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Backgrounder

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Hard liquor advertising ban lifted

On November 7, 1996, The Distilled Spirits Council of the United States (Discus), the trade association for the nation's largest liquor companies, lifted the voluntary ban on radio and television advertisements for hard liquor beverages. Without the ban, products like vodka, Scotch whiskey, gin, and tequila can produce and air radio and television commercials.

Discus's decision to lift the ban was unanimous between executives from liquor companies including: the Seagram Company, the Brown-Forman Corporation (makers of Jack Daniel's and Canadian Mist), Allied Domecq (makers of Canadian Club and Beefeater gin), and Grand Metropolitan P.L.C. (makers of Smirnoff). The ban on advertising hard liquor had been in effect since 1936 for radio and 1948 for television.

The decision was reached only after four years of extensive research about alcohol advertising, including significant input from consumers. This research and the ability for beer and wine companies to advertise on television and radio led liquor executives to see the ban as "obsolete." Liquor companies wanted to be able to compete with beer and wine companies, who were taking over hard liquor's market. However, the companies purport that the decline in liquor sales over the last two decades is not the primary reason Discus ended the voluntary ban.

Last year, beer and wine marketers spent $682.4 million on television and radio advertising. In 1995, marketing for hard liquor only spent $227.6 million for print and outdoor media (i.e. billboards), according to the Impact Databank and Competitive Media Reporting.

"There's no basis for letting two forms of alcohol advertising, beer and wine, on television and radio and discriminating against another form," said Fred A. Meister, president and chief executive of Discus.

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The Seagram Company held these views early on. Seagram was the first liquor company to break the ban and began running advertisements for their products on local radio and television stations as a way to test the public's reaction. The local stations, who know their audiences best, kept running the Seagram commercials without much negative feedback. Seagram's success led other liquor companies to question the relevance of their voluntary ban.

In Seagram's opinion, the ban was "out of date" because distilled spirits could be advertised on some electronic media like the Internet, however other media like television was out of the question. The stigma many attached to hard liquor was the main reason the industry voluntarily agreed to refrain from radio and television advertising. Seagram felt that this stigma was not as relevant as it was in the past.

Once Seagram and a few other liquor companies found success in advertising on local radio and television stations, Discus took notice and, through careful deliberation, eventually lifted the ban altogether in a unanimous vote.

However, the decision to allow liquor companies to create advertisements for radio and television did not go unopposed.

Opposition from the FTC, the FCC, the Center for Science in the Public Interest (CSPI), healthcare professionals and other organizations aimed at making the voluntary ban into a law. Those who were against Discus's decision made the arguments that radio and television ads for alcohol would negatively impact children and young adults, promote immoderate (heavy) drinking, and that the voluntary ban was only being lifted so the liquor companies could increase their revenue.

"When they become inconvenient or stand in the way of easy money, they play second fiddle to economic concerns. Remember, that liquor marketers, until 1996, voluntarily stayed off TV, until they decided to reverse the steady decline in liquor consumption and go after the beer industry's customers," said George Hacker, of the CSPI.

Despite these arguments, Congress did not pass the ban as a law. However, the FTC will carefully monitor the content and messages of the liquor advertisements. Jodie Bernstein, director of the consumer protection bureau of the Federal Trade Commission, said that even though liquor advertisements can now legally be aired on radio and television, they will face the same scrutiny that all advertisements are subject to.

Hard liquor companies may have access to new media in which to advertise, but they say that does not mean they will do so irresponsibly. Discus decided that liquor companies will still operate by their Code of Good Practice, which is the set of guidelines for advertising effectively but responsibly.

These guidelines include regulations for when alcohol advertisements can be run (e.g. only during programs with a mostly adult audience), what messages they present (e.g. no promotions of underage or heavy drinking), and what tactics are used (e.g. use of children's cartoon characters or claims of sexual prowess will not be allowed).

Not only will the FTC and the liquor companies themselves monitor the content of the advertisements, the individual radio and television networks and stations ultimately decide what does and does not air during their broadcasts.

“Individual stations make, and will continue to make, judgments every day about what is most appropriate for their audiences,” said Edward O. Fritts, president of the National Association of Broadcasters.

According to O. Burtch Drake, president and chief executive of the American Association of Advertising Agencies in New York, the media has every right to accept or decline to air any messages from advertisers.

Hard liquor companies may be able to advertise on radio and television, but many regulatory agencies are monitoring the messages and content used in the promotions for these products.

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