from government or was collected by trade groups (i.e. direct measures) sales have gone up an average of 4.4% with only 31% of stores open – a 9% increase projected statewide.
- ✚ In each of the Control States the number of state-run or agency stores opened was increased after an initial trial period.
- ✚ While sale of spirits on Sunday has been a commercial success, it has also been a social success as well. Sunday sale of spirits has given modern two-income couples an extra day to shop for their preferred beverages.
- ✚ There is often concern that Sunday sales of spirits will lead to an increase in either underage drinking or drunk driving. However, an analysis of government data showed that there was no evidence of an increase in either following the implementation of Sunday sales.
- ✚ States that allow Sunday sale of beer and wine, but not spirits, risk promoting the idea that beer and wine are not intoxicating.

Each of these points is explored below.

I. New Retail Sales

A. Nationwide Sunday sales generated \$121 million in new revenue for suppliers and \$212 million for retailers in 2006.

Table 1 shows new supplier revenues of \$121 million from Sunday sales in 2006. To retailers Sunday openings generated over \$212 million. Both the supplier and retailer figures have been adjusted to account for diversion from other days of the week. Thus, these are truly *new* revenues to the spirits industry.

Large markets like New York (\$92.3 million retail) and Pennsylvania (\$29.1 retail) were, naturally, able to generate the most revenue. But, even retailers in smaller markets, like Delaware (\$4.8 million) and Rhode Island (\$2.6 million) have enjoyed increased sales.

Table 1

Value of Sunday Sales Implementation - 2006			
State	Supplier Revenues (Mil.)	Retail Revenue (Mil.)	Source
New York	\$ 54.3	\$ 92.3	Updated Nov 13, 2007 using MA survey assumptions and Empire State Package Store Association estimates
Oregon	\$ 6.9	\$ 13.3	Derived from retailer survey, updated Nov. 5 2007 using state list of openings and growth rate in volume
Delaware	\$ 2.8	\$ 4.8	Derived from supplier depletions, updated using state volume growth
Pennsylvania	\$ 16.3	\$ 29.1	Updated Feb 23, 2007 from NABCA data
Rhode Island	\$ 1.5	\$ 2.6	DISCUS estimate, updated 2/23/07 using state volume growth
Virginia	\$ 4.4	\$ 8.7	Updated Aug 14, 2007 from VABC Letter
Idaho	\$ 0.4	\$ 0.7	2005 Interview with Idaho Liquor Dispensary Superintendant, updated using 2006 growth
Ohio	\$ 8.1	\$ 13.7	Derived from ODLC data
Kansas	\$ 3.0	\$ 5.1	DISCUS estimate
Kentucky	\$ 3.0	\$ 5.1	DISCUS estimate
Washington	\$ 3.8	\$ 7.6	Derived from WLCB data
Massachusetts	\$ 17.4	\$ 29.6	Updated Feb 23, 2007 derived from retailer survey
Total	\$ 121.9	\$ 212.6	

Note: When appropriate figures were adjusted for diversion from other days of the week

B. In those states where data comes directly from government or was collected by trade groups, sales have gone up an average of 4.4% with only 31% of stores open – a minimum increase of 9% when projected statewide.

Sales gains have come despite the fact that, in many states, Sunday sales are being implemented incrementally. Thus, not all areas in each state allow Sunday sales nor are all stores eligible to be open.

For the five states listed in Table 2, actual sales data or survey data was available from the state itself, a state trade organization, or the National Alcohol Beverage Control Association (NABCA). Thus, the data below are the most accurate figures developed to show the impact of Sunday sales.

Table 2

Analysis of Sunday Sales States With Most Accurate Data - 2006

State	New Cases from Sunday Sales	Mon-Sat. Off-Premise Cases	Sunday Sales Volume Impact	Percent of Stores Open
Oregon	85,630	1,611,345	5.3%	51%
Pennsylvania	317,902	3,834,098	8.3%	28%
Virginia	52,251	2,943,749	1.8%	17%
Ohio	82,484	2,131,136	3.9%	43%
Washington	42,118	2,639,882	1.6%	18%
Totals	580,385	13,160,210	4.4%	31%

Note: Volumes were adjusted for potential diversion from other days of the week when appropriate.

Table 2 shows the new case volume sold on Sundays from each of the five states. The new Sunday volume is compared to total off-premise retail volumes to derive the Sunday impact.

In Pennsylvania with only 28% of stores open on Sunday, total retail volume has increased by 8.3%.

In Virginia and Washington, where only 17% and 18% of total package stores were open in 2006, the state saw 1.8% and 1.6% volume increases. The Washington increase was particularly impressive given that the state instituted a 55% increase in their excise tax rate in July 2005 that would have still impacted growth rate comparisons for much of 2006.

In Ohio and Oregon where 43% and 50% of stores are open total off-premise volumes have increased by 3.9% and 5.3% respectively.

On average, with only 31% of stores open, retailers have enjoyed a 4.4% increase in sales. Projecting the actual results to full store participation, the five states would all increase sales volumes by over 9% statewide. These projections are consistent with published econometric studies of Sunday sales impacts.¹

C. After initial success Control states opened more stores on Sunday, despite the need for legislative approval.

In Control states that have allowed Sunday sales of spirits since 2002 there has been a supplemental expansion in the number of stores that states are allowed to be open. This expansion is a strong endorsement of Sunday openings.

Liquor Control Boards in Control States are responsible for generating revenue for their respective state treasuries. Just like any business, they are accountable for the additional costs of being open. Unlike a private operator, state board members will not enjoy higher personal profits or bigger bonuses if they are successful - new profits simply fill state coffers. For a state board member there is little incentive to take a risk. However, even in such a risk adverse environment the economics of Sunday sales have proven to be so overwhelmingly positive that every state that started Sunday sales has opened additional stores.²

Table 3

In-State Expansion of Sunday Sales - Control States

State	Sunday Sales Effective Date	Stores Open		Counties/Cities Allowing	
		Original	Current	Original	Current
Oregon	14-Apr-02	61	123		
Pennsylvania	9-Feb-03	57	175		
Idaho (Local Option)	1-Jul-04			17	25
Virginia (No. Va. & Norfolk areas only)	4-Jul-04	50	90		
Ohio (Local Option)	16-Sep-04	78	169		
Washington	24-Jul-05	47	88		

¹ See, Stehr, Mark. "The Effect of Sunday Sales Bans and Excise Taxes on Drinking and Cross-Border Shopping for Alcoholic Beverages," National Tax Journal, March 2007, Vol. LX, No. 1. Stehr analyzes total state volumes (on and off premise) and finds a volume impact of between 4% and 6% from Sunday sales. Translated into off-premise impact only, these numbers imply a volume impact of between 5.3% and 8.0% for package stores.

² Control State structures vary by state. While all Control States act as the wholesaler, some will contract with private agents to act as retailers. These private agents typically are paid some percentage of gross sales and, thus, do benefit from additional sales.

The support for Sunday sales in the Control states has been overwhelming. In Oregon, where private agents' contract with the Oregon Liquor Control Board (OLCB), Debbie Burke, Secretary of the Oregon Agency Liquor Stores Association reported that, "those choosing to be open on Sundays have had considerable success without taking sales away from previous normal business hours."³

In Pennsylvania, Jonathon Newman, then Chairman of the Pennsylvania Liquor Control Board (PLCB) stated that Sunday sales had been a "grand slam home run" for the PLCB and that they had seen no "cannibalization" from other days of the week.⁴ In Pennsylvania the PLCB is required to get legislative approval to increase the number of open stores. Despite this legislative hurdle, the number of stores has been increased from the original 57 to 175.

Idaho allows Sunday sales by local option. Initially, only private contract stores were open on Sundays. However, seeing the success that these stores enjoyed, Dyke McNally, Superintendent of the Idaho State Liquor Dispensary, sought budget authority to open 12 state operated stores.⁵

Virginia Alcohol Beverage Control (VABC) initially opened 50 stores in July 2004. However, in a careful analysis of the financial impact that these stores had VABC determined that Sunday sales at the initial 50 stores generated an average rate of return of 45% and that 90% of all sales represented new business. As a result, in September 2007, the state opened 40 additional stores.⁶

In Washington State the legislature initially gave the Washington State Liquor Control Board (WSLCB) authority to open 20 state-run stores as part of a two year experiment. The WSLCB projected that these 20 stores would generate an additional \$10 million in retail sales over 2005-06. In fact, new sales were near \$15 million. While many in the Washington legislature wanted to grant the WSLCB authority to open all state-run stores on Sunday a compromise was reached and funds were allocated to add an additional 29 state-run stores.⁷

³ Debbie Burk testimony before the Washington State Liquor Control Board (WSLCB), Senate Ways and Means Committee and House Commerce and Labor Committee, March 4, 2003.

⁴ Jonathon Newman testimony before Pennsylvania House Liquor Committee.

⁵ "Sunday liquor sales bubbling: Head of dispensary wants to include more areas," Spokesman Review, February 3, 2005.

⁶ "Additional Stores in Eligible Areas to Open on Sundays," ABC Bulletin, Virginia Alcoholic Beverage Control, August 8, 2007

⁷ "Washington Senate toasts Sunday liquor sales: double anyone?," The Seattle Times

D. 75% to 95% of retailers are open on Sundays when allowed in License States

In License States private entrepreneurs rightfully decide whether or not opening on Sundays makes sense for their business. A package store next to a grocery store or located on a busy thoroughfare will jump at the chance to add an extra selling day to his week. A retailer located in an office park or downtown area, however, might not see enough weekend foot traffic to make Sunday sales viable. Estimates of Sunday sales participation rates range from 75% in New York to 95% in Massachusetts.

Table 4

In-State Expansion of Sunday Sales - License States

State	Sunday Sales Effective Date	Stores Open		Counties/Cities Allowing	
		Original	Current	Original	Current
Delaware	18-May-03	295	332	90% participation	
New York	25-May-03	374	1871	75% participation	
Massachusetts ¹	9-Jan-04	244	1574	95% participation	
Rhode Island	29-Jun-04	Not Available			
Kansas (Local Option) ²	1-Jul-05			14	50+
Kentucky (Local Option)	7-Aug-05	Various court rulings and legislation allowed limited local option prior to legislation allowing statewide local option. Louisville and other localities have since allowed package stores to open on Sundays.			
Louisiana (Local Option)	28-Oct-07	While Louisiana has had local option laws for years, East Baton Rouge recently allowed package stores to open on Sundays.			

¹Border areas, defined as cities and towns within 10 miles of the border were allowed to be open on Sundays prior to passage of the 2004 legislation

²Temporary court ruling allowed Sunday sales in 2004. Legislation was passed in 2005

Because of the heavy tourist's areas in Delaware, initial participation rates are believed to have been over 80%⁸ and current levels are over 90%.

New York initially implemented a 6-day optional play whereby retailers could choose to be open any six days of the week. Days of operation had to be posted with the New York State Liquor Authority. When retailers had to give up another day of the week to open on Sundays 15% chose to be open on Sundays.⁹ However, in 2004 the law

⁸ Conversation with David Trone of Total Beverage.

⁹ Derived from New York State Liquor Authority records.

was changed and retailers were allowed to be open seven days if they desired. Some 75% of retailers are now open on Sundays.¹⁰

II. Social Impact

A. Sunday sales provide necessary convenience for hard working two income families.

Sunday has become the second busiest shopping day of the week.¹¹ And, it is easy to see why. In 2005 75% of mothers having children between the ages of 6 and 17 worked.¹² Additionally, 46% of *all* households had two income earners. Since the two-income household has become the norm, rather than the exception for families it is important to give working couples all of the flexibility and convenience necessary to meet the demands of modern life.

B. Denying spirits the right to sell on Sundays is unscientific, risks promoting idea that beer and wine are not intoxicating.

The distinction between beer or wine and spirits is an artifact of a by-gone era. Today, alcohol equivalency is taught by the Federal government, numerous public health organizations and state departments of transportation.¹³ By maintaining an unscientific distinction between spirits and other beverage alcohol, states that restrict the sale of spirits while allowing beer and/or wine sales on Sundays risk promoting the idea that beer and wine are not intoxicating.

C. No evidence of underage drinking or drunken driving impact.

While added convenience is positive from a social perspective, some have voiced concern over potential negative impacts. Before the nationwide campaign to increase the number of states allowing Sunday sale of distilled spirits was begun, a comparison of alcohol related social measures in States already allowing Sunday sales to those not allowing Sunday sales was conducted.¹⁴ For each state, rates of alcohol related fatalities, under 21 alcohol related fatalities, 12-17 year old binge drinking rates and alcohol related mortality were collected. Separate tests were conducted comparing rates in states allowing Sunday sale of spirits to those states prohibiting sale on Sundays. The study found no evidence that allowing the sale of spirits on Sundays lead to higher levels of traffic fatalities, alcohol related mortality or underage drinking.

¹⁰ Steve Glamuzina, President of the Empire State Package Store Association.

¹¹ A.C. Nielsen study of household shopping habits. In some studies Sunday is now the busiest shopping day.

¹² Cohany, Sharon R. and Sok, Emy, "Trends in Labor Force Participation of Married Mothers of Infants," Monthly Labor Review, February, 2007.

¹³ See for example, the National Institute on Alcohol Abuse and Alcoholism, the U.S. Departments of Transportation, Education and Health and Human Services, the National Consumers League and Mothers Against Drunk Drivers.

¹⁴ "Impact of Sunday Sale of Distilled Spirits on Various Social Measures," Distilled Spirits Council of the United States, October, 2002.

