Why Big Alcohol Can’t Police Itself


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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**

<table>
<thead>
<tr>
<th>Media</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print</td>
<td>41</td>
</tr>
<tr>
<td>Web</td>
<td>21</td>
</tr>
<tr>
<td>Billboard</td>
<td>14</td>
</tr>
<tr>
<td>TV Commercial</td>
<td>7</td>
</tr>
<tr>
<td>Unclear</td>
<td>4</td>
</tr>
<tr>
<td>Combination</td>
<td>2</td>
</tr>
<tr>
<td>Promotion</td>
<td>2</td>
</tr>
<tr>
<td>Product placement</td>
<td>2</td>
</tr>
</tbody>
</table>
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

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

2. Objective standards for judging the content of advertisements

3. 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
“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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