

<https://blog.en.erste-am.com/alcohol-producers-against-excessive-consumption/>

## Alcohol producers against excessive consumption – Engagement

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Alcohol enjoys a special privilege. No other drug is as socially accepted. This also manifests itself in the special status it is invested with by law: while cannabis – a market whose legal side is estimated to grow from USD 9.5bn in 2017 to USD 32bn by 2020 – is legal in only a handful of states, tobacco is subject to ever-more stringent regulations. By comparison, alcohol producers are relatively free to pursue their business.

The industry tries to defend this freedom with all its might. After all, estimates put the global market of alcoholic beverages currently at an annual USD 1,400bn. It is important for companies to actively contribute to the discussion of and help with the potential negative consequences of alcohol abuse. However, the inroads that have been made towards sustainability are not (only) geared towards generating social impact, but also towards pre-empting state regulations. If alcohol were to be turned into a pariah industry like tobacco with a continuous curtailment of its licence to operate, this would come with enormous financial consequences. Potential short-term sales spikes and their consequences such as underage binge drinking actually endanger the business model of the alcoholic beverage industry.

The industry tries to confront those challenges by complying with voluntary commitments and industrial initiatives. Heineken, for example, has started an international communication campaign that presents alcohol abuse in a negative light especially to young people and calls on them to drink in moderation.

Pernod Ricard refers to the addictive potential of alcohol and the resulting loss of control in an app that allows consumers to track their alcohol consumption and warns them of potentially risky behaviour on the basis of their physical parameters.

Diageo is one of the few producers who have committed to label all their products with notices that warn against alcohol abuse or against the consumption of alcohol by pregnant women regardless of the statutory requirements.

### International Alliance for Responsible Drinking

Almost all large producers such as the aforementioned ones or ABInbev and Asahi are members of the International Alliance for Responsible Drinking. The goal of this alliance is to jointly develop standards for responsible marketing and to provide training for the responsible sale and serving of alcohol, for example to recognise the customer's age and level of intoxication. The alliance also will not cross-promote to children or youth. More and more companies are taking performance targets based on sales figures out of their contracts with PR agencies.

Critical consumer behaviour is also addressed. Diageo has launched a campaign in the USD for one of its whiskey brands in order to curtail the high alcohol consumption at sports events. Customers are encouraged to take a water break like their heroes on the pitch instead of drinking alcohol all the time. Within the framework of this campaign, the company also provides shuttle services and drives consumers home from said events instead of making them drive intoxicated.

This positive example highlights one weakness though: many of the efforts presented by the companies are anecdotal by nature. Comprehensive solutions continue to take a back seat. The brewery ABInbev illustrates this ambivalence. The company is actively working on shifting its portfolio so as to generate a fifth of its sales from non-alcoholic beer by 2025. ABInbev has also committed to invest USD 1bn in the fight against alcoholism. At the same time, some of the company's activities in Africa have been criticised, as in that region, much like in all emerging markets for all companies, the development of the market takes precedence.

Read more articles from this issue of our ESG letter [here](#).

\*ESG stands for Environmental, Social and Governance\* – These are the three broad categories according to which companies are examined in sustainable investment.

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