

TOBACCO RETAILER ROUNDTABLES



Culminating an extensive public involvement process to address youth vaping in Loveland, City staff organized two Tobacco Retailer Roundtables during the last week of January 2021. At the request of City Council, these roundtables were held to obtain the perspective of local business owners and operators on several options that would further affect the sale of tobacco products in Loveland. This report summarizes the input received from the roundtable participants. Obtaining input from Loveland tobacco retailers will allow City Council to consider their perspective during their deliberations at the February 16, 2021 City Council Meeting, where the second reading of the Ordinance A will take place.

Full notes from the session on Monday, January 25, that included two breakout rooms are included in Appendix A. The notes from the Wednesday, January 27, session are in Appendix B. Sixty establishments were contacted and invited to provide input. In addition to the two Roundtables, Loveland Tobacco Retailers were also given the opportunity to provide input through a brief survey. Those results are contained in an accompanying report.

Both roundtables were conducted remotely and held during varying days and times to maximize attendance. Eight participants attended the Monday session that occurred from 5:30 – 7:00 p.m.; six participants attended the Wednesday session that occurred from 9:00 – 10:30 a.m. Participants included owners and operators of liquor stores, convenience stores and tobacco stores in Loveland. There were no participants who identified themselves as representing grocery stores.

After receiving information about the Youth Vaping Stakeholder Group process and City Council's consideration of various options to reduce youth vaping in Loveland, including "option A" that constitutes a ban on the sale of all flavored tobacco products, retailers participated in a facilitated discussion that invited them to respond to three questions:

1. Given the desire of Council to hear from Loveland businesses that sell tobacco before they make a final decision, what would "Option A" mean for your business in terms of revenue, staffing, secondary sales, etc.?
2. How does your business currently limit access to these products for Loveland youth?
3. What solutions do you recommend for retailers to address youth access and usage of tobacco/vaping products in Loveland?

Participants in the conversations were presented with a short list of "Ground Rules" to help keep the conversations productive, focused and respectful:

HERE TO HAVE A "KITCHEN TABLE" CONVERSATION

Everyone can participate; no one dominates.

THERE ARE NO “RIGHT ANSWERS”

Draw on your own experiences, views and beliefs. You do not need to be an expert.

KEEP AN OPEN MIND

Listen carefully and try to hear and understand the views of others, especially those you may disagree with.

HELP KEEP THE CONVERSATION ON TRACK

Stick to the questions. Try not to ramble.

IT’S OKAY TO DISAGREE, BUT DON’T BE DISAGREEABLE

Respond to others how you want them to respond to you.

A copy of this final report will be shared with all participants who provided an email address. Participants were also given email contact for City staff if they had other thoughts to share with Council.

ROUDTABLE THEMES

Tobacco retailers want to convey to City Council that their businesses will be financially impacted if the sales of flavored tobacco is banned in City Limits. They are concerned that the loss of revenue from direct sales, secondary sales and regular customer visits will result in profit loss, sales tax loss for the City, job loss and possibly the closure of their businesses. In expressing their concerns, retailers do not feel that eliminating sales of flavored tobacco in their establishments will address the problems associated with teen vaping but will cause adult customers to no longer be able to purchase legal products from their businesses. The retailers believe their adult customers who use flavored tobacco will purchase their tobacco and other merchandise from similar businesses located just outside of City limits and teens will continue to purchase vaping products on the internet. They spoke specifically about measures they already have in place to prevent underage sales, recent state and federal actions that have addressed underage sales, and the inclusion of flavors in a wide range of products marketed to adults including coffee, alcohol, ice cream and water. The retailers support local licensing and other measures proposed in Options B and D, but do not support the ban on flavored tobacco. They feel that education, parental responsibility and addressing online sales are better approaches to reduce teen vaping.

Loss of Revenue/Jobs/Customers/Business Closure

In all three discussion groups, participants indicated that banning the sale of flavored tobacco in their business would have a significant negative impact to their bottom line from both the direct loss of sales from the products themselves, and also secondary sales of food, beverages, gasoline as shared by owner/operators of Loveland convenience stores.

Several retailers mentioned that banning the sale of these products in Loveland would result in customers purchasing the same items from establishments just outside of City limits. This would not only result in a significant drop in revenue for the businesses, but also a drop in sales tax collection for the City of Loveland.

One convenience store representative stated, "If we are not convenient for their needs, they will go elsewhere, just a few miles away, to get everything they need."

Local Flavor Bans Unfair/Unnecessary

Several participants mentioned that since the City Council first started addressing the issue in 2019 and the Youth Vaping Stakeholder committee was formed, several state and federal laws in addition to new taxes have led to a reduction in teen vaping rates and have addressed the problem.

They believe the ban puts their businesses at an unfair advantage when other similar businesses outside of city limits are able to legally sell the same products.

All of the participants currently have a variety of policies and procedures in place to prevent underage sales of tobacco products. Examples include requiring ID for all age-restricted purchases, participation in the BARS program, ID checks for age-restricted businesses, keeping products off the open shelves in convenience stores and terminating employees who are caught selling to minors.

Participants felt that eliminating tobacco flavors restricts the rights of adults to use legal products. One participant stated, "adults like flavors, not just kids" and noted that marketing flavored products to adults is common across a wide-range of food and beverages.

Retailers believe they are doing their part to prevent underage sales. One participant stated, "no one wants kids vaping, selling to kids not part of our business model."

Vaping Products Easily Available via the Internet

Many participants noted that youth can easily access vaping products via the internet.

Participants believe that there is a need to address the issue through education and parental responsibility. A wide range of vaping devices and flavored products can be ordered online and delivered to a young person's home. One participant stated, "Kids buy online with a debit card and by clicking a box saying they are 21."

Participants shared that restricting access to flavored tobacco products will impact adults who legally enjoy smoking menthol flavored cigarettes, flavored cigars and chew flavored tobaccos without addressing the main source of teen access to vaping products.

Appendix A: Notes from 1/25 Roundtable (two breakout groups)

Group A:

7/11 Highest Revenue from cigarettes in stores in Northern Colorado – gross revenue 51% from age restricted products. October saw approximately \$3000/day in tobacco sales, of which 40% flavored products. Menthol, wintergreen flavors represent \$1200/day. Overall sales ~\$40,000/month ~.5 mil/year. Add on sales equal to \$10 or more over the sale of cigarettes. Gas sales will plummet and customers will shop outside of Loveland. Ban is not statewide -only local. Spent over 90,000 hours building customers and business over the past 10 years. Will have impact on overall sales. Customer will be impacted. Feel Council didn't include retailers in yearlong process of discussion. Has a mother who died of cancer. Feel like Council didn't have best interest of businesses in mind. Disappointed. Applaud Kathy for bringing their voice to table. Fair decision. Nobody wants kids vaping. Call on the parents. Keeping Single moms employed

Circle K - 4 stores in Loveland. Tobacco sales represent a large part of revenue 40%. Flavored is ~50% of the overall tobacco sales. Agree with A but don't want the flavor ban. Glenwood Springs has similar ordinance -revenue is down 38%. Go to outside of Glenwood to surrounding towns. May have to shut down store in Glenwood. Similar to sugar ban in Boulder. Increase in sales outside of Boulder - decrease in Boulder. Face of the sale so feel we are easy to regulate.

Setting the age requirement -18 to sell products instead of also stocking? How will this impact the grocery stores? Quick Serve Restaurant – may employ 17 year olds who also work the cash register. So may be eliminating 1st jobs.

Question 2: *How does your business currently limit access to these products for Loveland youth?*

7/11 -can't purchase a vaping product without a scannable ID. Everyone must present a card.

Circle K -every ID is scanned to sell age restricted products. Use 3rd party/secret shopper to audit sales -every 30 days. 100% pass rate in Loveland. No tolerance policy -sales person will be fired if selling to underage. Boulder did similar study that showed teens received vaping products from third party -friend/sister/parent and also the internet.

Question 3: *What solutions do you recommend for retailers to address youth access and usage of tobacco/vaping products in Loveland?*

More education to the teens to promote non-vaping. Public more aware of the repercussions for selling by 3rd party

City of Golden -passed a similar ordinance -- very heavy penalties

Group B:

Question 1: *Given the desire of Council to hear from Loveland businesses that sell tobacco before they make a final decision, what would Option A mean for your business in terms of revenue, staffing, secondary sales, etc.?*

Based on original information, just in flavored tobacco sales is 10 – 20% revenue decrease. It would also impact any related sales (sandwiches, pop, energy drinks). Struggled with survey as to how much money would they lose, not sure what impacts would be for construction groups who would buy other merchandise in other towns. Would go elsewhere.

Average basket is \$8. Would lose basket as well as sale. Lose regular customers (3 – 4 times per week). Lose gas sales, \$40 sale. People will go outside of city to go just outside of city. Change patterns. Trying to figure out revenue loss, best guess is around \$1000 per day. Makes business model unsustainable. Cut staff and hours. Hope to pay mortgage.

Menthol cigarettes are 13%. Flavor cigars and vape products over 50%. (of tobacco sales). Tobacco sales dropped 50% in Glenwood after ban. Basalt up 250% after ban in Glenwood and Aspen. Average customer is blue collar worker, male, 35 yrs old. Buy tobacco product along with other products. Would go somewhere else.

Convenience store – if not convenient for needs, will go elsewhere, just a few miles away to get everything they need.

Question 2: *How does your business currently limit access to these products for Loveland youth?*

At 7/11 can't sell vape products without scanning an ID. No chance of selling to minors, won't allow it. Average flavored tobacco customer is 25 – 35 yrs old. Some much older (50-60) for chewing tobacco. Lots use alternate nicotine products (Zin, Rogue...) People converting to alternate flavored products with nicotine and stop smoking.

Participate in BARS program, send in people of questionable age to test if they are following training and procedures. Continuous check 4x per year. No stores have got a red card.

Age restricted program sales program for training new staff (alcohol, tobacco, spot fake ID, different types of IDs)

Most retailers participate in BARS and company policy to card everyone. If employee caught, terminated.

No self-serve, most behind counter or under counter.

Question 3: *What solutions do you recommend for retailers to address youth access and usage of tobacco/vaping products in Loveland?*

Change in age limit to 21 will create a big impact. No classmates are 21. Kids buy online with debit card and click box saying they are 21.

Not happening wide-spread in convenience stores with under age purchases. Don't see devices (hoodie strings, etc.) in convenience stores, get them online or perhaps in vape shops.

Original concern was for underage vaping. Don't understand correlation between that and adult use of flavored tobacco.

Big concern heard that flavors attract kids, but other products (coffee, ice cream, alcohol) also have flavors. Adults also attracted to/enjoy flavors.

Started in 2019 with big wave of youth vaping, new 21 age limit and flavor ban on vaping products and prop E in Colorado with tax increase, let's see how things play out before making a decision like this.

Appendix B: Notes from 1/27/2021 Roundtable:

Question 1: *Given the desire of Council to hear from Loveland businesses that sell tobacco before they make a final decision, what would Option A mean for your business in terms of revenue, staffing, secondary sales, etc.?*

It would put them out of business with the flavor ban, estimate \$.5 mil revenue loss. Store has been 21 and up since 2020. It wouldn't stop people getting flavors. Large online sales delivered to house. Surrounding areas – Colorado tax increase resulted in 400% increase in sales in Wyoming location while sales decreased in Loveland. 1500 purchases a day at location. 50% of revenue from flavored ~750 people/day impacted.

Huge hit to Smoker Friendly. Glenwood Store is down 87% in overall volume since similar ordinance passed. Glenwood has loss of tax revenue. All sales impacted. Wyoming sales have increased since tax increase. Colorado consumers going to Wyoming. If customers can't find product in Loveland they can go to surrounding areas.

Age raised to 21 -federal mandate in 2020. Concerns raised in 2019 have changed -- fewer flavors, sale age raised to 21, and tax on vaping products. Consumer count -average 9000 people/month purchasing different flavored products. Both Loveland residents and people living outside but work here.

Shell (gas station/convenience store) retailer of diverse products. Flavored portion of sales 40% tobacco sales. Huge impact to revenue in change of buying habits. Impact to fuel sales plus other items. Huge impact.

7/11 -running numbers \$540/day flavored tobacco. \$40,000/month. One stop shop as people purchase secondary items.

Banning flavors affects tens of thousands of adults. Consenting adult can't enjoy what they like is infringement of right to purchase legal products. Flavors are found in water and alcohol - why ban an adult consumer on what they choose to purchase? Putting flavor to advertise to children implies that all flavored products are advertising to children

Cost of tobacco is resulting in changing of products that retailers are selling. Banning flavors doesn't allow retailer to adjust product lines to address sales.

Fall of primary sales plus secondary sales. Results in decrease in staffing due to lower levels of sales.

Question 2: How does your business currently limit access to these products for Loveland youth?

Products behind the counter. Also under lock and key. School next door and day care and not issues with underage purchase. Have to talk to sales associate to purchase it and check the ID. Sales associate must be of age.

Glass cases -everything has to be handed to you and must check ID. Strict age enforcement with employees – if you sell to minors you lose your job. Penalties for not IDing minors.

Any vaping products must see ID. BARS program -- monthly checking IDs and ensuring compliance.

Everyone must be 100% compliant to checking ID -has a camera to watch as well.

Age Restricted Store: self-service for cigars, other products on open shelves. ID at the door and check outside to make sure they don't have a 3rd party

purchasing for under-aged people. BARS program -which is self-regulating. Expensive program to assure compliance. We don't need to sell to kids.

Question 3: What solutions do you recommend for retailers to address youth access and usage of tobacco/vaping products in Loveland?

In support of doing the licensing and would support options B or D. Stopping youth vaping must address access from the internet – delivered directly to them.

Somewhere there seems to be a disconnect that children can purchase from local retailers without them being ID-ed. That is not happening in their business.

Parents and schools must be responsible. Educating them to not engage in bad behavior

Support options B or D licensing portion. Age restricted store should be able to have self-service since IDs are checked at the door. 22 years in business -never have had a problem.