

Alcohol and Public Policy: Old Problems, New Developments

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The role of the alcoholic beverage industry in alcohol problems and public policy

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Alcohol, No Ordinary Commodity, revised edition

- Role of Industry (new chapter)
 - part of context of policy decision making

‘Old problem, new developments’

Hospitality/retail

- sale of liquor laws, licensing
- Part of local communities
- Interests linked to producers by supply/finance/ownership

Producers

- **rapid globalisation, concentration of alcohol ownership**
 - = ‘marketing driven’, increased investment in marketing
 - = increased capacity to influence policy

This work began as...

- A 2005-6 project for GAPA
- What 23 global alcohol corporations say about themselves, in
 - reports to shareholders, 2004-2007
 - policy statements
 - corporate and brand websitesplus other available literature
- Continued monitoring of top global companies

Global Alcohol Corporations: Strategies in common

- Return to 'core business' of alcohol
- Market a few global brands as high-priced 'premium' products
- Target emerging markets in growing or recovering economies
- *Buy or part-buy largest competing local producer, then run international and local brands together*

(get local plant, distribution network, cultural know-how)

- Publish corporate social responsibility reports
(including in-house marketing code)

And less publicly...

- Support for free trade agreements

Big fish eat other big fish

Top 10 Global Brewers, 2006 (US\$ million)

1.	SABMiller (SA)	15,744.0	
2.	Inbev (Be)	15,448.6	
3.	Heineken (Ne)	14,841.4	
4.	Anheuser-Busch (US)	12,386.4	Bought by Inbev
5.	Asahi Breweries (Jp)	8,227.7	
6.	Scottish & Newcastle (UK)	7,644.3	Bought by Heineken and Carlsberg
7.	Carlsberg (Da)	6,902.4	
8.	Molson Coors (Ca/US)	5,845.0	Bought by SABMiller
9.	FEMSA (Mex)	3,261.3	Via A-B/Inbev in USA
10.	Sapporo Holdings (Jp)	2,805.8	

Diageo

2006 £7,260m (US\$ 14,471m), 2007 £7,481m

2001, bought Seagrams with Allied Dolmeq

1997 merger of Guinness (incl. United Distillers) and
Grandmet (incl. International Distillers & Vintners),
ie. British and Irish distillers and brewers

Pernod Ricard

06/2006 6066m (\$US 8,153m), 06/2007 €6,589m

2008, bought Vin Spirit ('Absolut') (Sw)

2004, bought Allied Dolmeq

1970s, merger of French and Scottish distillers

Industry interests in policy

- Representing industry interests at national level, directly or through industry organizations
- Funding 'social aspects' organizations
(European Forum for Responsible Drinking, International Centre for Alcohol Policy and 30+ national organisations)
- Industry funded publications (eg *Drinking in Context*, 2007) and research (see *Addiction* debate)
- Industry funded policy advice to developing countries

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Industry supports ineffective policies

Eurocare 'public health warning' (2002)

- The 'problem' is how we drink, so policy should address hazardous drinking patterns only, not consumption per se
- Education to drink responsibly should be cornerstone policy
- Alcohol, despite abuse, has net benefit for society
- Industry should have an equal place at the policy table
- Marketing should be self-regulated by the alcohol industry.

Importance of marketing

‘Commodity chains’ of globalised industries:

Design, production tasks, marketing, distribution and consumption
by different subcontractors or in different locations
to take advantage of global differences in labour and other costs

Important for owning company to retain control of two links:

- Design/recipe
- Brand/marketing (Jernigan 2000)

New marketing: Brands linked to image, lifestyle, emotions

Percent of revenue spent on marketing, 2006

Heineken 12.6%; Diageo 15.5%; Pernod Ricard 17%

Consolidation after mergers = savings = “investment in brands”