

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

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

Jernigan 2006

Concentration in the global distilled spirits market, 1991-2003

Corporation	Country of HQ	Global Market Share 1991	Global Market Share 2004
UDV (Diageo)	UK	10.5% (1)	14.7% (1)
Pernod Ricard	France	5.7% (4)	12.9% (2)
UB Group	India	3.7% (8)	8.5% (3)
Jim Beam (Fortune)	US	4.8% (6)	5.9% (4)
Bacardi	Bermuda	7.7% (3)	5.8% (5)
Suntory	Japan	4% (7)	2.7% (6)
Constellation Brands	US	2.5% (10)	2.5% (7)
Brown-Forman	US	*	2.4% (8)
V&S Vin and Sprit AB	Sweden	*	2.2% (9)
Gruppo Campari	Italy	*	2.2% (10)
Total share of top ten		57%	60.0%

Jernigan 2006



The Brewers of Europe

The voice of the European brewing sector

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 LLC

Le Val Duchesse

360 Boulevard du Souverain, box 5

1160 Brussels, Belgium

e-mail science@weinberggroup.com

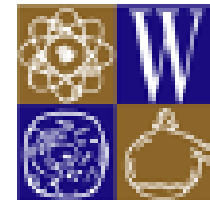
BRUSSELS

PARIS

WASHINGTON

NEW YORK

SAN FRANCISCO





THE WEINBERG GROUP®

Science minds over business matters.™

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[®]
Science minds over business matters.[™]

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

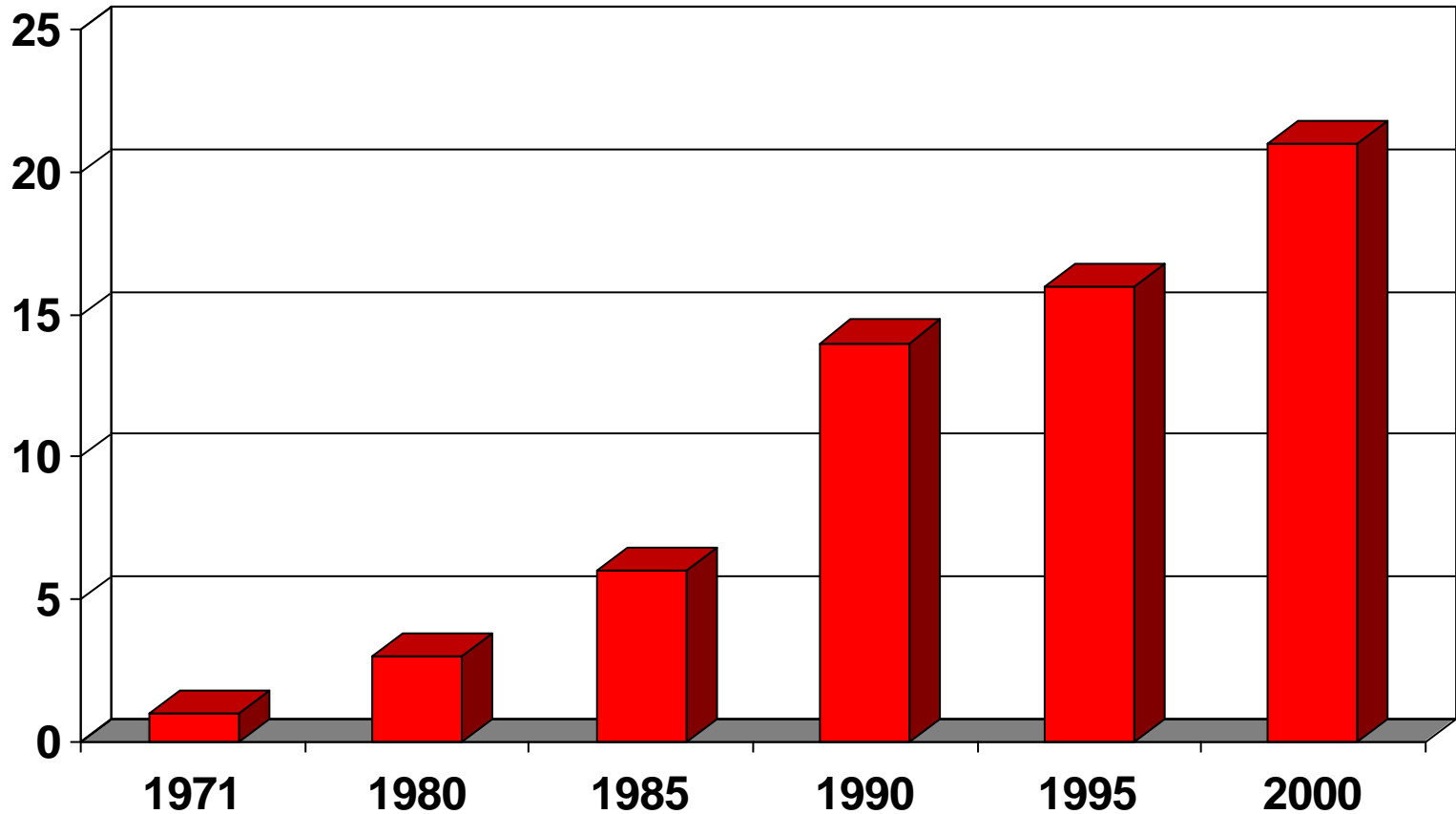
"It is generally agreed that the tobacco industry reacted to not dissimilar threats in a passive, inadequate manner and most of all too late"

Tim Ambler
Grand Metropolitan, 1984

DIAGEO

The Portman Group	Allied Domecq
1989	Bacardi Brown Forman Brands
www.portman-group.org.uk	Beverage Brands (UK) Ltd
United Kingdom	Carlsberg UK
<ul style="list-style-type: none"> ▪ "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." 	Coors Brewers UK Diageo Great Britain Interbred UK Period Ricard UK Scottish and Newcastle

Social Aspect Organizations Funded by Alcohol Industry



From Babor, 2006

Contents:

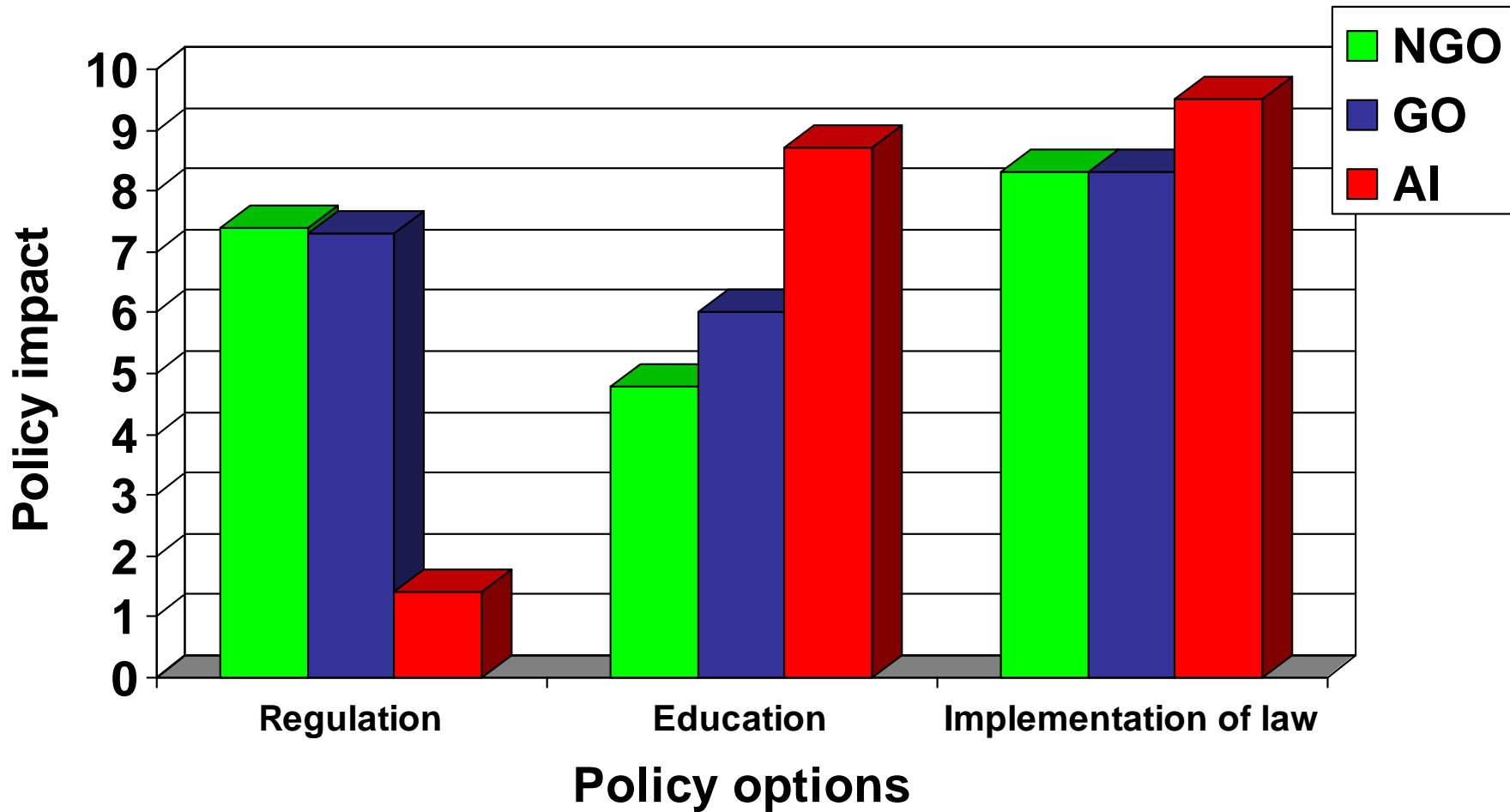
2. What is the industry approach?

Regulation a blunt tool

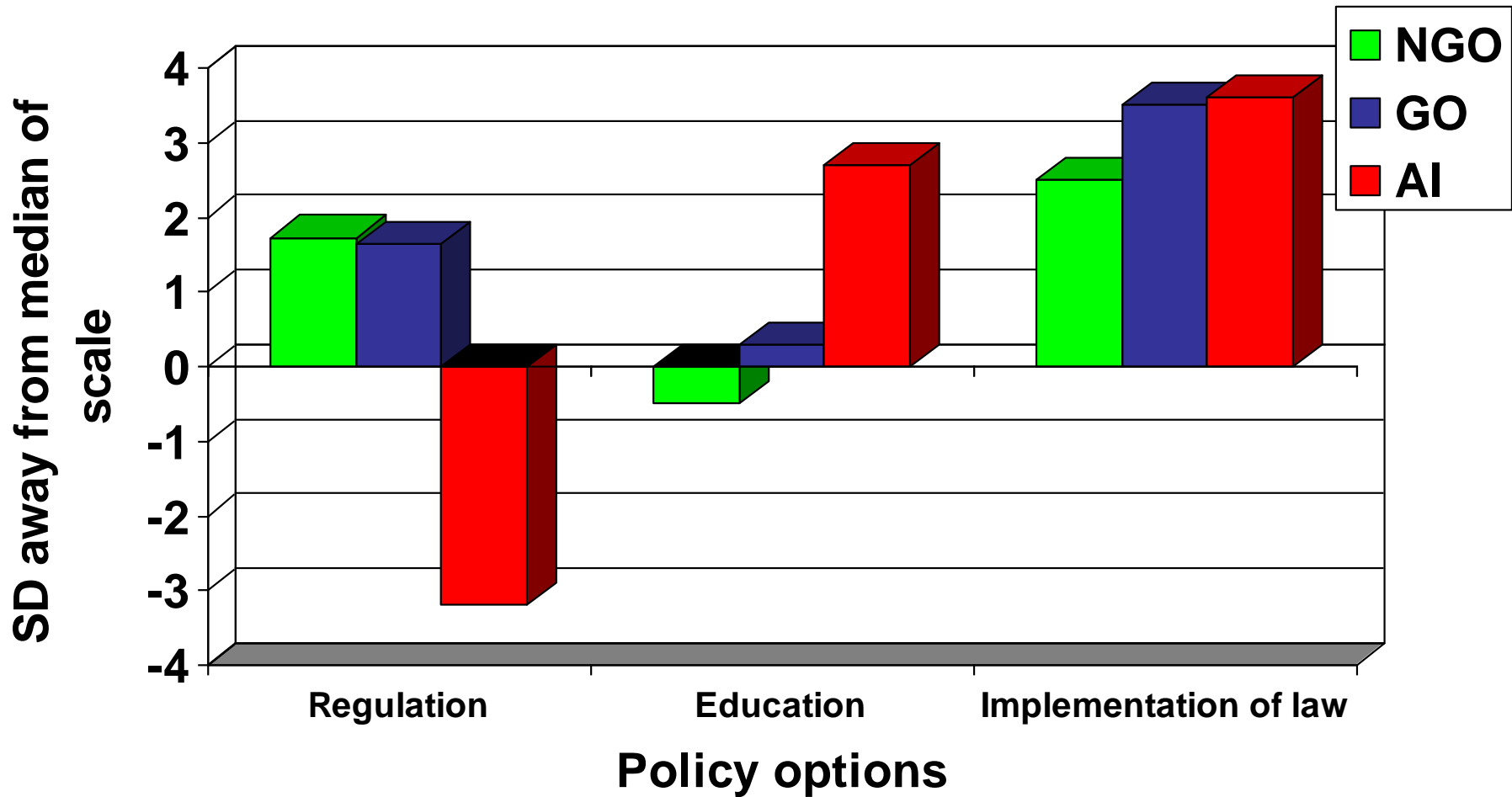
Education is the answer

Leave us alone to self-regulate

Stakeholder analysis



Stakeholder analysis



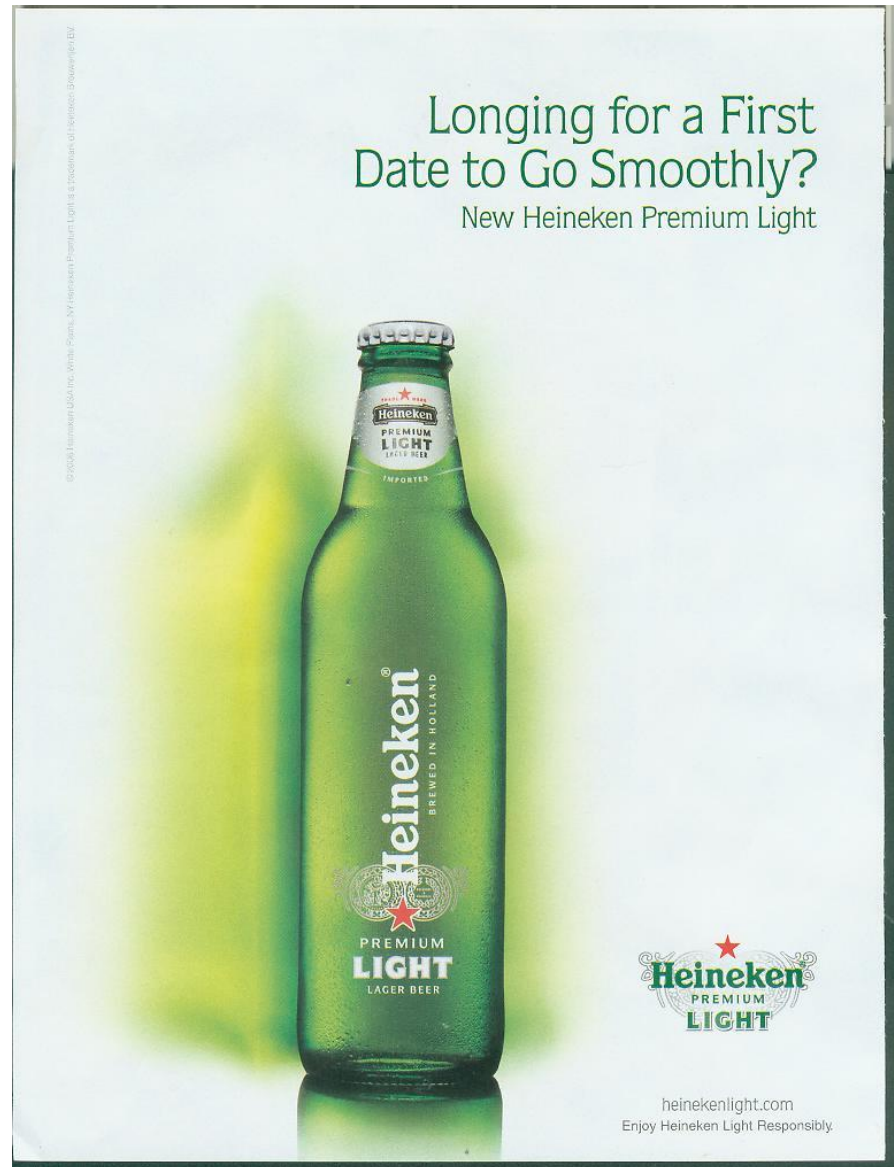
Leave us alone to self-regulate

- 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.

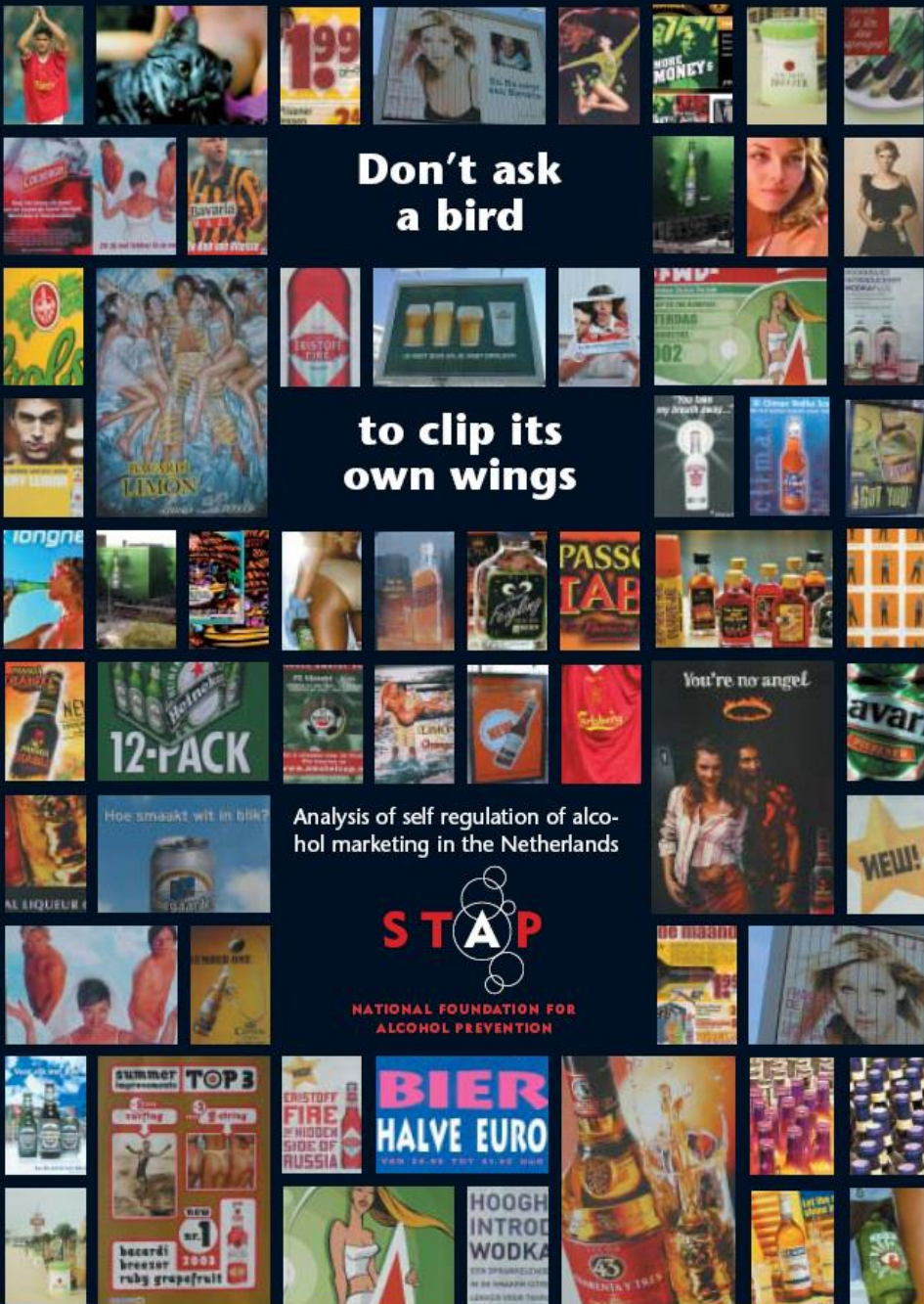
- Beer advertising and marketing materials should not...claim or represent that individuals cannot obtain social, professional, educational, athletic, or financial success or status without beer consumption.



- 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



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

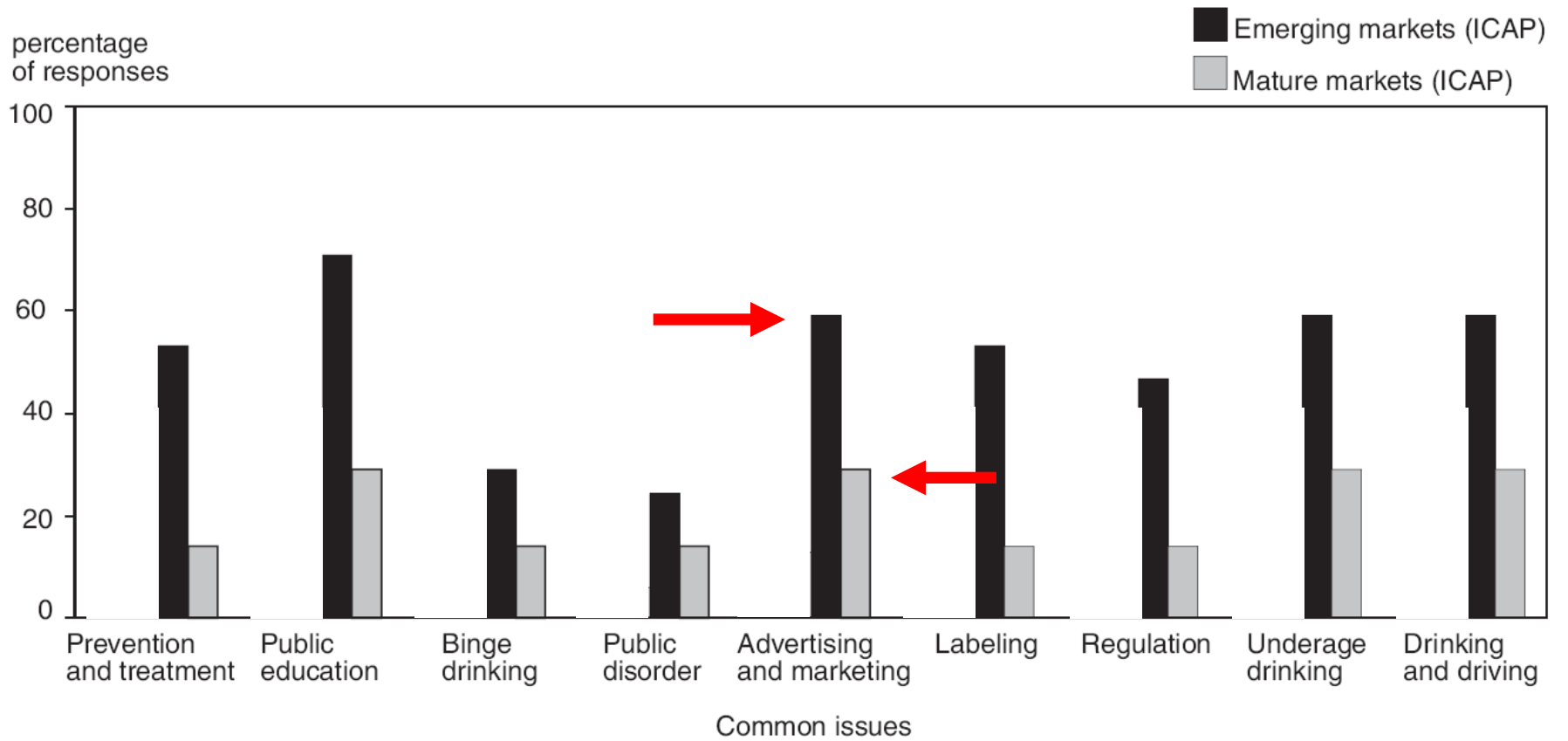
Table 1. Comparison of ICAP and WHO surveys in terms of reported prevalence of five alcohol policies listed as potential response options in both questionnaires.

Policy	Global %		Regions									
	ICAP	WHO	L. America %		Africa %		W. Europe %		E. Europe %		Asia Pacific %	
ICAP			WHO	ICAP	WHO	ICAP	WHO	ICAP	WHO	ICAP	WHO	ICAP
Number of countries	(48)	(118)	(12)	(23)	(10)	(26)	(7)	(20)	(6)	(23)	(6)	(19)
Minimum purchase age	63%	82%	67%	100%	60%	64%	72%	100%	50%	87%	83%	74%
Licensing of sales	75%	73%	58%	88%	80%	82%	100%	65%	83%	52%	83%	80%
Drinking and driving	81%	93%	50%	96%	70%	84%	100%	100%	100%	96%	100%	89%
Regulations on advertising	52%	60%	42%	70%	20%	43%	72%	70%	83%	74%	50%	65%
Health warning labels	25%	33%	42%	56%	20%	27%	14%	10%	17%	30%	0%	33%

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?"

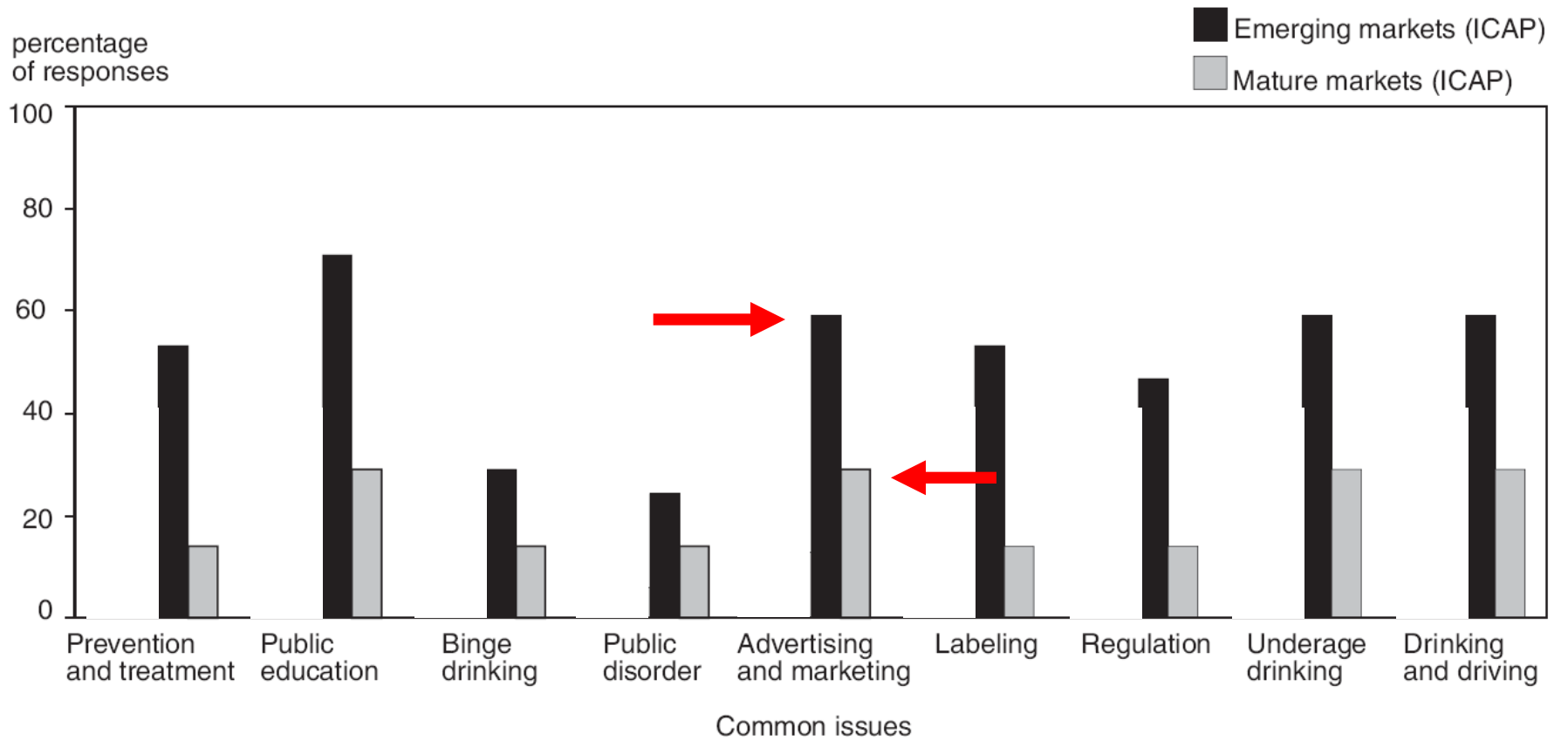
Among the respondents
answering yes (N = 24),
respondents were then asked to
list the topic areas for potential
partnerships

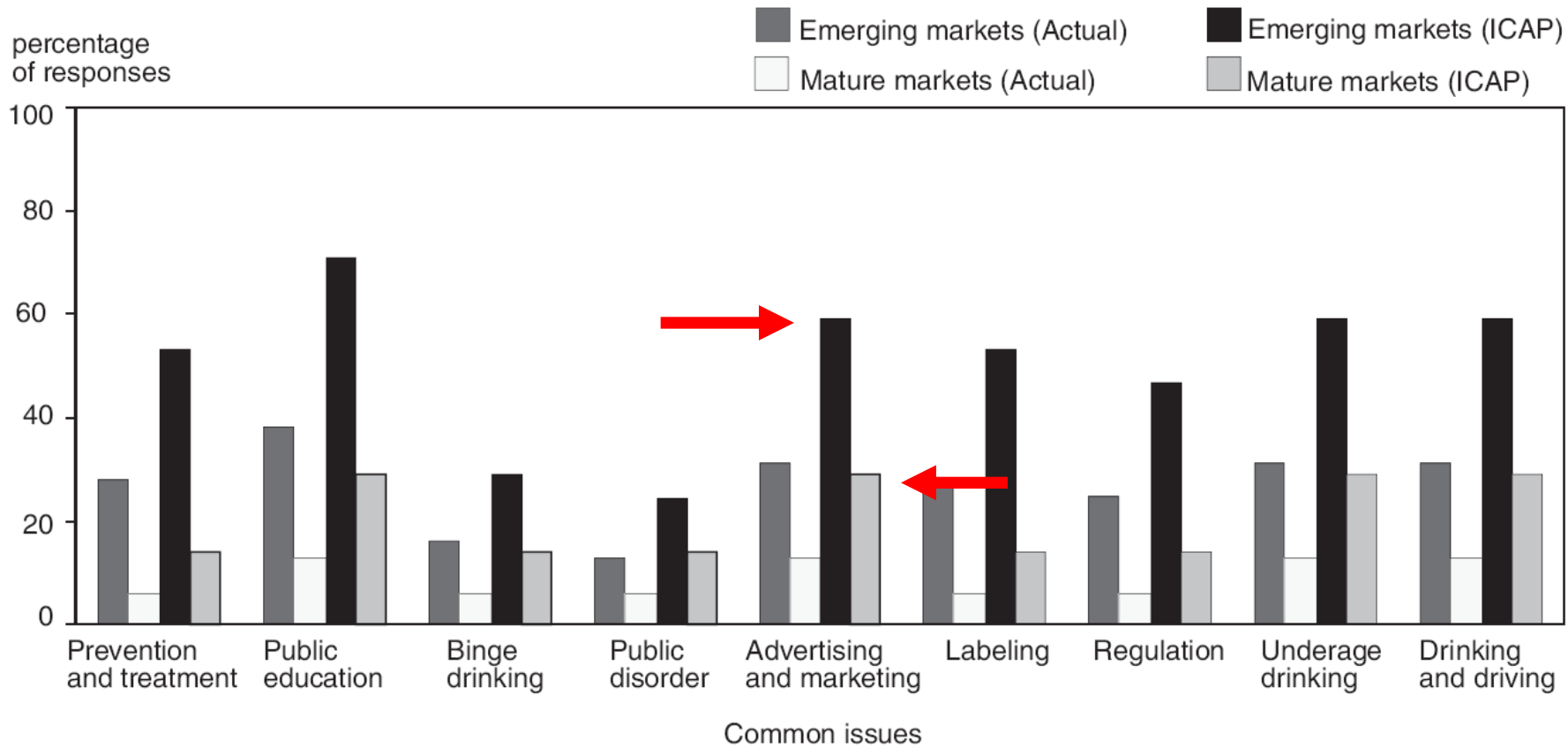


But, ICAP used the wrong denominator, 24,

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.





Munro

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

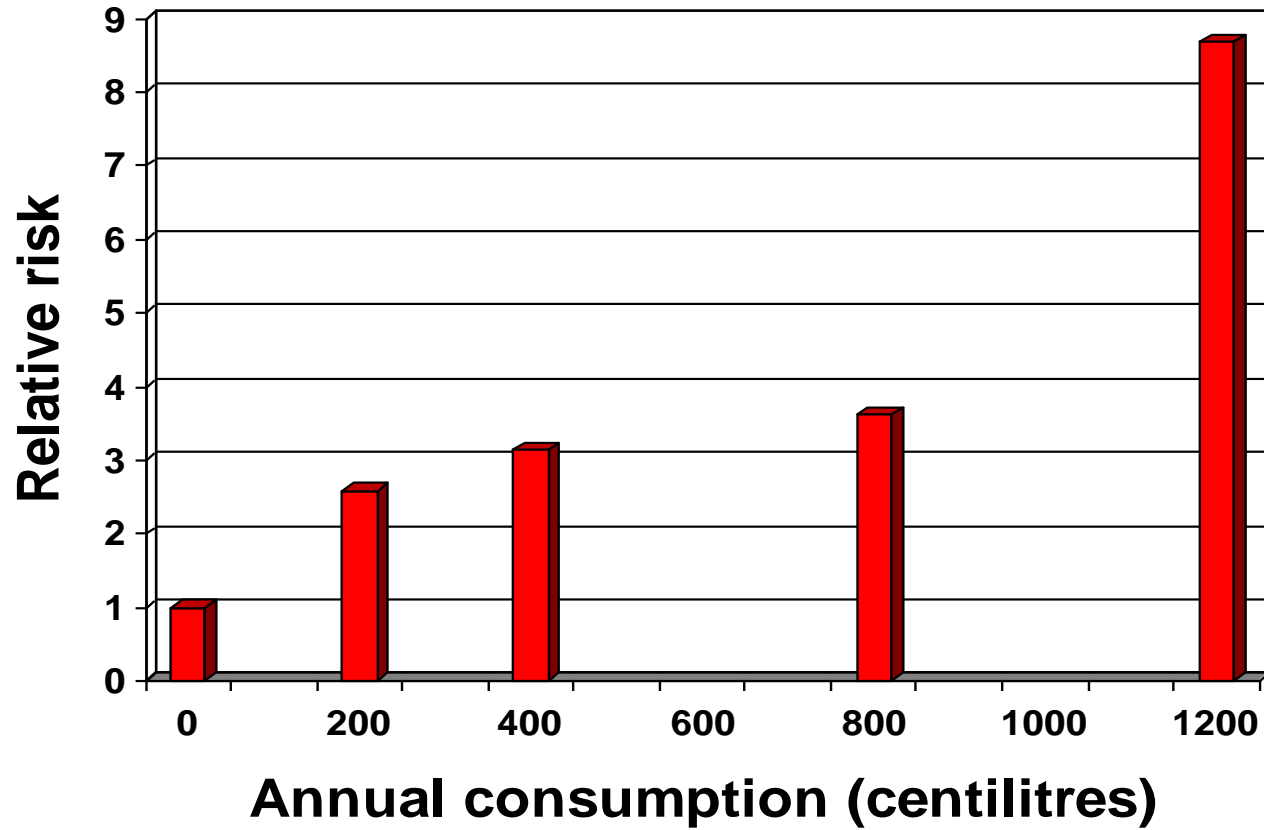
Liquor Licensing Victoria rejected *Moo Joose* because it saw alcoholic milk as a corruption of a product known to be healthy and one that might easily be taken up by children.

4. Alcohol as a health issue

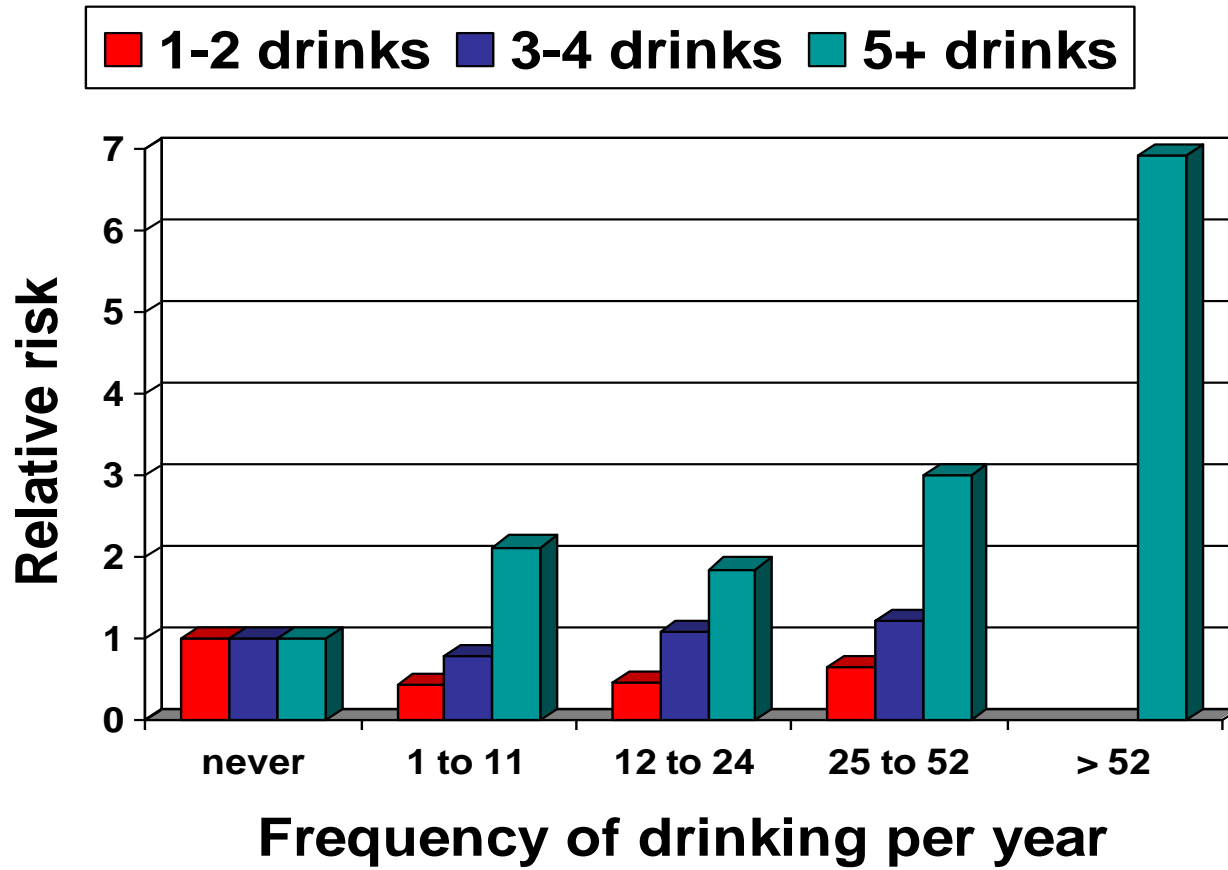
DALYs

Risk curves

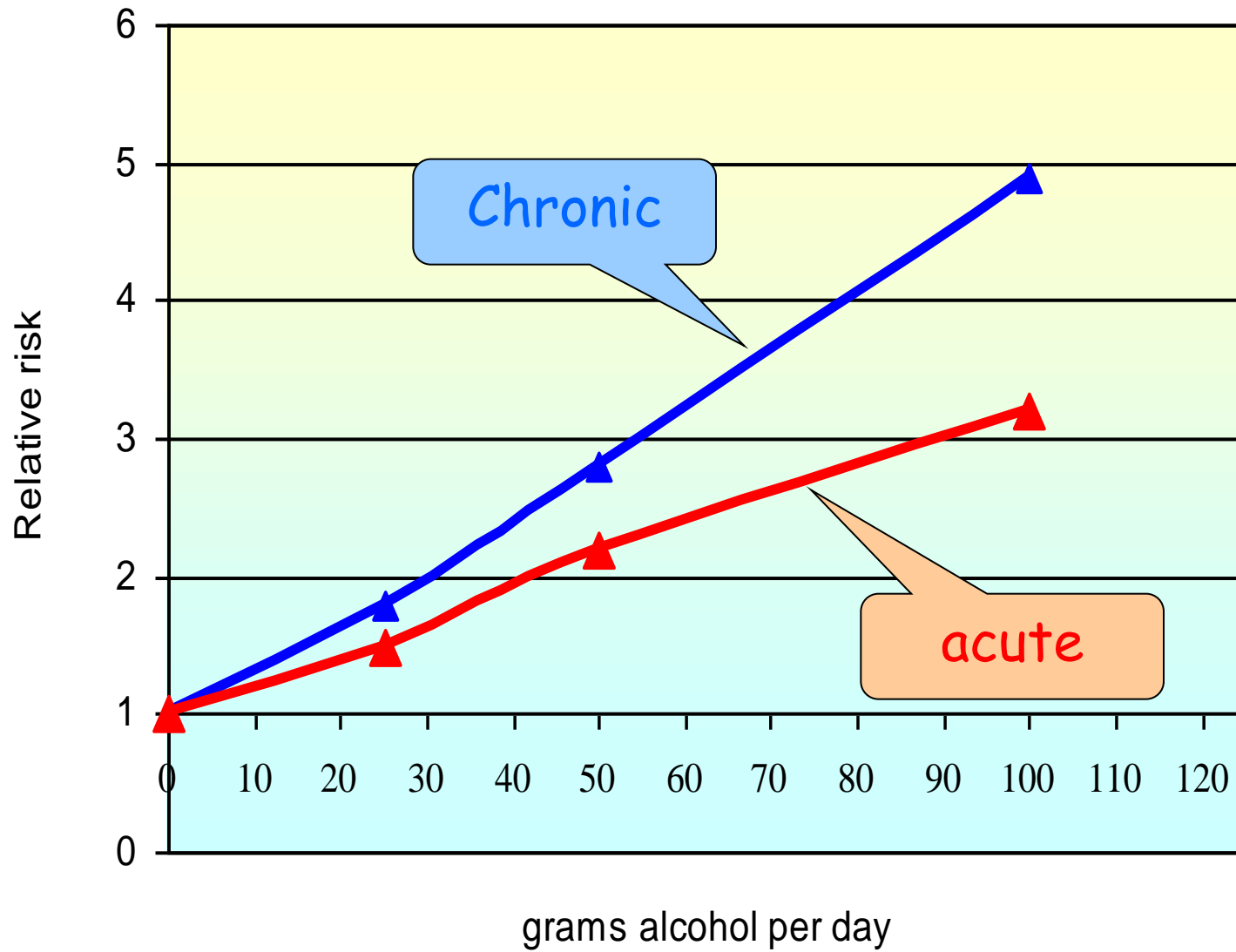
	High mortality developing region			Low mortality developing regions – emerging economies			Developed regions			World		
	(AFR-D, AFR-E, AMR-D, EMR-D, SEAR-D)			(AMR-B, EMR-B, SEAR-B, WPR-B)			(AMR-A, EUR-A, EUR-B, EUR-C, WPR-A)					
	Male	Female	Both	Male	Female	Both	Male	Female	Both	Male	Female	Both
Total DALYs (000s)	420,711	412,052	832,763	223,181	185,316	408,497	117,670	96,543	214,213	761,562	693,911	1,455,373
Smoking and oral tobacco	3.4%	0.6%	2.0%	6.2%	1.3%	4.0%	17.1%	6.2%	12.2%	6.3%	1.6%	4.1%
Alcohol	2.6%	0.5%	1.6%	9.8%	2.0%	6.2%	14.0%	3.3%	9.2%	6.5%	1.3%	4.0%
Illicit drugs	0.8%	0.2%	0.5%	1.2%	0.3%	0.8%	2.3%	1.2%	1.8%	1.1%	0.4%	0.8%



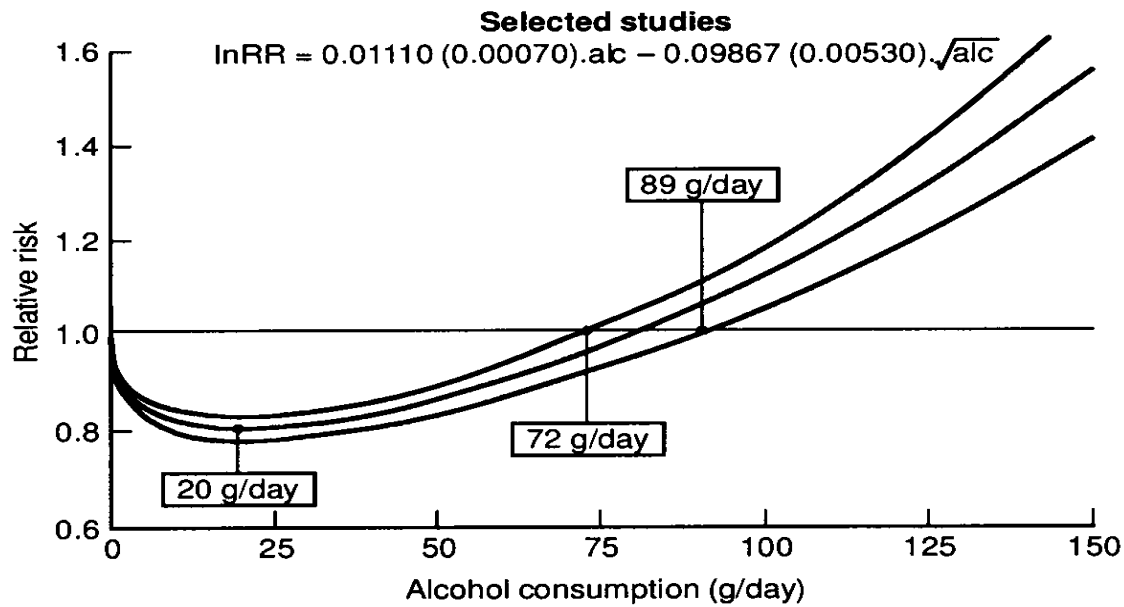
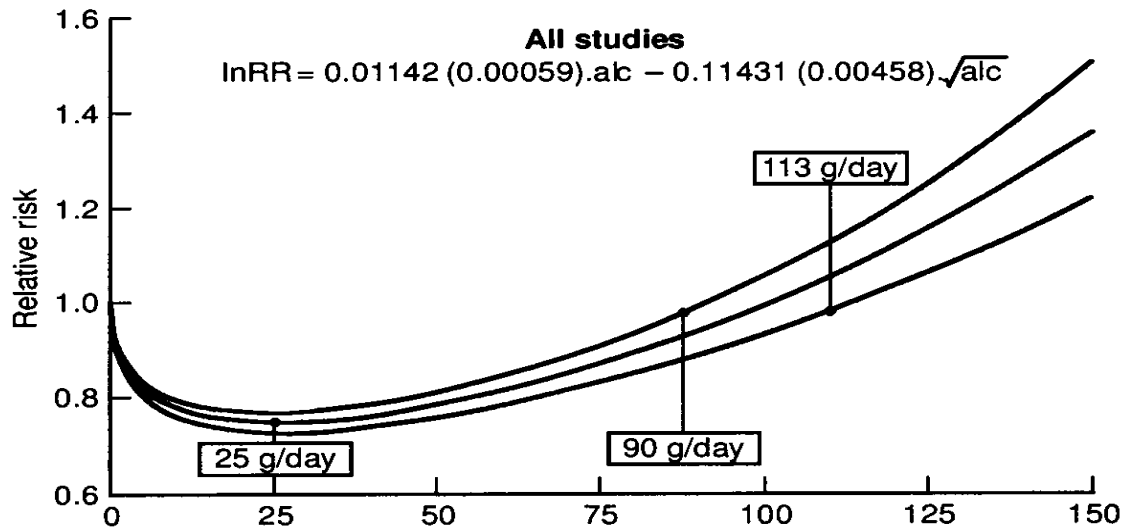
Risk of death from injury, Finland

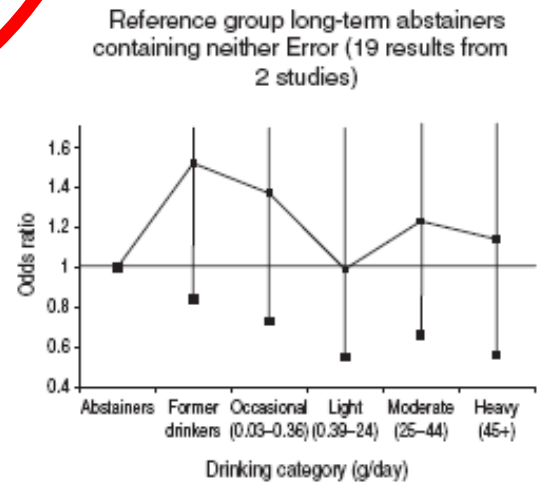
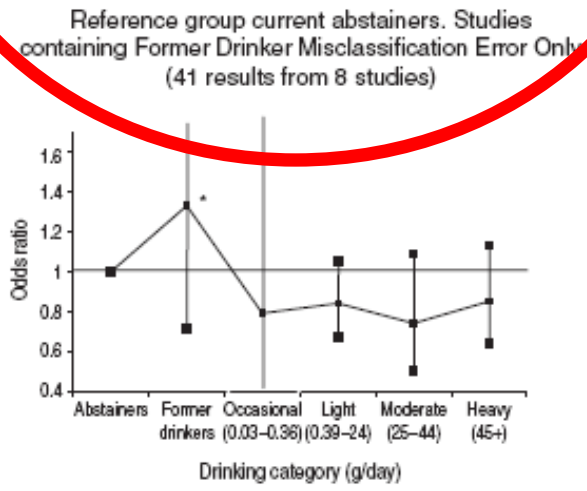
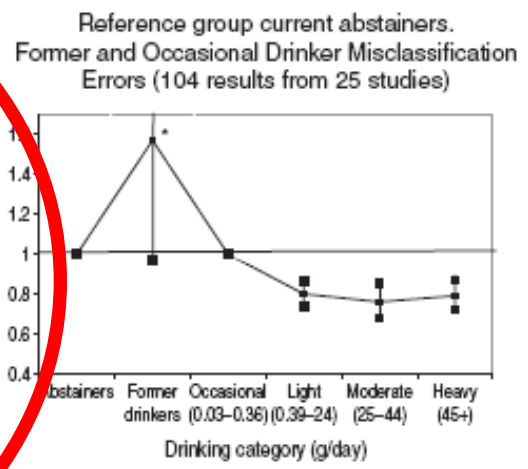
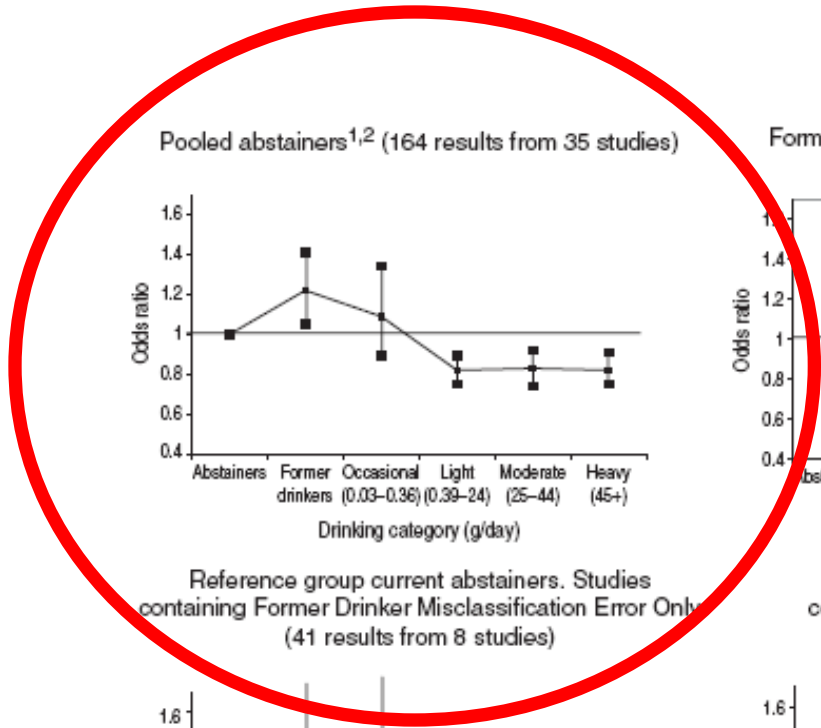


Risk of death from injury, Finland



—▲— Cancer airways —▲— Heart arrhythmias





¹ In pooled model, former drinkers are statistically significantly higher than light drinkers.
² In pooled model, occasional drinkers are statistically significantly higher than light drinkers.
 * In some studies Former Drinker Misclassification Errors were found but these studies classified some of their respondents as former drinkers. This accounts for the category of former drinker in these models. The number of observations for former drinkers in the studies containing both former drinker and occasional drinker misclassification is 1. The number of observations for former drinkers in the studies containing former drinker misclassification error only is 2.

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

RÉVÉLATION N°14

"Des nuances pourpres teintées d'éclats rubis donnent toujours des robes aux reflets chatoyants."

En Bourgogne, plus de 100 appellations d'origine aux couleurs, textures, saveurs et nuances et aux saveurs aromatisées expriment toute la richesse de terroir bourguignon. Cette collection fait de chaque vin de Bourgogne une véritable révélation.

B
BOURGOGNES
L'âme des vins de la Terre

L'ABUS D'ALCOOL EST DANGEREUX POUR LA SANTÉ, CONSOMMEZ AVEC MODÉRATION.

RÉVÉLATION N°4

"Un bouquet aux nuances subtiles exhale des parfums de chèvre-feuille, des senteurs de tilleul et d'acacia."

En Bourgogne, plus de 100 appellations d'origine aux couleurs, textures, saveurs et nuances et aux saveurs aromatisées expriment toute la richesse de terroir bourguignon. Cette collection fait de chaque vin de Bourgogne une véritable révélation.

B
BOURGOGNES
L'âme des vins de la Terre

L'ABUS D'ALCOOL EST DANGEREUX POUR LA SANTÉ, CONSOMMEZ AVEC MODÉRATION.

RÉVÉLATION N°8

"Le Chablis possède de subtiles notes minérales à la fraîcheur vivifiante qui rappelle que, jadis, l'océan recouvrait ses terres."

Le terroir Chablisien est unique. Sa fraîcheur et sa minéralité sont le fruit de la fraîcheur et de la pureté de la pierre calcaire qui recouvre le sol. Cette collection fait de chaque vin de Bourgogne une véritable révélation.

CHABLIS
L'âme des vins de la Terre

L'ABUS D'ALCOOL EST DANGEREUX POUR LA SANTÉ, CONSOMMEZ AVEC MODÉRATION.

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