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‘From the Global Alcohol Strategy to National and Local Action’
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CSR Activities of Alcohol Industry in Thailand and Youth: The Challenging Implication for the Non-Alcohol Activists and Health Educators.

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The objectives of this research are to study the types and key points of Corporate Social Responsibility (CSR) activities of the alcohol industry as well as the results of these activities, particularly those that target youth and increase brand awareness and meaning. The research method is to survey documents and information dealing with CSR activities promoted by alcohol beverage businesses between 1997 and 2008 that were disseminated through newspapers and websites used for public relations promotion as well as materials on youth who both consume and do not consume alcohol.

The results of this research showed that during the study period the alcohol industry organized as many as 463 CSR activities, including corporate philanthropy (86.5%) followed by cause promotion (12.1%) and social responsible business practice (0.8%). No corporate social marketing or community volunteer activities were recorded for this period.

The research showed that youth who did consume alcohol became more impressed with the brands and the CSR activities. It was also found that youth, whether they consumed alcohol or not, wanted to join the alcohol industry CSR activities, particularly those that would focus on their interests.

Alcohol industry controls and CSR

The competition in the Thai alcohol market has been steadily increasing, particularly since the government opened the market to foreign companies to become local investors and importers in 1998. This has directly resulted in an increase in marketing, sales promotion and advertising in Thailand as the market has expanded as well. With this has come the introduction of various new strategies and tactics that the alcohol industry has implemented to promote brand awareness and loyalty, which will have a direct effect on increasing their sales.

At the same time, the government began to institute new controls on alcohol consumption and alcohol beverage promotion, particularly after the establishment of the Thai Health Promotion Foundation in 2001. Meanwhile, concerned members of the public began forming NGOs and organizing campaigns for alcohol consumption control.

As the government and public became more concerned, the government finally enacted the Alcohol Control Act of 2008, which effected the entire alcohol industry and its marketing as it set very strict restrictions on advertising, sales promotion tactics and executions to make it more difficult for the alcohol beverage companies to promote their brands, particularly among potential consumers.

Therefore, the alcohol beverage companies then had to look for loopholes in the legislation in order to find channels where they could reach consumers. One of the strongest has been corporate social responsibility (CSR) activities, which have been steadily expanding, particularly during the past decade.

When we examine the *Thai Corporate Social Responsibility (2008)*, it states that CSR encompasses activities organized both inside and outside the organization that have an effect on society using assets belonging to the organization or others in order to help and please society. Kotler and Lee (2005) said, “Corporate social responsibility is a commitment to improve community wellbeing through
discretion business practice and contribution of corporate resources." Thus, CSR activities represent the policies and attitudes of a company to assist society more than activities organized within the letter of the law.

The goal of CSR, especially for companies, focus on economics, i.e., they want to profit from the investment. Therefore, these activities aim at building corporate image and reputation, which will impress consumers and could ultimately lead to increased sales.

Peter K. Coors (2005) found when he conducted research on corporate social responsibility of alcohol businesses that over 49 percent of the public said that they form an impression of a company based on social responsibility. This finding is in direct agreement with Chris Britton (2005) who said, "Great marketing is based on consumer insight brand-building programs," which is a major factor in today's marketing. In his Corporate Social Responsibility and Alcohol, he goes on to say that every brand has to be produced and marketed to the highest standards of social responsibility."

Thus social conditions can have a profound effect on alcohol industry CSR activities, which are producing and distributing 'sin' products, particularly as they have had during the past decade, both before and after the enactment of the Alcohol Control Act, which introduced many new laws and restrictions. These conditions have also affected the NGO alcohol consumption control networks and the anti-drink campaigns they have run. Meanwhile, it has been found that the alcohol beverage companies have developed CSR activities aimed to attract youth, drinkers and non-drinkers alike to develop brand awareness and loyalty.

From this information, this research has as its objective the study the types and key points of Corporate Social Responsibility (CSR) activities of the Thai alcohol industry, using the research frame developed by Kotler and Lee that comprises:

1) cause promotion, 2) cause related marketing, 3) corporate social marketing, 4) corporate philanthropy, 5) community volunteering, and 6) social responsible business practices.

In addition, this research examines CSR activities that target youth who most probably think about alcohol consumption or cannot control their consumption. Thus, the research studies ‘results’, or the effects on youth and their viewpoints, or ‘the meaning’ of alcohol consumption in their eyes as conveyed through CSR activities promoted by alcohol beverage companies and how they decide to participate.

Research Method

This research included both document analysis and focus group discussions.

The documents that were analyzed include news and photo news of CSR activities as well from interviews conducted about alcohol industry CSR activities held between 1997 and 2008 and were found in newspapers, alcohol businesses’ corporate websites as well as website that provide news and public relations information.

The focus groups were conducted with youth, aged 15 to 24 and living in Bangkok and its surrounding metropolitan areas, in order to learn what meaning they gave to alcohol beverages from CSR activities. The 48 respondents who participated in the focus groups were classified by gender and alcohol consumption behavior (heavy drinkers, light drinkers, non-drinkers).
Research Results

1. Increase in CSR activities following enactment of Alcohol Control Act

The research results for alcohol industry corporate social responsibility (CSR) activities revealed that there were a total of 463 activities between 1997 and 2008. However, if the CSR activities before the announcement of the new alcohol control policy are compared to those held since the enactment, it is found that only 56 activities were organized between 1997 and 2002, or 12.1% percent of the total, while from 2003 to 2008, 407, or 87.9% of the total CSR activities were organized. This shows that as it became closer to the introduction of the new alcohol control policy, the number of CSR activities steadily increased. In fact, in 2008, the year the Alcohol Control Act was enacted, alcohol beverage companies organized as many as 171 CSR activities, or 36.9% of the total as shown in Figure 1.

Figure 1: Corporate social responsibility of alcohol industry between 1997-2008

2. Corporate Philanthropy and Cause Promotion

When examining the types of CSR activities promoted by alcohol beverage companies, it was found that they organized 430 Corporate Philanthropy activities, or 86.5% of all the activities, followed by 60, or 12.1%, Cause Promotion; 4, or 0.8%, Social Responsible Business Practice; and 3, or 0.6%, Cause Related Marketing activities. There were no Corporate Social Marketing or Community Volunteer activities recognized during this period. The finding are shown below in Figure 2.
3. Corporate Philanthropy CSR activities in support of sports, music-entertainment-competitions

The research found that for corporate social responsibility activities that involved direct donations, sports activities were the highest at 225, or 52.1% of the total, followed by sports, music-entertainment-and various competitions at 95 activities, or 22% of the total; prevention of road accidents at 24 activities, or 5.6% of the total; allegiance to the monarchy at 18 activities, or 4.2% of the total; environmental protection at 14 activities, or 3.2% of the total, religion, culture and local tradition at 12 activities, or 2.8% of the total; education and disaster relief, each with 11 activities, or 2.5% each of the total; public health at 7 activities, or 1.6% of the total; and 15 other CSR activities, accounting for 3.5% of the total CSR activities.

4. CSR activities influencing youth

From the focus group discussions with Thai youth during which they were asked how they would define alcohol, or what is its meaning, based on the alcohol industry CSR activities, research results showed the following:

4.1 Young drinkers felt, “alcohol beverages” had greater meaning, while young non-drinkers felt “alcohol beverages” have a negative meaning, or influence.

The result for the viewpoint of alcohol beverages among ‘young alcohol drinkers’ was that CSR activities had a positive effect towards the brands. Both young heavy and light alcohol consumers said they were social drinkers who consumed alcohol with friends or family members as well as participate in other activities such as watching sporting events on television, celebrating the end of exams, or celebrating other important occasions.

In addition, the young respondents said that alcohol is a beverage that can be consumed on any occasion. The research also revealed that the majority of young alcohol consumers said that members of their family also consumed alcohol and even taught them about drinking. The majority of the youth who did not consume alcohol felt that alcohol was a bad beverage because it could damage one’s health, and therefore, they did not want to consume alcohol on any occasion.

4.2 The different viewpoints of young drinkers and non-drinkers towards alcohol industry CSR activities

The research results showed that “young drinkers, whether they were heavy or light consumers, had a positive view towards alcohol industry CSR activities.” This group felt the alcohol beverage companies’ corporate social responsibility activities had positive results, returning a portion of their
gains to society. They would assist communities and could help reduce the burden on the government. Furthermore, these young drinkers also felt that these activities were good for an alcohol beverage company’s public relations as the public would know the brand better and see how it works to help society. The young non-drinkers felt that the alcohol beverage companies conducted their CSR activities to promote their brand image and not to really help society.

Discussion

1. With the government introducing stricter controls on the alcohol industry, CSR becomes another choice for promotion.

From an examination of documents concerning CSR activities organized the alcohol industry in 2008, the first year of the Alcohol Control Act enactment, it was found that the number of activities doubled compared to the previous highest year, 2006, and were 85 times more than the lowest year, 2000.

The reason for this can be that following the enactment of the act, CSR became an attractive alternative for alcohol beverage companies’ promotion as the companies could find loopholes in the legislation. These would also attract media attention, and thus these alcohol beverage companies would design CSR activities that would capture the members’ of the media interest so that they would cover the story.

The alcohol beverage companies would try to have their company or brand names and logos attached to the news releases. This would be a main tactic under their CSR strategies and executions. For this reason, the alcohol beverage companies would be selective in the types of CSR activities that they would organize and promote, especially, which accounted for 430 activities, or 86.5% of all CSR activities for the period studied. It could be because Corporate Philanthropy is one of the easiest types to organize with the best results for promoting the companies’ image of concern and, at the same time, attracting news coverage.

In addition, the alcohol industry organizes CSR activities to develop the relations with different social organizations so that the alcohol beverage companies, appear as important contributors to social welfare, particularly in ways that the government is unable to support sufficiently, for example, making donations to health and sports organizations as well as schools and institutions of higher learning.

When examining the CSR activities conducted in Thailand and those abroad, whether they be organized or reviewed by the government or public sectors or society at large, the first factor they demonstrate is the leadership of the public sector in social welfare, which can lead to the development of partnerships between businesses and other organizations or agencies to solve different social problems. This then attracts the attention of both the media and the public.

Thus, it should be a surprise that ‘sin businesses’, like cigarette and alcohol beverage companies, have chosen to organize and promote CSR activities as they demonstrate the companies’ concern for society, it promotes a positive for these enterprises, which can then be reflected through news coverage and through word of mouth that praises the companies.

A growing concern is that the alcohol beverage companies will receive positive feedback from different agencies and organizations as well as the media and public, and this praise and acceptance can serve as a ‘license to operate’ through public acceptance as ethical companies rather than ‘sin companies’.

2. CSR: Danger to Youth

The research results that the alcohol industry made drastic adjustments following the government introducing policies and the enactment of the Alcohol Control Act to reduce, or prevent,
problems caused by alcohol consumption. A major concern has been the alcohol industry organizing “corporate social responsibility activities that would attract Thai youth”. These include sports and entertainment related activities that could influence youth to become alcohol consumers, as this is a target group that offers enormous potential for alcohol beverage companies.

The research showed that whether the youth were drinkers or non-drinkers, the alcohol industry CSR activities did achieve a positive result. These activities would create a positive image and attract young people to participate or enjoy different benefits, for example, through activities related to education, training, language learning, and scholarships, particularly at the university level. The young focus group respondents stated that they did not worry that alcohol beverage companies were the sponsors of the CSR activities. This study also showed that the youth were much more interested in activities that targeted youth as described above rather than other CSR activities.

By examining the alcohol industry over a long period, the research did discover an increasing trend of the alcohol industry CSR activities influencing youth to consume alcohol and thus, provide the industry with greater opportunities to sell their ‘dangerous products’ in accordance to the law.

The research results also demonstrated clearly that Thai youth do not really know that the alcohol companies are actually up to and that they are being preyed upon by the alcohol industry. The youth see the alcohol industry and their CSR activities in a positive light more so than other groups. Whether they are heavy drinkers, light drinkers, or non-drinkers, they still are attracted to join the alcohol beverage companies’ CSR activities.

This is a danger that relevant government agencies must be aware of and must develop preventative measures and regulations to control the alcohol beverage industry and their CSR activities that are being used to target this young target group with the potential to become new consumers. At the least, by attracting Thai youth to join the CSR activities, they are building in this group a good feeling towards the brands and products that can evolve into brand loyalty.

It is important to note that if the media, non-government organizations and young people do not see alcohol beverages as a dangerous product, alcohol consumption will continue to have a negative effect on society.

Recommendations

The research results are important as they reflect that those persons and agencies responsible for alcohol control must become much more diligent in their enforcement of the laws and regulations to protect youth who are below the legal drinking age. They must make them more aware and develop their literacy through the help of other organizations and related agencies, particularly those who set policy. There must also be stricter regulations for alcohol beverage companies’ CSR activities and their participants including consumers and celebrities that are new consumers and can influence youth.

At the same time, the alcohol industry must demonstrate ethical business practices by adhering to the laws and not looking for loopholes for their marketing communications that can target youth, particularly corporate social responsibility activities.

References