

**AB INBEV UK RESPONSE TO “A CONSULTATION ON DELIVERING THE GOVERNMENT'S  
POLICIES TO CUT ALCOHOL FUELLED CRIME AND ANTI-SOCIAL BEHAVIOUR”**

**FEBRUARY 2013**

**EXECUTIVE SUMMARY**

1. AB InBev is the leading global brewer and one of the world's top five consumer goods companies. We have a wide portfolio of brands, ranging from our global brands Budweiser, Beck's and Stella Artois, to our local brands such as Bass and Boddingtons. In the UK we employ over 1,000 people in our breweries in Magor, Samlesbury and Richmond, and at our UK headquarters in Luton.
2. We are pleased to respond to this consultation and have focused our comments on the proposals to introduce a minimum unit price (MUP) and ban multi-buy promotions in the off-trade.
3. We share the Government's goal of tackling irresponsible and harmful consumption of alcohol. While we have seen some encouraging trends - such as the reported fall in alcohol consumption among young people in recent years<sup>1</sup> - we accept that there is still more to do to and are committed to playing our part.
4. We have a long record of engaging constructively with government and others to tackle problem drinking and have set ourselves challenging global goals on responsible drinking<sup>2</sup>. In particular we are committed to:
  - **Working with others.** We are a founder member of The Portman Group and have been members of the European Alcohol and Health Forum since its inception. We are major funders of the Drinkaware Trust, signatories of the Public Health Responsibility Deal and were the first brewer to support the on trade responsible retailing initiative Best Bar None. We have a long-standing partnership with the National Social Norms Institute in

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<sup>1</sup> Smoking, drinking and drug use among young people in England in 2011, Survey carried out for the Health and Social Care Information Centre, July 2012

<sup>2</sup> [http://www.ab-inbev.com/go/social\\_responsibility/responsible\\_drinking/anheuser\\_busch\\_inbev\\_global\\_responsible\\_drinking\\_goals.cfm](http://www.ab-inbev.com/go/social_responsibility/responsible_drinking/anheuser_busch_inbev_global_responsible_drinking_goals.cfm)

Virginia, recognised globally as a leading authority on social norm theory and its potential to effect positive behaviour change.

- **Promoting responsible drinking.** We are committed to helping parents engage with children about responsible drinking, including through our Family Talk programme and our partnership with the Alcohol Education Trust. Through our Budweiser brand we have championed the “Don’t drink and drive” message, promoting the designated driver concept through broadcast advertising, and most recently using our FA Cup sponsorship to reach a TV audience of over 50 million consumers. We are also using this sponsorship to create local responsible drinking ambassadors through our grassroots football programme, ‘Club Futures’.
- **Providing choice and information.** Through clear information and a wide product range including low and no alcohol beers, we are committed to empowering consumers to make informed and responsible choices.

5. While we share the goal of tackling problem drinking and accept the need for further action, we do not support the Government’s proposals to introduce a MUP. This is because there is a lack of evidence to suggest that this sort of market intervention will be effective in tackling problem drinking, with what evidence there is suggesting it will not be, and that it will instead penalise the majority of responsible consumers.

6. We have similar concerns about the proposed ban on multi-buy promotions, where again there is a lack of evidence to suggest it will tackle harmful drinking.

7. We believe that rather than pursue these policies, the Government should instead focus on targeted interventions, education and partnership programmes which have the potential to tackle problem drinking and where we are keen to play our part.

8. We also believe there is scope to reform the duty system to promote lower alcohol options, and are keen to engage constructively with the Government in this area.

## MINIMUM UNIT PRICING

9. We share the Government's goal of tackling irresponsible and harmful consumption of alcohol. However, we are not convinced that this proposed Government intervention in the market through MUP is the right approach.

10. As a point of principle, we support free trade as the most effective mechanism for securing positive consumer outcomes. We do accept that serious public policy challenges and individual circumstances can sometimes justify exceptional market interventions by government. However, there is a lack of evidence to suggest that the proposed introduction of MUP will achieve the desired effect of reducing harmful drinking, and therefore that it is a proportionate or targeted response to the challenge.

11. We also accept the challenges of producing an evidence base in support of a policy that has not been tried elsewhere in the form being proposed. However, it is significant that what evidence there is suggests that MUP will be ineffective in reducing harmful drinking, while having a negative impact on the responsible majority. In particular:

*There is insufficient evidence to suggest that MUP will reduce problem drinking.*

- **The link between price and harm has not been proven.** When the Institute of Alcohol Studies compared alcohol-related disease rates and alcohol prices across European countries, it found “...that there is no detectable relationship between alcohol affordability and the harm/consumption ratio in the EU.”<sup>3</sup>
- **Population-level reductions in consumption have not been shown to reduce harm.** Alcohol consumption in the UK has fallen since 2004, with analysis undertaken by the BBPA showing that total alcohol consumption per head of UK population fell by 13% between 2004 and 2012<sup>4</sup>. However, we have not seen corresponding falls in key harm indicators, such as alcohol-related or attributable hospital admissions.
- **Harmful drinkers are less responsive to price changes than the rest of the population.** There is considerable evidence that harmful drinkers respond less to changes in the price of alcohol than those who drink responsibly, with some suggestions that the

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<sup>3</sup> Institute of Alcohol Studies, Trends in the affordability of alcohol in Europe, October 2008

<sup>4</sup> <http://www.beerandpub.com/news/new-figures-show-uk-alcohol-consumption-down-again-in-2011-need-for-a-beer-tax-freeze-says-british-beer-pub-association>

heaviest drinkers do not respond at all. This evidence includes Gallet, 2007<sup>5</sup>, Wagenaar, 2009<sup>6</sup> and Manning et al 1995<sup>7</sup>.

*Instead it will impact the responsible majority of consumers.*

- **At 45ppu, the majority of alcohol, and therefore the majority of responsible consumers will be impacted by MUP.** The Institute for Fiscal Studies estimates that almost 60% of off-licence units cost less than 45p. This is therefore clearly not a proposal targeted at raising the price of the cheapest alcohol, but one that will affect most alcohol and, in turn, the responsible majority.
- **The impact on responsible drinkers is likely to become even greater over time.** Once introduced, it is likely that the pressure will be to increase rather than decrease the unit price, particularly if, as the evidence suggests is likely, it does not lead to a reduction in harms. This will see the impact on the responsible majority become greater still.

*Its effects will be particularly felt by low-income families.*

- **Minimum unit pricing will impact those who can afford it least.** According to the ONS, people in poorer households spend a greater proportion of their disposable income on alcohol duty than higher wage earners<sup>8</sup>. The Institute for Fiscal Studies concludes that low-income households would see the largest increase in prices. Households with incomes below £10,000 per year pay on average 43ppu, and 69% of their units cost less than 45p. This compares to an average cost of 53ppu for those with incomes above £60,000, for whom 44% of units cost less than 45p<sup>9</sup>. The Centre for Economics and Business Research (CEBR) has also found that minimum pricing will disproportionately affect the poorest households. In a 2012 report they noted that the poorest 20% of people would pay an additional £318m each year, while the richest 20% would only pay an additional £7m should a 45ppu minimum price be introduced<sup>10</sup>.

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<sup>5</sup>Gallet (2007), The Demand for Alcohol: a meta-analysis of elasticities

<sup>6</sup>Wagenaar (2009), Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies

<sup>7</sup>Manning et al (1995), The demand for alcohol: The differential response to price, Willard G. Manning, Linda Blumberg, Lawrence H. Moulton

<sup>8</sup>ONS (2011) The effects of alcohol and tobacco duties on household disposable incomes

<sup>9</sup>Institute for Fiscal Studies (Nov 2012) – what is the impact of a 45p minimum unit price for alcohol?

<sup>10</sup>CEBR (2012) Minimum Unit Pricing: impacts on consumer spending and distributional consequences

12. We would also question the merits of pursuing this policy while the legality of minimum unit pricing is being challenged, and are concerned about the risk that further alcohol price increases will encourage illicit trade.

### **MULTI-BUY BAN**

13. We are also concerned about the lack of evidence to support the proposed ban on multi-buy promotions.

14. This proposal assumes that a ban would reduce consumption, and in turn alcohol-related harm. However, and as with MUP, there is a lack of evidence to support this assumption, with what evidence there is pointing in the opposite direction:

- Industry data suggests that the multi-buy ban in Scotland has had limited if any impact on sales.
- Many consumers use promotions to stock-up and get the best value, rather than consume more.
- Even if a link between promotions of this sort and increased consumption could be made, there is no evidence to suggest that this consumption would be irresponsible or harmful consumption, nor that removing the promotions would impact on the purchasing and consumption behaviour of problem drinkers.

### **TARGETED INTERVENTIONS, EDUCATION AND PARTNERSHIP**

15. We believe that the Government should pursue an alternative approach which focuses on evidence-based targeted interventions aimed at the minority of harmful drinkers, education and partnerships between the industry, Government and the third sector. We believe this approach can be effective in delivering the long-term behaviour change that is needed.

16. Examples of cross-industry good practice already exist. The Portman Group Code, alongside Advertising Standards Authority regulation, has established a clear set of standards for marketing and communications and is a model of effective self-regulation. The Responsibility Deal, and in particular the one billion unit reduction pledge, shows what can be delivered through voluntary agreements and partnership.

17. There is also positive activity at individual company level. As an example, we have been using Budweiser's sponsorship of The FA Cup to promote responsible drinking messages; during the 2012 FA Cup semi-final weekend responsible drinking messages on the hoardings at Wembley contributed to a 30% uplift in visitors to the Drinkaware website. We have launched Family Talk UK; a Facebook platform designed to increase and improve the amount of information available to help parents engage with their children about responsible drinking. We have innovated to provide our customers with choice. This has included leading the industry in developing a new premium beer category at 4% ABV with Beck's Vier and Stella Artois 4, creating Beck's Blue, now the most popular alcohol-free beer in the UK, and reducing the ABV of Stella Artois, Beck's and Budweiser from 5% to 4.8%. We have also championed the potential of social norms to effect behaviour change, having invested in a long-standing partnership with the National Social Norms Institute in Virginia, and here in the UK having worked with the National Union of Students and Noctis to conduct research into social norms and alcohol consumption.

18. We believe this good practice can be built on, and are committed to playing our part.