

Alcohol Beverage Advertising Literature Cites

Montreal Economic Institute

“In those cases in which consumption seems to increase in step with advertising, the true cause could in fact be the opposite of what it is thought to be. As highlighted in an article published by the World Health Organization⁷, when a market study shows a rising trend in the popularity of a product, many businesses try “to get in on the promising new bandwagon.” They advertise more when they think that consumption of a product is growing in order to obtain the largest possible share of the growing market. In other words, the volume of advertising could very well grow in reaction to the increase in demand, and not the other way around.”

“Conversely, if advertising increased consumption, forbidding it should make the product less popular. This is not, however, what has been observed in practice in the case of alcohol. For example, the banning of beer ads in 1974 in Manitoba did not diminish consumption in that Canadian province as compared with consumption in the province of Alberta, where advertising remained legal.⁸”

“Alcohol and tobacco being categories of products (a higher level in the market “hierarchy”), it is normal to find, as we have, that the advertising of brands does not increase the size of the market. One brand’s advertising in a certain sense cancels out another brand’s advertising.¹⁹ At the end of the day, an extensive review of the relevant scientific literature shows that the total consumption of such “undesirable” products cannot be reduced by limiting or banning their advertisement since consumers do not simply allow their choices to be dictated by ads.”

“Advertising informs people about the choices available to them, or about the characteristics of certain products. But when all is said and done, the choice remains the consumer’s. What a company hopes to do when it advertises a product is promote what it can do better than its competitors and establish the best possible brand image.”

“Indeed, empirical research shows that regulating it in the hope of discouraging certain consumption habits is ineffective.”

7. Juha Partanen and Marjatta Montonen, “Alcohol and the Mass Media,” *EURO Reports and Studies*, Vol. 108 (1988), p. 7.

8. Tim Ambler, “Can Alcohol Misuse Be Reduced by Banning Advertising?” *International Journal of Advertising*, Vol. 15 (1996), No. 2, pp. 167-174.

19. Tim Ambler, Simon Broadbent and Paul Feldwick, “Does Advertising Affect Market Size?” *International Journal of Advertising*, Vol. 17 (1998), No. 3, p. 271.

Source: Kelly-Gagnon, Michel “The Influence of Advertising on Consumption,” *Montreal Economic Institute*, Economic Note, June, 2011, http://www.iedm.org/files/note0611_en.pdf (accessed 7/8/11)

International Journal of Environmental Research and Public Health

“This paper assesses the methodology employed in longitudinal studies of advertising and youth drinking and smoking behaviors. These studies often are given a causal interpretation in the psychology and public health literatures. Four issues are examined from the perspective of econometrics. First, specification and validation of empirical models. Second, empirical issues associated with measures of

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advertising receptivity and exposure. Third, potential endogeneity of receptivity and exposure variables. Fourth, sample selection bias in baseline and follow-up surveys. Longitudinal studies reviewed include 20 studies of youth drinking and 26 studies of youth smoking. Substantial shortcomings are found in the studies, which preclude a causal interpretation.”

“A critical assessment of longitudinal studies of youth drinking and smoking reveals a number of shortcomings and omissions in the study methodologies. These problems mean that the studies do not demonstrate causality between advertising-marketing exposure and youth drinking and smoking behaviors.”

“Given a policy menu, the important lessons from this review are that, first, studies using longitudinal surveys have not established that advertising is a causal factor for youth drinking and smoking and, second, these studies cannot be used to support recommendations for advertising and marketing bans.”

Source: Nelson, Jon P. “What is Learned from Longitudinal Studies of Advertising and Youth Drinking and Smoking? A Critical Assessment,” *International Journal of Environmental Research and Public Health*, March 8, 2010.

Applied Economics

“This article uses cross-country panel data to study the effects of advertising bans and other control policies on alcohol demand. ...the results indicate that advertising bans do not reduce alcohol consumption.”

“This study examined the effects of alcohol advertising bans and other control policies on alcohol consumption in 17 Organisation for Economic Co-operation and Development (OECD) countries for the time period 1975 to 2000. Using a variety of econometric specifications and panel-data estimation procedures, the study fails to reject the null hypothesis that alcohol advertising bans do not decrease the market demand for alcohol.”

Source: Nelson, Jon P. “Alcohol advertising bans, consumption and control policies in seventeen OECD countries, 1975-2000,” *Applied Economics*, First published on: April 4, 2008.

Journal of Advertising

“Brand advertising seeks to differentiate the advertised product from its competitors in a static or declining market to maintain or increase its market share. The objective, therefore, is to affect selective demand. The message focus is on influencing a brand choice from among mutually exclusive alternatives. Alcohol advertising has been found to serve socially useful purposes, that is, advertising provides information, leads to expansion of market shares of superior brands, increases new product entry, increases price competition, and gives firms incentives to live up to product claims. Brand advertising does not exert a material influence on total consumption, experimentation with alcohol, or alcohol abuse.”

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“In its totality, the evidence is consistent with the conclusion that alcoholic beverage brand advertising (1) provides information that enables consumers to make more satisfactory choices; (2) leads to expansion of market shares of superior brands; (3) increases new product entry; (4) increases price competition; (5) gives firms incentives to live up to product claims; but (6) does not exert a material influence on total consumption, experimentation with alcohol, or alcohol abuse.”

“Responsible drinking advertising, on the other hand, seeks to inform and change attitudes, thus accelerating the adoption of safe drinking practices. The objective, therefore, is to affect primary demand. Responsible drinking messages encourage the adoption of one or more complementary safe drinking practices.”

“Results indicate that alcoholic beverage advertising does not exert a material influence on total consumption or abuse, but models normative drinking behavior, and thus may actually inhibit alcohol misuse. Industry-sponsored responsibility efforts, like those sponsored by government and nonprofits, appear to affect desired changes, are perceived to be similar to government and nonprofit efforts, model desired drinking behaviors, and may be more effective with heavier drinkers.”

Source: “Responsibility and brand advertising in the alcoholic beverage market: The modeling of normative drinking behavior,” Debra Jones Ringold, *Journal of Advertising*, Vol. 37, No. 1, pp. 127–141, Spring 2008.

Report of the Federal Trade Commission

“The Commission evaluated what percentage of the twelve suppliers’ placements met the 70 percent target, industry-wide. (As shown in Column A of Table 2), 92.5 percent of all television, radio, and print advertising placements for which data were available hit the 70 percent target, that is, had an LDA [legal drinking age] audience composition of 70 percent or higher.” (p. 12)

“The industry has been largely successful at meeting the 70 percent standard.... Thus, the Commission does not recommend a change in the 70 percent standard at this time.” (p. ii-iii)

“Overall, about 97 percent of total alcohol advertising impressions were due to advertising placements that met the 70 percent target, including about 97 percent of television impressions, 95 percent of radio impressions, and nearly all newspaper and magazine impressions.” (p. 13)

“The Commission also collected data about advertising targeted to African-American or Hispanic audiences. Among placements targeted to African-American audiences, 94 percent met the 70 percent target, and among placements targeted to Hispanic audiences, 92.8 percent met the 70 percent target.” (p. 13)

“The Commission has promoted self-regulation of alcohol marketing to reduce the likelihood that such marketing will, by its content or placement, target those under the LDA [legal drinking age]. The Commission has recommended self-regulation in a variety of contexts. A well-constructed self-regulatory regime has advantages over government regulation. It conserves limited government resources and is more prompt and flexible than government regulation, given the substantial time

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required to complete an investigation or to adopt and enforce a regulation. Finally, self-regulation is an appropriate response to concerns about the impact of alcohol advertising on youth, in light of protections provided by the First Amendment to the U.S. Constitution. The Commission continues to believe, therefore, that alcohol industry self-regulation must play a prominent role in addressing concerns about alcohol marketing and youth.” (p. 25)

Source: Self-Regulation in the Alcohol Industry Report of the Federal Trade Commission, June 2008; <http://www.ftc.gov/os/2008/06/080626alcoholreport.pdf> (accessed 03/03/09)

Health Economics

“The results in the present paper fail to provide evidence that the alcohol industry is using magazine ad placements to target underage youth. Our methods improve on an earlier analysis by Garfield *et al.* (2003), which failed to control for audience size and the price of an advertisement.”

“Lastly, several recent literature reviews fail to provide evidence that alcohol ads affect drinking behaviors in a meaningful manner (FTC, 2003; Nelson, 2001; NRC, 2003, p. 134). This paper provides new evidence as part of the continuing debate on this issue.”

Source: Jon P. Nelson, Douglas J. Young, “Effects of youth, price, and audience size on alcohol advertising in magazines,” *Health Economics*, www.interscience.wiley.com, 10.1002/hec.1273, 2007.

International Journal of Advertising

“These findings are consistent with previous research which showed that aggregate alcohol advertising expenditures in the United States have little or no effect on aggregate consumption.”

“Almost all econometric studies of alcohol advertising expenditures have come to the conclusion that advertising has little or no effect on market-wide alcohol demand (Nelson 2001).”

“Most studies have found only weak advertising effects on aggregate alcohol expenditures and have concluded that “advertising is not effective in enlarging markets” (Lariviere *et al.*, 2000, p.147).

“In a study of beer brand advertising from 1977 to 1998, Wilcox (2001) found that advertising and market share levels in the United States were significantly related for eight brands of beer. Expenditures in the electronic media were positively associated with almost all the brands. Wilcox concludes that the findings suggest that advertising is a fairly important marketing tool for most of the leading brands and that, when used effectively, it appears to influence brand market share.”

“The majority of the econometric studies suggest that advertising alcoholic beverages has little or no impact on primary demand, but is positively associated with selective demand across brands and product categories.”

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Source: “What’s changed? Does beer advertising affect consumption in the United States?” Gary B. Wilcox & Harsha Gangadharbatla, *International Journal of Advertising*, 25(1), 35-50, 2006.

Contemporary Economic Policy

“Using an improved data set and econometric methods, the results in this article fail to support claims that alcohol advertisers target underage youth. The empirical findings...illustrate the shortcomings of the methodology used in a series of reports commissioned by CAMY (2002, 2005a).”

“The standardized coefficients support the conclusion that the size of the adult audience is the most important variable for placement decisions.... [T]he statistically important variables are adult readers per copy, adult median age [median age of adult readers from MRI], square of readers per copy, real CPM price [circulation in dollars], annual issues [of each magazine], and percent single-copy sales [percent of circulation accounted for by single-copy sales at newsstands].”

On examining advertising placements for beer and spirits ads from the sample magazines, the author finds: “The percent of youth readers is not significant in any of the [analytical models]. The results fail to support the allegation that beer and spirits advertisers are targeting youth readers. Beer advertisers favor magazines with more young adults, male readers, and larger adult audiences, but not adolescents. Spirits producers favor magazines with more young adults, male readers, and larger adult audiences, but not adolescents. Spirits producers also favor magazines with lower costs per advertisement.”

“Advertisements for alcohol beverages appear in a variety of magazines, including those with adolescent readers. The empirical results in this article illustrate some of the factors that affect advertising placement decisions for a sample of 28 major magazines, including the size of the adult audience and the price charged for an ad placement. The results for audience size capture criticisms by the FTC (2003, p. 33) of the methodology used by CAMY. The results for price are new economic evidence that was ignored by past researchers.”

“Considerable controversy exists regarding the placement of alcohol ads in magazines where the youth proportion of the audience is greater than 15%. The exact basis for this regulatory standard is difficult to discern, because several recent literature reviews fail to provide evidence that alcohol ads affect alcohol consumption in a material manner (Grube 2004; Nelson 2001, 2004; National Institute on Alcohol Abuse and Alcoholism 2000, p. 422; NRC 2004, p. 134).”

“According to the Statistical Abstract, total advertising revenues in magazines in 2003 were \$18.3 billion, including \$394 million in the alcohol category, or only 2.2% of the total.”

“Finally, policy makers in the alcohol area would be well advised to turn their attention to discussion of matters of importance for youthful drinking behaviors, rather than decisions made in the market for advertising space.”

Source: Nelson, J.P., “Alcohol Advertising in Magazines: Do Beer, Wine, and Spirits Ads Target Youth?” *Contemporary Economic Policy*, Vol. 24, No. 3, July 2006.

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Addiction

“As expected, advertisement exposure variables were not independent predictors of alcohol outcome expectancies when considered in the context of more immediate social influences. Although advertisements expose adolescents to social models of drinking, young people are likely to be influenced more strongly by their peers, parents and important adults with who they have a relationship than by people they do not know and perhaps do not are about.”

Source: “Socio-environmental Influences on Adolescents’ Alcohol Outcome Expectancies: A Prospective Analysis”, Steven C. Martino, Rebecca L. Collins, Phyllis Ellickson, Terry L. Schell, & Daniel McCaffrey, *Addiction*, 101, 971-983, 2006.

Adolescent Medicine Clinics

“Overall, the research on the effects of alcohol advertising also presents mixed findings. With some notable exceptions, experimental and ecologic studies have produced little or no evidence that short-term exposure or alcohol advertising expenditures affect drinking beliefs, behaviors, or problems among young people.”

“In general, these studies of advertising expenditures have been interpreted as indicating that alcohol advertising may lead to a redistribution of market shares without increasing overall demand. On the basis of similar data for the United Kingdom and United States, respectively, Duffy and Nelson concluded that a 100% increase in alcohol advertising would result in a 1% increase in total consumption.”

“In sum, survey studies generally find significant associations between reported exposure to, attention to, and recall of alcohol advertising, on the one hand, and drinking beliefs and behaviors among young people, on the other. These relationships, however, tend to be modest. Moreover, because of the cross-sectional designs of most of these studies and the failure to control for previous drinking in some longitudinal studies, it is difficult to make statements about causality.”

“In general, the available research provides little consistent support for a relationship between aggregate alcohol advertising expenditures and aggregate alcohol sales, consumption, or problems.”

“The results of experimental studies on exposure to alcohol advertising have been mixed; some studies found no effects, whereas other studies found small or short-term effects for some study participants...The results of these experimental studies offer only limited evidence that alcohol advertising promotes more favorable drinking beliefs or increases consumption. Laboratory studies of alcohol advertising effects, however, can be criticized on at least three grounds. First, laboratory experimental studies often lack realism...Second, it was noted hat advertisers target specific audiences with particular advertisements. If the stimulus advertisements do not contain images, themes, or music that appeal to the participants in a specific study, then it is unlikely that any effects will be observed. Third, laboratory experiments on the effects of alcohol advertising cannot address the cumulative effects of exposure to alcohol advertisements over many years.”

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Source: Grube, J.W. and Waiters, E., “Alcohol in the Media: Content and Effects on Drinking Beliefs and Behaviors Among Youth,” *Adolescent Medicine Clinics*, 16:327-343, 2005.

Review of Industrial Organization

According to Nelson’s abstract, the paper was written as an update reviewing major events, data trends, and research regarding three issues. The three issues included the following: “The importance of advertising and product differentiation for structural change in the brewing industry; the manner and extent to which brewers can strategically alter market shares using advertising; and the social costs of beer advertising and marketing, including advertising bans, targeting of underage youth, and recent changes in the three-tier system of alcohol distribution.”

“The null relationship between consumption and advertising has not gone unnoticed by industry officials (*Brewers Digest*, 1990), and illustrates the fact that advertising in a ‘mature’ industry primarily affects brand shares (Nelson, 1997, 2001).

“[D]ata suggest that the premium category (light plus non-light) has grown compared to 1975, whereas the popular-priced category has gone from 43% of the market to about 20%. Hence, the category trends in Table IV reflect trading-up by consumers, with major sales losses incurred by the popular-priced category. This category was once dominated by the regional and smaller national brewers, suggesting that advertising has affected consumers’ choice of beer brands and categories, but not total consumption (Ries and Ries, 2002).”

“Several empirical approaches can be used to assess the nature of the response function... Traditional demand functions incorporating advertising expenditures have been estimated using time-series data for different time periods, beverages, and countries... Overall, the results support the view that the primary effect of advertising is to redistribute brand shares, with little inter-beverage effects.”

Source: Nelson, J.P., “Beer Advertising and Marketing Update: Structure, Conduct, and Social Costs,” *Review of Industrial Organization*, 26:269-306, 2005.

National Institute on Alcohol Abuse and Alcoholism

“[A]lcohol advertising is pervasive in this culture, and much of it is presented in ways that appeal to youth. Some research suggests an association between adolescents’ reactions to alcohol advertising and their desire or intention to drink. Results have been mixed, however, in studies aimed at establishing whether alcohol advertising actually causes youth to drink.”

“Assessing the effect of advertisements on the drinking behavior of individuals or populations is a complicated endeavor. It often is difficult to ascertain the specific effects of advertising because they must be measured against a background dense in alcohol messages and images. In addition, advertisements or alcohol-related messages will influence different individuals and different populations differently at different developmental stages and times in their lives. And furthermore, the mechanisms by which advertising may affect actual drinking behavior have not been extensively studied and are not well understood.”

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“Although they are informative and interesting, these studies do not address the question of causality: Do alcohol advertisements cause youth to drink, or do youth who already drink pay more attention to alcohol advertising?”

“In general, research on the impact of alcohol advertising on actual drinking behavior has been mixed, and observed effects have been small. In addition, many of the cited studies are subject to recall bias. Furthermore, many studies have been cross-sectional, making it difficult to draw definitive conclusions about the relationship between advertising and alcohol consumption (Grube 2004).”

Source: National Institute on Alcohol Abuse and Alcoholism, “Alcohol and Development in Youth—A Multidisciplinary Overview,” *Alcohol Research & Health*, 28(3):155-162, 2004-05.

International Journal of Advertising

“A review of academic studies and case histories consistently reveals an extremely limited effect of advertising on total market sales, both in FMCG [fast moving consumer goods] markets in general and in the alcohol sector specifically. These findings are confirmed by econometric analysis of UK annual consumption from 1988 to 2001. This analysis finds no statistical relationship between alcohol advertising and consumption in the UK.”

“No statistical relationship between alcohol advertising and consumption was found for either age group [18-24 and over 25].”

Source: Dorsett, J. and Dickerson, S., “Advertising and Alcohol Consumption in the UK,” *International Journal of Advertising*, 23, pp. 149-171, 2004.

Federal Trade Commission

“Strong and visible self-regulation can play an important role in addressing underage drinking and beverage alcohol marketing concerns. Moreover, meaningful industry self-regulation can address a broad range of advertising issues without raising the constitutional issues that government regulation would pose.” (p. ii)

“The largest improvements have occurred in the area of ad placement. In 2002, the alcohol companies surveyed achieved 99% compliance with the standard that at least 50% of the relevant media audience be adults. More importantly, the industry now has committed to adhere to a 70% placement standard and to implement post-placement audits.” (p. ii-iii)

“In response to concern regarding advertising placement, the Beer Institute and DISCUS have now modified their standards in important aspects. Specifically, the Beer Institute and DISCUS amended their codes in 2003 to require that adults over 21 constitute at least 70% of the audience for TV, magazine, and radio ads, based upon reliable data.⁴⁹ To facilitate compliance, the revised Beer Institute and DISCUS Codes require that members conduct periodic post-placement audits of a portion of placements and to promptly remedy any identified problems.” (p. 13)

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“Adoption of a 70% placement standard for alcohol ads by all three of the industry trade associations represents a significant improvement in placement standards. The requirement to monitor compliance through periodic audits should help to ensure adherence to the standard. These steps represent positive responses to the 1999 Report’s recommendations and the Commission will monitor compliance with these revised provisions.⁵¹” (p. 13)

Source: Alcohol Marketing and Advertising: A Report to Congress, Federal Trade Commission, September 2003; <http://www.ftc.gov/os/2003/09/alcohol08report.pdf> (accessed 03/03/09).

National Academy of Science Report

“In general, the findings from the ecological studies provide little consistent support for a relationship between aggregate alcohol advertising expenditures or advertising restrictions and aggregate alcohol sales, consumption, or problems. They do provide stronger evidence that alcohol advertising may lead to changes in brand or beverage preferences without increasing total consumption.”

“Only a few studies have investigated the effects of exposure to alcohol portrayals in popular media. Generally, the findings from these studies are mixed and inconclusive.

Overall, the research on the effects of alcohol advertising also presents mixed and inconclusive findings. With some notable exceptions (e.g., Saffer, 1997), experimental and ecological studies have produced little or no evidence that alcohol advertising affects drinking beliefs, behaviors, or problems among young people. In contrast to experimental and ecological studies, however, survey research studies on alcohol advertising and young people consistently indicate that there are small, but significant, correlations between awareness of and affect toward alcohol advertising and drinking beliefs and behaviors among young people.”

“This evidence, however, is far from conclusive. Because of the cross-sectional design of most of the published studies, causal inferences are difficult. Alcohol advertising may predispose young people to drink or the opposite may be true instead. That is, young people who are favorable toward drinking may seek out information about alcohol and thus be more attentive to alcohol advertisements.”

Source: Joel W. Grube, Alcohol in the Media: Drinking Portrayals, Alcohol Advertising, and Alcohol Consumption Among Youth. In Reducing Underage Drinking: A Collective Responsibility, National Research Council, Institute Of Medicine Of The National Academies, The National Academies Press, 2003: <http://www.nap.edu/openbook.php?isbn=0309089352>; <http://www.nap.edu/openbook.php?isbn=0309089352&page=597> (accessed 03/03/09)

International Journal of Advertising

“There appears to be a general agreement among the researchers that aggregate alcohol advertising expenditure in the United States has little or no effect on aggregate consumption but that advertising is one source of competition between brands for market share. The findings presented here support that

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relationship with eight of the 11 brands showing a positive relationship between total brand advertising expenditure and market share.”

Source: Gary B. Wilcox, “Beer Brand Advertising and Market Share in the United States: 1977 to 1998”, *International Journal of Advertising* 20, 149-168, 2001.

International Journal of Advertising

Nelson and Young conducted a time-series analysis of cross-sectional data for 17 OECD (Organisation for Economic Cooperation and Development) countries for the years 1977 to 1995. The countries covered include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, the United Kingdom and the United States.

“The results indicate that advertising bans in OECD countries have not decreased alcohol consumption or alcohol abuse.”

“The empirical results do not support the notion that bans of broadcast advertising of alcoholic beverages will reduce consumption or alcohol abuse. The evidence indicates that a complete ban on broadcast advertising of all beverages has no effect on consumption relative to countries that do not ban broadcast advertising. Equally important for alcohol policy, the results fail to provide evidence that advertising bans have significant negative effects on alcohol abuse outcomes, including cirrhosis mortality and road fatalities. This finding suggests that advertising bans do not have a large impact on drinking patterns, although bans may affect brand and beverage choices. Despite the long-standing use of advertising bans in many of the countries in the sample, other economic and cultural factors are apparently far more important as determinants of drinking patterns and consumption.”

“Finally, we note the consistency of our empirical results with a number of existing studies in the advertising literature, including previous cross-country studies of advertising bans (Young, 1993¹; Calfee and Scheraga, 1994²; Calfee, 1997³); studies of partial advertising bans of billboard displays; studies of temporary bans and other long-standing bans of most media; and studies of advertising expenditures using annual and quarterly data.”

1. Young, D.J. (1993), “Alcohol advertising bans and alcohol abuse: comment,” *Journal of Health Economics*, 12 (July), 213-228.
2. Calfee, J.E. & Scheraga, C. (1994) “The influence of advertising on alcohol consumption: a literature review and an economic analysis of four European national,” *International Journal of Advertising*, 13(4), 287-310.
3. Calfee, J.E. (1997) *Fear of Persuasion: A New Perspective on Advertising and Regulation*. Monnaz, SUI: AGORA.

Source: Nelson, J.P., and Young, D.J., “Do Advertising Bans Work? An International Comparison,” *International Journal of Advertising*, 20:273-296, 2001.

National Institute on Alcohol Abuse and Alcoholism

“In general, studies based on economic analyses suggest that advertising does not increase overall consumption, but instead may encourage people to switch beverage brands or types.”

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“Earlier reviews have concluded that the effects of alcohol advertising on people’s drinking beliefs and behaviors are limited, at best (Atkin 1995; Calfee and Scheraga 1994; Fisher 1993; Smart 1988). More recent research has not markedly changed this conclusion.”

“Overall, the results of these experimental studies offer only limited support, at best, for effects of alcohol advertising on drinking beliefs and intentions (Atkin 1995; Grube and Wallack 1994; Lastovicka 1995; Thorson 1995).”

“Overall, the econometric studies conducted to date provide little consistent support for a relationship between alcohol advertising and alcohol consumption and related problems. They do provide indirect support, however, for the hypothesis that alcohol advertising leads to changes in brand or beverage preferences without increasing total consumption.”

“...[R]ecent econometric studies...support earlier conclusions that alcohol advertising has little or no effect on overall consumption levels.”

Fisher and Cook (1995) used U.S. data from 1979 - 1990 to analyze changes in per capita consumption as a function of changes in advertising. “Overall, the findings of this study provide little or no evidence that alcohol advertising increases overall alcohol consumption, although they suggest that such advertising may realign market share.”

Source: 10th Special Report to the U.S. Congress on Alcohol and Health, National Institute on Alcohol Abuse and Alcoholism, 2000.

Agricultural Economics

“We found that advertising is not effective in enlarging markets and this suggests that firms (especially breweries) use advertising to compete in zero-sum games.”

Source: Eric Lariviere, Bruno Larue, and Jim Chalfant, “Modeling the Demand for Alcoholic Beverages and Advertising Specifications”, *Agricultural Economics* 22, 147-162, 2000.

Southern Economic Journal

Nelson examined quarterly data on alcohol consumption, broadcast advertising, and print advertising for 1977-1994.

“The results for the three beverages and total alcohol indicate that advertising has little or no effect on demand. The empirical evidence thus supports the notion that regardless of media, advertising affects mainly brand shares.”

“In 1982, CSPI and other groups petitioned the Federal Trade Commission (FTC) for a complete ban on broadcast advertising of alcohol (CSPI 1983), but the FTC ruled against the petition on the grounds that there was ‘no reliable basis to conclude that alcohol advertising significantly affects consumption, let alone abuse’ (FTC 1985, p. 2¹).”

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“The major conclusions for total ethanol consumption are, first, that alcohol advertising does not have a statistically significant effect on total alcohol consumption and, second, that broadcast advertising is not a significant factor leading to increased consumption of alcohol and does not appear to be different than print advertising despite different rates of use.”

“The lack of a major role for alcohol advertising has been noted in several earlier literature reviews (FTC 1985²; Smart 1988³; Fisher 1993⁴). This result has now been confirmed using quarterly data on different media and beverages.”

1. Federal Trade Commission. 1985. Recommendations of the staff of the Federal Trade Commission: Omnibus petition for regulation of unfair and deceptive alcoholic beverage advertising and marketing practices. Docket No. 209-46, Federal Trade Commission, Washington, DC.
2. Federal Trade Commission. 1985. Recommendations of the staff of the Federal Trade Commission: Omnibus petition for regulation of unfair and deceptive alcoholic beverage advertising and marketing practices. Docket No. 209-46, Federal Trade Commission, Washington, DC.
3. Smart, Reginald G. 1988. Does alcohol advertising affect overall consumption? A review of empirical studies. *Journal of Studies on Alcohol* 49:314-23.
4. Fisher, Joseph C. 1993. *Advertising, alcohol consumption, and abuse: A worldwide survey*. Westport, CT: Greenwood Press.

Source: Nelson, Jon P., “Broadcast Advertising and U.S. Demand for Alcoholic Beverages,” *Southern Economic Journal*, 65(4), pp.774-790, 1999.

John E. Calfee, Resident Scholar, American Enterprise Institute for Public Policy Research

“...[T]he social problems of youth that command the attention of parents and governments are well beyond the reach of both the creators of advertising and the regulators of advertising.”

“...[E]conomic theory, plus extensive scientific research, indicates that advertising in a mature market – such as that for alcoholic beverages, detergent soaps, or toothpaste – does little or nothing to increase total demand. Rather, advertising serves to develop and maintain brand loyalty.”

Source: Calfee, John E., “Fear of Persuasion: A New Perspective on Advertising and Regulation,” Monnaz, Switzerland: Agora Association with American Enterprise Institute Press, 1997.

“There is little reason to think that advertising plays a substantial role in decisions about whether or when to indulge in alcohol.”

“In nations such as Russia ... alcoholism among all age groups has reached tragic proportions without the slightest assistance from advertising. Indeed, available evidence indicates little if any effects from legislated bans on alcohol advertising.”

Source: Calfee, John E., “Comments on ‘Youth and Alcohol: Controlling Alcohol Advertising That Appeals To Youth,’” November 27, 1991.

Advertising & Markets: A Collection of Seminal Papers

Calfee and Scheraga provide an interpretive review of the literature, and an econometric analysis of alcohol advertising and sales in France, Germany, the Netherlands and the UK.

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“In summary, research findings from several disparate approaches strongly converge to the conclusion that alcoholic beverage advertising has no significant effect on total alcohol consumption. Earlier reviews reached essentially the same conclusion. In 1985, the staff of the United States Federal Trade Commission concluded that the literature provided ‘no reliable basis to conclude that alcohol advertising significantly affects consumption.’¹ Reginald Smart of the Addiction Research Center in Ontario, Canada, reviewed the literature in 1988 and concluded that ‘total advertising expenditures have no reliable correlation with sales of alcohol beverages,’ and ‘in general, the evidence indicates little impact of alcohol advertising on alcohol sales or drinking.’² Finally, a very comprehensive review by Fisher (1993)³ also concluded that the vast bulk of academic research has failed to reveal an effect from alcoholic beverage advertising on consumption.”

“In the mid-1980s, two authoritative reviews concluded that the available empirical evidence indicated that alcohol advertising had little or no influence on total market sales (FTC, 1985⁴; Smart, 1988⁵). Considerable original research has emerged in the years since. The new research does not provide any reason to alter the conclusions of the earlier reviews. Econometric and experimental studies have continued to reveal an extremely limited effect of advertising on sales. The same is true of the growing body of survey research.”

“Econometric analysis has not previously been applied to markets other than Canada, the US and the UK. We have presented here an economic analysis of France, Germany and the Netherlands, in addition to a new analysis of the UK using the most recent data. Thus the number of national markets subjected to econometric scrutiny has now been doubled, from three to six nations. We also examined the Swedish market, in which advertising has been prohibited since 1979, to assess whether a market with no advertising at all would appear to work differently from markets with advertising. Our results provide new support for the view that advertising does not have a substantial effect on alcohol sales. For the UK, our findings were consistent with the bulk of past research on that nation, in which no significant effect from advertising on consumption was detected. Similarly, our analysis of France, Germany and the Netherlands did not indicate a significant effect from advertising; in fact, the results were not even close to indicating a significant effect.”

“These results, comparing similar nations with and without advertising, suggest that banning advertising does not substantially affect the workings of the alcohol market.”

1. Federal Trade Commission (FTC), Staff of the Bureau of Economics and the Bureau of Consumer Protection (1985). *Recommendations of the Staff of the Federal Trade Commission Re: Omnibus Petition for Regulation of Unfair and Deceptive Alcoholic Beverage Advertising and Marketing Practices*, Docket No. 209-246, March.
2. Smart, R.G. (1988), Does alcohol advertising affect overall consumption? A review of empirical studies. *Journal of Studies on Alcohol*, 49(4), 314-323.
3. Fisher (1993), *Advertising, Alcohol Consumption and Abuse: A World Survey*, Westport, CT: Greenwood Press.
4. Federal Trade Commission (FTC), Staff of the Bureau of Economics and the Bureau of Consumer Protection (1985). *Recommendations of the Staff of the Federal Trade Commission Re: Omnibus Petition for Regulation of Unfair and Deceptive Alcoholic Beverage Advertising and Marketing Practices*, Docket No. 209-246, March.
5. Smart, R.G. (1988) Does alcohol advertising affect overall consumption? A review of empirical studies. *Journal of Studies on Alcohol*, 49(4), 314-323.

Source: Calfee, J., and Scheraga, Carl, “The Influence of Advertising on Alcohol Consumption: A Literature Review and An Economic Analysis of Four European Nations.” In J.C. Luik and M.J. Waterson (eds), *Advertising & Markets: A Collection Of Seminal Papers*, NTC Publications Ltd, 1996.

Alcohol Beverage Advertising Literature Cites

Applied Economics

“There is no effect of advertising in the composite demand function of alcohol. Hence, the results from system-wide modeling suggests that alcohol advertising serves to reallocate brand sales, with no effect on total ethanol consumption and very small effects on beverage consumption.”

“We also find that alcohol advertising has no effect on the consumption of total ethanol and very small effects on the consumption of individual beverages. One implication of these results is that alcohol advertising primarily redistributes specific brand sales and market shares.”

Source: Nelson, Jon P. and Moran, J.R., “Advertising and U.S. Alcoholic Beverage Demand: System-Wide Estimates,” *Applied Economics*, 27, pp.1225-1236, 1995.

Journal of Applied Social Psychology

“Exposure to different commercials produced no differences in drinking expectancies ... Research to date does not support a ban on alcohol advertising.”

Source: Lipsitz, A., et. al., “Another Round for the Brewers: Television Ads and Children's Alcohol Expectancies,” *Journal of Applied Social Psychology*, 23:6, pp. 439-450, 1993.

National Institute on Alcohol Abuse and Alcoholism

“... [T]he dominant issue is this: Does advertising initiate drinking in the young? Common sense says the beer industry appeals to the young ... But common sense and science don't meet on this.”

Source: Gordis, Enoch; from comments made during September 24-25, 1992 meeting of “Working Group on the Effects of the Mass Media on the Use and Abuse of Alcohol,” NIAAA.

Journal of Studies on Alcohol

“(There is) no evidence of alcohol advertising leading to increased total alcohol sales.”

Source: Makowsky, C.R., and Whitehead, P.C., “Advertising and Alcohol Sales: A Legal Impact Study,” *Journal of Studies on Alcohol*, Vol. 52, No. 6, 1991.

C. Everett Koop, former U.S. Surgeon General

“Is there compelling scientific evidence that advertising influences alcohol consumption and the nature and level of alcohol-related problems? No, there is not...”

Source: Koop, C. Everett, Transcript of Remarks to the U.S. Senate Committee on Governmental Affairs, June 15, 1989.

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U.S. Senate

“The subcommittee could not find evidence to conclude (that) advertising influences non-drinkers to begin drinking or to increase consumption.”

“Our subcommittee record contains no facts which would justify legislation to ban, censor advertising of beer and wine products, or require counter advertising.”

Source: Congressional Record, May 20, 1985.

U.S. House of Representatives

“... [S]o far there has been a lack of solid data (showing an alleged link between advertising and abuse).”

Source: Senior Counsel to House Telecommunication Subcommittee, as cited in “Beer and Wine Ads: The Gathering Storm,” *Broadcasting*, 108:31, January 28, 1985.

Federal Trade Commission

“... [O]ur staffs' review of the literature regarding the quantitative effect of alcohol advertising on consumption and abuse found no reliable basis to conclude that alcohol advertising significantly affects consumption, let alone abuse.”

Source: Recommendations of the Staff of the Federal Trade Commission, Docket No. 209-46, March, 1985.

“... [T]here is no reliable basis on which to conclude that alcohol advertising significantly affects alcohol abuse.”

Source: News release, Federal Trade Commission, April 16, 1985.

“One important industry initiative involves voluntary self-regulatory codes intended to prevent alcohol advertising and marketing that appeal to underage consumers. Self-regulation is a realistic, responsive and responsible approach to many of the issues raised by underage drinking. It can deal quickly and flexibly with a wide range of advertising issues and brings the accumulated experience and judgment of an industry to bear without the rigidity of government regulation. The Commission regards self-regulation as particularly suitable in this area, where government restriction -- especially if it involves partial or total advertising bans -- raises First Amendment issues.

The industry presently seeks to minimize the extent to which underage consumers are exposed to and attracted by alcohol advertising by employing self-regulatory codes. Information supplied by trade associations and eight key industry members leads the Commission to conclude that for the most part, members of the industry comply with the current standards set by the voluntary advertising codes, which prohibit blatant appeals to young audiences and advertising in venues where most of the audience is under the legal drinking age. In addition, many individual companies follow their own

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internal standards that exceed code requirements when they are deciding what their ads should say and where they should be placed.”

Source: Federal Trade Commission, “Self-Regulation in the Alcohol Industry: A Review of Industry Efforts to Avoid Promoting Alcohol to Underage Consumers.” September 1999.

<http://www.ftc.gov/reports/alcohol/alcoholreport.htm>

Addiction Research Foundation

“(O)ur results ... do not support strong concern about the effect of beer advertising on a young male population even with ongoing immediate access to beer.”

Source: Kohn, P.M., and Smart, R.G., “The impact of television advertising on alcohol consumption: An experiment,” *Journal of Studies on Alcohol*, Vol. 45, pp. 295-301, 1984.

“The evidence indicates that advertising bans do not reduce alcohol sales, total advertising expenditures have no reliable correlation with sales of alcoholic beverages, and that experimental studies typically show no effect of advertising on actual consumption.”

Source: Smart, Reginald G., Ph.D., “Does Alcohol Advertising Affect Overall Consumption? A Review of Empirical Studies,” *Journal of Studies on Alcohol*, Vol. 49, No. 4, 1988.

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