

DISCUS Code
of
Responsible Practices
Foundation of
Guidance, Standards,
Enforcement

Over 76 Years of Advertising Self-Regulation

Distilled Spirits Council Member Companies



BACARDI

Bacardi USA



BEAM

GLOBAL SPIRITS & WINE, INC.

Beam Global Spirits & Wine

Moët Hennessy USA

BROWN-FORMAN



Patrón Spirits Company

DIAGEO

Brown-Forman

Pernod Ricard USA

LUXCO
SPIRITED BRANDS

Constellation Brands

Rémy Cointreau USA

Moët Hennessy USA



THE PATRÓN
SPIRITS COMPANY

Diageo

Sidney Frank



Pernod Ricard USA®



RÉMY COINTREAU

Luxco

Sidney Frank
Importing Co., Inc.

Components of Effective Self-Regulation

- Responsible Content: 34 provisions
- Responsible Placement: 8 provisions
 - Detailed industry media buying guidelines
 - No college or university advertising or marketing
 - No outdoor ads within 500 ft. of schools/places of worship
- Internal Compliance Review System
 - Training programs for employees
 - Separate review of ads outside marketing department
- Code Review Board
 - Operating for over two decades
 - Charged with reviewing/deciding complaints promptly
- Outside Advisors
 - Prevetting, third-party guidance, tie-breaking votes
- Semi-Annual Code Report
 - Full public transparency
 - Compliance and education tool

CODE OF RESPONSIBLE PRACTICES

FOR BEVERAGE ALCOHOL
ADVERTISING AND MARKETING

DISTILLED
SPIRITS
COUNCIL
OF THE UNITED STATES, INC.

www.discus.org

JANUARY 2009

A Responsive, Tough, Active Code

- Decades of a strict advertising Code
 - Standards higher than mandated by law or regulation
 - Higher than government could set due to 1st Amendment constraints
- Decades of compliance and enforcement
 - 100% compliance by DISCUS members
 - Overwhelming compliance by non-DISCUS members
- Decades of quick action
 - Members: less than a week from complaint receipt to resolution
 - Non-DISCUS members: average time less than 60 days

Scope of Code's Provisions: All Inclusive

- All activities related to advertising and marketing
 - Brand advertising/consumer communications
 - Promotional events
 - Packaging and labeling
 - Distribution and sales materials
- Every type of print and electronic media
 - TV, radio, magazines, newspapers, outdoor
 - All on-line communications, including blogs, internet banners
- Every type of promotional or marketing activity
 - Product placements
 - Sponsorships and on-premise promotions
 - Paraphernalia (no branded items intended for use by those under 21)

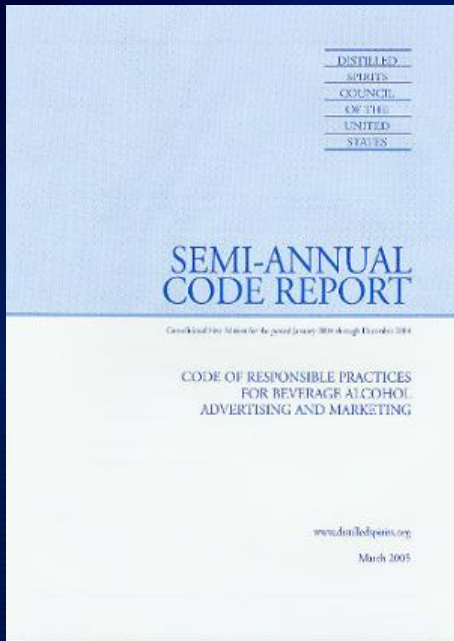
Coverage of Code: Significant Compliance and Enforcement Reach

- All spirits, wine, beer brands marketed by DISCUS members
 - Reaches over 2,800 brands marketed by member companies
 - Same principles apply across beverage alcohol categories
 - Only industry code bringing all products under one tent
 - DISCUS represents over 70% of U.S. spirits sales
- Non-DISCUS member spirits brands
 - Historically non-members have followed the Code and abided by Board decisions
 - Companies with small portfolios, large portfolios and new entrants
- Supported and endorsed by other trade associations
 - Kentucky Distillers' Association and Presidents' Forum
 - New York Wine & Grape Foundation, with its over 100 winery members representing over 90 percent of New York's total wine production, and many individual companies

Transparency: Semi-Annual Reports

First Public Complaint Reports Issued by Industry Trade Group

- Process more visible, transparent and understandable
- Over 1,500 copies of each report distributed
 - Attorneys General
 - Federal and State Officials
 - Advocacy and Consumer Groups
 - University and College Presidents
 - Federal and State Agencies
 - Industry Members
- Positive response from all sectors
 - Commended by Industry Critics
 - Winner - Best Business Ethics Communications
 - Finalist - Best Corporate Social Responsibility Program



2006 Finalist



Transparency Commended By Industry Critics

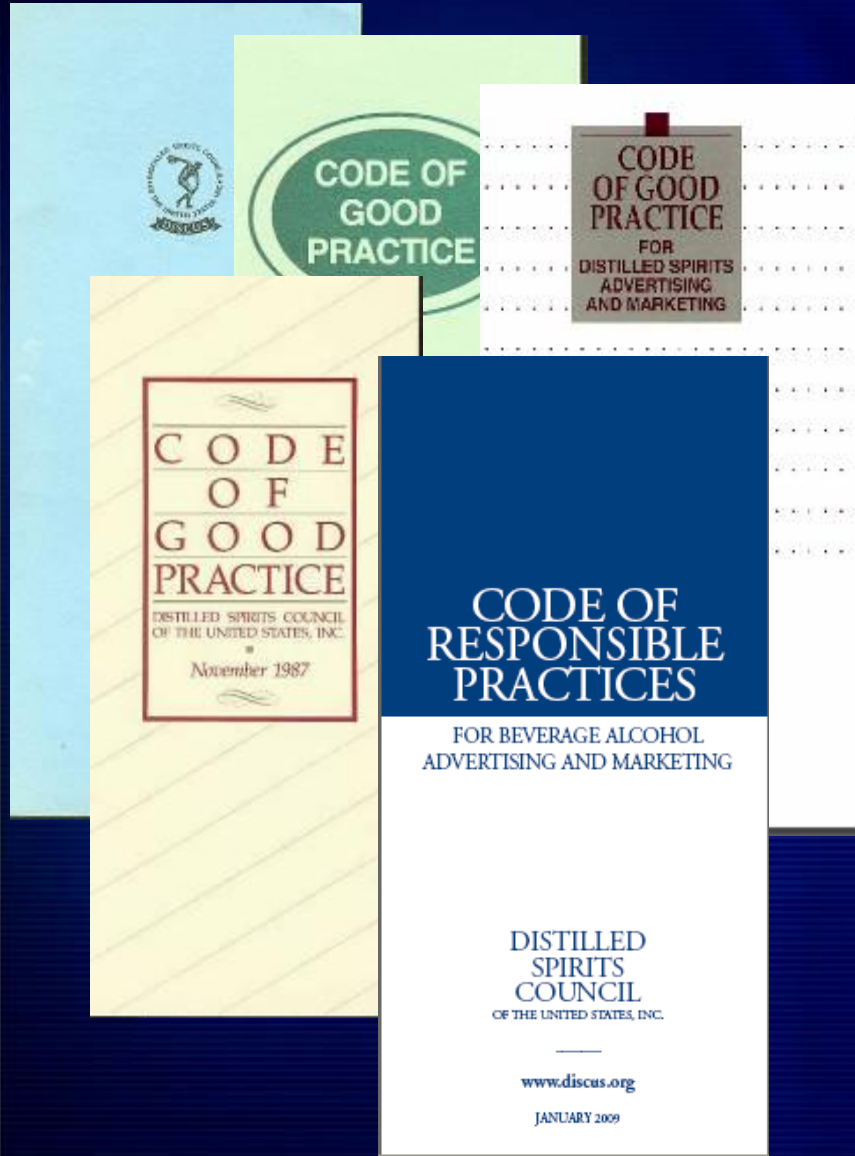
THE CENTER ON
ALCOHOL MARKETING AND *Youth*

- Jim O'Hara, Executive Director, The Center on Alcohol Marketing and Youth
 - “Today’s report by the Distilled Spirits Council of the United States (DISCUS) on how well liquor companies have complied with the DISCUS marketing code is a step in the right direction. It shows DISCUS has heard the need for transparency, as recommended by the Federal Trade Commission in 1999.”



- Robert I. Reynolds, Director, Alcohol Policy Initiatives, PIRE
 - “The inaugural DISCUS Code Report contributes to building public trust in the integrity of alcohol industry self-regulation... DISCUS is to be congratulated for recognizing the need for public disclosure of its process for handling complaints regarding violations of its voluntary advertising code and the findings of its review panel.”

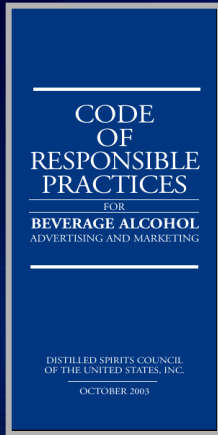
Strong Voluntary Code in Place Since 1934: Revised as social mores and technology change



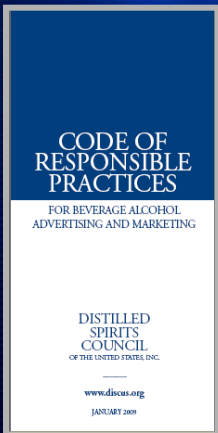
- Core principle steadfast:
 - To market our products to adults 21 years of age and older in a responsible and appropriate manner
- Code updated in 1996 to include broadcast advertising
- Code updated in 1998 to include websites and Internet advertising
- Brand website addresses available to parents/“net nanny” companies

Code Enhanced Again in 2003 and 2009

Among the Key Changes:



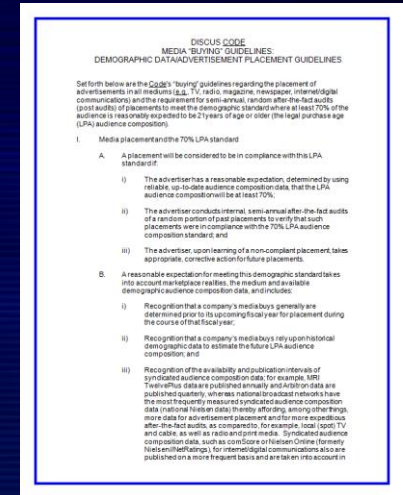
- 70% 21 years of age and older demographic
- All ad models over 25
- More explicit rules prohibiting use of sex/depictions of excessive drinking
- Distinguished external advisory panel
- Transparency – Semi-Annual reports



- Product placement guidelines for music videos, video games and more
- No supplier-sponsored promotions in college licensed establishments
- Rules on website downloadable advertising content
- No drinking games rewarding excessive consumption
- Code compliance seminars for members and non-members

Detailed Media Placement Buying Guidelines

- Specific criteria for placement in each medium
 - Place ad based on prior two quarters of data
 - Nielsen, Arbitron, Consolidated MRI 12+, comScore (digital uses most recent three-month site average)
- Semi-annual random post audits
- Post audits to verify past placement met standard
- Same tough content standards regardless of medium/placement



Magazine Special Binding Initiative

Effective July 1, 2006

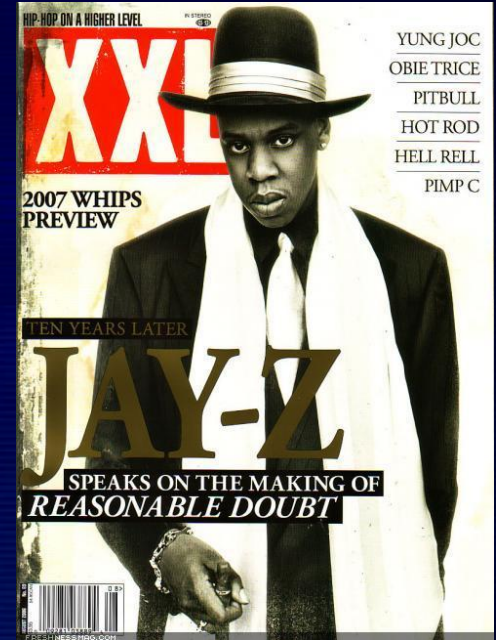
- Special bindings (remove alcohol ads) for school library subscription copies of:
 - *Newsweek*, *People*, *Sports Illustrated*, *Time*, *U.S. News & World Report*
 - Magazines most commonly subscribed to by school libraries
- Voluntarily refrain from placing ads on inside/back covers if they cannot be segregated



“Unmeasured Magazine Initiative”

Effective October 1, 2006

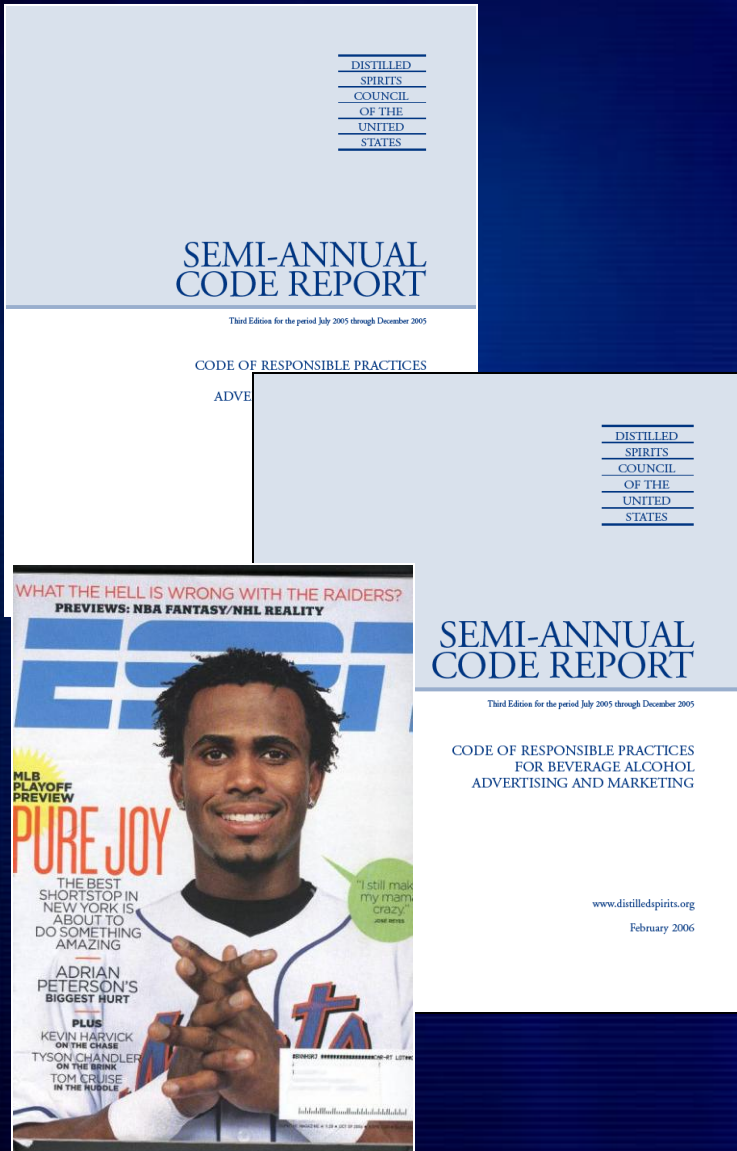
- Initiative developed after a publisher provided conflicting demographic data to advertisers for an unmeasured magazine
- Requires third-party demographic survey by publisher before ad placement
- Applies to magazines intended for general circulation not measured by a syndicated data source
 - Covers “national consumer print” publications, local consumer print publications with a subscription base, military publications
 - Excludes trade publications (such as ABC journals), alumni publications, free local newspapers without a subscription base



How the Code Review Process Works

- Each complaint given identical consideration and priority status
- Complaint sent to advertiser for response
 - DISCUS members respond forthwith
 - Non-members – 15 business days to respond
- Code Review Board convenes
- Advertiser invited to participate
- Board deliberates and issues decision
- Advertiser notified of decision
- Public report on complaint decisions and advertiser's response
 - Board decisions also posted on DISCUS website pre-publication

Examples of Code Process: Advertising Placement



- Complaint received 12/12/05
- Advertiser notified 12/13/05
- Advertiser responds 12/21/05
 - Placement based on readership data provided by ESPN
- Board convenes 12/22/05
- Placement violation found
- Advertiser ceases ESPN placements
- Advertiser agrees to use MRI 12+ data to place or subscription-only edition if 70% standard not met

Examples of Code Process: Advertising (TTB Approved Label)

- Complaint: Content of advertising materials violates the “good taste” and using sex as a selling point/gratuitous nudity provisions of the Code
- Board Decision: Board understood that Tax and Trade Bureau had approved the product label; nevertheless, found associated advertising materials to violate Code
- Advertiser’s Action: Removes ad materials, rebuilds and redesigns its website



Outside Advisory Board Members: Guidance, Ad Prevetting, Tie-Breakers



- Dr. Deno Curris – Distinguished Educator
 - Former President of the American Association of State Colleges and Universities, former President of Clemson, Murray State and Northern Iowa Universities, with 42 years of service in higher education and actively engaged in addressing alcohol abuse among college students

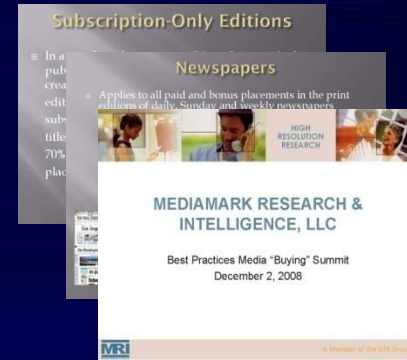
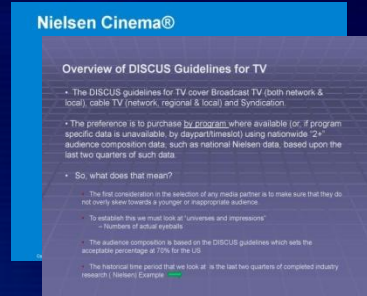
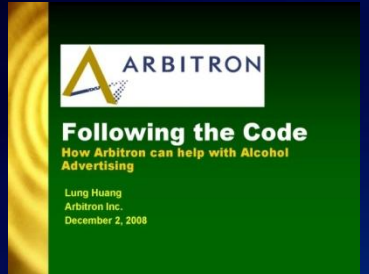


- Ms. Jodie Bernstein – Distinguished Public Servant
 - Former Director of Consumer Protection Bureau of the FTC, leader in creating the National Advertising Review Council of the Better Business Bureaus, appointed to review self-regulatory guidelines for CARU, and the recipient of the BBB International Trade Torch award for Consumer Leadership for significantly advancing marketplace trust through consumer advocacy and leadership in the area of advertising self-regulation



- Mr. Rick Gitter – Distinguished Advertising Executive
 - Former NBC Vice President of Advertising Standards and Program Compliance with 30 years of experience overseeing network advertising compliance

2006, 2008 and 2010 Best Practices Media Summits



- Buying for Radio
- Buying for Television – Broadcast and Cable
- Buying for Print – Magazine and Newspaper
- Buying for Digital Media
- Social Networking Sites: Demographic Tools & Beyond
- Product Placements in Cinema and Broadcast
- Your Own Website and Emerging Marketing Technology



DISCUS Best Practices Media Summits Advertising Content Review

Compliance with the DISCUS Code

Do's & Don'ts

1st Report Jan-Dec 2004

Advertisement:	Smolka Vodka website advertising and marketing materials	
Advertiser:	Spirits Marque One LLC	
Complainant:	Industry member	
Complaint Summary:	Content of the advertising and marketing materials violates Responsible Content Provision No. 21 of the DISCUS Code: "Beverage alcohol advertising and marketing materials should reflect generally accepted contemporary standards of good taste." Responsible Content Provision No. 25: "[B]everage alcohol advertising and marketing materials should not rely upon sexual prowess or sexual success as a selling point for the brand," and "advertising and marketing materials should not contain or depict graphic or gratuitous nudity over sexual activity, promiscuity or sexually lewd or indecent images or language." Responsible Content Provision No. 22: "Beverage alcohol advertising and marketing materials should not degrade the image, form, or status of women," and Responsible Content Provision No. 13: "Beverage alcohol advertising and marketing materials should not depict situations where beverage alcohol is being consumed excessively or in an irresponsible manner."	
Code Review Board Decision:	Advertising and marketing materials were found in violation of Responsible Content Provisions Nos. 21, 25, 22, and 13 due to the sexually graphic images and gratuitous nudity depicted in these materials and the degrading images of women, as well as the depiction of irresponsible consumption.	
Action by Advertiser:	No response from the advertiser	
Status:	Board continues to urge the advertiser to discontinue these advertising and marketing materials	

5th Report Jul-Dec 2006

Advertisement:	The Margarita King billboard and website advertising materials with the tagline "King Me Baby and Sip Me Baby"	
Advertiser:	The Margarita King Inc (Non-DISCUS member)	
Complainant:	Industry member	
Complaint Summary:	Complainant believes that the advertising and marketing materials for The Margarita King depicting a baby bottle nipple and a woman consuming product from a baby bottle, violates Responsible Content Provision No. 21 providing that "[b]everage alcohol advertising and marketing materials should reflect generally accepted contemporary standards of good taste."	
Code Review Board Decision:	In responding to the complaint, the advertiser stated that The Margarita King advertising and marketing materials were intended to convey humor and to deliver information about responsible drinking in a lighthearted manner. In that regard, the visual in the advertising campaign (the nipple) was to match The Margarita King's tagline "King Me Baby and Sip Me Baby."	
Action by Advertiser:	The advertiser removed from the brand's website the materials referenced in the complaint depicting a woman consuming The Margarita King from a baby bottle. The Margarita King also has discontinued these billboard executions.	
Status:	Resolved: Responsive action taken	

July 1, 2004 - December 31, 2004

Advertisement:	Three Olives Cherry Vodka advertisement with the statements/taglines "Remember, tonight is only a success if it ends with breakfast" and "Get out. STAY OUT!"	
Advertiser:	White Rock Distilleries, Inc.	
Complainant:	Industry member	
Complaint Summary:	Content of the advertisement violates Responsible Content Provision No. 13 of the DISCUS Code: "Beverage alcohol advertising and marketing materials should not depict situations where beverage alcohol is being consumed excessively or in an irresponsible manner" and Responsible Content Provision No. 25: "[B]everage alcohol advertising and marketing materials should not rely upon sexual prowess or sexual success as a selling point for the brand"	
Code Review Board Decision:	None required: Advertiser discontinued the advertisement in response to the Code Review Board's letter advising advertiser about the complaint	
Action by Advertiser:	After receipt of the Board's letter, the advertiser notified its marketing firm to discontinue the advertisement effective immediately	
Status:	Resolved: Responsive action taken	

7th Report Jul-Dec 2007

SEVENTH PUBLIC REPORT

Advertisements:	Downunder Vodka print advertisement	
Advertiser:	Heartland Spirits Group (Non-DISCUS member)	
Complainant:	Industry member	
Complaint Summary:	The complainant believes that the advertisement with the tagline "Perfect for Any Pouch" runs afoul of Responsible Content Provision Nos. 21, 22 and 25 of the DISCUS Code due to its overtly sexual and suggestive nature featuring a model with her bare breasts exposed, pants unbuttoned and a bottle of Downunder being slipped into her pants.	
Code Review Board Decision:	Responsible Content Provision Nos. 21, 22 and 25 provide, respectively, that beverage alcohol advertising and marketing materials "should reflect generally accepted contemporary standards of good taste;" "should not degrade the image, form, or status of women, men, or of any ethnic, minority, sexually-oriented, religious, or other group;" and "should not contain or depict...sexually lewd or indecent images or language."	
Code Review Board Decision:	After careful deliberation, the Code Review Board found that the Downunder Vodka advertisement violated Responsible Content Provision Nos. 21, 22 and 25 of the DISCUS Code. In the Board's view, the advertisement is overtly sexual and suggestive in nature, degrading and is not in keeping with generally accepted contemporary standards of good taste.	
Action by Advertiser:	The advertiser immediately pulled the referenced Downunder Vodka advertisement and will no longer use this advertising execution.	
Status:	Resolved: Responsive action taken	

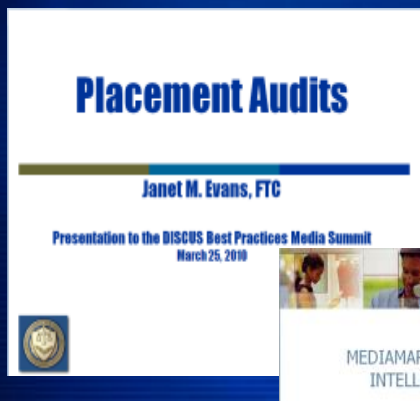
Eighth Report Jan-Jun 2008

Advertisement:	Smipor Vodka packaging	
Advertiser:	Craovia Brands, Inc. (Non-DISCUS member)	
Complainant:	Industry member	
Complaint Summary:	The complainant points to the gun-shaped bottle and asserts that the packaging, particularly in light of the product name, is inconsistent with Responsible Content Provision Nos. 16 and 19 of the DISCUS Code. Responsible Content Provision No. 16 provides that "[b]everage alcohol products should not be advertised or marketed in any manner associated with violent situations." Responsible Content Provision No. 19 provides that "[b]everage alcohol advertising and marketing materials should not be associated with anti-social or dangerous behavior."	
Code Review Board Decision:	After consideration of the complaint and the provisions of the DISCUS Code, the Code Review Board found that the use of a gun-shaped bottle and the packaging for Smipor Vodka, particularly in light of the product name, imply violent, illegal activity and therefore violate Responsible Content Provision Nos. 16 and 19 of the Code.	
Action by Advertiser:	No further response from the advertiser once informed of the Board's decision.	
Status:	The Board continues to urge the advertiser in the strongest possible terms to revise these advertising and marketing materials in light of the Code's provisions.	

2010 DISCUS Code Media Summit

“We [FTC] think the DISCUS Best Practices Media Summits are extremely important.”

- Great success with over 100 attendees, leading media experts, FTC, TTB
- All sectors participated: Non-member distillers, beer, wine, new entrants
- Major focus on emerging marketing platforms (digital media, smart phones)

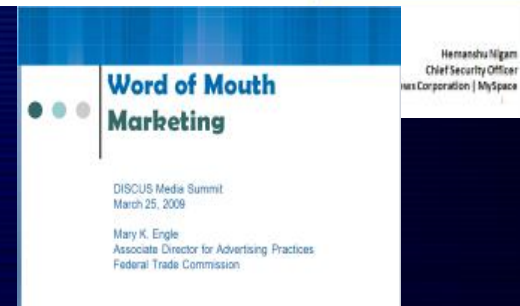
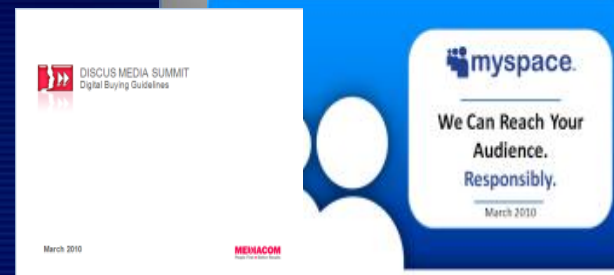


DISCUS is to be commended for this ongoing initiative to bring together businesses across the beer, wine and spirits segments to ensure responsible beverage alcohol advertising that is directed to adults.

– Janet Evans, FTC –

We're happy to be associated with an organization like DISCUS that really leads the way in responsible advertising. DISCUS and its members are really forward thinking when it comes to being responsible in new and emerging media.

– Brian Lane, Nielsen Media Tracking –



DISCUS Best Practices Media Summit Award



NATIONAL CONFERENCE OF STATE LIQUOR ADMINISTRATORS

DISCUS Honored for Exemplary Program within the Beverage Alcohol Industry; Only Private Sector Group Recognized by NCSLA for Best Practices

“We congratulate this year’s NCSLA Best Practices Award winners,” said Eric Honma, president, National Conference of State Liquor Administrators. “NCSLA is dedicated to providing an open forum where its members can deliberate and learn about issues relating to the alcoholic beverage industry. Our awards program continues to be an effective and meaningful way to advance our purpose as well as identify and reward those that exemplify the best amongst us.”



FOR IMMEDIATE RELEASE

STATE LIQUOR ADMINISTRATORS ANNOUNCE 2009 BEST PRACTICES AWARDS Four Members Honored for Exemplary Programs within the Alcoholic Beverage Industry

Nashville, Tenn. – June 18, 2009 – The National Conference of State Liquor Administrators (NCSLA) presented awards to five of their members at the 74th annual conference in Nashville this week. Each year the NCSLA Best Practices Awards recognizes and shares these programs and practices that are innovative, pioneering and deemed to be of value to all states and the regulated industry.

“We congratulate this year’s NCSLA Best Practices Award winners,” said Eric Honma, president, National Conference of State Liquor Administrators. “NCSLA is dedicated to providing an open forum where its members can deliberate and learn about issues relating to the alcoholic beverage industry. Our awards program continues to be an effective and meaningful way to advance our purpose as well as identify and reward those that exemplify the best amongst us.”

There were 18 total nominations from both state agencies and industry leaders in the two categories of Health & Safety and Community Collaboration. A diversified committee of 15 regulators and industry members evaluated submissions using the following criteria: value to other states; relevance and scope of subject to states and industry; new innovation or new approaches; efficiency in terms of time, money and resources; harmonization; replicable in other jurisdictions; sustainability; and measurable outcomes or lessons learned.

The 2009 Best Practices Award winners are as follows:

Health & Safety

- “Last Call” video project – The Oregon Liquor Control Commission developed this thoughtful, skillfully crafted video as an educational tool for alcohol servers to help motivate business owners and their employees to sell and serve alcohol in legal and responsible ways.

Community Collaboration

- Goodfellow Air Force Base program – The Texas Alcoholic Beverage Commission collaborated with Goodfellow Air Force personnel, local retail licensees, and law enforcement and developed an effective program to combat on-going alcohol violations from alcohol abuse and over service problems among our military men and women, and track program progress and success.

- More -



DISTILLED SPIRITS COUNCIL BEST PRACTICES MEDIA SUMMIT



Hosted by the Distilled Spirits Council
For more information about the DISCUS Code:
<http://www.discus.org/responsibilitycode.asp>

Linking to the DISCUS Code

- Link to the Code for rapid consideration of any questions/complaints
- Educate constituents about the Code and its review process
- Utah Attorney General Shurtleff links to the DISCUS Code along with 14 State ABCs, the FTC, NCSLA, and NABCA

UTAH OFFICE OF THE ATTORNEY GENERAL
MARK SHURTLEFF

MY MISSION PROTECTING UTAH PROTECTING CHILDREN OUR OFFICE PRESS ROOM OPINIONS & TOOLS CONTACT US

UTAH ATTORNEY GENERAL
MARK SHURTLEFF

CLICK TO VIEW MEDIA PRESENTATIONS
MY MISSION ▶ **MY BIO** ▶

POPULAR PAGES Move your mouse over this area to scroll

Kids Page CODE OF RESPONSIBLE PRACTICES FOR BEVERAGE ALCOHOL, ADVERTISING AND MARKETING DISCUS.org Identity Theft Legal Opinions Live Chat

Florida Department of Business Professional Regulation

Federal Trade Commission

We DON'T SERVE TEENS
WWW.DONTSERVETEENS.GOV

Did you know?
In 2007, more than 56 percent of high school seniors reported no recent alcohol use.

Today is November 13, 2008

How can you help?
Everyone can do something:
Individuals & Organizations

21 is the Legal Drinking Age This website provides parents and

Suggested Language to Use for Linking to the DISCUS Code

For over 70 years, the Distilled Spirits Council of the United States, Inc. (DISCUS) has had a code of voluntary advertising practices, the Code of Responsible Practices for Beverage Alcohol Advertising and Marketing, which applies to the advertising by DISCUS members of the distilled spirits, malt beverage and wine brands they market in the U.S. and is followed by an increasing number of nonmember distilled spirits marketers.

The DISCUS Code provides for a Code Review Board that is charged with reviewing complaints about advertising material in the marketplace. To make the distilled spirits industry's review process more transparent and understandable to the public, DISCUS publishes semi-annual public reports detailing complaints against specific advertisements, decisions of the spirits industry's advertising compliance review board and actions taken by each advertiser.

For information regarding the DISCUS Code and how to file a complaint, go to <http://www.discus.org/responsibility/code.asp>.

For more about the Code: <http://www.discus.org/responsibility/code.asp>