



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Bureau of Consumer Protection
Division of Advertising Practices

June 3, 2002

George A. Hacker
Director, Alcohol Policies Project
Center for Science in the Public Interest
1875 Connecticut Avenue, N.W.
Suite 300
Washington, D.C. 20009-5728

Dear Mr. Hacker:

Thank you for your letter to the Federal Trade Commission alleging that companies marketing certain flavored beers are targeting minors. Because letters such as CSPI's are often helpful to the FTC in identifying problems that may warrant formal action by us, we appreciate hearing of your concerns.

Upon receipt of the CSPI complaint, the FTC staff, in conjunction with the staff of the Bureau of Alcohol, Tobacco and Firearms, began an investigation. This investigation included a ten-city retail placement survey, a review of advertising, and analysis of internal alcohol company documents, including marketing and consumer research documents, related to the brands identified in your letter.

Having completed the investigation, we do not believe that the available information supports the conclusion that the new flavored malt beverages, which your letter refers to as "alcopops," are targeted to minors. We did not find that the products are placed with nonalcoholic beverages in retail outlets. Furthermore, our review of the internal company documents did not find evidence that the products and their advertising are targeted to consumers under 21. Accordingly, this investigation has been closed.(1) This action is not to be construed as a determination that a violation of the FTC Act may not have occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take such further action as the public interest may require.

Our investigation does, however, suggest the need for label improvements. Some alcohol products do not disclose the alcohol content while other products have an inconspicuous or unclear disclosure. Current federal regulations do not require that malt beverages disclose alcohol content, and limit any such disclosures to three millimeters in size.(2) Clear alcohol content labeling would benefit consumers who seek to regulate their own alcohol intake. Accordingly, I intend to pursue these issues with the ATF in the future.

Once again, thank you for your interest in this very important area.

Very truly yours,

J. Howard Beales, III
Director

1. In connection with this investigation, we have also considered the results and methodology of the consumer research submitted in support of the petition. In light of the limitations of the methodology employed, we do not find that the study supports the conclusion that the malt beverages are targeted to, or predominantly popular with, minors.

2. See 27 C.F.R. § 7.28.