

May 8, 2006

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex J)
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Filed Electronically to AlcoholReport@ftc.gov

RE: "Alcohol Reports: Paperwork Comment, FTC File No. P064505"

Dear Chairman Majoras:

The undersigned organizations submit the following in response to the Federal Trade Commission's (FTC's) March 8, 2006 Federal Register request for public comment on proposed information requests to manufacturers of alcoholic beverages. We support the FTC's intention to undertake a third report that will review alcoholic-beverage industry advertising practices and compliance with voluntary advertising codes. We also offer suggestions for strengthening such reports.

Two previous reports on alcohol marketing and advertising issues, in 1999 and 2003, provided essential public information on, and oversight of, alcoholic-beverage marketing, sales and promotions in the United States. They have played a vital role in enabling and empowering government officials, organizations, and professional communities to hold alcoholic-beverage producers and their industries accountable for compliance with voluntary advertising codes. Additionally, they have led to modest positive reforms in alcoholic-beverage industry advertising placement standards and to expanded self-regulation of advertising practices. They have enhanced the understanding of alcohol advertising issues and the role of industry in regulating its own advertising practices. Entities that use this information include federal and state government legislative and regulatory bodies, law enforcement and legal officials, administrative health agencies, public health organizations, academia, the news media, as well as the general public. The proposed report could add significant new information to the base of knowledge that exists today.

Although past reports have been informative and instructive, there are several ways in which the FTC could enhance the quality, utility, and clarity of the information to be collected. First and foremost, we believe that the reports should be issued on more than an *ad hoc* basis. We recommend that the FTC collect industry information and issue monitoring reports on alcoholic-beverage advertising on an **annual basis**, as it does for tobacco advertising. Systematically gathering information on a regular schedule and publishing annual reports would allow more comprehensive tracking and longitudinal trend analysis of industry advertising practices, and provide additional incentives for policy makers, public interest and community organizations, and others to take actions to correct advertising abuses. We believe it would also help improve industry practices by increasing alcohol marketers' accountability.

In addition to issuing the report annually, the FTC should consider other ways to make the reports more comprehensive and informative. In making its requests for information from alcoholic-beverage producers, the FTC should collect significantly more detailed data about

alcohol advertising and marketing. To enhance the quality and practical utility of the reports, we recommend the following additional elements be considered by FTC:

- Breakdown of data on a state-by-state basis;
- Breakdown of promotional allowances information;
- Breakdown of retail value-added information;
- Subject to relevant trade secret and confidentiality provisions, include data on a company-specific and brand-specific basis;¹
- Breakdown of advertising and marketing by race/ethnicity of target audiences;
- Information on alcohol advertising in Spanish-language and other ethnic media;
- Information on sports-related and college sports-related advertising and marketing, including telecasts, sponsorships, local print and promotional expenditures, and stadium signage.
- Information on college marketing and promotional activities and expenditures, including spring break promotions in the U.S. and at popular off-shore spring break destinations.
- Information on marketing, promotions and brand awareness activity utilizing popular music, celebrities, and/or internet games, and sponsorship of community events.
- Information on newer avenues of alcoholic-beverage marketing through “non-traditional” media, such as cell phones, mobile TV, pod casts, and brand tie-ins with popular websites.
- Information on magazine advertising in publications with youth readership rates in excess of 15 percent, or 2 million, youth readers.
- Information on television advertising on shows with underage viewership rates in excess of 15 percent, or 2 million, youth viewers.
- Information on “responsibility,” “consumer awareness,” and “prevention” advertising by alcoholic-beverage companies, as well as advertising touting charitable activities of alcoholic-beverage producers or promoting the “health benefits” of alcoholic beverages.
- Any information relative to public perception and understanding of industry “responsibility” messages, as well as any evaluative research findings related to the effectiveness of such messages in reducing alcohol problems.

As part of the forthcoming review, we urge the FTC to compare voluntary advertising codes and compliance review processes among various segments of the alcoholic-beverage industry and make recommendations for strengthening existing standards. In the alternative, we urge the FTC to consider proposing uniform voluntary advertising standards that would apply to all alcoholic beverages. That code could be augmented by an inter-industry, independent alcohol-advertising review panel.

Currently, advertising guidelines (except for placement standards to limit appeals to underage persons) and compliance review processes vary among the producer industries, allowing a wide range of differing interpretations of the appropriateness of certain advertising appeals. For example, the latest (February, 2006) version of the Beer Institute Code, unlike the

¹ We recognize that the FTC is constrained from releasing certain data due to trade secret or confidentiality reasons as detailed in U.S.C. 15 Section 46(f). However, we believe that the data provided by the alcoholic-beverage industry for this report does not fall into the category of trade secrets or confidentiality, particularly since much of it is already available to other private sector entities that track and report on industry sales, marketing and promotion trends (e.g., Simmons, MRI, Maxwell).

Deborah Platt Majoras
May 8, 2006
Page 3 of 4

codes of the liquor and wine industries, specifically permits ads that contain certain otherwise prohibited messages, as long as they are intended to be "funny." Likewise, industry advertising complaint review processes vary greatly, and would benefit from critical evaluation by FTC staff. Some (such as Coors', which formerly relied on the Better Business Bureau) are thoroughly independent, and others (such as the Beer Institute's review system) provide only an appeal of the response a complainant receives from the advertising company, rather than an initial independent review. Some review systems, such as the process adopted by the company formerly known as Allied Domeq, were seemingly more comprehensive than others -- actually providing for pre-review of proposed ads at the concept stage. It would be useful for the FTC to examine the relative responsiveness and effectiveness of each advertising review process utilized by each segment of the industry.

Lastly, we urge the FTC, as part of the forthcoming review, to examine what -- if any -- steps alcohol producers have taken to better restrict and prevent underage access to company and product websites. The FTC has encouraged producers to do so in previous reports.

The costs to industry of collecting the information necessary to compile the proposed reports are not excessive. They are well justified when viewed in contrast to the massive public health costs associated with alcohol consumption and in the context of the ample data-collection capacity and resources available to producer members of the \$155 billion alcoholic-beverage industry.

We believe that the changes we are recommending for the requests to industry members are reasonable. Based on the current level and configuration of industry spending, the relative ineffectiveness of some industry self-regulatory processes, the continuing high levels of alcohol consumption and problems among underage persons, and mounting evidence that alcohol advertising encourages underage and heavier drinking, such an inquiry is warranted as an expression of sound public policy.

Thank you for your consideration of our views. We look forward to a strong report and to report enhancements that will maximize its usefulness and its practical applicability as a guide for the development of sound public policy on alcohol advertising issues.

Sincerely,

Adanta Regional Prevention Center (KY)
Adventist Nursing Connection
Alcohol Advertising Reform Initiative, Inc. – Syracuse (NY)
Alcohol and Drug Abuse Prevention Association of Ohio (ADAPAO)
American Academy of Pediatrics
American College of Preventive Medicine
American Public Health Association
American Society of Addiction Medicine
Campus Office of Substance Abuse Prevention at the University of New Mexico (NM)
Center for Science in the Public Interest
Chamber Coalition for a Better Community - Lufkin (TX)
Christian Action League of North Carolina, Inc (NC)

Deborah Platt Majoras
May 8, 2006
Page 4 of 4

Cobb Underage Drinking Task Force (GA)
CommPre, a program of Horizon Services, Inc. (CA)
Community Anti-Drug Coalitions of America (CADCA)
Connecticut Coalition to Stop Underage Drinking, a program of
The Governor's Prevention Partnership (CT)
Consumer Federation of America
Council on Alcoholism and Drug Abuse of Sullivan County, Inc (NY)
Cumberland Substance Abuse Prevention Task Force (RI)
Dads & Daughters
Emergency Nurses Association
International Institute for Alcohol Awareness
Join Together (at the Boston University School of Public Health)
Leadership to Keep Children Alcohol Free Initiative
Leadership to Keep Children Alcohol Free Foundation
National Association for Children of Alcoholics
National Council on Alcoholism and Drug Abuse - St. Louis Area (MO)
National Council on Alcoholism and Drug Dependence, Inc. (NCADD)
New Mexico Alcohol Issues Consortium
Medical Care Development, Inc – Augusta (ME)
Missoula County Sheriff's Department (MT)
Missoula Forum for Children and Youth - Missoula Underage Substance Abuse Prevention
Team (MT)
Missoula Police Department (MT)
Mothers Against Drunk Driving (MADD)
National Association of County Behavioral Health and Developmental Disabilities Directors
National Latino Council on Alcohol and Tobacco Prevention
North American Division of Seventh-day Adventists
Oklahoma Department of Mental Health and Substance Abuse Services (OK)
Portland CMCA Coalition (ME)
Resources for Better Living, Inc. (VA)
San Diego County Youth Council (CA)
Southern Baptist Ethics & Religious Liberty Commission
Sun Street Centers' Prevention Division – Salinas (CA)
The Arc of New Jersey/ Coalition for Prevention of Developmental Disabilities
The Marin Institute
The United Methodist General Board of Church and Society
Virginia College Parents, Inc.
Youth Leadership Institute

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