

The suggested ban on beer advertising is a reflection of helplessness and frustration rather than a well-thought policy with documented effectiveness.

INTERVIEW WITH PAWEŁ SUDOŁ, PRESIDENT OF THE MANAGEMENT BOARD OF KOMPANIA PIWOWARSKA.

The Minister of Health is preparing a draft of an act to restrict advertising of beer products. What is your opinion on this initiative?

In our opinion, if there is no certainty that new restrictions will protect youngsters from drinking or rather, there is a conviction bordering on certitude that it will be another useless regulation, listening to the industry's opinion would be the least the authorities can do. Unfortunately, the Minister of Health did not invite us to consult the matter. It is a pity because the act includes solutions which are bound to be ineffective. To add insult to injury, it will be cumbersome for us and the consumers alike.

Kompania Piwowska contributes significantly to the country's central budget. Lately, we have commissioned a report from Ernst & Young which suggests that KP operations generate directly and indirectly central revenues of € 1.14 billion by way of taxes (revenues from the excise tax amount to approximately €351 million; VAT on beer sold in the hospitality business and in retail adds another €444 million; revenues from income taxes, payroll and social security paid by the employees and Kompania Piwowska, its suppliers, the hospitality business and retail amount to another €287 million). In total, the amount exceeds **Pln 4.7 billion**, nearly the equivalent of an annual budget of a large branch of the Polish Healthcare Fund, for example in Silesia or slightly more than total budgets for remunerations of civil servants in 2010. That is quite a lot, isn't it?

Unfortunately, this does not imply that the government will be automatically interested in what we have to say. We communicate via the Association of Brewers which strives to attend all debates related to the beer industry. Sometimes we are invited to the sessions of the Parliament; if the government plans a project and directs it to the Parliament, we hope to be offered an opportunity to express our opinions. We think that the change to the legal act will only make the situation more complicated, at the same time failing to solve the problem: the existing regulations are regularly disobeyed and the government could not be bothered with enforcing the law. The decision was made to 'fix' things by introducing another ban which will prove completely ineffective, at the same time making life difficult to many companies and refusing consumers the choice.

Why do you think the suggested ban on advertising will be ineffective?

In his substantiation of the act, the Minister of Health expresses her willingness to protect adolescents from drinking, referring to very enigmatic data from a research conducted on a small sample of US respondents or to purely ideological claims.

It is shocking how easily successive restrictions are suggested, without an indication of a relation between advertising and alcohol consumption among young people. The advertising ban actually results from a populist or even "common" conviction that if something is wrong, the culprit needs to be found and punished. In this case, the beer industry is the scapegoat since it is an easy target. The new restriction was suggested when the government cannot take proper care of abiding by the ban on selling alcohol to minors: the ban is broken on a regular basis while the government treats the burning issue like a hot potato. The government also fails to launch complex educational projects targeted at the youth. In the face of the government's unsuccessful educational activity or lack thereof, spectacular restrictions are imposed despite the awareness that their effectiveness will be poor or non-existent.

I am afraid that the suggested ban on advertising is a reflection of helplessness and frustration rather than a well-thought policy with documented effectiveness.

If advertising does not affect consumption, why do brewers spend so much money on it?

Advertising is used to build up the awareness of specific brands in order to increase market shares. This is how companies endeavour to win consumers. However, the efforts are targeted only on consumers who are willing to drink beer and have problems with choosing the right one. When

purchase of an alcoholic drink is out of the question, nobody pays attention to our advertising. Similarly, if you do not want to take out a mortgage loan, you don't make a decision otherwise only because you have seen a commercial. If you don't have a headache, you will not rush out to buy an advertised painkiller. Willy-nilly, men watch many commercials of cosmetics or personal hygiene products for women but still don't buy them. In order to be effective, an advertising message needs to influence the target group. Our target consumers are usually aged over 25; investing in commercials targeted at the youth would be pointless even from the commercial point of view. Our commercial code of conduct forbids us to place advertising in locations where the adult audiences would represent less than 70%. We are also involved in regular surveys among the viewers of our commercials and we know that in fact people below 18 years of age represent a small part of the audience watching our TV commercials. Most probably, this percentage would not change if we were forced to start advertising as late as 11:00 p.m.

However, politicians claim that beer advertising actually encourages young people to drink beer...

To date, no survey has been conducted in Poland to answer the question why young people choose alcohol and if advertising is an influence here. Prof. David J. Hanson from the State University of New York, a recognized expert, refers to a national American research among young people aged 13 - 17 (GfK Roper Report from August 2002). In his opinion, what affects alcohol consumption among young people is not advertising but most of all, the parents' attitude and example (66%), peer behaviour (26%) and the attitude of teachers(12%) while advertising was ranked last (barely 6% of indications). Moreover, the latest research (2003) encompassing the above mentioned results suggests conclusions quite opposite to those suggested by Polish politicians: Jon P. Nelson and Douglas J. Young, professors from the Department of Economics, Pennsylvania State University and Department of Agricultural Economics, Montana State University, respectively, subjected to an econometric analysis all existing results of research into the impact of advertising on total alcohol consumption. According to their findings included in 'Meta-analysis of alcohol advertising bans', the cumulative impact of the advertising ban on the scale of consumption is next to or equals zero.

Therefore, the benefits of limiting advertising time on TV will be meagre or non-existent. The requesting parties failed to analyse the facts and to present alternatives solutions; they also completely disregarded the fact that for many months, the beer industry has voluntarily placed a caption 'Alcohol. For adults only'. Interestingly, one of the reasons for the youth choosing alcohol is the fact that the existing regulations of selling alcohol to minors are not observed and there is social acceptance of selling alcohol to the underage. The existing, clear regulations are still disobeyed. If nothing changes in this respect, we should hardly expect that the suggested change will reduce alcohol consumption among young people in a perceptible way.

In our opinion, the health sector has failed to maintain the right balance between the possible and foreseeable encumbrances to us and the (negligible) benefits. Research into global consumption patterns suggests that alcohol consumption is smallest among US kids where access to alcohol is very restricted (a person below 21 years of age will never buy alcohol in a shop, a bar or a dance club. Nobody under the age of 21 is allowed to commercially serve alcohol to others). On the other hand, the biggest amount of alcohol is consumed by young Danes in a country with a total ban on TV and radio advertising but where a ritual of initiating 16-year-olds into adulthood is commonly tolerated and the parents actually buy alcohol for their children!

Who will lose and who will benefit from the advertising ban?

Research conducted in markets where alcohol advertising is banned suggests that large, well-established brands, strongly rooted in consumers' awareness, benefit from the restrictions. Therefore it would be practically implausible to launch new brands to the market except for the cheapest ones (economy brands). At the end of the day, the strong brewers will become stronger and the weak ones will become even more vulnerable. If the restrictions are adopted, TV channels will lose large parts of their revenues; to some extent, the changes would also adversely affect the governmental budget deprived of some tax revenues and probably the Fund for Sports and Recreation Classes for Pupils which now receives the equivalent of 10% of revenues from broadcasting TV commercials.

I think that also the state's authority will suffer: the government claims that beer advertising is legal and that we have a right to it but at the same time, surreptitiously adopts restrictions turning our right to advertising into a caricature: what is the sense of advertising beer after 11:00 p.m. if the lion's share of the audience is asleep? First and foremost, the consumers will suffer and a large majority of them knows how to drink alcohol in a responsible way and with moderation: the advertising ban will deprive them from a choice of good quality brands.