The beverage alcohol industry and alcohol policy

York
2 November 2006

Peter Anderson
Contents:

1. Who is the alcohol industry?
2. What is the industry approach?
3. Examples of case studies
4. Alcohol as a health issue
5. The SSA project
6. Some future directions
Contents:

1. Who is the alcohol industry?

   Producers
   Trade bodies
   Social aspects organizations
## Concentration in the global beer market
### 1979-2004

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Country</th>
<th>1979/80</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inbev</td>
<td>Belgium</td>
<td>*</td>
<td>13.9% (1)</td>
</tr>
<tr>
<td>SABMiller</td>
<td>UK</td>
<td>4.83% (2-Miller), 0.93% (17-SAB)</td>
<td>12.0% (2)</td>
</tr>
<tr>
<td>Anheuser-Busch</td>
<td>USA</td>
<td>6.48% (1)</td>
<td>10.8% (3)</td>
</tr>
<tr>
<td>Heineken NV</td>
<td>Netherlands</td>
<td>2.84% (4)</td>
<td>7.6% (4)</td>
</tr>
<tr>
<td>Carlsberg Breweries A/S</td>
<td>Denmark</td>
<td>3.08% (3)</td>
<td>4.3% (5)</td>
</tr>
<tr>
<td>Molson Coors Brewing Co.</td>
<td>USA</td>
<td>+</td>
<td>4.0% (6)</td>
</tr>
<tr>
<td>Scottish Courage</td>
<td>UK</td>
<td>+</td>
<td>3.4% (7)</td>
</tr>
<tr>
<td>Grupo Modelo</td>
<td>Mexico</td>
<td>1.34% (12)</td>
<td>2.9% (8)</td>
</tr>
<tr>
<td>Kirin</td>
<td>Japan</td>
<td>*</td>
<td>2.5% (9)</td>
</tr>
<tr>
<td>Baltic Beverages Holding</td>
<td>Russia</td>
<td>*</td>
<td>2.5% (10)</td>
</tr>
<tr>
<td><strong>Total market share of top ten companies</strong></td>
<td></td>
<td>27.99%</td>
<td>63.90%</td>
</tr>
</tbody>
</table>

*Jernigan 2006*
## Concentration in the global distilled spirits market, 1991-2003

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UDV (Diageo)</td>
<td>UK</td>
<td>10.5% (1)</td>
<td>14.7% (1)</td>
</tr>
<tr>
<td>Pernod Ricard</td>
<td>France</td>
<td>5.7% (4)</td>
<td>12.9% (2)</td>
</tr>
<tr>
<td>UB Group</td>
<td>India</td>
<td>3.7% (8)</td>
<td>8.5% (3)</td>
</tr>
<tr>
<td>Jim Beam (Fortune)</td>
<td>US</td>
<td>4.8% (6)</td>
<td>5.9% (4)</td>
</tr>
<tr>
<td>Bacardi</td>
<td>Bermuda</td>
<td>7.7% (3)</td>
<td>5.8% (5)</td>
</tr>
<tr>
<td>Suntory</td>
<td>Japan</td>
<td>4% (7)</td>
<td>2.7% (6)</td>
</tr>
<tr>
<td>Constellation Brands</td>
<td>US</td>
<td>2.5% (10)</td>
<td>2.5% (7)</td>
</tr>
<tr>
<td>Brown-Forman</td>
<td>US</td>
<td>*</td>
<td>2.4% (8)</td>
</tr>
<tr>
<td>V&amp;S Vin and Sprit AB</td>
<td>Sweden</td>
<td>*</td>
<td>2.2% (9)</td>
</tr>
<tr>
<td>Gruppo Campari</td>
<td>Italy</td>
<td>*</td>
<td>2.2% (10)</td>
</tr>
<tr>
<td><strong>Total share of top ten</strong></td>
<td></td>
<td><strong>57%</strong></td>
<td><strong>60.0%</strong></td>
</tr>
</tbody>
</table>

Jernigan 2006
ALCOHOL IN EUROPE
A PUBLIC HEALTH PERSPECTIVE

A report for the European Commission

Peter Anderson and Ben Baumberg
AN INDEPENDENT REVIEW
OF ISSUES RELATED TO ALCOHOL
CONSUMPTION IN EUROPE

Prepared for

The Brewers of Europe

12 June 2006
THE WEINBERG GROUP is an international scientific and regulatory consulting firm that helps companies protect their product at every stage of its life. We help our clients improve manufacturing processes, clear regulatory hurdles, and defend products in the courts and the media.
The Weinberg Group, was involved in the tobacco industry’s campaign to dispute evidence on the harmful effects of passive smoking, and those by the chemical industry to challenge evidence on the harmful environmental effects of various toxic substances.
It contends that there is insufficient evidence that alcohol causes as much harm as is alleged or that preventive measures would be effective.

It concludes that “violence is a subjective term which is fairly nebulous and elastic,” and that

“there is not enough evidence to substantiate a link between alcohol advertising and consumption.”
Tobacco company CEOs declare, under oath, that nicotine is not addictive
Dangers facing beverage alcohol industry

- taxes;
- vigorous drink driving measures;
- restrictions on availability;
- treatment services;
- advertising restrictions;
- warning labels; and
- ingredient labelling.

Tim Ambler
Grand Metropolitan, 1984
“It is generally agreed that the tobacco industry reacted to not dissimilar threats in a passive, inadequate manner and most of all too late…..”

Tim Ambler
Grand Metropolitan, 1984
<table>
<thead>
<tr>
<th>The Portman Group</th>
<th>Allied Domecq</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bacardi Brown Forman Brands</td>
</tr>
<tr>
<td></td>
<td>Beverage Brands (UK) Ltd</td>
</tr>
<tr>
<td></td>
<td>Carlsberg UK</td>
</tr>
<tr>
<td></td>
<td>Coors Brewers UK</td>
</tr>
<tr>
<td></td>
<td>Diageo Great Britain</td>
</tr>
<tr>
<td></td>
<td>Interbred UK</td>
</tr>
<tr>
<td></td>
<td>Period Ricard UK</td>
</tr>
<tr>
<td></td>
<td>Scottish and Newcastle</td>
</tr>
<tr>
<td>1989</td>
<td>United Kingdom</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.portman-group.org.uk">www.portman-group.org.uk</a></td>
</tr>
</tbody>
</table>

- "The majority of people who drink alcohol enjoy it without causing harm to themselves or others. The Portman Group acts to reduce the misuse of alcohol by the minority through a strategy of working with other organisations locally and nationally."
Social Aspect Organizations Funded by Alcohol Industry

From Babor, 2006
Contents:

2. What is the industry approach?

- Regulation a blunt tool
- Education is the answer
- Leave us alone to self-regulate
Stakeholder analysis

Policy impact

<table>
<thead>
<tr>
<th>Policy options</th>
<th>NGO</th>
<th>GO</th>
<th>AI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation</td>
<td>8</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>8</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Implementation of law</td>
<td>8</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>
Stakeholder analysis

SD away from median of scale

Policy options

Regulation
Education
Implementation of law

NGO
GO
AI
Leave us alone to self-regulate
Alcohol industry self-regulation is the principal means for regulating alcohol advertising in the U.S.
• Beer advertising and marketing materials should not portray sexual passion, promiscuity, or any other amorous activity as a result of consuming beer.
• May contain romantic or flirtatious interactions but should not portray sexually explicit activity as a result of consuming beer.
- Beer advertising and marketing materials should not claim or represent that individuals cannot obtain social, professional, educational, athletic, or financial success or status without beer consumption.
Beer advertising and marketing materials should not portray persons lacking control over their behavior, movement, or speech as a result of consuming beer, or in any way suggest that such behavior is acceptable.
- Beer advertising and marketing materials should not contain graphic nudity.
Don’t ask a bird
to clip its own wings

Analysis of self regulation of alcohol marketing in the Netherlands

STAP
NATIONAL FOUNDATION FOR ALCOHOL PREVENTION
3. Examples of case studies

Research
Moo Joose
Babor and Xuan

Alcohol policy research and the grey literature

A Tale of Two Surveys

NAT, 2004
Compared results of:

ICAP survey of 48/114 (42%) countries, representing 22% of the world’s population

WHO survey of 118/175 (67%) countries, representing 86% of the world’s population
Compared Prevalence of existing policies between 2 surveys

Reported on results of partnerships with the beverage alcohol industry from ICAP survey
Compared Prevalence of existing policies between 2 surveys

Reported on results of partnerships with the beverage alcohol industry from ICAP survey
Table 1. Comparison of ICAP and WHO surveys in terms of reported prevalence of five alcohol policies listed as potential response options in both questionnaires.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Global %</th>
<th>Regions</th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>ICAP</td>
<td>WHO</td>
<td>ICAP</td>
<td>WHO</td>
<td>ICAP</td>
<td>WHO</td>
<td>ICAP</td>
<td>WHO</td>
</tr>
<tr>
<td>Number of countries</td>
<td>(48)</td>
<td>(118)</td>
<td>(12)</td>
<td>(23)</td>
<td>(10)</td>
<td>(26)</td>
<td>(7)</td>
<td>(20)</td>
</tr>
<tr>
<td>Minimum purchase age</td>
<td>63% 82%</td>
<td>67% 100%</td>
<td>60% 64%</td>
<td></td>
<td></td>
<td></td>
<td>72% 100%</td>
<td></td>
</tr>
<tr>
<td>Licensing of sales</td>
<td>75% 73%</td>
<td>58% 88%</td>
<td>80% 82%</td>
<td>100% 65%</td>
<td>83% 52%</td>
<td></td>
<td></td>
<td>83% 80%</td>
</tr>
<tr>
<td>Drinking and driving</td>
<td>81% 93%</td>
<td>50% 96%</td>
<td>70% 84%</td>
<td>100% 100%</td>
<td>100% 96%</td>
<td></td>
<td></td>
<td>100% 89%</td>
</tr>
<tr>
<td>Regulations on advertising</td>
<td>52% 60%</td>
<td>42% 70%</td>
<td>20% 43%</td>
<td>72% 70%</td>
<td>83% 74%</td>
<td></td>
<td></td>
<td>50% 65%</td>
</tr>
<tr>
<td>Health warning labels</td>
<td>25% 33%</td>
<td>42% 56%</td>
<td>20% 27%</td>
<td>14% 10%</td>
<td>17% 30%</td>
<td></td>
<td></td>
<td>0% 33%</td>
</tr>
</tbody>
</table>
Regarding the issue of partnerships with the alcoholic beverage industry, 50% of the 48 respondents in the ICAP survey answered yes to the question:

“Do you view the beverage alcohol industry as an effective partner in developing alcohol policies in your country?”
Among the respondents answering yes (N = 24), respondents were then asked to list the topic areas for potential partnerships.
But, ICAP used the wrong denominator, 24,

the respondents who answered yes to the question “Do you view the beverage alcohol industry as an effective partner in developing alcohol policies in your country?”,

instead of the total sample of 48.
AN ADDICTION AGENCY'S COLLABORATION WITH THE DRINKS INDUSTRY: MOO JOOSE AS A CASE STUDY

Addiction, 2005
Alcohol Education Australia Ltd

In August 2002, the Alcohol and Drug Foundation - Queensland (ADFQ) announced the formation, in conjunction with the alcohol industry, of Alcohol Education Australia Ltd. (AEA), to “promote responsible drinking and moderation in the consumption of alcohol.”
The host, Alcohol and Drug Foundation - Queensland, was a non-government, not-for-profit body with a thirty-year history. It conducted treatment services in residential, custodial and community settings, a prevention program, an annual conference, and published a quarterly magazine.
According to the Alcohol Education Australia prospectus: “The Company is owned by the Alcohol and Drug Foundation - Queensland, and was set up as a separate legal entity for the purpose of being recognised as a national public health organisation."

A board of nine directors will govern AEA, three appointed by each of ADFQ, industry stakeholders, and community stakeholders.
The *Moo Joose* case

Within months of forming AEA, ADFQ intervened in a licensing case to support a manufacturer whose application to sell alcoholic milk (*Moo Joose*) was rejected by a state licensing authority. Two principals of ADFQ, the president, and the CEO submitted an eight-page statement in defence of *Moo Joose* and both appeared before the tribunal as witnesses for the manufacturer.
In supporting *Moo Joose*, ADFQ reversed a previous policy.

In 1997 ADFQ declared *Candy Shots*, a vodka-based pre-mixed drink marketed in flavours of chocolate, banana, caramel, and marshmallow, “dangerous,” and called for proscription.

The CEO said, “But everyone knows that underage drinking occurs and this is just the type of drink that will make it easier for kids to get started.”
Features of ADFQ’s defence of *Moo Joose* included:

- The narrow neck of the bottle and the screw top would militate against the risk of drink spiking.
- The four-pack was “a harm minimisation strategy” that would limit consumption.
- The milk content would prevent excessive use and intoxication.
The Outcome

Liquor Licensing Victoria rejected *Moo Joose* because it saw alcoholic milk as a corruption of a product known to be healthy and one that might easily be taken up by children.
4. Alcohol as a health issue

DALYs
Risk curves
<table>
<thead>
<tr>
<th></th>
<th>High mortality developing region</th>
<th>Low mortality developing regions – emerging economies</th>
<th>Developed regions</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Both</td>
<td>Male</td>
</tr>
<tr>
<td><strong>Total DALYs (000s)</strong></td>
<td>420,711</td>
<td>412,052</td>
<td>832,763</td>
<td>223,181</td>
</tr>
<tr>
<td>Smoking and oral tobacco</td>
<td>3.4%</td>
<td>0.6%</td>
<td>2.0%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Alcohol</td>
<td>2.6%</td>
<td>0.5%</td>
<td>1.6%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Illicit drugs</td>
<td>0.8%</td>
<td>0.2%</td>
<td>0.5%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
Risk of death from injury, Finland
Risk of death from injury, Finland
grams alcohol per day

Relative risk

Chronic

acute

Cancer airways
Heart arrhythmias
**All studies**

\[ \ln R = 0.01142 (0.00059) \times alc - 0.11431 (0.00458) \sqrt{alc} \]

**Selected studies**

\[ \ln R = 0.01110 (0.00070) \times alc - 0.09867 (0.00530) \sqrt{alc} \]

---

Relative risk vs Alcohol consumption (g/day)

- 113 g/day
- 89 g/day
- 72 g/day
- 90 g/day
- 25 g/day
- 20 g/day
Figure 2. Categorical drinking group models for CHD mortality.
5. The SSA project

Copenhagen meeting
Papers
Next plans
SCIENTIFIC MEETING ON ALCOHOL INDUSTRY AND ALCOHOL POLICY

April 5-7 2006, Copenhagen

- Organized by the Society for the Study of Addiction (SSA) and the Nordic Council for Alcohol and Drug Research (NAD)

- Financed by the SSA, with support from the Norwegian government
MAIN AIMS

• Gather data and create an evidence base on the roles and actions of the alcohol beverage industry to the extent it has to do with alcohol policy

• Investigate the strategies and what drives the industry with the goal of counterbalancing industry strategies from a public health point of view
5 POINTS

1. The dominance of marketing strategies
2. Health vs business
3. Framing the issue
4. Litigation
5. Code of practice for research in relations with industry
FURTHER STEPS

• Scientific papers and information should be disseminated more broadly

• Discussions should be promoted in other venues

• Development of an expertise group on the alcohol industry to link with other global initiatives

• Follow-up meeting
  - identification of research gaps
  - more case studies
  - alcohol industry case studies
  - development of code of practice
  - consider links to NGOs.
Contents:

6. Some future directions

Science
Policy
Trade
Businesses should not try to do the work of governments, just as governments should not try to do the work of businesses.

The goals of business and the goals of government are different

“Partnership” between those two should always arouse intense suspicion
Alcohol Harm Reduction Strategy For England
The proper guardians of the public interest are governments, which are accountable to all citizens to:

- set goals for regulators
- deal with externalities
- mediate among different interests
- attend to the demands of social justice
Business managers, acting in their professional capacity, ought not to concern themselves with the public good:

- they are not competent to do it
- they lack the democratic credentials for it
- they cannot be trusted to get it right, partly because they lack the wherewithal to frame intelligent policy in these areas.
The proper business of business is business, by discharging responsibility to the owners of the firms, the shareholders.
The ‘loi Evin’

- No advertising is permitted:
  - when targeted to young people
  - on TV and cinema
- No sponsorship is permitted
- Messages and images should refer only to the qualities of the products
The ‘loi Evin’

- Before the law

- After the law
The ‘loi Evin’
These ads were judged illegal
in France in 2004
The French Government was taken to court, alleging that the Loi Evin, by prohibiting alcohol advertising on hoardings visible during the retransmission of bi-national sporting events on TV, entail restrictions on the freedom to provide advertising services and television broadcasting services.
1. It is in fact undeniable that advertising acts as an encouragement to consumption

2. The French rules on television advertising are appropriate to ensure their aim of protecting public health

3. They do not go beyond what is necessary to achieve such an objective
Conclusions:

1. The alcohol industry is increasingly consolidating
2. The industry’s approach is to avoid regulation and promote education
3. Case studies describe the impact of the industry on science, policy and trade
Contents:

4. Alcohol from a health point of view is as, or more, important than tobacco

5. The SSA co-financed project project enhances the science base

6. There needs to be much greater vigilance and exposure of the actions of the industry