

# Impact assessment of a ban on alcohol advertising

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A preliminary impact assessment on the proposed ban on [alcohol advertising](#) in South Africa shows that:

- Loss of above-the-line advertising revenue for mass media would be R1.8billion. Major impact on SABC: approximately R400 million; DSTv and e.tv combined: approximately R500 million; the balance - radio, lifestyle magazines, newspapers.
- Total loss of revenue, including sponsorship, sports development leveraging, events and below the line activities - R2.6 billion.
- Impact on mass media industry: job losses of approximately 2500 low-earner employees, mainly in the print and out of home (outdoor) sectors, as well as sports marketing and management companies. Many media companies believe the figure of 2500 is too low.
- Impact on alcohol industry: between 5-8% short-term drop in branded liquor consumption, recovering in the medium term due to direct marketing. Brand leaders would, in fact, benefit from an advertising ban by increasing market share at the expense of lesser-placed brands.
- Impact on dependants of retrenched employees will result in approximately 30 000 people losing their breadwinners, due to the high number of dependants per breadwinner in the lower ranks of the workforces, particularly in the print and OOH industries.
- Impact on alcohol abuse: negligible. Precedents in Canada, Denmark and New Zealand found no evidence of reducing alcohol abuse, which resulted in bans on alcohol advertising being lifted.
- Impact on substance abuse in poorer areas: negligible, due to alcohol and substance abuse emanating mainly from non-branded liquor products such as home brews and methylated spirits as well, eg glue, tik etc.
- Impact on the SA fiscus: study still underway by an independent accountancy firm. However, one example would be the loss of VAT on approximately R2 billion of the R2.6 billion due to advertising budgets being allocated directly to the bottom line in most liquor firms (VAT loss would be approximately R280 million).
- Using the tobacco advertising ban as a basis for calculating the social and economic impact on a similar ban on

alcohol proved futile due to notable discrepancies such as

1. laws prohibiting smoking being different from laws prohibiting drinking
  2. the social unacceptability of smoking vs the social acceptability of alcohol consumption and
  3. the imprecise calculation of the effect of the ad ban on smoking, given the growing incidence of the consumption of contraband cigarettes in SA (estimated at 20% of total), thereby making an increase/decrease in the incidence of smoking immeasurable in real terms.
- An unintended consequence of a ban on alcohol advertising would be increasing pressure from within SA and from the World Health Organisation to ban fast food advertising. The WHO has identified obesity as the most challenging global health hazard. It would be difficult for Government to justify banning alcohol advertising without banning fast food advertising, the impact of which would be a further 3000 job losses in the media and marketing industries.
  - The impact on television programming would be two-fold:
    1. the inability to purchase sports programming from overseas due to loss of revenue and
    2. the inability to broadcast sports and lifestyle programming containing embedded liquor sponsorship or branded content.

Given the role advertising leveraging plays in liquor industry-sponsored sports development projects, these projects would more than likely be curtailed or abandoned, should the liquor industry not be able to derive any added-value benefit.

- Liquor-industry-sponsored Drink/DRIVE advertising campaigns at Easter and Christmas could be severely compromised, should liquor industry sponsors not be able to "brand" these campaigns.
- SA's potential to host international sporting and commercial events and exhibitions would be compromised, should any of these events have global liquor sponsors (such as Budweiser for the 2010 FIFA World Cup)
- Unlike tobacco, which had no dedicated media, lifestyle programmes, columnists or bloggers writing about cigarettes, for example, the liquor industry supports - through advertising and sponsorship - TV programmes and print magazines, as well as numerous commentators and bloggers. All advertising contained in the media could simply move from classical advertising to paid advertorial.
- Control of below-the-line promotion of liquor products, as well as paid advertorial, would be extremely difficult.

*This impact study is still in progress and is being undertaken by Chris Moerdyk.*

#### **For more:**

- Bizcommunity Search: [alcohol advertising](#)
- Google News Search: `[[http://news.google.co.za/news/search?aq=f&pz=1&cf=all&ned=en_za&hl=en&q=alcohol+advertising+ban&btnmeta_news_search=Search+News Alcohol advertising ban`

*For More list updated at 10.57am on 6 July 2011.*

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Apart from being a corporate marketing analyst, advisor and media commentator, Chris Moerdyk is a former chairman of Bizcommunity. He was head of strategic planning and public affairs for BMW South Africa and spent 16 years in the creative and client service departments of ad agencies, ending up as resident director of Lindsay Smithers-FCB in KwaZulu-Natal. Email Chris on [moerdykc@gmail.com](mailto:moerdykc@gmail.com) and follow him on Twitter at [@chrismoerdyk](#).

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