

Proliferation of 'healthy' alcohol products in Australia: implications for policy

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Key points

- Alcohol producers have responded to perceived increased health consciousness among consumers as an opportunity for innovation and growth within the sector
- Existing regulations do not appear to be sufficient to effectively restrict health-related claims made by alcohol marketers and producers
- Controls on health-related claims should be considered as part of broader reforms of alcohol marketing regulation

Abstract

Objectives: The Australian alcohol industry has observed that increased health consciousness among consumers is a threat to industry revenue, but also an opportunity for innovation and growth within the sector.

Methods: This paper examines how the alcohol industry has responded to a perceived increase in health consciousness among consumers, considers policy implications and provides recommendations to address supposedly healthier alcohol products. We collected examples of new product developments and monitored alcohol industry publications for information on key trends and comments from alcohol company executives to inform the paper.

Results: We found that existing regulations do not appear to be sufficient to adequately restrict health-related claims made by alcohol marketers and producers, as alcohol products continue to be advertised in association with health. Research shows that this can have significant implications for the way consumers view these products.

Lessons learnt: Restrictions on health-related claims should form part of broader reforms to alcohol marketing that should include strong, independent, legislated controls.

Introduction

Australia's long-term trend of declining per capita consumption of alcohol has been identified as a threat to alcohol industry revenue.¹ Alcohol industry reports have noted that health consciousness, an indicator of consumer awareness and attitudes towards lifestyle choices, influences alcohol consumption trends.^{1,2} Health consciousness is expected to increase over the coming years and is perceived by industry analysts as a trend that heavily affects the alcohol industry.¹ Given this perception, the industry is under increasing commercial pressure to innovate and address this trend, including through product development and marketing.¹

Research about the food and tobacco industries shows that producers use a range of strategies to influence consumer views of products, including attempting to increase perceived healthfulness and decrease perceived

risks.³ Common strategies include the use of claims about nutrition and health, and irrelevant or redundant claims, such as “natural” or “no added”.⁴ Limited research has examined these strategies in the context of alcohol. US researchers reported that the alcohol industry promoted their products as healthier by adding nutrients such as antioxidants and vitamins, using the term “natural” and associating brands with athletes.⁵ A systematic review found that, in one study that analysed the impact of “low alcohol” product labelling, participants perceived calorie and carbohydrate content to be lower in “light” beer than in beer labelled “regular”.⁶ A small Australian study suggested that “low carb” labelling of beer products may be associated with increased perceived healthfulness of beer among consumers.⁷

In this paper, we examine how the alcohol industry has responded to the perceived increase in health consciousness among consumers, consider policy implications and provide recommendations to address supposedly healthier alcohol products. We collected examples of new product developments and monitored alcohol industry publications for information

on key trends and comments from alcohol company executives; these form the basis of our assessment of the industry response.

Australian alcohol industry response to the perceived increase in health consciousness

Alcohol company executives' views

National Liquor News, an Australian alcohol industry trade publication published by Intermedia Group, publishes interviews with alcohol company executives about issues affecting the industry each February. We identified references to health and wellbeing in the published interviews in the February 2016 and February 2017 editions of *National Liquor News*. Table 1 presents examples of extracts of the interviews which show that alcohol industry executives viewed health consciousness as an opportunity for the sector.

Table 1. Extracts from media interviews with Australian alcohol company executives that reference health and wellbeing

Company executive and position at time of being quoted	Views of health and wellbeing among consumers
David Smith, Managing Director, Diageo	“We’ve seen huge consumer interest in holistic drinking off the back of the macro trend of health and wellbeing. Over the past 2 years this trend has really started to gather momentum in the spirits premix category, with the likes of Smirnoff, Bundaberg and UDL all launching zero sugar variants.” (2016, p. 75)
Michael McShane, Managing Director, Brown-Forman	“The health and wellness trend is expected to be one of the prime drivers of innovation in 2016.” (2016, p. 69)
Scott Marshall, Chief Executive Officer, Australian Liquor Marketers	“With health and wellbeing also an ongoing focus for consumers into 2016, the development of products that cater to the health conscious consumer like the rise of low carb beers, low calorie wines, low sugar and gluten free products will continue to play a role across categories.” (2016, p. 84)
Denis Brown, Managing Director, Bacardi-Martini	“The desire for better health and wellbeing, and the growth of small bars is driving more aperitivo opportunities. Low-carb, less sugar, mid-strength, refreshing drinks with European style...” (2016, p. 68)
James Brindley, Managing Director, Lion	“The focus on wellbeing will continue to grow – we know people are looking for more choices that support a balanced lifestyle and more options for moderation.” (2016, p. 77)
Leah Grinter, Director of Marketing, Thirsty Camel	“This year we have seen the wider consumer trend of health and wellness transfer to the liquor industry with better-for-you, sugar-free and preservative-free beverages becoming increasingly popular.” (2017, p. 99)
Scott Hadley, Chief Commercial Officer, Asahi	“Consumer trends towards ‘better-for-you’ offerings will become increasingly important and we need to be socially responsible with the products we bring to the market.” (2017, p. 54)
Jeff McWilliam, Chief Executive Officer, McWilliam’s Wines	“People are more health conscious and we’d like to encourage more wine consumption to be part of the social fabric of a meal with friends and family and be very inclusive.” (2017, p. 87)
Ray Noble, Managing Director, SouthTrade International	“The big trends I see for 2017 are ... premiumisation, growth of craft (the new and different), health and wellbeing, the expansion of cocktail culture into mainstream and drinking at home.” (2017, p. 95)

Other published comments from within the sector support the statements made by executives outlined in Table 1.^{1,2,8,9} For example, selected alcohol industry executives were interviewed in late 2016 for another alcohol industry publication regarding the popularity of 'better-for-you' products.⁸ The executives from companies including Diageo, Asahi, Coca Cola Amatil and Jack Daniel's discussed Australians' changing drinking preferences and opportunities to grow the sector through new product developments, including "healthier alternatives".⁸

Product developments and campaigns in Australia to address health consciousness

Examples of products and campaigns addressing consumer health consciousness can be seen across alcohol product categories. Beer the Beautiful Truth (www.beeritsbeautiful.com, known as Beer, It's Beautiful from January 2018), an education campaign by beer producer Lion, promoted beer that is "99.9% sugar free" and "preservative free". Some brands use health imagery in product marketing, such as people exercising; for example, advertising for Carlton & United Breweries' Pure Blonde brand is described by their Vice President for Marketing as looking "more like a Nike ad than a beer ad".⁹ The wine sector has developed lower-alcohol and organic wines. For example, Angove Family Winemakers reported plans to convert to organic vineyards¹⁰ and Trentham Estate relaunched their low-alcohol wine range to appeal to health-conscious women.¹¹ Product developments in the ready-to-drink (RTD) mixed-spirit sector are explored further in this paper as this sector is expected to grow through product innovation¹ and appears to be the focus of product releases in recent years.

RTDs released in Australia to address the health consciousness trend

Diageo, a large spirits manufacturer, released products in September 2016 aimed at "health, wellbeing and moderate drinking trends".¹² Smirnoff Pure is a 4.5% alcohol by volume (ABV) vodka premix range described as "Diageo's first premix to combine vodka and natural ingredients, with no preservatives or artificial ingredients".¹² An alcohol industry publication reported that the products "offer consumers several healthier alternatives from the category and tap into more moderate drinking occasions and demand for better-for-you products from millennials".⁸ Smirnoff Pure packaging and other promotions include images of fruit.

Vodka+ is a 5.0% ABV premix range advertised as being made with "purified water" and "infused with electrolytes".¹³ Upon its release in April 2016, Vodka+ was described as "the world's healthiest vodka alternative".¹⁴ The manufacturer commented on the product's implied

healthier attributes: "We are not stating for a second that alcohol is healthy – but if you're going to drink it, this is a healthier option".¹⁴ Vodka+ claims include: "no sugar", "no carbs", "no colours" and "natural flavours".¹³

Other products launched in 2016 include: Gordon's Elderflower Spritz (4.0% ABV) and Mist Wood (5.0% ABV), which are gins mixed with "natural" flavours.^{8,12} Products launched in recent years include Absolut Botanik (5.7% ABV), a "less sweet" vodka premix with "botanical flavours"¹⁵; Coco Vodka (4.8% ABV), a "better for you" vodka premix with "naturally occurring electrolytes" and "no artificial colours or flavours"⁸; and Vodka O (4.0% ABV), premix vodka with "no gluten, no sugar ... no nasty additives, no artificial colours or flavours".¹⁶ Sugar-free products include Wild Turkey 101 & Zero Sugar Cola (6.5% ABV), and the Vodka Cruiser Sugar Free range (4.6% ABV).

The RTD examples suggest the industry viewed a perceived increase in health consciousness among consumers as an opportunity to innovate and grow the RTD sector. The RTDs range from 4.0–6.5% ABV. These are not low- or mid-strength alcohol products. They are comparable to other full-strength RTDs (5.0% ABV), carry all the risks associated with the alcohol component of alcohol products¹⁷, and do not appear to be genuinely healthier than other RTDs based on the volume of alcohol they contain and the associated calories.

Strategies used to increase perceived product healthfulness

The strategies used in the RTD examples to increase perceived product healthfulness appear to be consistent with those identified in the food and tobacco sectors.^{3,4} These include the addition of "natural" or other supposedly healthier ingredients, sugar-free varieties, health-related imagery in advertising, and the use of "no added ...", "gluten free" and other irrelevant claims. To inform effective public health responses, future research should investigate the shared strategies being used across the industries to build perceived healthfulness.

Research shows that consumers exposed to food or tobacco products with health or nutrient content claims such as "low fat" or "lite" view these products as healthier than products without such claims.^{6,18} In the alcohol sector, "low carb" beers may pose a health risk due to the potential for consumers to believe that their use is associated with a health benefit, and fewer health risks, and to consume more.⁷ This 'halo effect' may also discourage consumers from seeking further information about a product.¹⁸ Therefore, there could be significant implications for the way consumers view alcohol products marketed as healthier or better for you, particularly among younger populations, who appear to have a greater proportion of health-conscious consumers compared with other age groups.¹

Implications for alcohol policy in Australia

Regulation of health claims on alcohol products in Australia

Health claims for food and beverages are regulated by Food Standards Australia and New Zealand (FSANZ). FSANZ specifies that a nutrition content claim or a health claim must not be made about a food that contains more than 1.15% ABV, other than a nutrition content claim regarding energy, carbohydrate or gluten.¹⁹ Claims made about non-nutrient characteristics of food such as “pure”, “fresh” or “natural” are not regulated by FSANZ. Guidance on the use of these terms is available in relation to the *Trade Practices Act 1974*²⁰; however, there are no legally enforceable definitions.

Alcohol producers are not legally required to provide health-warning labels on packaging to warn consumers of risks associated with alcohol. Evaluation of alcohol industry-developed and implemented pregnancy warning labels on alcohol products have shown them to be ineffective and developed against best-practice principles.²¹ Mandatory, evidence based and independently developed warning labels on alcohol products have the potential to increase awareness of alcohol-related harms.¹⁷

Limitations of industry self-regulation

Alcohol advertising in Australia is subject to a number of self-regulatory and coregulatory codes, which health organisations have criticised as being narrowly worded, inconsistent and incomplete.²² The Alcohol Beverages Advertising Code (ABAC) Scheme applies to the content and placement of some forms of alcohol advertising.²³ The ABAC Scheme does not restrict health claims specifically²³, and complaints regarding products' association with health have been dismissed by the ABAC Adjudication Panel due to narrow interpretations of the Code.²⁴ In one instance, the Panel dismissed a complaint because the product was not being consumed during high-level physical activities, despite agreeing that the marketing associated the use of the product with active and health-conscious individuals.²⁴ The Alcohol Advertising Review Board, an alternative complaint review system run by public health agencies²², has a provision stating that alcohol advertisements must not make health claims, and has received complaints and found breaches regarding this provision.²⁵

Self-regulation is a strategy commonly used by unhealthy commodities industries to delay government regulation.²⁶ However, self-regulation of alcohol advertising has been found to be ineffective at protecting vulnerable populations, and experts recommend government regulation.^{26,27}

A global beverage industry publication has identified that UK self-regulatory codes and European legislation prohibit the use of health claims, but not related “healthy cues”, and that alcohol products can be promoted as healthful, without breaching regulations:

*Calorie content is only an indicator of a product's healthy credentials, and the presence of natural ingredients is only a proxy for healthfulness. But, as such, both are a long way from conflicting with codes restricting alcohol brands from making health claims, and the scope for using more such proxies for healthfulness is considerable.*²⁸

These observations also apply in Australia and contribute to the rationale for robust regulation.

Recommendations and conclusion

Existing regulations do not appear to be sufficient to effectively restrict health-related claims from being made by alcohol producers and marketers, or the use of health imagery in alcohol advertising, despite implications for the way consumers perceive these products. Health experts recommend reforms to alcohol marketing regulation that include strong, independent, legislated controls on all forms of alcohol advertising and promotion, and that prescribe permitted alcohol marketing content.²² Restrictions on the use of health-related concepts should form part of these broader reforms to alcohol marketing regulation. The introduction of evidence based health-warning labels would also contribute to informing consumers of risks associated with alcohol use.¹⁷

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