

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

- ❑ 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

The Beverage Information Group. Handbook advance 2009: A special report on spirits, wine and beer sales and consumption in 2008. Norwalk (CT): M2Media360; 2009.

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

DIAGEO

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



The Beverage Information Group. Handbook advance 2009: A special report on spirits, wine and beer sales and consumption in 2008. Norwalk (CT): M2Media360; 2009.

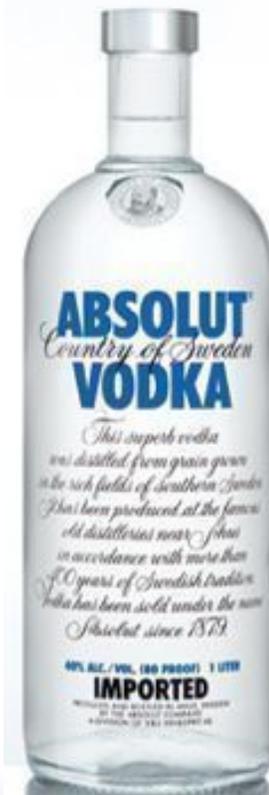
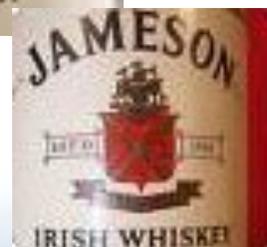
Center for Responsive Politics. 2008 data. www.opensecrets.org

The Biggest of Big Alcohol



Pernod Ricard

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



The Beverage Information Group. Handbook advance 2009: A special report on spirits, wine and beer sales and consumption in 2008. Norwalk (CT): M2Media360; 2009.

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

The Beverage Information Group. Handbook advance 2009: A special report on spirits, wine and beer sales and consumption in 2008. Norwalk (CT): M2Media360; 2009.

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



Australian imports



The Wine Group
Australian imports



Based in Virginia



Based in New York



Based in England
French imports



Bronco Wine Co.



Jackson Family Wines



Based in Australia



Based in
Kentucky

California Wine - Integrated w/Beer & Spirits

- 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



Altria



Diageo

Trade Groups - Lobbying Power



\$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.

Center on Alcohol Marketing and Youth. (2007). Alcohol advertising and youth. Retrieved April 29, 2010 from: <http://camy.org/factsheets/index.php?FactsheetID=1>.

Anderson, P., et al (2009). Impact of alcohol advertising and media exposure on adolescent alcohol use: A systematic review of longitudinal studies. *Alcohol and Alcoholism* 44: 229-243.



Realities About Youth Exposure

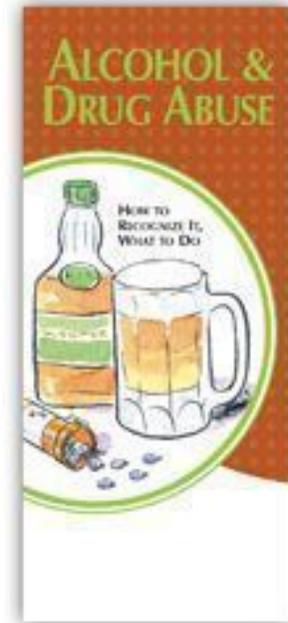
- 1) **The more ads kids see, the more likely they are to drink, and drink to excess.**
- 2) **Each additional dollar spent on alcohol advertising per capita raises youth drinking by 3 percent.** (Snyder et al, 2006)
- 3) **From 2001 to 2005, youth exposure to alcohol ads on television increased by 41%, 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



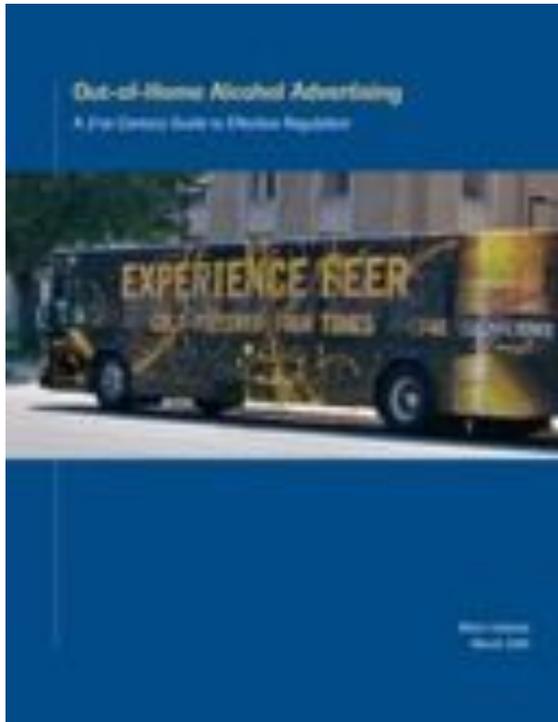
Why Big Alcohol Can't Police Itself: A Review of Advertising Self-Regulation in the Distilled Spirits Industry (2004-2007)

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**

Reality About First Amendment



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)

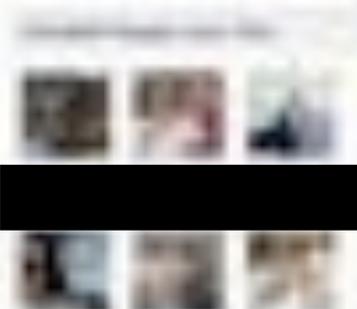
New Frontier - Digital Marketing

“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.”





Expendables
The Expendables is a 2010 American action film directed by Scott Waugh. It stars Sylvester Stallone, Jason Statham, Mickey Rourke, and others.



News Page
Home News Friends

AMERICAN FOOTBALL



SILVER BULLET. PICK 'EM

When a group of hunters goes missing in a snowy mountain range, a group of hunters is sent to find them. The movie is a classic action-adventure.

CAST: [List of names]

News Page



[Caption]

News Page



[Caption]

News Page



[Caption]

Home News Friends

FB

Facebook

Home News Friends

THE RULES OF PARTY CRASHING

Help us make the weekend and you could see an all-expense-paid trip to a exclusive VIP event.



Advertisement sidebar containing various promotional elements, including a bottle of wine, a gold coin, and a dark rectangular graphic.

Section header for the first row.



Text content for the first row, including a title and several lines of descriptive text.

Text on the right side of the first row.

Section header for the second row.



Text content for the second row, including a title and several lines of descriptive text.

Text on the right side of the second row.



Text content for the third row, including a title and several lines of descriptive text.

Text on the right side of the third row.



Text content for the fourth row, including a title and several lines of descriptive text.

Text on the right side of the fourth row.

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

Reducing Underage Drinking: A Collective Responsibility, NAS, 2003

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



Years Since Last Beer Tax Increase

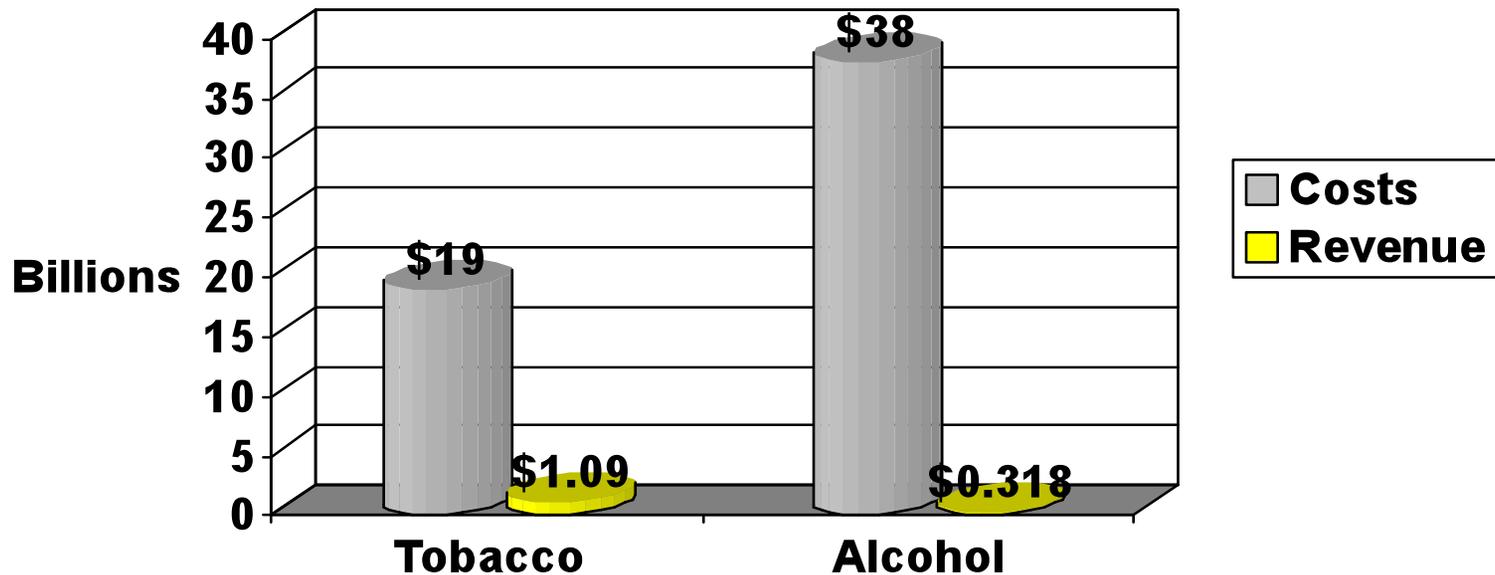


Bottom of the Beer Barrel

	Tax per gallon	Year Last Raised
1) Wyoming	\$0.02	1935
2) Missouri	\$0.06	1971
** 3) Wisconsin	\$0.06	1969
4) Colorado	\$0.08	1976
5) Kentucky	\$0.08	1982
6) Oregon	\$0.08	1977
7) Pennsylvania	\$0.08	1947
8) Maryland	\$0.09	1972
9) Washington DC	\$0.09	1989
10) Rhode Island	\$0.10	1989

Alcohol v. Tobacco Tax Revenue

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



(2005-06)

Max W, Rice DP, Zhang X, Sung H-Y, Miller L (2002)
The Cost of Smoking in California, 1999, California Department of Health Services
Rosen SM, Miller TR, Simon M. (2008)
Alcoholism: Clinical & Experimental Research. Vol 32, No 11

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

Industry's Talking Points

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



CENTURY COUNCIL

WISCONSIN



The SNOWMAN STUMBLE

See if you can stay upright as you walk home from the Garden Grove'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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