



**DIAGEO AUSTRALIA'S RESPONSE TO THE AUSTRALIAN  
PREVENTATIVE HEALTH AGENCY'S ISSUES PAPER –  
ALCOHOL ADVERTISING: THE EFFECTIVENESS OF  
CURRENT REGULATORY CODES IN ADDRESSING  
COMMUNITY CONCERNS**

Diageo Australia welcomes the opportunity to provide a written response to the Australian National Preventative Health Agency (ANPHA) on alcohol advertising regulation and the current issues as outlined in the Issues Paper (Alcohol Advertising: The effectiveness of the current regulatory codes in addressing community concerns).

As a member of the Distilled Spirits Industry Council of Australia, Diageo Australia fully aligns itself with the submission made separately by DSICA to the ANPHA.

## **Executive summary**

The majority of Australians drink in responsible manner and patterns of consumption are improving. Diageo recognises that for the minority who consume alcohol at harmful levels, this behaviour can lead to negative health and social consequences, in the short and long term.

As highlighted in the Issues Paper, the evidence does not support claims that alcohol advertising causes or contributes to irresponsible or underage drinking. Other factors, such as parental and peer influences are more likely to shape attitudes and drinking patterns by young people. Diageo invests in efforts to promote responsible attitudes to alcohol and help address negative influences, through voluntary funding to DrinkWise Australia and through our own campaigns.

As a leading producer of alcohol beverages, we recognise that we also have a duty to market our products responsibly. To this end, we ensure that our marketing is targeted at adults and only promotes social, balanced and moderate enjoyment of alcohol.

We adhere to our global code of marketing practice, the Diageo Marketing Code (DMC), which covers the content and placement of all our brands' marketing activities including TV, digital, public relations and all 'below-the-line' marketing.

We also support and participate in the ABAC Scheme. This Scheme has proven to be effective in delivering and upholding responsible marketing and rates highly when compared to best-practice self-regulatory mechanism and other alcohol regulatory codes in other markets. The independent pre-vetting service and the adjudication process for handling complaints are particularly effective in stopping irresponsible marketing.

Although voluntary, industry participation is high and industry has been active in shaping and owning the Code which is a key success factor for any self-regulatory system.

We support the Government's ongoing participation in the Scheme which is consistent with best-practice. This participation reflects the Government's position as originally set down in its response to Preventative Health Taskforce Report<sup>1</sup>.

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<sup>1</sup> "Taking Preventative Action", Australian Government (2010), p. 96

Diageo is actively committed to working with other industry leaders to take ongoing action, as needed. This work is part of a wider commitment on the part of Diageo and other global alcohol producers to continue to strengthen existing marketing codes, with a particular focus on digital marketing<sup>2</sup>. Industry has invested in independent research to assess community perceptions in relation to the ABAC Scheme which will be shared with the ANPHA in a separate submission.

### **Diageo: Our business**

Diageo is the world's leading premium drinks company with market-leading brands such as Johnnie Walker® Scotch whisky, Smirnoff® vodka, Gordon's® gin, Baileys® Irish cream liqueur and the iconic Queensland brand - Bundaberg® Rum. We operate in 180 markets around the world.

Diageo Australia is the third largest alcohol beverage supplier and largest supplier of spirits products – full strength bottled spirits and ready-to-drink (RTD). Our business operates from eight locations around Australia including manufacturing sites in western Sydney (Huntingwood) and the historic Bundaberg distillery in Queensland.

### **Alcohol in our community**

For the minority who consume alcohol at harmful levels, this behaviour can lead to negative health and social consequences, in the short and long term.

This includes the harmful consumption of alcohol by young people which has two distinct aspects: (1) Under-age drinking - the consumption of alcohol by those under legal purchase age, which is 18 years old in Australia; and (2) 'Binge drinking' - hazardous or harmful drinking by some young people, whether these people are of under legal drinking age or above.

Both under-age drinking and binge drinking are issues of considerable concern but it is important to be clear on the scale and nature of Australian consumption patterns in order to generate the most effective and appropriate solutions.

Australians are drinking consuming less than ever before and the majority of Australians drink in moderation.

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<sup>2</sup> Global Alcohol Producers Group commitments to the WHO to support Strategy to Reduce Harmful Consumption of Alcohol (2012) <http://www.icap.org/LinkClick.aspx?fileticket=%2fyL9WsqsP4g%3d&tabid=71>

**Table 4.1: Alcohol drinking status, people aged 14 years or older, 1991 to 2010 (per cent)**

Drinking status	1991	1993	1995	1998	2001	2004	2007	2010	
Daily	10.2	8.5	8.8	8.5	8.3	8.9	8.1	7.2	↓
Weekly	41.0	39.9	35.2	40.1	39.5	41.2	41.3	39.5	↓
Less than weekly	30.4	29.5	34.3	31.9	34.6	33.5	33.5	33.8	
Ex-drinker <sup>(a)</sup>	12.0	9.0	9.5	10.0	8.0	7.1	7.0	7.4	
Never a full serve of alcohol	6.5	13.0	12.2	9.4	9.6	9.3	10.1	12.1	↑

(a) Consumed at least a full serve of alcohol, but not in the previous 12 months.

**Source:** 2010 National Drug Strategy Household Survey (NDSHS) p. 47

[www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=10737421314&libID=10737421314](http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=10737421314&libID=10737421314)

- The current adult per capita consumption has fallen below levels in the 1970s and is now more than 20 percent below its 30-year high reached in 1974-75<sup>3</sup>
- Recent Roy Morgan research shows that the proportion of Australians aged 18-24 years who drink any alcohol in an average four weeks has progressively decreased each year for the last five years<sup>4</sup>.
- As reporting in the 2010 National Drug Strategy Household Survey (NDSHS)<sup>5</sup>:
  - ✓ *“Between 1993 and 2007, the daily drinking patterns of people in Australia aged 14 years or older remained largely unchanged, at around 8 per cent. However, in 2010, there was a statistically significant decrease (since 2007) in the proportion of people drinking daily.”*
  - ✓ There has been little change in the proportion of risky drinkers from 2007 (20.3) to 2010 (20.1%), as measured over a lifetime. The proportion of risky drinkers at risk of harm from a single occasion also declined.
  - ✓ The majority of 18-29 year olds drink do not engage in risky drinking (68.3% for those aged 18-19 years and 73.1% aged 20-29 years).
  - ✓ 1 in 5 or 20% of Australians, aged 14 years or older consumed alcohol at levels that put them at risk of harm.
  - ✓ There are increases in the proportion of 16 and 17 year olds abstaining from alcohol, from 24.4% in 2007 to 31.6 in 2010.

3 Distilled Spirits Industry Council of Australia, Pre-budget submission, 2012-13, p.10

4 2012 findings from independent research in Roy Morgan Research’s report on Alcohol Consumption, for the five year period from July 2007 — June 2012.

5 NDSHS 2010 by the Australian Institute of Health & Welfare, p. 46

## Diageo and Responsibility

Responsible drinking is at the heart of our business interests. Diageo, as a global leader, aspires to the highest standards of alcohol marketing practice.

We understand our responsibility to develop, producer, market and sell our brands responsibly. We take significant action to ensure that we deliver on this responsibility, in line with consumer and community expectations.

We are proud of our marketing work which is world-leading and brings to life the quality, heritage and uniqueness of our brands. We invest significant resources into the marketing of our products with the primary intent and effect of maintaining or increasing brand share and identity. At the same time, we ensure that we only promote responsible enjoyment of alcohol and all our marketing materials include responsible drinking reminders.

Our own Diageo Marketing Code<sup>6</sup> covers both content and placement of advertising and marketing. It governs every element of the research, development and marketing of our brands. It guides us as we gather insights on adults of legal purchase age, as we develop products that appeal to these adults and as we package and promote all of our brands. The Diageo Marketing Code is firmly embedded within our research, innovation, sales and marketing functions in all markets in which we conduct business.

We frequently review the Diageo Marketing Code to ensure it remains relevant and reflects the rapid evolution of innovative digital and social media channels. This allows us to be forefront of responsible marketing and effective self-regulation.

Alongside this general Code is our Digital Code of Practice<sup>7</sup> which takes account of the rapidly evolving nature of digital media and looks to set standards for marketing involving mobile phones, websites and social networking channels. The Digital Code of Practice governs age appropriate content on 3rd party sites; age affirmation tools for Diageo websites or digital assets; user-generated content moderation and consumer privacy.

Our codes set out global minimum standards for the marketing of our brands. Our marketing must also comply with all applicable industry codes, such as the ABAC. Naturally where local codes or regulations impose more stringent or additional requirements, then these additional requirements are met.

In Australia, we have a strong track record of compliance with the ABAC and other codes. Diageo does not support or engage with the AARB except to suggest that complaints should be lodged through the ABAC complaints process.

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<sup>6</sup> The Diageo Marketing Code is available at <http://www.diageo.com/en-row/NewsMedia/Pages/resource.aspx?resourceid=1287>

<sup>7</sup> The Diageo DIGITAL CODE <http://www.drinkiq.com/en-row/Documents/Diageo%20Digital%2005.pdf>

We also work with our customers (licensees) to deliver responsible promotions that comply state liquor promotion guidelines or regulation and support Responsible Service of Alcohol (RSA) to consumers. As a member of DSICA, we fully support the DSICA Statement of Responsible Practice for Advertising and Marketing.

More broadly, we recognise that we have a shared role to play with individuals, families, law enforcers and others to reduce harmful drinking in the community. We invest resources into social marketing and harm reduction measures.

Recent examples of our social responsibility initiatives include placing voluntary product labelling advising pregnant women “It is safest not to drink while pregnant”; a *Better Nights* Responsible Service of Alcohol training DVD for barstaff which was distributed nationally through the Diageo sales representative; and in January this year (2013) a social marketing campaign, using the strapline “*Don’t see a good night wasted*”, aimed at 18-25 year olds socialising in and around licensed venues in Sydney.

### **The role of marketing**

In a free market economy, the purpose of brand advertising or marketing is to encourage competition between brands. Diageo markets its brands for three principal reasons: (i) to maintain their integrity, credibility and image; (ii) to maintain the loyalty of existing customers; (iii) to gain market share by encouraging consumers to switch from other brands to one of ours. Our marketing is not designed to increase overall consumption of alcohol and, as the Australian consumption rates demonstrate, it has not.<sup>8</sup>

Despite considerable research on the subject, there is insufficient evidence to support a relationship between advertising and either levels of drinking or patterns of drinking<sup>9</sup>.

International examples of the effects of marketing on alcohol consumption suggest that advertising does not have an effect on total consumption. For instance, Sweden introduced an advertising ban in 1979 and yet continues to have significant issues with immoderate consumption. Italy, by contrast, has far fewer marketing restrictions for alcohol yet does not suffer the same problems with irresponsible consumption as countries like Sweden. Dr. Alain Rigaud, President of the French National Association for the Prevention of Addiction and Alcoholism (ANPAA), concluded in his analysis of the highly restrictive alcohol advertising ban – *The Loi Evin*, that no effect on alcohol consumption could be established<sup>10</sup>. In Norway, where

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<sup>8</sup> NDSHS (2010) AIHW

<sup>9</sup> *Industry View on Beverage Alcohol Advertising and Marketing, with Special Reference to Young People*, prepared for the World Health Organisation by International Center for Alcohol Policies (ICAP)

<sup>10</sup> *The ‘Loi Evin: a French exception*, Dr. Alain Rigaud, President Association Nationale de Prevention en Alcoologie et Addictologie (ANPAA), 1999’

there is also a long-standing and rigorously enforced ban on alcohol advertising, the National Statistics Office figures show that alcohol sales increased by 27.7% between 2000 and 2010.<sup>11</sup>

Any review of the “effectiveness” of alcohol marketing regulation must therefore recognise the limited (but important) role of alcohol marketing regulation. This is to ensure that advertising and marketing only appeals to adults and is never intentionally targeted at those under legal purchase age. Moreover, alcohol marketing regulation should ensure that industry only delivers messages that are consistent with responsible drinking.

With specific regard to under-age drinking, studies have shown that the principal influences on ‘youth drinking’ are parents and peers. A review of the risk factors for adult initiation concluded that *‘the most consistent antecedent risk factors for starting to drink in adolescence were parental and peer approval and models for drinking.’*<sup>12</sup>

## Response to specific questions:

### Effectiveness:

- *Examples of where alcohol advertising regulation works effectively or otherwise*
- *How effective is current alcohol advertising regulation in Australia in reducing the exposure of alcohol advertising/marketing to young people?*

In the last decade, the industry, in consultation with Government, has taken significant steps to raise standards of marketing practice in Australia, through the ABAC Scheme and through individual producer codes (such as the Diageo Marketing Code). As a result, there has been a marked reduction in the inappropriate advertising and marketing.

The ABAC Scheme is consistent with “Good practice and cost-effective self-regulation methods” as outlined in the Issues Paper and set out by the Australian Government<sup>13</sup>. The ABAC Scheme also rates highly alongside other industry codes and alcohol industry codes in other countries<sup>14</sup>.

The ABAC Scheme is very effective as it is correctly focused on limiting advertising and marketing content that may have primary appeal to those under legal purchase age. It has also been effective in ensuring that marketing content and messages are consistent with responsible, moderate, and socially acceptable drinking behaviours.

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11 Statistisk Sentralbrya – Norwegian Statistics Office, 2011

12 Donovan, J.E. (2004) *Adolescent alcohol initiation: a review of psychosocial risk factors*. Journal of Adolescent Health 35(6):529.e7-18.

13 Industry Self-Regulation in Consumer Markets, chapter 6:

[http://archive.treasury.gov.au/documents/1131/HTML/docshell.asp?URL=07\\_chap6.asp](http://archive.treasury.gov.au/documents/1131/HTML/docshell.asp?URL=07_chap6.asp)

14 Review of global self-regulatory codes by ICAP in its submission (Industry Views on Beverage Alcohol Advertising and Marketing, with Special Reference to Young People) prepared for the World Health Organisation

Diageo applies the Diageo Marketing Code governs both the content and placement of our advertising and marketing. Our Code stipulates that:

- *We will place our marketing in communications media and events only where 70% or more of the audience can reasonably be expected to be older than LPA.*
- *We will monitor audience composition-n of media in which we advertise on a regular basis to ensure compliance to the highest practical level.*
- *Diageo brands must not be used to sponsor sports, celebrities or events that appeal primarily to people younger than LPA.*

At the same time, the Agency should consider this particular area in the context of the available evidence surrounding ‘exposure’ and the impact of advertising on young people<sup>15</sup>.

### Participation & compliance

As a voluntary system, the ABAC Scheme has been successful in securing high levels of involvement and compliance by industry. All members of Distilled Spirits Council of Australia (DSICA), Brewers Association of Australia and New Zealand and the Winemakers’ Federation of Australia are signatories to the scheme. These three organisations account for the vast majority of alcohol brands and volume of advertising in Australia.

The ABAC Scheme has four decision points (see below) for assessing advertising and weeding out any non-compliant content.

FOUR DECISION POINTS FOR COMPANIES			
1 <sup>st</sup> decision point	2 <sup>nd</sup> decision point	3 <sup>rd</sup> decision point	4 <sup>th</sup> decision point
Checked by company and advertising agency staff against the Code	Pre-vetted by non-company assessors using the AAPS service	Any complaints are referred (via the ASB) to the ABAC Chief Adjudicator	Where a complaint is upheld, company asked to withdraw or modify an advert within five business days

(Source: [www.abac.org.au/about/](http://www.abac.org.au/about/))

In addition to pre-vetting all TV advertising, Diageo also uses the pre-vetting service (AAPS) for all product naming and packaging changes.

It should also be noted that while some companies (such as retailers) are not signatories of the ABAC Scheme, most industry organisations respond to complaints and act immediately when complaints have been upheld by the independent adjudication panel.

We also comply fully with current restrictions on the placement of alcohol advertising in TV and in outdoor media. There is significant debate around whether TV advertising should be

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15 Hibbel et al(2000) The 1999 EASPD Report – The European School Survey Project



restricted to later in the evening (e.g. post-9pm). This assumes that under-18s are not watching TV after 9am.

Using TV audience data to guide placement of advertising is a much more effective way to minimise underage exposure. By reviewing audience data, Diageo can ensure that we only place advertising in media where at least 70% of the audience is known to be over legal purchase age (LPA), regardless of the time of day.

Diageo also applies specific placement requirements for print media, events and digital marketing. Whilst there is particular concern about digital marketing and potential exposure of minors to alcohol marketing, the fact is that digital marketing technologies allow marketers be very effective limiting marketing communications to people of legal purchase age.

## **Scope**

- *Are there areas in which the scope of alcohol related advertising regulations should be broadened?*
- *What are the practicalities involved in whether a more expanded scheme can self-regulate effectively?*

While there may be occasions where a small number of problematic advertising and marketing communications can be found, there has been significant and continuous improvement in this area.

Industry is also working to monitor community perceptions and expectations of alcohol marketing regulation.

## **Digital Marketing**

Diageo and other industry leaders have recognised that there is an opportunity to clarify the current ABAC in relation to digital marketing practices. We also believe our marketers and other stakeholders would benefit from more detailed guidelines for alcohol marketing in digital media.

Some wrongly argue that alcohol marketing delivered through digital and social media is irresponsible because it risks exposing children to alcohol advertising and messages. In fact, digital and social media allow marketers to filter out audiences under legal purchase age using age affirmation mechanisms and audience data which allows marketing communications to be more effectively targeted at adult audiences.

Diageo has a separate Diageo Marketing Code and requirements are also summarised in the Diageo Marketing Code. For example:

- *We will only place our marketing on third-party sites where at least 70% of the visitors to that website are older than LPA. If a third party website does not meet the 70% requirement, an LPA+ registered user database may be used if available. If the site is not measured, Corporate Relations will determine if the site is appropriate.*
- *All Diageo brand websites must contain an age affirmation mechanism.*
- *Communications on social media sites that involve direct interaction between the brand and the consumer must contain an age affirmation mechanism or use an LPA+ registered user database.*
- *Applications for download or sharing, including games, quizzes and competitions are acceptable, so long as they are not designed to appeal primarily to those younger than LPA and include an age affirmation mechanism.*
- *Email or other relationship marketing outreach must not be sent to any individual younger than LPA. All content that is designed to be forwarded by users should include instructions to individuals downloading the content that they should not forward these materials to individuals younger than LPA.*
- *User Generated Content (UGC) on Diageo brand controlled sites must be monitored every working day and inappropriate content removed within 48 hours of first appearing on the site. Every Diageo brand website must include on the footer of every page a link to Diageo's online responsible drinking resource, DRINKIQ.com*

### Sponsorship

The Issues Paper (p. 25) notes that the current ABAC “does not specifically address sponsorship of sport and cultural events.” This is not strictly true. The commercial sponsorship arrangement may not be covered by the Code, but any advertising or marketing of the sponsorship must comply with the ABAC. The adjudication panel also responds to all complaints, including those on sponsorship-related activities.

Diageo has a number of additional requirements for alcohol marketing in relation to sports sponsorship. These include:

- Responsible drinking initiatives: All our sports sponsorships must incorporate a prominent responsible drinking initiative. As part of our Johnnie Walker® Scotch whisky sponsorship agreement of Cricket Australia, Diageo partnered with other alcohol sponsors and media to deliver a social marketing campaign called “*Know when to declare*”. Through our sponsorship of the National Rugby League, we have been running alcohol education (DRINKIQ) workshops for their 18-20 year old ‘Rookies’ over the past six years. We have also run ‘train the trainer’ workshops to equip ARL welfare officers to run sessions in their own clubs.

- Responsible drinking reminders: Appropriate responsible drinking reminders are used on all sponsorship materials.
- Media placement: We only place marketing or advertising in media or events where 70% or more of the audience can reasonably be expected to be older than legal purchase age. We monitor audience composition of sports programmes in media where we advertise on a regular basis to ensure compliance at the highest practical level
- Sports celebrities: We will not use any sporting or entertainment celebrity that has primary appeal to those under legal purchase age.
- Sports merchandise: We will not license our brand names, logos or trademarks for use on children's clothing, including replica sports merchandise, toys, games, games equipment or other materials intended for use primarily by children or those under legal purchase age.
- Adult appeal: Diageo brands must not be used to sponsor sports, celebrities or events that appeal primarily to people younger than legal purchase age.

We believe that alcohol sponsorship of sport delivered responsibly has an important and valuable role to play in the community. Whilst there may be examples of irresponsible marketing in sport or other environments, if marketed responsibly, alcohol sponsorship and alcohol more broadly is appropriate in this setting.

## **Management**

- *Are the current management arrangements appropriate for managing a code and associated regulations for an issue of significant social concern? Please explain why and why not.*
- *Are the public health inputs and considerations sufficient? Please explain why and why not.*

Diageo fully supports the current management arrangements which combine inputs and expertise from industry, Government, communications and public health. We firmly believe that the complaints process and code accurately delivers against broader community expectations whilst allowing industry the freedom to market our products responsibly without unwarranted or ineffective restrictions.

## **Other**

*What other aspects of the alcohol advertising regulations in Australia are critical to consider?*

Diageo asks that the Agency considers the significant role of individual producer codes of practice and the work that we, and other producers, are doing to ensure that we effectively self-regulate our marketing activities. Self-regulatory codes, such as the Diageo Marketing

Code, at the forefront of self-regulation and responsible marketing and help to inform and shape broader industry codes of practice.

Any review of alcohol advertising should include state liquor licensing regulations which determine the advertising and promotion of alcohol through liquor licenses. These guidelines or codes clarify regulatory requirements for the promotion of alcohol through liquor licences, under state liquor acts. This includes price advertising in newspapers linked to retail outlets, in-store sampling or POS, in-venue service or promotion of alcohol. State governments routinely review their Liquor Act and wider approach to alcohol, and licensing authorities update liquor promotion guidelines. Most recently, the New South Wales and South Australia reviewed their liquor promotion guidance.

Diageo engages directly with liquor licensing authorities and with our customers (licensees) to ensure the brand advertising and promotions that we run through licensed premises meet licensing standards and regulation and support licensees to deliver responsible service of alcohol in their venues.

## **Conclusion**

In conclusion, Diageo is supportive of the current ABAC Scheme. We are actively working with industry to monitor and evolve our standards. Diageo endeavours to be at the forefront in responsible marketing and self-regulation through our own producer codes and we welcome any ongoing dialogue between industry, Government and other stakeholders on this important issue.

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