Supporting Statement for a Paperwork Reduction Act
Submission to OMB
FTC Study on Alcohol

The Federal Trade Commission ("FTC" or "Commission") proposes to conduct an analysis of alcohol industry self-regulatory code compliance. This analysis will look at sales of beverage alcohol, expenditures to advertise and promote alcohol, industry compliance with advertisement placement standards contained in self-regulatory codes, and the status of external mechanisms to review complaints about code compliance. The Commission will seek this information through compulsory process under Section 6 of the FTC Act, 15 U.S.C. § 46 (hereinafter "proposed Section 6 Orders").

1. & 2. Necessity for Information Collection and How the Data Will Be Used

In 1999 and 2003, at Congress' request, the Commission conducted studies to evaluate alcohol industry self-regulation. In September 1999, the Commission issued a report to Congress, *Self-Regulation in the Alcohol Industry*[1] ("1999 Report"), which addressed information from eight key industry members in response to Section 6 Orders at that time. The 1999 Report included Commission recommended measures to strengthen the self-regulatory code standards and compliance. The Commission's September 2003 report, *Alcohol Marketing and Advertising*[2] ("2003 Report"), evaluated industry response to these recommendations. It announced that the industry had adopted an improved standard for advertisement placement, limiting ads to television, radio shows, and magazines where at least 70% of the audience can reasonably be expected to be above the legal purchase age (the "70% placement standard"). It also announced that some industry members had adopted external review of code compliance, as the Commission requested. In the 2003 Report, the Commission committed to continued monitoring of industry compliance with code provisions, including the improved advertisement placement standard.

Since publication of the 2003 Report, the Commission staff has informally monitored individual alcohol company compliance with self-regulatory codes, but it has not conducted a comprehensive analysis of these practices. Consumer advocacy organizations, members of Congress, state attorneys general, and others have urged the Commission to conduct an updated analysis of alcohol industry self-regulatory code compliance. The Commission believes that it is now appropriate to do so. The proposed information requests will facilitate such a study.

To the extent industry members possess it, the requests will seek, *inter alia*, information regarding: (1) company sales of beverage alcohol on a per brand basis, in both dollars and units sold; (2) company expenditures to advertise, market, and promote beverage alcohol in the United

[1] Available at http://www.ftc.gov/reports/alcohol/alcoholreport.htm.

[2] Available at http://www.ftc.gov/os/2003/09/alcohol08report.pdf.

States (together, “promotional expenditures”); (3) compliance with the 70% placement standard contained in the industry’s self-regulatory codes; and (4) the status of external mechanisms to review complaints about code compliance.

The Commission will aggregate the information it receives before incorporating it into its prospective publication on alcohol industry self-regulation of advertising and marketing. Except for a limited portion of the product sales and advertising expenditure data, the information the report will impart is not publicly available from other sources, to the agency’s knowledge.

3. Information Technology

Improved information technology may assist in gathering and producing this information. Consistent with the aims of the Government Paperwork Elimination Act, 44 U.S.C. § 3504, the FTC will allow the submission of information through electronic or automated collection techniques. In addition, FTC staff will use database software to compile information and thereby facilitate their review and analysis.

4. Efforts to Identify Duplication/Availability of Similar Information

Currently, two entities publish information about sales of the top alcohol brands. The sales information is provided by two publishers that focus on the alcohol industry, Adams Business Media (“Adams”) and M. Shanken Company (“Shanken”).[3] This sales data is limited to the top 120 beer brands, the top 120 wine brands, and the top 150 spirits brands. However, more than two thousand beverage alcohol brands are sold in the United States; many of the brands sold by the proposed targets of these Orders are not top brands for which Adams and Shanken provide sales data. By seeking information from the top 12 advertisers of beverage alcohol products, the proposed Section 6 Orders will capture a greater range of brand data, and provide significantly more comprehensive data, than is currently available.

The proposed Section 6 Orders seek data in 22 categories of promotional expenditures. Adams and Shanken also publish information on expenditures for advertising in traditional media (television, radio, magazines, newspapers, and outdoors). These data are limited in scope, however. Adams and Shanken obtain this information from TNS Media Intelligence (“TNS”). TNS, in turn, obtains the data by monitoring advertising in the top 100 U.S. markets and estimating expenditures based on rate cards[4] published by the media companies running the ads. The TNS advertising expenditure data reported by Adams and Schanken is inadequate for the

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[3] The Adams publications are the Beer Handbook, Liquor Handbook, and Wine Handbook, issued annually. Shanken’s publications are The U.S. Wine Market: Impact Databank Review and Forecast, The U.S. Beer Market: Impact Databank Review and Forecast, and The U.S. Distilled Spirits Market: Impact Databank Review and Forecast, also issued annually.

[4] A “rate card” describes the standard pricing to run an advertisement in a particular medium.

agency's purposes, for two reasons. First, there are more than 200 advertising markets in the U.S.; the TNS data excludes information about advertising disseminated in the smaller markets. Second, the rate card information on which TNS estimates expenditures does not reflect the results of negotiations between the individual companies and media.[5]

The remainder of the information sought by the proposed Section 6 Orders – including the data on promotional expenditures in categories other than traditional media, compliance with advertisement placement standards, and the status of external review of advertising complaints (as of December 31, 2006) – is not, to the agency's knowledge, available from any other source. Efforts to identify duplicate sources of information included a review of trade journals, government publications, and other published sources.

5. Efforts to Minimize the Burden on Small Organizations

The requests to the twelve (12) largest advertisers of beverage alcohol products will not have a significant impact on a substantial number of small entities. Wherever possible, the FTC will attempt to minimize the time commitment necessary to respond to the proposed Section 6 Orders. The FTC will consider proposals for use of information technology that may reduce burden.

6. Consequences to Federal Program and Policy Activities/Obstacles to Reducing Burden

If the information is not collected, the FTC will not have the data necessary to prepare the forthcoming report on alcohol industry self-regulatory efforts. The burden of the information collection has been reduced as much as possible.

7. Circumstances Requiring Collection Inconsistent with Guidelines

The reporting requirements are consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

[5] Some comments submitted in response to the March 8, 2006 Federal Register Notice suggest that advertising expenditures data also may be available from "Simmons, MRI, and Maxwell." This is inaccurate. Simmons Market Research Bureau conducts consumer surveys that measure, for example, what consumers drink; it does not survey or report on advertising expenditures. MediaMark Research, Inc. ("MRI") also measures consumer behavior, not advertising expenditures. Maxwell is a reference to Beverage Digest/Maxwell, which publishes information on the non-alcohol beverage industry.

8. Public Comments/Consultation Outside the Agency and Actions Taken

As required by 5 C.F.R.§ 1320.8(d), the FTC published a notice seeking public comment on the proposed collections of information, see 71 Fed. Reg. 11659 (March 8, 2006) ("March 8 Notice"), and is doing so again contemporaneously with this submission.

The FTC received 1,299 comments in response to the March 8 Notice.[6] While six comments did not specifically address the proposed data collection,[7] 1,292 comments expressly favored it. These were submitted by: (1) three members of Congress[8]; (2) members of the National Association of Attorneys General's Youth Access to Alcohol Committee ("NAAG Committee"); (3) 48 organizations engaged in advocacy regarding public health, including the Center for Science in the Public Interest ("CSPI"), Consumer Federation of America, Join Together, and the Leadership to Keep Children Alcohol Free Initiative (hereafter "the 48-organizations comment"); (4) six comments (five from public health organizations and one from an individual) that were nearly identical to the 48-organizations comment; (5) the American Medical Association ("AMA"); (6) Pacific Institute for Research and Evaluation ("PIRE"); (7) National Council on Alcoholism and Drug Dependence, Inc., Sacramento Region Affiliate ("NCADD/Sacramento"); (8) Center on Alcohol Marketing and Youth ("CAMY"); (9) Prevention Network (referencing and reiterating points made in the CAMY comment); (10) Marin Institute; and (11) approximately 1,283 individually submitted form letters ("Form Letters"). The Miller Brewing Company submitted the only comment from the alcohol industry; it did not oppose data collection but requested that it be limited to reduce the burden on the companies.[9]

a. General Support for Data Collection

The NAAG Committee comment stated that it is in the public interest for the FTC to collect updated data from advertisers. The 48-organizations comment stated that the information previously collected from the alcohol companies and reported on by the FTC has increased

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[6] The comments are available at http://www.ftc.gov/os/comments/alcoholmanufacadstudy/index.htm.

[7] Among these, one opposed any government action on alcohol advertising. *See* comment by Stanford Owen (May 2, 2006). The other five either expressed concerns about alcohol advertising or supported a new FTC report about alcohol advertising. *See* Comments by Ziming Xuan (May 9, 2006); Independent State Store Union (ISSU) (May 5, 2006); Fred Reid (May 4, 2006); William Bailey (May 2, 2006); and Abigail Pederson (Apr. 17, 2006).

[8] These are: Representatives Lucille Roybal-Allard, Jose E. Serrano, and Frank R. Wolf.

[9] On July 13, 2006, CSPI submitted a letter to FTC Chairman Deborah Platt Majoras requesting that the FTC's planned study include examination of alcohol sponsorship at NASCAR racing events. Although the CSPI letter is not characterized as a formal comment on the Federal Register Notice, the FTC took CSPI's request into consideration in preparing the proposed Section 6 Orders.

understanding of alcohol advertising issues and the role of the industry in regulating its own advertising practices. This comment noted that entities that use this information include federal and state government legislative and regulatory bodies, law enforcement and legal officials, administrative health agencies, public health organizations, academia, the news media, and the general public. CAMY stated that, given the risks of teen drinking, the proposed information requests are integral to the FTC's consumer protection mission and provide useful information not only to the Commission but to parents, policy makers, and the public health field.

b. Sales Data

In its March 8 Notice, the FTC stated that it would seek company data showing alcohol sales. Only one comment appeared to address this request. Miller Brewing Company stated that the FTC should not request brand-specific information, as such collection would greatly increase the company's burden without furthering the FTC's purpose. This background information, however, will enable the FTC, in its report, to better describe the nature of the industry, including the number of brands, volume sold, and the dollar value of those sales. Accordingly, the proposed Section 6 Orders will request such information, asking each company to identify by name each individual alcohol brand or variety that it sold during the calendar year 2005, and for each brand or variety, state total sales in dollars and in number of 9-liter or 2.25 gallon cases sold.

As a related matter, PIRE, CAMY, and the Form Letters requested that the FTC also seek any information the companies have collected or received regarding use of their brands by persons below the legal drinking age. The FTC will request that the companies submit any unpublished data they possess showing the brands of alcohol consumed by persons under the legal drinking age in the United States. The request will exclude publicly available data (such as data published by CSPI, the AMA, and others).

c. Expenditure Data

In the March 8 Notice, the FTC stated that it would seek information about expenditures to advertise and promote beverage alcohol in both measured and unmeasured media. Many of the comments offered suggestions regarding collection of this expenditure data.

The letter from the three Congressional representatives recommended that the report include information on measured media advertising, sponsorships and promotions, broken down by state, race, and ethnicity of the target audience. It also asked for a report on brand-specific expenditures. The NAAG Committee requested that the FTC seek detailed data on the percentage of company advertising budgets expended on each type of media and, specifically, where ads are placed (e.g., which television and radio shows, in which movies, during which events).

The 48-organization comment urged the FTC to seek information on: promotional allowance and retail value-added expenditures; advertising in Spanish-language and other ethnic media; sports-related and college sports-related advertising and marketing (including telecasts, sponsorships, local print and promotional expenditures, and stadium signage); college marketing and promotional activities and expenditures (including spring break promotions in the U.S. and at popular off-shore spring break destinations); marketing, promotions, and brand awareness activity that utilize popular music, celebrities, and/or internet games and sponsorship of community events; and newer avenues of beverage alcohol marketing through "non-traditional" media, such as cell phones, mobile television, podcasts, and brand tie-ins with popular websites. The 48-organization comment also asked that the data be broken down state-by-state, company- and brand-specific (subject to relevant trade secret and confidentiality provisions), and by ethnicity of the target audience. Marin Institute joined the 48-organization comment and further requested that the FTC collect data on producer and wholesaler sponsorship of community events and non-profit organizations, and that it measure use of emerging electronic media, such as text messaging, mobile television, and podcasting. The AMA suggested that the data be modeled on information requests the FTC has issued to cigarette companies, which seek information on 26 categories of expenditures.

The AMA requested that the FTC collect data on measured and unmeasured media, including sponsorship, retail incentives, point-of-purchase, and product placement fees. PIRE requested that the Section 6 Orders seek: expenditures by media type regarding Internet advertising, sponsorship, text messaging, other new marketing techniques, price discounting and promotional allowances paid to third parties; data on expenditures for educational campaigns and youth consumption prevention; and grants to third parties to promote prevention and treatment. It also asked that the data break out expenditures for sports-related marketing and college marketing.

CAMY requested that the FTC seek two or more years of data for measured media advertising, by media type (including broadcast network, cable network, spot, local/regional cable, interconnects, and Hispanic television); magazine advertising, broken down by full-run and demographic editions; spot and network radio; Internet advertising (including web advertising, email, company websites, and IM sponsorships); and "out-of-home" advertising. Regarding unmeasured media, CAMY urged the FTC to seek, at a minimum, data on the kinds of expenditures sought in the 2003 Section 6 Orders to the cigarette companies (including price discounting, promotional allowances, educational campaigns). CAMY suggested that the FTC obtain data on industry spending on "social aspects organizations" such as International Center on Alcohol Policies and the Century Council). It also requested that the agency seek expenditures for "new media," for example, "pixting" (i.e., picture, or multimedia, messaging) and "texting" (i.e., text messaging) on mobile phones, podcasting, and online viral marketing. Finally, CAMY asked that the data break out aggregate spending on sports and college marketing across all categories.

Miller Brewing Company asked that the Commission not request expenditures on a brand-specific basis. It stated that such a request would greatly increase the burden in collecting the data and would not further the agency's stated purpose. It noted that the FTC's prior alcohol reports published data on an aggregate basis, and urged that the data be collected that way. Miller Brewing Company also requested that the agency seek expenditure data for *measured* media (television, radio, print, outdoor) only, noting that measured media can be tracked, reported, and compared with reasonable precision. Miller stated that unmeasured media does not have a universally accepted definition, and that certain expenditures in this group may bear no relation to marketing. For example, Miller noted that sports sponsorships include fees for ticket allotments, suites, and use of facilities, and that the expenditures are not broken down as to whether they are marketing-related. Miller stated that collection of unmeasured media data will be burdensome, but did not provide a cost estimate.

The FTC's 1999 Report estimated that measured marketing expenditures may account for only one-third of alcohol brand promotional budgets. The proposed Section 6 Orders are designed to enable the FTC to better understand how alcohol industry promotional dollars targeted to consumers are spent and how much current self-regulatory efforts aptly address legitimate public concerns about alcohol promotion.

The proposed Section 6 Orders will seek company-wide expenditures for advertising, merchandising, or promotion of alcohol during calendar year 2005. The Orders require that the expenditures be broken down into 22 categories.[10] Thus, the proposed Section 6 Orders seek comprehensive information about expenditures to promote alcohol to consumers, including most of the information suggested in the comments.[11] This information will help the agency evaluate how industry members allocate their promotional expenditures, so as to better determine the degree industry self-regulatory codes address the various kinds of promotions employed by the industry. The categories are carefully defined to facilitate compliance with the requests. The Commission agrees with Miller Brewing Company, however, that it is not necessary for the alcohol companies to report such information on a brand-by-brand basis. Given the substantially expanded scope of this request, brand-by-brand reporting may pose an unnecessary additional

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[10] These are: television advertising; radio advertising; magazine advertising; newspaper advertising; transit advertising; other outdoor advertising; direct mail advertising; company-sponsored Internet sites; other Internet site advertising; other digital advertising; specialty item distribution; public entertainment events: not sports-related; sponsorship of sporting events, sports teams or individual athletes; other point-of-sale advertising and promotions; spring break promotions; product placements; retail value-added expenditures; telemarketing; promotional allowances; and total reportable expenditures. In addition, the proposed Section 6 Orders will seek cross-category totals for sports and sporting events and social responsibility programs and messages.

[11] Some of the suggested requests are more extensive than needed for the FTC's current purposes. For example, the FTC does not propose to require the companies to allocate magazine advertising expenditures among "full run" and "demographic" editions. The burden of collecting such data is likely to outweigh the benefits to the FTC and the public of obtaining it.

burden on the companies without meaningfully increasing the FTC's understanding how promotional dollars are directed on an industry-wide basis.

The Commission also will not seek to have the data broken down on a state-by-state basis, as otherwise requested in some comments. Because measured media advertising is disseminated mostly without regard to state borders, it likely would be cost-prohibitive to seek a state-by-state breakdown of expenditure data. Perhaps more importantly, many such breakdowns would be arbitrary. This would be the case, for example, with expenditures for advertising on television stations in small states or near large state borders, where an ad may be viewed by consumers in two or more states.

The proposed Section 6 Orders do not seek a breakdown of expenditures by race or ethnicity of the target audience. The agency is concerned that reporting specific expenditure data by race or ethnicity might produce potentially misleading results due to the difficulty of separating targeted advertising from general advertising that may have the same or broader reach to a particular racial or ethnic group. The Commission will, however, seek advertisement placement data that will help the FTC to evaluate whether ads targeted to an Hispanic or African-American audience comply with industry placement standards, as further discussed below.[12]

d. Advertisement Placement

The voluntary advertising guidelines of the beer, wine, and distilled spirits industries each state that alcohol advertising should be placed in television, radio, and print communications only where at least 70% of the audience is reasonably expected to be above the legal purchase age (the "70% placement standard"). In the March 8 Notice, the FTC stated that it planned to seek data on compliance with this standard.

The comment from the three Congressional representatives expressed the hope that the FTC's analysis of alcohol industry placement practices will not be limited to reporting on what percentage of ads comply with the 70% placement standard, and specifically requested information that would allow the Commission to determine whether ads targeted to the Hispanic community comply with the current placement standard. The NAAG Committee comment urged the FTC to collect detailed data showing whether alcohol companies have complied with the 70% placement standard, including data showing where advertisements are placed (e.g., what shows, movies, or events) and the demographics of the audience, including data showing what percentage of the audience falls within the following age groups: 12-20, 21-24, and 21-34. The

[12] The proposed orders also will not seek information on expenditures for slotting allowances or price discounts; such information does not enhance the agency's understanding of self-regulation. The requests focus on expenditures for advertising and promotions that may be seen by underage consumers. Payments for shelf space, payments to wholesalers, and price discounts to wholesalers and retailers do not provide such information. Given the expanded nature of this request, seeking data on them would be unnecessarily burdensome.

NAAG Committee further suggested that the FTC collect data on other efforts made by the companies to ensure compliance, including whether they use "no buy" lists, follow higher-than-required standards, and audit past placements. The 48-organization comment urged the FTC to seek information on magazine and television advertising in publications or programs with youth readership or viewership rates over 15 percent, or 2 million, youth readers. PIRE requested that the FTC obtain data evaluating adherence to the 70% placement standard, by specific brand. In that regard, it asked that the agency seek data used for planning media placement, as well as actual gross advertising impressions, gross ratings points, and audience delivery for each target audience, audience ages 12-20, and total audience age 12 and above. NCADD/Sacramento asked that the FTC seek information that will allow it to compare voluntary advertising compliance among industry members and to identify magazine and television advertising where youth constitute more than 15% of the audience. CAMY asked that the FTC seek data that will allow it to evaluate compliance with the 70% placement standard on a per-brand basis; to collect data on primary and secondary target audiences (age, gender, etc.), gross ad impressions, gross ratings points, and audience delivery (reach and frequency) for audience ages 12-20 and total audience 12 and above. CAMY also requested that: advertisement placement data be provided on a local market basis for local placements; data be reported as planned and as achieved; companies report on what media and channels they have audience composition data and, where data is unavailable, that they specify sources and standards for audience estimates.

Specifically, the proposed Section 6 Orders will require the companies to provide, for each instance of advertising dissemination between January 1 and June 30, 2006, on television, on radio in measured markets, in magazines, and in newspapers: the advertisement's name; the brand advertised; the name of the media and location of dissemination; the date and time that the advertisement appeared; the name of the show during or in conjunction with the advertisement appeared; and the demographics of the audience (persons under 21, and persons 21 and over), in absolute numbers and percentages, for that dissemination.[13] The proposed Section 6 Orders also will require the companies to provide a company-wide summary of this data to facilitate analysis. This data will permit the Commission to measure the extent that the youth audience for each ad placement exceeded 30% of the total audience, or whether they complied with existing industry codes.[14] Further, given concerns about whether advertisements targeted primarily to Hispanic or African-American consumers are more likely than others to reach underage consumers, the

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[13] Two sets of demographics are relevant to evaluating compliance with placement standards: the historical demographics used by a company for planning purposes when purchasing ad time, and audience demographics when a placement actually occurred. The proposed Section 6 Orders seek the latter data. To illustrate, for an ad placed on television, the Orders require the companies to provide the average demographic data for the program during which the show ran, over the three-month period (the "quarter") when the placement appeared. If program-specific data is unavailable (as is often the case with cable), the Orders seek the quarterly average data for the daypart during which the ad appeared.

[14] This data also will permit the Commission to evaluate the audience for televised NASCAR events, in connection with CSPI's request that the FTC review the degree that NASCAR promotions reach a youth audience.

Commission will require that the companies identify such ads so that the agency can evaluate this concern.

The Commission's proposed Section 6 Orders also seek a narrative description of: the steps taken when placing ads to reduce the proportion of persons under 21 in the audience, including the demographic databases relied on in making placement decisions; how often post-placement data are reviewed to verify that a placement complied with the placement guidelines and the steps taken if a compliance shortfall is identified; and the additional safeguards in place (e.g., use of "no buy" lists and higher placement standards, media content review) to reduce the likelihood of reaching underage audiences. This will permit the Commission to obtain a clear and detailed picture of the alcohol industry's advertising placement practices during the period at issue.

The proposed Section 6 Orders will not require the companies to identify, for each ad, the gross rating points and the breakdown of consumers aged 12-20, 21-24, and 21-34 in the audience. Given the significantly expanded scope of the current requests, such requirements would be unnecessarily burdensome and the information not fully relevant to compliance with the placement standard contained in the industry's voluntary advertising codes.

e. External Review of Code Compliance

The trade associations representing the three segments of the beverage alcohol industry – the Distilled Spirits Counsel of the United States ("DISCUS"), Beer Institute ("BI"), and Wine Institute ("WI") – each have adopted a mechanism for considering whether member ads comply with the association's voluntary advertising code. The FTC's March 8 Notice stated that the proposed Section 6 Orders would seek data regarding those external compliance review mechanisms. No comments opposed this request. The comment from the three Congressional representatives urged the Commission to evaluate the effectiveness of the compliance review process among the various segments of the alcohol industry, including the outcomes of complaints filed with the industry review boards. CAMY requested that the FTC also consider how "independent" such external review programs are, by analyzing their degree of transparency, the breadth of their purview, and their timeliness. The NAAG Committee asked that the FTC also collect data on the percentage of industry members having pre-publication third-party review, the percentage of proposed ads that fail review and why, the number of ads that pass but are later the subject of complaints, and the way companies respond to complaints.

The proposed Section 6 Orders will require the alcohol companies to describe in detail the enforcement mechanism(s) available as of December 31, 2006 for possible violations of the DISCUS, BI, and WI voluntary advertising codes. The response to this aspect of the Section 6 Orders will not be due until January 10, 2007, to allow the FTC time to receive and evaluate whole-year information regarding third-party review. The proposed Orders also will require, for each complaint about the company's advertising, promotion, or marketing forwarded for independent review between January 1, 2006 and December 31, 2006, that the company provide a copy of the complaint, any document reflecting the reviewer's decision or recommendation, and describe what action, if any, the company took in response to the reviewer's decision or recommendation. These requests will enable the Commission to evaluate the efficacy of current advertising review mechanisms. Currently, the Commission does not plan to ask about pre-publication review of proposed ads by third parties, or the number of ads that pass but are later the subject of complaints, and the way companies respond to complaints. The goal of this section of the proposed Section 6 Orders is to evaluate how the various segments of the industry have responded to the FTC's recommendation that they adopt systems for external, post-publication review of complaints about advertising code compliance.

f. Other Requests Contained in Comments

Many of the comments filed in response to the March 8 Notice addressed what ongoing action the FTC should take after its initial data collection. Some of the comments suggested that the agency collect information from the alcohol companies and issue annual or bi-annual reports. The FTC plans to complete the current study before considering this proposal.

Some comments suggested that the FTC evaluate other issues, such as alcohol product placement in movies and underage access to beverage alcohol websites. The proposed Section 6 Orders will seek information about expenditures for product placements and website advertising but will not seek information on the extent that these media expose minors to promotions. The goal of the current study is to conduct a comprehensive review of: alcohol advertising and marketing expenditures; industry compliance with current placement standards as they pertain to television, radio, magazine, and newspaper advertising over the stated period of time; and third-party review of complaints. The FTC expects that focusing its efforts in this manner will produce a study of the highest possible quality. It is committed to ongoing monitoring of this subject area, however, and anticipates that it will address other issues raised by alcohol advertising and marketing in the future.

9. Payments and Gifts to Respondents

There is no provision for payments or gifts to respondents.

10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

In connection with its requests, the Commission will receive information of a confidential nature. Under Section 6(f) of the FTC Act, such information is protected from disclosure while it remains confidential commercial information. 15 U.S.C. § 46(f).

12. Estimated Annual Hours and Labor Cost Burden

FTC staff's estimate of the hours burden is based on the time required to respond to each information request. The Commission intends to issue the information requests to the 12 largest beverage alcohol advertisers. Because these companies vary greatly in size, in the number of products that they sell, and in the extent and variety of their advertising and promotion, staff has provided a range of the estimated hours burden. Based upon its knowledge of the industry, the staff estimates that the time required to identify, obtain, organize, and prepare responses to each of the four information categories will range, on average, between 15 and 120 hours for most companies. Staff anticipates, however, that the largest companies may require up to 280 hours for the most time-consuming category, advertising placement information. The total estimated burden per company is based on the following assumptions:

Identify, obtain, and organize sales information; prepare response:	15 - 35 hours
Identify, obtain, and organize information on advertising and marketing expenditures; prepare response:	40 - 65 hours
Identify, obtain, and organize placement information; prepare response:	150 - 280 hours
Identify, obtain, and organize information regarding compliance review; prepare response:	15 - 20 hours

FTC staff anticipates that the cumulative hours burden to respond to the information requests will be between 220 hours and 400 hours per company. Nonetheless, staff conservatively assumes that the burden per company for each of the twelve (12) intended recipients will be 400 hours. Accordingly, cumulative estimated burden is 4,800 hours. These estimates include any time spent by separately incorporated subsidiaries and other entities affiliated with the parent company that received the information requests.

It is difficult to calculate precisely labor costs associated with this data production. Labor costs entail varying compensation levels of management and/or support staff among companies of different sizes. Although financial, marketing, legal, and clerical personnel may be involved in the information collection process, FTC staff has assumed that mid-management personnel and outside legal counsel will handle most of the tasks involved in gathering and producing responsive information, and has applied an average rate of $250/hour for their labor. FTC staff anticipates that the labor costs per company will range between $55,000 (220 hours x $250/hour) and $100,000 (400 hours x $250/hour). Nonetheless, as a conservative measure, staff estimates that the total labor costs per company will be $100,000.

13. Estimated Annual Capital or Other Non-labor Costs

FTC staff believes that the capital or other non-labor costs associated with the information requests are minimal. Although the information requests may require industry members to maintain the requested information the Commission seeks, they should already have in place the means to compile and maintain it.

14. Estimate of Cost to the Federal Government

FTC staff estimates that the current year's cost to the FTC Bureau of Consumer Protection of collecting this information is approximately $174,000. This estimate reflects approximately one attorney work year, inclusive of benefits, devoted to collecting, processing, and analyzing the requested information.

15. Program Changes or Adjustments

Not applicable. This is a new collection of information.

16. Plans for Tabulation and Publication of Information

The information provided by the respondents will be used to prepare a report that will be publicly released. The collection of the information will begin after the completion of the OMB review process. The estimated date for the completion of the reports is February 2007.

17. & 18. Failure to Display the OMB Expiration Date/ Exceptions to Certification

Not applicable.