

Changing the Marketing Culture: It's not the alcohol; it's how they market it

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Presentation to Seminar on Alcohol Marketing
– Beyond the Glamour, Fun and Sex
Wellington, September 2006

Presentation outline

- Global alcohol industry
 - Branding, Sponsorship
- Traditional media
 - Expenditure & exposure
 - Survey data on response of young people
- New products and new technology
- Effects on consumption
 - Econometric
 - Longitudinal
 - Qualitative
- Policy options

Global marketing

Top alcohol company reports for 2004, 2005 show:

- Buying local alcohol companies and marketing top global and top local brands in parallel
- Savings from corporate/distributional consolidation means more \$ for marketing
- Top companies promise shareholders increased investment behind key brands' in 2006
- NZ alcohol producers now part of globalised alcohol industry with global marketing strategies
- Brand image marketing at heart of globalised 'commodity chains

Branding

- The Globe Bar
- Export gold website

PROMOTIONS

SINGLED OUT 2006

WINTER EVENTS

THIRST FIGHTERS

ONLINE COMP

WINNERS

LINKS

FEEDBACK

SUBSCRIBE

WIN A TRIPLE PASS TO THE SINGLED OUT NEAREST YOU.

TELL US WHICH SINGLED OUT PARTY YOU WANNA GO TO.

NELSON The Grumpy Mole
Thursday 3rd August

DUNEDIN 10 Bar
Friday 4th August

AUCKLAND The Globe
Friday 4th August

WELLINGTON Coyotes
Thursday 10th August

INVERCARGILL The Shack
Friday 11th August

Press SPACEBAR or ENTER to activate and use this control

EXPORT GOLD PROMOTIONS ONLINE SHOP DOWNLOADS SNAPPED

export gold

globe bar

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Doctors' Nurses

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*Conditions apply - House Beer, House Wine & House Spirits only

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USERNAME: _____ PASSWORD: _____ \$6

FORGETFUL YOUR PASSWORD? SLIP HERE

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export gold

visit the website click here

Branding events

- Big Day Out 2006



New data on expenditure and exposure to traditional media

- A study of expenditure on alcohol ads television, radio, magazines and billboards; exposure to advertising on television and association between exposure to television advertising and brand affiliation
 - Funded by the National Drug Discretionary Fund and the Ministry of Health.

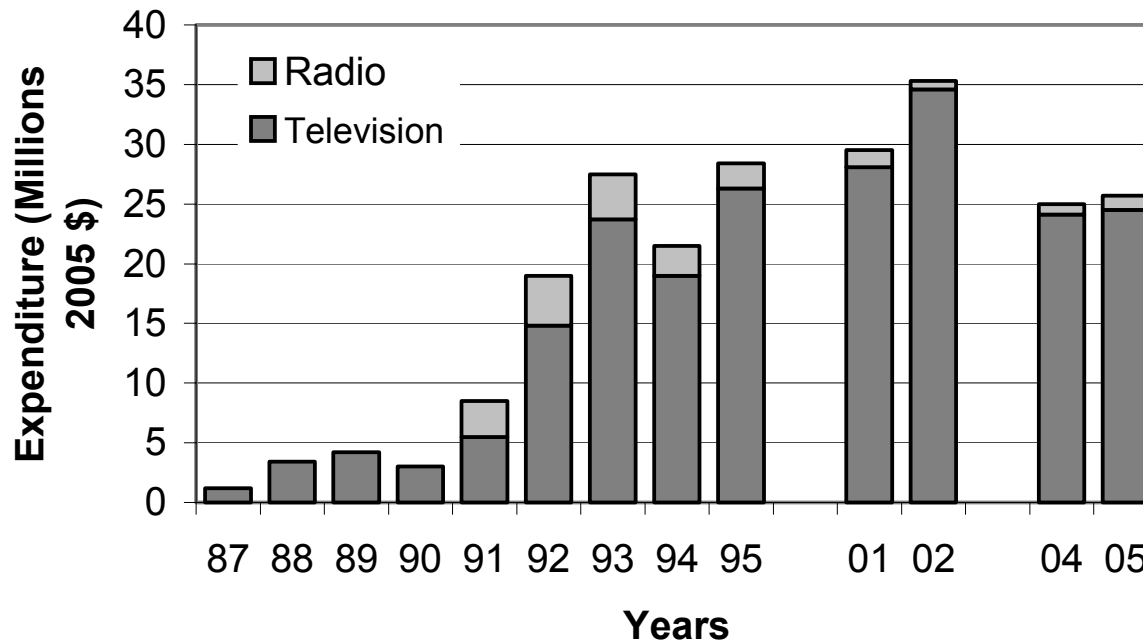
Expenditure and exposure

Method:

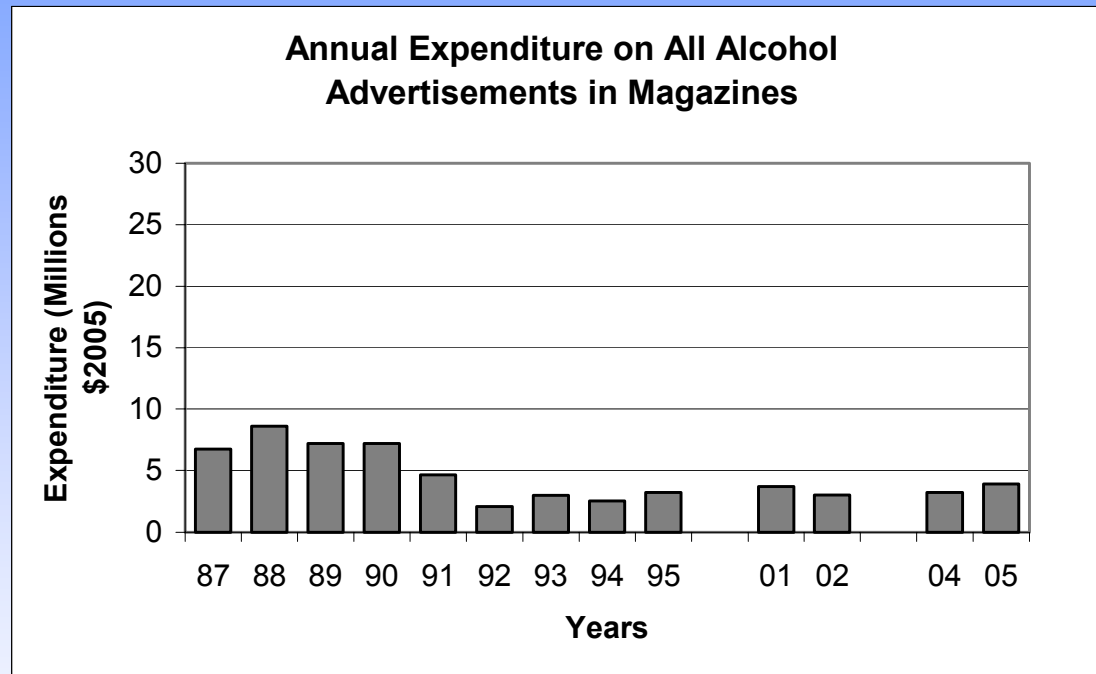
- Commercial data on expenditure on alcohol advertising was obtained for television, radio, magazines and outdoor advertising from 2001 to 2005
- Expenditure data was compared with previous data (back to 1987).
- Data on exposure to alcohol ads on television was also obtained and analysed. We could compare exposure data back to 92/93.
- Data were obtained from AGB Nielsen Media Research.
- Data are underestimates – don't include newsprint or 'other new' ways of marketing, internet, txt, event sponsorship

Expenditure in broadcast media

Annual Expenditure on All Alcohol Advertisements in the Broadcast Media



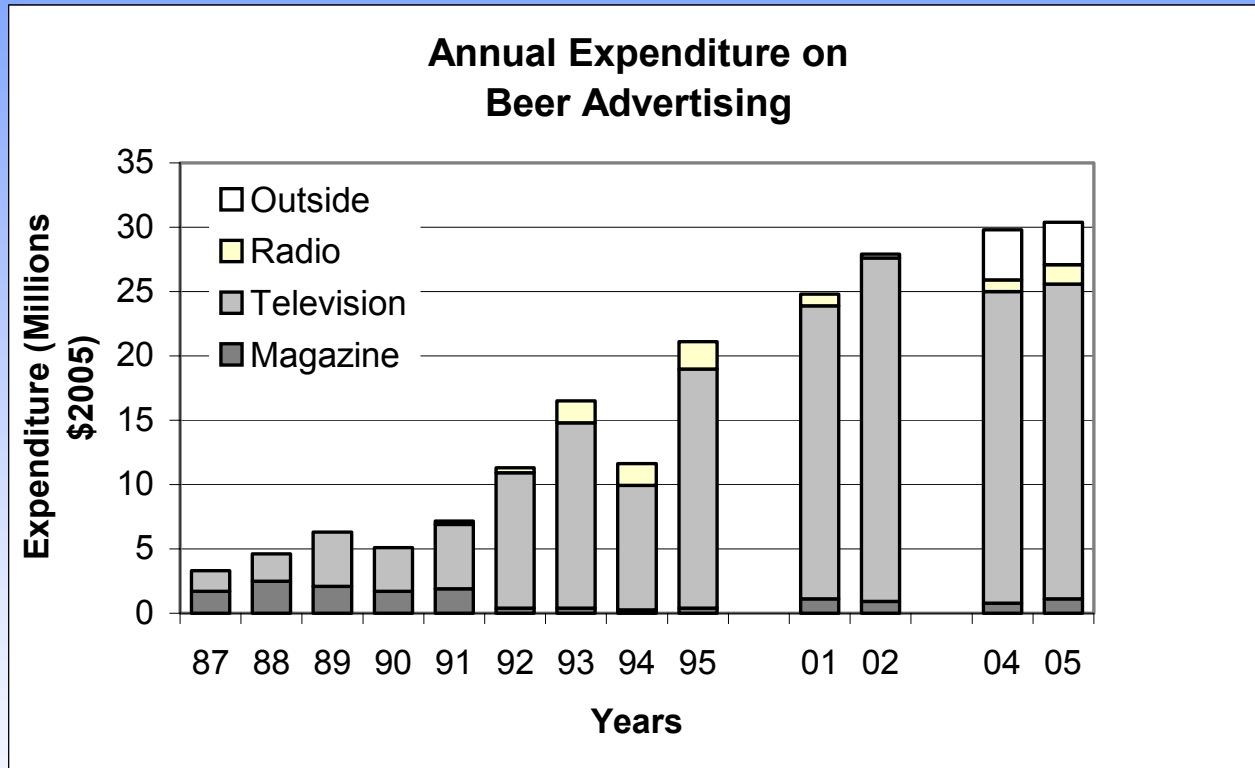
Expenditure in magazines



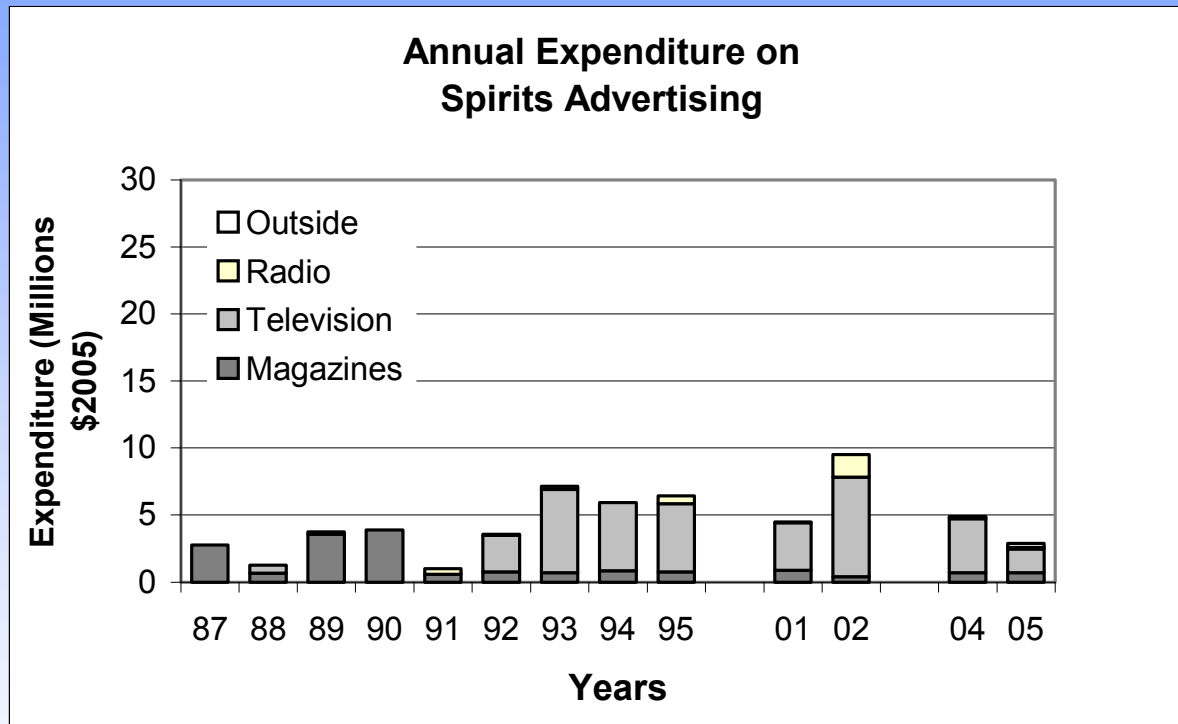
Expenditure on outside advertising

- Data on billboards/outside advertising available 2004 and 2005
- Expenditure of under \$5 million per year

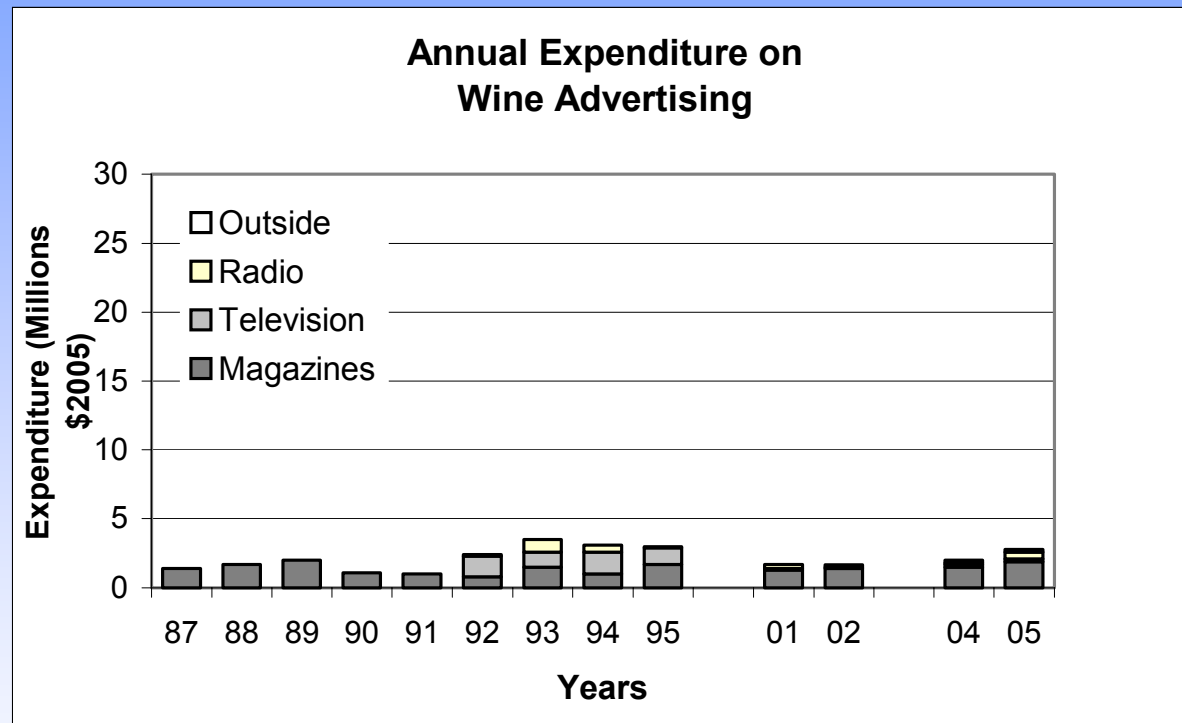
Expenditure on beer advertising



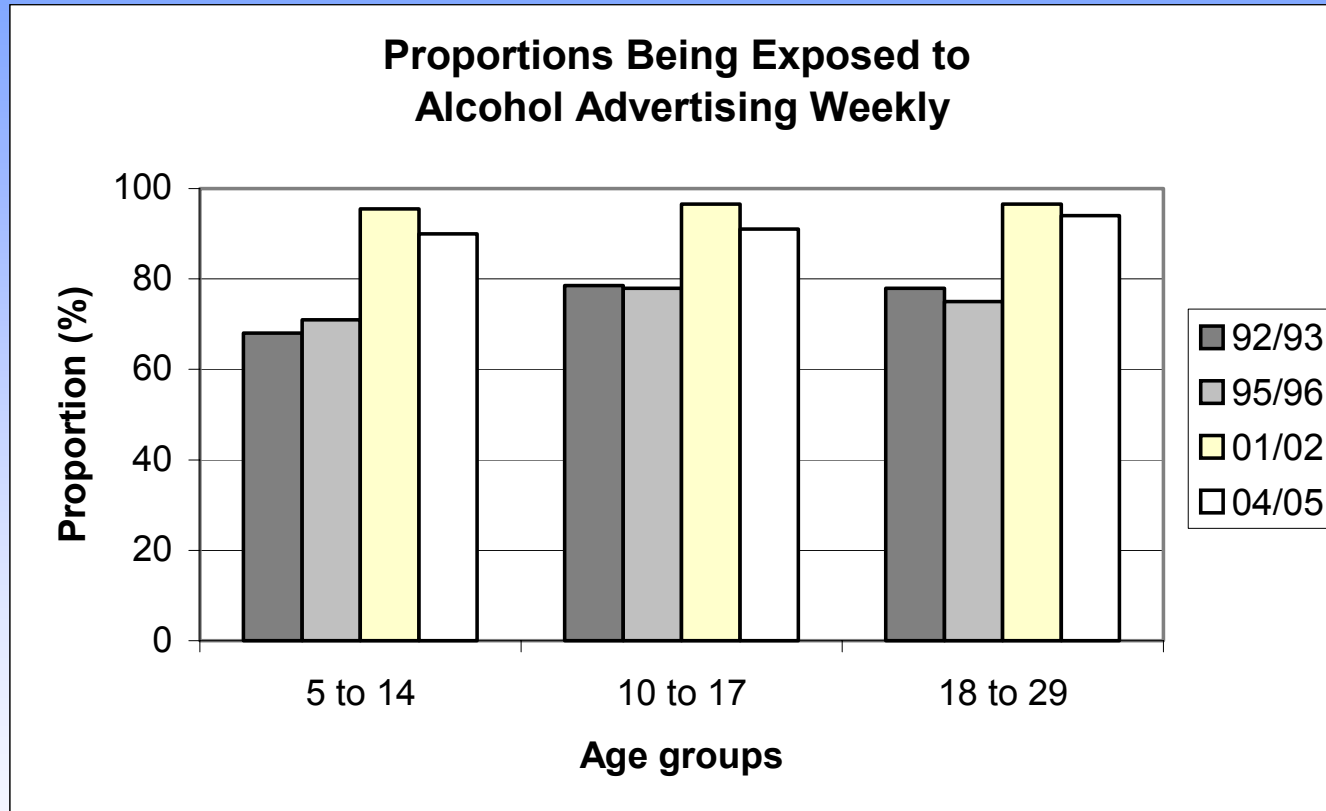
Expenditure on spirits advertising



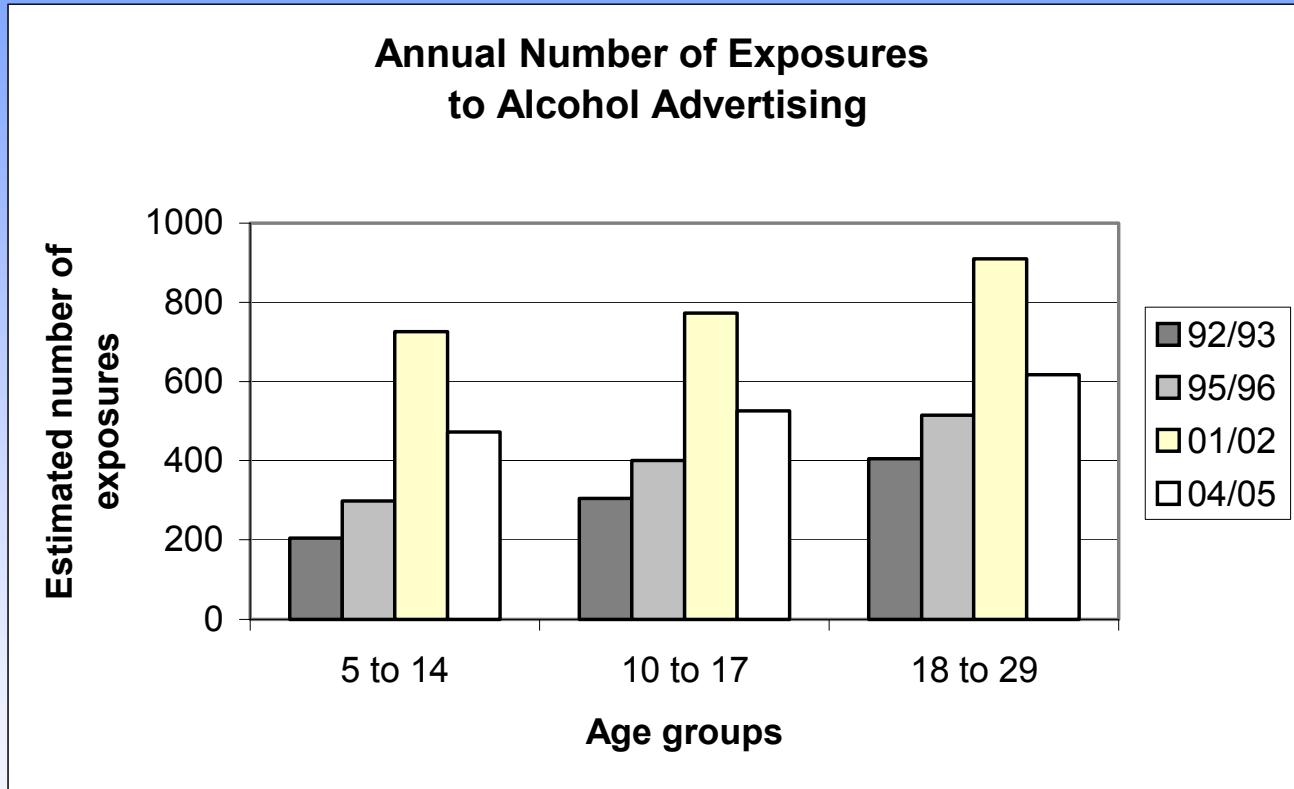
Expenditure on wine advertising



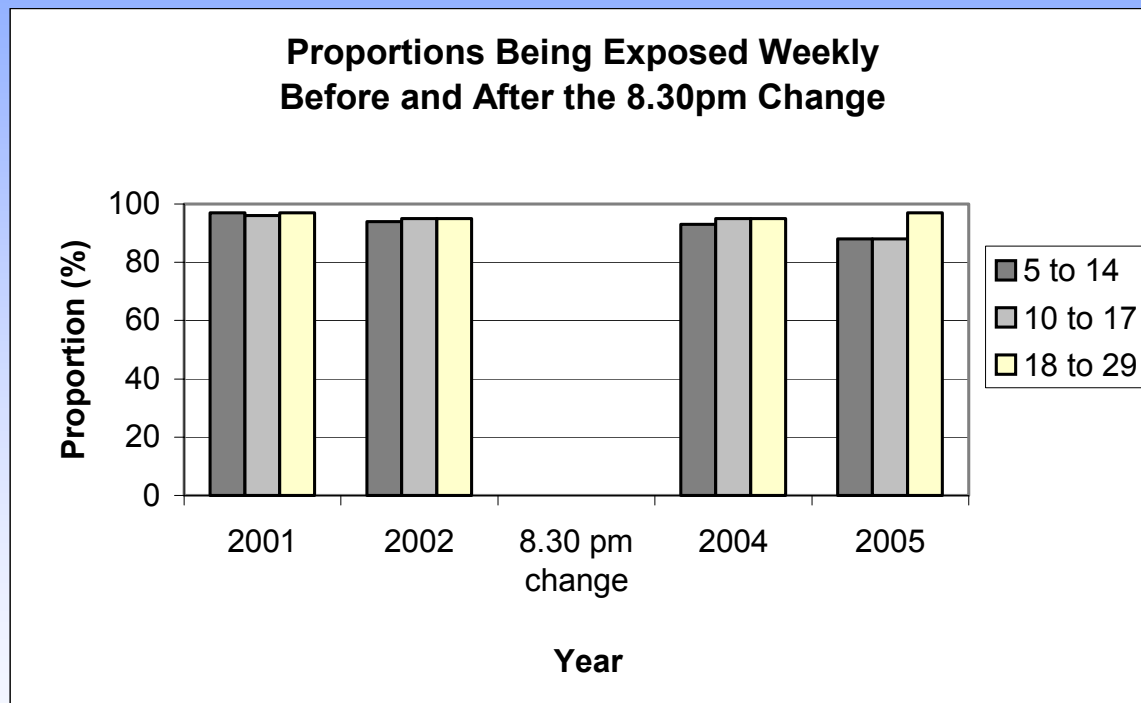
Weekly reach of alcohol advertising on TV



Frequency of exposure on TV



No effect of change in time of permitted broadcast on reach



Survey data showing response of young people

- National Youth Alcohol Survey conducted in 2004
- 3,443 youth aged 12-19 years in New Zealand
- Respondents were asked a series of statements about alcohol advertising

Exposure of youth to alcohol marketing in New Zealand

- ‘some of your favourite ads on TV are alcohol ads’:
 - Agreement increases with age: from almost one in three of 12 -13 year olds to 43% of those aged 18 – 19 years.
- ‘your friends talk about alcohol ads they’ve seen on TV’
 - Agreement increases with age: one in five of those aged 12 – 13 and more than one in three of the older age groups agree.

Exposure of youth to alcohol marketing in New Zealand

- Heavier drinking young people (6+ drinks each occasion) more likely to agree
- ‘some favourite ads alcohol ads’
- ‘friends talk about alcohol ads they’ve seen on T.V.’

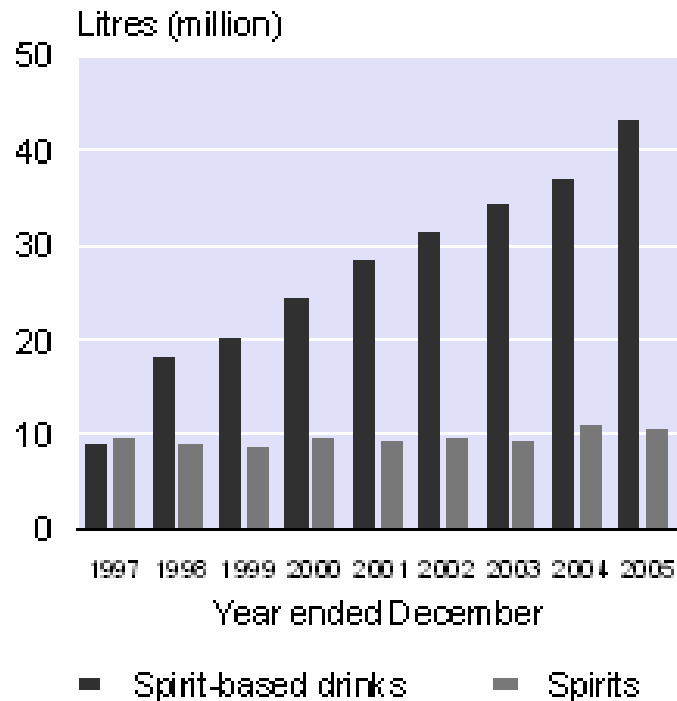
(National Alcohol Survey 2004)

New products

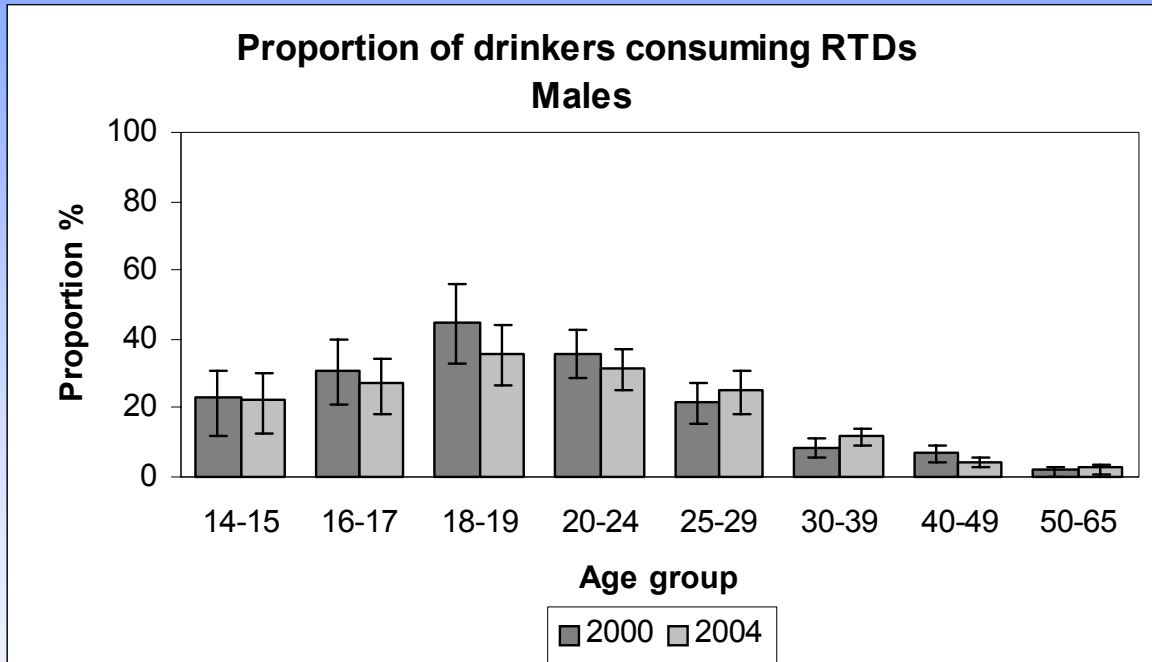


- Ready to drinks (RTDs)
Introduced in 1995.
- 4-5% and 8-9% alcohol
- Sweet & pleasant tasting
- Appeal to young people
- Currently 43 million litres available for consumption in New Zealand

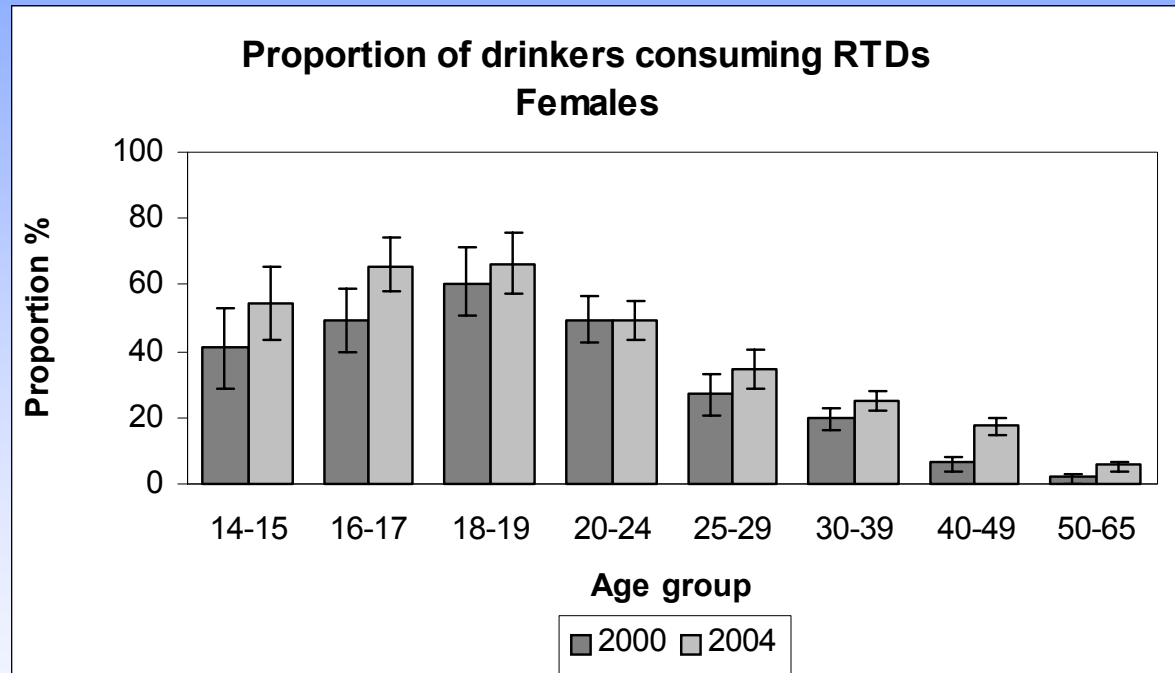
Spirits and Spirit-based Drinks Available for Consumption



RTD drinkers

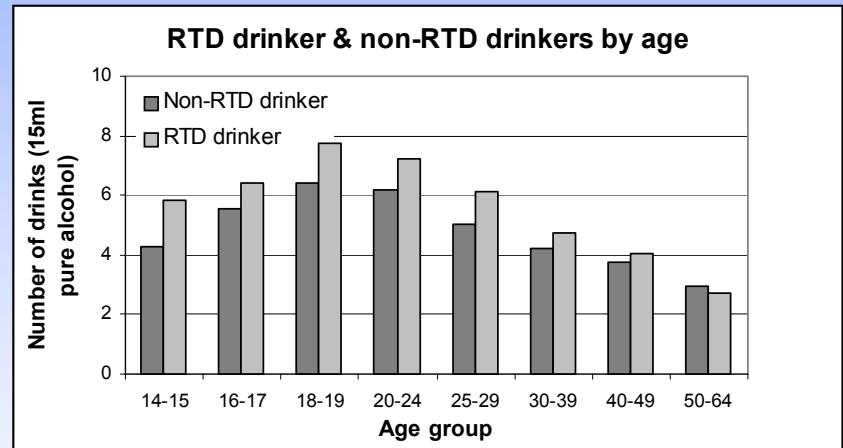


RTD drinkers



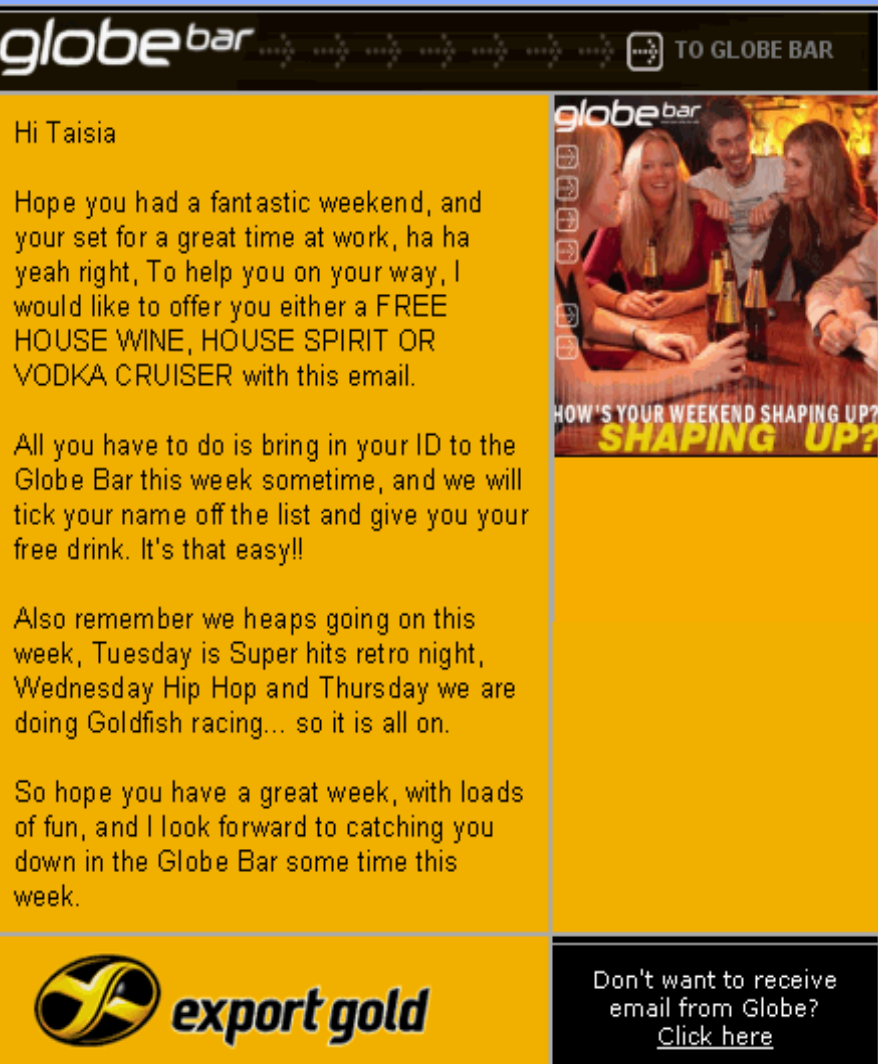
More alcohol consumed by RTD drinkers

- RTD drinkers in all age groups, except the 50-64 group, consumed significantly more on a typical drinking occasion than non-RTD consumers.



New technology

- Email



The screenshot shows an email interface with a yellow background. At the top left is the 'globe bar' logo. To its right is a 'TO GLOBE BAR' button with a mobile phone icon. The email body contains the following text:

Hi Taisia

Hope you had a fantastic weekend, and your set for a great time at work, ha ha yeah right, To help you on your way, I would like to offer you either a FREE HOUSE WINE, HOUSE SPIRIT OR VODKA CRUISER with this email.

All you have to do is bring in your ID to the Globe Bar this week sometime, and we will tick your name off the list and give you your free drink. It's that easy!!

Also remember we heaps going on this week, Tuesday is Super hits retro night, Wednesday Hip Hop and Thursday we are doing Goldfish racing... so it is all on.

So hope you have a great week, with loads of fun, and I look forward to catching you down in the Globe Bar some time this week.

At the bottom left is the 'export gold' logo. At the bottom right is a link: 'Don't want to receive email from Globe? [Click here](#)'.

On the right side of the email, there is a vertical strip containing a photo of people at a bar and the text 'HOW'S YOUR WEEKEND SHAPING UP? SHAPING UP?'.

- Txting



Jim Beam Millionaire's Promotio



New technology



- Websites

- E-cards



New technology

- Downloads for computers; wall papers & screen savers
- Download TV commercials from websites



Effects on consumption

- Econometric research
- Longitudinal research
- Qualitative research

Econometric research

- Looks for relationship between aggregate consumption and expenditure on advertising
- Studies using national annual expenditure measures showed small and mixed results – ‘diminishing marginal product’
- Cross-sectional studies using disaggregated data show positive effects of advertising on consumption eg Saffer (1997)
- Bans on advertising reduce alcohol consumption eg Saffer and Dave, 2002

Longitudinal research: first in New Zealand

- N.Z. Longitudinal data showed that response to advertising in adolescence increased heavier drinking later (Dunedin Longitudinal Study)
- Liking for alcohol advertising and an established brand allegiance at age 18 predicted volume of beer consumed at age 21 (after controlling for amount consumed at age 18). (Casswell and Zhang, 1998)

Longitudinal research funded by NIAAA

- A prospective study of 12 year olds' exposure to alcohol ads (from records of TV watching) resulted in increased consumption, especially of beer, and of 'three drink episodes' (Stacy et al, 2004).

Longitudinal research funded by NIAAA

- Estimations of effect of different advertising markets including five media using data from Monitoring the Future and National Longitudinal Survey of Youth
- Found a reduction in alcohol advertising can produce a modest decline in adolescent alcohol consumption (Saffer and Dave, 2006).

Longitudinal research funded by NIAAA

- Surveys of young people, 1999 – 2001, living in different media markets showed that more expenditure on alcohol advertising (largely reflecting TV) led to heavier drinking
 - \$1 per capita increase added 3% drinking
 - In higher exposure areas drinking levels increased until late 20s whereas they plateaued in early 20s for those experiencing less exposure
 - Evidence of a cumulative effect (Snyder et al, 2006)

Qualitative Research

HRC funded alcohol marketing project

- Study of young people's meaning-making practices around alcohol and alcohol marketing
- Review of marketing theory and local activities relating to young drinkers
- Diverse promotions that produce pro-alcohol youth social and cultural environments

Contemporary marketing practices are crafted to infiltrate, appropriate and express dominant representations of youth culture and lifestyles.

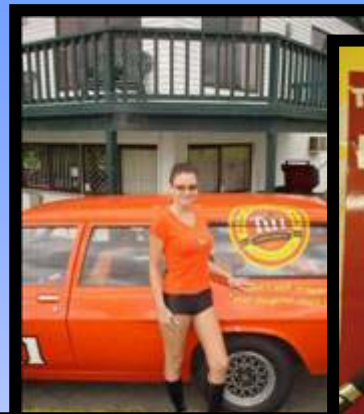
(McCreanor et al, 2005)

Youth meanings; research design

- 24 Longitudinal Affinity Groups, 14, 15, 16 years old
- Interviewed 3 times each over 2 years
- 40 interviews 'post-event' affinity group interviews (eg school balls, Big Day Out)
- Māori, Pākehā, Female, Male, mixed

Have you seen those billboards...
And it's got ones like oh, 'Give the
Māori's their foreshore; Yeah right.'
Oh yeah, and I was watching C4 last
night and... there is these two
guy's... and he's like 'Dude can I
borrow your hair dryer,' and... then
it's like orange and the orange
background's like Yeah right. And
those DB Draught ones, these dudes,
like these working men that go out
and yeah, 'That man deserves a DB.'
There's heaps of them... but even if
it wasn't alcohol it is good as...

James (17yrs)




...with that Export ad... they got the bus ... like I'd love to do that. Just like grab a whole lot of people and go... But you'd need Export to do it as well.

Alex (17yrs)

WIN A ROAD TRIP FOR YOU AND 20 FRIENDS.
5 TRIPS TO BE WON.

CRUISE FOR A DAY WITH EXPORT GOLD.
YOU CHOOSE WHERE YOU WANT TO GO, WE'LL PUT ON THE FOOD AND BEERS.

BUY EXPORT GOLD AND GO INTO THE DRAW TO WIN

 **export gold**

The advertisement features a white and blue bus driving on a road. Several Polaroid-style photos are floating around the bus, showing people enjoying a trip. The background is a bright yellow gradient.

Jackson: Na, you mean the new one aye
Holden: Thirst quench or something, what's it called?
Jackson: Fire fighters
Holden: Quenchers thing, instead of fighting fires they fight thirst...They help people stop their thirst with Export Gold...and they got five people
Jackson: That's it...You have to make a chain.
Holden: Yea yea
Jackson: it'll be a pretty short chain...a five man chain
Holden: is it five man or three?
Aaron: yea (laughs) yip its five

(Continued on next slide)

Jackson: its five ...oh and when they're on the rugby field, you see those shoes and ash

Holden: oh yea

Jackson: can't save them all

Holden: can't save them all!

Jackson: and I like it when it goes...my father's father's father...

Interviewer: so you guys are pretty onto that ad? Took a short time for you guys to pick it up. What's that, like you just see an ad and then you run with it?

Jackson: Depends if I like it

Aaron: Yes if it makes you laugh, then you'll probably go oh that looks funny

Jackson: And you remember it and tell your friends... have you seen that ad? It's a crack up aye (Laughs)

Holden: I like it aye (Laughs)

Jackson: Cool

Marketing intoxication?

At the Lion Red fishing contest ... you see like slaughtered people, absolutely trolleyed and it's just awesome.

Mark (15yrs)

I was just like yes Smirnoff Blue, Smirnoff Blue, I'm going to get so wasted tonight. I was in the taxi and I was like passing it back to see if anyone wanted it, and everyone was no screw that shit, and I had it straight. I was just like going, oh you guys are just pussies...

Ed (17 years)

Intoxigenic marketing

Export Gold “Rock Ride Party” (September 2004)

- Branded “competition”
- Youth radio stations, DJ, Music TV
- Cross-linked (radio and alcohol) websites
- Location, travel, snow/X-sports, band, musicians, 3 friends, product
- Cellphone SMS, Email

“The best weekend you’ll never remember!”

Cost Effective Policy

Chisholm et al. (2003)

Choice of effective policies included ban on advertising (also taxation, drink driving interventions, reduced hours of sale, brief interventions)

Tax increase and ban on alcohol advertising the most cost-effective changes for WPRO A countries (NZ, Aus, Japan) to reduce alcohol related harm

A regulatory framework

- Voluntary codes/systems ('self regulation') doesn't work
- Examples of successful regulation exist
 - France – Loi Evin
 - Sweden
 - Norway

WHO Western Pacific Region Alcohol Strategy, September, 2006

- 4.1.4 Regulate and respond to the marketing of alcoholic beverages, including advertising and sponsoring of cultural and sports events, in particular those aimed at young people
 - Regulate or ban the marketing of alcoholic beverages, for example, through a code of conduct
 - Designate a government agency responsible for enforcement of marketing regulations

Public Health Policy Options

- Regulatory framework to achieve comprehensive ban based on
 - Loi Evin
 - Swedish law
- Government agency
- Ban on Broadcast media
- Reduction in exposure of younger people

Policy on Alcohol Marketing

- History in New Zealand
- Current situation
- Policy experiences overseas
- Policy options

Changes in policy on alcohol advertising in New Zealand

Broadcasting in NZ was developed as a government department and until 1981 in-house rules did not permit broadcast advertising of alcohol (or tobacco)

- Liberalisation of alcohol advertising paralleled commercialisation of broadcasting and economic downturn
- Industry self-regulation means that government has lost policy control over marketing of alcohol
- Sale of Liquor Act 1999 amendment:
S.154: Promotion of excessive consumption of alcohol
- Responsible marketing objective in National Alcohol Strategy 2001 'Minimise the exposure of young people to alcohol marketing messages'

NZ alcohol policy timeline

- → No alcohol advertising in the broadcast media, ad industry code covers print ads
- 1981: Advertising of alcohol retail outlets permitted
- 1987: Alcohol corporate and sports sponsorship permitted
- 1989: New Broadcasting Act, Broadcasting Standards Authority to encourage voluntary codes of standards, including 'to restrict liquor promotion' and 'to protect children'
- 1991: BSA writes codes on liquor advertising and liquor promotion in programming
brokers deal for full alcohol brand advertising after 9 pm in exchange for free airtime for alcohol health promotion ads
BSA checks its decision with Minister and Cabinet colleagues who give the nod
- 1992: Cabinet paper allows advertising industry 'opportunity to become self-regulatory'
BSA passes code to private sector ASA
ASA to undertake its own reviews (despite BSA concern)
- 1993: Broadcasting Act amendment clarifies BSA and ASA jurisdiction on complaints
= only mention in law of ASA and its role
- 1995: ASA reviews code and continuation of broadcast alcohol advertising
- 1998: ASA reviews code
- 2003: ASA reviews code
Free airtime, scheduling and saturation rules shifted from statutory BSA to private sector ASA
Brought start time forward to 8.30 pm, against ALAC and MoH opposition
- 2004: Petition to Parliament by GALA
- 2004: Health Committee of Parliament hears submission on petition and recommends review of regulatory framework
- 2005: Private Member's Bill to restrict alcohol ads to after 9.30 pm (and raise age back to 20)
- 2006: Review underway of alcohol advertising and regulation
Review steering committee includes ASA

Matt Robson: Private Members Bill

- The Select Committee may seek to delay their report back on the advertising part of the Bill.

Review of the Regulation of Alcohol Advertising

What is the Government's alcohol policy?

The focus of the Government's alcohol policy is harm minimisation and changing New Zealand's drinking culture to one where bingeing and intoxication are seen as unacceptable. Responsible marketing is a demand reduction objective of the Government's alcohol strategy.

What is the goal of the review?

The goal of the review is to assess whether or not the current regulatory framework for alcohol advertising meets the needs of Government policy concerning liquor advertising. The regulatory framework for alcohol advertising should effectively:

- ensure alcohol advertising does not conflict with or detract from the need for responsibility and moderation in liquor consumption
- support a change in cultural norms from heavy drinking leading to intoxication to moderate drinking and
- minimise overall exposure of alcohol advertising to children and young people under the minimum legal purchase age.

What will be covered by the review?

The review will consider alcohol advertising in all its forms, how it is regulated and whether that regulation supports Government's stated alcohol policy objectives.

WHO Global Status Report: Alcohol policy 2004

- Few countries prohibit all forms of alcohol advertising but 23-31% of 117 countries have restrictions, by medium and/or by beverage eg 44% restrict beer ads on national radio; 60% restrict spirits ads on national television.
- Only 15% rely on industry voluntary codes alone
These focus on ad content, but do not reduce exposure to alcohol advertising.

Case studies of success: France

- 1987 - Scotch whisky producers took French ad law to European Court of Justice for discriminating against foreign products but flagrant breaches of 1987 law, eg. sexualised ads, led to stricter law
- 1993 - Loi Evin 1991 finally implemented
Bans tv and cinema ads for alcohol (1.2% abv), bans radio ads between 5-12 pm
Bans alcohol sponsorship of sports and cultural events
Print ads and billboards permitted.
Permitted ads may only refer to product characteristics, eg brand name, ingredients, provenance, how to prepare and serve the drink, etc. – ie no 'lifestyle' ads
- 2003 - New law unsuccessfully challenged in French and EU courts
ECJ ruled restriction of freedom to provide services was justified to protect public health**
- 2005 - French Senate voted to allow wine ads television, with product characteristics only (response to pressure from French wine industry)

Case Studies of Success: Sweden

- Previous law prohibited ads of alcohol over 2.25% abv in all media. Ads for low alcohol beer permitted. Print ads allowed in trade media only.
- Law circumvented by low alcohol beer ads with same name/packaging as full strength.
- Trade media rule successfully challenged by *Gourmet* magazine under EU trade law – put law re other media in question
- New legislation from January 2005
 - Clarified public health purpose
 - Alcohol ads not permitted on radio or tv, including satellite
 - No periodical/journal ads for alcohol beverages more than 15% abv except point of sales materials

Case Studies of Success: Norway

- Law prohibits ads for alcohol over 2.5% abv on television (including cable), radio, in print from 1977) and on billboards/posters/signage (from 1977).
 - Law is very broad, all mass communication for marketing purposes, covers internet, product placement, alluding to alcohol.
 - Alcohol sports sponsorship not permitted.
 - Light beer ads, ads in trade journals and for licensed premises are permitted.
- Light beer ads were used to promote full strength with same name/packaging, so 1997 law addressed this.
- Carlsberg and Budweiser ads/merchandise/clothing have circumvented the sports sponsorship law.
Challenge by industry overturned by Supreme Court, maintaining the ban.
- Norway is in European Economic Area but not EU itself. Has been asked to look at its alcohol advertising policy, but no change so far.

Case studies of (partial) success: Thailand

- Recent policy changes have ensured that the advertisement of liquor products is allowed on television only after 10.00pm and before 6.00am
- August 2006: U.S. Ambassador led representatives of the US-Asean Business Council, tobacco manufacturer Philip Morris, alcohol firms Diageo and Riche Monde in a meeting with the Thai Minister of Public Health; mainly focused on bilateral co-operation in which the Americans called for help "to strengthen alcohol and tobacco businesses in Thailand". A ban on alcohol and tobacco advertisements seemed to be the main trade barrier in the US' point of view.
- Continued advocacy for more comprehensive restrictions, currently affected by the coup