INQUIRY INTO STRATEGIES TO REDUCE ALCOHOL ABUSE AMONG YOUNG PEOPLE IN NSW

Organisation: Australian Association of National Advertisers
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The Director
Standing Committee on Social Issues
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sir/Madam

INQUIRY INTO STRATEGIES TO REDUCE ALCOHOL ABUSE AMONG YOUNG PEOPLE IN NSW

The Australian Association of National Advertisers (AANA) provides this submission in response to the NSW Legislative Council’s inquiry into strategies to reduce alcohol abuse among young people in NSW. Specifically, the AANA has addressed the first of the Terms of Reference under consideration by the Standing Committee on Social Issues – the effect of alcohol advertisements and promotions on young people, including consideration of the need to further restrict alcohol advertising and promotion.

As the peak industry body, AANA has represented national advertising for over 80 years. It represents the common interests and obligations of companies across all business sectors involved in the advertising, marketing and media industries.

AANA serves to protect the rights of consumers in ensuring advertising and marketing communications are conducted responsibly, including through its development and administration of industry codes and the self-regulatory system.

The advertising, marketing and media industry plays a fundamental economic role in society and contributes in excess of $30 billion to the Australian economy annually. It is the driver of consumer choice and, by promoting competition, helps consumers get better value for money. It enables innovation to be brought to market and stimulates economic growth and jobs. It provides substantial funding to support media and a variety of media content.

AANA’s members recognise they have a role to play in contributing to a healthier Australia. This responsibility is reflected in the content and scheduling restrictions in the self-regulatory system for advertising and marketing communications. The AANA self-regulatory system is technology neutral.

Yours sincerely

Alina Bain
Acting Chief Executive Officer, AANA
AANA Submission

In response to

Standing Committee on Social Issues

Inquiry into strategies to reduce alcohol abuse among young people in NSW

5 March 2013
Executive Summary

- AANA members recognise they have a role to play in contributing to a healthier Australia. This responsibility is reflected in the content and scheduling restrictions in the self-regulatory system for advertising and marketing communications. The AANA self-regulatory system is technology neutral.

- The AANA self-regulatory model sits alongside a comprehensive range of other self- and co-regulatory schemes that operate to restrict both the messaging and placement of alcohol advertising in Australia in all media.

- The self-regulatory system is effective and is underpinned by a responsive and transparent complaints handling system managed by the Advertising Standards Bureau (ASB). ASB records show that alcohol advertising accounted for just 3.02% of all complaints in 2012. This percentage has dropped from 7.07% in 2005. Compliance by industry with decisions of the Advertising Standards Board (the Board) is almost 100%

- Given this comprehensive and robust system of advertising/marcomms regulation, it is AANA’s submission that there is no need to further restrict alcohol advertising and promotion.
Introduction
The Australian Association of National Advertisers (AANA) has been the peak national body for advertisers for over 80 years and represents the common interests and obligations of companies across all business sectors involved in Australia’s advertising, marketing and media industry.

The advertising, marketing and media industry plays a fundamental economic role in society and contributes in excess of $30 billion to the Australian economy annually. It is the driver of consumer choice and, by promoting competition, helps consumers get better value for money. It enables innovation to be brought to market and stimulates economic growth and jobs. It provides substantial funding to support media and a variety of media content.

AANA members recognise they have a role to play in contributing to a healthier Australia. Having regard to this responsibility, they have crafted a series of codes, practice notes and guidelines that provide broad and robust coverage of all aspects of advertising and marketing. In addition to providing guidance for the messages in advertising and marketing communications, the AANA self-regulatory system is technology neutral.

AANA’s aim is to promote and safeguard the rights of its members to communicate freely with their customers and to protect consumers by ensuring advertising and marketing communications is conducted responsibly. This is achieved, in large part, through management of the self-regulatory system. The AANA self-regulatory model sits alongside a comprehensive range of other self- and co-regulatory schemes that operate to restrict both the messaging and placement of alcohol advertising in Australia in all media. Codes of Practice and other guidelines relating to alcohol advertising have been implemented by all media, including commercial television, commercial radio, subscription television, outdoor media and publishing.

Complaints under the Codes are adjudicated by the independent Advertising Standards Board (the Board) which is administratively supported by the Advertising Standards Bureau (ASB). The system - created, reviewed and owned by AANA - came into operation in 1997 following extensive consultations with advertisers, agencies, the media, consumer groups and government representatives.

Advertising is powerful and this is why brands spend a significant portion of their budgets on the promotion of their products. However, advertising drives brand choice and not consumption.

In this regard, the alcohol industry is highly competitive. Advertising and marketing for alcoholic beverages and products compete for market share. This market share is legally restricted to those under 18 years of age. For this reason, advertisers/marketers do not promote their products to this age group. Advertisements and other promotions are designed to attract only those over 18 years who are legally entitled to buy the products in this competitive space. The ads are not only designed to appeal only to those aged 18+, they are also strictly guided by the broad range of restrictions across all media in terms of both messaging and placement.

In order to obtain the best return on their advertising investment, brands will promote their products during the times when over-18s are most likely to be watching television; that is, after 8.30pm and during live sport (especially males). These times are supported by audience viewing statistics (detailed further in this submission).
Section 1: Self-Regulation of Advertising and Marketing Communications

In 1997, AANA established the self-regulatory system for advertising and marketing communications. This self-regulatory system embraces a model of structural separation of ‘code making’ (by AANA) and ‘code adjudication’ (by the Advertising Standards Bureau – the ASB).

This structural separation is considered a core strength of the self-regulatory system.

AANA Codes

The AANA Code of Ethics provides the overarching set of principles to which all advertising and marketing communication, across all channels, should comply. Building on this Code, AANA has developed a further three specialised codes to address the specific circumstances of:

- advertising to children;
- the advertising of food and beverages; and
- the use of environmental claims in advertising.

In addition, AANA actively supports self-regulatory initiatives of other industry sectors that address matters applicable to their sectors, including through sector-specific codes such as those applying to the marketing of food to children, motor vehicles and alcohol.

Specifically, AANA’s self-regulatory codes are:

- **AANA Code of Ethics** This code has the objective of ensuring all advertising is ethical and prepared with a proper sense of obligation to consumers and fairness to competitors. It was relaunched in 2012 after an extensive review and update.

- **AANA Code for Marketing & Advertising Communications to Children** This code was revised after extensive community consultation in May 2008. The code is designed to ensure that advertising and marketing communication directed at Australian children is conducted in accordance with prevailing community standards.

- **AANA Food & Beverages: Advertising & Marketing Communications Code** This code is based on International Chamber of Commerce principles and is designed to ensure a high level of social responsibility in the advertising and marketing of food and beverage products and services in Australia.

- **Environmental Claims in Advertising and Marketing Code** The object of this code is to ensure that advertisers and marketers develop and maintain rigorous standards when making environmental claims and to increase consumer confidence in such claims by advertisers.

All AANA codes are technology and platform neutral. That is, the codes apply across all media and all advertisers, including online media and outdoor signage.

AANA’s codes are ‘living’ documents. To this end, and to ensure their currency and relevance with changing community standards, the AANA continues to review and update its codes, guidelines and practice notes as part of its ongoing commitment to effective self-regulation.

Most recently, the AANA confirmed that in relation to social media, that third party content (UGC) within a brand’s control, is subject to AANA Codes. In this way, AANA has ensured that the community can expect the same level of community standards in social space as in other media.
Complaints

The self-regulatory system is underpinned by an independent, transparent and robust complaints handling system, which was established by the AANA in 1997 as part of the structural separation of code making and code adjudication.

The complaints handling system is administered by the ASB and complaints are adjudicated by the Board, made up of individuals who are representative of the community and not connected to the advertising industry.

The current self-regulatory arrangement is effective and is supported by a responsive and transparent complaints handling system managed by the ASB. It is a system that delivers responses to consumer complainants within 30 days and covers all forms of advertising and media.

Consumers that have complaints can make their concerns known to the ASB and if the complaint is upheld, the ad will be required to be withdrawn or modified. Compliance by industry with decisions of the Board is almost 100%.1

Industry collaboration

AANA has always sought a collaborative approach with government, industry stakeholders and consumers in building confidence and public trust in advertising and marketing communications through our codes of practice and self-regulatory system.

AANA undertakes regular reviews of its codes to ensure that they are in keeping with prevailing community standards. The AANA’s Code of Ethics confirms that these standards are influenced in part by previous decisions of the ASB, the AANA’s intent in developing the Code of Ethics and any relevant research (of the AANA or the ASB).

Self-regulation of advertising and marketing activities is the most efficient, flexible and cost effective means of ensuring both advertising and marketing communication meet community expectations.

The cost of administering industry Codes and dealing with consumer complaints is born entirely by advertisers, not consumers (taxpayers).

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1Advertising Standards Bureau, Report of Operations 2011, p13
Section 2: Regulation of Alcohol Advertising

The AANA Advertising and Marketing Communications to Children Code (the Children’s Code) specifically provides that “advertising or marketing communications to children must not be for, or relate in any way to, alcohol products or draw any association with companies that supply alcohol products”.

This ban on advertising alcohol to children is supported by the Alcoholic Beverages Advertising Code (ABAC). The Alcoholic Beverages Advertising Code (ABAC) is co-regulatory, with a government representative on the management committee in addition to industry and advertising representatives. ABAC’s independent adjudication panel is led by former Attorney-General, Professor the Hon Michael Lavarch, and is run at arm’s length from the industry.

In addition to the AANA and ABAC, there are a range of other provisions that provide a comprehensive landscape of regulation of alcohol products in Australia. While the AANA regulatory framework covers all media (including online/social media), there are also media-specific regulatory codes of conduct, including for outdoor media, commercial free to air television, commercial free to air radio and subscription television (see Attachment A).

Together, the regulatory landscape comprehensively addresses both messaging and placement concerns:

- Prohibit advertising or marketing communications to children to be for, or in any way relate to, alcohol products or draw any association with companies that supply alcohol.

- Advertisements for alcoholic products must:
  - not have a strong or evident appeal to children or adolescents and, accordingly –
    - adults appearing in advertisements must be over 25 years of age and be clearly identified as adults
    - children and adolescents may only appear in advertisements in natural situations (e.g., family barbecue, licensed family restaurant) and where there is no implication that the depicted children and adolescents will consume or serve alcohol beverages; and
    - adults under the age of 25 years may only appear as part of a natural crowd or background scene.

- On commercial free to air television, an advertisement of alcoholic drinks may only be broadcast in M, MA or AV classification periods or as an accompaniment to the live broadcast of a sporting event on weekends or public holidays. Further, an advertisement for an alcoholic drink or a very low alcoholic drink may not be broadcast during a C classification period, as defined in the Children’s Television Standards.

- Advertisements broadcast by a commercial radio licensee must comply with all other Advertising Codes of Practice so far as they are applicable.

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2AANA Code for Advertising and Marketing Communications to Children, Clause 2.13
3The ABAC Scheme: Alcohol Beverages Advertising (and Packaging) Code, Part 1(b)
4Commercial Television Industry Code of Practice, Clauses 6.7 and 6.9
5Commercial Radio Australia, Code of Practice and Guidelines, 3.1
Advertisements broadcast by subscription television licensees must comply with any relevant Australian Association of National Advertisers’ (AANA) Codes, including the Code of Ethics, the Code for Advertising to Children and the Food and Beverages Advertising & Marketing Communications Code. Further, licensees must, to the extent applicable, ensure that advertisements promoting goods and services defined in the Alcoholic Beverages Advertising Code comply with that code.\(^6\)

Subscription television licensees must take into account the intellectual and emotional maturity of its intended audience when scheduling advertisements for the advertising of alcoholic beverages.\(^7\)

The Outdoor Media Association (OMA) only endorses the display of advertising that adheres to a range of advertising industry codes of practice, including the AANA Code of Ethics, the AANA Code for Advertising and Marketing Communications for Children, the AANA Food and Beverages Advertising and Marketing Communications Code and the Alcoholic Beverages Advertising Code. The OMA is committed to the responsible advertising of alcoholic beverages, including limiting their display around schools, as outlined in the OMA’s Alcohol Advertising Guidelines and endorses and supports the display of advertising for alcoholic beverages that has been approved by the Alcohol Advertising Pre-vetting System. Alternatively, members may only accept copy where the advertiser has provided written advice from a law firm stating that the advertisement complies with the ABAC.\(^8\)

The Publishers’ Advertising Advisory Bureau Guiding Principle for Alcohol Beverage Advertising states that members support ABAC and the Distilled Spirits Industry Council of Australia initiatives. In addition, the PAAB has a Guiding Principle for Advertising Directed to Children.

These restrictions, together, restrict alcohol advertising and messaging. They are designed specifically to safeguard children and ensure they are not exposed to or targeted by alcohol advertising. The success of this blanket coverage of self-regulatory provisions is supported by audience data, which shows that the primary audience watching when alcohol advertising is permitted is comprised of adults, ie persons over 18 years of age.

**Commercial free to air television restrictions**

On commercial free to air television, advertisements for alcohol may be broadcast during M, MA or AV time periods, ie after 830pm. Audience numbers reflect the predominantly adult audience after 830pm.\(^9\):

\(^6\)ASTRA Code of Practice, 6.1(a)
\(^7\)ASTRA Code of Practice, 6.5
\(^8\)OMA’s Code of Ethics and Alcohol Advertising Guidelines
\(^9\)Oztam 2012 averages
The audience figures reflected above show that, of a total 2,419,000 viewers watching TV after 8.30pm, 90.8% (2,196,000) are adults (ie aged 18+). Of the total number of viewers (2.419m), only 2% of those aged 0-17 years are watching TV without the presence of an adult. 90.8% of the total viewing audience after 8.30pm are adults:

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>AGE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL PROGRAMS POST 8.30PM</td>
<td>0-4</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>5-12</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>13-17</td>
<td>1.4</td>
</tr>
<tr>
<td></td>
<td>18+</td>
<td>90.8</td>
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Alcohol advertising during sport

Alcohol advertisements are also permitted in the broadcast of live sport on weekends and public holidays. Again, the audience figures show that the viewing audience for live sport on weekends and public holidays is predominantly adults. The following graph shows the percentage of viewers by age not accompanied by an adult during live sport broadcasts after 8.30pm:

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10 Oztam 2012 averages
11 Oztam 2012 averages

2 8 0 2 1 3
This graph shows the percentage of viewers by age watching live sports after 8.30pm with an adult.

Oztam audience viewer figures reveal that, regardless of whether live sport is watched before or after 8.30pm and either with or without an adult also viewing the program, the vast majority of the audience is comprised of over-18s.

The following information relates to live sport audience viewing figures before 8.30pm.

With an adult:
Without an adult:

The results are the same: the number of children exposed to alcohol advertising at any time of the day is small – in all cases, less than 5%.

It should be noted as well that, while being able to advertise during live sports (whether before or after 8.30pm), all of the Codes of Practice, guidelines, etc across all of the relevant media continue to apply to ensure that the target audience of adults (ie those aged over 18 years) is reached. As earlier stated, there is no value or return on investment in advertising to those other than the intended audience.

**Digital and Social media**

Online marketing of alcohol is regulated by the AANA codes and the ABAC. These restrictions are specifically aimed at ensuring that the websites and other online pages of alcohol brands do not engage with anyone under the legal age for drinking and that the content on these pages is in line with existing codes.
In addition, digital advertising platforms also have policies and tools that restrict how alcohol advertising appears on their sites and restrict the showing of alcohol advertising to young people. This empowers advertisers to comply with the [applicable codes]. For example, both YouTube and Facebook have clear and explicit policies that govern alcohol advertising on the site [insert links]. And on Facebook, for example, only users with a registered age of 18+ can access and like a page by an alcohol brand. For example, if Joe Blogs has created an account on Facebook indicating that he is 15 years old, he cannot like or access 18+ age gated Facebook pages.

Complaints about alcohol advertising

All of Australia’s major alcohol producers, accounting for more than 95% of the alcohol volume sold in the country, abide by the spirit and letter of the AANA and ABAC Codes, and comply with the decisions of the ASB.

The current self-regulatory system is effective and is underpinned by a responsive and transparent complaints handling system managed by the Advertising Standards Bureau (ASB). It is a system that delivers responses to consumer complainants within 30 days and covers all forms of advertising and media.

There is a low level of complaint about alcohol advertising which demonstrates that the regulatory system is working well.

- In 2012, the Advertising Standards Board considered complaints about 497 advertisements.
- Of those 497 advertisements, 15 (or 3.02%) were for alcohol advertisements.
- Of those 15 alcohol advertisements considered by the Board, complaints about only 1 advertisement were upheld.
- The breached alcohol advertisement represented 1.47% of all advertisements found in breach and only 0.20% of all advertisements considered. ¹²

Section 3: Alcohol advertising and consumption behaviour

The key question in relation to alcohol advertising is whether such advertising encourages the misuse of alcohol. The answer to this is ‘no’. In general, advertising influences the choices of confirmed drinkers. Advertising doesn’t influence consumers to drink irresponsibly. It does not depict irresponsible consumption. In fact, such activity is prohibited by the vast range of regulatory provisions governing all media. Rather, it creates awareness of the brand and influences brand preference.

Australian and US research indicates that by far the major influences on underage drinking are deep seated cultural factors, most notably, peer group norms, parental drinking behaviour and availability of alcohol. Advertising is not a pre-dominant reason13.

There is no evidence of a correlation between advertising and problem drinking.

With few exceptions, research into the impact of advertising bans tends to indicate that they either have no effect on consumption or are associated with an increase:

- Research covering periods of up to 25 years — such as the survey of 17 developed economies carried out in 2007 by Professor Nelson — reveals that bans do not tend to reduce the number of ‘new’ drinkers.14
- The Drugs and Crime Prevention Committee of the Victorian Parliament stated in 2006 that there was not enough evidence of a link between alcohol advertising and consumption to justify a ban.15
- A study of seventeen OECD countries with bans on broadcast advertising found “the empirical results do not support the notion that bans on broadcast advertising of alcoholic beverages will reduce consumption or alcohol abuse” and that “a complete ban of broadcast advertising of all beverages has no effect on consumption relative to countries that do not broadcast advertising.”16
- Denmark has amongst the highest intoxication rates amongst young people despite a broadcast ban — except for low level alcohol — and restrictions on print and outdoor advertising17.
- When New Zealand lifted a ban on alcohol advertising in 1992, consumption of distilled spirits did not increase; in fact, the spirits market continued to decline suggesting there is no meaningful linkage18.
- During a period of intense advertising activity in Australia over the past 20 years, there has been a marked decline in per capita consumption of beer19.

15Quoted in Frontier Economics, Food for Thought Bulletin, January 2008
16Victorian Parliamentary Drugs and Crime Prevention Committee, Inquiry into Strategies to Reduce Harmful Alcohol Consumption Final Report, 2006
18International Center for Alcohol Policies, Industry Views on Beverage Alcohol Advertising and Marketing, with Special Reference to Young People, p.9, 2002
19AIHW, Statistics on Drug Use in Australia 2006 pp.14-15
It should also be noted that advertising and sponsorship has been critical to the successful introduction of the lower-than-full-strength segment of the beer market. Today, one in four beers consumed is lower-than-full-strength (mid or light).\textsuperscript{20} This positive change in consumption would not be possible if brewers are restricted from establishing these brands in the market.

\textsuperscript{20} Nielsen, Volume Share MAT December 2012
Section 4: Conclusion

Evidence overwhelmingly shows that the comprehensive regulatory landscape that addresses both content and placement of alcohol advertising, combined with an independent and robust complaints system, provides a truly effective means of reducing the exposure of alcohol advertising/marketing to children and young people. This effectiveness is further evidenced by the very low (and decreasing) rate of complaints about alcohol advertising in Australia.

In addition, all AANA codes that underpin the self-regulatory system are publicly reviewed on a regular basis. That is, all consumers, government, industry, public health and any other stakeholders have an equal opportunity to have input to the drafting of the codes.