

**Submission  
No 1**

**INQUIRY INTO ALCOHOLIC BEVERAGES ADVERTISING  
PROHIBITION BILL 2015**

**Organisation:** Brown-Forman Australia Pty Ltd

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**Submission to the Inquiry into  
the Alcoholic Beverages Advertising Prohibition Bill 2015**

**Brown-Forman Australia Pty Ltd**

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## Who We Are

Brown-Forman was founded in 1870 and is one of the largest global spirits and wine companies, with annual sales in excess of US\$3billion.

For 147 years, Brown-Forman Corporation has enriched the experience of life by responsibly building fine quality beverage alcohol brands, including Jack Daniel's Tennessee Whiskey, Finlandia Vodka, Herradura Tequila, Sonoma-Cutrer wines and Woodford Reserve Kentucky Bourbon.

At a global level, we are a member of the International Association for Responsible Drinking (**IARD**), and a signatory to the Global Actions on Harmful Drinking commitments.<sup>1</sup>

### Brown-Forman in Australia

Brown-Forman Australia Pty Ltd (BFA) has its headquarters for Australia, New Zealand and the Pacific in Surry Hills, Sydney, NSW.

BFA is a member of both the Distilled Spirits Industry Council of Australia (**DSICA**) and Alcohol Beverages Australia (**ABA**). Together with our fellow members and signatories, we are proud to co-fund the Alcohol Beverages Advertising Code (**ABAC**), a co-regulation scheme with government to assure marketing responsibility and compliance, and **Drinkwise**, the social campaigning and educational body, to help consumers better understand alcohol, and to make informed and responsible consumption decisions.

We employ approximately 150 Australians across our Sydney and interstate offices, and sustain AUS\$200m+ annual economic contribution via excise taxes and production arrangements. We are also significant supporters of the Australian creative marketing and media industries via our advertising and marketing activity.

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<sup>1</sup> For more information, see <http://www.producerscommitments.org/>

## **Our Commitments to Responsible Marketing**

At a global level, Brown-Forman supports and encourages a strong commitment by all beverage alcohol companies that they will direct their marketing only to people of legal drinking age in any given market.

Our own strong commitment to self-regulation, responsible marketing and advertising is demonstrated by our status as a signatory to the Global Actions on Harmful Drinking commitments.<sup>2</sup>

In 2012, global producers of beer, wine, and spirits announced these new commitments to build on long-standing efforts to reduce harmful drinking. The companies pledged to implement 10 targeted actions in five key areas over the next five years. One of these areas included strengthening and expanding marketing codes of practice. The actions included:

- A commitment to develop a set of global guiding principles for beverage alcohol marketing in digital media, including social media sites that are engaged in direct interaction with consumers.
- A commitment to take steps to enable non-industry participation where none already exists in self-regulatory processes that enforce code standards.
- Including appropriate contractual language in agreements with advertising agencies, where practicable and legal, that will require them to abide by responsible marketing and promotion codes for beverage alcohol brands.

Our activity against these existing commitments has been independently audited, and, now that we are in our fifth year, we are renewing our commitment still further to action in

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<sup>2</sup> For more information, see <http://www.producerscommitments.org/>

this area: on September 14, 2017, the CEOs of the commitment signatories announced further commitment to develop, in collaboration with others, new robust responsible marketing standards for digital channels that represent best-practice in this rapidly-changing field.<sup>3</sup>

At Brown-Forman, we also adhere to our Marketing, Advertising, and Promotional Policy, which not only mirrors all the provisions in the prevailing best practice industry marketing codes, but goes above and beyond them in key ways. For instance, in 2006, we took an independent stand on advertising placement, committing to plan our media placements to deliver total impressions at an average of at least 80 percent legal drinking age.

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### **Our Opportunity**

In the prevailing discourse around alcohol marketing, there is an oft-overlooked opportunity; namely that our brands' popularity gives us the opportunity to responsibly market—as well as to “market responsibility” by using the influence of our marketing and advertising messages to promote and educate about responsible consumption.

This can be seen most recently in the adoption and amplification by many brands of the very effective Drinkwise campaigns.

### **Our Support for the Co-Regulatory ABAC Scheme**

We believe that self- and co-regulatory codes play an important role in balancing the rights of advertisers to talk to their consumers with the need to ensure that those under the legal drinking age are not the targets of such advertising.

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<sup>3</sup> <http://www.iard.org/communique2016/>

<sup>4</sup> For more information, see <http://www.brown-forman.com/responsibility/>

We also believe that self- and co-regulatory models represent the best opportunity for regulation to keep pace with technology and communication advances, and respond to changes in social norms.

**In Australia**, there is already an enhanced and effective co-regulatory scheme, the Alcohol Beverages Advertising Code (ABAC), to which BFA is a signatory.

Co-regulation is self-regulation in the context of other, external regulation or monitoring—for example, legislative and governmental regulation. Under the co-regulation model, alcohol producers are committed to active and effective self-regulation and, at the same time, are also monitored by independent bodies and/or are expected to comply with codes and regulations established and enforced by outside agencies and authorities. ABAC was developed in conjunction with the federal government, the Australian Consumers Association and the Australian Competition and Consumer Commission. Australia's four major beverage alcohol industry associations have committed to abide by the Code and the decisions of the ABAC Complaints Adjudication Panel.

In this model, government and the beverage alcohol industry can work in concert to promote responsible drinking—and discourage irresponsible drinking—with clear, easy-to-understand standards as well as sanctions and penalties.

ABAC addresses both ad placement (where the ad is seen) and content (what is contained in the ad itself), responsible consumption messaging, the percentage of any given audience which may be comprised of underage youth, requirements for the vetting of marketing campaigns, and pressure for the withdrawal of advertisements determined to breach codes of best practice.

We believe it is of key importance to understand that ABAC takes appropriate measures to ensure that it applies its standards in a manner which aligns with the Australian public's prevailing concerns. It is noteworthy that standards and thresholds applied by

ABAC were revealed by ABAC's recent community consultation to broadly exceed prevailing levels of concern around alcohol advertising.<sup>5</sup>

### **Evidence Regarding Beverage Alcohol Advertising and Drinking Patterns**

The marketing of beverage alcohol is a topic which has attracted a great deal of research, as well as media attention. In particular, there has been significant focus on the relationship between marketing and alcohol consumption by young people.

With regard to both underage youth and adults, the research evidence does not show a causal relationship between overall alcohol marketing and drinking levels or harmful drinking patterns.<sup>6</sup> According to the U.S. National Institute on Alcohol Abuse and Alcoholism (NIAAA), "When all of the studies are considered, the results of research on the effects of alcohol advertising are mixed and not conclusive."<sup>7</sup>

Moreover, the research tends to show that advertising by alcohol producers largely affects market share for particular brands and substitution between brands. In other words, advertising has not been shown to increase consumption levels, either amongst adults or youth—but rather, has a documented impact on the extent to which certain products and brands are preferred and consumed, versus other products and brands.<sup>8</sup>

While there are recent longitudinal studies which show a modest correlation between advertising and alcohol consumption by underage youth and young adults who are of

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<sup>5</sup> <http://www.abac.org.au/wp-content/uploads/2017/05/Executive-Summary-of-Community-Research-18-May-2017-.pdf>

<sup>6</sup> Alcohol Marketing and Young People, International Center for Alcohol Policies. See: <http://icap.org/PolicyTools/ICAPIssuesBriefings/tabid/243/Default.aspx>.

<sup>7</sup> National Institute on Alcohol Abuse and Alcoholism (NIAAA). (2000). Tenth special report to the U.S. Congress on alcohol and health. Washington, DC: U.S. Department of Health and Human Services.

<sup>8</sup> . International Center for Alcohol Policies. See: <http://icap.org/PolicyIssues/Marketing/KeyFactsandIssues/tabid/213/Default.aspx>.

university age,<sup>9</sup> the methodologies of these studies have been criticized, and the authors of one study have acknowledged limitations in inferences which can be drawn because “unmeasured confounders cannot be adjusted for and can result in biased findings.”<sup>10</sup>

In addition, the research consistently identifies the strong influence of parents and family environment with regard to young peoples’ drinking, as well as peer influence.<sup>11</sup>

Lastly, we are aware of numerous examples internationally, in particular from mature alcohol markets in Europe which mirror to some degree Australia’s drinking culture and market dynamics, which emphasise the disconnect between where a country sits on the spectrum of alcohol regulation, and its consumption trends.

This disconnect is already apparent in Australia, where the most recent National Drug Strategy Household Survey (NDSHS) shows that Australians are drinking less often, while the regulatory environment remains a relatively open and balanced one, where advertising remains permitted within an appropriate framework, and where the majority of advertisers practice responsible marketing and good corporate citizenship. In this context, it is difficult to determine a pressing rationale for change.

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<sup>9</sup> Anderson, P., de Bruijn, A., Angus, K., Gordon, R., & Hastings, G. (2009). Impact of alcohol advertising and media exposure on adolescent alcohol use: A systematic review of longitudinal studies. *Alcohol and Alcoholism*, 44, 229–243. Smith, L. A., & Foxcroft, D. R. (2009). The effect of alcohol advertising, marketing and portrayal on drinking behaviour in young people: Systematic review of prospective cohort studies. *BMC Public Health*, 9, 15.

<sup>10</sup> Adequate controls for confounding variables are necessary to ensure validity of research results. (2009) For an overview analysis of the literatures, See: <http://icap.org/LinkClick.aspx?fileticket=EkpMOGhCHU8%3d&tabid=243>

<sup>11</sup> Epstein, J. A., Griffin, K. W., & Botvin, G. J. (2008). A social Influence model of alcohol use for inner-city adolescents: Family drinking, perceived drinking norms, and perceived social benefits of drinking. *Journal of Studies on Alcohol and Drugs*, 69, 397–405. Scholte, R. H. J., Poelen, E. A., Willemsen, G., Boomsma, D. I., & Engels, R. C. (2008). Relative risks of adolescent and young adult alcohol use: The role of drinking fathers, mothers, siblings, and friends. *Addictive Behaviors*, 33, 1–14. van der Zwaluw, C. S., Scholte, R. H. J., Vermulst, A. A., Buitelaar, J. K., Verkes, R. J., & Engels, R. C. M. E. (2008). Parental problem drinking, parenting, and adolescent alcohol use. *Journal of Behavioral Medicine*, 31, 189–200.



## **Who benefits from Advertising?**

While it is usual to consider advertising and marketing as primarily to the benefit of an advertiser, and indeed to imagine most advertisers as large corporations, it remains important to note the importance of the freedom to advertise to entrepreneurial market entrants seeking to introduce new products, and to the consumers whose choice is broadened by the awareness and information brought to them via advertising.

Over the last 5-10 years, 130 new distilleries have opened in Australia; many of these in New South Wales. While large advertisers' activities may sustain interests in broad product categories, freedom to advertise creates opportunities and markets for Australian craft distillers to participate in and succeed.

Among the costs of introducing an introduction of a ban, or severe restrictions, on advertising is the barrier effect imposed on new market entrants and the associated narrowing of consumer choice.

## **In Summary**

At Brown-Forman, we strongly support an evidence-based approach to policymaking, and see no evidence to support a change in approach to alcohol advertising and marketing in New South Wales.

Our view is that Australia is well-served by its current regulatory framework for alcohol marketing and advertising, which balances well the interests of business, tourism, consumers, public health and the protection of youth.

We consider that the best forward approach to reduce the harmful use of alcohol is to continue to explore and utilize partnerships among all stakeholders to make targeted interventions towards defined groups of risky consumers, and not to pursue population-level,

disproportionate and blanket restrictions, which may bring with them unintended or needless consequences.

**Brown-Forman Australia Pty Ltd, 9 November 2017**