

MICAP RECAP

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Got Beer? Anheuser-Busch Plots Health Pitch

The alcoholic beverage of choice among drinkers for more than a century has been beer. When Gallup asked Americans about their drinking preferences in 1992, beer was the runaway leader, with 47 percent naming it. Just 27 percent named wine. Liquor has consistently ranked third, with between 18 percent and 24 percent naming it as their preferred alcoholic drink.

But in last year's Gallup survey of American drinking preferences, for the first time, wine edged out beer as the alcoholic beverage adult drinkers say they consume most often.

There was serious concern in St. Louis at the headquarters of the world's largest brewer. Anheuser-Busch was already losing market share, dropping from 49.6 percent in 2004 to 48.7 percent in 2005. And now AB was not only losing their

share of the beer market, but the market itself was in the process of taking a major category hit from wine. Something was seriously wrong, and management was ready to experiment with a new approach in its advertising and marketing.

The ad agencies were going to have to come up with something better than the traditional sex, humor and animals. So it was that AB began to plot a health pitch for its products.

Advertising Age, in a front-page story in its October 17 issue, revealed the new strategy, "Beer, it does a body good." The trade publication told how the nation's #1 brewer was looking to buoy struggling sales with a category-wide health pitch.

Bob Lachky, vice president for global development for Anheuser-Busch, speaking at an industry trade group meeting said, "There is a prevailing

fallacy that wine is somehow healthy and beer is not. This is wrong. We can't tell the story directly, but we will work hard to give the platform to independent third party experts who confirm that moderate drinking of any alcohol can be better than abstinence for most adults."

Federal regulations limit health claims in alcoholic beverage labeling and marketing, but a spokesman for the Alcohol and Tobacco Tax and Trade Bureau said the agency has no jurisdiction over what third parties say, as long as comments do not amount to an ad that violates regulations.

In spite of the general decline of beer sales across the board, Anheuser-Busch enjoyed six years of double-digit percentage earnings growth until the first quarter of 2004. Its results since then are described by *The Wall Street Journal* as "dismal," noting that in the fourth quarter of last year, net income fell to \$201 million, from \$332 million a year earlier.

Medical journalists are invited to an elegant restaurant and served food and either Budweiser Select or Michelob Ultra; then Harvard epidemiologist Dr. Meir Stampfer presents a lecture on the health advantages of moderate drinking.

Sales and profits for 2006 will likely be determined by the success or failure of Anheuser-Busch's third party health strategy, since the brewer has apparently found a spokesman to head the project.

As a Harvard University epidemiologist, Meir Stampfer bears no resemblance to the frogs, dogs and horses that Anheuser-Busch has used through the years to promote Budweiser and other brands of its beer. But, according to *The Wall Street Journal*, Dr. Stampfer is the star of a new Anheuser move to publicize the health benefits of beer consumption.

The effort consists of Anheuser inviting medical journalists to elegant restaurants, serving them food and encouraging them to sample various beers

such as Budweiser Select and Michelob Ultra, then giving the stage to Dr. Stampfer, who delivers a half-hour lecture primarily on the health advantages of moderate drinking.

Emphatic in Dr. Stampfer's lecture is that the medical benefits associated with red wine can be derived just as readily from beer or liquor. The influence he exerts on his audience comes not only from his status as a respected Harvard University epidemiologist, but from a number of research papers he has authored on the alleged health benefits of moderate drinking.

News reports indicate Dr. Stampfer has given his "beer can be healthy" lectures in New York, Chicago and Boston last year and is likely to be traveling throughout the nation with his presentation during 2006.

In the world of alcoholic beverage research, "he's a rock star," says Francine Katz, vice president for corporate communications for Anheuser-Busch.

Gaining the services of such an academic heavyweight is a coup for Anheuser—one that comes at hardly any cost. Except for travel expenses, Dr. Stampfer says he receives no money for speaking at Anheuser functions, and adds that he isn't a consultant to the company.

However, in the past two years, Anheuser-Busch has donated \$150,000 in doctoral student scholarship funds to the Harvard University School of Public Health, according to *The Wall St. Journal*.

Anheuser is hoping to fix a problem that it believes has cost the beer industry untold millions over the past decade, as beer's share of the overall alcoholic beverage market has declined, while wine's share has grown.

The brewers' plight is attributed to several factors, including the low-carb diet trend and a penchant for customized cocktails among younger drinkers, but Anheuser is convinced that a further force is at work: the widespread perception that the apparent health benefits of moderate alcohol consumption spring mostly from wine.

"There is a prevailing fallacy that wine is healthy and beer is not," W. Randolph Baker, Anheuser's chief financial officer, told analysts last

month. Adds Ms. Katz: "What we are trying to accomplish with the luncheons we've hosted is to correct a misperception."

Studies show only an association between health and moderate alcohol consumption; none prove that alcohol causes the health improvements, according to the president of the American Heart Association.

Anheuser—like all alcoholic-beverage companies—is prohibited from marketing health benefits in ads or on product labels, without presenting the corresponding risks. Messages about health benefits are misleading, according to the Alcohol and Tobacco Tax and Trade Bureau, because of the potential of alcohol to cause fatal accidents and damage health. But federal regulators have no control over third parties such as physicians. So the Anheuser strategy is to take a page from wine and liquor purveyors by hosting functions featuring alcohol-and-health researchers like Dr. Stampfer.

According to Dr. Stampfer, the health benefits of moderate alcohol consumption—generally defined as no more than one alcoholic beverage a day for a woman and no more than two for a man—are "in the same league" as those from exercise, which gets considerably more attention as a health enhancer.

Yet the American Heart Association says there's a good reason it recommends exercise but not alcohol consumption. "There are 10 million to 12 million Americans for whom alcohol is poison," says AHA President Robert H. Eckel, a University of Colorado endocrinologist. Moreover, studies show only an association between better health and moderate alcohol consumption; none prove that alcohol causes the health improvements.

Critics of Anheuser's third party health strategy have challenged Dr. Stampfer to present a more balanced view, pointing out the risk of alcohol-related problems as well. Stampfer has responded that he does indeed offer a balanced view of both risks and benefits of alcohol use.

But whether his presentation offered a balanced view of the risks and benefits is open to question. A 45-page handout accompanying his talk contains more than twice as many pages devoted to benefits as pages devoted to risks; the handout mentions the word "alcoholism" only once and "addiction" not at all.

Dr. Stampfer discussed an association between moderate alcohol consumption and higher rates of breast cancer in women, but suggested that folic acid could diminish the risk, and failed to mention what many cancer experts regard as the most important study—one indicating that even one drink a day may raise the breast cancer risk of postmenopausal women by 30%.

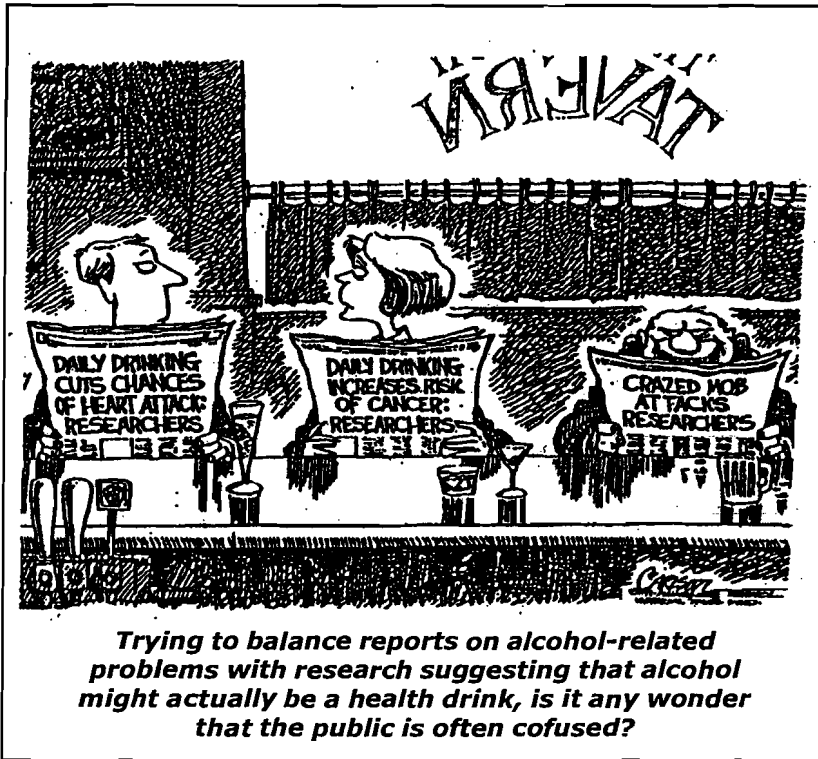
THE FRENCH PARADOX . . . is where it all began, with an episode on the popular CBS news program, "60 Minutes."

How could it possibly be that the French, known for their heavy consumption of red wine, experienced fewer cardiovascular problems than Americans, where wine consumption was considerably less?

Instead of using the research suggesting that moderate drinking could have health benefits to get heavy drinkers to reduce their alcohol intake, it has been used to encourage abstainers to sip a little wine.

In the months and years that followed, researchers addressed this paradox scientifically, concluding that the drinking habits of the French were not necessarily the reason for lower rates of heart attacks. However, most people didn't look beyond the headlines, and for more than a decade, not only wine, but alcohol itself has emerged as somewhat of a preventive measure for cardiovascular and other heart problems.

Research has continued to emphasize the dangers of alcohol use, and clarified that health benefits of moderate drinking were mostly confined to



women past menopause and older men, hardly the group responsible for most of America's alcohol consumption.

The positive side of all this could have been that any possible benefits associated with drinking would come from moderate use, defined as no more than a drink or two a day. However, this part of the research has been largely ignored by the news media and instead of influencing heavy drinkers to cut down on their alcohol intake, the research on alcohol and health has been used to encourage abstainers to sip a little wine and present drinkers

not to feel guilty about their habit.

With the latest effort by the alcohol industry, particularly brewers, to profit from the alleged health benefits of alcohol, how does the general public feel about whether or not alcohol can be beneficial to one's health?

Gallup decided to tackle this question and commissioned a nationwide poll on the subject last July. Here is Gallup's report on its findings on the perceptions of health benefits from drinking:

Some medical studies in recent years have suggested potential health benefits associated with moderate drinking. However, the Gallup measures on this indicate that most Americans don't embrace this finding. Americans are nearly as likely to believe that moderate drinking is bad for one's health (22%) as believe it is good for one's health (25%), while the largest segment believes it makes no difference (51%).

Since this question was first asked in 2001, there has only been a slight change in public perceptions, with a minor shift toward the view that alcohol is beneficial.

Perceptions of Health Benefits of Drinking by gender

