

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)

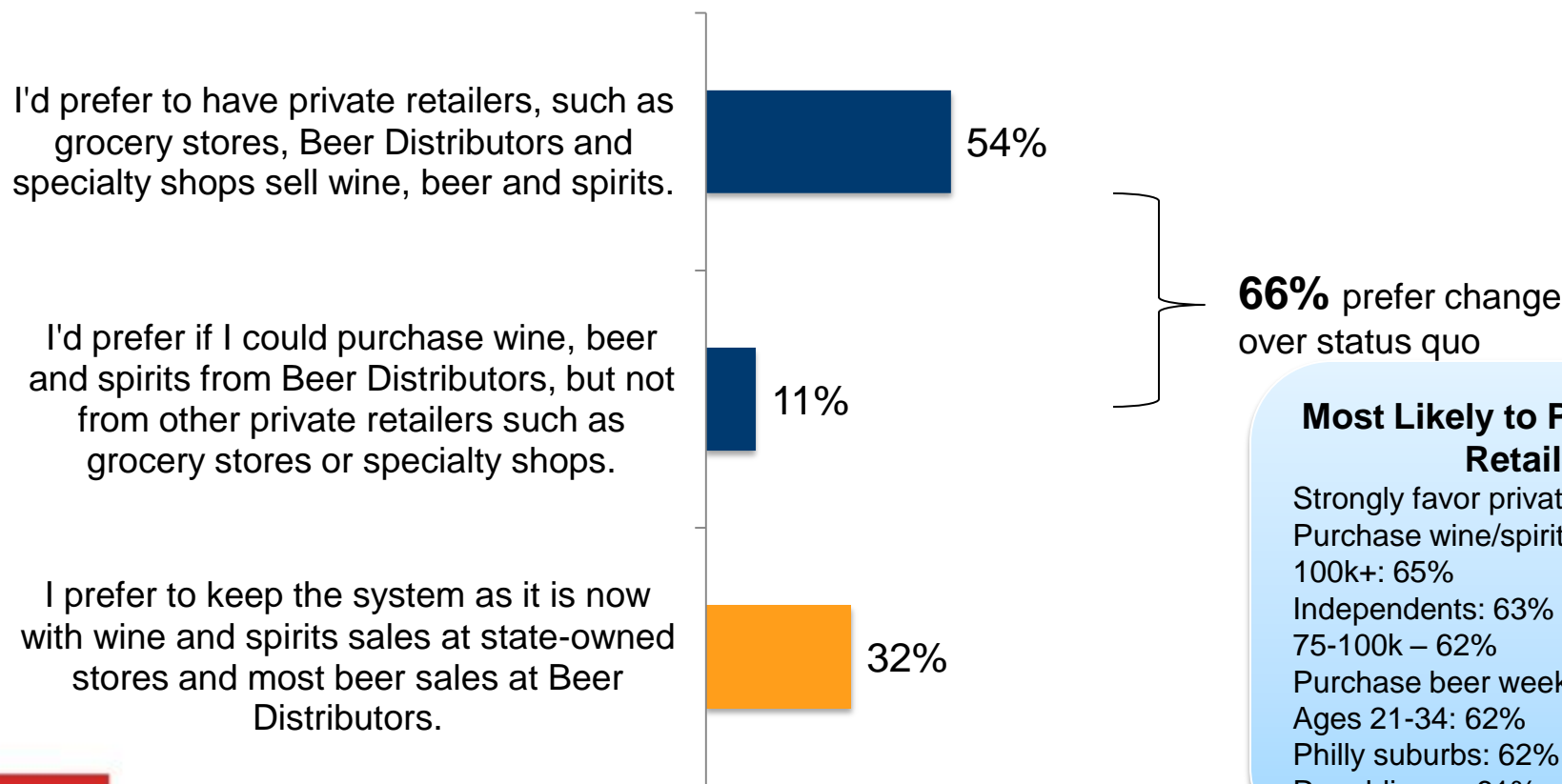
- Most beneficial outcomes of privatization are viewed as:
 - + *PA consumers won't cross state borders to buy wine and spirits and more money will stay in PA.*
 - + This is viewed as especially beneficial by women and those in the Philly suburbs
 - + *Thousands more private sector jobs will be created.*
 - + *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

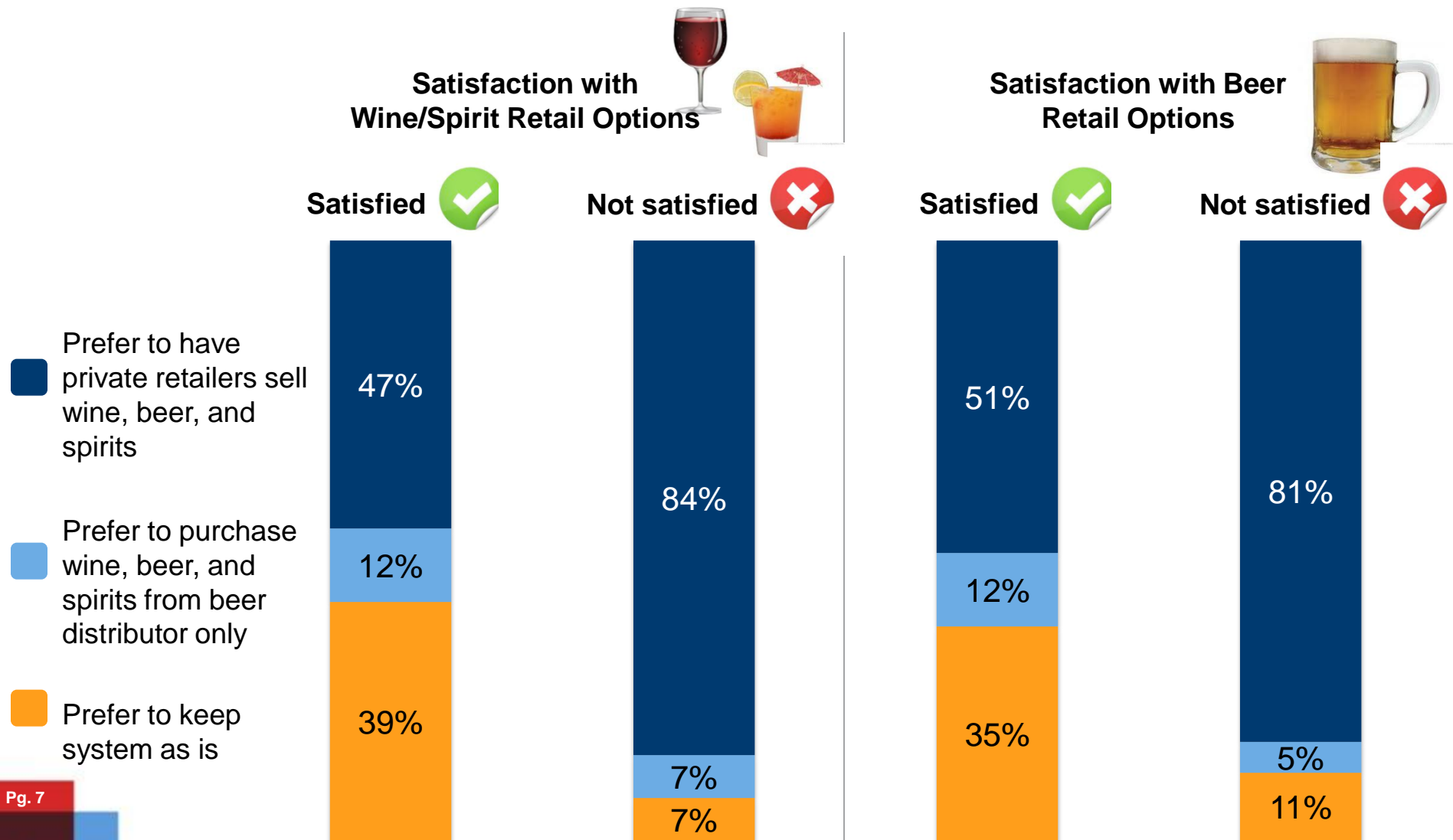
View on Where to Shop for Alcohol in PA



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%

Regardless of satisfaction levels of current wine/spirit and beer retail options, Pennsylvania residents want a change



BASE: ALL QUALIFIED RESPONDENTS

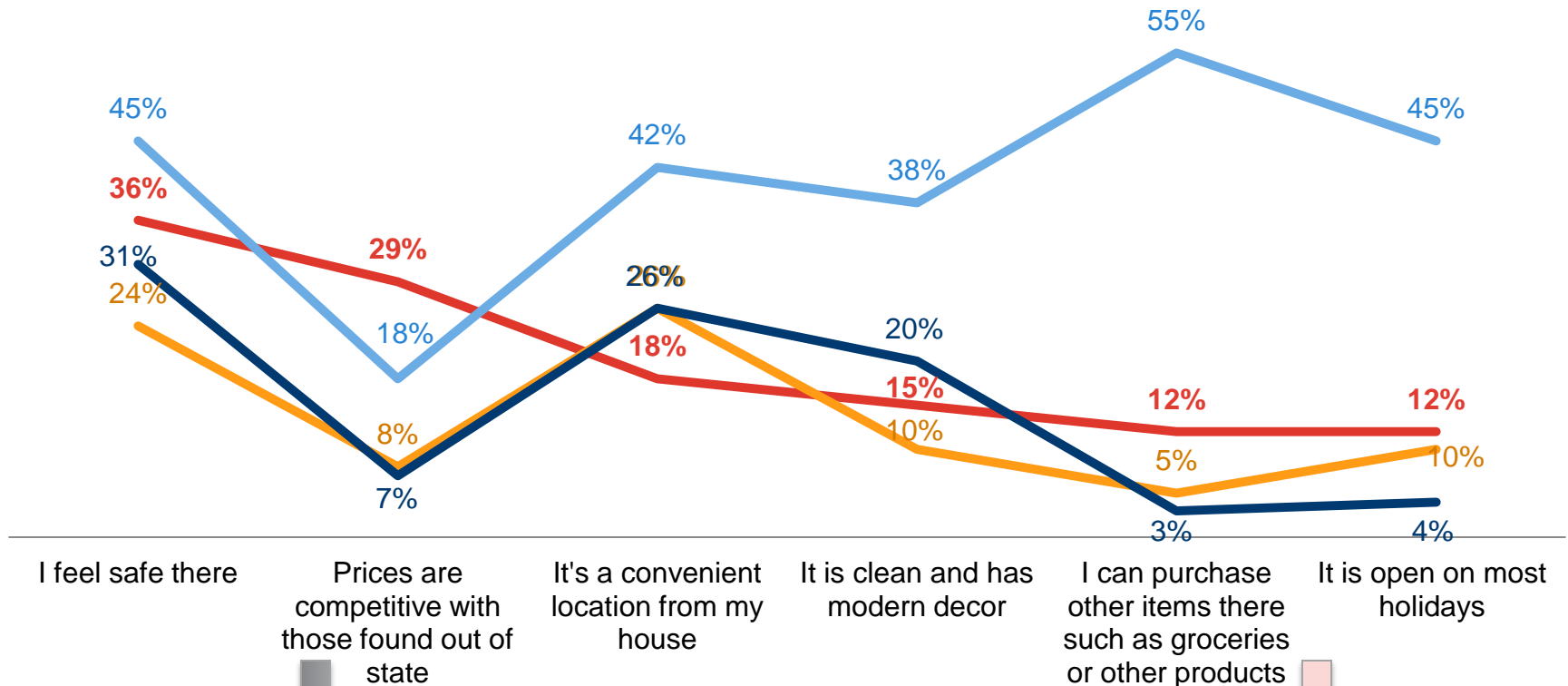
Q230. If people in Pennsylvania had their choice on where to shop for all their alcohol, including wine, spirits and beer in Pennsylvania, which comes closest to your view:

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



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/spirits/beer 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.

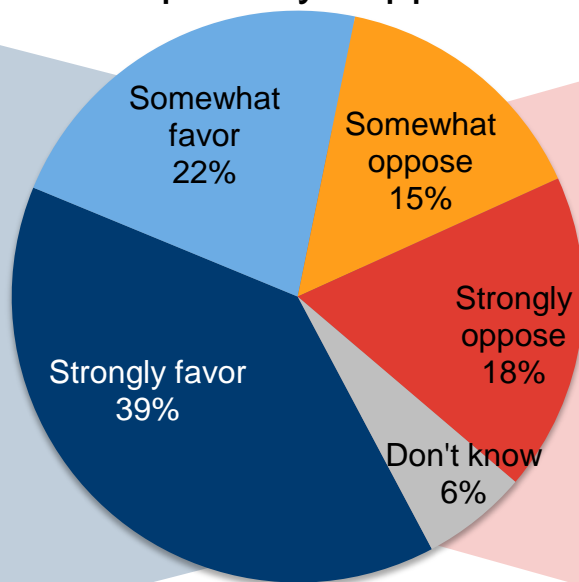
More than 6 in 10 Pennsylvania residents favor ending the government sale and distribution of wine and spirits, including bipartisan support.

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

Majority favor all potential changes to sale and distribution of wine/spirits in PA, except for only allowing beer distributors to sell wine/spirits

Oppose

Favor or Oppose Changes

Favor
(Somewhat/Strongly)

Total Favor

32%

Removing government from the sale and distribution of wine and spirits by licensing and regulating private retailers.

24%

42%

66%

34%

Allowing beer, wine and spirits to be sold in supermarkets and specialty stores.

23%

43%

65%

37%

Allowing just beer and wine to be sold in supermarkets and specialty stores.

29%

34%

63%

66%

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.

20% 12%

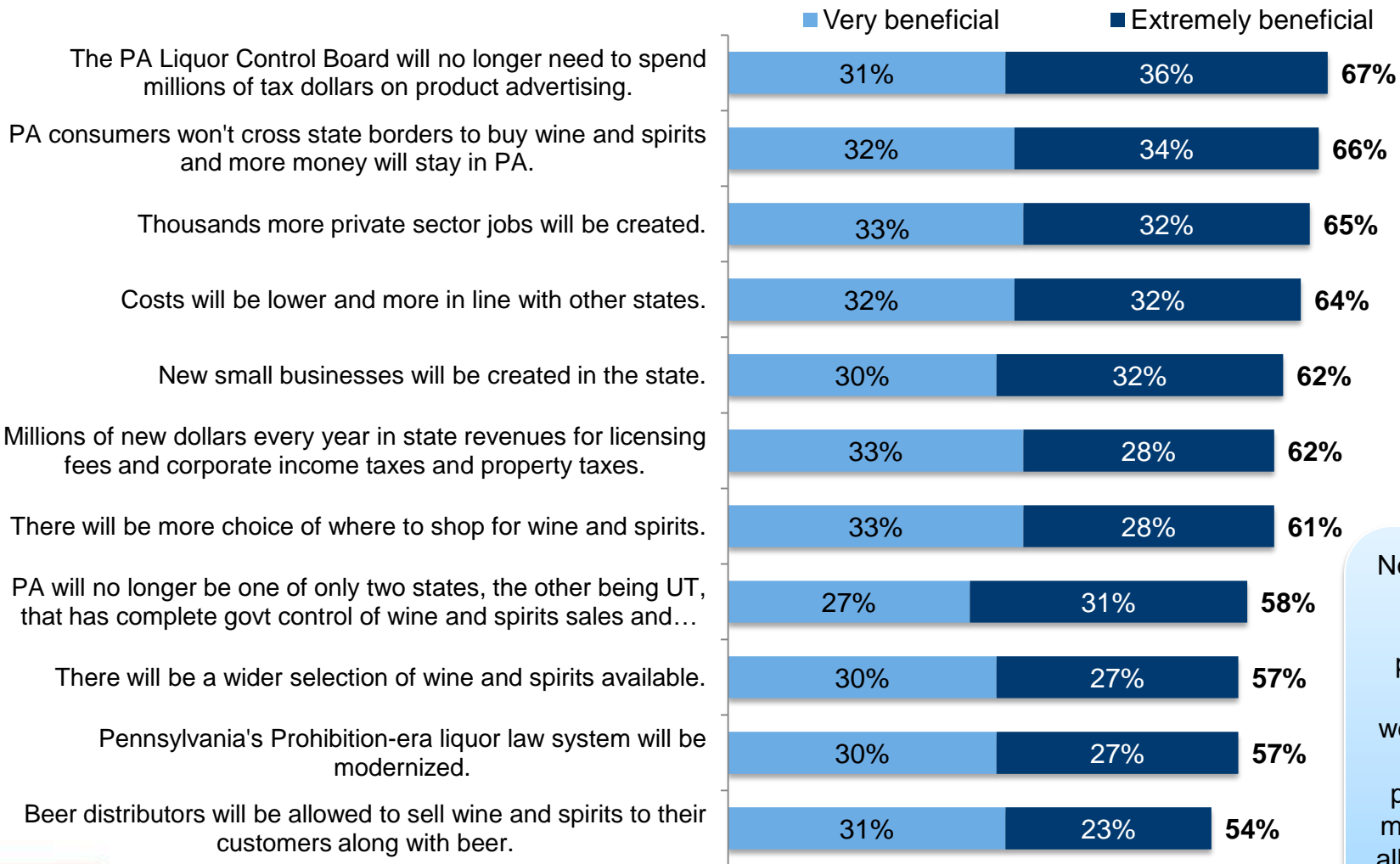
33%

*"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*

BASE: ALL QUALIFIED RESPONDENTS

Q260. Please tell me if you would favor or oppose the following changes to the sale of wine and spirits in the state of Pennsylvania. After I read each one, please tell me if it sounds like something you would favor or oppose.

While all support statements were viewed as beneficial to Pennsylvania, those that saved costs for the state and its citizens are deemed most beneficial



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

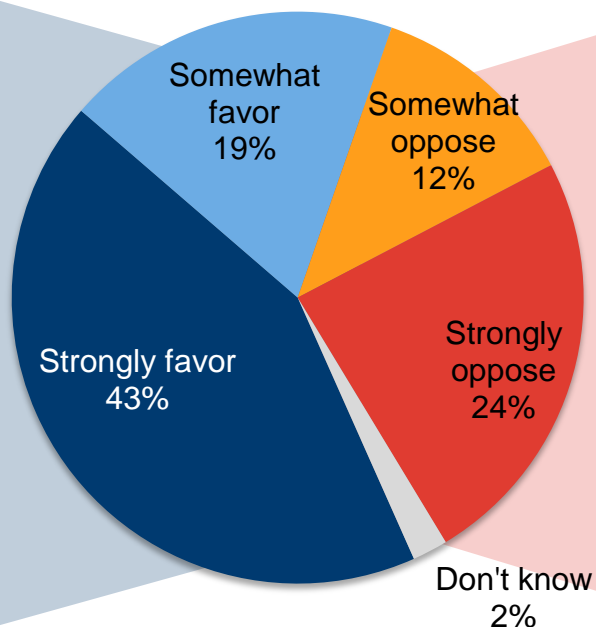
BASE: ALL QUALIFIED RESPONDENTS

Q290. Now I'll read some possible outcomes that have been suggested if the state of Pennsylvania allows private retailers, such as grocery stores or specialty stores with state approved licenses, to sell wine and spirits. Please tell me how beneficial you believe these outcomes would be for Pennsylvania.

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.



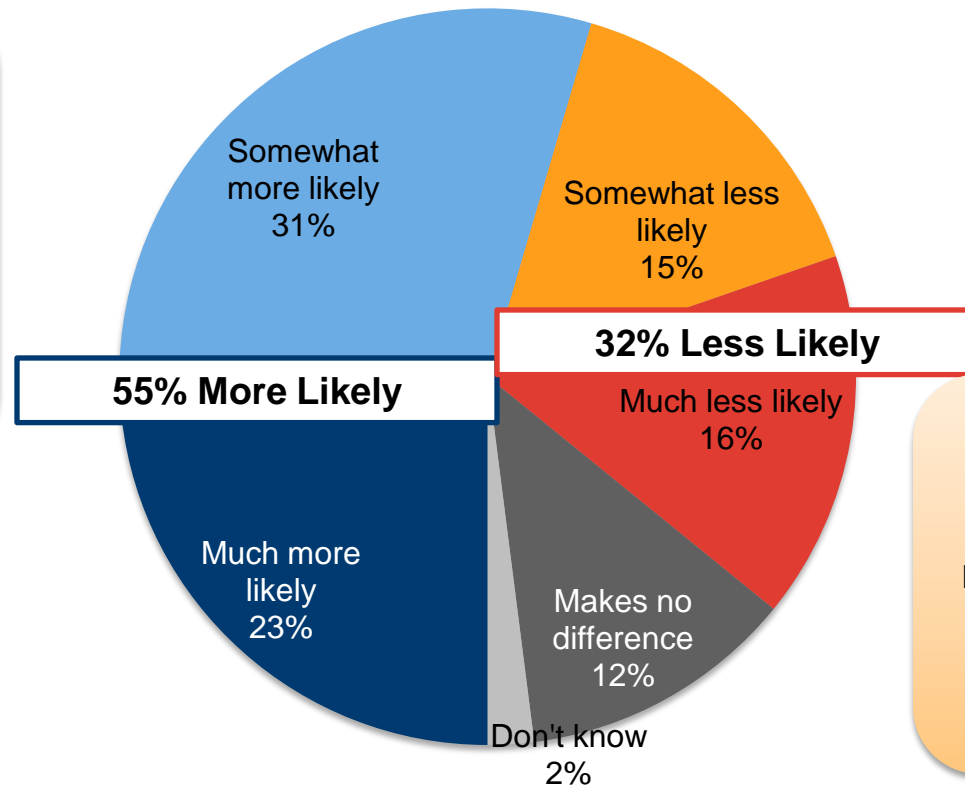
35% Oppose

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.

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%

Respondent Profile

Political Outlook

Liberal NET	31%
Very Liberal	9%
Somewhat Liberal	23%
Moderate	23%
Libertarian	4%
Conservative NET	38%
Somewhat Conservative	24%
Very Conservative	14%

Political Party

Republican	37%
Democrat	50%
Independent	7%
Libertarian	1%
Green/Something else/	5%
Not sure/Declined	

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

Member NET	29%
Self	9%
Family member	16%
Both	4%
No	70%

Education

Grades 1-8	*
Grades 9-12	2%
HS Graduate	21%
Some college	22%
College Graduate	32%
Post-Graduate	22%

Income

<\$25,000	7%
\$25,000 to less than \$35,000	7%
\$35,000 to less than \$50,000	11%
\$50,000 to less than \$75,000	21%
\$75,000 to less than \$100,000	18%
\$100,000 or more	27%

Race/Ethnicity

White	85%
Hispanic	2%
African-American/Black	7%
Asian	1%
Other	3%