Putting money where the mouth is - sugar, public health and the advertising industry

By Deborah Minors

18 Jan 2018

Changing behaviour is difficult - particularly amidst million-dollar advertising onslaughts. So fiscal policies for health should involve raising the price of a product to deter its use, or decreasing the price of a product to stimulate use, and income transfers to vulnerable populations to increase affordability of health products and/or services.

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Research conducted by public health experts at Wits University and their associates worldwide has explored how multinational global corporations that sell sugar-sweetened beverages (SSBs) and fast foods undermine health, and have proposed how fiscal measures can protect health.

Frank Chaloupka, professor of economics and director of the Health Policy Center at the University of Illinois Chicago visited the Wits University's School of Public Health in November 2016, and presented research to the South African Treasury on the effects of prices, policies, and other environmental factors on diet, physical activity, and obesity. SSBs, in particular, are linked to obesity, type 2 diabetes and dental problems.

Chaloupka's research showed that a 10% increase in the price of SSBs resulted in a 12.1% reduction in consumption of these products. Thus, the basic laws of economics apply: price increases reduce consumption and thus ultimately result in healthcare improvements.

"There are just a handful of behaviours that contribute to a lot of these non-communicable diseases (NCDs) if you look at the leading causes of death: Tobacco use, unhealthy diets, physical inactivity, and excessive alcohol use. It suggests to me if we can do something to change those behaviours, it will have an impact," said Chaloupka.

Monopolising mindspace

Rob Moodie is professor of public health at the College of Medicine, University of Malawi, and professor of public health at the University of Melbourne's School of Population and Global Health. Speaking at the Wits School of Public Health in October 2016, he interrogated strategies that the junk food industries use to drive sales and increase profits.

“Transnational corporations are major drivers of non-communicable disease epidemics. These corporations profit from increased consumption of tobacco, alcohol, processed food, etc.,” said Moodie, adding that junk food industries use their size, power and influence to market their products and position.

“The global beverage industry spends billions on product advertising and then blames individuals for not practicing self-control – much focused on children,” he said.

In South Africa advertising spend by Coca Cola increased 33% from 2014 (R193m), to R259m in 2016. Seventy percent of advertising is on television. Marketing has specially targeted the poor in South Africa as their growth strategy.

Taste the feeling…

On January 19, 2016, US-based magazine *Advertising Age* published an article about Coke replacing its ‘open happiness’ tagline with ‘taste the feeling’.

“Setting an enormous brand like Coke on a new marketing course is a massive undertaking and comes as the brand battles category headwinds, most notably declining soda consumption amid growing health concerns,” wrote EJ Schultz, journalist and Chicago bureau chief at *Advertising Age*.

“Coke would adopt a ‘one-brand’ approach that will unite multiple varieties like Diet Coke and Coke Zero,” wrote Schultz, because “‘there are moments when this consumer wants to reduce their sugar intake’,” according to Marcos de Quinto Coke’s global chief marketing officer.

Moodie says Coke uses massive sponsorship of sport and music as a critical component of its corporate social responsibility strategy.

“The primary health risk posed by the consumption of these drinks is the high caffeine and sugar content which in excess have dire consequences. The reality is that the move to introduce a tax – also known as a health promotion levy – is necessary, as diets and lifestyles are changing in South Africa and we face a tsunami of obesity-related diseases. A sugary beverage tax tries to reduce consumption of harmful products through increasing price but there are other drivers which also need attention – advertising to children in particular,” said Hofman.

Vigorous energy drink sales

Preference for food and beverage products is shaped by brand image through tactical marketing and advertising strategies. A key factor influencing consumption of processed food and drinks is how they are marketed to potential consumers, and this is especially true of newer entrants like energy drinks.

In August 2017, researcher Nicholas Stacey at Priority Cost Effective Lessons for System Strengthening South Africa (Priceless SA) led a new study that shows that energy drinks have achieved the highest recent sales volume growth in SA.

Between 2009 and 2014, the annual volume of sports and energy drinks rose from about 98-million litres to 168-million litres, rising from approximately two to three litres per capita in only five years.

The fact that across beverage categories, energy drinks – which contain the highest sugar content – have achieved the highest recent sales volume growth in SA shows that advertising and sales of sugary targeting adolescents and young South Africans in particular, is on the rise.

Insidious strategies

Aside from an avalanche of advertising, junk food multinationals have seemingly innocuous strategies to persuade, promote, and profit. Moodie cited several methods used to increase consumption despite the threat these products pose to public health:

- Investing in partnerships, corporate social responsibility, and physical activity programmes (being ‘part of the solution’)
- Commissioning research to discredit any moves to regulate
- Using PR to sway public opinion and influence reporters
- Monitoring key public health researchers

A recruitment advertisement in October 2017 for a communications manager (field brand reputation) for McDonald’s in Boston, USA, calls for a person who “will work to ensure a steady drumbeat of local people, food and community stories that support corporate and local business opportunities. In addition, the role will focus on enabling operators to effectively engage with key influencers, media and stakeholders."

Hofman said, “All the big food groups are doing this.” Multinationals appoint people who are tasked with positioning the firm as ‘part of the solution’.

The sugar industry has used the threat of exaggerated, widespread jobs losses if government imposes the touted tax on sugary beverages. Hofman claimed, however, that there are already fewer jobs, since small-scale cane growers have stopped planting while the sugar giants (Illovo, Tongaat Hulett, and Transvaal Sugar Ltd) are diversifying to remain profitable.

Research indicates that climate change and drought has forced this diversification, which has enabled multinationals to capitalize. Tongaat Hulett’s disposal of land in KZN (and investment in cane-growing land elsewhere in southern Africa) is another strategy to remain profitable, as is Transvaal Sugar’s merger with RCL Foods.

“Allegations of job losses have less to do with the proposed sugary drinks tax and more to do with global multinationals dominating the local market. The question is the extent to which South African workers benefit?” he said.

Just desserts

Hofman cited a study by the American Chamber of Commerce which showed that by 2030 non-communicable diseases will be costing the South African economy 7% of GDP. The impact of NCDs is not only deaths and years of life lost, but also on quality of life morbidity – amputations, blindness, and kidney failure caused by diabetes as a result of consuming too much sugar.

According to the Head of Orthopedic Surgery at the Charlotte Maxeke Hospital, the wards are overflowing with diabetes patients who have on average five amputations before they die.

On November 7, 2017 the Standing Committee on Finance decided that a decision for the Rates and Monetary Amounts and Amendment Revenue Laws Bill could proceed to the National Assembly. The amendment bill provides in general terms for a Health Promotion Levy and a schedule to the bill specifies that this will take the form of a tax on sugary beverages.

Treasury plans to introduce the tax in April 2018.

Source: Wits University