Perceptions of Privatization

Research conducted on behalf of the Commonwealth Foundation and Keystone Politics

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Methodology and Research Design

Methodology:
• 18 minute RDD telephone and random method cell phone survey
• N=1,151 Pennsylvania residents ages 21+
• MOE +/-3 percentage points

Field Dates:
• September 3rd through 12th, 2013

Sample: Pennsylvania residents with quotas set for age and gender by region. Within each household, one adult was designated by a random procedure to be the respondent for the survey.

Weighting: Results have been weighted to adjust to State figures for variation in the sample relating to geographic region, age and registered voters by party.

Report Notes: Throughout the report, nets may sum to more or less than their individual pieces due to rounding.
Executive Summary (1)

- Being satisfied with the status quo does not mean the people in PA oppose change to allow the privatization of alcohol sales.

- Those who shop for wine/spirits or beer show the strongest support.
  - Those who rarely or never shop for alcohol, a much smaller portion of PA residents, are more likely to want to keep the status quo.

- 6 in 10 Pennsylvanians favor privatization while only 1/3 oppose.
  - Frequent wine/spirits purchasers, Philly suburb residents, and Republicans are most likely to favor privatization.
  - A majority of Union households support privatization
  - Full bipartisan support (Democrats, Republicans and Independents all favor).

- Over half of residents reported that they purchase alcohol out of state.

- Consumers believe private retailers would outperform state-owned shops and beer distributors across all attributes if they could sell alcohol in the future.
Executive Summary (2)

Most beneficial outcomes of privatization are viewed as:

+ **PA consumers won’t cross state borders to buy wine and spirits and more money will stay in PA.**
  
  + This is viewed as especially beneficial by women and those in the Philly suburbs

+ **Thousands more private sector jobs will be created.**

+ **Costs will be lower and more in line with other states.**

+ **The PLCB will no longer need to spend millions of tax dollars on product advertising.**

More than half of Pennsylvanians are more likely to vote for their state legislator if they support privatization.

+ Especially Republicans, Independents and those in the Philadelphia suburbs.
Implications

Given the findings, privatization appears to be first and foremost a pocketbook issue, not only for an individual, but for their view of the positive residual impact such a move could have on the state of PA.

Respondents strongly care about personal and state savings.
- Less waste on the State’s behalf, keeping more money in the state, creating new jobs and small businesses, as well as offering competitive pricing relative to other States.

Residents don’t want to continue to watch money leave PA, with more than half of residents saying they purchase out of state alcohol, they would welcome the change to get what they needed, when they needed it, right here at home.
Nearly two-thirds would like to change the regulations on the sale and distribution of alcohol to allow private retailers, with the preference going to full privatization, not a half-way measure of just beer distributors.

View on Where to Shop for Alcohol in PA

I'd prefer to have private retailers, such as grocery stores, Beer Distributors and specialty shops sell wine, beer and spirits. 54%

I'd prefer if I could purchase wine, beer and spirits from Beer Distributors, but not from other private retailers such as grocery stores or specialty shops. 11%

I prefer to keep the system as it is now with wine and spirits sales at state-owned stores and most beer sales at Beer Distributors. 32%

66% prefer change over status quo

Most Likely to Prefer Private Retailers
- Strongly favor privatization: 83%
- Purchase wine/spirits weekly: 68%
- 100k+: 65%
- Independents: 63%
- 75-100k – 62%
- Purchase beer weekly: 62%
- Ages 21-34: 62%
- Philly suburbs: 62%
- Republicans: 61%
- College grads: 61%

BASE: ALL QUALIFIED RESPONDENTS
Q230. If people in Pennsylvania had their choice on where to shop for all their alcohol, including wine, spirits and beer in Pennsylvania, which comes closes to your view:
Regardless of satisfaction levels of current wine/spirit and beer retail options, Pennsylvania residents want a change

<table>
<thead>
<tr>
<th>Prefer to have private retailers sell wine, beer, and spirits</th>
<th>Satisfied</th>
<th>Not satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>47%</td>
<td>84%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prefer to purchase wine, beer, and spirits from beer distributor only</th>
<th>Satisfied</th>
<th>Not satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12%</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prefer to keep system as is</th>
<th>Satisfied</th>
<th>Not satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Satisfaction with Wine/Spirit Retail Options

Satisfaction with Beer Retail Options

BASE: ALL QUALIFIED RESPONDENTS
Q230. If people in Pennsylvania had their choice on where to shop for all their alcohol, including wine, spirits and beer in Pennsylvania, which comes closes to your view:

HEARTMIND STRATEGIES
Perceptions of private retailers, that one would shop at if it could sell wine, beer and spirits in the future, outperform performance of state-owned shops and beer distributors on all attributes.

**Comparative Performance Scores**

% Top Box: Extremely Important & Describes Perfectly

- **Importance**
- **Perf - Beer Distributor**
- **Perf - State Owned Wine & Spirits**
- **Perf - Private Retailer**

- **I feel safe there**
  - Importance: 45%
  - Perf - Beer Distributor: 36%
  - Perf - State Owned Wine & Spirits: 29%
  - Perf - Private Retailer: 24%

- **Prices are competitive with those found out of state**
  - Importance: 36%
  - Perf - Beer Distributor: 31%
  - Perf - State Owned Wine & Spirits: 24%
  - Perf - Private Retailer: 22%

- **It's a convenient location from my house**
  - Importance: 29%
  - Perf - Beer Distributor: 26%
  - Perf - State Owned Wine & Spirits: 20%
  - Perf - Private Retailer: 18%

- **It is clean and has modern decor**
  - Importance: 7%
  - Perf - Beer Distributor: 18%
  - Perf - State Owned Wine & Spirits: 15%
  - Perf - Private Retailer: 10%

- **I can purchase other items there such as groceries or other products**
  - Importance: 8%
  - Perf - Beer Distributor: 12%
  - Perf - State Owned Wine & Spirits: 12%
  - Perf - Private Retailer: 12%

- **It is open on most holidays**
  - Importance: 7%
  - Perf - Beer Distributor: 10%
  - Perf - State Owned Wine & Spirits: 5%
  - Perf - Private Retailer: 4%

**Note:** Competitive pricing is top attribute among those who purchase wine, spirits, or beer weekly, those who purchase wine/spirits outside of PA weekly or occasionally, those who are not satisfied with wine/spirit retailers, those who favor privatization, and Southwest residents.

**Note:** Ability to purchase other items slightly more important among Allegheny residents, Liberals, 100k+, those who are not satisfied with wine/spirit retailers, those who say performance of state-owned retailers is not good, those who favor privatization, and those who are more likely to vote for a state legislator who favors privatization.
More than 6 in 10 Pennsylvania residents favor ending the government sale and distribution of wine and spirits, including bipartisan support.

Those who purchase more frequently, live in the Philly suburbs, are Republican and have higher incomes are especially supportive.

**61% Favor**
Proposal to end government sale and distribution of wine and spirits in the state of Pennsylvania

- 70% Republicans
- 70% Independents
- 54% Democrats

**33% Oppose**
Proposal to end government sale and distribution of wine and spirits in the state of Pennsylvania

**BASE: ALL QUALIFIED RESPONDENTS**
Q250. Do you favor or oppose a proposal to end government sale and distribution of wine and spirits in the State of Pennsylvania?
Majority favor all potential changes to sale and distribution of wine/spirits in PA, except for only allowing beer distributors to sell wine/spirits

<table>
<thead>
<tr>
<th>Oppose</th>
<th>Favor or Oppose Changes</th>
<th>Favor (Somewhat/Strongly)</th>
<th>Total Favor</th>
</tr>
</thead>
<tbody>
<tr>
<td>32%</td>
<td>Removing government from the sale and distribution of wine and spirits by licensing and regulating private retailers.</td>
<td>24%</td>
<td>42%</td>
</tr>
<tr>
<td>34%</td>
<td>Allowing beer, wine and spirits to be sold in supermarkets and specialty stores.</td>
<td>23%</td>
<td>43%</td>
</tr>
<tr>
<td>37%</td>
<td>Allowing just beer and wine to be sold in supermarkets and specialty stores.</td>
<td>29%</td>
<td>34%</td>
</tr>
<tr>
<td>66%</td>
<td>Allowing wine and spirits to be sold at Beer Distributors as the only allowable private retailers in the state, but not at grocery stores or other specialty stores.</td>
<td>20%</td>
<td>12%</td>
</tr>
</tbody>
</table>

"I think this is halfway towards accomplishing the level of freedom to purchase goods that the citizens of PA are looking for. I think partial privatization would only have PA stuck for another decade in a restricting system. I feel like if it is partial there is not much that would actually change because some people wouldn't go to a beer distributor as is and would be forced to." - Quote from Participant in Online Forum Discussion, September 11th, 2013
While all support statements were viewed as beneficial to Pennsylvania, those that saved costs for the state and its citizens are deemed most beneficial.

The PA Liquor Control Board will no longer need to spend millions of tax dollars on product advertising.

PA consumers won’t cross state borders to buy wine and spirits and more money will stay in PA.

Thousands more private sector jobs will be created.

Costs will be lower and more in line with other states.

New small businesses will be created in the state.

Millions of new dollars every year in state revenues for licensing fees and corporate income taxes and property taxes.

There will be more choice of where to shop for wine and spirits.

PA will no longer be one of only two states, the other being UT, that has complete govt control of wine and spirits sales and…

There will be a wider selection of wine and spirits available.

Pennsylvania’s Prohibition-era liquor law system will be modernized.

Beer distributors will be allowed to sell wine and spirits to their customers along with beer.

Note: Ages 21-34, Republicans, those who purchase wine, spirits, or beer weekly, and those who favor privatization are more likely to find all outcomes to be beneficial.
Majority favor privatization after hearing support and opposition statements

62% Favor

Supporters say state government should not be selling wine and spirits to citizens but should be focused on regulating alcohol sales and enforcing the law. In addition, they say privately run wine, spirits, and beer stores will provide consumers with greater choices, more convenience and better prices, while generating millions of dollars for the state that could be used for education, public safety, health care or our roads, bridges and other important infrastructure.

35% Oppose

Opponents say privatizing the state’s Wine and Spirit Shops would destroy more than 5,500 family-sustaining jobs, endanger our neighborhoods and put more than 500 million dollars a year in state revenues at risk. In addition, the one-time financial windfall realized from the sale of the state’s Wine and Spirit Shops will not offset the long term loss of revenue, and that privatization has led to higher rates of alcoholism, underage drinking, drunk driving and more traffic accidents, which is why the U.S. Center for Disease Control recommended against further privatization of alcohol sales.

BASE: ALL QUALIFIED RESPONDENTS
Q300. Having heard these statements, do you favor or oppose ending government sale and distribution of wine and liquor in the State of Pennsylvania?
Majority are likely to vote for state legislator who supports ending government sale and distribution of alcoholic beverages, especially Republicans, those in the Philly suburbs, those with higher incomes and shopping frequency.

**Most Likely to Vote for State Legislator Who Supports Privatization**
- Favor privatization: 75%
- Purchase wine/spirits weekly: 66%
- 100k+: 62%
- Independents: 62%
- Republicans: 61%
- Philly suburbs: 61%

**Least Likely to Vote for State Legislator Who Supports Privatization**
- Oppose privatization: 68%
- Never purchase beer: 42%
- Never purchase wine/spirits: 40%

**BASE: ALL QUALIFIED RESPONDENTS**
Q320. If you knew that your state legislator supported ending government sale and distribution of wine and spirits in the State of Pennsylvania, would you be more likely or less likely to vote for your state legislator?

- Much more likely: 23%
- Somewhat more likely: 31%
- Somewhat less likely: 15%
- Much less likely: 16%
- Makes no difference: 12%
- Don't know: 2%

55% More Likely

32% Less Likely
### Respondent Profile

#### Political Outlook
<table>
<thead>
<tr>
<th>Political Outlook</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberal</td>
<td>31%</td>
</tr>
<tr>
<td>Very Liberal</td>
<td>9%</td>
</tr>
<tr>
<td>Somewhat Liberal</td>
<td>23%</td>
</tr>
<tr>
<td>Moderate</td>
<td>23%</td>
</tr>
<tr>
<td>Libertarian</td>
<td>4%</td>
</tr>
<tr>
<td>Conservative</td>
<td>38%</td>
</tr>
<tr>
<td>Somewhat Conservative</td>
<td>24%</td>
</tr>
<tr>
<td>Very Conservative</td>
<td>14%</td>
</tr>
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</table>

#### Political Party
<table>
<thead>
<tr>
<th>Political Party</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republican</td>
<td>37%</td>
</tr>
<tr>
<td>Democrat</td>
<td>50%</td>
</tr>
<tr>
<td>Independent</td>
<td>7%</td>
</tr>
<tr>
<td>Libertarian</td>
<td>1%</td>
</tr>
<tr>
<td>Green/Something else/</td>
<td>5%</td>
</tr>
<tr>
<td>Not sure/Declined</td>
<td></td>
</tr>
</tbody>
</table>

#### Likelihood to Vote

**Definitely/Probably Vote**
- NET 85%
  - Definitely vote 68%
  - Probably vote 17%
  - 50-50 7%

**Definitely Not/Probably Not Vote**
- NET 7%
  - Probably not vote 4%
  - Definitely not vote 4%

#### Labor Unions

<table>
<thead>
<tr>
<th>Labor Unions</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>29%</td>
</tr>
<tr>
<td>Self</td>
<td>9%</td>
</tr>
<tr>
<td>Family member</td>
<td>16%</td>
</tr>
<tr>
<td>Both</td>
<td>4%</td>
</tr>
<tr>
<td>No</td>
<td>70%</td>
</tr>
</tbody>
</table>

#### Education

<table>
<thead>
<tr>
<th>Grade</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades 1-8</td>
<td>*</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>2%</td>
</tr>
<tr>
<td>HS Graduate</td>
<td>21%</td>
</tr>
<tr>
<td>Some college</td>
<td>22%</td>
</tr>
<tr>
<td>College Graduate</td>
<td>32%</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>22%</td>
</tr>
</tbody>
</table>

#### Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25,000</td>
<td>7%</td>
</tr>
<tr>
<td>$25,000 to less than $35,000</td>
<td>7%</td>
</tr>
<tr>
<td>$35,000 to less than $50,000</td>
<td>11%</td>
</tr>
<tr>
<td>$50,000 to less than $75,000</td>
<td>21%</td>
</tr>
<tr>
<td>$75,000 to less than $100,000</td>
<td>18%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>27%</td>
</tr>
</tbody>
</table>

#### Race/Ethnicity

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>NET</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>85%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>2%</td>
</tr>
<tr>
<td>African-American/Black</td>
<td>7%</td>
</tr>
<tr>
<td>Asian</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>