Alcohol Industry in the 21st Century
How a Few Global Corporations Control the Market, Advertise to Youth, and Undermine Public Policy

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Marin Institute  Marin Institute

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Marin Institute

- Monitor and expose the alcohol industry’s harmful products, practices, and promotion
- Research and propose viable policy solutions to reduce alcohol-related harm
- Support communities, coalitions and organizers in rejecting Big Alcohol’s damaging activities
- Frame the issues from a public health perspective
Big Alcohol’s Tactics

- **Consolidate** into multinational conglomerates
- **Target** vulnerable populations such as youth
- **Lobby** to undermine effective public policy
- **Misdirect** with voluntary, self-regulation charade
- **Public relations** that blames parents, drinkers
- **Fund** alternative science, “responsibility” programs
The Big Beer Duopoly

- HQs in Belgium (Brazilian run) and England (SAB Miller)
- 80% of beer market

Anheuser-Busch InBev
- $395 million advertising 9 beers
- $3,460,000 federal lobbying
- $373,500 federal campaign contributions

MillerCoors (JV)
- $315 million advertising 7 beers
- $1,367,000 federal lobbying
- $426,930 to federal campaigns

Center for Responsive Politics. 2008 data. www.opensecrets.org
Anheuser-Busch InBev
MillerCoors
The Big Beer Duopoly

- Speedy approval of massive mergers
- Shrinking shareholder rights, participation
- Influence on global trade
- Extensive lobbying vs. taxes, state control
- Distributor consolidation, elimination
- Threats: brewery closures, job losses
The Biggest of Big Alcohol

- HQ: England
- Top spirits producer
- $99 million advertising
- $1.96 million federal lobbying
- $161,578 federal contributions

Center for Responsive Politics. 2008 data. www.opensecrets.org
The Biggest of Big Alcohol

- HQ: France
- Top spirits producer
- $42 million - advertising
- $1.2 million - federal lobbying

Center for Responsive Politics. 2008 data.  www.opensecrets.org
The Biggest of Big Alcohol

- HQ: Bermuda
- Top spirits producer
- $42 million advertising
- $710,000 federal lobbying
- $123,251 federal contributions


Center for Responsive Politics. 2008 data. www.opensecrets.org
## Top Selling Brands: 2008

- Bud Light
- Budweiser
- Coors Light
- Miller Lite
- Natural Light
- Busch Light
- Busch
- Miller High Life
- Keystone Light
- Michelob Ultra
- Smirnoff
- Bacardi
- Captain Morgan
- Absolut
- Jack Daniels
- Crown Royal
- Jose Cuervo
- Grey Goose
- Jim Beam
- Jagermeister

California Wine - Corporate & Global

- E&J Gallo Winery (Italian imports)
- The Wine Group (Australian imports)
- Bronco Wine Co. (Based in New York)
- Trinchero Family Estates (Based in California)
- Chateau Ste. Michelle (Based in Washington)
- Altria (Based in Virginia)
- DIAGEO (Based in England)
- Kendall-Jackson (Based in California)
- Foster's Group (Based in Australia)
- Brown-Forman (Based in Kentucky)
Six of the ten top wine companies in the U.S. have wine in an integrated product portfolio with spirits and beer.

- Gallo
- Foster’s
- Brown-Forman
- Constellation
- Diageo
- Altria
Trade Groups - Lobbying Power

DISTILLED SPIRITS COUNCIL OF THE UNITED STATES

WINE INSTITUTE
THE VOICE FOR CALIFORNIA WINE

THE CENTURY COUNCIL
Distillers fighting drunk driving and underage drinking

BEER INSTITUTE

$3,500,000 federal lobbying
$23,118 federal contributions
Front Groups – not what they seem

Bacardi U.S.A.
Beam Global
Brown-Forman
Constellation Brands
DIAGEO
Hood River Distillers
Pernod-Ricard
Sidney Frank Importing Co.

Anheuser-Busch InBev
Asahi Breweries
Bacardi-Martini
Beam Global
Brown-Forman
Diageo
Heineken
Molson Coors
Pernod Ricard
SABMiller
Youth-Oriented Products: Alcopops and Alcoholic Energy Drinks

Alcopops (FMBs) created to:
- Compete with beer
- Avoid higher taxes
- Greater retail availability
Myths about Advertising

1) Ads are intended for adults, youth are not impacted
2) Education is the best solution to underage drinking
3) Self-regulation is effective and essential
4) First Amendment bars advertising restrictions
Alcohol Advertising & Youth

The alcohol industry spent more than $6 billion on advertising and promotion in 2005.

Greater exposure to alcohol ads contributes to

- earlier initiation of drinking for youth who have not started
- higher drinking levels among underage youth who drink
- positive expectations and attitudes about alcohol that help create an environment promoting underage drinking.


Realities About Youth Exposure

1) The more ads kids see, the more likely they are to drink, and drink to excess.

2) Each additional dollar spent on alcohol advertising per capita raises youth drinking by 3 percent. (Snyder et al, 2006)

3) From 2001 to 2005, youth exposure to alcohol ads on television increased by 41%, mostly from spirits. (CAMY, 2006)

4) Attempts to decrease youth exposure are predicted to reduce adolescent drinking. A complete ban would save 7600 lives. (Hollingworth, 2006)
Realities About Education

Education alone has proven to be a dismal failure

“There is not a single public health crisis in the history of mankind that has been solved by handing out brochures.”

– Harold Goldstein, director, California Center for Public Health Advocacy
Realities About Education

Parents Cannot be Expected to Shoulder the Burden Alone

Other ways we help parents:
• Speed limits, speed bumps
• Child pornography laws
• Child labor laws
• Toy safety laws
• Food safety laws
• FDA regulation of tobacco
Failure of Self-Regulation


Marin Institute report (2008)

Barriers to effective self-regulation include

1) lack of public awareness
2) lack of an independent review
3) subjective nature of guidelines
4) lack of penalties and enforcement power
Reality About First Amendment

Out-of-Home Alcohol Advertising:
A 21st Century Guide to Effective Regulation
(Marin Institute, 2009)

• Not an absolute right, but a balancing act between competing interests
• Need to follow Supreme Court test
• Government property easier to restrict
Examples of out-of-home ad regulations

- No ads on public transit (most cities)
- No ads on city property (Philadelphia)
- No ads within 500 feet of school (San Diego)
“The goal is not simply to expose consumers to a particular product or service, but to create an environment in which they are actually interacting with the brand, “befriending” the product, and integrating it into their personal and social relationships.”

THE RULES OF PARTY CRASHING

Help us write the rulebook and you could win an all-expense paid trip to attend an exclusive VIP event.

Check out the how-tos and tips on the party-crashing rules to succeed in any situation, and find out more about the all-expense paid VIP trip you could win.

Submit your rulebook entry today!
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What can we do?

- Increase alcohol prices (taxes and fees)
- Stop youth-oriented products (AEDs, alcopops)
- Restrict alcohol advertising
- Refuse Big Alcohol funding and messages
- Expose industry PR, lobbying, marketing
Recommendations

“Of all the policy options, alcohol taxes is rated as one of the strongest...This may surprise policymakers, but the research is extensive and the findings are convincing.”

The most effective policies include:

• Alcohol taxes
• Minimum legal purchase age
• Government monopoly of retail sales
• Restrictions on outlet density
• Lowered BAC limits
• Legal restrictions on alcohol advertising exposure

Recommendations

"Increasing the price of alcoholic beverages is one of the most effective interventions to reduce harmful use of alcohol."

"Raise state excise taxes on alcohol, indexed to inflation, particularly on beer, to decrease youth consumption and raise revenue for the effort."

"Increase excise taxes for alcohol in order to reduce consumption and provide funds."

WHO Global Strategy to Reduce the Harmful Use of Alcohol, 2010
AMA Educational Forum on Adolescent Health: Youth Drinking Patterns and Alcohol Advertising, 2003
Increase Alcohol Prices / Taxes

- One of the most effective prevention strategies
- Youth are especially sensitive to price
- Alcohol taxes can generate new revenue
- Revenue can fund needed alcohol programs
Impact of Higher Taxes

Higher taxes have been shown to reduce:

- Underage drinking
- Traffic fatalities, crashes, and drunk driving, especially in youth
- Alcohol dependence
- Liver cirrhosis deaths
- AIDS, STDs
- Homicide, suicide, child abuse, domestic violence, college violence

For example, a 10% increase in price would reduce traffic crashes by 5-10% and among youth, 7-17%.

Alcohol-Related Harm in the U.S., Marin Institute Fact Sheet, 2009
Years Since Last Beer Tax Increase

www.MarinInstitute.org
Beer Tax Erosion Due to Inflation

No Beer Tax Erosion
Beer Tax Erosion = Less Than 25%
Beer Tax Erosion = 25% to 50%
Beer Tax Erosion = 50% to 75%
Beer Tax Erosion = More Than 75%

www.MarinInstitute.org
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<tr>
<td>2</td>
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<td>1971</td>
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<td>4</td>
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<td>5</td>
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Alcohol v. Tobacco Tax Revenue

Tobacco taxes are 6.5 times more effective than alcohol taxes in mitigating harm.

Industry’s Talking Points

Myth: Poor Joe Six Pack, taxes are regressive

Reality

• 1/3 of public does not drink, but all pay for costs
• Alcohol is not a necessity, unlike food or shelter
• People with higher incomes more likely to drink
• People most impacted: youth and those who drink heavily

Hypocrisy: Anheuser-Busch InBev, MillerCoors raising prices
Industry’s Talking Points

Myth: Loss of jobs, the economic sky will fall

Reality

Industry passes on more than 100% of tax increase (from 1.6 to 2.1 times), some sectors make more money.

Convenient scare tactic:

“InBev has made a good faith commitment that it will not close any of Anheuser-Busch’s current 12 breweries located in the United States, provided there are no new or increased federal or state excise taxes…”

(Source: Anheuser-Busch Proxy Statement)
Industry’s Talking Points

Myth: Loss of jobs, the economic sky will fall

Reality

• Taxes can raise millions of dollars for government programs, thereby creating health-promoting jobs
• Minor drops in consumption will save government money in healthcare and other costs from alcohol problems
• Money not spent on alcohol gets spent in other sectors
Myth: Industry pays too much in taxes

Reality

• State and federal governments get only 5% of the revenue from alcohol sales, industry gets the other 95%
• Taxes cover only 3.7% of the national costs of alcohol use
• Beer taxes are 5-7 times higher in the UK and Sweden than in the U.S., even including the average state tax rate
• Inflation erosion in real value – 39% federal since 1991
Strong public support for alcohol taxes

National

• 71% of Americans polled support an increase in national alcohol tax by 5 cents/drink

• 61% of Americans polled favor increasing taxes on alcohol, cigarettes, and junk food to pay for health care

• 64% of American voters favor increasing the alcohol tax in their state
Strong public support for alcohol taxes

States

- 85% of California residents support raising alcohol taxes
- 70% of Kansas residents support an alcohol tax increase
- 71% of Maryland residents support an alcohol tax increase
- 70% of New Mexico residents support raising taxes on alcohol and tobacco
- 74% of New York residents approve of increasing alcohol and soda taxes

California: Public Policy Institute of California: January 2009
Kansas: Statewide Survey (Key Findings): March 2010
Maryland: Citizen’s Health Initiative: March 2010
New Mexico: Public Education Survey: October 2009
New York: Citizen’s Committee for Children and Voter Preferences on State Budget Gap polls: December 2008
Restrict Alcohol Advertising

- Assess local environment for out-of-home alcohol ads
- Limit ads to adult-oriented media
- Monitor to ensure enforcement
Turn Down Big Alcohol Funding

Big Alcohol pays for activities that don’t work

- Guest speakers
- Information/awareness educational materials: posters, flyers, brochures, online info, ads
- Awareness events, banners, signs

They do not pay for initiatives to

- Increase alcohol taxes
- Decrease access and availability
- Restrict alcohol advertising to youth
Stop Youth-Oriented Products
Huge recent victory
What can we do?

- Increase alcohol prices (taxes and fees)
- Stop youth-oriented products (AEDs, alcopops)
- Restrict alcohol advertising (gov’t property)
- Refuse Big Alcohol funding and messages
- Expose industry PR, lobbying, marketing
The Snowman Stumble

See if you can stay upright as you walk home from the Garden Center’s annual holiday party! The sidewalks are icy and you may have had a little too much to drink, so beware!

Play Game
Take Action - Join Us

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