



Michael D. Maves, MD, MBA, Executive Vice President, CEO

November 21, 2006

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

Re: Alcohol Reports: Paperwork Comment, FTC File No. P064505

Dear Chairman Majoras:

The American Medical Association (AMA) appreciates the opportunity to respond to the Federal Trade Commission's (FTC) notice, 71 Fed. Reg. 62261 (October 24, 2006), seeking public comments on proposed information requests to beverage alcohol advertisers. The FTC proposes to issue "compulsory process orders to beverage alcohol advertisers for information concerning, *inter alia*, compliance with voluntary advertising placement provisions, sales and marketing expenditures, and the status of third-party review of complaints regarding compliance with voluntary advertising codes." In 2003 and earlier this year, the AMA supported the FTC in calling on the industry to adopt stricter advertising standards and to establish an outside review board. We again support the Commission's efforts to maintain an ongoing review of the alcohol industry's marketing expenditures and practices, which so clearly contribute to consumption of alcohol by underage youth.

We support the goal of the proposed Section 6 Process Orders to conduct a comprehensive review of alcohol advertising and marketing expenditures, industry compliance with current placement standards as they pertain to television, radio, magazine, and newspaper advertising, and third-party review of complaints. We also commend the inclusion in the FTC requests for information of expenditures for both measured and unmeasured media. The collection and analysis of such data will provide valuable information regarding advertising and promotional activities that are of particular relevance to the prevention of underage drinking.

We strongly urge, however, that such information be requested on a brand-by-brand basis and disagree with the Commission that this may pose an unnecessary additional burden on the industry. It is very likely that these companies plan their advertising and promotional campaign activities and expenditures on a brand-by-brand basis and thus already have that information available. Whether or not the industry is following its own guidelines can also be determined by obtaining data relevant to the introduction and sales of new products that may particularly appeal to underage drinkers, which can only be understood if particular brands are identified. Furthermore, to more fully understand why underage youth consume particular brands more than others (i.e., due to more intense marketing to youth), and to ascertain whether or not the industry is complying with its own self-regulatory codes, it is important to know the extent of and expenditures on advertising for those brands.

Research indicates that youth, particularly young men, are responsive to sports content embedded in beer alcohol advertising (Slater MD, Rouner D, Murphy K, Beauvais F, Van Leuven J, Rodriguez MD. Male adolescents' reactions to TV beer advertisement: the effects of sports content and programming context. *Journal of Studies on Alcohol*. 1966 Jul; 57 (4):425-33). A recent study by L. Zwarun found that despite some decrease in levels compared to 1995 to 1997, alcohol logos and signage were common throughout sports and visible through TV viewing (Zwarun L. Ten years and 1 Master Settlement Agreement later: the nature and frequency of alcohol and tobacco promotion in televised sports, 2000 through 2002. *American Journal of Public Health*, 96:1492-1497). In addition, they found that across all sports, stadium signage was visible to television viewers for about 3.5 minutes of every hour, but this varied greatly by sport, with more signage visible in basketball and boxing. Logos on the floor and corner posts were viewed for 37 minutes per hour, and in auto racing, decals and patches for alcohol products visible on cars and drivers' clothing were viewed for over 20 minutes per hour. Stadium alcohol signage was also visible at a rate of 8 minutes per hour on sports talk shows.

It is clear that there are even concerns from within the industry about these linkages. In September of this year, Pernod Ricard threatened to withdraw from the alcohol industry education organization, the Century Council, because of the group's involvement in sponsorship of auto racing (MarketWatch, September 14, 2006). Alain Barbet, president of Pernod Ricard USA, said that his company thought that it was "inappropriate for the distilled-spirits industry to engage in sponsorship of motor sports." Frank Coleman, spokesman for the Distilled Spirits Council of the United States (DISCUS), however, endorsed liquor ads in auto racing because it provides "spirits companies a useful option for showcasing both their brands and their responsibility messages." The Center for Science in the Public Interest found that according to NASCAR, 58% of 2-to-11 year olds and 50% of 12-17 year olds are NASCAR fans and NASCAR is second only to NFL football as the most popular televised sport among 7-to-11 year olds (Center for Science in the Public Interest. "CSPI: Federal Trade Commission Urged to Investigate Beer, Liquor Sponsorship of NASCAR." Announcement. July 17, 2006).

The AMA strongly supports the elimination of alcohol advertising on sports broadcasts, but particularly on college sports broadcasts. Our policy urges college and university authorities to bar alcoholic beverage companies from sponsoring athletic events, music concerts,

cultural events, and parties on school campuses, and from advertising their products or their logo in school publications. The AMA also supports state legislation to accomplish these goals. Therefore, we request that advertising and promotion expenditures for sporting events also be collected. Given the FTC's intention to request information on expenditures for public entertainment events and sponsorship of sporting events, teams or individual athletes, the inclusion of sporting events is not likely to be an undue burden and may already be included in industry record keeping.

We urge the Commission to include slotting and discounting as a part of its data collection and disagree with the Commission's statement that to "not seek information for slotting allowances or price discounts" on the grounds that "such information does not enhance the agency's understanding of self-regulation." The FTC itself has recognized that food companies use promotional spending and slotting to draw the attention of their customers, including children, to specific products and when rolling out new products. [Perspectives on Marketing and Self-Regulation & Childhood Obesity. A Report on a Joint Workshop of the Federal Trade Commission & the Department of Health and Human Services (April 2006); Slotting Allowances in the Retail Grocery Industry: Selected Case Studies in Five Product Categories (November 2003)]. Similarly, the current collection of data regarding tobacco marketing includes the following categories: price discounts, promotional allowances (retail, wholesale, other), retail value added (cigarette and non-cigarette bonuses), and coupons. It is clear that such practices are common in the sale of tobacco and food products and are designed to attract young persons. There is no reason to expect that the alcohol industry's behavior is any different since they sell their products through many of the same food and tobacco retail venues. Information about their slotting and discounting practices is clearly of major importance in understanding whether or not they engage in efforts to promote underage sales.

We feel that it is imperative to address alcohol industry marketing and promotion expenditures in the Hispanic community. According to the National Survey on Drug Use and Health conducted by the Substance Abuse and Mental Health Services Administration, Hispanic youth represent 16 percent of U.S. teens aged 12-17. Hispanic youth born in the United States have higher rates of "past month" alcohol use than those born outside of the U.S. Hispanic young people are more likely to drink and get drunk at an earlier age than non-Hispanic white or black young people. (L.D. Johnson, P.M. O'Malley, J.G. Bachman, and J.E. Schulenberg, Monitoring the Future National Survey Results on Drug Use, 1975-2004: Volume I, Secondary School Students). Ongoing monitoring by the Center on Alcohol Marketing and Youth (CAMY) clearly demonstrates that Hispanic youth are overexposed to messages on broadcast and in print outlets. (Exposure of Hispanic Youth to Alcohol Advertising 2003-2004, October 2005). According to the CAMY report, in six of the top 20 markets by Hispanic population in 2003, and in seven of the top 20 markets in 2004, Hispanic youth ages 12 to 20 heard more radio alcohol ads per capita than all youth in those markets. Alcohol advertising in just 11 magazines accounted for nearly 80% of Hispanic youth exposure to alcohol magazine advertising in 2003, and ads in 15 magazines accounted for nearly 80% of their exposure in 2004.

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We again call on the FTC to release an annual alcohol industry marketing and expenditure report. This would allow the FTC to develop a consistent schedule and a system by which to gather data from the industry, as well as to track progress over time.

In conclusion, the AMA commends the progress that the FTC is making and for providing the AMA with the opportunity to offer further recommendations. To summarize, the AMA recommends that the FTC:

- Collect data on measured and unmeasured media by brand. The alcohol industry develops their campaigns on a brand-by-brand basis and preliminary research indicates that certain brands are more popular with youth and require further study and scrutiny.
- Collect data on slotting and discounting expenditures. The FTC already collects this information from the food industry to determine youth exposure to certain foods.
- Develop a report on the alcohol marketing expenditures in the Hispanic community. The industry has acknowledged the importance of this growing market and dedicated specific dollars to this effort. It is imperative to determine how this enhanced targeting effects the underage market.
- Release an annual alcohol expenditures report modeled after the FTC's tobacco industry report that will provide a system to gather longitudinal industry data.

Thank you for considering our views.

Sincerely,

Michael D. Maves, MD, MBA