

Presentation to the Portfolio Committee on Trade, Industry and Competition

Research studies

13 March 2026



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Background

- **the dtic** received a letter dated 20 February 2026 from the Portfolio Committee on Trade, Industry and Competition (PC).
- The PC is considering a Private Member's Bill, the Liquor Amendment Bill [B21-2025], introduced by Ms V Mente, from the Economic Freedom Fighters.
- In the Memorandum on the Objects of the Bill, it is indicated that excessive liquor consumption and alcohol-induced dangers have been increasing, particularly among young people.
- As a measure to reduce the normalisation of alcohol and liquor consumption, the Bill proposes to prohibit the advertisement, promotion or product placement of liquor to promote liquor or the consumption thereof.
- To determine the desirability of the Bill, the PC decided to consult the relevant government stakeholders on the possible socio-economic impact of such an amendment. Thus, **the dtic** is requested, where it has conducted research, to provide information.

Purpose

- The purpose of this presentation is to brief the PC on research that was conducted as requested by the PC on the following:
 - Factors driving South Africa's high levels of alcohol consumption;
 - Linkage between advertisement of liquor products and liquor consumption, as well as whether a ban on advertisement has been linked to a reduction in consumption;
 - The impact of similar advertising prohibitions on the tobacco industry and whether these prohibitions have had the desired impact on public health; and
 - The magnitude of sponsorships and corporate social investment by the liquor industry and the impact of a blanket prohibition on such sponsorships.

Introduction cont ...

- Studies relied on are as follows:
 - The Fox Research Solutions TM conducted research on the impact of liquor advertising in SA, 2009;
 - DNA Economics and FOSHIZI conducted research on the effectiveness of the Liquor Act, 2003 in 2013; and
- Econometrix: Economic impact of an advertising ban on alcoholic beverages for Industry Association for Responsible Alcohol use, 2013;
- There were no studies specifically conducted on sponsorship and tobacco; and
- **The following are the findings of the aforesaid studies.**

Factors driving South Africa's high levels of alcohol consumption

- Gruenewald's (1993) Control of Availability theory assumes that the level of alcohol-related problems within a given community or country is related to its **total per capita consumption**.
- Nelson and Young (2005, 2001 in Econometrix) found the total per capita alcohol consumption to be a function of **price, availability, disposable income, tourism, demographics, unemployment and drinking sentiment**.
- **Availability of liquor**. Research shows that increases in alcohol availability contribute to increases in alcohol consumption, which contribute to increased alcohol-related problems.
- **High levels of unemployment and a lack of recreational facilities to cater for social needs** are amongst the reasons for increased consumption of alcohol amongst youth.

Factors cont...

- **Informal and unlicensed liquor outlets:** Various estimates suggest that the majority of liquor consumption occurs through informal (consists of unlicensed retailers, producers and distributors of liquor) and unlicensed liquor outlets (DNA Economics and FOSHIZI). It is found that this is *inter alia*, due to weak enforcement of licencing laws and under age drinking laws, and long trading hours.
- **Alcohol marketing:** The research on the impact of advertising and marketing alcoholic products to young people is often contradictory. Many researchers found that the most powerful factors in shaping beliefs and attitudes about drinking are parental and peer influence (Adlaf and Kohn 1989; Fisher 1993; Milgram 2001; Smart 1988; Stockdale 2001 in Econometrix). Drinking patterns among young people are much more likely to be influenced by the prevailing culture around alcohol, than by advertising (Houghton and Roche 2001 in Econometrix).
- On the other hand, a research review of all longitudinal studies between 1990 and 2008 assessed the impact of advertising on more than 38,000 young people and found that, out of 13 studies, 12 demonstrated that “exposure to alcohol advertising is associated with higher initiation of drinking, as well as heavier drinking with risks proportional to the amount of advertising seen” (Corrigall, 2011 in Econometrix).

Factors cont...

- The study conducted by Fox Research Solutions TM held that alcohol marketing influences the attitudes of youth and their peers, which in turn, creates an environment that accepts and promotes underage consumption. It was found that the more aware, familiar, and appreciative young people are of alcohol advertising, the more likely they are to drink, both now and in the future.
- Further, the study found that **Law enforcement** is a significant instrument to influence consumption patterns and consequent criminal or risky behaviour.
- **Other factors** that may influence drinking attitudes and behaviour include cultural acceptability of drinking and alcohol as a reducer of stress both in adults and young people, and psychological factors or life situations (e.g. many children are rebellious during their teens and disregard any form of discipline, imitation behaviour, some young people, even adults have nothing to do so they drink).

Ban on advertisement has been linked to a reduction in consumption

- Countries use a wide range of policies to control alcohol advertising and marketing. In some of the countries alcohol advertising has been banned; in others, there is reliance on self-regulation by the industry to ensure responsible advertising.
- Evidence from a benchmark research conducted on alcohol consumption patterns among young people in a number of countries included in the European School Survey Project on Alcohol and Other Drugs (ESPAD) show that there is no clear relationship between alcohol advertising, its regulation and drinking patterns or problems among youth. Instead, the ESPAD Report points to the importance of culture in determining drinking patterns and problems in different societies (Fox Research Solutions TM).
- According to the WHO, nine countries have a complete ban on alcohol, *viz*, Afghanistan, Brunei Darussalam, Iran, Maldives, Mauritania, Pakistan, Saudi Arabia, Somalia and Sudan.

Ban on advertisement has been linked to a reduction in consumption

- However, precedents in Canada, Denmark, and New Zealand found no evidence of reducing alcohol abuse which resulted in bans on alcohol advertising being lifted (Econometrix).
- For example, Denmark has a ban on all broadcast advertising except on low alcohol-content products, as well as various restrictions on print and outdoor advertising. At the same time, Denmark has one of the highest reported rates of intoxication among young people.
- Bans on broadcast advertising in Sweden, Denmark, Finland and Norway have not resulted in a decline in consumption.
- Despite the repeal of an advertising ban on all types of beverage alcohol in New Zealand in 1992, there was no resulting increase in the consumption of distilled spirits. The already declining spirits market fell even further during the two years following the introduction of broadcast advertising.

Ban on advertisement has been linked to a reduction in consumption

- Some cases have shown that a counter-act occurs when a ban or restrictive legislation is in place, causing unintended negative outcomes.
- In Bulgaria, in 2004, alcohol bottles were banned from being displayed in commercials. However, this did not reduce consumption, but instead caused advertising agencies to become creative in an attempt to circumvent the ban and this caused volumes to grow.
- The result of the initial ban in Russia did not decrease consumption per capita, but instead the ban shifted brand loyalty and there was migration toward the black market.

Ban on advertisement has been linked to a reduction in consumption

- Thus, the study by Econometrix concluded that there is no clear relationship between alcohol advertising, its regulation, and either drinking patterns or problems among youth. Further, it was held that to demonstrate the lack of effect advertising has on substance abuse, the Western Cape has a huge challenge with the drug 'tik' among its youth, although there has never been an advertisement for 'tik'.
- Thus, the main culprits among young alcohol consumers remain peer pressure, parental approval and issues around the family environment.
- The report by Babor et al. (2003 in Econometrix), concluded that advertising bans and other marketing regulations were among the least effective policy strategies. The report also notes that “The knowledge needed to address health and social problems are unlikely to reside in a single discipline or research methodology”.

Tobacco

- There was no study conducted on tobacco advertising since this falls within the mandate of the Department of Health.
- However, in the study by Fox Research Solutions TM, it was indicated that the number of users of tobacco declined in South Africa following ban on tobacco advertising but this was in combination with other policy interventions (tax increases, public restrictions).
- It was estimated that adult (15+ years) daily smoking rates fell by a fifth, decreasing from 30.2% in 1995 to 24.1% in 2004.

Sponsorship

- Commercial sponsorship forms an essential source of funding for many sports activities in South Africa at local, national and international levels.
- The alcohol industry is a significant contributor to the sponsorship and development of various sporting disciplines.
- The study by Econometrix argued that many of the sports disciplines will be adversely impacted on by a total ban in alcohol advertising, as it will eliminate the liquor industry's financial injection into the various sporting codes.
- This will have an impact not only on the sports bodies themselves, but on the sportsmen and women, on sport development, on stadium owners, and on the general public who might not be able to view sports on television (as television stations will not be able to raise the sponsorship required).

Thank you