

Why Big Alcohol Can't Police Itself

A Review of Advertising Self-Regulation in the Distilled Spirits Industry (2004-2007)

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The Problem

- The Federal Trade Commission (FTC) relies on self-regulation as the main mechanism to ensure responsible marketing practices by industry.
- Yet no systematic review of the alcohol industry's oversight process has previously been published, either by government or in the academic literature.

Failure of Self-Regulation

Headline from Australia

Alcohol Advertising Self-regulation Not Working

“Addiction scientists are calling for tighter regulation of alcohol advertising, as new research shows that self-regulation by the alcohol industry does not protect impressionable children and youth from exposure.”

(Science Daily, June 9, 2009)



Methods

- Examined 7 DISCUS Code Reports 2004-2007
 - Complaints made to DISCUS
 - Decisions made by DISCUS Review Board
 - Reasoning for the decisions

- Analyzed each ad by year, advertising medium, brand, parent company, complainant, alleged violation, decision, conclusion, DISCUS board representation, and DISCUS membership.

Results

- From 2004 to 2007, DISCUS reported 78 complaints

AD SPENDING TOPPED \$1.9 BILLION DURING PERIOD

- 93 individual ads
 - Average = 23 ads/year
 - 43 (46%) were found to violate the Code
 - 35 (81% of violations) resulted in a change by the advertiser, either by removing the ad, or promising to comply in the future

Results

AD MEDIUM

Print	41
Web	21
Billboard	14
TV Commercial	7
Unclear	4
Combination	2
Promotion	2
Product	2

placement

Results



- Worst “repeat offender” brands:
 - Skyy Vodka (8 complaints)
 - Svedka Vodka (6 complaints)
- Worst “repeat offender” companies:
 - Diageo (14 complaints)
 - Campari (11 complaints)

Results







- The most common complaints by far were about ads with sexual content
- 22 complaints alleged that ads overexposed youth
- Complaints by industry members 12.7 times more likely to be found in violation

Results

- 34% of complaints were from companies with DISCUS member on board
- Of these, 13% were in violation
- Of the remaining complaints with no board connection, 52% were found in violation
- Complaints regarding ads from companies with a member on the DISCUS board were three times less likely to be found in violation of the Code

Realities About Regulation

Barriers to effective self- regulation:

-  lack of public awareness
-  lack of an independent review
-  subjective nature of guidelines
-  lack of penalties and enforcement power





Recommendations

 **A truly independent, third-party review body that includes public interest representatives**

 **Objective standards for judging the content of advertisements**

 **Lowering of the current 30% placement standard to 15%, so that ads are placed only in media where no more than 15% of the audience is under 21**

Recommendations

-  **A public education campaign about the complaint process, with improved access to filing complaints**
-  **Adequate federal resources and staffing of independent review body and educational campaign**
-  **Enforcement power and significant penalties beyond requests to pull ads, enforceable by federal law or binding industry agreement**
-  **Apply such a system to beer and wine advertising**

Realities About Regulation

“No one would seriously suggest that individuals should regulate themselves, that laws against murder, assault, and theft are unnecessary because people are socially responsible.”

Joel Bakan, *The Corporation*, 2003



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