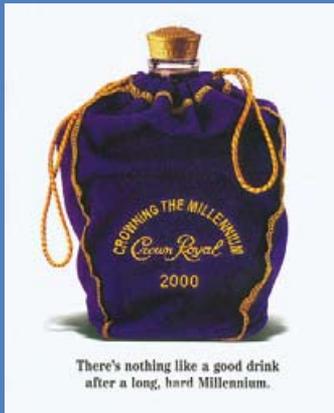


BOOZE ABROAD

Breaking the Ban on TV Advertising in the US



Liquor industry has always worked under restriction on ATL advertising- either self-imposed or imposed upon. This prohibition leads to interesting and innovative ways to communicate about the brands to the consumers. Here is an interesting case study of using the media vehicles to promote a brand while prohibition loomed large in US.

A friend and I were watching a sports event on TV and he looked at me with surprise as a liquor ad came on. "Hey, wait a minute," he said, "I thought it was against the law for liquor to advertise on TV in the States."

My answer -- it never was against the law. The ban on radio and television advertising for spirits (liquor) was voluntary and self-imposed by the industry. In the mid-1990s, as head of marketing for the US at Seagram Spirits and Wine, among my responsibilities and accomplishments was to break the ban.

The restrictions today are also voluntary but limited to after 10:00 PM for TV and content dependent for radio. Above all, the



broadcast medium outlet audience composition must be at least 71.6 per cent over legal drinking age, which is 21 years of age throughout the US.

In my view, any restrictions – voluntary or imposed – on liquor remain hypocritical, in as much as wine and beer (mainly) do not face comparable constraints in the US.

But that, my friends, is the story.

THE HISTORY BEHIND THE BAN

When Prohibition in the US ended, the distillers at the time got together and set standards and practices to avoid the reoccurrence of that event. Between the do's and don'ts, they voluntarily decided to ban radio

advertising. When television came along, the self-imposed ban applied to that medium as well.

Meanwhile the wine and beer people did not feel the need nor did they want to follow suit.

So over the next 50 to 60 years people began to believe that 1) the ban was a law and 2) spirits were characterized as "hard" while wine and beer were not.

By the mid-90s this legacy hurt spirits in a number of ways. From a marketing standpoint, access to important brand building media was denied. More painful, the hard vs. soft perception led to a lack of equivalency among alcohol types, particularly in the area of federal excise taxes, with liquor taxed the most.

Seagram fought the tax equivalency problem in a number of ways. The most important was to promote the idea that a drink is a drink and 1.5 oz. of spirits is equivalent to 12 oz. of beer and 5oz. of wine. Despite the accuracy and acceptance of this claim, it wasn't easy to get the message across. Even print media was reluctant to run ads containing this concept.

Another effort aimed at TV involved the introduction of Seagram mixers (soft drinks). While it got the name across, the benefits were limited to those brands carrying the name and it addressed the equivalency issue only in part. Besides, it was a back door approach to changing consumer and government perceptions. "How can you claim to be equivalent when they (wine and beer) are on TV and you're not? You're more than alcohol, you're hard liquor." The public affairs people wanted more direct efforts to change the situation.

ENTER MARKETING

Usually marketing and public affairs folks aren't always on the same page. In this case, ending the voluntary ban was a strong second item on the respective agendas -- more than enough for an alliance.

The situation was complicated. The Seagram above the line (ATL) budget could not sustain a full-scale foray into broadcast advertising. In fact, total liquor industry advertising



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Arthur Shapiro

spending was a fraction of just one of the major beer companies.

From a brand-building standpoint, I really didn't care about national TV. I had neither illusion about, nor interest in, sponsoring the Super Bowl or some other mega event. Beer marketing is based on mass appeal and efforts. Spirits marketing is about reaching the correct (albeit smaller) audience effectively. That meant our ultimate efforts needed to center on local or cable TV and spot radio.

The only way to accomplish these objectives was to swing for the fences and go for an end to the voluntary ban.

THE CHALLENGES

The first order of business was to approach other spirits manufacturers informally and through DISCUS (Distilled Spirits Council of the US). None of them initially were ready or willing to step up to the plate. Thanks to the clout the public affairs executive had with the Seagram family and management, it was decided that we would do it alone.

Interestingly, not every one among management was in love with the idea of adding Radio and TV to the spending mix. Lots of reasons – fear of change, concern about increased spending and, my personal favourite, "How do we know it will benefit our brands?" Duh. Now we had a two front war, breaking the ban and making dozens of presentations to show that broadcast advertising works. Ah, the power of fear of change. (See the side bar story)

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BEWARE THE MEDIA BUYERS

While I never worked as a media buyer, throughout my career I've had many occasions to work with and manage the people responsible for placing advertisements in publications and on the air. In effect, these are the folks who work for an ad agency or media buying company and negotiate the rates.

Too often, these buyers are myopic and push for formulas that do not always take into account the quality of the audience reached nor sound business practice. While it may have changed and perhaps doesn't apply all over the world, I have found media buyers often tend to be enslaved by the cost per thousands (CPM) and lose sight of the forest for the trees.

At Seagram, we had our own in-house media buying department. But, when it came to the break-the-ban wars, they were either missing in action or got in the way.

As our efforts to get on the air progressed we had many defeats ("I can't run your ads now but maybe at a later time") and a few cherished victories. Breaking the ban was not enough; we needed a sustained presence on television.

Among our allies was a cable program called The Golf Channel. This was perfect for us -- the audience was older, no issues with under age drinkers, affluent, sophisticated and premium quality drinkers. It was an ideal setting for Chivas Regal and The Glenlivet. We even sponsored a program on golf tips.

One day the owner of the media company called and hesitantly asked to see me. This could only mean a problem, since the usual approach was to go through the media department.

After exchanging pleasantries, I could see that the gentleman was agitated and it didn't take long for him to blurt it out. Our esteemed media department had cut The Golf Channel from the new budget. Considering they were the 2nd or 3rd station to take our ads, I was partly perplexed and partly very angry.

On the spot, I called one of the buyers and asked about it. "I understand that we've cut The Golf Channel from the plans," I politely asked. "How come?"

"Well," came the reply, "they are too expensive."

"What are you talking about?" I asked.

"Their CPM is twice as high as XYZ channel."

"Tell me," I asked, "does XYZ take our advertising?"

"No, they don't," was the answer.

"So if I got this straight...we are dropping one of the few channels who will take our ads because their cost per thousand is higher than a channel which will not take our ads. Is that correct?"

He said, rather sheepishly, "I didn't look at it that way...just compared costs."

They were put back on the schedule immediately.



Given the go ahead, the strategy was simple. It was called the "crawl strategy" as in, we will slowly and quietly crawl into broadcast. No fanfare, no hoopla, no press conference, just do it – buy the space and slowly expand from market to market before anyone notices and, by the time they do, it will have been a fait accompli.

Ha! When we started to crawl, we must have been wearing noisemakers because the country heard us the very next day after the initial effort.

WILL YOU TAKE OUR ADS?

Objectives, plans, authorization and strategy in place, we needed a partner – a broadcast media company or station that would run our ads. Our ads, by the way, were entertaining and humorous, very tasteful and effectively got our message across in a low key manner.

Finding a media partner was extremely difficult. The explicit reason given was "I love the idea and could use the new source of revenue but I don't want to be the first to break

the voluntary ban... come see me after someone else breaks the ice." Such courage. But, who can blame them? In the game of "follow the money" there was not enough in it for them to justify the risk.

Additionally, I suspect that there was a deep fear of losing beer revenue or otherwise being punished if they accepted our ads and helped to break the ban. All that managed to do, was to embolden us further.

In the midst of the battle and out of the clear blue sky, I received a phone call from one of our distributors. He knew of a small local TV station, an affiliate of NBC in Corpus Christi, Texas that wanted liquor ads on his station. Despite the fact that his audience was overwhelmingly teetotalers, the owner wanted our ads to run. Maybe it was the potential revenue, perhaps it was his sense of fairness and the belief that alcohol is alcohol, possibly it was his belief in free speech, whatever... we were on the air in June 1996.

ON THE AIR

The brand we had chosen to break



the voluntary ban was Crown Royal, a premium Canadian whiskey with a strong following in the South and especially Texas. The crown jewel in our portfolio, the brand had a long pedigree and was known for its understated, clever and wry humor.

Here is an example from the print advertising:

The ad we developed for TV followed this same style.



It showed two dogs (elegant Weimaraners) graduating from dog obedience school. One dog came out holding a diploma in its mouth and the voiceover said "obedience school graduate". The other entered holding a bottle of Crown Royal whiskey by the drawstrings of the purple bag. In this case the voiceover said, "valedictorian". Throughout the ad, the background music was "pomp and circumstances".

The ad ran over a weekend in June 1996 and the reaction was way beyond my expectation. It made the front page of newspapers and the TV news people had a field day with the story. I gave dozens of interviews and had more than my "15 minutes of fame". So

THE INDIAN BAN ON ATL ACTIVITY

It is not my place to comment on the Indian restrictions on alcohol advertising. I don't know enough about the history, how the restrictions came about and, simply put, it's none of my business.

But I can't help it.

A ban on alcohol advertising makes no sense to me on many levels. Government enjoys the revenue derived from the sale of these products yet, takes the posture that it likes the money so long as you don't speak of it publicly.

Second, do those who support the ban actually believe that advertising will coerce people into drinking? It's naïve to assume that, in this day and age, advertising is that powerful. Guess what, sports fans? Social media, which governments cannot (and should not) control, has far more impact on people's behavior.

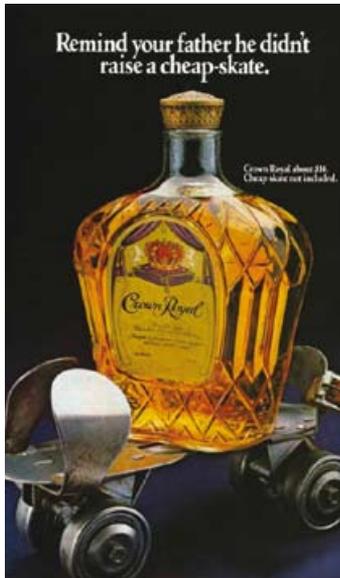
What advertising does is to promote one brand over another. If you are going to drink, then choose my brand on the basis of how I present myself to you, the drinking public.

In those countries that permit ATL spending for alcohol, an additional benefit has been derived – the advertising of responsible drinking messages and practices.

At the same time and despite all of the aforementioned, I fully recognize that if advertising were permitted, there would be an increase in the costs associated with marketing and selling of some brands. Some brands would benefit and some brands would suffer.

That's why they call it free enterprise.

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much for the “crawl-on-the-air” strategy.

There is a chronology of events from 1996 on, by the Center for Science in the Public Interest (CSPI), and here’s how they reported it. (CSPI is a well known anti-alcohol group.)

June -- Seagram airs an ad for Crown Royal Canadian Whiskey on KRIS-TV, an NBC affiliate in Corpus Christi, Texas, breaking a long-standing, voluntary industry ban on broadcast liquor ads. The ban had been in effect for 60 years on radio (since 1936) and 48 years (since 1948) on television. Local and national groups protest; Rep. Kennedy and more than a dozen co-sponsors introduce the “Just Say No Act” (HR 3644) to ban liquor ads on radio and television to maintain status quo. President Clinton (in a Saturday radio address) asks industry to go back to the ban.

Sure enough, I was informed

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that President Clinton, in his Father’s Day address to the nation, was going to call for the liquor industry to revert to the ban. Recognizing this as a political move in an election year and in consideration of the financial and other support Seagram had given the President, management decided to stay the course and continue to run the ads. Ignoring the President is in the province of the very rich or very stupid.

I was also informed that I was to be interviewed by a TV network to tell our side of the story and, in effect, offer a rebuttal. What? I’m supposed to disagree with the President on national TV. Are you kidding me? No way have I come out of this looking anything less than a fool.

The PR folks and I decided that if we were going to do this – and we had no choice, management was adamant – I would stick to a carefully worded script and not deviate one iota. To the chagrin of the interviewer, I had three things to say and no matter what I was asked I stuck to those three things. After a while, the interviewer gave up, the piece was cut short and my rambling stayed the course of the main issues – alcohol is alcohol; why wine and beer are not liquor; the ban was voluntary and right for its time; and, something about freedom of speech. No counter attack on Clinton, no overt disagreement, no ranting and raving, just the facts and our story. It made for a poor rebuttal interview but avoiding a confrontation was a good career move.

One of the lessons I learned



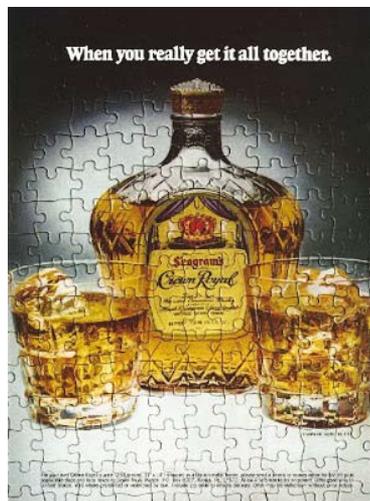
is that the broadcast news media want a story at any price, the more provocative the better. Without media training and preparation, one can easily allow good judgment to succumb to the stoplight and the ego. In other words, be careful not to step on any portion of your own anatomy.

THE AFTERMATH

There was, and still, is a happy ending. At Seagram, we not only stayed the course, but also expanded our TV efforts to three different Crown royal advertising executions and ran them through local affiliates of the networks and on Cable. More brands were added to the mix. The initial objective of radio advertising that was tied into promotional activity was met and exceeded.

As to the brand itself, the news coverage and press about the TV ads resulted in incredible double-digit growth for Crown Royal. As the coverage unfolded, wherever the story ran the ad was shown. In effect, we paid a fraction for the amount of coverage and exposure we received. Not the intent of the effort but a nice dividend.

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The anti-alcohol forces continued to shout about our sinfulness but to no avail. One group even went so far as to accuse us of deliberately attempting to subvert American youth into the perils of demon rum via the dogs and graduation. In their view, the dog with a bottle of booze was valedictorian and this was our attempt to show how drinking leads to success! Give me a break!

As to the other spirits companies who avoided participation at the outset, they not only jumped on the bandwagon but a few claimed the effort as their idea. Success has many parents.

Even the doubters among my management became believers and broadcast advertising became a focal point of national and regional brand building efforts.

Today, after 10:00 PM on some content appropriate television programs, it is not at all unusual to see liquor ads. Lots of them. This includes national network TV.

But, please don't ask me to assess the quality of the ads. That's a whole other matter. ☹

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