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POP Promotions for Alcohol: Increasing Brand Loyalty or Just Increasing Binge Drinking?

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Abstract

The consumption of alcohol by young Australians in general, and at risky levels has increased. University students, as part of this group, display consistent and increasing risky drinking patterns. One key area of interest in understanding this situation is the use of alcohol advertising and marketing. Of particular interest to this research is the use of point-of-purchase promotions in licensed venues and the impact they may have on consumption. In order to help understand these promotions, focus groups were conducted with male university students between the age of 18 and 24 years from the University of Wollongong. Overall, the perception of these promotions was that they encouraged male university students to drink at risky levels. Many respondents reported increasing their own personal drinking levels to participate in a promotion and participants would generally consume the desired amount in the one sitting, rather than over several.

Introduction

Young People and Alcohol Consumption

Young Australians are proven to be consistently consuming alcohol at dangerous levels (Australian Institute of Health and Welfare, 2002). According to the National Alcohol Strategy for 2005-2009, a greater number of young people are consuming alcohol, consuming it at an earlier age, and consuming it in high risk patterns. This is in contradiction to the general decrease in overall per capita alcohol consumption in Australia (Department of Health and Ageing, 2005). Australian university students as part of this group of young Australians, and in line with an international trend, have increasingly risky drinking behaviours. In 1999, 50% of male and 20% of female Queensland university students were reported to be drinking to intoxication (binge drinking) at least once a week (Roche and Watt, 1999). While the NSW Health University Drug and Alcohol Survey 2001 reported that 49.2% of students reported binge drinking in the two weeks prior to the survey (NSW Health, 2001). Risky drinking, or binge drinking, is defined as men consuming more than six standard drinks in one day, or more than four per day on average, and women drinking more than four standard drinks in one day, or more than two per day on average (National Health and Medical Research Council, 2005). When discussing standard drink consumption, we must also keep in mind that in today's marketplace most individual alcoholic beverages purchased do not equate to a single standard drink. Instead the content alcohol percentages and hence standard drink amount are generally higher.

Alcohol Advertising and Promotions

The National Alcohol Strategy (Department of Health and Aging, 2005) states that there are several key issues to be addressed in an attempt to reduce these high levels of alcohol consumption, one of which is further examination of alcohol advertising, marketing and sponsorship of events. Alcohol advertising in its simplest form has actually received a fair amount of attention over the years in an

effort to understand the impact it has on individuals. As a result of previous research, alcohol advertising has been criticised for having a negative impact on people's attitude towards and consumption of alcohol (Hill and Caswell, 2001; World Health Organisation, 2004). However, previous research has tended to focus on traditional advertising activities such as print and television advertisements, while non-traditional forms of advertising and promotion have managed to avoid any real attention. In particular, this research focuses on the effect, if any, of point-of-purchase promotions on alcohol consumption.

Point-of-Purchase Promotions

There has been a recent interest in the effects of price promotions on the sale and consumption of alcohol, with research consistently finding an inverse relationship between the price of alcohol and the level of consumption (Grossman, Coate and Arluck, 1998; Coate and Grossman, 1988; Osterberg, 1995; Levy and Sheflin, 1983). However, the use of POP and premium-based promotions in alcohol marketing has yet to receive any real interest from academic researchers. This is in spite of the common place nature of premium-based promotions in the marketplace (Kendrick, 1998). Point-of-purchase promotions (POP) are those promotional activities that are designed to occur at the actual point where the exchange takes place (Rossiter and Bellman, 2005). Often these POP promotions offer a premium for purchasing a certain quantity of a product. A premium is an object that is offered with a given brand and/or product and can be either direct (received as part of the purchase) or delayed (received at a later date) (d' Astous and Landreville, 2003). In regards to individual promotions, a consumer's reaction to premium-based promotional offers depends on the objective characteristics of the offer (value of the premium, price, direct/delayed, necessary quantity), the attitudinal variables of the individual (attitude towards the brand, interest in the product, interest in the premium) and lastly the individual's characteristics (materialism, compulsive buying, deal-proneness) (d' Astous and Jacob, 2002). In addition, the attractiveness of the premium (and thus the purchase) is greatly enhanced when the premium can be integrated with the consumption of the product itself, for example with alcohol promotions this could be a free glass with a bottle of spirit (d' Astous and Landreville, 2003).

Overall, the highly competitive alcohol market is an ideal environment for marketers to differentiate themselves through the use of premium-based promotions; however, using this (or any) sales-based promotion needs to be thoroughly examined. From a health perspective, a situation that encourages the consumption of large quantities of a product which is deemed unhealthy and dangerous to the individual is bad practice. However, from the manufacturer perspective, the manufacturers and venues alike can argue that these promotions are designed to reward loyalty and to be consumed over numerous visitations to a venue, and not in the one sitting. However, thus far there is no specific evidence to either prove or contradict either argument.

Purpose of the Research

Manufacturers and venues alike can, and do, argue that these promotions are designed for consumption over several visits to a venue and that it is not anticipated that patrons will consume all of the drinks required to obtain the promotional item in the one sitting. The current guidelines allow for drink card promotions that are not time-limited, but prohibit drink card promotions which "by design or potential misuse, create an incentive for patrons to consume liquor more rapidly than they otherwise might" (Department of Gaming and Racing, 2002). Thus, the current

absence of evidence on the effects of such promotions on drinking behaviours provides a considerable loophole in the regulatory system, and demonstrates the need for research to investigate the actual effects of these promotions. The aim of this research is thus to investigate, and provide some preliminary evidence on the effects that drink cards and other premium-based activities can have on the consumption of alcohol. Furthermore, to examine whether these particular types of promotions appear to comply with the current regulations that guide them.

Method

Three focus groups were conducted with male university students recruited on the university campus. Participants were recruited using a non-probability, convenience sampling technique to participate in focus groups. In the first instance, participants were recruited at the University bar during the lunch rush period by the first author approaching individuals and asking if they were interested in participating in a focus group. The inclusion criteria for the study were: 18-24 years old, male, a student at the university, and had visited the University bar during a time period that coincided with the POP promotion. Male students were specifically selected because they are shown to have greater proportion of drinking in the harmful/hazardous levels than women in all states and territories (Australian Institute of Health and Welfare, 2002). Once it was established that an individual met the inclusion criteria, snowballing was used to recruit additional participants; that is, recruited individuals were asked if they would be interested in inviting friends (who met the same criteria) to join them in the focus group. Snowballing was seen as an appropriate recruitment strategy, as it was our aim to recruit samples with similar demographic and psychographic characteristics (Malhorra et al., 2002) and to reduce the likelihood of under-reporting which is common in alcohol research (McGregor and Makkai, 2003) by recruiting friendship groups.

All of the focus groups were held during September and October 2005, and lasted between thirty minutes and one hour. Each participant was provided with a \$20 Coles-Myer gift voucher at the end of their partaking as compensation for their time.

The focus of the research was on a recent promotion incorporating a drink card for a popular brand of beer, James Squire. Drink cards are promotional material given to patrons with the intention of the card being marked for every specific product purchased; the aim is to purchase a specified amount of a particular product to receive a reward. This particular drink card has a picture of the T-shirt (reward) on the front and the words "After eight James Squire beers you'll look great." On the inside it has places for eight stamps, and the words "buy eight James Squire beers and receive a free T-shirt." It is important to note, that irrelevant of standard drink content, consuming eight James Squire beers is binge drinking.

The focus groups were audio taped, and transcribed in full. The transcripts were then analysed and coded to identify any reoccurring themes between groups. While the area of interest was predetermined, these transcripts were inductively analysed, where by "codes and themes were developed from the data rather than being predetermined, as concepts and themes begin to emerge, it is possible to develop figures to display the central findings and demonstrate possible patterns and associations between them" (Dunne and Somerset, 2004. p 362).

Results

When participants were asked to examine the drink card and explain what they were required to do, and specifically whether they believed it meant that they could use the card over several occasions, it was clear that they perceived it as promoting the notion that they should drink all eight drinks in the one sitting.

“I think it’s saying you should drink it in one night”.

“It clearly means that you should drink it in the one night. It’s saying after 8, if you get 8 of these in ya you’ll feel fantastic.”

“It says buy 8 it doesn’t say when or if you have to drink it over time.”

“Its very obviously saying to drink it in one go, I mean it says see how you feel after eight as if it’s a good thing”

“I think it’s saying you should drink it in one night”.

However, even if the wording on the card had specifically stated that it could be completed over time, the majority of respondents reported that they would participate in a promotion of this type and that they would do so in the one drinking session (despite many having a dislike for the product in question). A few participants had reservations about the quantity, with reference to their own drinking capacity limitations, or in referring to themselves as “*light weights*” who would be pretty drunk after eight beverages, especially as already stated, a single beverage is generally more than one standard drink, so they would have to take it slow (but not that they would choose not to participate in the promotion and drink the eight beers).

“If I was going out and was going to drink five drinks, then yeah, I would just drink an extra three to get the prize”.

“My rule is that if you have more than two beers then you’re committed to the night. So if I’m committed then yep, no worries”.

“Just do it anyway for the prize.”

“I’d probably just go get 2 at a time...until I get there.”

“Yeah, I’d have a crack at least”.

“If I really like the prize, and it was 8 drinks, then, yeah I’d do it.”

For those participants who already drank a particular brand regularly, they were more inclined to participate, thus these promotions do reward loyalty. Furthermore, they too will drink in excess of their usual patterns to obtain the offering. If they are already committed to drinking a beverage, then they are more likely to value merchandise of the brand and thus increase their consumption levels to obtain a reward.

“If it’s your drink than any promotion is going to work- you’ll be like yeah that’s my drink and ill get a little bit more because I’m going to get something from it.”

While these promotions do appear to encourage loyalty, in regards to brand switching, results show POP promotions such as this can cause short-term brand switching but appear to have little to no impact on long term change in consumer behaviour.

“I might spend the night drinking Smirnoff Ice because of a promotion- but I’m not going to come back the next week and start drinking them all the time”.

“They do (change your choice of drink) on the night but in the long term they don’t”.

Discussion

Given that male university students already exhibit a high level of excessive drinking, promotions which provide them with both a tool and a reward for this risky behaviour need to be examined. It is clear that point of purchase promotional materials for alcohol directly contribute to a pro-alcohol environment, and further encourage patrons to consume alcohol at risky and greater levels than usual. The regulatory code from the NSW Liquor Industry states that drink cards “must not, by design or potential misuse, create an incentive for patrons to consume liquor more rapidly than they otherwise might,” (Department of Gaming and Racing, 2002) and the industry argues that as drink card promotions do not have a requirement that they be completed in one sitting, they will not encourage excessive consumption. However, our results are in direct conflict with the argument made by alcohol marketers that patrons can and will complete the task over several visits. Our participants were unanimous in their view that they would engage in these promotions, and consume the required quantity of alcohol, in one sitting; further, it was their perception that this was the intent of the promotions (due to both the wording of the promotional materials and the perceived scarcity of the merchandise).

It was also clear from our focus group participants that these promotions have little, if any, potential to impact on brand choice in the long-term. Their effect, and likely their intention, is to increase short-term sales by encouraging consumers to purchase a greater volume on the one purchase occasion. While this is a common strategy in marketing, with premium-based promotions and volume discounts being offered for a vast range of products, careful consideration must be given when it is being used for products which are designed for point of purchase consumption and are harmful if consumed in large quantities.

Limitations

Our focus groups were conducted with a convenience sample of male university students from a large regional town in New South Wales, Australia. Thus, it is possible that our results may not be generalisable to other populations. However, we see no reason to assume that these students differ substantially from male university students in other states or indeed in other similar countries (as data on alcohol consumption and drinking patterns is fairly consistent across this age group).

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