# STRIKING A BALANCE: PROTECTING YOUTH FROM OVEREXPOSURE TO ALCOHOL ADS AND ALLOWING ALCOHOL COMPANIES TO REACH THE ADULT MARKET

## Introduction

In September 2003, both the Beer Institute and the Distilled Spirits Council of the United States ("DISCUS") finally followed the Federal Trade Commission's 1999 recommendation and announced their members would raise the minimum adult audience composition of media in which they will advertise from a fairly meaningless 50 percent to a proportional 70 percent.[1] This white paper seeks to examine the impact of this 70 percent threshold[2] on reducing underage youth exposure to alcohol advertising. Specifically, the examination asks:

- how well the industry implemented the 70 percent threshold in the first several months of 2004 and reduced the alcohol advertising that is overexposing[3] underage youth;
- whether the 70 percent threshold is, in fact, a truly proportional standard when looking at the underage population and the public health epidemic of underage drinking in the United States; and
- whether another standard offers a more reasonable balance point between reducing underage youth overexposure to alcohol advertising and the alcohol industry's right to advertise its products to the legal-age audience of age 21 and over.

[1] *See* BEER INST., ADVERTISING AND MARKETING CODE § 3(d) (2003) ("advertising and marketing materials shall only be placed in magazines, on television, or on radio where at least 70% of the audience is expected to be adults of legal purchase age"); DISTILLED SPIRITS COUNCIL OF THE U.S., CODE OF RESPONSIBLE PRACTICES FOR BEVERAGE ALCOHOL ADVERTISING AND MARKETING (2003) ("advertising and marketing should be placed in broadcast, cable, radio, and print communications only where at least 70 percent of the audience is reasonably expected to be above the legal purchase age"), http://www.discus.org/industry/code/code.htm.

[2] The new 70 percent standard is described herein as a floor on adult exposure or a 30 percent cap on youth (2 to 20) exposure depending on context.

[3] Overexposure is defined as disproportionate advertising exposure to youth as compared to adults per capita.

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# I. Movement toward the 70 percent threshold was uneven in 2004.

Despite the September 2003 announcements, movement toward the 70 percent threshold was uneven in 2004, and the overexposure of youth continued to be extensive. Overexposure is defined as disproportionate advertising exposure to youth as compared to adults per capita. In the first seven months of 2004, the magazine advertising of 73 brands exposed more youth (12 to 20) than adults 21 and over on a per capita basis.[4] Of these advertisers, 12 brands also exposed more youth per capita than the much narrower group of young adults ages 21 to 34, often cited as an alcohol industry target market.[5] The overexposing alcohol ad placements included a number of ads in magazines above the 70 percent threshold: 13 ads in the full-run edition of *Vibe* with a 12-to-20 audience composition of 38 percent (according to audience data available to advertisers in 2003), 7 ads in *The Source* (46 percent 12 to 20), and 21 ads in *Rolling Stone* (31 percent 12 to 20). Placements such as these finally appear to be coming to an end, 18 months after new industry standards went into effect. For example, the June 2005 issue of *Vibe* included no alcohol advertising, and there was only one alcohol ad in *The Source*.[6]

The unevenness of the implementation of the 70 percent threshold was also apparent in the first seven months of 2004 as one brand of beer – Heineken Beer – and 11 spirits brands placed at least 20 percent of their magazine advertisements in publications with a measured youth audience composition in excess of 30 percent. The spirits brands were: Alize Bleu Liqueur, Hennessy Very Special Cognac, 1800 Silver Tequila, UV Vodkas, 1800 Reserva Reposado Tequila, Skyy Vodka, Belvedere Vodka, UV Flavored Vodkas, Hennessy Privilege VSOP Cognac, Seagram's Extra Dry Gin and Belvedere Flavored Vodka. The measured exposure of these magazines is based on audience data for just the 12-to-20 population. Because youth ages 12 to 20 comprise 13.3 percent of the national age-2-plus population, all these ads exposed youth twice as much as adults or more on a per capita basis.[7]

On national television from January through October 2004 (including broadcast and cable network advertising), six brands exposed youth to proportionally more alcohol advertising than adults 21 and older on a per capita basis. Gross rating points, or GRPs,[8] are a common measure of total advertising exposure to a defined group, such as youth 12 to 20 or adults 21 plus. Rock Green Light Beer generated 15 percent more youth GRPs than adult GRPs; Captain Morgan Parrot Bay Rum generated 6 percent more youth GRPs; Bass Ale generated 11 percent more youth GRPs; Smirnoff Ice Triple Black generated 3 percent more youth GRPs; Becks Light Beer generated 8 percent more; and Absolut Raspberri Flavored Vodka generated 3 percent more.

On broadcast network, cable, and spot television combined, many more brands generated a significant portion of their total youth advertising exposure from ads that were seen by proportionately more youth than adults over 21. For example, 75 percent of youth exposure to Modelo Especial Beer television advertising was generated by ads that were seen by proportionately more youth than adults on a per capita basis. Table 1 contains a list of the 25 brands (with at least $1 million in television advertising spending) with the highest percentage of youth GRPs resulting from overexposing advertisements.

## About This Report

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[4] This analysis is based on audience data in the Spring 2003 and TwelvePlus 2002 MRI reports, which were available to advertisers prior to 2004 when they were making ad placement decisions for 2004.

[5] *See, e.g.*, Rebecca Zimoch, *Malternatives: A New Brew Rides to the Rescue*, GROCERY HEADQUARTERS, Apr. 1, 2002, at 83, LEXIS, Nexis Library; Howard Riell, *Half Full or Half Empty?*, BEVERAGE DYNAMICS, May 1, 2001, at 8, LEXIS, Nexis Library; Sarah Theodore, *Beer's on the Up and Up*, BEVERAGE INDUS., Apr. 2001, at 18, 18.

[6] MRI audience data published in the November 2004 TwelvePlus Report shows that the youth composition is 39.3 percent for *Vibe* and 45.6 percent for *The Source*.

[7] U.S. CENSUS BUREAU, *Summary File 1, in* 2000 CENSUS OF POPULATION AND HOUSING tbl.PCT12 (2001) (Sex by Age [209] - Universe: Total Population). Youth ages 12 to 20 are 15.6 percent of the population ages 12 and above.

[8] A glossary of key advertising terminology provided in Appendix B contains a more complete definition of GRPs.

**TABLE 1: 25 Brands With the Highest Percentages of Youth GRPs From Overexposing Advertisements on Television, Jan.–Oct. 2004**

| Brand | Ads | Dollars | Youth Advertising Exposure from Overexposing Ads (GRPs) | Youth Advertising Exposure from All Ads (GRPs) | Percent of Exposure from Overexposing Ads | Relative Exposure Youth vs. Adults (12-20 / 21+ GRPs) |
|---|---|---|---|---|---|---|
| Modelo Especial Beer | 2,482 | $1,199,204 | 20 | 27 | 75.0% | 0.83 |
| Rock Green Light Beer | 1,688 | $3,326,171 | 298 | 415 | 71.9% | 1.15 |
| Bass Ale | 1,947 | $6,214,531 | 280 | 393 | 71.2% | 1.05 |
| Captain Morgan Parrot Bay Rum | 475 | $1,095,726 | 67 | 96 | 70.4% | 1.06 |
| Dos Equis Beer | 4,358 | $7,050,562 | 285 | 411 | 69.4% | 0.94 |
| Baileys Irish Cream Liqueur | 4,053 | $4,759,908 | 350 | 512 | 68.4% | 0.91 |
| Becks Light Beer | 921 | $1,067,920 | 50 | 75 | 67.2% | 0.87 |
| Smirnoff Ice Triple Black | 1,109 | $3,360,127 | 89 | 135 | 66.4% | 1.03 |
| Corona Extra Beer | 15,950 | $19,003,023 | 688 | 1,050 | 65.5% | 0.86 |
| Red Stripe Jamaican Lager | 5,669 | $2,147,249 | 42 | 64 | 65.3% | 0.84 |
| Disaronno Originale Amaretto | 2,807 | $2,610,125 | 195 | 303 | 64.3% | 0.82 |
| Tecate Beer | 2,745 | $1,653,392 | 18 | 28 | 62.9% | 0.79 |
| Mike's Hard Lemonade | 2,395 | $4,286,517 | 141 | 229 | 61.5% | 0.89 |
| Bombay Sapphire Gin | 240 | $1,352,826 | 20 | 33 | 61.4% | 0.88 |
| Mike's Light | 1,502 | $1,979,912 | 51 | 83 | 61.3% | 0.82 |
| Southern Comfort | 510 | $1,335,085 | 53 | 87 | 60.9% | 0.82 |
| Becks Beer | 4,409 | $8,719,970 | 236 | 387 | 60.9% | 0.81 |
| Jose Cuervo Especial Tequila | 3,813 | $4,493,981 | 336 | 555 | 60.6% | 0.86 |
| Bacardi Light Rum | 1,936 | $4,201,892 | 227 | 374 | 60.5% | 0.85 |
| Level Vodka | 850 | $1,640,371 | 52 | 89 | 58.6% | 0.69 |
| Heineken Beer | 5,995 | $23,285,471 | 446 | 762 | 58.5% | 0.92 |
| Labatt Blue Beer | 3,715 | $12,218,145 | 324 | 562 | 57.8% | 0.88 |
| Arbor Mist Wines | 1,811 | $4,678,832 | 140 | 243 | 57.5% | 0.70 |
| Amstel Light Beer | 6,951 | $12,212,315 | 377 | 666 | 56.6% | 0.89 |
| Sam Adams Light | 1,846 | $4,786,563 | 193 | 348 | 55.5% | 0.85 |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

These 25 brands placed advertisements on a number of programs above the 30 percent youth audience composition cap, as measured on an occurrence, or telecast by telecast, basis:[9]

- One notable series of placements was by Heineken Beer, Corona Extra Beer, and Arbor Mist Wines on BET's *106 & Park* – a top-10 music video program with a very young audience.
- Corona Extra Beer, Jose Cuervo Especial Tequila, Baileys Irish Cream Liqueur, Captain Morgan Parrot Bay Rum, Mike's Hard Lemonade, and Southern Comfort were among the largest alcohol advertisers on the FX syndicated broadcast of *Fear Factor*, another program popular with youth.
- Disaronno Originale Amaretto, Baileys Irish Cream Liqueur and Jose Cuervo Especial Tequila were among the largest alcohol advertisers on VH-1's *Top 20 Countdown*, a program with a youth-ages-12-to-20 audience double their proportion in the population.
- Bass Ale, Rock Green Light Beer and Heineken Beer all generated high levels of youth overexposure through their advertisements placed on Comedy Central's *Chappelle's Show*.
- Modelo Especial overexposed youth through spot advertisements on Telefutura's *Contacto Deportivo* and a large number of spot ads on other Spanish-language broadcasts with young audiences.

Programs with high concentrations of 12- to 20-year-old viewers on which these 25 brands advertised are listed in Table 2 on the next page.

[9] *See* Appendix A for discussion of methodology.

**TABLE 2: Examples of Telecasts With High Youth Audiences and Alcohol Advertising by Top 25 Overexposing Brands — Jan.–Oct. 2004**

| | | | | | Top 25 Overexposing Brands | | |
|---|---|---|---|---|---|---|---|
| **Media** | **Network** | **Program** | **Daypart** | **Program Group** | **Number of Brands** | **Total Dollars** | **Total Ads** |
| CABLE TV | COM | MAD TV | Day | Variety | 11 | $458,567 | 171 |
| CABLE TV | COM | CHAPPELLE'S SHOW | Overnight | Variety | 13 | $336,269 | 115 |
| CABLE TV | COM | MAD TV | Evening | Variety | 11 | $321,071 | 83 |
| CABLE TV | COM | CHAPPELLE'S SHOW | Prime | Variety | 11 | $252,853 | 63 |
| CABLE TV | FX | FEAR FACTOR | Prime | Game Show | 11 | $221,456 | 93 |
| CABLE TV | VH-1 | BEST WEEK EVER | Overnight | Variety | 12 | $166,817 | 113 |
| CABLE TV | SPK | MXC | Overnight | Game Show | 13 | $163,327 | 122 |
| CABLE TV | VH-1 | TOP 20 COUNTDOWN | Overnight | Variety | 12 | $142,523 | 113 |
| CABLE TV | SPK | MXC | Prime | Game Show | 12 | $119,133 | 60 |
| CABLE TV | VH-1 | 50 MOST AWESOMELY BAD SO | Overnight | Variety | 11 | $93,069 | 64 |
| CABLE TV | VH-1 | SURVIVING NUGENT 2: THE | Overnight | Reality | 12 | $78,043 | 56 |
| CABLE TV | VH-1 | ET ON VH1 | Overnight | Talk | 11 | $67,857 | 43 |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

As illustrated above, the new 70 percent threshold has been unevenly and slowly implemented, allowing extensive youth overexposure to continue. However, a more fundamental problem with the 70 percent threshold is its failure to strike the proper balance between protecting underage youth, ages 12 to 20, from overexposure to alcohol advertising while allowing the alcohol industry its legitimate right to reach its adult market. The real problem with the 70 percent threshold is its failure to be truly proportional and to address effectively the issue of overexposure. The following section explains why a truly proportional cap needs to be applied to the 12-to-20 age group in order to be effective at reducing youth overexposure.

## II. An effective proportional youth audience cap should prevent overexposure.

The FTC's 1999 and 2003 Alcohol Reports described advertising self-regulation as a critical supporting policy to reducing underage drinking and recommended the establishment of a third-party review system based on the self-regulation and arbitration procedures of the National Advertising Division of the Council of Better Business Bureaus.[10] The FTC's Reports also made a number of practical proposals based on the industry's best practices, including lowering the cap on underage audiences to 25 percent or 30 percent, using "no-buy" lists of media with large youth audience compositions, using survey data to conduct regular audits of past advertising practices, and screening advertisements for content likely to appeal to youth.[11]

The FTC criticized the prior 50 percent cap because it was significantly higher than the percentage of youth in the population. The 2003 Report explained: "The Commission's 1999 report criticized both [the 50 percent] standard and the low level of effort to ensure compliance with it. The Commission noted that because only 30% of the U.S. population is under age 21, the 50% standard permits placement of ads on programs where the underage audience far exceeds its representation in the U.S. population."[12] Thus, it was clear from the outset that a 50 percent cap was not appropriate because it allowed for substantial overexposure and that the 30 percent cap was endorsed because it is roughly proportional to the percentage of youth in the overall population. (Youth ages 2 to 20 make up 27.5 percent of the population of all persons age 2 and older ["2 plus"].)[13] Critically lacking, however, in coming to 30 percent as a proportional cap were determinations of the population at risk for

[10] FTC, ALCOHOL MARKETING AND ADVERTISING (2003) [hereinafter 2003 FTC REPORT]; FTC, SELF-REGULATION IN THE ALCOHOL INDUSTRY: A REVIEW OF INDUSTRY EFFORTS TO AVOID PROMOTING ALCOHOL TO UNDERAGE CONSUMERS (1999) [hereinafter 1999 FTC REPORT], http://www.ftc.gov/reports/alcohol/alcoholreport.htm.

[11] *See* 2003 FTC REPORT, *supra* note 10, at 22-23.

[12] *Id.* at 12 (citing 1999 FTC REPORT, *supra* note 10, at 9).

[13] NIELSEN MEDIA RESEARCH, UNIVERSE ESTIMATES, U.S. TOTAL (INCLUDING ALASKA AND HAWAII) (2004) (providing universe estimates of persons in TV households for the 2004/2005 season).

underage drinking and exposure to alcohol advertising and of the segment of the underage audience measured by standard industry databases for audience demographics.

## A. The industry understands the cap as proportional.

In September 2003, the Beer Institute and DISCUS lifted the minimum adult audience composition from 50 percent to 70 percent. (The new 70 percent standard is described herein as a floor on adult exposure or a 30 percent cap on youth [2 to 20] exposure depending on context.) As discussed above, the 2004 data now available show that, even with the 30 percent cap in place, overexposure of underage youth is still a problem.

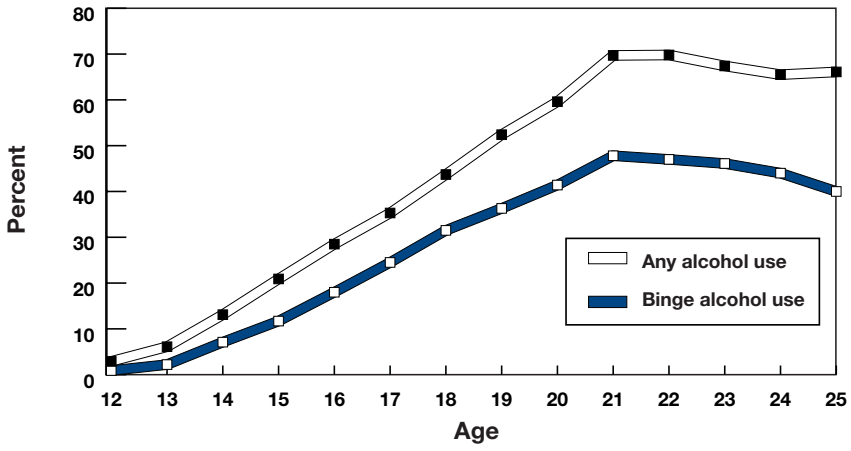
Following the FTC, the alcohol industry understands the 30 percent cap to establish a limit on youth exposure equal to its proportion of the overall population. Jeff Becker, the president of the Beer Institute, explained to Congress in September 2003 that "our members have revised the standard for advertising placements in television, radio, and magazines to require placements only where the proportion of the audience above age 21 is reasonably expected to be 70% or higher. This standard reflects the demographics of the US population, in which approximately 70% of the public is age 21 or older."[14]

Thus, there is a consensus that the youth audience composition cap should be proportional to the overall population. This is an important point of agreement because it means that an effective proportional cap will prevent overexposure, or exposing youth to more alcohol advertising than adults on a per capita basis. For the reasons discussed next, a proportional youth audience cap will not be effective unless it is 15 percent measured against the population ages 12 to 20.

## B. A proportional cap should exclude children under 12.

Children under 12 generally do not drink alcohol, have a low level of awareness of alcohol advertising, and are not being overexposed to alcohol advertising. Figure 1 below shows the trajectory of "current use" (defined as use in the past 30 days) of alcohol over the underage years.[15] This figure illustrates that, while risk of use or binge consumption is close to zero at age 12, the risks rise rapidly during the teen years before peaking at age 21. Plainly, while there are certainly incidents of persons under 12 using alcohol, and while prevention messages need to reach those under 12 in order to impart information about alcohol use long before risk of onset of drinking begins to rise,[16] primarily 12- to 20-year-olds are at risk of illicit alcohol use and attendant consequences.

**FIGURE 1: Percentage of Alcohol Use and Binge Alcohol Use in the Past Month, by Detailed Age Categories (2003)**[17]




[14] *Hearing Before the Subcomm. on Substance Abuse & Mental Health Servs. of the S. Comm. on Health, Educ., Labor & Pensions,* 108th Cong. (2003) (statement of Jeffrey G. Becker, President, Beer Institute).

[15] Public health surveys do not begin asking young people about alcohol and other drug use prior to age 12 (in the case of the Substance Abuse and Mental Health Services Administration's National Survey on Drug Use and Health) or eighth grade (in the case of the National Institute on Drug Abuse's Monitoring the Future survey of school children). The Centers for Disease Control and Prevention begins its surveys of youth risk behaviors in ninth grade.

[16] Leadership to Keep Children Alcohol Free, *Leadership Overview*, at http://www.alcoholfreechildren.org/en/us/index.cfm (last visited June 15, 2005).

[17] Office of Applied Studies, Substance Abuse & Mental Health Servs. Admin., *National Survey on Drug Use and Health, Table 2.24B Alcohol Use, Binge Alcohol Use, and Heavy Alcohol Use in the Past Month, by Detailed Categories: Percentages, 2002 and 2003*, http://oas.samhsa.gov/nhsda/2k3tabs/Sect2peTabs1to56.htm#tab2.24b (last visited June 1, 2005).

Awareness of alcohol advertising rises over the teenage years along with the risks of use and binge consumption of alcohol. A common measure of attention to advertising is preference for particular ads. The preference for alcohol advertising begins low in the early teenage years and then rises substantially over the later teenage years. Only 4 percent of 12- to 14-year-olds mentioned an alcohol ad as one of their favorite ads in the fall of 2004, versus 5.9 percent of 15- to 17-year-olds and 9.1 percent of 18- and 19-year-olds.[18] Like underage drinking, awareness of alcohol advertising is an adolescent public health problem.

The early teenage years are particularly fraught with risk, however, because early drinking is associated with greater likelihood of harms from drinking later in life. For instance, compared with people who began drinking after age 21, young people who begin drinking at age 14 or younger are 7 times more likely to be in a motor vehicle crash because of drinking,[19] 12 times more likely to suffer unintentional injury after drinking,[20] and 11 times more likely to be involved in a physical fight after drinking.[21] For these reasons, the adolescent years of 12 to 20 are the proper focus of public health concern.

As explained in the next section, an effective, proportional youth audience cap must be tailored to the population ages 12 to 20. If younger children are also included, the cap will allow for very substantial overexposure of the group most at risk of drinking.

## C. An effective youth audience cap must be tailored to the 12-to-20 population.

A fundamental problem with the current 30 percent standard is that the standard sources for measuring audience demographics for magazines and radio do **not** include the under-12 population (see below). Even for television, where the under-12 population is measured, this standard (which includes ages 2 to 11) is seriously flawed. A detailed analysis of actual ad placements on television reveals how many alcohol brands substantially overexpose youth while still complying with a 30 percent cap on 2-to-20 exposure. A total of 138 alcohol brands advertised on television from January through October 2004, spending $767,676,759 to place 222,003 ads.[22] More than one-third of these brands – 51 of 138 – exceeded 99 percent compliance with the industry's new 30 percent youth audience cap. Yet, even these brands – those with the highest levels of compliance with the 30 percent cap – still overexposed youth ages 12 to 20 with an average of 10.7 percent of their ads. How did this happen?

The answer lies in the proportion of the youth population at risk of overexposure to alcohol advertising relative to the overall youth population. If alcohol advertising impressions were evenly distributed among the 2-to-20 population, then a standard of 30 percent would provide adequate protection from overexposure, because 2- to 20-year-olds are slightly less than 30 percent of the national population. However, as reflected in Table 3 below, alcohol advertisers heavily expose the 12-to-20 population while consistently underexposing children under 12. In fact, youth ages 12 to 20 receive more than two-thirds of all alcohol advertising impressions among 2- to 20-year-olds.[23]

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[18] Teenage Research Unlimited, The TRU Study, Wave 44 (2004), http://www.teenresearch.com/trusubscription/viewlogin.cfm.

[19] Ralph Hingson Et Al., Age Of Drinking Onset, Driving After Drinking, And Involvement In Alcohol-Related Motor Vehicle Crashes 6 (Nat'l Highway Traffic Safety Admin., Report No. DOT HS 809 188, 2001).

[20] Ralph W. Hingson et al., *Age of Drinking Onset and Unintentional Injury Involvement After Drinking*, 284 JAMA 1527 (2000), http://gateway.ut.ovid.com/gw1/ovidweb.cgi.

[21] Ralph Hingson et al., *Age of Drinking Onset and Involvement in Physical Fights After Drinking*, 108 Pediatrics 872, 875-76 (2001).

[22] TNS Media Intelligence, Jan.–Oct. 2004; Nielsen Media Research, 2004. For a detailed description of CAMY's methodology, see CAMY, Alcohol Advertising On Television, 2001 To 2003: More Of The Same app. A, at 14 (2004).

[23] By comparison, the ratio of 2- to 11-year-olds to 12- to 20-year-olds in households with television is just greater than 50/50. Youth ages 2 to 20 are 27.52 percent of the 2-plus population, while those ages 2 to 11 are 14.26 percent, and those ages 12 to 20 are only 13.26 percent. Thus, by concentrating youth exposure on 12- to 20-year-olds, it is possible to double their per capita exposure and still comply with a 30 percent cap.

**TABLE 3: Distribution of Alcohol Advertising Impressions on Television Among Youth Ages 2 to 20, Jan.–Oct. 2004**

| Impact Group | Ages 2-11 | Ages 12-20 | Ages 2-20 | Percent 12-20 |
|---|---|---|---|---|
| Beer and Ale | 3,216,188,449 | 6,510,955,578 | 9,727,144,028 | 66.9% |
| Distilled Spirits | 414,732,507 | 1,102,610,742 | 1,517,343,249 | 72.7% |
| Flavored Alcoholic Beverages[24] | 189,007,137 | 447,690,426 | 636,697,563 | 70.3% |
| Wine | 119,247,406 | 215,189,907 | 334,437,313 | 64.3% |
| **TOTAL** | **3,939,175,499** | **8,276,446,653** | **12,215,622,153** | **67.8%** |
| **Population** | **39,640,000** | **36,860,000** | **76,500,000** | **48.2%** |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

Individual brands with the highest levels of youth exposure also have relatively low levels of exposure to children under 12. For example, Rock Green Light Beer has a youth (12 to 20) index of 124, meaning that 12- to 20-year-olds are exposed to 24 percent more advertising than their proportion in the population, but its index for children under 12 is only 37, or 63 percent less than their proportion of the population. Similarly, other brands' indices for youth ages 12 to 20 are typically three to four times larger than the indexes for ages 2 to 11, as shown in Table 4.[25]

**TABLE 4: Population Indices for 2- to 11- and 12- to 20-Year-Olds; Exposure to Alcohol Advertising on Television, Selected Brands, Jan.–Oct. 2004**

| Brand | Index 2-11 | Index 12-20 |
|---|---|---|
| Luna di Luna Wines | - | 252 |
| Yuengling Light Lager | 44 | 247 |
| Yuengling Traditional Lager | 47 | 219 |
| Molson Dry | 63 | 165 |
| Molson Canadian Light | 99 | 165 |
| Lone Star Light Beer | - | 164 |
| Molson Export | 51 | 159 |
| Molson Canadian | 67 | 144 |
| A Marca Bavaria Beer | 84 | 140 |
| Molson Ultra | 91 | 133 |
| Molson Ex Light Beer | 58 | 130 |
| Rock Green Light Beer | 37 | 124 |
| Molson XXX Beer | 25 | 121 |
| Stella Artois Beer | 86 | 118 |
| Captain Morgan Parrot Bay Rum | 33 | 117 |
| Bass Ale | 33 | 116 |
| Smirnoff Ice Triple Black | 35 | 114 |
| Absolut Raspberri Flavored Vodka | 43 | 112 |
| Dos Equis Beer | 35 | 105 |
| Bacardi Rums | 28 | 104 |
| Baileys Irish Cream Liqueur | 32 | 103 |
| Heineken Beer | 42 | 102 |
| Mike's Hard Cranberry Lemonade | 37 | 102 |
| Amstel Light Beer | 31 | 102 |
| Mike's Hard Lemonade | 38 | 100 |
| Labatt Blue Beer | 34 | 100 |
| Bombay Sapphire Gin | 38 | 100 |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

[24] "Flavored alcoholic beverages" are also referred to as "flavored malt beverages," "low-alcohol refreshers," "malternatives" or "alcopops." Many of the brands in this category, which includes brands such as Mike's Hard Lemonade and Smirnoff Ice, have alcohol contents of between 4 and 6 percent, similar to most traditional malt beverages. Flavored Malt Beverages and Related Proposals (2001R-136P), 68 Fed. Reg. 14,292, 14,293 (proposed Mar. 24, 2003).

[25] Population index means audience concentration relative to the general population, and compares the demographic composition of a program or magazine audience to the composition of the base population. If composition is greater than the population for a particular age cell, the index is greater than 100; if it is less than the population, it is less than 100.

Notwithstanding the claim that proportionality is the rationale for the 30 percent cap, an advertiser can be in full compliance with the 30 percent cap and still overexpose youth ages 12 to 20. How does this happen? As soon as the 15 percent youth audience composition threshold is exceeded, youth overexposure increases significantly, as is shown in Table 5 below. A total of 177,907 alcohol ads were placed on programs with an average youth audience composition of between 0 percent and 15 percent. Of these ads, 21,359 (12.0 percent of ads) overexposed youth ages 12 to 20 relative to adults. However, as soon as the 15 percent youth audience composition threshold is exceeded, youth overexposure increases by more than five and one-half times. More than 67 percent of the 40,054 ads placed on programs with average youth audience compositions between 15 percent and 30 percent were seen by proportionately more youth than adults. In fact, the rate of overexposure (67.2 percent) for ads with a youth composition between 15 percent and 30 percent is close to the rate of overexposure for ads that exceeded the current 30 percent threshold (75.7 percent of 4,042 ads). This further demonstrates the ineffectiveness of the current 30 percent youth audience threshold in reducing youth overexposure.

**TABLE 5: Percent of Ads Overexposing Youth vs. Average Program Youth Audience, Jan.–Oct. 2004**

| Average Program Youth Composition (12-20) | Overexposing Ads | Total Ads | Percent of Ads Overexposing |
|---|---|---|---|
| 0% up to 15% | 21,359 | 177,907 | 12.0% |
| 15% up to 30% | 26,900 | 40,054 | 67.2% |
| Greater than 30% | 3,058 | 4,042 | 75.7% |
| **TOTAL** | **51,317** | **222,003** | **23.1%** |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

At the brand level, the looseness of the 30 percent cap permits many advertisers to greatly overexpose youth. For example, Table 6 shows the proportion of Baileys Irish Cream advertising that overexposes youth at different average program compositions. It shows clearly that the overwhelming proportion of ads for Baileys that overexposed youth was on programming with a 12-to-20 audience of between 15 percent and 30 percent.

**TABLE 6: Baileys Irish Cream Advertising and Overexposure of Youth on Television, Jan.–Oct. 2004**

| Average Program Youth Composition (12-20) | Ads | Percent of Ads | Overexposing Ads | Percent of Ads Overexposing |
|---|---|---|---|---|
| 0% up to 15% | 2,454 | 60.5% | 409 | 16.7% |
| 15% up to 30% | 1,517 | 37.4% | 1,006 | 66.3% |
| Greater than 30% | 82 | 2.0% | 65 | 79.3% |
| **TOTAL** | **4,053** | **100.0%** | **1,480** | **36.5%** |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

Baileys placed 2,454 ads on programming with an average youth composition of from 0 to 15 percent, and only 16.7 percent of these ads overexposed youth relative to adults. There were 1,517 ads placed on programming with an average program youth composition of from 15 percent to 30 percent, and 66.3 percent of these overexposed youth. As this table clearly shows, the advertising placed on programming greater than 15 percent is contributing to the greatest amount of youth overexposure.

Other brands with a similar pattern of having a large number of ads on programs with average youth compositions between 15 and 30 percent during the first 10 months of 2004 included Disaronno Originale Amaretto, Bombay Sapphire Gin, Captain Morgan Parrot Bay Rum, Smirnoff Vodka, Jose Cuervo Especial Tequila, Bass Ale, and a number of brands of Molson beer.

In contrast, some brands demonstrate how youth overexposure is minimized when ads are placed near or below a 15 percent threshold. Table 7 shows the amount of advertising by average program youth composition for Michelob Ultra Light Beer. While

Baileys placed 1,517 out of 4,053 (37.4 percent) of ads on programs with an average youth composition between 15 percent and 30 percent, Michelob Ultra Light Beer placed only 11.7 percent of ads on programming with a youth composition in this range.

**TABLE 7: Michelob Ultra Light Beer Advertising and Overexposure of Youth on Television in 2004**

| Average Program Youth Composition (12-20) | Ads | Percent of Ads | Overexposing Ads | Percent of Ads Overexposing |
|---|---|---|---|---|
| 0% up to 15% | 1,794 | 87.6% | 187 | 10.4% |
| 15% up to 30% | 240 | 11.7% | 135 | 56.3% |
| Greater than 30% | 14 | 0.7% | 10 | 71.4% |
| **TOTAL** | **2,048** | **100.0%** | **332** | **16.2%** |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

Most of Michelob Ultra's advertising was placed on programming with an average youth composition below 15 percent. Only 10.4 percent of these ads overexposed youth relative to adults. Other brands effectively following this best-practices approach and concentrating their ad spending closer to 15 percent, with the effect of minimizing youth exposure, included Busch Beer, Clos Du Bois Wines, Grey Goose Vodka, and Chivas Regal Scotch.

In sum, a 30 percent cap is ineffective because it permits alcohol advertisers to cluster ad placements on programs that have very large concentrations of 12-to-20 audiences. By comparison, a 15 percent cap on the 12-to-20 youth audience would be far more effective at preventing ad placement patterns that cause overexposure.

## D. Magazine and radio audience data do not include children under 12.

The opportunity for substantial overexposure that results from the 30 percent cap's lack of tailoring to the at-risk population exists for all media, including cable, local and broadcast television. But, there is an additional problem for magazines and radio. The sources that measure and report magazine and radio audience data do not include children under 12 in their samples. As a result, magazine and radio audience composition data start with children age 12, not age 2 as for television. Therefore, application of an unadjusted 30 percent cap to magazines, for example, allows alcohol advertisers to grossly overexpose adolescent underage audiences, because children under 12 who may be incidentally exposed to alcohol advertising are not even measured.

Arbitron is the standard source for audience data for local radio stations, and it provides data only on the population age 12 and above. The two most commonly used sources for magazine audience data are Mediamark Research Inc. (MRI) and Simmons Market Research Bureau (SMRB); neither of these provides data for general magazine readership among those under 12. MRI is the more widely used and measures more publications in its adult and teen surveys. MRI's adult study, published each spring and fall using the most recent 12 months of survey data, includes persons age 18 and older for over 250 magazines (virtually all major national publications). MRI's teen studies, published each fall, are based on two years of respondent data and include readership estimates for youth ages 12 to 19 (published in the Teenmark report) and for youth ages 12 to 17 (published in the TwelvePlus report, which combines teen readership estimates with adult survey results). The teen survey currently measures 123 of the most widely read magazines among teens. Although the survey methods and frequency of the adult and teen studies differ, advertisers routinely rely on both reports to make ad placement decisions.[26] The lack of data for children under 12 reflects the irrelevance of young children as an audience for magazine advertisers in general, along with the problematic nature of conducting readership surveys among children under 12.

[26] Measured 12-to-17 audiences are likely to be low because the methodology used by MRI's teen survey produces more conservative estimates than those from the adult survey for equivalent demographics. In effect, this suggests that the 12-to-17 readership is substantially under-reported compared to the age-18-plus readership. This can be demonstrated by comparing audience estimates for ages 18 to 19 in both methods. Eight publications with significant alcohol advertising are measured by both methods (*ESPN The Magazine, Rolling Stone, Vibe, Allure, Sports Illustrated, Maxim, Cosmopolitan, Entertainment Weekly*). A comparison of audience estimates for ages 18 to 19 using both a recent reading methodology (adult survey) and a frequency of reading methodology (teen survey) indicates that the adult survey method generates audience estimates that are 33 percent to 120 percent greater than the teen survey method (see Appendix C for a more detailed description of these two methodologies). The weighted average was 65 percent. This comparison is based on two years of teen fieldwork (2003-2004, published in the 2004 MRI Teenmark survey) and two years of adult fieldwork (2003-2004, published in the 2004 MRI TwelvePlus survey).

Thus, some adjustment is needed to make magazine and radio data comparable to other media data. Without an adjustment, a 30 percent cap applied to magazines and radio is as much as twice as permissive as a 30 percent cap for television because of the exclusion of audience data for children under 12, who are half of the 2-to-20 population. There is no rational basis for effectively mandating much higher caps for magazine and radio as compared to other media in this fashion. Without an adjustment, alcohol advertisers will continue to place ads in magazines like *Maxim, Sports Illustrated, Rolling Stone*, and *Cosmopolitan*, where the composition of youth in 2003 ranged from 42 percent greater than the percentage of youth in the population (in *Cosmopolitan*) to 96 percent greater than the percentage of youth in the population (in *Rolling Stone*). In fact, levels of magazine overexposure are so high that the entire category of beer and ale overexposed youth relative to adults by an average of 48 percent across a universe of 53 national magazines in 2003.[27]

A second issue is the lack of 12-to-17 audience data for some magazines. MRI provides age-18-plus audiences for over 150 magazines that are not included in the teen survey. Of this group, 66 contained alcohol advertising in 2003. Most of these publications have low teen audience compositions and would be unlikely to violate a proportional youth audience cap. Other publications may be relatively new and have substantial, but unreported youth audiences, such as *Blender* or *Giant.* New publications are not generally reported in the MRI teen and/or adult studies for several years, regardless of their popularity.

Even in the absence of reported 12-to-17 audience data for a particular publication, readership estimates for the ages-18-to-20 demographic provide a guide to the likelihood of high youth 12-to-20 audience composition. For example, in 2003, 19 percent of the readers of *Jane* were between 18 and 20, which – standing alone – was below 30 percent, but only because the 12-to-17 data were not yet released. Had its 12-to-17 readership data been available, *Jane*'s measured youth readership would almost certainly have exceeded 30 percent because its high 18-to-20 audience composition was strongly indicative of high 12-to-17 composition as well.[28] In comparison, 14 percent of *Allure* magazine readers were between 18 and 20, and an additional 17.5 percent were between 12 and 17, for a total 12-to-20 composition of 31.5 percent. Benchmarking similar publications with comparable 18-to-20 audience compositions in this manner is a reliable method of identifying publications with high youth audience compositions.[29]

Still other publications with youth appeal are not measured at all, but have received substantial alcohol advertising even in the absence of credible readership estimates. These include publications such as *XXL, King* and *Smooth*. A recent DISCUS compliance report cited *XXL* as an example of an unmeasured publication in which alcohol marketers advertised on the basis of inaccurate or incomplete proprietary research.[30]

To summarize, the alcohol industry's 30 percent cap – while nominally proportional – permits significant overexposure of the 12-to-20 age group. This problem with the current cap is exacerbated by the lack of radio and magazine audience data for the 2-to-11 population. By comparison, a 15 percent cap measured against just the 12-to-20 population will better protect the at-risk underage population while also conforming to available data for all media.

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[27] CAMY, Youth Overexposed: Alcohol Advertising In Magazines, 2001 To 2003, at 1 (2005).

[28] *Jane*'s audience composition for ages 18 to 20 has ranged from 17 percent to 21 percent (as a percentage of age 18 plus) since it was first reported in spring 2002. In the 2004 TwelvePlus Study, the inclusion of ages-12-to-17 readers increased its reported 12-to-20 audience composition to 34 percent.

[29] Prototyping, or estimating magazine audiences of unmeasured publications, is a common practice for media planning and sales and typically involves demographic audience adjustments. For the Spring 2004 MRI Study, more than 110 estimates were published for publications or editions using prototypes on IMS, the most common software application for using MRI audience data. This excludes many more that are developed for proprietary use and are not published.

[30] Distilled Spirits Council Of The U.S., Semi-Annual Code Report 12 (2005).

# III. A 15 percent threshold balances reducing youth exposure and industry's right to advertise.

According to Joe Tripodi, chief marketing officer at the Seagram Spirits and Wine Group, "today it is possible to advertise on television and reach an overwhelmingly adult audience – something that was impossible to do when the market was difficult to segment. The growth of a diverse media marketplace, where programs and even networks are tailored to adults, makes this possible."[31] The statistical analysis that follows demonstrates that this view accurately describes alcohol advertisers' options. The discussion initially focuses on television due to the importance of the medium, but options exist in other media as well.

As demonstrated above, a more effective youth audience cap would prevent advertisers from placing ads in media where the average youth audience ages 12 to 20 is more than 15 percent of the total audience. The analysis summarized in this section uses national broadcast and cable television audience data to examine the impact of this cap on advertisers' menu of options and costs. It shows that a 15 percent cap would significantly reduce youth exposure to alcohol ads while still allowing advertisers to reach target audiences of even the youngest groups of legal-age adults at an overall reduction in cost.

Using a 15 percent cap, 79 percent of all television programming would still be available to alcohol advertising, including 2004 programs such as *The Super Bowl, The Academy Awards, The Grammy Awards, CSI: Crime Scene Investigation, Law & Order, The Howard Stern Show, The Dead Zone* and *Strong Medicine*. On the other hand, a 15 percent threshold would make a number of programs that are very popular with youth ages 12 to 20 off-limits to alcohol advertising, including *South Park, Crank Yankers, Chappelle's Show, 106 & Park, That '70s Show, Mad TV* and *One-on-One*.

To demonstrate that a 15 percent cap allows advertisers to reach even the youngest legal drinkers, this analysis treats young adults ages 21 to 34 as the target age demographic, even though many brands advertise to older adults as well. From January through October 2004, alcohol advertisers spent $676,786,564 to place 113,367 ads for 76 brands on national broadcast and cable television. These ads generated 17,141,535,028 advertising impressions for young adults ages 21 to 34 and also produced a great deal of youth exposure, generating 7,696,865,648 impressions for youth ages 12 to 20.

The average cost per young adult reached was:

($676,786,564 / 17,141,535,028) * 1000 = $39.48 per thousand 21-to-34 impressions.

During this time period, 13.2 percent of all network and cable alcohol advertising dollars were spent on programs that exceeded a 15 percent cap. In this analysis, these advertising dollars were reallocated to programs that were below the 15 percent threshold. For each brand, care was taken to set the new advertising schedule to match the brand's original schedule of 21-to-34 impressions by program type, *e.g.*, sports, drama, sitcom. The programs selected were chosen from among only those programs that contained alcohol advertising in 2004. A more detailed discussion of the methodology is provided in Appendix D.

Using a 15 percent threshold and selecting a comparable mix of programming, these 76 brands can reduce their television advertising costs by an average of 7.9 percent. Youth advertising exposure would drop an average of 19.6 percent, while average exposure for adults ages 21 to 34 would be reduced by only 0.2 percent. The slight decline in 21-to-34 exposure is an artifact of limiting the analysis to only programs that already had alcohol advertising. There are thousands of additional candidate programs on which alcohol ads could be placed that are below the 15 percent cap. With a larger selection of programs, an advertiser could use the dollars it saved to buy more ads to recoup the lost young adult impressions many times over.

The average effective cost per thousand impressions across these 76 brands would be:

($622,213,824 / 17,114,554,529) * 1000 = $36.36 per thousand 21-to-34 impressions.

Thus, a 15 percent cap on television meets the test of significantly lowering underage exposure while still reaching an adult audience ages 21 to 34 at a lower cost per impression.

The same conclusions apply at the brand level. Table 8 shows the adjustment made to each brand's ad placements to bring it into compliance with the 15 percent cap, the reduction in cost per thousand young adult exposures, and the effect on underage and young adult exposure. For many brands, the reduction in underage exposure is large; eight brands show reductions of

[31] *See* Patricia Winters Lauro, *Cocktail Hour Returns to TV*, N.Y. TIMES, Dec. 7, 2000, at C1.

more than 30 percent, and three, Bass Ale, Mike's Hard Cranberry, and Smirnoff Ice Malt Beverage, show reductions of more than 40 percent. Significantly, all but one brand reduced their costs of advertising, as measured on a cost per thousand exposure basis for the target 21-to-34 age demographic.[32] Each brand's change in cost is shown in the final column of Table 8.

**Table 8: Reallocation of Advertising to Comply With a 15 Percent (12 to 20 / 2+) Threshold**

| | Before Reallocation | | | | After Reallocation | | | | Percent Change | | | | Cost Per Thousand Age 21-34 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Impressions | | | | Impressions | | | | Persons | Persons | | | |
| Brand | Dollars | Ads | Persons 12-20 | Persons 21-34 | Dollars | Ads | Persons 12-20 | Persons 21-34 | Dollars | Ads | 12-20 | 21-34 | Before | After | Change |
| Absolut Raspberri Flavored Vodka | $987,450 | 310 | 26,661,860 | 47,712,830 | $648,941 | 339 | 17,945,673 | 47,709,032 | -34.3% | 9.4% | -32.7% | 0.0% | $20.70 | $13.60 | -34.3% |
| Alice White Wines | $1,372,481 | 1,303 | 55,001,733 | 152,931,699 | $1,294,206 | 1,309 | 47,560,361 | 152,924,169 | -5.7% | 0.5% | -13.5% | 0.0% | $8.97 | $8.46 | -5.7% |
| Amstel Light Beer | $9,381,237 | 4,158 | 218,212,652 | 435,225,210 | $7,981,307 | 5,147 | 155,289,584 | 435,216,865 | -14.9% | 23.8% | -28.8% | 0.0% | $21.55 | $18.34 | -14.9% |
| Anheuser World Select Beer | $1,264,585 | 317 | 18,295,153 | 53,306,654 | $1,109,008 | 542 | 17,432,783 | 53,306,228 | -12.3% | 71.0% | -4.7% | 0.0% | $23.72 | $20.80 | -12.3% |
| Arbor Mist Wine Blenders | $207,853 | 40 | 2,280,763 | 5,422,322 | $148,856 | 62 | 1,485,371 | 5,416,671 | -28.4% | 55.0% | -34.9% | -0.1% | $38.33 | $27.48 | -28.3% |
| Arbor Mist Wines | $4,647,443 | 1,536 | 89,025,787 | 151,141,715 | $3,819,647 | 1,397 | 58,752,304 | 151,130,083 | -17.8% | -9.0% | -34.0% | 0.0% | $30.75 | $25.27 | -17.8% |
| Aspen Edge Low-Carb Light Beer | $12,193,472 | 524 | 103,208,482 | 227,605,821 | $10,345,223 | 861 | 78,886,067 | 227,599,322 | -15.2% | 64.3% | -23.6% | 0.0% | $53.57 | $45.45 | -15.2% |
| Bacardi Light Rum | $4,201,892 | 1,936 | 137,471,927 | 277,157,983 | $3,149,184 | 1,967 | 103,631,795 | 277,148,583 | -25.1% | 1.6% | -24.6% | 0.0% | $15.16 | $11.36 | -25.1% |
| Bacardi Rums | $124,535 | 40 | 3,363,647 | 5,525,579 | $80,998 | 56 | 1,802,481 | 5,522,852 | -35.0% | 40.0% | -46.4% | 0.0% | $22.54 | $14.67 | -34.9% |
| Bacardi Silver Limon Malt Beverage | $5,632,314 | 235 | 41,319,148 | 109,907,513 | $5,222,453 | 327 | 37,014,597 | 109,907,460 | -7.3% | 39.1% | -10.4% | 0.0% | $51.25 | $47.52 | -7.3% |
| Bacardi Silver Low Carb Black Cherry | $2,695,700 | 420 | 42,422,296 | 101,915,885 | $2,676,215 | 430 | 38,450,508 | 101,914,943 | -0.7% | 2.4% | -9.4% | 0.0% | $26.45 | $26.26 | -0.7% |
| Bacardi Silver Low Carb Green Apple | $10,800 | 1 | 223,240 | 600,929 | $10,800 | 1 | 223,240 | 600,929 | 0.0% | 0.0% | 0.0% | 0.0% | $17.97 | $17.97 | 0.0% |
| Bacardi Silver Malt Beverage | $1,698,756 | 187 | 19,651,212 | 43,346,790 | $1,459,891 | 255 | 15,781,399 | 43,339,915 | -14.1% | 36.4% | -19.7% | 0.0% | $39.19 | $33.68 | -14.0% |
| Bacardi Silver Razz Malt Beverage | $1,638,338 | 106 | 11,834,934 | 26,724,831 | $1,504,454 | 146 | 10,653,403 | 26,724,528 | -8.2% | 37.7% | -10.0% | 0.0% | $61.30 | $56.29 | -8.2% |
| Baileys Irish Cream Liqueur | $4,751,720 | 4,007 | 188,248,682 | 378,272,000 | $3,314,344 | 3,924 | 133,873,191 | 378,262,702 | -30.2% | -2.1% | -28.9% | 0.0% | $12.56 | $8.76 | -30.2% |
| Bass Ale | $4,931,380 | 1,329 | 135,691,190 | 232,088,672 | $2,936,020 | 1,544 | 82,687,320 | 232,082,951 | -40.5% | 16.2% | -39.1% | 0.0% | $21.25 | $12.65 | -40.5% |
| Becks Beer | $5,787,035 | 1,312 | 118,477,665 | 232,014,030 | $4,716,374 | 1,546 | 84,862,996 | 232,001,093 | -18.5% | 17.8% | -28.4% | 0.0% | $24.94 | $20.33 | -18.5% |
| Becks Light Beer | $613,809 | 193 | 21,340,789 | 35,546,160 | $442,692 | 281 | 12,574,572 | 35,537,884 | -27.9% | 45.6% | -41.1% | 0.0% | $17.27 | $12.46 | -27.9% |
| Black Swan Wines | $909,318 | 682 | 16,229,080 | 48,579,184 | $845,140 | 663 | 14,656,558 | 48,577,012 | -7.1% | -2.8% | -9.7% | 0.0% | $18.72 | $17.40 | -7.1% |
| Bombay Sapphire Gin | $1,352,826 | 240 | 12,083,670 | 21,460,943 | $1,035,557 | 243 | 7,761,203 | 21,457,745 | -23.5% | 1.3% | -35.8% | 0.0% | $63.04 | $48.26 | -23.4% |
| Brand Not Specified | $5,199,785 | 413 | 53,075,954 | 116,473,337 | $4,452,764 | 524 | 43,178,003 | 116,469,467 | -14.4% | 26.9% | -18.6% | 0.0% | $44.64 | $38.23 | -14.4% |
| Bud Light | $103,760,826 | 6,147 | 686,823,722 | 1,672,261,824 | $100,671,874 | 6,511 | 614,198,185 | 1,672,253,483 | -3.0% | 5.9% | -10.6% | 0.0% | $62.05 | $60.20 | -3.0% |
| Budweiser Beer | $93,910,023 | 3,365 | 403,102,330 | 1,066,710,488 | $92,820,003 | 3,610 | 387,293,351 | 1,066,704,920 | -1.2% | 7.3% | -3.9% | 0.0% | $88.04 | $87.02 | -1.2% |
| Busch | $4,160,463 | 1,035 | 22,101,308 | 60,186,381 | $4,145,116 | 1,041 | 21,533,665 | 60,186,030 | -0.4% | 0.6% | -2.6% | 0.0% | $69.13 | $68.87 | -0.4% |
| Busch Light | $1,069,703 | 366 | 7,743,155 | 21,036,175 | $1,058,021 | 382 | 7,562,879 | 21,036,085 | -1.1% | 4.4% | -2.3% | 0.0% | $50.85 | $50.30 | -1.1% |
| Captain Morgan Parrot Bay Rum | $1,095,726 | 475 | 35,034,299 | 61,460,649 | $761,915 | 632 | 24,733,094 | 61,456,476 | -30.5% | 33.1% | -29.4% | 0.0% | $17.83 | $12.40 | -30.5% |
| Captain Morgan Spiced Rum | $4,156,100 | 2,583 | 91,314,539 | 195,782,000 | $3,479,545 | 2,631 | 75,298,019 | 195,772,959 | -16.3% | 1.9% | -17.5% | 0.0% | $21.23 | $17.77 | -16.3% |
| Cavit Wines | $860,144 | 656 | 26,213,020 | 55,243,183 | $678,760 | 649 | 20,917,906 | 55,242,951 | -21.1% | -1.1% | -20.2% | 0.0% | $15.57 | $12.29 | -21.1% |
| Chivas Regal 12 | $1,148,097 | 558 | 16,838,282 | 43,120,482 | $1,148,097 | 558 | 16,838,282 | 43,120,482 | 0.0% | 0.0% | 0.0% | 0.0% | $26.63 | $26.63 | 0.0% |
| Concannon Vineyard Wines | $39,140 | 52 | 1,118,444 | 4,340,396 | $39,140 | 52 | 1,118,444 | 4,340,396 | 0.0% | 0.0% | 0.0% | 0.0% | $9.02 | $9.02 | 0.0% |
| Coors | $1,906,004 | 354 | 9,853,916 | 26,832,743 | $1,894,706 | 376 | 9,629,098 | 26,832,409 | -0.6% | 6.2% | -2.3% | 0.0% | $71.03 | $70.61 | -0.6% |
| Coors Light | $68,885,447 | 5,103 | 649,802,502 | 1,643,592,940 | $64,523,150 | 7,682 | 574,720,153 | 1,643,585,669 | -6.3% | 50.5% | -11.6% | 0.0% | $41.91 | $39.26 | -6.3% |
| Corona Extra Beer | $15,760,392 | 6,211 | 350,330,708 | 642,992,847 | $13,104,554 | 7,119 | 296,443,304 | 642,542,317 | -16.9% | 14.6% | -32.5% | -0.1% | $24.51 | $20.39 | -16.8% |
| Corona Extra Light Beer | $2,890,594 | 194 | 30,572,357 | 74,982,905 | $2,861,622 | 231 | 27,887,785 | 74,977,565 | -1.0% | 19.1% | -8.8% | 0.0% | $38.55 | $38.17 | -1.0% |
| Crown Royal Whiskey | $1,202,418 | 1,126 | 24,343,927 | 59,621,491 | $1,088,877 | 1,159 | 19,575,432 | 59,617,675 | -9.4% | 2.9% | -19.6% | 0.0% | $20.17 | $18.26 | -9.4% |
| Disaronno Originale Amaretto | $2,610,125 | 2,807 | 111,364,187 | 242,666,164 | $2,052,352 | 2,581 | 82,651,970 | 242,652,924 | -21.4% | -8.1% | -25.8% | 0.0% | $10.76 | $8.46 | -21.4% |
| Dos Equis Beer | $4,457,177 | 1,876 | 131,071,652 | 245,741,462 | $2,836,554 | 2,248 | 85,605,040 | 245,736,024 | -36.4% | 19.8% | -34.7% | 0.0% | $18.14 | $11.54 | -36.4% |
| Fosters Beer | $3,199,167 | 2,032 | 47,622,727 | 138,831,945 | $2,909,468 | 2,169 | 41,483,916 | 138,828,966 | -9.1% | 6.7% | -12.9% | 0.0% | $23.04 | $20.96 | -9.1% |
| Grey Goose Vodka | $657,811 | 1,173 | 15,162,804 | 38,409,736 | $649,829 | 1,185 | 14,645,650 | 38,403,250 | -1.2% | 1.0% | -3.4% | 0.0% | $17.13 | $16.92 | -1.2% |
| Guinness Beers | $11,891,342 | 5,200 | 138,149,939 | 306,346,676 | $10,583,131 | 5,272 | 112,756,903 | 306,340,430 | -11.0% | 1.4% | -18.4% | 0.0% | $38.82 | $34.55 | -11.0% |
| Heineken Beer | $19,925,735 | 2,035 | 258,812,607 | 484,956,664 | $15,003,133 | 3,150 | 181,733,503 | 484,669,237 | -24.7% | 54.8% | -29.8% | -0.1% | $41.09 | $30.96 | -24.7% |
| Jack Daniel's Whiskey | $1,257,516 | 1,137 | 31,749,995 | 67,505,800 | $1,010,975 | 1,132 | 26,284,498 | 67,502,950 | -19.6% | -0.4% | -17.2% | 0.0% | $18.63 | $14.98 | -19.6% |
| Jose Cuervo Especial Tequila | $4,492,047 | 3,801 | 203,405,158 | 381,791,801 | $3,872,751 | 4,000 | 151,862,604 | 379,686,850 | -13.8% | 5.2% | -25.3% | -0.6% | $11.77 | $10.20 | -13.3% |
| Kahlua Liqueurs | $1,254,857 | 2,278 | 53,262,244 | 121,461,169 | $1,181,984 | 2,148 | 43,231,087 | 121,453,833 | -5.8% | -5.7% | -18.8% | 0.0% | $10.33 | $9.73 | -5.8% |
| Kahlua Mudslide Cocktail | $6,733 | 34 | 374,645 | 1,174,914 | $7,908 | 42 | 258,145 | 1,173,727 | 17.5% | 23.5% | -31.1% | -0.1% | $5.73 | $6.74 | 17.6% |
| Korbel California Champagnes | $417,002 | 422 | 13,922,353 | 39,161,309 | $334,324 | 408 | 11,734,112 | 39,160,598 | -19.8% | -3.3% | -15.7% | 0.0% | $10.65 | $8.54 | -19.8% |
| Labatt Blue Beer | $11,803,029 | 2,327 | 203,949,948 | 394,379,730 | $9,382,133 | 2,610 | 143,703,165 | 394,372,449 | -20.5% | 12.2% | -29.5% | 0.0% | $29.93 | $23.79 | -20.5% |
| Level Vodka | $1,639,836 | 849 | 32,794,421 | 75,486,383 | $1,284,805 | 862 | 25,612,661 | 75,482,381 | -21.7% | 1.5% | -21.9% | 0.0% | $21.72 | $17.02 | -21.6% |
| Michelob Amberbock Beer | $12,828,927 | 412 | 56,806,602 | 162,200,766 | $12,625,101 | 419 | 55,609,420 | 162,200,752 | -1.6% | 1.7% | -2.1% | 0.0% | $79.09 | $77.84 | -1.6% |
| Michelob Ultra Light Beer | $42,650,899 | 809 | 181,639,206 | 505,555,003 | $41,972,540 | 1,022 | 172,387,780 | 505,554,752 | -1.6% | 26.3% | -5.1% | 0.0% | $84.36 | $83.02 | -1.6% |
| Mike's Hard Cranberry Lemonade | $807,446 | 492 | 18,994,182 | 37,180,063 | $480,383 | 629 | 13,739,099 | 37,176,069 | -40.5% | 27.8% | -27.7% | 0.0% | $21.72 | $12.92 | -40.5% |
| Mike's Hard Lemonade | $3,357,698 | 1,404 | 78,596,852 | 141,141,464 | $2,377,343 | 1,710 | 55,508,933 | 141,138,429 | -29.2% | 21.8% | -29.4% | 0.0% | $23.79 | $16.84 | -29.2% |
| Mike's Hard Lime Malt Beverage | $807,818 | 359 | 20,773,383 | 43,383,001 | $708,559 | 446 | 18,192,128 | 43,376,481 | -12.3% | 24.2% | -12.4% | 0.0% | $18.62 | $16.34 | -12.3% |
| Mike's Light | $1,364,220 | 700 | 26,301,764 | 54,723,397 | $1,054,276 | 760 | 23,013,835 | 54,719,588 | -22.7% | 8.6% | -12.5% | 0.0% | $24.93 | $19.27 | -22.7% |
| Miller Genuine Draft | $51,588,286 | 3,970 | 393,283,865 | 920,885,241 | $48,467,378 | 4,796 | 327,249,027 | 917,036,112 | -6.0% | 20.8% | -16.8% | -0.4% | $56.02 | $52.85 | -5.7% |
| Miller High Life | $6,251,369 | 2,928 | 78,057,952 | 181,450,520 | $5,779,365 | 2,954 | 69,026,939 | 181,445,843 | -7.6% | 0.9% | -11.6% | 0.0% | $34.45 | $31.85 | -7.5% |
| Miller High Life Light Beer | $5,397,137 | 1,154 | 48,096,573 | 122,654,734 | $5,247,895 | 1,128 | 45,868,665 | 122,654,195 | -2.8% | -2.3% | -4.6% | 0.0% | $44.00 | $42.79 | -2.8% |
| Miller Lite | $80,194,857 | 11,561 | 827,413,351 | 1,952,373,287 | $76,188,625 | 13,217 | 687,189,205 | 1,932,373,263 | -5.0% | 14.3% | -16.9% | -1.0% | $41.08 | $39.43 | -4.0% |
| Old Milwaukee Beer | $11,871 | 60 | 28,001 | 387,089 | $11,871 | 60 | 28,001 | 387,089 | 0.0% | 0.0% | 0.0% | 0.0% | $30.67 | $30.67 | 0.0% |
| Old Milwaukee Light Beer | $10,468 | 28 | 167,273 | 589,159 | $10,468 | 28 | 167,273 | 589,159 | 0.0% | 0.0% | 0.0% | 0.0% | $17.77 | $17.77 | 0.0% |
| Red Stripe Jamaican Lager | $646,125 | 732 | 13,000,037 | 27,961,568 | $529,355 | 748 | 12,178,009 | 27,961,462 | -18.1% | 2.2% | -6.3% | 0.0% | $23.11 | $18.93 | -18.1% |
| River Wild Winery Wines | $5,198 | 9 | - | - | $5,198 | 9 | - | - | 0.0% | 0.0% | | | | | |
| Rock Green Light Beer | $3,307,724 | 1,627 | 152,031,682 | 253,262,625 | $2,387,476 | 2,026 | 97,484,077 | 253,252,912 | -27.8% | 24.5% | -35.9% | 0.0% | $13.06 | $9.43 | -27.8% |
| Rolling Rock Beer | $2,979,013 | 631 | 50,088,270 | 106,684,815 | $2,491,099 | 725 | 37,460,223 | 106,680,851 | -16.4% | 14.9% | -25.2% | 0.0% | $27.92 | $23.35 | -16.4% |
| Sam Adams Light | $4,368,750 | 1,471 | 126,320,016 | 256,009,688 | $3,389,389 | 1,953 | 94,968,247 | 256,000,674 | -22.4% | 32.8% | -24.8% | 0.0% | $17.06 | $13.24 | -22.4% |
| Samuel Adams Boston Lager | $15,355,416 | 4,879 | 432,896,096 | 879,466,661 | $13,045,344 | 6,107 | 338,174,137 | 879,463,266` | -15.0% | 25.2% | -21.9% | 0.0% | $17.46 | $14.83 | -15.0% |
| Skyy Blue Malt Beverage | $31,321 | 16 | 1,136,936 | 2,970,623 | $28,587 | 19 | 988,874 | 2,970,594 | -8.7% | 18.8% | -13.0% | 0.0% | $10.54 | $9.62 | -8.7% |
| Smirnoff Ice Malt Beverage | $360,057 | 266 | 8,749,313 | 16,126,848 | $211,465 | 285 | 5,127,014 | 16,121,940 | -41.3% | 7.1% | -41.4% | 0.0% | $22.33 | $13.12 | -41.3% |
| Smirnoff Ice Triple Black | $3,354,316 | 1,090 | 49,382,883 | 89,115,522 | $2,610,307 | 1,134 | 30,946,932 | 89,110,011 | -22.2% | 4.0% | -37.3% | 0.0% | $37.64 | $29.29 | -22.2% |
| Smirnoff Twisted Five Malt Beverage | $2,499,897 | 2,156 | 106,540,012 | 246,191,940 | $2,201,711 | 2,098 | 84,816,301 | 246,186,562 | -11.9% | -2.7% | -20.4% | 0.0% | $10.15 | $8.94 | -11.9% |
| Smirnoff Vodkas | $2,454,134 | 2,034 | 81,142,261 | 193,713,445 | $2,034,817 | 2,037 | 70,384,531 | 193,708,353 | -17.1% | 0.1% | -13.3% | 0.0% | $12.67 | $10.50 | -17.1% |
| Southern Comfort | $1,335,085 | 510 | 31,825,141 | 69,181,950 | $1,029,784 | 598 | 25,211,128 | 69,177,773 | -22.9% | 17.3% | -20.8% | 0.0% | $19.30 | $14.89 | -22.9% |
| Sutter Home Wines | $29,474 | 4 | 295,842 | 1,316,429 | $29,474 | 4 | 295,842 | 1,316,429 | 0.0% | 0.0% | 0.0% | 0.0% | $22.39 | $22.39 | 0.0% |
| Tecate Beer | $575,191 | 480 | - | - | $575,191 | 480 | - | - | 0.0% | 0.0% | | | | | |
| Turning Leaf Wines | $152,049 | 99 | 2,343,102 | 7,970,846 | $140,391 | 97 | 1,998,762 | 7,968,503 | -7.7% | -2.0% | -14.7% | 0.0% | $19.08 | $17.62 | -7.6% |
| Yuengling Traditional Lager | $1,635 | 1 | - | - | $1,635 | 1 | - | - | 0.0% | 0.0% | | | | | |
| **TOTAL** | **$676,786,564** | **113,367** | **7,696,865,648** | **17,141,535,028** | **$622,213,824** | **127,494** | **6,191,830,639** | **17,114,554,529** | **-8.1%** | **12.5%** | **-19.6%** | **-0.2%** | **$39.48** | **$36.36** | **-7.9%** |

Source: Virtual Media Resources analysis based on Jan.–Oct. 2004 alcohol advertising occurrences reported by TNS Media Intelligence Jan.–Oct. 2004 and audience data reported by Nielsen Media Research, Jan.–Oct. 2004.

[32] The only brand that had an increased cost of advertising was Kahlua Mudslide Cocktail. A possible explanation for increased ad cost is that the brand may have focused on a segment of the population, such as women. The analysis described in the text may have purchased more costly impressions outside of their primary target audience, such as young men. This could be remedied by using a more refined targeting goal, such as women ages 21 to 34 instead of a generic 21-to-34-year-old target.

For an additional confirmation that the 15 percent cap leaves alcohol advertisers ample alternatives to reach new legal drinkers, the analysis was redone using a narrower target demographic of young adults ages 21 to 24. The results presented in Table 9 show that the 15 percent cap remains viable. Youth impressions decrease an average of 17.3 percent, while the target impressions for young adults ages 21 to 24 decrease an average of 0.5 percent. The average cost per thousand impressions for young adults ages 21 to 24 decreases from $153.06 to $143.85 – a reduction of 6.0 percent. As mentioned above, the decline in impressions reaching adults ages 21 to 24 can be remedied by purchasing additional ads on programs that do not currently have alcohol advertising

**TABLE 9 – Reallocation of Advertising with an Ages 21 to 24 Target (15 percent 12 to 20 / 2+ Threshold)**

| | Before Reallocation | | | | After Reallocation | | | | Percent Change | | | | Cost Per Thousand Age 21-34 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Impressions | | | | Impressions | | | | Persons | Persons | | | |
| Brand | Dollars | Ads | Persons 12-20 | Persons 21-24 | Dollars | Ads | Persons 12-20 | Persons 21-24 | Dollars | Ads | 12-20 | 21-24 | Before | After | Change |
| Absolut Raspberri Flavored Vodka | $987,450 | 310 | 26,661,860 | 14,539,262 | $650,170 | 314 | 18,463,323 | 14,538,732 | -34.2% | 1.3% | -30.8% | 0.0% | $67.92 | $44.72 | -34.2% |
| Alice White Wines | $1,372,481 | 1,303 | 55,001,733 | 37,673,683 | $1,288,734 | 1,278 | 47,137,499 | 37,672,684 | -6.1% | -1.9% | -14.3% | 0.0% | $36.43 | $34.21 | -6.1% |
| Amstel Light Beer | $9,381,237 | 4,158 | 218,212,652 | 122,925,246 | $8,807,881 | 5,389 | 168,185,590 | 122,924,258 | -6.1% | 29.6% | -22.9% | 0.0% | $76.32 | $71.65 | -6.1% |
| Anheuser World Select Beer | $1,264,585 | 317 | 18,295,153 | 10,642,603 | $1,090,726 | 486 | 15,736,012 | 10,642,560 | -13.7% | 53.3% | -14.0% | 0.0% | $118.82 | $102.49 | -13.7% |
| Arbor Mist Wine Blenders | $207,853 | 40 | 2,280,763 | 1,555,493 | $152,189 | 61 | 1,658,912 | 1,555,407 | -26.8% | 52.5% | -27.3% | 0.0% | $133.63 | $97.84 | -26.8% |
| Arbor Mist Wines | $4,647,443 | 1,536 | 89,025,787 | 39,850,712 | $3,831,346 | 1,366 | 61,750,924 | 39,850,300 | -17.6% | -11.1% | -30.6% | 0.0% | $116.62 | $96.14 | -17.6% |
| Aspen Edge Low-Carb Light Beer | $12,193,472 | 524 | 103,208,482 | 59,120,736 | $10,384,699 | 762 | 83,463,866 | 59,120,335 | -14.8% | 45.4% | -19.1% | 0.0% | $206.25 | $175.65 | -14.8% |
| Bacardi Light Rum | $4,201,892 | 1,936 | 137,471,927 | 77,775,372 | $3,185,599 | 1,939 | 102,810,182 | 77,774,369 | -24.2% | 0.2% | -25.2% | 0.0% | $54.03 | $40.96 | -24.2% |
| Bacardi Rums | $124,535 | 40 | 3,363,647 | 1,689,093 | $82,710 | 48 | 2,012,152 | 1,688,980 | -33.6% | 20.0% | -40.2% | 0.0% | $73.73 | $48.97 | -33.6% |
| Bacardi Silver Limon Malt Beverage | $5,632,314 | 235 | 41,319,148 | 26,061,270 | $5,228,807 | 297 | 37,128,123 | 26,061,254 | -7.2% | 26.4% | -10.1% | 0.0% | $216.12 | $200.64 | -7.2% |
| Bacardi Silver Low Carb Black Cherry | $2,695,700 | 420 | 42,422,296 | 26,605,922 | $2,673,048 | 408 | 38,058,200 | 26,605,621 | -0.8% | -2.9% | -10.3% | 0.0% | $101.32 | $100.47 | -0.8% |
| Bacardi Silver Low Carb Green Apple | $10,800 | 1 | 223,240 | 175,260 | $10,800 | 1 | 223,240 | 175,260 | 0.0% | 0.0% | 0.0% | 0.0% | $61.62 | $61.62 | 0.0% |
| Bacardi Silver Malt Beverage | $1,698,756 | 187 | 19,651,212 | 11,009,325 | $1,465,342 | 226 | 15,871,001 | 11,008,514 | -13.7% | 20.9% | -19.2% | 0.0% | $154.30 | $133.11 | -13.7% |
| Bacardi Silver Razz Malt Beverage | $1,638,338 | 106 | 11,834,934 | 6,528,593 | $1,504,592 | 126 | 10,504,159 | 6,528,535 | -8.2% | 18.9% | -11.2% | 0.0% | $250.95 | $230.46 | -8.2% |
| Baileys Irish Cream Liqueur | $4,751,720 | 4,007 | 188,248,682 | 109,471,197 | $3,977,436 | 4,133 | 142,462,965 | 109,469,800 | -16.3% | 3.1% | -24.3% | 0.0% | $43.41 | $36.33 | -16.3% |
| Bass Ale | $4,931,380 | 1,329 | 135,691,190 | 72,984,179 | $3,210,001 | 1,677 | 93,818,701 | 72,982,326 | -34.9% | 26.2% | -30.9% | 0.0% | $67.57 | $43.98 | -34.9% |
| Becks Beer | $5,787,035 | 1,312 | 118,477,665 | 63,409,077 | $4,760,637 | 1,501 | 88,774,650 | 63,407,530 | -17.7% | 14.4% | -25.1% | 0.0% | $91.27 | $75.08 | -17.7% |
| Becks Light Beer | $613,809 | 193 | 21,340,789 | 10,289,834 | $448,748 | 226 | 13,803,722 | 10,288,477 | -26.9% | 17.1% | -35.3% | 0.0% | $59.65 | $43.62 | -26.9% |
| Black Swan Wines | $909,318 | 682 | 16,229,080 | 10,708,732 | $841,220 | 657 | 14,347,475 | 10,707,938 | -7.5% | -3.7% | -11.6% | 0.0% | $84.91 | $78.56 | -7.5% |
| Bombay Sapphire Gin | $1,352,826 | 240 | 12,083,670 | 6,456,280 | $1,041,278 | 238 | 8,804,206 | 6,456,011 | -23.0% | -0.8% | -27.1% | 0.0% | $209.54 | $161.29 | -23.0% |
| Brand Not Specified | $5,199,785 | 413 | 53,075,954 | 28,836,536 | $4,453,539 | 462 | 43,622,760 | 28,835,673 | -14.4% | 11.9% | -17.8% | 0.0% | $180.32 | $154.45 | -14.3% |
| Bud Light | $103,760,826 | 6,147 | 686,823,722 | 407,197,530 | $100,994,493 | 6,604 | 627,517,288 | 407,196,870 | -2.7% | 7.4% | -8.6% | 0.0% | $254.82 | $248.02 | -2.7% |
| Budweiser Beer | $93,910,023 | 3,365 | 403,102,330 | 239,779,716 | $92,894,242 | 3,497 | 389,940,412 | 239,779,307 | -1.1% | 3.9% | -3.3% | 0.0% | $391.65 | $387.42 | -1.1% |
| Busch | $4,160,463 | 1,035 | 22,101,308 | 10,361,011 | $4,145,300 | 1,030 | 21,514,499 | 10,360,956 | -0.4% | -0.5% | -2.7% | 0.0% | $401.55 | $400.09 | -0.4% |
| Busch Light | $1,069,703 | 366 | 7,743,155 | 3,688,177 | $1,058,199 | 371 | 7,515,234 | 3,688,176 | -1.1% | 1.4% | -2.9% | 0.0% | $290.04 | $286.92 | -1.1% |
| Captain Morgan Parrot Bay Rum | $1,095,726 | 475 | 35,034,299 | 19,364,708 | $786,627 | 618 | 25,357,464 | 19,363,718 | -28.2% | 30.1% | -27.6% | 0.0% | $56.58 | $40.62 | -28.2% |
| Captain Morgan Spiced Rum | $4,156,100 | 2,583 | 91,314,539 | 51,781,824 | $3,485,754 | 2,572 | 74,069,033 | 51,780,244 | -16.1% | -0.4% | -18.9% | 0.0% | $80.26 | $67.32 | -16.1% |
| Cavit Wines | $860,144 | 656 | 26,213,020 | 12,890,056 | $687,716 | 630 | 21,424,662 | 12,890,040 | -20.0% | -4.0% | -18.3% | 0.0% | $66.73 | $53.35 | -20.0% |
| Chivas Regal 12 | $1,148,097 | 558 | 16,838,282 | 11,067,303 | $1,148,097 | 558 | 16,838,282 | 11,067,303 | 0.0% | 0.0% | 0.0% | 0.0% | $103.74 | $103.74 | 0.0% |
| Concannon Vineyard Wines | $39,140 | 52 | 1,118,444 | 946,279 | $39,140 | 52 | 1,118,444 | 946,279 | 0.0% | 0.0% | 0.0% | 0.0% | $41.36 | $41.36 | 0.0% |
| Coors | $1,906,004 | 354 | 9,853,916 | 6,003,443 | $1,891,976 | 366 | 9,482,321 | 6,003,413 | -0.7% | 3.4% | -3.8% | 0.0% | $317.49 | $315.15 | -0.7% |
| Coors Light | $68,885,447 | 5,103 | 649,802,502 | 415,122,184 | $65,305,848 | 6,866 | 591,010,713 | 415,121,600 | -5.2% | 34.5% | -9.0% | 0.0% | $165.94 | $157.32 | -5.2% |
| Corona Extra Beer | $15,760,392 | 6,211 | 350,330,708 | 184,902,652 | $14,128,309 | 7,242 | 254,342,854 | 176,697,536 | -10.4% | 16.6% | -27.4% | -4.4% | $85.24 | $79.96 | -6.2% |
| Corona Extra Light Beer | $2,890,594 | 194 | 30,572,357 | 20,305,285 | $2,864,115 | 225 | 27,853,710 | 20,304,951 | -0.9% | 16.0% | -8.9% | 0.0% | $142.36 | $141.06 | -0.9% |
| Crown Royal Whiskey | $1,202,418 | 1,126 | 24,343,927 | 14,538,485 | $1,084,352 | 1,116 | 18,809,032 | 14,537,599 | -9.8% | -0.9% | -22.7% | 0.0% | $82.71 | $74.59 | -9.8% |
| Disaronno Originale Amaretto | $2,610,125 | 2,807 | 111,364,187 | 67,429,848 | $2,130,700 | 2,654 | 84,407,444 | 67,428,565 | -18.4% | -5.5% | -24.2% | 0.0% | $38.71 | $31.60 | -18.4% |
| Dos Equis Beer | $4,457,177 | 1,876 | 131,071,652 | 68,530,480 | $2,898,173 | 2,108 | 91,479,596 | 68,530,052 | -35.0% | 12.4% | -30.2% | 0.0% | $65.04 | $42.29 | -35.0% |
| Fosters Beer | $3,199,167 | 2,032 | 47,622,727 | 27,820,457 | $2,900,168 | 2,036 | 41,209,608 | 27,819,658 | -9.3% | 0.2% | -13.5% | 0.0% | $114.99 | $104.25 | -9.3% |
| Grey Goose Vodka | $657,811 | 1,173 | 15,162,804 | 10,305,090 | $650,110 | 1,181 | 14,564,309 | 10,304,942 | -1.2% | 0.7% | -3.9% | 0.0% | $63.83 | $63.09 | -1.2% |
| Guinness Beers | $11,891,342 | 5,200 | 138,149,939 | 82,958,194 | $10,641,485 | 5,213 | 120,064,173 | 82,957,526 | -10.5% | 0.2% | -13.1% | 0.0% | $143.34 | $128.28 | -10.5% |
| Heineken Beer | $19,925,735 | 2,035 | 258,812,607 | 135,292,691 | $16,394,764 | 3,128 | 190,958,497 | 135,092,013 | -17.7% | 53.7% | -26.2% | -0.1% | $147.28 | $121.36 | -17.6% |
| Jack Daniel's Whiskey | $1,257,516 | 1,137 | 31,749,995 | 17,285,472 | $1,005,311 | 1,097 | 25,544,221 | 17,284,603 | -20.1% | -3.5% | -19.5% | 0.0% | $72.75 | $58.16 | -20.1% |
| Jose Cuervo Especial Tequila | $4,492,047 | 3,801 | 203,405,158 | 108,522,544 | $4,381,987 | 4,165 | 160,478,838 | 107,972,375 | -2.5% | 9.6% | -21.1% | -0.5% | $41.39 | $40.58 | -2.0% |
| Kahlua Liqueurs | $1,254,857 | 2,278 | 53,262,244 | 31,851,938 | $1,178,066 | 2,127 | 42,690,772 | 31,850,953 | -6.1% | -6.6% | -19.8% | 0.0% | $39.40 | $36.99 | -6.1% |
| Kahlua Mudslide Cocktail | $6,733 | 34 | 374,645 | 324,057 | $6,704 | 36 | 266,631 | 323,953 | -0.4% | 5.9% | -28.8% | 0.0% | $20.78 | $20.69 | -0.4% |
| Korbel California Champagnes | $417,002 | 422 | 13,922,353 | 9,313,736 | $335,193 | 401 | 11,837,584 | 9,313,612 | -19.6% | -5.0% | -15.0% | 0.0% | $44.77 | $35.99 | -19.6% |
| Labatt Blue Beer | $11,803,029 | 2,327 | 203,949,948 | 110,518,332 | $9,620,516 | 2,512 | 155,130,783 | 110,517,019 | -18.5% | 8.0% | -23.9% | 0.0% | $106.80 | $87.05 | -18.5% |
| Level Vodka | $1,639,836 | 849 | 32,794,421 | 19,022,587 | $1,288,703 | 861 | 25,659,906 | 19,021,598 | -21.4% | 1.4% | -21.8% | 0.0% | $86.20 | $67.75 | -21.4% |
| Michelob Amberbock Beer | $12,828,927 | 412 | 56,806,602 | 38,726,114 | $12,625,064 | 396 | 55,327,935 | 38,726,103 | -1.6% | -3.9% | -2.6% | 0.0% | $331.27 | $326.01 | -1.6% |
| Michelob Ultra Light Beer | $42,650,899 | 809 | 181,639,206 | 116,437,815 | $41,974,946 | 865 | 174,340,361 | 116,437,769 | -1.6% | 6.9% | -4.0% | 0.0% | $366.30 | $360.49 | -1.6% |
| Mike's Hard Cranberry Lemonade | $807,446 | 492 | 18,994,182 | 10,649,712 | $497,957 | 662 | 13,660,925 | 10,649,521 | -38.3% | 34.6% | -28.1% | 0.0% | $75.82 | $46.76 | -38.3% |
| Mike's Hard Lemonade | $3,357,698 | 1,404 | 78,596,852 | 38,354,661 | $2,409,553 | 1,544 | 57,612,734 | 38,354,483 | -28.2% | 10.0% | -26.7% | 0.0% | $87.54 | $62.82 | -28.2% |
| Mike's Hard Lime Malt Beverage | $807,818 | 359 | 20,773,383 | 12,672,627 | $703,682 | 425 | 17,839,395 | 12,671,538 | -12.9% | 18.4% | -14.1% | 0.0% | $63.75 | $55.53 | -12.9% |
| Mike's Light | $1,364,220 | 700 | 26,301,764 | 16,264,392 | $1,085,886 | 847 | 23,492,514 | 16,263,693 | -20.4% | 21.0% | -10.7% | 0.0% | $83.88 | $66.77 | -20.4% |
| Miller Genuine Draft | $51,588,286 | 3,970 | 393,283,865 | 230,915,954 | $48,785,584 | 4,818 | 334,741,545 | 228,872,447 | -5.4% | 21.4% | -14.9% | -0.9% | $223.41 | $213.16 | -4.6% |
| Miller High Life | $6,251,369 | 2,928 | 78,057,952 | 43,887,021 | $5,785,631 | 2,935 | 68,990,268 | 43,886,163 | -7.5% | 0.2% | -11.6% | 0.0% | $142.44 | $131.83 | -7.4% |
| Miller High Life Light Beer | $5,397,137 | 1,154 | 48,096,573 | 28,383,067 | $5,249,107 | 1,119 | 45,819,331 | 28,383,015 | -2.7% | -3.0% | -4.7% | 0.0% | $190.15 | $184.94 | -2.7% |
| Miller Lite | $80,194,857 | 11,561 | 827,413,351 | 485,511,912 | $79,118,358 | 12,669 | 696,399,116 | 475,700,134 | -1.3% | 9.6% | -15.8% | -2.0% | $165.18 | $166.32 | 0.7% |
| Old Milwaukee Beer | $11,871 | 60 | 28,001 | 104,310 | $11,871 | 60 | 28,001 | 104,310 | 0.0% | 0.0% | 0.0% | 0.0% | $113.81 | $113.81 | 0.0% |
| Old Milwaukee Light Beer | $10,468 | 28 | 167,273 | 151,845 | $10,468 | 28 | 167,273 | 151,845 | 0.0% | 0.0% | 0.0% | 0.0% | $68.94 | $68.94 | 0.0% |
| Red Stripe Jamaican Lager | $646,125 | 732 | 13,000,037 | 8,314,755 | $530,881 | 733 | 12,127,456 | 8,314,739 | -17.8% | 0.1% | -6.7% | 0.0% | $77.71 | $63.85 | -17.8% |
| River Wild Winery Wines | $5,198 | 9 | - | - | $5,198 | 9 | - | - | 0.0% | 0.0% | | | | | |
| Rock Green Light Beer | $3,307,724 | 1,627 | 152,031,682 | 75,024,009 | $2,562,016 | 1,947 | 105,427,869 | 75,022,533 | -22.5% | 19.7% | -30.7% | 0.0% | $44.09 | $34.15 | -22.5% |
| Rolling Rock Beer | $2,979,013 | 631 | 50,088,270 | 26,483,166 | $2,502,173 | 680 | 37,615,486 | 26,482,072 | -16.0% | 7.8% | -24.9% | 0.0% | $112.49 | $94.49 | -16.0% |
| Sam Adams Light | $4,368,750 | 1,471 | 126,320,016 | 70,077,269 | $3,451,104 | 1,927 | 95,448,355 | 70,076,393 | -21.0% | 31.0% | -24.4% | 0.0% | $62.34 | $49.25 | -21.0% |
| Samuel Adams Boston Lager | $15,355,416 | 4,879 | 432,896,096 | 232,545,402 | $13,616,502 | 6,168 | 343,771,375 | 231,284,304 | -11.3% | 26.4% | -20.6% | -0.5% | $66.03 | $58.87 | -10.8% |
| Skyy Blue Malt Beverage | $31,321 | 16 | 1,136,936 | 640,991 | $28,355 | 16 | 957,709 | 640,980 | -9.5% | 0.0% | -15.8% | 0.0% | $48.86 | $44.24 | -9.5% |
| Smirnoff Ice Malt Beverage | $360,057 | 266 | 8,749,313 | 4,430,333 | $211,054 | 279 | 5,090,625 | 4,429,840 | -41.4% | 4.9% | -41.8% | 0.0% | $81.27 | $47.64 | -41.4% |
| Smirnoff Ice Triple Black | $3,354,316 | 1,090 | 49,382,883 | 24,698,802 | $2,625,874 | 1,106 | 34,117,182 | 24,698,074 | -21.7% | 1.5% | -30.9% | 0.0% | $135.81 | $106.32 | -21.7% |
| Smirnoff Twisted Five Malt Beverage | $2,499,897 | 2,156 | 106,540,012 | 60,111,651 | $2,220,956 | 2,069 | 85,486,901 | 60,110,442 | -11.2% | -4.0% | -19.8% | 0.0% | $41.59 | $36.95 | -11.2% |
| Smirnoff Vodkas | $2,454,134 | 2,034 | 81,142,261 | 50,564,393 | $2,067,957 | 2,020 | 71,058,918 | 50,562,974 | -15.7% | -0.7% | -12.4% | 0.0% | $48.53 | $40.90 | -15.7% |
| Southern Comfort | $1,335,085 | 510 | 31,825,141 | 19,369,437 | $1,019,059 | 532 | 23,391,849 | 19,368,580 | -23.7% | 4.3% | -26.5% | 0.0% | $68.93 | $52.61 | -23.7% |
| Sutter Home Wines | $29,474 | 4 | 295,842 | 232,532 | $29,474 | 4 | 295,842 | 232,532 | 0.0% | 0.0% | 0.0% | 0.0% | $126.75 | $126.75 | 0.0% |
| Tecate Beer | $575,191 | 480 | - | - | $575,191 | 480 | - | - | 0.0% | 0.0% | | | | | |
| Turning Leaf Wines | $152,049 | 99 | 2,343,102 | 1,811,842 | $141,311 | 106 | 2,110,009 | 1,811,794 | -7.1% | 7.1% | -9.9% | 0.0% | $83.92 | $78.00 | -7.1% |
| Yuengling Traditional Lager | $1,635 | 1 | - | - | $1,635 | 1 | - | - | 0.0% | 0.0% | | | | | |
| **TOTAL** | **$676,786,564** | **113,367** | **7,696,865,648** | **4,421,796,496** | **$632,882,399** | **125,306** | **6,365,042,948** | **4,399,685,702** | **-6.5%** | **10.5%** | **-17.3%** | **-0.5%** | **$153.06** | **$143.85** | **-6.0%** |

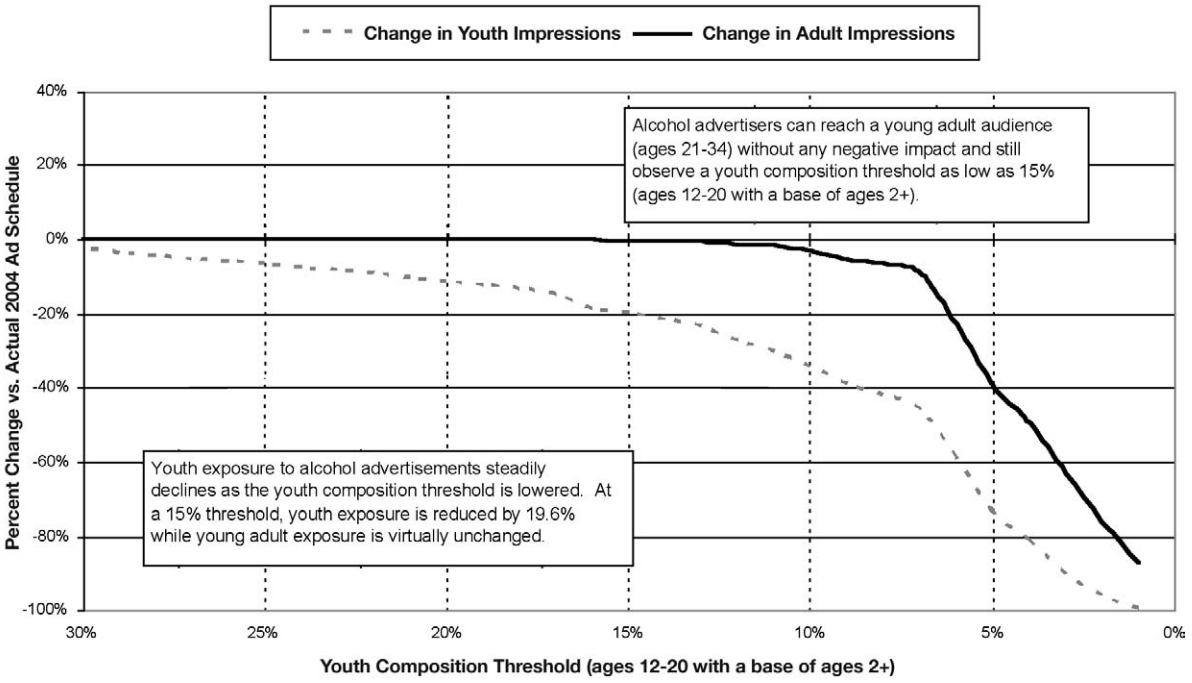
Source: Virtual Media Resources analysis based on Jan.–Oct. 2004 alcohol advertising occurrences reported by TNS Media Intelligence Jan.–Oct. 2004 and audience data reported by Nielsen Media Research, Jan.–Oct. 2004.

So far, the analysis has focused on a 15 percent (12 to 20) cap because it is proportional to the youth population. An effective proportional youth audience cap is the best means to balance the interest in protecting youth from alcohol advertising against adults' interest in receiving information about alcohol. The analysis that follows provides empirical support for this statement.

To analyze the full spectrum of possible caps, the reallocation analysis described above was repeated with youth (12 to 20) composition thresholds ranging from 30 percent down to 1 percent (all on a base of data for age 2 plus). The graph in Figure 2 shows the average impact on youth exposure and young adult (21 to 34) exposure, and the graph in Figure 3 shows the average change in ad cost for each of these thresholds.

Figure 2 demonstrates that alcohol advertisers can reach the 21-to-34 audience with any youth audience threshold above 15 percent. In contrast to young adult exposure, youth exposure steadily declines for every percentage point decrease in the youth audience threshold. The optimal threshold, therefore, is the point where youth audience exposure is minimized without any negative effect on young adult exposure. The graph in Figure 2 shows this point to be 15 percent.

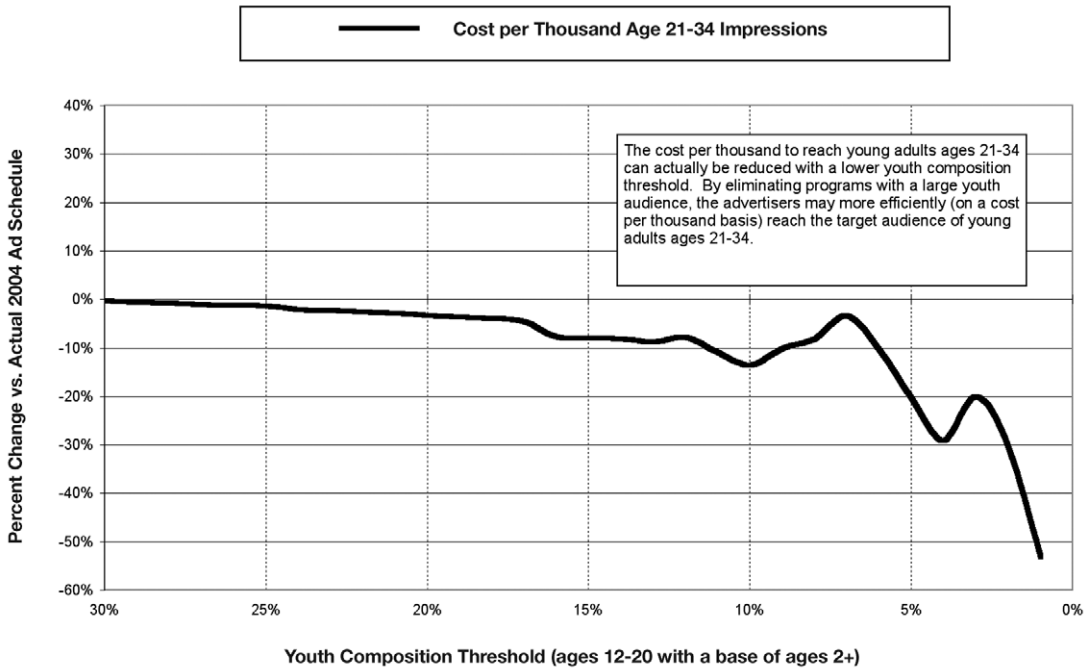
**FIGURE 2: Percent Change in Advertising Exposure With Varying Youth Composition Thresholds, Jan.-Oct. 2004**




Source: VMR optimization analysis of all alcohol brands advertising on television from January through October 2004. Occurrence data sourced from TNS Media Intelligence. Audience composition data from Nielsen Media Research.

Figure 3 shows the economic impact of different youth audience thresholds as measured by the cost per thousand impressions for the target audience of young adults ages 21 to 34. For any threshold above 10 percent, efficiency improves as the youth audience composition threshold decreases.

**FIGURE 3 – Percent Change in Advertising Cost per Thousand Impressions to Ages 21 to 34 With Varying Youth Composition Thresholds, Jan.–Oct. 2004**[33]




Source: VMR optimization analysis of all alcohol brands advertising on television from January through October 2004. Occurrence data sourced from TNS Media Intelligence. Audience composition data from Nielsen Media Research.

Advertisers and media companies frequently agree to discounted package advertising schedules. Some cable networks sell packages of programs and/or dayparts. Some advertisers purchase these packages with additional requirements that they be included on some programs and excluded from others. Media companies that own multiple networks spread advertising across these networks. All of these measures increase the efficiency of advertising to certain segments of the population.

The point is that advertisers have ample means to reach adult audiences. If the alcohol industry were to adopt a 15 percent cap, media companies would respond with packages of programming that meet this criterion – making it even easier and more efficient to reach groups of young legal drinkers. Given the significant expenditures on advertising by the alcohol industry, media companies will have an incentive to develop simple and effective ways to accommodate ad placements that comply with a 15 percent cap. This shift is already occurring with the development of demographic editions in the magazine segment. As for all media, a static analysis of magazines or television misses such innovative, viable means to further segment audiences to protect youth from overexposure.

Magazine publishers have long used special demographic editions to reach audiences based on gender, income, and region of the country. For example, there are regional editions of *Time*, and advertisers can purchase packages of advertising in publications sent to female subscribers or high-income ZIP codes. To identify the relevant subscribers, magazine subscription lists are compared to national census data and the records of credit reporting agencies, like Experian and TransUnion. Adult demographic editions are a natural extension of such strategies to segment magazine audiences for the benefit of advertisers.

As of June 2004, five publications – *Sports Illustrated, Rolling Stone, ESPN The Magazine, Vibe* and *Spin* – had released demographic editions, some of which are 21-plus editions, to limit circulation to underage audiences. All five magazines have high

[33] Overall, cost-efficiency for reaching young adults ages 21 to 34 increases as lower youth-age-12-to-20 audience thresholds remove more youth from the audience for alcohol advertising. However, because the universe of available programs declines dramatically when the thresholds fall below 10 percent, and thus at some points there may only be very expensive programming available at these low thresholds, there will be declines in cost-efficiency such as those that are reflected in the upward jumps in the curve at 7 percent and 3 percent.

percentages of underage readers and high percentages of distribution via subscription. As the publisher of *Rolling Stone* explained, "Liquor is a very important category. We are trying to find ways for them to remain in the magazine."[34] These demographic editions are an existing method[35] of segmenting magazine audiences to reduce youth exposure, and a prominent example of the type of innovation that will result from an industry commitment to eliminate overexposure.

Among the five publications that have introduced special adult demographic editions, there is a range of strategies to reduce youth exposure. Some may prove to be more effective than others – or it may turn out that different strategies work for different publications. For example, *Sports Illustrated*'s 21-plus edition excludes both subscribers younger than 21 and also households with children under 21. That approach may reduce youth exposure for a publication with a high level of pass-along readership within the family. Other publications have used different approaches, some of which may prove less effective.

**TABLE 10: Type of Adult Demographic Edition by Publication**

| Publication | Edition | Criteria |
|---|---|---|
| *Sports Illustrated* | TwentyOnePlus | Subscribers who are age 21+ AND who have no under-21 members of their household |
| *Rolling Stone* | Subscribers only | Sent to subscribers only (no newsstand) |
| *ESPN The Magazine* | 21+ edition | Subscribers who are confirmed to be age 21+ |
| *Vibe* | 21+ subscribers | Subscribers who are confirmed to be age 21+ |
| | Subscribers only | Sent to subscribers only (no newsstand) |
| *Spin* | 21+ subscribers | Subscribers who are confirmed to be age 21+ |
| | Subscribers only | Sent to subscribers only (no newsstand) |

Sources: *Sports Illustrated, Rolling Stone, ESPN The Magazine, Vibe, Spin*

*Rolling Stone, Spin* and *Vibe* offer subscriber-only editions that do not screen out subscribers who are known to be younger than 21. In view of the facts that many publishers are already producing multiple editions of each magazine, and that subscribers below 21 can be easily identified, there should be little difficulty associated with alcohol advertisers seeking out demographic editions that screen subscriber lists for persons under 21. Indeed, both *Spin* and *Vibe* already offer 21-plus editions of their publications as well.

To be sure, there are unanswered questions about how effective demographic editions are in reducing youth exposure. To the best of CAMY's knowledge, there is no source of data that measures the audience composition of subscriber-only or 21-plus editions. Without such data, it is impossible to tell how much they reduce youth exposure. For some publications with very large youth audiences, like *Vibe*, it is possible that 21-plus editions still overexpose youth due to pass-along readership. For instance, *Rolling Stone*'s internal estimate of the under-21 readership of its subscriber edition is 24.6 percent,[36] which still overexposes youth and would be off-limits with a 15 percent cap. For comparison, a recent youth composition for the full-run edition of *Rolling Stone* was 29.7 percent.[37]

There are good reasons, however, to think that properly designed demographic editions will offer alcohol companies ways to substantially reduce youth exposure. Although different solutions may be appropriate for different brands, *Sports Illustrated* appears to offer a particularly promising strategy of screening out not only subscribers under 21, but also subscribers with family members under 21. For publications with youth appeal, newsstand editions tend to have a younger readership than subscriber editions. Accordingly, short of following the *Sports Illustrated* model, removing alcohol ads from copies of newsstand editions of such magazines should reduce youth exposure. Moreover, it is possible that screening out subscribers under 21 significantly reduces youth exposure for subscriber editions of at least some publications.

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[34] Deborah Ball, *Magazines Sort Drinking-Age Readers for Ads*, WALL ST. J., Dec. 23, 2004, at B1 (quoting Steve DeLuca).

[35] *Id.* (stating that magazines charge a premium of as little as 10 percent for demographic editions and that *Spin*, for example, identified 256,000 subscribers 21 or over out of a total subscribership of 478,000).

[36] ROLLING STONE & MEDIAMARK RESEARCH INC., A COMMON SENSE APPROACH TO THE LDA ISSUE 14 (Dec. 21, 2004) (unpublished presentation, on file with CAMY).

[37] MRI Spring 2004; MRI TwelvePlus 2003.

As can be seen from Table 11 below, just alcohol ads in those magazines that already have some type of adult demographic edition account for 43 percent of youth exposure to alcohol advertising in national magazines. If youth exposure to alcohol advertising in the five magazines currently offering 21-plus editions were reduced by half, overall youth exposure to alcohol advertising in magazines would drop by almost a fourth. This is because alcohol advertising in a handful of magazines accounts for a large part of all youth exposure and overexposure.

**TABLE 11: Youth Exposure by Magazines with Adult Demographic Editions (2003)**

| Publication | Share of Total Youth Exposure | Share of Total Overexposure |
|---|---|---|
| *Sports Illustrated* | 19.2% | 22.1% |
| *Rolling Stone* | 9.5% | 11.0% |
| *ESPN The Magazine* | 7.0% | 8.0% |
| *Vibe* | 6.2% | 7.1% |
| *Spin* | 1.1% | 1.3% |
| **TOTAL** | **43.0%** | **49.5%** |

Sources: TNS Media Intelligence 2003; Mediamark Research Inc. Spring 2004, TwelvePlus 2003.

There are a dozen other publications with youth audience compositions above 15 percent that also have 75 percent or more of their total circulation via subscription. Several of those publications also accounted for large portions of total youth exposure, such as *Maxim*'s 9.9 percent.[38] If the alcohol industry were to make a commitment to the 15 percent cap, these publications would all be good candidates to offer 21-plus editions, or another demographic edition designed to reduce youth exposure.

Demographic editions create new vehicles for advertisers to reach young adult audiences; for example, an effective adult demographic edition of *Rolling Stone* would allow alcohol advertisers to reach young adults interested in popular music without overexposing youth who share their interest. The same is true of the sports and fashion publications with many youth and young adult readers.

Despite these advantages, not all brands are using the vehicles that are currently available. Some alcohol advertisers, such as Diageo, appear to be making use of 21-plus editions of high youth composition publications; others have elected to continue using national editions, including copies mailed to subscribers known to be under age 21. Table 12 shows the 2004 (January through July) breakdown of alcohol advertising in national and demographic editions. Unfortunately, it is not always possible to separate advertising in 21-plus editions from other demographic or geographic editions, such as high-income ZIP codes.

**TABLE 12: 2004 Alcohol Ad Placements (Jan.–July)**

| Publication | National | Demo/ Regional* |
|---|---|---|
| *ESPN The Magazine* | 15 | 37 |
| *Rolling Stone* | 21 | 37 |
| *Spin* | 4 | 3 |
| *Sports Illustrated* | 62 | 43 |
| *Vibe* | 13 | 30 |

* Not all Demo/Regional placements are in 21+ / subscriber editions
Source: TNS Media Intelligence 2004.

[38] In 2003, *Maxim*'s 1,145.3 age-12-to-20 GRPs were 9.9 percent of all age-12-to-20 GRPs for alcohol in MRI-reported national magazines. Other publications with significant alcohol advertising and a high percentage of circulation via subscriptions included *In Style, Cosmopolitan* and *Entertainment Weekly.*

Even without special demographic editions, there are many magazines that allow advertisers to reach young adults without over-exposing youth. CAMY compiled 2003 youth audience data for 106 of the most widely read magazines. Of this group, only 33 magazines exceeded a proportional cap as listed in the table below.

**TABLE 13: 2003 Publications With Estimated or Measured Youth (12 to 20) Audience Composition Above 15 Percent**

| | | |
|---|---|---|
| *The Source* | *Maxim* | *Elle* |
| *Vibe* | *Road & Track* | *InStyle* |
| *Spin* | *Premiere* | *Stuff* |
| *Automobile* | *Sports Illustrated* | *Entertainment Weekly* |
| *Allure* | *Glamour* | *Jane* |
| *ESPN The Magazine* | *Popular Science* | *Fitness* |
| *Rolling Stone* | *Cosmopolitan* | *Popular Mechanics* |
| *Car & Driver* | *Jet* | *Self* |
| *Hot Rod* | *Vogue* | *FHM Magazine* |
| *Sporting News* | *Ebony* | *Us Weekly* |
| *Marie Claire* | *Essence* | *Men's Fitness* |

Sources: TNS Media Intelligence 2003; Mediamark Research Inc. Spring 2004, TwelvePlus 2003.

Many of these magazines, like *The Source, Vibe, Spin* and *Allure*, have youth audiences that are two times greater than the proposed cap or higher. A few examples of magazines that are permissible means of reaching the 21-to-34 group are: *People, GQ, Playboy, Men's Health, Vanity Fair, Martha Stewart Living, O* (*Oprah*), and *Time*.

A regression analysis published in 2003 in *The Journal of the American Medical Association* confirms that alcohol advertisers are not availing themselves of magazine alternatives that would expose fewer youth. The study found that "adolescent exposure to [beer and distilled liquor] advertising exceeds expected incidental levels," calling this finding "an important public health concern, given the prevalence of adolescent drinking, its negative health effects, and the likely association between alcohol advertising and consumption."[39] The authors also concluded, "our results suggest that both the beer and distilled liquor industries indirectly targeted adolescent readers, as defined by the courts."[40]

The study used regression analysis to test the relationship between adolescent audience and alcohol ad placements in 35 of the most widely read magazines that accept alcohol ads. Controlling for a variety of other factors, "both beer and distilled liquor advertisements appeared more frequently in magazines with higher adolescent readership from 1997 through 2001."[41] Specifically, there were 1.6 times more beer advertisements for each additional 1 million readers ages 12 to 19, but no association was found between beer advertisements and each additional 1 million readers ages 20 to 24.[42] The analysis "also suggests that such practices can be avoided."[43]

In sum, a 15 percent cap is economically feasible, even if the target audience is defined as narrowly as persons ages 21 to 24. There are also cost-efficient means to adhere to a 15 percent threshold; advertisers' current advertising schedules, made without consideration of a 15 percent threshold, can be closely matched without raising cost, and many television advertisers will actually achieve a cost savings – averaging 7.9 percent.

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[39] Craig F. Garfield et al., *Alcohol Advertising in Magazines and Adolescent Readership*, 289 JAMA 2424, 2428 (2003).
[40] *Id.*
[41] *Id*. at 2427.
[42] *Id.* (citing People *ex rel*. Lockyer v. R.J. Reynolds Tobacco Co., No. GIC 764118 (Cal. Super. Ct. June 6, 2002), aff'd, 107 Cal. App. 4th 516 (Cal. Ct. App. 2003)).
[43] *Id.* at 2428.

# Conclusion

The alcohol industry has taken initial steps toward improving its advertising practices. These first steps have created an opportunity to significantly curtail overexposing of youth below the legal drinking age. This opportunity will be lost if the industry fails to secure adherence to an effective proportional youth audience cap. The new 30 percent youth audience cap will not be effective in reducing the problem of overexposure of youth audiences because it is not tailored to the group of youth ages 12 to 20 at risk of being overexposed. By comparison, a 15 percent cap on the 12-to-20-year-old audience of all media substantially reduces youth exposure while allowing alcohol advertisers to efficiently reach legal-age adults.

Finally, if any youth audience composition cap is going to be meaningful, ad placements must be monitored and accurately measured on an ongoing basis by an entity independent of any single advertiser. The monitoring could be funded by fees paid by advertisers to support this activity. Alternatively, Congress could appropriate funds for a government agency to continue periodic industry reports. The Institute of Medicine recommended in its 2003 report that the federal government fund this kind of independent monitoring, concluding that the most fruitful governmental response to continued youth overexposure to alcohol advertising would be "to facilitate public awareness of industry advertising practices and thereby to promote industry accountability," both through market pressure on companies to persuade them to comply with the cap on youth exposure, and, if necessary in the case of "reckless disregard for the effects of the marketing on underage drinking," through regulatory intervention.[44]

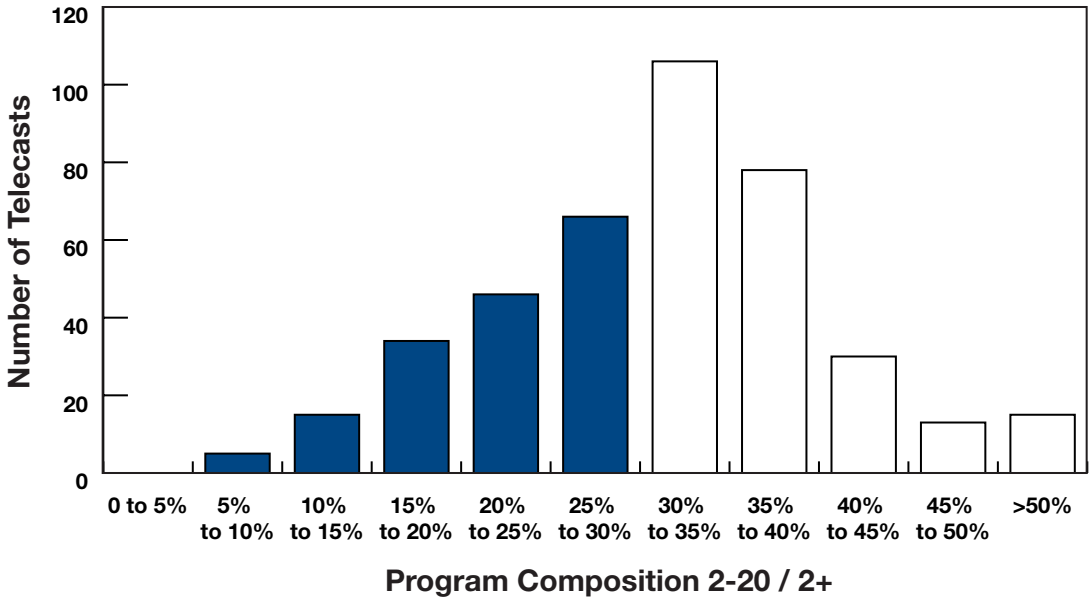
[44] Nat'l Research Council And Inst. Of Med., Reducing Underage Drinking: A Collective Responsibility 143-44 (Richard J. Bonnie & Mary Ellen O'Connor eds., 2003).

# Appendix A – Measuring compliance

There can be competing ways to measure compliance with a 30 percent threshold on television. Audiences for a television program will vary from telecast to telecast. On one day the audience for a television program may be composed of 25 percent youth ages 2 to 20, and on the next day the program composition for youth ages 2 to 20 may be 35 percent.

The graph below shows the program audience variation for one program that contained alcohol ads.

**FIGURE 4: Youth (2-20) Program Composition by Telecast for a Cable Television Program**




Source: Nielsen Media Research 2004.

Using an occurrence-by-occurrence audit methodology as CAMY has done, all of the ads that occurred on telecasts above 30 percent (shown in white bars above) would be counted as placements exceeding the industry's 30 percent threshold. If, for example, a brand placed 100 ads on this program and 75 of these ads aired during telecasts below 30 percent, the brand would be in compliance 75 percent of the time.

Another audit methodology, one which would appear to be sanctioned by the DISCUS marketing code, would use program averages. In this methodology, the program average composition for three or six months is used to determine whether ad placements are in compliance with the 30 percent threshold. If, for example, the average program composition for youth ages 2 to 20 was 29 percent, then all of the ads placed on that program would be in compliance. If the average program composition was above 30 percent, then all of the ads placed on that program would be out of compliance. Using the program represented in the graph above as an example, all of the ads placed on it would be out of compliance because its average is slightly above 30 percent.

The table below shows the results of the different audit methodologies for the 25 alcoholic beverage brands that placed the largest number of alcohol ads on television from January through October, 2004.

**TABLE 14: Brand Compliance Audit Using Different Methodologies, Jan.–Oct. 2004**

| | | Ads Over 30% | | Percent Over 30% | | Youth Overexposure | |
|---|---|---|---|---|---|---|---|
| **Brand** | **Total Alcohol Ads** | **Occurrence** | **Averaging** | **Occurrence** | **Averaging** | **Ads** | **Percent** |
| Rock Green Light Beer | 1,688 | 398 | 302 | 23.6% | 17.9% | 849 | 50.3% |
| Bass Ale | 1,947 | 430 | 347 | 22.1% | 17.8% | 777 | 39.9% |
| Arbor Mist Wines | 1,811 | 373 | 274 | 20.6% | 15.1% | 509 | 28.1% |
| Modelo Especial Beer | 2,482 | 506 | 519 | 20.4% | 20.9% | 621 | 25.0% |
| Jose Cuervo Especial Tequila | 3,813 | 749 | 376 | 19.6% | 9.9% | 1,415 | 37.1% |
| Heineken Beer | 5,995 | 1,055 | 818 | 17.6% | 13.6% | 1,842 | 30.7% |
| Bacardi Light Rum | 1,936 | 339 | 174 | 17.5% | 9.0% | 798 | 41.2% |
| Disaronno Originale Amaretto | 2,807 | 490 | 265 | 17.5% | 9.4% | 974 | 34.7% |
| Corona Extra Beer | 15,950 | 2,670 | 2,163 | 16.7% | 13.6% | 4,457 | 27.9% |
| Dos Equis Beer | 4,358 | 710 | 479 | 16.3% | 11.0% | 1,395 | 32.0% |
| Labatt Blue Beer | 3,715 | 585 | 415 | 15.7% | 11.2% | 1,207 | 32.5% |
| Baileys Irish Cream Liqueur | 4,053 | 634 | 481 | 15.6% | 11.9% | 1,480 | 36.5% |
| Samuel Adams Boston Lager | 5,474 | 825 | 481 | 15.1% | 8.8% | 1,950 | 35.6% |
| Sam Adams Light | 1,846 | 257 | 126 | 13.9% | 6.8% | 656 | 35.5% |
| Tecate Beer | 2,745 | 377 | 374 | 13.7% | 13.6% | 509 | 18.5% |
| Mike's Hard Lemonade | 2,395 | 307 | 110 | 12.8% | 4.6% | 683 | 28.5% |
| Smirnoff Ice Triple Black | 1,109 | 141 | 59 | 12.7% | 5.3% | 267 | 24.1% |
| Red Stripe Jamaican Lager | 5,669 | 712 | 588 | 12.6% | 10.4% | 988 | 17.4% |
| Smirnoff Twisted Five Malt Beverage | 2,226 | 263 | 185 | 11.8% | 8.3% | 519 | 23.3% |
| Mike's Light | 1,502 | 176 | 55 | 11.7% | 3.7% | 449 | 29.9% |
| Captain Morgan Spiced Rum | 2,612 | 305 | 134 | 11.7% | 5.1% | 593 | 22.7% |
| Coors Light | 19,042 | 2,164 | 1,444 | 11.4% | 7.6% | 4,239 | 22.3% |
| Miller Genuine Draft | 6,889 | 775 | 562 | 11.2% | 8.2% | 1,523 | 22.1% |
| Jack Daniel's Whiskey | 1,260 | 137 | 51 | 10.9% | 4.0% | 261 | 20.7% |
| Aspen Edge Low-Carb Light Beer | 3,295 | 358 | 229 | 10.9% | 6.9% | 807 | 24.5% |

Sources: TNS Media Intelligence Jan.–Oct. 2004; Nielsen Media Research Jan.–Oct. 2004.

CAMY's audit methodology showed the alcohol industry exceeding the 30 percent threshold on television (broadcast, cable and spot) at about the same rate – about 12 percent – from 2001 through the first 10 months of 2004. Using the averaging methodology, the percentage of alcohol ads exceeding the 30 percent threshold on television (broadcast, cable and spot) is lower – around 8 percent – but the point remains that the percentage has remained relatively stable even with the adoption of the new 30 percent standard.

**TABLE 15: Placements Over 30 Percent Trend, 2001–2004**

| | **Avg** | **Audit** |
|---|---|---|
| **2001** | 8.00% | 12.00% |
| **2002** | 9.10% | 12.20% |
| **2003** | 8.30% | 12.20% |
| **2004 (10 months)** | 7.80% | 11.90% |

Sources: TNS Media Intelligence 2001–2004; Nielsen Media Research 2001–2004.

# Appendix B – Glossary of advertising terms

Advertising exposure is most commonly measured in terms of reach, frequency and rating points. We have provided a glossary of terms for those unfamiliar with this terminology. This paper makes use of publication readership data, which are based on audiences, not magazine circulation. Circulation refers to the number of issues purchased or distributed; audience refers to the average number of readers, typically 3 to 10 times as great as circulation.

**Target Audience(s)**
The target audience for advertising provides a description of the demographics (age, gender, income, etc.) of the people the advertiser seeks to reach with its message.

**Reach**
Reach is used to describe the percentage of a target population that has the potential to see an ad or a campaign through readership of selected media.

**Frequency**
Frequency indicates the number of times individuals are exposed to an ad or campaign; it is most often expressed as an average number of exposures.

**Rating Points**
Rating points, or GRPs (gross rating points), are a measure of total advertising exposure and reflect both reach and frequency. One rating point equals the number of exposures equivalent to 1 percent of a target population, and it may include repeat exposures. Thus, reach times frequency equals GRPs; for example, 75 percent reach (percentage of the potential audience) * 6.8 frequency (average number of exposures) = 510 GRPs or rating points. If a demographic subgroup has 20 million people and 20 million impressions are delivered, that is equivalent to 100 gross rating points and to reaching everybody in that universe once, on average. That result could also be achieved by reaching half the people in the group twice or 40 percent 2.5 times each.

**Composition**
Composition is a measure of audience concentration for a particular demographic. If the 12-to-20 age composition of *Vibe* is 39 percent, this is a way of stating that 39 percent of *Vibe*'s audience is between the ages of 12 and 20.

**Population Index**
Population index (or audience concentration relative to population) is a statistic that compares the demographic composition of an audience to the composition of the base population. For instance, if a magazine's composition is greater than the population for a particular age cell, the index is greater than 100; if it is less than the population, it is less than 100.

**Overexposure**
Overexposure is disproportionate advertising exposure to youth, which is the effect of youth audience ratings or reach for an ad placement, schedule or medium that exceed those for adults. For example, an ad placement with a youth rating of 20 percent and an adult rating of 10 percent is considered overexposure. Similarly, when the youth composition of the program or publication in which an alcohol ad placement appears is greater than the composition of youth in the underlying population, that, too, is overexposure. For example, an ad in a publication with a youth composition of 25 percent, where the percentage of youth in the population is 15.2 percent, constitutes overexposure.

**Youth in the Population**

Different media surveys use slightly different population estimates, and population estimates vary slightly over time, as well as by geographic market. According to the 2000 U.S. Census, youth ages 12 to 20 represent 15.6 percent of the national population of persons age 12 plus. Youth ages 2 to 20 represent 28.1 percent of the national population of persons age 2 plus. Of these, youth ages 12 to 20 are 13.3 percent of the national population of persons age 2 plus. Actual percentages will vary by medium, market and survey period.

# Appendix C – Sources

## Research Process

The research methodology followed a process similar to that of a media planner. We first investigated advertising spending for all brands in each alcoholic beverage category. We next used audience research data to quantify the demographic composition of audiences reached with each brand's advertising schedule.

## Counting Ads—Using TNS Media Intelligence

Advertising occurrence data from TNS Media Intelligence (formerly Competitive Media Reporting, or CMR) were used to identify brand advertising by publication and date (for magazines) and for network or channel, program, date and time (for television). TNS Media Intelligence measures over 300 publications, most national networks, and spot broadcast television in the top 100 markets. TNS Media Intelligence and its predecessor companies have been an advertising industry standard reference for decades.

For the magazine advertising analyses in this paper, only alcoholic beverage product advertising in national or full editions of publications, as measured by Mediamark Research Inc. (MRI), was included. We did not include non-product advertising. Advertising in demographic and regional editions of magazines was omitted since it is not practical to assign a national audience estimate to ads appearing in only a portion of a magazine's circulation.

For the television advertising analyses in this paper, TNS Media Intelligence provides date, time, source and expenditure data for each commercial occurrence. In addition, as a quality control measure, each television creative execution reported by TNS was independently reviewed in order to properly classify each ad as product, corporate, responsibility, etc.

## Audience Estimates—Using Mediamark Research and Nielsen Media Research

**Source of Magazine Audience Data**
Mediamark Research Inc. (MRI), the leading source of U.S. magazine audience estimates for consumer advertising, conducts ongoing studies of adults and teens to ascertain publication audience readership. These data are published either twice per year (for adults 18 plus) or annually (for teens). While the Spring Adult, Teenmark and TwelvePlus surveys all measure ages 18 to 19, we used the more widely accepted Spring Adult Study as the source for ages 18 to 19.[45]

**Magazine Ad Exposure Measures**
To calculate audience delivery, we credited publication audience estimates for discrete demographic cells for each publication issue in which a brand was advertised. We did not credit multiple insertions for a given brand within a single issue, for to do so would overstate audience exposure. We did not differentiate between ad type (size, color, etc.), since differential advertising impact measures based on advertising unit are not universally accepted.

**Source of Television Audience Data**
Nielsen Media Research provides demographic audience impressions and ratings at the quarter-hour level that are associated with each ad occurrence. This information is provided through TNS Media Intelligence as follows: network programming is measured year-round, and ratings for spot programming are assumed to be equivalent of the average ratings of sweeps and any other measured months in the same quarter,[46] with the exception that September ratings are taken from the fourth-quarter average rather than the summer months of the third quarter.

**Television Ad Exposure Measures**
Youth audience composition was calculated using a base of viewers age 2 and over as defined by Nielsen, allowing for the annual universe estimate adjustment in September of each year. Composition for all programs was calculated at the commercial occurrence level based on quarter-hour ratings and impressions. National (broadcast and cable) gross rating points (GRPs) and impressions were added with no adjustment, while spot TV GRPs were "nationalized" by summing the local market ad impressions and dividing the total by the national base.

[45] The adult survey methodology uses a "recent reading" technique, as part of a personal interview, that identifies readers in an average issue of each publication. The survey methodology for readers under age 18 (used by the Teenmark and TwelvePlus studies), using a household sample drawn from the adult study, employs a "frequency of reading" process with a mailed questionnaire in which respondents indicate, for those publications they have read or looked into at all within the past six months, how many (out of an average four issues) they have read. The raw data are weighted such that a respondent claiming to have read one out of four issues is assigned a .25 probability of being in the average audience for the magazine, two out of four a .50 probability, etc. The two surveys represent differing methodologies, a common feature of advertiser-supported media surveys, but they are also the most commonly accepted and used magazine audience surveys for their respective markets.

[46] Nielsen Media Research does not field research in every television market during every month of the year. In markets where Nielsen has not fielded a study during a time period, the industry has accepted the practice of using audience estimates that are carried over from a comparable time period. Advertising industry practices are to purchase advertisements using such audience estimates and, in 2003, the alcohol industry purchased $61 million of advertising during time periods for which audience composition was estimated from prior field studies. In this respect, the estimated audience numbers are substantive and meaningful to companies purchasing advertising.

# Appendix D – Methodology for reallocating advertising schedules to comply with 15 percent cap

Each alcohol brand's advertising schedule was reproduced and those programs running in dayparts with an average audience youth composition for ages 12 to 20 (base 2 plus, ratings averaged across occurrences from January through October 2004) that exceeded 15 percent were flagged. The averages were based only on programs which ran alcohol ads – not all telecasts of the program.

The average audience composition was calculated using daypart averages. This adjustment was made to accommodate programs that may have an overall program composition that is unacceptable – yet may run in multiple dayparts where some telecasts are acceptable. Table 16 shows one such program that had 5,408 alcohol ads in 2003. The overall program average composition of 16.0 percent would make it off-limits to alcohol advertising under the proposed 15 percent cap. However, the audience composition by daypart varies – making it acceptable to run alcohol ads in primetime and evening telecasts.

**TABLE 16: Average Youth Audience by Daypart for One Program**

| Daypart | Avg Composition 12-20 (2+ base) |
|---|---|
| Overnight | 16.8 percent |
| Daytime | 16.4 percent |
| Evening | 13.4 percent |
| Primetime | 9.9 percent |
| **OVERALL** | **16.0 percent** |

Source: Nielsen Media Research 2003.

In our methodology, the overnight and daytime ad placements on this program would need to be reallocated but the evening and primetime ad placements would be left alone.

After flagging advertisements that needed to be reallocated, we identified the universe of programs and dayparts into which the advertisements could be placed. Out of a universe of 9,753 program-daypart combinations on which alcohol ads were placed from January through October 2004, 7,750 (79.4 percent) were below the 15 percent (ages 12 to 20 / 2-plus) audience composition threshold. These programs became the candidates for reallocating each brand's advertising.

We chose to use only programs on which alcohol ads appeared instead of the complete inventory of program-dayparts on television. We felt this more restrictive approach would provide a more rigorous test of economic feasibility. This method also addresses any objection that might be raised about placing alcohol ads on programming that is inappropriate for reasons other than youth audience composition.

We then grouped advertisements above the 15 percent threshold by the type of programming, e.g., sports, drama, sitcom, and calculated total dollars and young adult impressions (ages 21 to 34) for ads in these program groups. To maintain the balance of ads among each program type, we matched the young adult impressions within each program type to the original advertising schedule. For example, if a brand generated 15.8 million young adult impressions on drama programming within the group of ads that exceeded the 15 percent threshold, then we set this number of young adult impressions as a goal for the reallocated programs.

For each group of program types, we created a universe of available programming that was below the 15 percent threshold and ranked these programs by cost efficiency for the target 21-to-34 demographic. The cost efficiency was calculated using the cost per thousand 21-to-34 impressions for each program in the program group.

We set a limit for the number of advertisements that could be placed on any one program equal to the maximum number of ads that had been placed by any one brand on that program during the study time period (January through October 2004). For example, in 2003 the largest number of alcohol ads placed on *Will & Grace* running in primetime by a single brand was two ads placed by Bud Light. Therefore, we set a limit of two ads that could be placed by each brand on this program in primetime. In a similar fashion, we set a minimum ad purchase equal to the minimum number of ads that had been purchased on any given program.

For each program type, we purchased advertising, up to the maximum number of ads, on programs with the lowest cost per thousand impressions for the target 21-to-34 demographic. We would then move to the next program and purchase ads up to that program's maximum, continuing until we had hit the target number of impressions for that type of programming.

Using this methodology, we generated a new advertising schedule that resulted in the numbers presented in Table 8. We achieved lower youth exposure, on average, and a lower cost schedule for reaching adults ages 21 to 34. This example shows that, within the universe of all television programs that already contain alcohol advertising, a brand can find a way to more efficiently reach a young-adult-ages-21-to-34 audience while complying with a 15 percent cap on persons 12 to 20 in the population 2 and above.

As is obvious, this analysis was conducted retrospectively, using past national data on advertising occurrences, ratings, and brand activity. It is intended to demonstrate what is feasible using these data; the results suggest that using more restrictive program averages from a planning perspective would yield beneficial results.