

PART B - COLLECTION OF INFORMATION METHODOLOGY

(1) Description of Sampling Methodology

The Commission believes that it is in the public interest to conduct a new industry-wide study to evaluate the current status of alcohol industry self-regulation, including compliance with the 70% standard and efforts to protect youth from alcohol marketing in digital and social media. The FTC therefore proposes to send information requests to the ultimate U.S. parent companies of up to fourteen advertisers of beer, wine, or distilled spirits (“industry members”). As we did for three prior studies in 1999, 2003, and 2008, we propose to issue information requests to leading industry members in order to ensure collection of data representing a significant percentage (between 70% and 80%) of the industry’s advertising efforts and expenditures. Any representations in a pending report would make clear that our analysis relates specifically to this subset of the industry and not be inferred to the larger market.

Response by recipients of the information requests is mandatory.¹ Previous collections in 1999, 2003 and 2008 all had 100% response rates. The recipient of a 6(b) order may file a petition to limit or quash, and the Commission may seek a federal court order requiring compliance. In addition, the Commission may commence suit in Federal court under Section 10 of the FTC Act, 15 U.S.C. Sec. 50, against any party that fails to comply with a 6(b) order after receiving a notice of default from the Commission. After expiration of a thirty-day grace period, the defaulting party is liable for a penalty of \$110 for each day of noncompliance.

(2) Description of the Information Collection Procedures

The FTC conducts alcohol marketing studies approximately every four to five years. As in the past, the FTC will send the information requests to industry members responsible for 70 to 80% of alcohol advertising expenditures. The requests will seek audience demographic data (specifically, the number of persons 21 and older, and persons under 21) for every alcohol advertisement disseminated in the first half of 2011 in “measured media” (that is, media measured by audience demographic measuring services, such as Nielsen, Arbitron, and others). Pursuant to their voluntary advertising codes, order recipients regularly obtain this data from the audience demographic measuring services to evaluate compliance with the alcohol industry’s voluntary 70% advertising placement standard. Additionally, the requests will require the recipients to report all advertising expenditures, in 22 defined categories, for calendar year 2011. The information collected from the recipients then will be analyzed by staff. Any representations in a pending report would make clear that our analysis relates specifically to the advertisers that receive the orders, and not be inferred to the larger market.

¹ Section 6(b) of the Federal Trade Commission Act empowers the Commission to require the filing of “annual or special * * * reports or answers in writing to specific questions” for the purpose of obtaining information about “the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals” of the entities to whom the inquiry is addressed.

(3) Methods to Maximize Response Rates/Reliability of Sample Data

As noted above, response by recipients of the information request is mandatory. Additionally, any destruction, removal, mutilation, alteration or falsification of documentary evidence that may be responsive to this information collection within the possession or control of a person, partnership, or corporation subject to the FTC Act may be subject to criminal prosecution. 15 U.S.C. 50; *see also* 18 U.S.C. 1505. As a result, the Commission expects 100% compliance with the requests, as was the case with prior alcohol studies.

(4) Testing Procedures of Methods Undertaken

The FTC has not conducted any tests of procedures or methods to be used in collection of the information from the recipients. The FTC has, however, conducted three similar studies since 1999. As a result, we have refined the proposed orders in a manner that minimizes burden on industry and improves utility for the government. In particular, in 2009 we developed pre-formatted spreadsheets, to standardize the manner in which the requested demographic and expenditure information is reported. These spreadsheets were widely circulated to industry, and have been adopted by industry members as a tool for evaluating their compliance with the 70% placement standard. The currently proposed orders to industry will require that the information collected be submitted on the pre-formatted spreadsheets.

(5) Individuals Consulted on Statistical Aspect of the Focus Groups and Survey

The questions for our survey have been developed and reviewed internally by various FTC staff, including staff attorneys within the Bureau of Consumer Protection's Division of Advertising Practices and economists in the Bureau of Economics. The attorney contacts are Carolyn Lee Hann (202-326-2745) and Janet Evans (202-326-2125).