

November 7, 2006

Deborah Platt Majoras, Chairman  
Federal Trade Commission  
Office of the Secretary  
Room H-135 (Annex J)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Filed electronically via: [https://secure.commentworks.com/FTC\\_Alcohol\\_Reports](https://secure.commentworks.com/FTC_Alcohol_Reports)

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

Dear Chairman Majoras:

We appreciate the opportunity to comment on the FTC's request for information for its upcoming report on alcohol advertising. We are pleased to see that the expanded scope of the proposed study calls for considerably more detail than past reports. The FTC's role in oversight of alcohol advertising is extremely important. We commend you for taking the steps needed to more completely document the myriad ways in which alcoholic beverages are marketed.

Our comments address six topics discussed in the Federal Trade Commission's (FTC's) October 24, 2006 Federal Register notice of proposed information requests (Section 6 orders) to manufacturers of alcoholic beverages regarding marketing and promotion of their products.

**We ask that you reconsider the decision not to require alcohol companies to report promotional expenditures by individual brand.** We are disappointed you decided not to require alcohol companies to report advertising expenditures by brand. Advertising expenditures and placement for new products, like the sweet, bubbly "alcopops" so popular with teen girls, will be lost in aggregate data that includes larger, more established brands like Budweiser. Very young teen girls consume these products as an introduction to drinking, quickly switching to alternatives that are cheaper and more widely available. In this way alcopops are truly like putting "training wheels" on cocktails, a transitional product to ease girls over the hump from soft drinks to beer, wine and mixed drinks. In the absence of brand specific data collection, alcopops are the perfect stealth product—allowing producers to recruit new, young drinkers without being held accountable for targeting underage consumers.

We question the argument that providing brand specific data is more costly for producers. Producers create brand-specific budgets and analyze costs for introducing a new product. They purchase advertising time and space for specific brands. Miller Brewing Company claimed that brand-by-brand reporting would "greatly increase the company's burden without furthering the FTC's purpose." We feel it is disingenuous to claim additional costs for providing data that already exists. The FTC's purpose is subverted by allowing

producers to camouflage their investment in problematic products like alcopops by providing only aggregate data. At a minimum, we encourage you to request existing brand-by-brand expenditures, whenever available, as well as aggregate data.

**We encourage the FTC to assure that advertising expenditures made on behalf of major brands by wholesalers are included in the data collected for the upcoming report.** The notice acknowledges Marin Institute's request that the FTC collect data both from producers and wholesalers on sponsorship of community events and contributions to non-profit organization. However, it is not clear in the description of the collection of information and proposed use that the manufacturing companies will be required to account for expenditures made by wholesalers for the benefit of specific brands. The relationship between some producers and their wholesalers is such that the wholesaler, while a separate business entity, functions as an extension of the producer for the purposes of brand promotion. Local beer wholesalers, for example, typically sponsor county fairs and other community festivals in the name of a specific brand, such as Bud Light or Miller Beer. This type of promotional sponsorship represents a very large and unmeasured segment of total alcohol advertising.

**We encourage the FTC to include the cost of alcohol companies' branded philanthropic contributions in the evaluation of expenditures for alcohol promotion.** Anheuser-Busch provided water to victims following Hurricane Katrina. The water was in cans displaying a large brand logo. Although there is no question the water provided significant relief to victims, the branded cans also served as promotions of the Anheuser-Busch brand. Similarly, Coors' "Lideres" campaign honors Latino leaders. The campaign's print advertising includes the Coors logo as well as photographs of the honorees. Such efforts to curry favor with community leaders are also a form of brand promotion and should be included in the FTC data collection.

**We encourage you to assess the amount of unpaid alcohol product placement in films and TV, in addition to collecting data on paid product placements.** The proposal to seek information about expenditures for alcohol product placement in films and TV is an important part of the FTC's inquiry. However, product placement deals do not always involve the payment of fees by the advertiser. Unlike measured media advertising, product placement fees are often waived in exchange for other promotional considerations (often in the form of co-promotions) that "offset vast marketing budgets and target spaces studios couldn't otherwise reach, like supermarket shelves".<sup>1</sup> In addition to collecting information about paid product placements, we encourage you to make an independent assessment of the extent of alcohol product placement in films and TV, especially films and TV with a sizable youth audience. Assessment of the impact of this form of promotion on current and future cohorts of young people is challenging, as feature films move quickly to DVD, film ratings and the demographics of ticket buyers become less irrelevant. We understand that you do not plan to seek information on the extent that these placements reach minors, but we encourage you to at least establish a baseline for the prevalence of product placement.

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<sup>1</sup> "James Bond: Licensed To Sell," *Forbes*, 11.16.06

**We encourage you to collect expenditure data for Spanish language advertising.** We are disappointed that the FTC does not plan to report on advertising expenditures that target specific racial or ethnic groups, given the importance of this data for understanding the nature and extent of alcohol promotions targeted to those groups. We concur that determining the intended target of some advertising may be challenging, but Spanish language ads are clearly intended for Latinos. We encourage the FTC to report Spanish language advertising in all categories.

**More frequent reporting by the FTC is needed to keep pace with changes in the marketplace.** We note that the FTC will consider comments regarding the need for more frequent reports on alcohol advertising after completion of the current study. In the interim, we wish to add our voice to those requesting annual or bi-annual reports. Rapid advances in electronic communication have dramatically changed the way products are advertised. The alcohol industry has been among the most aggressive in using new media to market its products. Because young people are early adopters of new communication technology, there is great potential for members of the alcohol industry to take inappropriate advantage of electronic access to underage consumers. More frequent reporting by the FTC, keeping pace with the changes in the marketplace, will protect more scrupulous advertisers from unfair competition and provide information needed to assess the need for new regulations or voluntary standards.

Thank you for your consideration of our comments. We eagerly anticipate a report that more completely assesses the scope and reach of alcohol promotions. Your efforts to make this report the most comprehensive yet are greatly appreciated.

Sincerely,

Bruce Lee Livingston  
Executive Director