



An Industry White Paper Current Guidelines for Beer Advertisers

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Several articles have been written in the last month that addressed and debated the decline of the U.S. beer business. Younger 21-27-year-old drinkers are changing their consumption habits to spirits, and this percentage increase has been on the rise since 1999.

Today, the more than 1,600 breweries in the U.S. are responsible for billions of dollars that flow each year through channels of American trade and commerce. Beer distribution in the U.S. is subject to extensive laws and regulations, enforced by federal, state, and local governments. The Beer Institute encourages all with whom brewers do business to adhere to the law, as well as the **voluntary** Advertising and Marketing Code, which is provided annually to the independent distributors that sell their products.

The Beer Institute

The Beer Institute was organized in 1986 to represent the beer industry before Congress, state legislatures, and public forums across the country. It is committed to developing sound public policy that focuses on community involvement and personal responsibility.

The Beer Institute outlines three basic principles that reflect their policies. First, beer advertising should never suggest that the laws not be complied with. Second, beer advertising should portray beer in a responsible manner. Third, beer advertising should be sensitive to the problems of our society.

Brewers need to follow different self-regulated guidelines for each medium as described in the "Buying Guidelines for the Implementation of Sections 3(d) of the Beer Institute Advertising and Marketing Code." In fact, the Radio Guidelines page for beer advertising is twice as long as the sections for magazines and TV.

Buying Guidelines for Radio

The Radio buying guidelines include the following important rules:

- A. Audience composition restrictions apply to all paid and bonus spots including rotators, negotiated and agreed upon mentions, liners, tags, billboards, and any other type of announcement.
- B. For audited Radio stations, audience composition will be determined by the Average Quarter Hour (AQH) Persons measurement in Arbitron quarterly reports.

C. Time periods in which Radio spots may be placed shall be in the following Arbitron standard dayparts or other time periods as specified below that satisfy the code provision that 70 percent of the audience composition is 21 years of age or older.

1. Arbitron standard dayparts

i.	AM Drive	Monday-Friday	6:00am-10:00am
ii.	Midday	Monday-Friday	10:00am-3:00pm
iii.	PM Drive	Monday-Friday	3:00pm-7:00pm
iv.	Evening	Monday-Friday	7:00pm-12:00am
v.	Monday-Friday		12:00am-6:00am
vi.	Sat. & Sun.		6:00am-10:00am
vii.	Sat. & Sun.		10:00am-3:00pm
viii.	Sat. & Sun.		3:00pm-7:00pm
ix.	Sat. & Sun.		7:00pm-12:00am
x.	Sat. & Sun.		12:00am-6:00am

2. Any period of time adjacent to an Arbitron standard daypart that is also purchased, provided that each additional hour independently satisfies the code provision that 70 percent of the audience composition is 21 years of age or older.

3. Any period of two or more consecutive hours, provided that each hour independently satisfies the code provision that 70 percent of the audience composition is 21 years of age or older.

D. Radio spots placed will be considered appropriate when data for each rating period covering the previous six months from the day ad placement is made shows that the time period purchased satisfies the code provision that 70 percent of the audience composition is 21 years of age or older.

E. As new Arbitron reports become available during the term of an agreement to purchase future Radio spots, brewers will review the new data to determine whether spots purchased under the agreement continue to satisfy the Code provision that 70 percent of the audience composition is 21 years of age or older. If not, brewers will, as soon as practical, make schedule adjustments, cancellations, or other appropriate changes to comply with the “70 percent standard” for the duration of the agreement.

F. For unaudited Radio stations, Radio spots placed will be considered appropriate if they meet these guidelines through use of audience compositional data from time periods for comparable stations in comparable markets

From the guidelines, there are no definitive rules and all stations are different. Because what advertisers buy is not necessarily what they get, advertisers are opting out and stations are finding themselves left out of the buy.

The State of the Industry

Beer companies are approaching Arbitron about obtaining standard errors. Standard errors are important because they show how much fluctuation a statistic shows. For example, if you need a 70

percent audience composition for age 21 and over, what is the real range of composition? Plus or minus 5 percent, 10 percent, etc.? They want to know how they should buy to account for the standard errors. How do they define the 70 percent level: single survey, hour-by-hour, spot-level? A station missing the 70 percent threshold for Monday-Friday 7PM-Midnight might re-run the 9PM-10PM hour only to hit the mark. The challenge for reliability issues is arising in small markets or on low-rated stations. Breweries are concerned that standard errors around too discrete an estimate leaves room at the low end for falling below 70 percent.

The AAAAs asked Arbitron to create a standard error calculator that could take composition into account. In the meantime, agencies are doing their own standard error calculations.

While the industry works together to hammer out a tool that will be utilized by both advertisers and Radio stations, spirits will continue to outpace beer in sales while marketers figure out how to adjust to the advertising guidelines.