

# **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

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- 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

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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

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- 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

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- 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

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## 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

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- 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

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- 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

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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

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 **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

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

# Realities About Regulation

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**“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



# Contact Info

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