

Alcohol promotion and the marketing industry

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She has held positions in Public Policy in such places as Moldova and Geneva. This paper examines current marketing trends in the alcoholic beverages industry that can impact the public's health and safety. It is important for public health organizations to be aware of trends common to the industry; this will inform and bolster their efforts as watchdogs to manufacturers and retailers of alcohol. The analysis describes the critical elements of the marketing mix, and makes a clear distinction between advertising and marketing. Advertising is an important part of the marketing mix; however, there are several other tactics and tools employed by marketers in the industry to influence consumer behaviour and to build strong brands. The paper reviews current trends in the alcoholic beverages industry generally, drawing specifically on some examples from the global beer industry. In the fight to increase market share, marketers will alter their

marketing strategies in response to industry trends, seeking synergies that may exist between sponsorship and promotion.

The paper also discusses the use of bottle labels for marketing alcohol products as an example of the overlap of product and promotion. This leads into a discussion of the relationship between advertising and packaging and how they are used to encourage selection of certain brands over others.

Advertising trends, such as sexually explicit content and low-carb and health conscious media messages are also addressed. These are variables in the marketing mix. The last section discusses the current guidelines concerning marketing and promotions and the position taken by various public health groups such as ARAPO (Association to Reduce Alcohol Promotion in Ontario) in response to the current trends and tactics used in alcohol marketing and promotion with specific attention to recommendations to regulators. 1 1. 0

INTRODUCTION The Canadian alcoholic beverages industry includes brewers, wine producers and distilled spirits manufacturers.

Molson Inc. is the oldest beer brand in the Canadian brewing industry and a global brand name with products that include Molson Canadian, Molson Export, Molson DRY, Rickard's, and Brazilian beer brands Kaiser and Bavaria. Total net sales for Molson in 2004 - year ending March 31 - were \$2. 5 billion. This amounted to annual profits of \$2. 37 million¹. Another Canadian favourite is John Labatt Ltd.

, which is owned by the Belgium-based company Interbrew. The second largest brewer by volume worldwide, Interbrew owns a portfolio consisting of, among others, Stella Artois, Carling, and the popular Labatt line of beers.

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In 2003, Interbrew recorded a gross profit of €3.6 billion, which resulted in a net profit of €505 million, after spending an incredible €1.3 billion on sales and marketing². The other three major players are Sleeman Breweries, Big Rock Brewing Income Trust, and the Brick Brewing Co. Sleeman, a specialty brewed premium craft beer, recorded annual sales of \$1.

85 million in 2003³. Big Rock Brewing Income Trust recorded net sales of \$28 million in 2003⁴. The Brick Brewing Co., responsible for Formosa and Red Cap brands among others, recorded gross sales of \$11 million for the second quarter of 2004. This resulted in a record net income of \$832,000 over a three-month period⁵. The Association of Canadian Distillers is the national trade association representing Canada's major distillers.

The distilling industry has been estimated to generate \$2.6 billion worth of economic activity. Distillers include, among others: Bacardi Canada Inc.; Canadian Mist Distillers, Ltd.; Hiram Walker & Sons, Ltd.; Corby Distilleries, Ltd.; Diageo Canada, Inc.

; and Schenley Distilleries Inc. These distillers produce popular spirits including Brandy, Gin, Cognac, Vodka, Rum, and the ever-popular Canadian Whiskey, Canada's most established domestic and exported distilled spirit. Since 1840, there have been over 200 whiskey distilleries operating throughout the country, as Canada has gained recognition as a producer of high quality whiskey. This reputation has resulted in billions of recorded sales for the Spirits industry. For example, Diageo recorded sales of US\$ 15.6 billion in 2003. Domestic and imported spirits sales for 2003 were recorded at nearly 15 million cases (12 - 750 ml).

ottles)⁶. The Canadian Vintners Association is Canada's national association of vintners, representing 34 wineries and producing about 90% of Canada's total wine production and export. Winery members include, among others, Jackson-Triggs, Peller Estate, and Hillebrand Estates. Total Canadian wine sales for 2002, was 267 million litres⁷. Molson Annual Report (2004). Interbrew Annual Report (2003). 3 Globe Investor (2004).

4 Big Rock Brewing Annual Report (2003). 5 Just-drinks. com (2004). 6 Association of Canadian Distillers (2004). 7 Canadian Vintners Association (2004). 1 2 1. 1 Marketing - A Definition The difference between marketing and selling is more than semantic.

Selling focuses on the needs of the seller; marketing on the needs of the buyer⁸. According to the Business Knowledge Center, " the Marketing Concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs better than the competition. " ⁹ Additionally, despite misconceptions, marketing is not always advertising. In fact, advertising comprises only a small part of the overall marketing mix. The variables of the marketing mix will manifest in unique ways depending on industry characteristics as they are heavily influenced by local and global industry trends. 1. 2 Building Brand Community Building brand loyalty is key to the success of the marketing concept.

Developing and exploiting crucial relationships among the customer and the brand, the customer and the firm, the customer and the product in use, and among fellow customers¹⁰ is a strategy that leads to a belief that the buyer

is part of a specific brand's "community". These relationships are important because they enable marketers to create brand loyalty and customer retention, which yield the promise of long-term profitability and market share¹¹. Like a social community, the brand community tends to be identified on the basis of commonality or identification among its members¹². The brand community members identify through devotion to particular brands or consumption activities, which are connected to other symbols in the marketplace¹³. For example, a product that is endorsed by a popular celebrity or professional athlete will appeal to certain brand communities or target markets, but not all. Responses to marketing influences may be cognitive, emotional or material in nature and, ultimately, customers will value their relationships with their branded possessions and with marketing agents¹⁴. The basis for community identification can be on wide-ranging commonalities that are difficult to detect.

The stability of a brand community through time is an asset to marketers inasmuch as longevity equates with a stable market. Additionally, if marketers are able to successfully identify where a potential brand community exists, they can use it to bolster their marketing efforts and build brand loyalty. Furthermore, marketers will tailor their strategies such that they resonate with particular existing communities. If used effectively, this knowledge can be a powerful tool for marketers, as they will have greater insight into some of the motivations behind consumer behaviour.

1.3 Global Alcoholic Beverage Perspective

It is impossible to discuss the Canadian alcoholic beverages market without considering the global perspective. In

particular, the global beer industry is facing increasing pressures⁸ Levitt (1986).

Business Knowledge Center (2004).¹⁰ McAlexander et al. (2002).¹¹ Ibid.¹² Ibid.¹³ Ibid.¹⁴ Ibid.

⁹ 3 of internationalization and consolidation, which are both the result and the cause of industry-wide mergers, acquisitions, partnerships and strategic alliances. Facing low prospects for volume growth in mature, developed markets and increasing competition, brewers continue to seek growth through acquisitions of other brewers or by aggressive participation in developing markets¹⁵. Indeed, the top ten brewers worldwide now account for more than half of the entire world's beer, which is an industry first¹⁶. Given the lack of volume growth opportunities in the North American market, the industry trend of increased marketing and advertising spending continues as companies try to differentiate their brands in a highly saturated market. Not only is the market saturated, but the marketing media are cluttered. In order to achieve standout in a cluttered industry, breweries continue to develop creative ideas that generate excitement around their brands. Smaller breweries, in particular, try to increase brand recognition through provocative or racy ad campaigns since they cannot hope to compete on the same scale as their larger competitors with respect to the total amounts spent on marketing and advertising.

1. 4 The Marketing Mix It is important to understand all of the variables that comprise the marketing mix, or the 4Ps of marketing: Product, Price, Place and Promotion. The 4Ps are the variables that marketers can control in order

to best satisfy the customers in the target market¹⁷. First, the product is the physical product or the service offered to the consumer, which can include additional services or conveniences that are part of the offering. Marketers can adjust certain product characteristics such as the functionality, appearance, packaging, brand, quality and service. The second variable, price, reflects company considerations such as profit margin and competitor pricing, including discounts. Third, place refers to the decisions associated with channels of distribution that act as a means of reaching the target consumers.

This includes the channel members along the supply chain, market coverage and the various service levels. Finally, promotion decisions are all those that relate to communicating and selling the product to potential customers.

These may include advertising, personal selling, media, public relations and budget. Thus, marketing is a multi-dimensional function that yields a variety of effects. In the alcoholic beverages industry, a mature and highly competitive market, companies experiment with their marketing strategies regularly. The focus of this paper is primarily on promotion and product and, specifically, how these two variables are manipulated in tandem by marketers to create powerful marketing strategies. 15 16 Todd (2004).

Ibid. 17 McCarthy (1975). 4 1. 5 The Impact of Advertising on Consumption and Related Problems Alcohol advertisers use effective advertising techniques to reach the youth market. Such techniques link alcohol to physical attractiveness and sexiness, promote age identification through the use of spokespeople, and use humour, music and popular culture icons¹⁸. In 2002, \$160 million was spent on alcohol advertising in Canada¹⁹ and alcohol <https://assignbuster.com/alcohol-promotion-and-the-marketing-industry/>

appears in approximately two thirds of all programs watched by Canadian teens at an average rate of 8. 1 drinking references per hour²⁰.

The consequences of alcohol advertising on public health and safety are considerable. Alcohol use plays a substantial role in all three leading causes of death among youth - unintentional injuries (including motor vehicle fatalities and drowning), suicides and homicides²¹. Alcohol advertising is linked to patterns of heavy drinking, drinking in dangerous situations and deaths from alcohol-related motor vehicle crashes²². In one study, the chances of drinking alcohol rose by nearly 10% for teens who watched an extra hour of regular television programming per day²³.

2. 0 CURRENT MARKETING TRENDS 2. 1 Synergies Between Promotion and Sponsorship

Currently, a dominant trend in the alcohol industry is a link between promotion and sponsorship.

Companies are attempting to capitalize on the synergy that exists in this area as they move deeper into the global arena to achieve a greater return on their marketing expenditures. The term synergies denote opportunities for collaboration in which the result that can be achieved is greater than the sum of the individual efforts. An example is the positive spillover of media exposure that results when a brand becomes the official sponsor of an international sporting event, especially one with wide television coverage. In effect, this amounts to a cost-effective marketing campaign for the sponsoring company, assuming the outcome is consistent with the overall brand identity. Another factor contributing to the drive for synergies is the seasonality of this industry. Manufacturers prepare for the summer beverage-selling season by ramping up production, increasing their

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marketing and seeking sponsorship deals, which act as promotional vehicles for new launches and summer products. Sponsorship agreements with internationally recognized sporting events help to enable a brand to stand out among the clutter.

McKenzie (2000). AC Neilson (2004). 20 Robinson et al. (1998). 21 AMA (2003). 22 McKenzie (2000). 23 Robinson et al.

(1998). 19 18 2. 1. 1 Sports Sponsorships Alcohol manufactures are increasingly seeking contracts for official sponsorship of highprofile sporting events as they realize the opportunities for synergies between promotion and advertising. The Canadian Code of Advertising Standards, produced by Advertising Standards Canada states: “ products prohibited from sale to minors must not be advertised in such a way as to appeal particularly to persons under legal age. [And] people featured in advertisements for such products must be, and clearly seen to be, adults under the law²⁴. High profile sports sponsorships with a heavy advertising component risk being in violation of this regulation.

Two of the major international sporting events in Canada, the Roger’s Cup in Montreal and the Tennis Master’s Series in Toronto are sponsored by breweries. Sleeman is the official sponsor of Tennis Canada in Montreal; Heineken, which is part of the Molson portfolio of brands, is the sponsor in Toronto. The situation in Canada reflects a global trend. In late 2003, Heineken signed a deal with the British Olympic Association (BOA) for exclusive sponsorship rights. The deal is part of a €50 million global investment by the brewer²⁵, giving the company exclusive rights to the BOA

logo. Sponsorship deals are considered an opportunity for alcohol manufacturers to establish global brand recognition in a competitive industry. With huge budgets behind sponsorship deals, and the wide international exposure that results, it is very difficult for watchdogs to monitor the visibility of alcohol brands.

The clientele and audiences at sporting events such as the Olympics are of all ages, youth included. Therefore, limiting exposure of beer ads only to legal age consumers is nearly an impossible undertaking. In April of 2004, NASCAR (National Association for Stock Car Auto Racing) in the US was strongly considering changing its policy to allow hard-liquor brands to sponsor teams in its top tier Nextel Cup Series²⁶. Though such a move could alleviate sponsorship problems for some drivers, it could threaten NASCAR's desire to become more family friendly. With this in mind, NASCAR rejected Diageo's bid to become official sponsor. This move did not prevent Diageo from landing a sponsorship deal: the company secured a top sponsorship contract for its brand Crown Royal. Crown Royal was signed to be the title sponsor of the International Race of Champions (IROC), one of the NASCAR events.

This marked the first time a hard-liquor marketer was allowed a title sponsorship for any sport, although Diageo's Smirnoff Ice Triple Black brand has sponsored individual drivers. However, when Diageo's Crown Royal brand signed on as the title sponsor for the IROC series in January, NASCAR reiterated its ban on sponsorships from hard liquor and chewing tobacco companies. NASCAR has a long history of partnering with beer marketers for races, but accepting hard-liquor brands would be a complete reversal of <https://assignbuster.com/alcohol-promotion-and-the-marketing-industry/>

NASCAR's position. Such changes in sports sponsorship have vast implications for industry players, marketers and public health groups. In the case of Diageo, the sponsorship deal is one step toward 24 25 Advertising Standards Canada (2004). Anonymous (a) (2003). 26 Thomaselli (2004).

p. 1 6 the achievement of the company's long-term goal of leveling the marketing playing field with beer. 7 As an example, with the three-year deal, Crown Royal will have extensive television exposure, since IROC just sealed a one-year TV pact with Speed Channel, a cable subsidiary of News Corp. 's Fox28. Such exposure is difficult to track and, thus, even more difficult to regulate. Although spirits have so far been prohibited from becoming sponsors, hard-liquor companies can, and have, used their malt beverage products or RTD (Ready to Drink) products²⁹ as sponsors. Diageo's Smirnoff Ice, for instance, is one of the sponsors of driver Matt Kenseth, last year's NASCAR champion.

. 1. 2 Promotion and the Entertainment Industry Another advertising tactic used by liquor companies is cross-promotion with the entertainment industry. This could include joint promotional campaigns between film studios and alcohol brands or between liquor companies and music tours and concerts. An example is the recent collaboration between Adolph Coors Co and Miramax's " Scary Movie 3", which was released at the end of 2003. Coors not only advertised around the promotion of this film, but it also had its spokeswomen, the Klimaskewski twins, appear in the film itself³⁰. This technique is another way for companies to realize synergies in marketing and promotion, as there exists the potential to reach a broader audience

than could be reached through a simple television commercial or magazine ad.

In this case, Coors was attacked by the Marin Institute - a public health and safety group - for its involvement in the film promotion. The Marin Institute accused Coors of defying the alcohol industry's guidelines by promoting its connection to this film³¹. Given the PG-13 rating of the film, there was no way of ensuring that under-age viewers were not exposed to the ads. In the music industry, there are many examples of activities involving cross-promotional campaigns with alcohol companies. These campaigns are used to achieve synergies from the combined effect of promotion and advertising. Molson Canadian uses this technique regularly, teaming up with Napster to provide music downloads and other special music offers. The company launched a campaign contest that involved the giveaway of a "Molson Canadian Rocks Summer Soundtrack, as well as weekly chances to win concert tickets" ³².

Trends in promotion and sponsorship in the alcohol industry are of concern to public health groups because they have the ability to reach a wide audience, with little or no regulation. Other forms of promotion and sponsorship exist, however a description of each is beyond the scope of this paper. ²⁷ MacArthur (2004). Ibid. ²⁹ RTD: Ready-to-drink alcoholic beverages, such as Smirnoff Ice and Mike's Hard Lemonade. ³⁰ MacArthur (2003). ³¹ Ibid.

³² Molson Insider (2004). ²⁸ 7 3. 0 ALCOHOL MARKETING AND THE INTERNET Alcohol companies are using digital marketing as a medium. The

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Center for Alcohol Marketing and Youth (CAMY) in the US found that alcohol company websites have sizeable youth audiences and contain content that is attractive to youth³³. In particular, games, cartoons, music and a variety of high-tech downloads fill many of these sites. In addition, programs designed to allow parents to block their children's access to these sites often fail to do so³⁴. In fact, fifty-five alcohol websites tracked by comScore Media Metrix during the last six months of 2003 had almost 700, 000 in-depth visits from underage persons³⁵.

Alcohol websites continue to be a cyber playground, with many features attractive to youth³⁶. CAMY executive director Jim O'Hara identifies content such as customized music downloads, instant-messaging accessories and games including putt-putt golf, football and spin the bottle³⁷. A recent website probe done by the Federal Trade Commission's (FTC) Division of Advertising Practices in the US found that both Coors and Anheuser-Busch have sites with downloadable music, online games and ring tones³⁸. In fact, as teens start to log more hours surfing the Web than watching television, CAMY and other groups are calling for more regulation on the largely unregulated medium. Jim Hacker, director of the Alcohol Policies Project at the Center for Science in the Public Interest, asserts, " The industry should remove themes, music, language and attractions that clearly appeal to underage people. " ³⁹ A key issue for health and safety groups is the ease of foiling the age requirement for viewing beer company websites. An age bar is supposed to weed out youngsters who find the sites attractive, but the investigation discovered that online forms can inadvertently " tip" kids to fill in fake answers.

The trade journal Brandweek visited two websites, Coorslight.com and Budweiser.com and was able to enter several fake birth dates from the same computer, gaining access each time⁴⁰. When questioned, John Kaestner, VP consumer affairs at Anheuser-Busch, said the brewer had followed federal guidelines in its age-check system. Other websites attracting attention from the FTC are Bacardi.com, Skyy.com and the Anheuser-Busch site BudLight.

com, according to a study by CAMY⁴¹. The claim is that these sites had the highest percentage of underage people making an in-depth visit during the second half of 2003. The findings, which were released in March 2004, showed that 59 percent, 47 percent and 34 percent of visitors who looked at three or more pages on those previously mentioned sites were underage⁴². Overall, minors initiated 13.1 percent of in-depth visits to the 55 branded alcohol sites included in the study.³³ Center for Alcohol Marketing and Youth (2004). Ibid.

³⁵ Ibid. ³⁶ Mack (2004). ³⁷ Ibid. ³⁸ Edwards (2004). ³⁹ Ibid. ⁴⁰ Ibid. ⁴¹ Ibid.

⁴² Ibid. ³⁴ 8 This trend is especially worrying for public health and policy groups since the Internet knows no boundaries, and its content is therefore very difficult to regulate. Alcohol advertising on the web and music downloads have the power to reach all Internet users around the world, of any age. 4.0 -THE ROLE OF LABELING AND PACKAGING IN ALCOHOL MARKETING The alcohol industry relies heavily on the use of labeling and packaging as a direct marketing tool in the promotion and differentiation of its products. One of the obstacles facing design marketers is that while

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standout is paramount, they are all starting with the same structure: a simple bottle or can⁴³. Since it is not possible to have a vastly different pack, companies differentiate themselves with creative labels or packaging.

Marketers in the alcohol industry aim to create synergies among label designs, packaging and advertising, such that the overall brand image more quickly achieves wide recognition. The intended result of this coordination is a more effective and integrated means for alcohol companies to communicate with their consumer base, thus encouraging the selection of their product over another. If the product already has a strong brand identity, it is not critical to feature the pack in the ads. In this case, the advertising may be used to communicate other elements of the brand message to create the desired reputation and image with the target audience⁴⁴. On the other hand, including a shot of the bottle in ads will enhance brand awareness at point of sale and ensure a more integrated approach to branding⁴⁵. Approximately 60 percent of people in bars and pubs have not decided what drink they want until after they get there⁴⁶. This is an enormous opportunity for brands to reach their target markets directly at the retail level with eye-catching labels that resonate with consumers.

Product labels are the final point of brand contact between the company and its customers before the purchase is made. Thus, a brand's name and how it is shown on the label can be an effective way of generating sales. The main challenge is finding a way to differentiate a standardized product while developing a strong, consistent brand identity. This is an example of the interaction of product and promotion, two elements of the marketing mix.

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Some of the methods used in the ready-to-drink and premium beer sectors, for example, include shrink-wrapping, bright colours and innovations such as metallic-effect labels⁴⁷. In addition to a unique label, a catchy name, such as Smirnoff Ice or Mike's Light will add symbolism and help increase standout and attract consumers. Brand awareness is critical for alcohol companies, and developing a strong brand is especially vital for new brands.

The rationale for coordination between promotion and product is that young people, and other potential consumers, will see the campaign in Edwards (2004). Brabbs (2002). 45 Ibid. 46 Ibid. 47 Ibid. 44 43 9 cinemas and style magazines and more easily recognize it from other advertising media 48 . An additional reason to invest in labeling and packaging is flexibility.

A shrink-wrap sleeve can be changed frequently, allowing the brand to adapt its appearance more easily to changing styles and trends. Unusual colours or unique label designs can help encourage selection of one product over another at the retail level. The techniques used by marketers are very subtle, such as borrowing design language from parallel markets for encouraging cross purchasing such as " Atkins friendly", " light" or " low-carb. " Finally, if a particular brand is experiencing low or declining sales, a company can easily reposition it by superficially altering the image and, hence, reinventing a product to reach a new market. 5. 0 TRENDS IN ADVERTISING TECHNIQUES Certain techniques are used by advertisers to attract and engage consumers to their products. These have traditionally included such techniques as humour, sex appeal, popular music, describing benefits of the product, and creating a fun, enjoyable atmosphere.

These techniques are used very effectively by alcohol advertisers as well, as they create a high 'liking' of advertisements among consumers⁴⁹. High levels of effective alcohol promotion inculcate pro-drinking attitudes and increase the likelihood of heavier drinking⁵⁰. For these reasons, the irresponsible use of advertising techniques is a growing concern among health and safety advocates. 5. 1 Sexually Explicit Content The alcoholic beverages industry has long been accused of exploiting male sexual fantasies in order to advertise its products. However, this approach has recently, in some opinions, reached new levels of exploitation. Early in 2004, Labatt Breweries of Canada aired an ad during the January Super Bowl telecast that caused industry watchdogs to protest.

The ad featured two beautiful women kissing, ostensibly to share lip-gloss⁵¹. Advertising Standards Canada (ASC) received 113 complaints about this ad in the first quarter and it was soon taken off the air⁵². The ASC reported that there was nothing wrong with the ad, other than it should run after 9: 30pm. This ad is representative of the 'simulated lesbianism' trend in beer advertising, clearly a ploy to reach the male heterosexual audience. Labatt is not the only brewery to take this approach. During the same time period, Moosehead Light of New Brunswick launched a series of ads called "Enjoy the Nature." In one of the ads, two men look on and crack open beer cans as two beautiful women dance sensually together in the forest.

Ibid. Grube (1996). 50 Babor et al. (2003). 51 Brent (2004). 52 Ibid. 49 48 10 5.

2 Low-Carb Phenomenon & Health Benefits Alcohol marketers must understand the psycho-behavioural forces influencing choice in order to devise effective marketing strategies. These forces are not easily identifiable in any industry. The beer and alcohol industry is not an exception and alcohol marketers have been slow to discern which factors most significantly influence brand selection. Although the sexual angle remains very common in alcohol promotion, the industry seems to be shifting gears. Instead of trying to titillate men by invoking male fantasies, marketers are now instilling fear in them about getting fat. In a feature article the Financial Times reported that beer marketers in the US have made an intriguing psychosexual discovery about male insecurity⁵³. The argument advanced is that men are increasingly more concerned with what they look like than how they will perform in the bedroom.

Beer brands such as Anheuser-Busch's Michelob Ultra, Coors Light and SABMiller's Miller Lite are focusing their advertising on the millions of Americans on low-carbohydrate diets, which they have realized does not include only women. By contrast, marketing campaigns linking beers to explicitly sexual imagery have been less effective⁵⁴. The implication for public health groups is that efforts aimed at regulating sexual content should be reexamined. It is possible that a greater impact could be achieved through aggressive targeting of ads that portray a health or nutritive benefit of alcohol consumption. As an example, Coors, the third-largest US brewer⁵⁵, recently developed new ideas for its low-calorie Coors Light. The two-year campaign featuring scantily clad women and rock music was unsuccessful in increasing beer sales for the company. Beer companies are

slowly discovering that sexual appeals are fun and diverting but they rarely change consumers' brand preferences.

The idea that "light beer" is less macho and thus less likely to appeal to young men is fading. In fact, it is difficult to think of a major beer company that has not introduced a low-carb brand. The success, in general, of low-carb offerings is evident in foodstore data compiled by AC Nielsen. In the four weeks ending June 12, 2004, sales volumes were up 56 percent for Michelob Ultra and 15.6 percent for Miller Lite⁵⁶. For Coors Lite, which has been slower to alter its marketing campaign, sales volumes were down 2.7 percent⁵⁷.

Major breweries are responding to evolving consumer demands and are providing what could be the emergence of a new sub-category of beer⁵⁸. As more companies enter the low-carb market, the competition increases for market share. This translates into bigger marketing and advertising budgets as companies fight for a larger slice of the market. The latest focus on a more health-conscious lifestyle has shifted the marketing emphasis away from sensuality and sex to body image and achieving athletic success. Some^{53 54} Silverman (2004). Ibid. ⁵⁵ Coors merged with Molson in July 2004.

The new company is the 5th largest Brewery by market share worldwide. ⁵⁶ AC Neilson (2004). ⁵⁷ Ibid. ⁸ Brieger (2003). ¹¹ industry experts expect this trend to stick around if not because of Atkins devotees but because of aging baby boomers, who tend to prefer light and low-carb beers⁵⁹. The way forward in the alcoholic beverages industry will be through low-carb advertising, which can be seen as a serious response by the beer industry to

a common male anxiety about growing fat, the proliferation of a healthy lifestyle among consumers, and the widespread belief of certain health benefits in drinking a low-calorie, low-carbohydrate beverage⁶⁰. The low-carb trend is not exclusive to the beer industry.

In May of 2004, the Vancouver-based Marc Anthony Group launched a new vodka-based beverage called Mike's Light, which was targeted at the millions of Canadians on low-carb diets. The lemon-lime beverage, which is part of the ready-to-drink (RTD) alcoholic market, contains just one gram of carbohydrate and 76 calories and is expected to bring new drinkers into the market⁶¹. Already, the RTD market in Canada is estimated to be worth \$450 million per year in sales. Additionally, with its low-calorie and low-carb options, the RTD market has the potential to increase consumption of alcoholic beverages as consumers switch from light soft drinks to lighter alternatives⁶². Marketers in this industry are deliberate in promoting RTD products as alternatives for the health and weight-conscious consumer. It is misleading for brewers to promote low-carb beer as being "Atkins friendly" or as having overall health benefits and doing so goes against the Canadian Food Inspection Agency's 2003 Guide to Food Labelling and Advertising. Under these guidelines, low-carbohydrate claims are not approved.

Similarly, according to Advertising Standards Canada, "No advertisements shall be presented in a format or style which conceals its commercial intent" ⁶³. This pertains to misrepresenting beer as having health or athletic benefits. The low-carb claim is of concern to public health groups such as ARAPO because it is both misleading to consumers and has the potential to influence consumer behaviour. 6. 0 ACTIONS TO ADDRESS <https://assignbuster.com/alcohol-promotion-and-the-marketing-industry/>

CONCERNS ABOUT THE MARKETING OF ALCOHOL There have been several responses to concerns about the impact of alcohol marketing ranging from education and awareness to legal action and civil suits. Internationally, there are groups that advocate changes in alcohol marketing regulations as well as educate professionals and the public about the risks associated with a proliferation of alcohol marketing efforts. These include: Global Alcohol Policy Alliance (UK): www.ias.org.uk

Eurocare - Advocacy for the prevention of alcohol related harm in Europe (Europe): www.eurocare.org Center for Science in the Public Interest - Alcohol Policies Project (US): www.cspinet.org Ibid.

Business World (2004). 61 Bellet (2004). 62 The market for ready to drink alcoholic beverages is called the malternative market in the US. 63

Advertising Standards Canada (2004). 60 59 12 BeerSoaksAmerica.org - A Response to beer company propaganda (US): www.beersoaksamerica.org

The Marin Institute (US): www.marininstitute.org Center for Alcohol Marketing and Youth (US): www.camy.org In Canada, there are guidelines for advertisers that outline what are considered appropriate tactics for marketing products. These guidelines can be found on the Advertising Standards Canada (ASC) website (www.adstandards.com)

for all forms of advertising or on the Canadian Radio and Telecommunications Commission (CRTC) website (www.crtc.gc.ca) for radio and TV ads. Currently these guidelines are not enforced and rely on a voluntary paid-submission to ASC by the advertiser. Alcohol is one product that seems to have fallen prey to this lack of regulation with many

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advertisers outright disregarding the guidelines. In Ontario, there are alcohol-advertising guidelines that are overseen by the Alcohol and Gaming Commission of Ontario (AGCO) and can be found at www.ago.on.ca.

Before 1997, the CRTC was involved in pre-screening advertisements before they were aired. In 1997, this responsibility was transferred to ASC for national cases, and the AGCO for Ontario specific cases. However, in 1997 the regulations changed to “ guidelines” and preclearance was replaced with “ voluntary submission”. As a result, the responsibility of monitoring alcohol advertising shifted from the CRTC to the general public, as advertisements are now only challenged based on a complaint format.

Advertisers, fearing very little in terms of consequences, often disregard the guidelines completely, particularly the following: Alcohol advertising should not: ?? appeal to persons under the legal drinking age ?? associate drinking with activities that require care and skill ?? imply that drinking is required in enhancing enjoyment of any activity ?? imply that drinking is required in obtaining sexual opportunity or appeal⁶⁴. A study done by CAMY in 2002 found that as the alcohol industry increased its advertising expenditures, more ads were seen by youth. In fact, all 15 of the shows most popular among teenagers included alcohol ads. “ Survivor,” “ Fear Factor” and “ That 70’s Show” were among those with the most ads⁶⁵. The dramatic increase in youth’s exposure to alcohol brands in magazine and TV advertising suggests that the industry’s guidelines are so permissive that, in practice, they amount to no limits at all. Concerned about the lack of regulation and increase in alcohol ads - and as a result, increase in consumption - health

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and safety advocates respond to aggressive marketing with specific strategies, as discussed next. .

1 Awareness, Education and Skill Building The Association to Reduce Alcohol Promotion in Ontario (ARAPO) is funded by the Ministry of Health and Long-Term Care to provide resources and support to individuals and groups about media literacy and critical thinking skills as they apply particularly to 64 65 AGCO (2003). Anonymous (c) (2004). 13 alcohol. Resources include research papers and presentations to youth and health promotion professionals about the impact of alcohol advertising on youth drinking patterns, particularly heavy drinking. 6. 2 Internet Action The Center for Alcohol Marketing and Youth uses a vivid Internet presence to attract viewers to their site to examine what others are doing around alcohol marketing. Along with a searchable marketing gallery and steps to take action, CAMY regularly publishes research papers on Youth and Alcohol.

An example of this is a recent paper titled The Internet, Alcohol, and Youth, which looks at the impact of Internet alcohol websites on underage drinkers. It is available through CAMY's website at www.camy.org. 6. 3 Complaints to Regulators and Results While ASC does not demand that advertisers clear their ads before going to the public, they do respond to complaints by the public. A recent example of this was the Don Cherry "Bubba" ad that was pulled following complaints that Don Cherry is seen as a role model for underage youth - and therefore could not be used as a spokesperson for beer.

Groups like the Ontario Public Health Association, responding to concerns about the impact of alcohol advertising on the public's health and safety, have sent recommendations to both the provincial and the federal regulatory bodies. These recommendations include: ?? ?? ?? ?? ?? Continued pre-clearance of alcohol ads, at the final stage of production by federal and provincial bodies with a strong public interest mandate More effective regulation of lifestyle alcohol advertising, promotions and sponsorships Establishing clear guidelines regarding industry-sponsored responsible drinking messages and public education programs, particularly those appealing to, or directed at, young people Capping the total amount of alcohol advertising and introduce improved mechanisms for monitoring compliance with existing or new regulations Focusing on effective deterrence, monitoring and enforcement measures. This would include a stronger role for community groups in the monitoring and enforcement of federal and provincial advertising provisions, including membership in panels previewing and monitoring alcohol advertising⁶⁶. 6. 4 Class Action Suits Against Alcoholic Beverages Industry Consumers' attorneys across the U. S. have begun to target the alcoholic beverages industry, filing lawsuits that claim that some leading brewers and distillers are using slick advertising to sell products to underage drinkers⁶⁷.

In November 2003, attorneys led by David Boies III filed suit against brewers Coors and Heineken, distillers Diageo and ⁶⁶ ⁶⁷ OPHA Position Paper (2003). Willing (2004). ¹⁴ Bacardi and the makers of Zima and Mike's Hard Lemonade⁶⁸. The suit accused the companies of using a " long-running, sophisticated and deceptive scheme... to market alcoholic beverages to

children and other underage consumers⁶⁹” Boeis’ lawsuit alleges that alcohol companies place ads in magazines such as Stuff, FHM and Spin that appeal to males under the age of 21, or in Glamour, which is oriented toward females of similar ages⁷⁰. The suit claims that ads placed in these magazines are designed to push people younger than 21 to obtain alcohol illegally⁷¹. The same is true in TV advertising, where many alcohol ads reach young people not old enough to drink. The class-action suits filed against the alcohol industry since November 2003 have caused alarm in the industry because the lawyer behind them is David Boies, who represented the Justice Department in its antitrust action against Microsoft⁷².

The suits claim that booze ads targeted at adults spill over onto younger audiences⁷³. According to another law suit filed in Los Angeles Superior Court in 2004, AnheuserBusch and Miller Brewing are targeting minors through ads and developing products that look and taste like soft drinks in order to lure underage consumers to their brands⁷⁴. The suit claims that beer-makers are marketing alcoholic beverages known as “Alco pops” to minors. These include Doc Otis’ Hard Lemon Malt Beverage, which is made by AnhesuerBusch, and Miller’s Jack Daniel’s Original Hard Cola. Both of these beverages closely resemble soda pop with sweet flavours, bright colours and youth-oriented packaging. CONCLUSIONThe domestic alcoholic beverages market is considered mature, with limited opportunities for growth. One way for alcohol manufacturers to increase their sales volume is by taking market share away from their competitors; another is to expand the overall size of the market.

To achieve these goals, alcohol manufacturers continue to invest substantial resources and capital into their marketing strategies because they believe it is necessary for expanding the market and increasing their margins. It will be important that public health groups focus their research on certain elements in the marketing mix. These include where the product is sold and what are the broad social trends marketers are using to communicate with target markets. This analysis summarizes significant influences in consumer behaviour. This paper advises that efforts be directed not just to alcohol advertising, but also to the overall marketing strategy of alcohol manufacturers, and especially the techniques outlined above that encourage and influence selection. 68 69 Ibid. Ibid.

70 Ibid. 71 Ibid. 72 Edwards (2004). 73 Ibid. 74 Anonymous (b) (2004). 15

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