

WFA response to the WHO web-based consultation on the first draft of the Global alcohol action plan 2022-2030 to strengthen implementation of the Global Strategy to Reduce the Harmful Use of Alcohol

The World Federation of Advertisers (WFA) welcomes the opportunity to contribute to the first draft of the Global Alcohol Action Plan 2022-2030 to strengthen implementation of the Global Strategy to Reduce the Harmful Use of Alcohol. WFA is the voice of marketers worldwide, representing 90% of global marketing communications spend, over \$900 billion per year. We represent over 120 brand owners and 60 national advertiser associations worldwide.

WFA welcomes the call in the UN Political Declaration on noncommunicable diseases inviting the private sector to contribute to the prevention, control and treatment of noncommunicable diseases by ‘taking concrete steps, where relevant, towards eliminating the marketing, advertising and sale of alcoholic products to minors.’

WFA hopes to offer its expertise in global marketing communications to provide relevant insight, data and perspectives in relation to alcohol advertising and promotional activities including cross-border and digital marketing, minors’ exposure to alcohol marketing and the role of social media.

Key Facts

1. Alcohol marketing represents roughly two percent (2%) of total global marketing expenditure, equivalent to roughly US\$ 23 billion per annum worldwide.
2. COVID 19 significantly impacted global alcohol marketing and sales. Only the transport and tourism sector was harder hit in terms of advertising spend.
3. Alcohol ads represent just 0.11% of all ads viewed online. Minors’ exposure is extremely low; a child or teenager would need to visit an average website 1,086 times before being served an alcohol ad according to figures from Nielsen.
4. ‘Cross-border marketing’ is not a term used by business nor a strategic marketing objective. Marketing budgets, strategies, creative execution and measurement are conceived and carried out locally with a specific local target audience in mind. The idea of marketing spend leaking across borders is considered wasted marketing dollars and therefore counter-intuitive.
5. An increase in ad dollars into digital does not mean an increase in marketing across borders. Alcohol marketers use geo-blocking software to ensure their marketing communications comply with local laws and regulations, fit with local cultural norms and sensitivities and target a specific audience where the products are legal and available for purchase.
6. The alcohol industry has invested significant time and effort in working towards eliminating minors’ exposure to alcohol marketing communications. The [WFA Responsible Marketing Pact](#) reduces minors’ exposure to alcohol marketing, limits the appeal of alcohol marketing to minors and aims to ensure the online environment is free from alcohol marketing to minors. The International Alliance for Responsible Drinking (IARD) has partnered with global social media platforms to [put in place safeguards](#) to prevent minors from seeing alcohol ads online, has developed standards for the responsible use of influencers and has partnered with eCommerce platforms to [develop global standards for online sales and delivery](#).

I. Contextualizing Alcohol Marketing

What proportion of all marketing communications spend is for alcohol products?

Nielsen reports that in the UK alcohol marketing constitutes 1% of total marketing communications spend. In the Netherlands and Germany, alcohol marketing makes up 2% of total marketing spend.

WFA estimates from various sources (including [Ad Age data Centre](#)) that global marketing spend by the alcohol industry is roughly \$US22bn per annum, which tallies with the above-cited figures since Zenith Media estimates total global marketing communications spend across all sectors and industries to be roughly \$1 trillion.

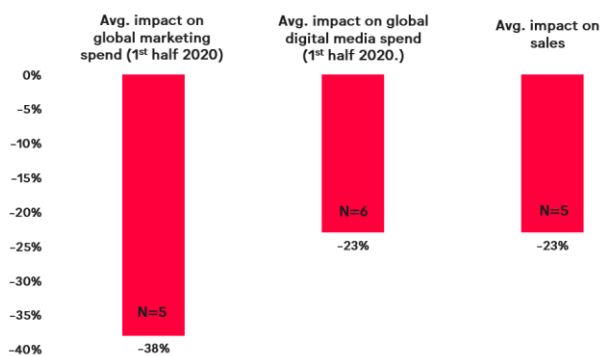
The impact of COVID-19

COVID-19 has had a considerable impact on global alcohol marketing and sales. In July 2020, WFA conducted a survey among companies in the alcohol sector to gain insight into alcohol marketing practices. Seven of the largest alcohol companies responded to the survey. While this is not a complete overview of all alcohol company practices, the seven respondents represent the three sectors (beer, wine and spirits), are a mix of both larger and smaller companies, collectively manage over 700 brands across 200 markets, and thus are a representative sample of the wider industry.

The seven respondents' marketing budgets varied from less than US\$250m to US\$2bn but averaged US\$682m. Estimating marketing spend for the first half of 2020, four out of five respondents to this estimated a decrease of over 21%. Two estimated a decrease of 21-40%, one estimated a decrease of 41-60% and another of over 60%. Only one company said their marketing spend was flat year-on-year for H1 2020.

[Research](#) from Zenith on beer and spirits marketing found that alcohol ad spend for these alcohol beverage categories shrank twice as fast as the overall ad market in 2020, estimating an 11.6% drop in 2020 in 12 markets analysed (Australia, Canada, China, France, Germany, India, Italy, Russia, Spain, Switzerland, the UK and the US). These 12 markets account for 73% of total global ad spend. The report estimates ad spend for beer and spirits in the 12 markets to have been US\$6.7bn in 2020, down from US\$7.6bn in 2019.

Covid-19 has significantly impacted marketing spend and sales in 2020



Looking at the full year media and marketing budgets, respondents to the WFA survey predicted an average decrease of 23% for 2020.

In terms of digital media spend all respondents estimated a decrease (with the exception of one 'don't know' response). One respondent predicted a decrease of 1-10%, one 11-20%, two at 21-40% and one at 41-60% making the average predicted decrease in global digital media spend to be about 23% for H1 2020.

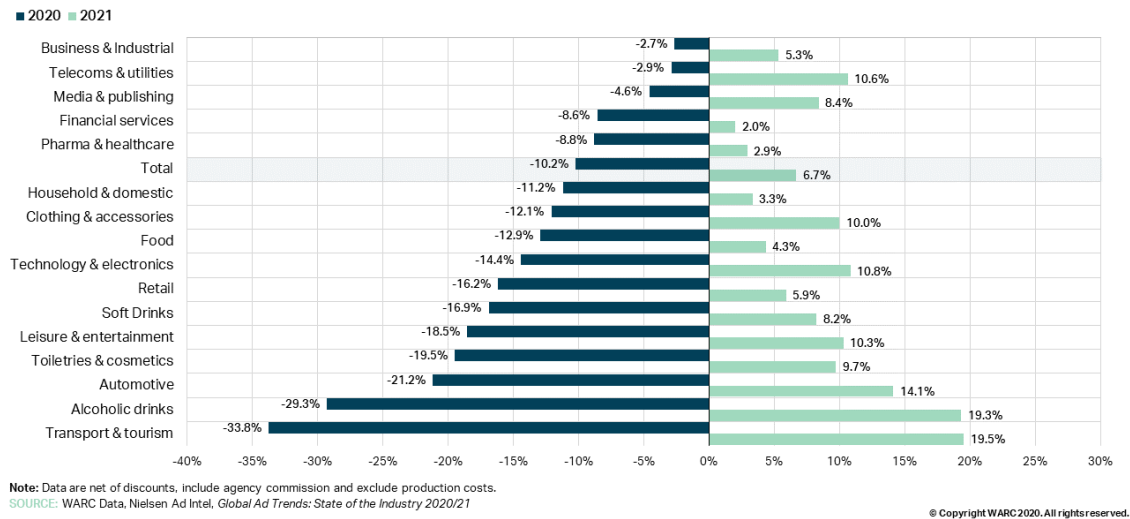
This is in line with other industries. WFA members from various sectors including energy, beauty, healthcare, and finance reported an average decrease in media budgets of 36%.

When it comes to impact on sales, four out of five alcohol company respondents predicted a negative impact on sales of 16-30%. According to Zenith, alcohol sales fell three times faster than the drop in overall consumer spending in 2020 (a 13.4% drop from 2019 to 2020).

Figures from the World Advertising Research Centre (warc.com) highlight that alcohol advertising investment decreased by 29% in 2020. The only industry which experienced a more significant decrease is transport and tourism (-34%).

Global, Advertising investment forecast

Year-on-year % change, US\$ Nominal



It is important to note that inferring a causal relationship between a decrease in sales and a decrease in marketing spend would be a highly misleading interpretation of these two sets of data. With most outlets closed, there is little incentive to compete for sales through marketing. In parallel, in times of recession when there is significant pressure to make savings, marketing is one of the easier budget lines for a company to cut.

What proportion of ads that people see are for alcohol products?

The draft document calls for dialogues with economic operators in alcohol production and trade to aim for implementation of comprehensive restrictions or bans on traditional, online or digital marketing (including sponsorship). However, economic operators are already taking concrete steps towards eliminating the marketing and advertising of alcoholic products to minors as a direct response to the UN Political Declaration’s request that EOs contribute in this area.

Nielsen research from September 2020, across 12 different countries (Australia, Brazil, Canada, Czech Republic, Denmark, France, Germany, Ireland, Japan, Singapore, South Africa, Spain) gives insights into the current context of online display age-restricted ads. Nielsen used ‘avatar’ profiles which mimicked the behaviour of users representing different ages (children, teenagers, adults) and captured which ads were shown to the different age groups online.

Of the over half a million ads (564,252) Nielsen’s servers captured during this period across the 12 countries, only 597 were for alcohol, amounting to only 0.11% of all ads captured. Nielsen’s findings indicate that a child or teenager would need to visit an average site 1,086 times before being served an alcohol ad. Furthermore, Nielsen found no evidence that the underage avatar profiles had been targeted by alcohol advertisers.

Research from the Advertising Standards Authority (ASA) in the UK in 2019 used the same technology and found that less than 0.1% of all ads viewed by the avatars were for alcohol beverages, corroborating the global findings. The monitoring did not identify any instances where alcohol ads were served to child avatars on websites clearly intended for children.

The ASA’s **latest research** released in July 2021 reviewed 27,395 ads across 250 sites, over a three week monitoring period and found not one single instance of an alcohol advertisement served to any of their six uniquely age-categorised avatars.

Further figures from the ASA also [show](#) that in 2020 0.9% of all TV ads seen by minors were alcohol ads. This percentage has remained below 1% since 2015. Between 2008 and 2020 children’s exposure to TV alcohol ads decreased by two thirds, from an average of 2.8 to an average of 0.9 ads per week.

While this decline in exposure to alcohol ads on TV can in part be explained because of a decline in TV viewing among children, the report finds that children’s exposure to TV ads for alcohol is falling at a faster rate than their exposure to all TV ads.

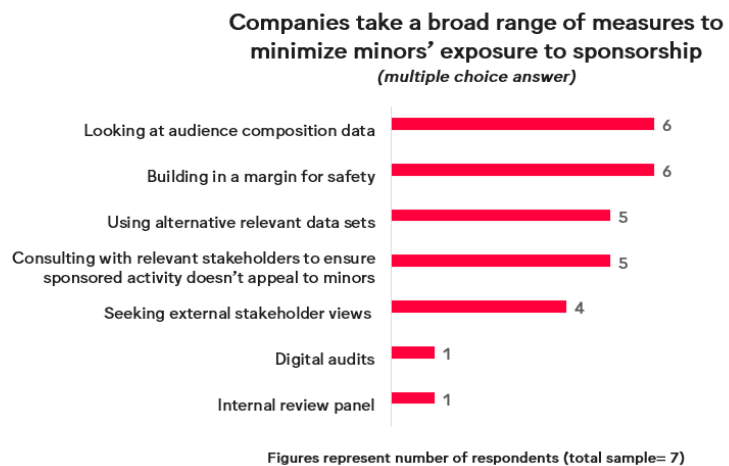
Sponsorship

WFA’s July 2020 research showed that on average companies allocate 22% of their global marketing budget to sponsorship but responses varied widely between companies.

Companies take a wide variety of measures to ensure that their sponsorship assets do not appeal to minors. Six out of seven respondents said they look at the composition of the audience to ensure that at least 70% of the audience is over LPA and build in a margin for safety to ensure they go above and beyond legal and self-regulatory requirements for minimizing minors’ exposure to alcohol marketing.

Five out of seven look at alternative relevant data sets to see that the assets are not appealing to minors and consult with relevant stakeholders to ensure the activity/ individual /event/etc. sponsored is not primarily appealing to minors.

Four out of seven systematically seek external stakeholder views on their sponsorship activities to ensure they are aligned with societal expectations in terms of minimizing minor’s exposure to alcohol marketing communications. Finally, two in seven took other measures, including conducting digital audits, internal communications committees and panels who review sponsorship assets, etc.



Sponsorship is covered by industry-wide commitments such as [the Responsible Marketing Pact](#) and all leading wine, beer and spirits producers include sponsorship in their marketing communications codes of conduct. In parallel, a noticeable trend is for alcohol companies to be increasingly using their sponsorship assets to advance pressing social causes¹.

eCommerce

For all the talk of eCommerce, it still represents a relatively small percentage of sales for the alcohol sector. In our July 2020 survey, four respondents said eCommerce represented 5-10% sales while another two claimed it represented 11-15% (one did not respond). Growth is naturally expected but predictions vary wildly. One company expects sales growth in eCommerce still to be under 10%, two companies expect eCommerce to represent an increase in 11-15%, one company expects to see a rise of over 30% and another over 40%.

Companies are taking a wide variety of measures to ensure minors are not able to purchase alcohol beverage products from eCommerce sites. Five out of six respondents said they ensure that the sites apply age verification at the point of purchase, four said they ensure ecommerce platforms only work with couriers who commit to deliver alcohol to a customer after checking the customers’

¹ For instance here: <https://www.ab-inbev.com/news-media/smart-drinking/noexcuse-campaign-tackles-violence-against-women/>

ID and the same number said they work with ecommerce platforms to take action to strengthen their controls, such as data cross matching.

In May 2021, The International Alliance for Responsible Drinking (IARD) announced the launch of new standards in alcohol e-commerce to prevent sale to those underage and drinking harmfully². IARD's 12 member companies, the world's leading beer, wine, and spirits producers, formed a global partnership with 14 prominent global and regional online retailers, and e-commerce and delivery platforms to launch global standards for the online sale and delivery of alcohol. Together they identified five key safeguards to help ensure that robust standards are in place throughout the entire supply chain and customer journey to prevent online sale to those underage and to combat harmful drinking as e-commerce growth accelerates.

II. "Cross-border marketing"

Marketing is largely local

The draft mentions an upcoming WHO report on the harmful use of alcohol related to "cross-border alcohol marketing, advertising and promotional activities, including those targeting youth and adolescents".

WFA feels it is important to highlight the realities of marketing spend and strategies, which are largely local by nature.

"Cross-border marketing is not a term typically used by the industry. Rather it flies in the face of conventional marketing wisdom. While campaigns are often developed for multiple countries, each country will be allocated its own budget and performance targets. Marketing dollars that do not contribute to brand awareness or activations in a specified target audience and location are considered wasted, something which all marketers are under great pressure to avoid," says Jonathan Barnard who is Head of Forecasting and Director of Global Intelligence at Zenith, a leading media agency.

Typically, multinational advertisers will have global marketing and media budgets which are allocated to local marketing and media teams with the objective of reaching local consumers. This applies to all forms of advertising, including TV and online advertising.

In a survey of WFA members on transparency in global production conducted in January 2020, there were four alcohol company respondents. One company said 60-70% of their campaigns were produced locally, another 70-80%, another 80-90% and another over 90%.

The remainder, representing centrally produced campaigns, will still require (often significant) local adaptation for local distribution in local markets.

Marketers need to consider local retail, cultural and linguistic environments when developing campaigns, and, more than nearly any other sector, alcohol brands also need to consider and navigate a myriad of different regulations.

Geo-blocking campaigns

Before placing an advertisement targeting a given location, marketers must ensure that the advertisement abides by local regulation and takes into account local marketing codes and cultural context. Marketing communications are directed at specific geographies where alcohol marketing is allowed, and geo-blocking is used to prevent audiences outside of the intended geography from seeing alcohol advertising. For global campaigns, alcohol advertisers only place ads in media which allows for geo-blocking.

For example, Google ensures that alcohol advertising only runs in countries which allow it and is blocked in all others. In practice, if an ad campaign targets only countries where alcohol advertising is not allowed, Google will label the ad as "disapproved" and it will not run at all. If an ad campaign

² <https://iard.org/actions/E-CommerceStandards>

targets both countries which allow and ban alcohol ads, Google will label the ad as “approved (limited)” and it will not run in the countries which do not allow for alcohol advertising.

Brian Wieser, Global President, Business Intelligence at GroupM, the media buying arm for the world’s largest advertising services company explains how advertising remains largely local:

“Even though brands and social media platforms may be global, marketing is still by and large conducted locally. For the world’s larger marketers, profit and loss statements (P&Ls) and key performance indicators (KPIs) are typically managed locally, usually at the country level. Something as culturally specific as alcohol means alcohol marketers will be especially careful to only market products to a very specific audience in a very specific location. The social media platforms actually enable this through better segmentation and geo-blocking. As such, the concept of conducting cross-border marketing is counter-intuitive and largely something marketers try and avoid as it can be considered a waste of ad dollars. There can be exceptions, such as with marketing through airport channels or on pan-regional TV networks where the concept of borders may have less practical meaning.”

III. Digital and social media marketing

What proportion of marketing budgets are spent online and on social media platforms?

Digital media now accounts for 56 percent of global advertising spending, according to eMarketer. The 2021 Zenith report on alcohol marketing estimated that digital alcohol ad spend represented 24% of budgets in 2020, in line with findings from the WFA member survey, which estimated this to be at 23%. This shows that alcohol companies invest less in digital and disproportionately more in other media compared to other industry categories. Indeed, the Zenith report shows TV to still represent an important channel for alcohol marketers.

What protections for minors are already being undertaken by digital platforms?

The draft document highlights digital marketing and social media platforms as having “an infrastructure designed to allow ‘native advertising’ that is data-driven and participatory”. However, social media platforms offer increasingly robust controls to advertisers to ensure that they do not market to minors.

None of the biggest social media platforms (Facebook, YouTube, Instagram, Snapchat, Twitter) allow advertisers to target users who are under the local legal purchase age for alcohol. The main platforms do not allow alcohol advertisers to place ads in countries where alcohol advertising is banned, and all ads must abide by local restrictions. For example, a Facebook user in Lithuania (where all forms of alcohol marketing are banned) would not be served alcohol ads on the platform.

These platforms offer very specific localised targeting, allowing advertisers to reach users in a given state or even city. Facebook’s [alcohol advertising policy](#) reminds advertisers that different regions have different age targeting requirements, such as the example of India, where different states have different legal purchase ages. Facebook also allows users to opt out of receiving alcohol ads and this is a principle WFA and the International Alliance for Responsible Drinking (IARD) are exploring with other social media platforms, including Snapchat and Google. More recently, Google has launched a [similar feature](#) on Google Ads and YouTube in early 2021.

Snapchat, a platform popular among younger audiences, also has safeguards in place to prevent minors from seeing alcohol ads. [This video](#) shows an example of how advertisers can target ads based on a user’s age on Snapchat, in order to avoid those under the legal purchase age. TikTok, another platform popular with young audiences, does not currently allow any alcohol advertising on the platform as most of their users are under the legal purchase age (though data from TikTok suggests this is rapidly changing as more adults move to the platform).

IV. Industry initiatives

What steps is industry taking to ensure minors' online experience is free from alcohol marketing communications?

Influencer marketing

As influencer marketing becomes more widely used, the 12 members of the International Alliance for Responsible Drinking (IARD) have developed a set of responsibility standards, the Influencer Guiding Principles (IGPs), to ensure this form of marketing abides by national marketing codes and regulation and prevents minors from seeing posts. The guidelines cover three main areas:

- **Selection:** Influencers should use age-affirmation mechanisms on digital platforms to prevent minors from seeing alcohol branded content. When using platforms where age-affirmation mechanisms for influencers are not yet effective, influencers should be aged at least 25 years and appeal primarily to audiences above the legal purchase age.
- **Engagement:** All paid influencers should have a written agreement with the alcohol producer or its agency which should include disclosure guidelines asking the influencer to clearly and conspicuously disclose their link to the brand, information linking to legal requirements relevant to national or regional context, responsibility guidelines asking the influencer to comply with the company's responsible marketing code, best-practice tools for influencers, for example, information on how to age restrict their posts, feedback mechanisms so influencers can flag any engagement or issues around responsible drinking with an agency or brand.
- **Monitoring:** Influencer posts must be monitored by brands or their agencies for compliance and the influencer should fix or remove posts within 72 hours if they are not compliant.

Digital safeguards

The leading alcohol producers have also developed and integrated safeguards into their marketing communications strategies to further reduce minors' interaction with alcohol marketing online. They have created a checklist of five key elements which should be present on all online brand websites and social media profiles to help ensure minors' online experience is free from alcohol ads. These safeguards are known as the Digital Guiding Principles and cover the following:

- **Age-gating websites and social media profiles:** stopping those under the legal drinking age from accessing alcohol-related sites or profiles;
- **Forwarding advice notice:** reminding users not to share alcohol ads with anyone under the legal drinking age;
- **User generated content policy:** reminding online users not to post anything which condones irresponsible or excessive drinking;
- **Transparency:** a requirement for advertisers to have an official badge or statement on alcohol brand social media profiles so users know these are advertiser-owned pages (and therefore commercial) and not user-generated content; and
- **Responsible drinking message:** a requirement for advertisers to include a message such as "Don't drink and drive" in all marketing communications, in line with industry best practice.

Avoiding appeal to minors

In Europe, nine leading alcohol producers have united behind the [Responsible Marketing Pact](#) (RMP) against minors' exposure to alcohol marketing, establishing clear guidelines on where alcohol ads should be placed, the content of ads (i.e. creative execution) and setting new standards and controls for digital media. The goal is to reduce minors' exposure to alcohol marketing, limit the appeal of alcohol marketing to minors, and strive to ensure minors' digital media experience is free from alcohol ads.

The RMP complements the existing EU legal framework with standards for responsible alcohol marketing communications that provide minors with an additional layer of protection. As such, RMP members have submitted their commitment to the recently agreed EU Code of Conduct on Responsible Food Business and Marketing Practices which aims, among other things, to reverse diet-related noncommunicable diseases in the EU. The initiative supports responsible marketing and advertising practices and suggests “adhering to self- and co-regulatory initiatives and standards” as actions to reach the Code’s objectives. Signatories of the Code will be held accountable by reporting on progress and compliance with their commitments to the European Commission on a yearly basis.

WFA welcomes the opportunity to discuss any of the issues raised in this submission. Please contact Will Gilroy, Director of Policy and Communications, WFA (w.gilroy@wfanet.org).