

## Alcohol Policy Coalition Marketing and Advertising of Alcohol – Policy Statement

### 1.1 The issues

#### *Alcohol marketing*

Marketing of alcoholic beverages is a global industry, increasingly dominated by large, transnational companies with immense resources and budgets. Within this environment, marketers strive to distinguish their products from their rivals and make them attractive to consumers through a variety of sophisticated strategies. Marketing is crucial for alcohol beverage producers to achieve their key objectives - to gain the greatest possible market share and maximise alcohol consumption.<sup>1</sup>

Traditionally, alcohol beverages have been marketed and promoted through an integrated mix of television, radio and print advertisements. However, in recent years, alcohol marketers have utilised a range of interactive technologies such as mobile phones, the Internet and emails, which are popular with young people.<sup>2</sup> Consequently, marketing strategies have become increasingly complex and innovative, involving multi-faceted campaigns combining multiple technologies or personalised emails or SMSs that promote specific alcohol related incentives.<sup>3</sup> The dynamic nature of the internet makes it a particularly powerful promotional medium and many alcohol companies have created engaging online environments with content and promotions especially designed to appeal to young people.<sup>4</sup>

Sponsorship is another means by which alcohol marketers target consumers, particularly young people. Sponsorship of sports, arts, music and other events offer alcohol companies a receptive audience that is already primed to have a good time<sup>5</sup> and provides them with opportunities to embed their brands in the everyday activities of current and potential consumers.<sup>6</sup>

In 2007, Australian advertisers spent over \$126 million, a spending increase of 15.7% on the previous year. The top 10 advertisers alone spent \$88 million of that across TV, press, radio, cinema and outdoor advertisements.<sup>7</sup> However, the real figure of how much the alcohol industry spends each year is likely to be much higher - at least a quarter of a billion dollars - if other kinds of promotions such as the Internet and point of sale marketing campaigns are also taken into account.<sup>8</sup>

#### *Link between alcohol advertising and drinking consumption*

Much of the current research surrounding alcohol marketing is concerned with how it affects the levels and patterns of alcohol consumption. The debate has tended to focus on young people on the basis that they are considered to be more susceptible to advertising messages and more likely to experience harm as a result of risky drinking behaviour.<sup>9</sup>

Research in Australia and overseas has provided growing evidence that alcohol marketing significantly influences young people's decisions about drinking and their expectations related to alcohol use. This includes not only their initiation to drinking, what they drink, how much they drink, where and with whom they drink but also the way they think and feel about alcohol.<sup>10</sup> Exposure to alcohol advertising has been found to shape young people's beliefs, attitudes and drinking behaviours<sup>11</sup> and several studies have shown that young people, even 10-12 year olds, were adept at interpreting the messages, images and targeting of alcohol advertisements in the same way as adults.<sup>12</sup> While the alcohol industry may argue that they do not deliberately set out to target underage drinkers, this group is nevertheless caught through various forms of marketing exposure.<sup>13</sup> In essence, the more aware, familiar and appreciative young people are of alcohol, the more likely they are to drink both now and in the future.

However, there can be significant negative consequences from this early initiation to alcohol consumption. Studies on the long-term impact of adolescent alcohol use consistently show that early and frequent use of alcohol approximately doubles the risk of alcohol related problems later in life.<sup>14</sup> Further, research into lifelong alcohol consumption demonstrates that early initiation of alcohol drinking and heavy drinking in adolescence and young adulthood can have long-term adverse health impacts, including increased risks for a range of diseases.<sup>15</sup>

### ***Regulation of alcohol advertising in Australia.***

There is limited regulation of alcohol advertising in Australia. The *Commercial Television Industry Code of Practice* (the Code) provides that televised advertisements to children must not be for, or relate in any way to, alcoholic drinks or draw any association with companies that supply alcoholic drinks. To limit children's exposure to alcohol advertising, the Code provides that direct advertisements for alcoholic drinks can be broadcast only between 8.30pm and 5.00am. Yet, this provision is flawed, as the same Code also allows alcohol advertising during the day as an accompaniment to the live broadcast of a sporting event on weekends and public holidays or if the sporting event is broadcast simultaneously across a number of licence areas or time zones.<sup>16</sup>

Given the popularity of sport in Australia and the amount of sport broadcast on weekends and across time zones, large numbers of children are exposed to alcohol advertising during these periods. This is substantiated by research that demonstrates the popularity of major sporting events among children<sup>17</sup> and indicates that, despite the Code's purported restrictions, alcohol advertisements are just as likely to be seen by children as adults.<sup>18</sup> There is also strong public support for reforming the Code and imposing restrictions on alcohol TV advertisements.<sup>19</sup>

Apart from the Code, alcohol advertising in Australia is self-regulated. The Advertising Standards Bureau administers a general *Code of Ethics*, applying to all forms of advertising. In addition a group of three alcohol industry associations – the Distilled Spirits Industry Council of Australia Inc., Australian Associated Brewers Inc., and the Winemakers Federation of Australia Inc. - administers the voluntary Alcohol Beverages Advertising Code (ABAC) that applies specifically to the advertising of alcohol. ABAC incorporates advertising guidelines, a mechanism for pre-vetting of advertisements in development and a complaints panel that adjudicates formal objections to advertisements.

ABAC requires advertisements to present a mature, balanced and responsible approach to drinking. Specifically, alcohol advertisements are not to have strong or evident appeal to children or adolescents, depict the consumption or presence of alcohol as contributing to personal, business, social, sporting, sexual or other success, or suggest alcohol contributed to a change in mood or environment.<sup>20</sup>

However, a review commissioned by the Ministerial Council on Drug Strategy in 2003 concluded that the ABAC system was dysfunctional. It found too many advertisements violated ABAC and that many complaints were not investigated and, when they were, the process took too long and decisions were not reported accurately.<sup>21</sup> Changes were implemented in 2004, including adding a public health expert to the ABAC complaints panel and extending ABAC to include internet advertising and the sponsorship of events.

Despite these changes, ABAC remains an ineffective regulatory tool. As it is a voluntary code, there is no means of enforcing it and there are no penalties for non-compliance even if an advertiser has been found to offend the code. This is particularly apparent in the pre-vetting system where only advertisers who are signatories to certain ABAC industry associations are required to submit their advertisements for pre-vetting. ABAC is also limited in scope, failing to cover many kinds of marketing techniques such as in-store promotions. It relies on complaints to identify and address breaches of rules and has no facilities for pro-active investigation of potential breaches. Further, there is a lack of systematic, independent monitoring, auditing and research of ABAC's processes and outcomes.

Australia's experience of an ineffective self-regulatory advertising system is consistent with international research that indicates that attempts to restrict alcohol marketing primarily through voluntary codes are inadequate.<sup>22</sup> Experiences in different countries show that these kinds of codes work best where the media, advertising and alcohol industries are all involved and an independent body has powers to approve or veto advertisements, rule on complaints and impose sanctions. Few countries currently have all these components.<sup>23</sup>

### ***The Coalition's position***

The Coalition recognises that alcohol is an integral and enjoyable part of Australian culture. However, from a public health perspective, alcohol is also commonly associated with violence, injury, car accidents, illness and crime. There is a growing chorus of alarm about the impact of excessive drinking, especially among vulnerable groups such as teenagers, as evidenced by recently announced government policy to tackle these issues, the ongoing media coverage and the concerns being raised across many sections of Australian society.

The effects of alcohol advertising go well beyond an individual's drink preferences to influence how we perceive alcohol and its place in society. As noted in the *National Alcohol Strategy 2006-2009*, "the wide-ranging ways in which alcohol is promoted is a major force behind Australia's drinking culture."<sup>24</sup> Research has demonstrated that exposure to repeated high level alcohol promotion inculcates pro-drinking attitudes and alcohol advertising has been found to promote and reinforce perceptions of drinking as positive, glamorous and relatively risk-free.<sup>25</sup>

The Coalition considers that increased restrictions on where, when and how alcohol can be advertised would greatly reduce the impact of any alcohol promotions and the harmful consequent effects on the community. Evidence indicates that introduction of alcohol advertising bans decreases alcohol consumption<sup>26</sup> and, in the Australian context, would be less expensive and more effective than current practices.<sup>27</sup> Advertising bans also have the potential to reduce the harmful social costs of alcohol consumption such as motor vehicle fatality rates.<sup>28</sup>

Regulating alcohol marketing presents considerable challenges as it is constantly evolving and, particularly in the case of marketing strategies that utilise new technologies, is not easily monitored or controlled. Therefore, the Coalition views measures that regulate alcohol advertising as an important, component part of an overall, comprehensive strategy aimed at dealing with and minimising alcohol-related harm in Australia.

The Coalition considers that the current situation regarding alcohol advertising in Australia is unacceptable. In light of the failure of industry self-regulation, the Coalition calls on the Commonwealth Government to regulate alcohol advertising.<sup>29</sup>

## **1.2 The Coalition's recommendations**

Therefore, the Coalition recommends the following options for the regulation of Australian alcohol advertising:

- (1) Alcohol advertising legislation:** The Coalition recommends the establishment of a comprehensive legislative framework for alcohol advertising in Australia that will:
- cover all forms of alcohol marketing, including point of sale promotions, print and media advertising, packaging, labeling, sponsorship, viral and internet campaigns;
  - provide that all alcohol advertisements be subject to pre-vetting;
  - establish clear public policy goals for the advertising regulatory system such as minimising the exposure of alcohol advertising to children;
  - create an independent body for administering the system with the powers to formally investigate, where appropriate, breaches of the alcohol advertising rules;
  - include internal monitoring processes that are independently audited and provides external, independent oversight of the outcomes of the regulatory system; and

- provide for legislative sanctions that will be invoked in specific circumstances such as serious or persistent non-compliance by advertisers.

**(2) Bans on the sponsorship of events by alcohol companies:** The Coalition recommends that the legislation provide for the incremental, introduction of bans on the sponsorship of sporting and cultural events by alcohol companies, leading to the ultimate ban of the sponsorship of all events by alcohol companies and brands in Australia. Such a ban could mirror the *Tobacco Advertising Prohibition Act 1992* (Cth), which provided for transitional arrangements for the phasing out of tobacco advertisements. Under this approach, existing sponsorship agreements would run their course and there would be sufficient time for event organisers to seek alternative sources of sponsorship.

**(3) Bans on alcohol advertisements:** The Coalition recommends that the legislation provide for the phased introduction of bans on alcohol advertisements. Initially, the ban would apply to the banning of alcohol advertisements during live sporting broadcasts on television and expand, over time, to apply to alcohol advertisements featured on billboards and public transport infrastructure; in cinema and radio; and the television and internet.

**(4) Research:** The Coalition recommends that there be ongoing research on the impact and effect of alcohol marketing in Australia, particularly on young people to provide a sound evidence base for the development of ongoing alcohol marketing policy. This research should also focus on identifying and analysing new marketing trends and initiatives.

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## REFERENCES

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<sup>19</sup> A recent survey indicated that 72.2% of Australians supported limiting TV advertising of alcohol until after 9.30pm. See Australian Institute of Health and Welfare. (2008). *2007 National Drug Strategy Household Survey: State and Territory Supplement*, p. 11.

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<sup>28</sup> If countries with no alcohol advertising restrictions implemented partial bans, alcohol consumption could be reduced by 16% and motor vehicle fatality rates by 10%. As Australia effectively has no advertising bans, there is the potential to save up to \$5,150m in terms of total social costs from alcohol abuse if Australia implemented a full alcohol advertising ban and up to \$3,210m for a partial ban. The estimated impact on social costs of alcohol-attributed road accidents is also significant with up to \$1,210m cost savings after the implementation of a full advertising ban and up to \$470m for the implementation of a partial ban. See Collins, D. & Lapsley, H. (2008). *The avoidable costs of alcohol abuse in Australia and the potential benefits of effective policies to reduce the social cost of alcohol*. National Drug Strategy. Monograph Series No. 70. p. 19-21.

<sup>29</sup> The Commonwealth Government has the constitutional power to regulate alcohol advertising or to impose a code of conduct on the alcohol industry under the *Trade Practices Act 1975 (Cth)*. However, it has been reluctant to step in and assume the responsibility and cost of regulating industries unless there is a severe market failure or there are distinct net public benefits. For these reasons, there has been only one imposed industry code of conduct to date. The Commonwealth Government has also previously stated that it has refrained from enacting any legislation banning or regulating alcohol advertising due to the general cooperation of industry in ensuring responsible advertising. This position appears unlikely to change in the near future. See *Government Taskforce on Industry Self-Regulation* at <http://www.treasury.gov.au/documents/1132/PDF/044.pdf> for more information.