



EUROPEAN
FORUM FOR
RESPONSIBLE
DRINKING

Advertising Compliance Monitoring

Report 2005



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FOREWORD ●●●



Alcohol advertising has been and will continue to be the subject of considerable controversy. The spectrum of positions ranges from arguing for a total ban on advertising, to one which asserts that alcohol advertising is harmless and should not be regulated. Through the EFRD, and other social aspects organisations, many of the main players in the alcohol industry are finding ways to set standards for advertising which are intended to control the worst excesses of the 'advertising imagination' in a society which is increasingly becoming conscious of both the positives and negatives of alcohol consumption. This is to be welcomed.

The value of this report is that it tells us that by and large the standards being set by the industry are being met, and that generally compliance is improving. While the level of complaints is low, there is concern that the majority of complaints relate to minors, which suggests that this remains a weak spot for the industry.

Nonetheless, much remains to be done. Compliance around minors, performance, basic principles and misuse needs to improve, and these are the issues are increasingly becoming the subject of public debate. Furthermore, while there appears to be a low level of complaints, so questions remain about the level of public awareness of the complaints process itself and how this could be improved. Issues such as sponsorship and brand name placement are also becoming for the subject of public debate, issues which the industry will need to address.

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Embedding and incorporating a social responsibility ethos into business practice takes time and commitment, and clearly there's still a long journey ahead. Arguably evidence of real progress will be when the majority of advertising campaigns seek advice before going public, however as yet this sits at less than 10% of planned advertising. The industry needs to remain vigilant if it is to make a positive and permanent change to an advertising culture which is perceived negatively as contributing to alcohol related harm.

Alcohol Focus Scotland welcomes this report not only because it lets us know how effectively the current standards are being applied, but it allows us to think of what could be done better, and what still needs to be addressed.

A handwritten signature in black ink, appearing to read 'Jack Law'. The signature is stylized and fluid, with a large loop at the end.

Jack LAW,
Chief Executive,
Alcohol Focus Scotland

INTRODUCTION ●●●

The Amsterdam Group (TAG, since November 2005 renamed into European Forum for Responsible Drinking – EFRD) started monitoring of ads around eight years ago when a first ad monitoring project was conducted by TAG. The original reviews were done by a former UK regulator, who was and still is involved quite extensively with the European Advertising Standards Alliance (EASA). To carry out the exercise he was supplied with ads from member companies and then came back to the Board of TAG with his observations, conclusions and recommendations.

Beginning in 2000, TAG subscribed to an independent database –Xtreme Information based in London – collecting print and TV ads from across Europe. From 2000 onwards the ads under review were no longer supplied by member companies, but by the independent Xtreme Information database.

Around the same time a TAG internal discussion commenced concerning the merit of using just one person with one particular national / cultural background judging ads from all over Europe, and also about the credibility of the exercise being done by a (paid) consultant. As a result negotiations with EASA were started to see whether EASA's national members – the Self-Regulatory Organizations (SROs) - could handle the monitoring exercise, thus (1) providing the cultural background of the country where the ad has been published, (2) by experts who deal day in day out with advertisements and (3) involving SROs which are independent from industry (as their membership includes all advertisers or their associations from many different fields of business).

The first monitoring exercise involving SROs was done in 2003 including ads from 2002 and 2003. The most recent exercise has been completed in 2005 by SROs in 13 EU Member States looking at ads from the calendar year 2004.

MONITORING OBJECTIVES ●●●

With the monitoring project EFRD (TAG) pursued the following objectives:

- EFRD/TAG members want to measure their adherence to their Code of Commercial Communications Conduct - the 'Common Standards' - that were first established by TAG in 1994, and subsequently revised in 2001 and most recently in 2005. The most recent revisions came into force on 1st January 2006.
- The monitoring exercise would provide TAG members with an overview of their own compliance with the rules of the Common Standards that they had voluntarily subscribed to underlining their belief that abiding to voluntary rules is as important as abiding to government laws and regulations.
- The efficiency of self-regulation of alcohol industry advertising has been and still is under scrutiny by a number of different stakeholders in alcohol policy. Hence EFRD's members believe that compliance monitoring is one way to demonstrate that self-regulation is an efficient means to show and improve industry compliance.
- The EFRD/TAG exercise in conjunction with SROs reviews compliance beyond the number of complaints about company ads. The review reports on both, i.e. ads that received a complaint and those ads that are deemed by SROs in the monitoring review process as non-compliant with either the Common Standards or national self-regulatory codes.
- The monitoring project informed EFRD/TAG members, their agencies, Social Aspects Organizations¹ (SAOs) involved in self-regulation and SROs about specific areas of sensitivity that might exist; for example specific clauses or provisions needing particular attention in training sessions or in support materials like the Common Standards Manual for the interpretation of these rules.

¹ Social Aspects Organizations – SAOs -have been set up by the drinks industry in many European countries to fight alcohol related harm. Some of the SAOs are involved in self regulation in their country.

MONITORING PROCESS ●●●

1. The 2005 monitoring project was initiated and coordinated by TAG/EFRD.
2. The actual review of the ads was carried out by the national SROs, with the European Advertising Standards Alliance (EASA) playing a coordinating role:
 - a. *Step one*: EASA informs its members that the exercise will be launched and invites the SROs in the countries selected to participate;
 - b. *Step two*: the SROs receive a briefing note on how the review should be conducted with regard to content, benchmarks ('Common Standards' and national codes), method of reporting (including a template to fill in), technical aspects and timelines;
 - c. *Step three*: the SROs receive the ads for review, either from the Xtreme Information database by password for online access or on a CD Rom;
 - d. *Step four*: the SROs review the ads; usually this is done by the person in the SRO having the most expertise in administering complaints, providing copy advice or signing off ads; in some countries the complaints committee has been consulted on the judgements offered by this SRO-internal expert before sending the review off to EASA and EFRD/TAG;
 - e. *Step five*: the results of the SROs' review(s) are returned to the database using a standard grid offering title of the ad, description of visual and slogan, spot, name of publication or TV station, print publication date; for TV the date the spot was on air, comment if applicable (i.e. if subject to an actual complaint procedure, a short description of the ruling; in case of an ad deemed in breach of either with the 'Common Standards' or the local code framework what provision/s is/are involved;
 - f. *Step six*: the database of all SRO results are sent to EFRD/TAG and EASA;
 - g. *Step seven*: EFRD/TAG members are informed of their own company's results and invited to provide feedback to the SRO with regard to any decision, if they so desire;
 - h. *Step eight*: compilation of statistical data based on the results of the SROs review, as laid out in step four and five above.

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DATA COMPILATION ●●●

The statistical data compilation includes information on the following points/numbers that will be explained in more detail on the following pages:

- Monitoring details: countries, ads, time period
- Benchmarks: codes, complaints, copy advice
- Share per country
- Share per sector
- Details on complaints, copy advice, compliance / non compliance (per country, per sector, broken down by EFRD/TAG, non-EFRD/TAG members)
- Provisions involved
- Media split

MONITORING DETAILS ●●●

Countries:

- the 2005 project involved 4,751 ads from 2004 that ran in 13 countries: Austria, Belgium, the Czech Republic, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain and the UK.

Ads:

- print included ads from the trade press in some countries;
- each print ad with a different visual was considered as one single ad, independently from how often the ad had actually been published;
- for TV and cinema, spots of the same theme / subject but in different length were considered as one visual like for the print ads, again independently from how often the spot has been on air.
- ads from the beer, spirits and wine sector were included.

Time period:

- the 2005 exercise looked at print, TV and some cinema ads printed/aired/ broadcasted in 2004;

KEY PERFORMANCE INDICATORS ●●●

The monitoring project looked at three elements as key performance indicators:

1. complaints: ads that had received a complaint in their market; when a complaint was upheld against an ad, this was included under the category of non-compliant ads
2. non-compliant ads also included those that had been deemed by the SRO as breaching the Common Standards and/or a national code, but that had not received a complaint
3. copy advice requests: copy advice is promoted as an element of self-regulation with the aim of helping to avoid non-compliant ads appearing on the market; while it is not offered in all markets it is nevertheless important to get an understanding of how this voluntary, confidential and non-binding service provided by SROs is received by industry and in which markets.

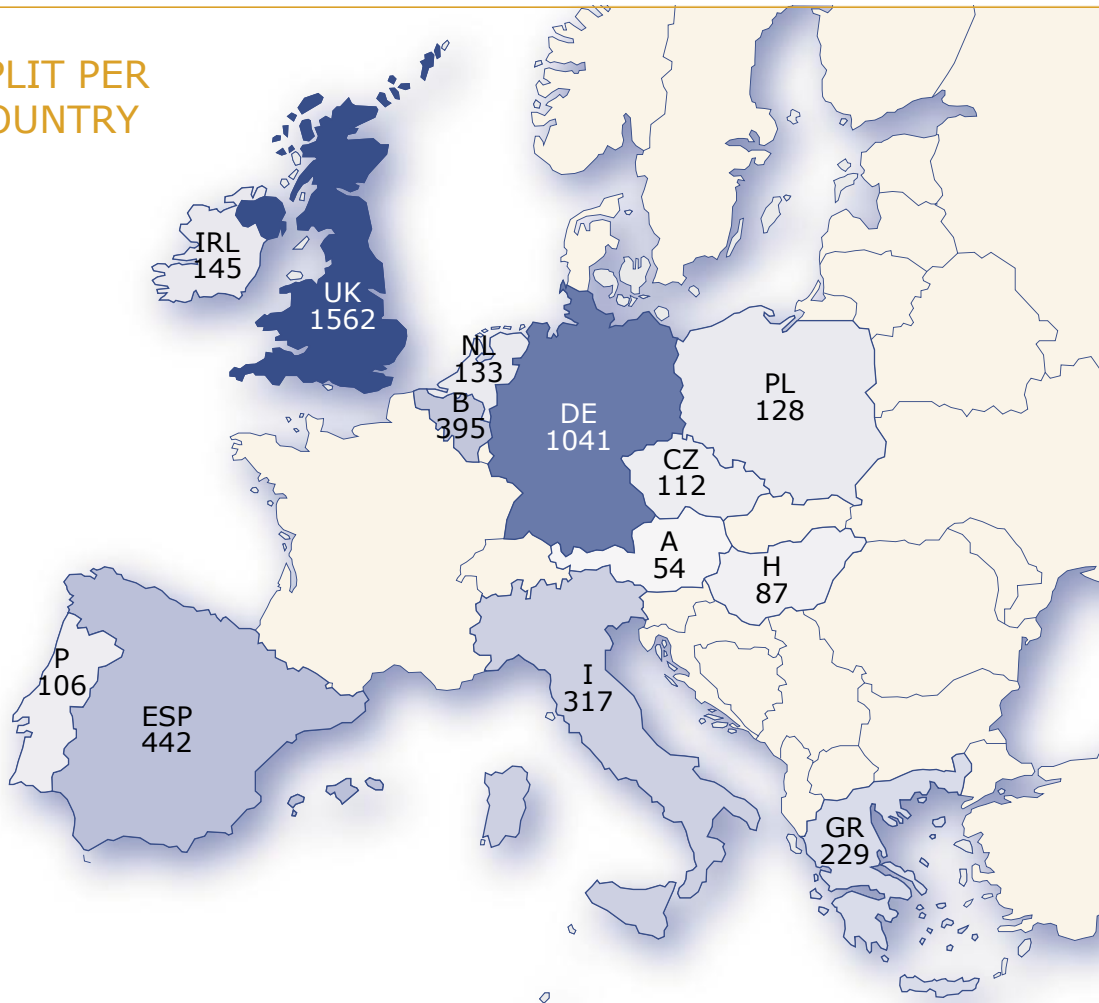
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SPLIT PER COUNTRY AND SECTORS ●●●

Out of the 13 countries included in the monitoring exercise the most significant market for advertising is clearly the UK representing slightly less than a third of all ads (4,751) monitored in the project. Germany is in second place with 22 % of all ads followed by Greece, Italy, Belgium and Spain, where between 200 and 450 ads were monitored. The fourth layer is formed by countries where between 100 and 150 ads were included, those are the Czech Republic, Ireland, the Netherlands, Portugal and Poland, followed by Hungary (87) and Austria (54) with less than 100 ads.

Looking at the different drinks industry sectors, in 2004 the beer sector (47.3 %) was the strongest advertiser across all sectors; this might have been influenced by the fact that 2004 saw the European Football Championship taking place. The spirits sector follows with slightly less than a third of all ads (30.8 %). The wine sector is an increasingly important advertiser (17.3 %) in comparison to exercises done in previous years. The most important markets for wine ads are the UK, Ireland, the Netherlands, Belgium and Germany, whereas other markets, including the wine growing countries Italy, Spain and Greece had less ads for wine. Observations of the content of wine advertising, in particular in the UK, seems to underline that the brand marketing approach is becoming more important in the wine sector rather than the promotion of wines based on their specific region of cultivation ("Appellation").

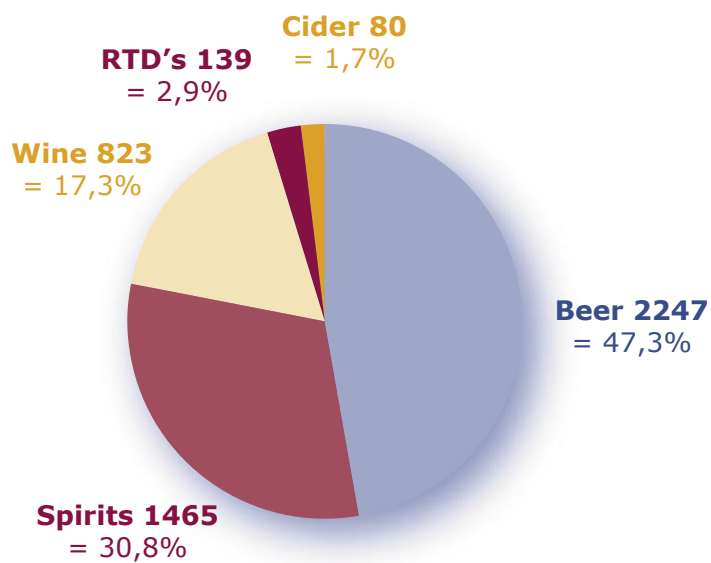
SPLIT PER COUNTRY



Share of total ads per country (total = 4751)

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SPLIT PER SECTOR



“Working on the principle that prevention is better than cure, most national SROs provide copy advice, on request, to advertisers and agencies on the acceptability of proposed advertising campaigns ... It is usually non-binding and in the event of a subsequent complaint, the complaints committee is not necessarily bound by advice given previously. Copy advice obviously greatly reduces the risk of complaints especially in media like television, where making changes to an advertisement is an expensive business”²

Against this background it seemed relevant to see to what degree the drinks industry is making use of this service. Of all ads included in the monitoring exercise across all markets, advertisers asked for copy advice from SAOs on 9.5% of them. The dominant countries in this category are the UK where almost every fourth ad (23.05 %) was subjected to copy advice, and Spain where almost 18 % of all ads went through this procedure. Other countries where copy advice had been requested (but to a much lesser degree) were Hungary, Italy, Portugal and Greece.

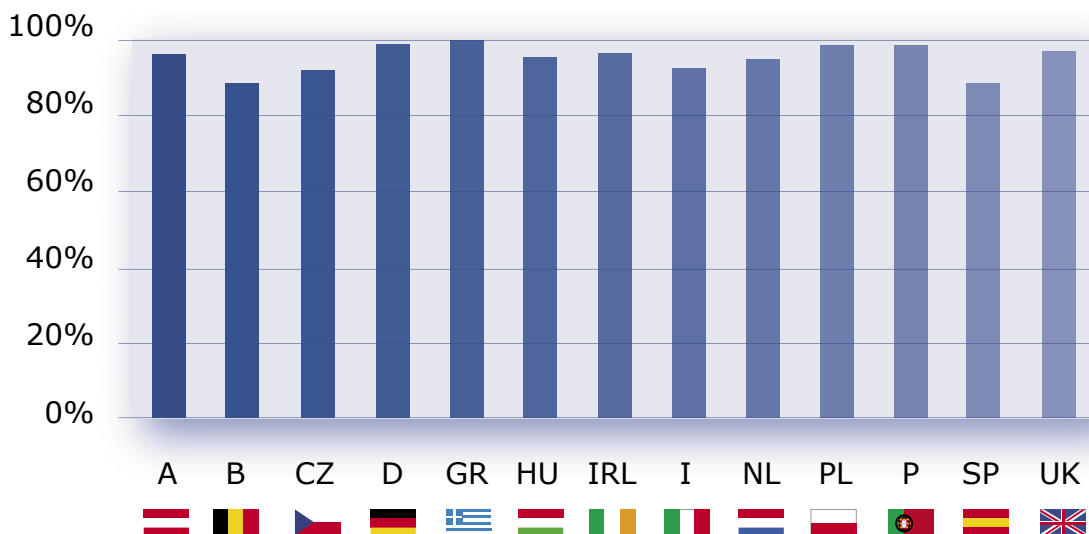
COMPLIANCE ●●●

Out of the 4,751 ads from 13 countries, 65 (1.4 %) received a complaint, mainly in the UK, Italy, Ireland and the Czech Republic of which less than a third (19) have been upheld. This result is in line with data from previous projects and from EASA showing that the number of complaints for alcoholic drinks – versus ads for other products – is low in absolute and relative terms across a large number of EU Member States.

A slightly higher share of the ads in the SRO monitoring exercise review was deemed not in compliance with either the EFRD/TAG Common Standards and/or national frameworks: 173 ads representing 3.6 % of the total; it should be noted however, that this figure includes the number of complaints that were upheld (19).

Non-compliance on a country level ranges between 0 % (Greece) and 11 % for Belgium, for the latter it needs to be noted however that the majority of ads not deemed compliant were either missing the required responsible drinking tag line, had it wrongly positioned or in too small type size; only a minor number of ads had been judged non-compliant with the codes concerning their content. Additionally Belgium’s overall compliance has improved compared to the previous exercise (from 83 % to 89 %); other countries where compliance has remained at the same high level or even improved are Hungary, Ireland, Italy, Portugal and the UK. In other countries non-compliance has increased, but on low absolute levels, like Austria from 2.0 % to 3.7 %, Germany from 0.25 % to 1 %, the Czech Republic from 4 % to 8 %, the Netherlands from 1.5 % to 4.5 % and Spain from 9.5 % to 10.8 %.

COMPLIANCE PER COUNTRY



² Advertising self-regulation in Europe, Europe Advertising Standards Alliance, 2005

One of the core purposes of the monitoring exercise is to find out whether there are specific areas of sensitivity. The results from the SRO review seem to indicate a different level of infringements than before. In comparison to the earlier monitoring exercises, significant progress has been made concerning the provisions on sexual and social success. In the 2005 project the provisions on minors, performance, basic principles and misuse were judged more in breach than in previous years. While the higher number on the provision regarding minors (40 ads, less than one percent of all ads) might be a reflection of the public debate about youth drinking in European countries perceived breaches of other clauses like the basic principles (27 ads) and misuse (25 ads) are largely based on missing, incorrectly placed or too small type-size Responsible Drinking messages where these are mandatory.

The outcome in this section will drive the training efforts by EFRD members, by EASA with SROs, trade associations and other organizations where these findings will be presented and discussed to monitor improvements in future.

CLAUSE³	Number Of Ads Found Non-Compliant
Minors	40
Performance	28
Basic Principles	27
Misuse	25
Alcohol Content	17
Workplace	9
Drinking & Driving	5
Medical Aspects	2
Sampling	1

MEDIA SPLIT ●●●

Looking at the ads that were deemed to be non-compliant (173 in total) and their split between print and TV, the latter is slightly ahead (97) of print (76). A conclusion that TV seems to be the more critical medium is however premature, as this needs further analysis and comparison between these figures and results from future exercises.

³ The list includes only those ads that were deemed non compliant by SROs but not those that were subject to a complaint.

SUMMARY AND CONCLUSIONS ●●●

- The advertising monitoring exercise provides the parties involved in alcohol industry self regulation with a detailed and valuable picture of compliance.
- In comparison with previous monitoring exercises overall industry compliance has improved.
- Specifically there was an improvement in compliance with sexual and social success provisions, whereas there was a increase in non-compliance under the provisions on minors, performance, basic principles and misuse.
- The monitoring exercise serves to guide companies, trade associations, SAOs, SROs and others involved in self-regulation to raise awareness over code compliance issues and thus help maintain a high level of compliance and encourage further improvement when and where necessary.
- To this end the 2005 monitoring project revealed some sensitivities that will be picked up in internal training efforts on code compliance by companies, but also by trade associations, SROs and SAOs as well as by EFRD.

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