

# Place:

## A Front Line in the Battle Against Underage Drinking

### Background

Savvy businesses focus on what is called the “four P’s” of marketing: Product, Price, Place, and Promotion. The better the four P’s work together, the better their product will sell. For businesses that sell alcohol, such an approach involves finding the right combination of producing and packaging the right product, setting the price at the optimal level, making sure consumers can access it by increasing the number of places where alcohol is made available, and finding the right promotional message and means to deliver that message to the target audience. This same formula provides a framework for understanding how alcohol can be made less attractive and available to underage drinkers.

### The Devastating Consequences of Underage Drinking

The importance of disrupting the current success of the four P’s formula as it applies to underage drinkers cannot be stressed enough. The National Institute on Alcohol Abuse and Alcoholism (part of NIH) calls underage drinking “an enormous public health issue” due to the fact that alcohol is the number one drug of choice among children and adolescents.

A September 2003 report by the National Academy of Sciences’ Institute of Medicine (IOM) found that underage drinking costs the Nation an estimated \$53 billion annually in deaths, injuries, property damage and related economic and productivity losses. Underage drinkers account for at least 10 percent and up to 20 percent of all alcohol consumed in this country. More youth drink alcohol than smoke tobacco or



# Policy Brief

volume 1, issue 1

International Institute for  
Alcohol Awareness



Continued from cover

## Almost one in five eighth graders are using alcohol.

use marijuana. Half of all high school seniors admit to drinking alcohol within the last 30 days, compared to tobacco (27 percent) or marijuana (22 percent).

But it is not just older students; almost one in five eighth graders are using alcohol. And younger drinkers tend to drink more heavily than adults, which increases the likelihood of negative and dangerous behaviors, which can be devastating:

- ★ Alcohol consumption by youth is linked to increased probability of sexual activity, crime and violence, and the use of other illegal drugs.
- ★ Last year, there were 3,212 deaths due to underage drinking, plus another 2.4 million other harmful events.
- ★ Unfortunately, while we saw a substantial decline in underage drinking in the 1970s and 1980s, there has been very little change in the last decade.

The IOM report, which was requested by Congress, concludes that absent a significant new intervention, the problem is not likely to improve.

Clearly, all four P's of marketing can play an important role in promoting or preventing underage drinking. There is solid research data, for example, showing that the higher the price, the less likely that youth will buy it. We know also that certain products have been developed that appeal more to the youthful market, such as malt alternatives, Jack Daniels tea, and other sweeter or fruity alcoholic drinks. And we know that certain types of promotion will appeal more to the young (using a hip hop star to promote malt liquor drinks, for example). Recent research, however, has highlighted the critical importance of the place variable – the easy availability of alcohol to youth. This research provides the foundation for increasing our attention on ways to combine “place” with what might be called the first “P” of public health: prevention at the point of sale. ■

## Reducing Commercial Availability of Alcohol to Youth

“Place” for youth interested in drinking most often involves social availability – they find it through their peers, they take it from their parents’ supply, they get it at a friend’s home, or some adult buys it for them. The direct sale of alcohol to minors is prohibited in every state, as a result of the 1984 National Minimum Drinking Age Act. But purchase surveys reveal that from 30 to 70 percent of outlets may sell to underage buyers, depending in part on their geographic location (Forster et al, 1994, 1995; Preusser and Williams, 1992; Grube, 1997). The IOM report cites the importance of shutting down this supply chain, noting that “limiting youth access to alcohol has been shown to be effective in reducing and preventing underage drinking and drinking-related problems.”

As part of the 10 main components of their strategy to reduce underage drinking, the IOM urges placing a greater emphasis on restricted access both socially and commercially. They advocate stronger laws restricting youth access, but they note that these “will be effective only if they are clearly communicated and strictly enforced.”

Currently, enforcement is haphazard at best. The system relies on store clerks and bartenders to be both knowledgeable and willing to enforce restrictions on underage drinking. While some stores have endeavored to be more aggressive in shutting down sales to minors, factors such as high turnover of clerks, their inability to accurately determine age, inadequate training and supervision, the fear of confrontation, and the commercial value of selling additional alcoholic products, have led to continued sales to youth. Here are a few examples of the doz-

ens of operations taking place each week that demonstrate the extent of the problem:

- ★ In Hawaii, nearly one-third of bars and restaurants and nearly one-fifth of stores sold alcohol to underage youths during a series of compliance checks conducted on Maui and Molokai in early 2004, according to Maui County officials. Of 46 stores that were checked, eight sold liquor to minors. Of 33 bars or restaurants, 10 served alcohol to the underage youths. In several cases, alcohol was sold to some minors even after clerks or servers had checked their personal identification. (Maui News, March 5, 2004)
- ★ In Mobile, Alabama recently, underage operatives trained by Mobile police targeted 21 local convenience stores and gas stations, attempting to buy alcohol. Police say transactions were completed at 9 of those businesses, leading to the arrests of those employees.
- ★ In Sandoval County, New Mexico in 2002, of the 156 retail stores inspected using compliance checks, 124 were cited for selling to minors, resulting in a noncompliance rate of 79 percent.



*“We are losing too many of our children to alcohol use and abuse and the devastating harm and consequences associated with it. Much of the heartbreaking tragedy and suffering that hits families can be prevented.”*

*Bob Reynolds  
Pacific Institute for Research and Evaluation*

# Facts

## About Underage Drinking

- ★ Underage drinking amounted up to \$22.5 billion of the total \$116.2 billion spent on alcohol. (JAMA, 1999)
- ★ Alcohol is the primary contributor to the leading causes of death each year for young people under age 21, including 6,000 deaths from alcohol-related injuries, 1,500 homicides, and 300 suicides. (NHTSA 2003, CDC 2004, Hingson and Kenkel, 2004)
- ★ In 2002, about 2 million youth ages 12 through 20 drank 5 or more drinks on an occasion, 5 or more times a month. (SAMHSA, 2002)
- ★ 1.5 million youth ages 12 through 17 met criteria for admission to alcohol treatment in 2002. (SAMHSA, 2003)
- ★ Studies show that 40 percent of those who start drinking before the age of 14 meet criteria for alcohol dependence at some point in their lives. (NIAAA)
- ★ Half of all persons who die in traffic crashes involving drinking drivers under age 21 are persons other than the drinking driver. (NHTSA 2003)
- ★ Research indicates that the human brain continues to develop into a person's early 20's. Exposure of the developing brain to alcohol may have long-lasting effects on intellectual capabilities and may increase the likelihood of alcohol addiction. (Brown, Tapert, Granholm and Delis, 2000)
- ★ Unfortunately, while we saw a substantial decline in underage drinking in the 1970s and 1980s, there has been very little change in the last decade. (National Academy of Sciences, 2003)



## Innovative Technology: Electronic Age Verification

One innovative way to address the challenges of “place” is to remove the human element from the equation through electronic age verification. This works at the point-of-sale (POS), using a driver’s license. When an alcoholic product is scanned at the checkout counter, the system stops and requires the clerk to verify age. The buyer must provide a driver’s license, which now often contains information such as date of birth encoded on the magnetic strip or bar code of the license. The POS computer would then calculate the buyer’s age and approve or disapprove the sale.

Costs of having such a system are not prohibitive. Many stores already have the technology to do this, using the lasers to read the product bar code and credit card readers to read the magnetic strip of the card for debit and ATM transactions. There are other alternatives, including the use of a separate reader which reads both magnetic strips and bar codes. The reader can be linked to the POS terminal, thereby removing the human element, or it can produce a read-out which tells the clerk to proceed with or terminate the transaction.

An additional benefit of these systems is their ability to determine whether the ID is a forgery or had been altered. False and altered IDs, primarily driver’s licenses, are a major problem in combating underage use of alcohol. Today, through the Internet, underage youth can purchase nearly flawless counterfeit IDs. In spite of the premeditated act of using a fake ID, retailers bear all the liability for the inadvertent sale of alcohol. The retailer’s only defense remains the eye and judgment of their employees, but given the remarkable sophistication of today’s IDs, the fact is that the human eye is no longer a strong enough defense for the retailer. Electronic age verification provides retailers with the technology necessary to read the encoded information on the driver’s license which verifies the age as well as the validity of the license itself. This information is then stored for proof that the retailer checked

the individual’s ID. Many retailers already use this technology. With more widespread use to be encouraged or required by law, the costs (as with all technology) would likely drop. And the cost of the technology for the retailer compares favorably with the potentially high costs they would face should they violate the law and sell alcohol to a minor.

The American Association of Motor Vehicle Administrators has worked with its members to encourage the creation and use of a standard driver’s license, which would ease the use of this technology. Their new standards recommend having encrypted 2D bar code information embedded into the license; 38 states (including D.C.) have that system in place. Another eight states have readable magnetic strips on licenses, while five states are issuing new driver’s licenses with encoded information. Currently, each state uses its own unique coding system, and there are 257 varieties of driver’s license formats in use, with about 90 percent of those encoded.

A successful age verification system requires universal usage by retail outlets; otherwise teens will simply move their business to those retailers without such a system and buy alcohol there. Its widespread usage is encouraged, and in fact electronic age verification was one of the strategies recommended by the IOM study to shut down the ability of underage drinkers to buy alcohol. It is expected that the use of this technology will lead to a dramatic reduction in underage drinking, potentially saving thousands of lives and preventing avoidable injuries.

### Electronic Age Verification Research

To date, only a few studies exist on electronic age verification and alcohol. A study by the Florida Department of Business and Professional Regulation reported a successful test of electronic age verification devices during the 1998 Spring break in Panama City liquor stores and night clubs (Myers, 1998). They noted anecdotal reports of a drop in teen alcoholic purchases due to the teens’ fear that their highly coveted driver’s license might be revoked or suspended. The Pennsylvania Liquor Control Board also ran a small demonstration project testing the use of the device. Both studies suggest that these devices are efficacious – i.e., they accurately read and report the age of the license holder (Krevor et al 2004)

The effectiveness of electronic age verification devices – the extent to which they are used correctly and frequently – was studied in Tallahassee and Iowa City with groups of retailers who volunteered to participate (Krevor, 2002). Using mystery shopper inspections and interviews with clerks, managers and customers, the studies found that installing these devices with little training or encouragement did not increase age verification and underage sales refusal. They also found that clerks and customers both reported almost no discomfort with having their IDs scanned. Researchers and retailers alike conclude that a more comprehensive system for responsible retailing is needed.

- ★ An example of such a comprehensive system is the BARS program (Being a Responsible Store). The largest compliance check training firm in the country, BARS sends people into stores to conduct mock transactions for alcohol and tobacco, to determine if clerks are following policy in asking for ID, and if they are using the age verification device on hand. “Our job is to make the device functional by a human,” reports program president David Gaudet. The BARS program, which involves classroom training, compliance checking and age verification devices, is in all 50 states. “If someone



## *One approach would involve a national requirement for the use of electronic age verification.*

uses all three of those,” says Gaudet, “you’ve solved your underage program at retail.”

One approach would involve a national requirement for the use of electronic age verification. Such a program would best be accompanied by provisions to provide retailers with the tools and training they need to more fully comply with state alcohol minimum age purchase laws, as well as ways to help them avoid personal liability for the injury and damages caused by underage drinkers. Provisions for such a requirement should include one-time tax credits to offset the necessary purchase or updating of equipment, which thanks to technological improvements can include software that runs on POS systems, laptops, PDAs, notebooks, PCs, or a stand-alone

device. These additional devices are useful at events such as concerts and arenas which are popular with the younger crowds. The added benefit of using this kind of software is that it will more easily accommodate any changes made by the various jurisdictions issuing licenses or ID cards. Funding for more research on the effectiveness of electronic age verification is also needed. ■

### **New Coalition Makes Electronic Age Verification Its First Priority**

A national coalition of organizations and businesses committed to the goal of protecting America’s youth from underage drinking has established electronic age verification as its first priority. The group, America’s Partners to Prevent Underage Drinking, is being led by the International Institute of Alcohol Awareness, which is a project of the Pacific Institute for Research and Evaluation.

- ★ The coalition is focusing on common sense and cost effective strategies which are anchored in research and science, can be implemented immediately, and will have the greatest potential for preventing underage drinking.
- ★ They seek federal legislation to facilitate the use of electronic age verification technology, in retail stores, bars and restaurants that sell alcoholic beverages through a federal purchase incentive and assistance program. The issue of fake IDs has been driven primarily by national security concerns which arose after 9/11, and these concerns played a major role in the intelligence reform bill which was signed into law on December 18.
- ★ A nationwide use of such a system would represent a serious blow to the \$1.9 billion counterfeit identification industry, which produces an estimated 25 million fake IDs each year, the bulk of which are held by youth attempting to access age sensitive products such as alcohol. IIAA Director James E. Copple said, “It represents the beginning of the end for fake IDs, and will go a long way toward protecting our children.”
- ★ Installation, training, consistent use, and monitoring of the technology will represent a good faith effort by retailers to comply with underage drinking laws. For this reason, the proposed federal legislation calls on states to grant an affirmative legal defense to retailers who consistently use electronic age verification technology. ■



### **Resources**

The Enforcing the Underage Drinking Laws Program is designed to support and enhance state and local efforts to prohibit the sale and consumption of alcohol to minors. This program, funded by the Office of Juvenile Justice Delinquency Prevention, received \$25 million annually from 1998 to 2004 and is awaiting an appropriation for FY 2005. Further information can be found at <http://ojjdp.ncjrs.org/funding/Funding-Detail.asp?fi=19>.

- ★ America’s Partners to Prevent Underage Drinking, [www.beawarenow.org](http://www.beawarenow.org)
- ★ Pacific Institute for Research and Evaluation, [www.pire.org](http://www.pire.org)
- ★ The National Academy of Sciences 2004 Report: Reducing Underage Drinking: A Collective Responsibility, [http://www.beawarenow.org/pdf/NASreport\\_exec\\_sum2003.pdf](http://www.beawarenow.org/pdf/NASreport_exec_sum2003.pdf)
- ★ National Institute on Alcohol Abuse and Alcoholism, [www.niaaa.nih.gov](http://www.niaaa.nih.gov)
- ★ The Alcohol Policy Information System (APIS) is an electronic resource that provides authoritative, detailed, and comparable information on alcohol-related policies in the United States, at both State and Federal levels. [www.alcoholpolicy.niaaa.nih.gov/](http://www.alcoholpolicy.niaaa.nih.gov/)



# America's Partners to Prevent Underage Drinking

## Partners

American Association of Motor Vehicle Administrators  
[www.aamva.org](http://www.aamva.org)

The BARS Program  
[www.barsprogram.com](http://www.barsprogram.com)

E-Seek, Inc.  
[www.e-seekinc.com](http://www.e-seekinc.com)

First Data Merchant Services  
[www.firstdatacorp.com](http://www.firstdatacorp.com)

Intelli-Check, Inc.  
[www.intellicheck.com](http://www.intellicheck.com)

International Institute for Alcohol Awareness

Leiweke Distribution Companies  
[www.idverificationsystem.com](http://www.idverificationsystem.com)

National Liquor Law Enforcement Association  
[www.nllea.org](http://www.nllea.org)

Pacific Institute for Research and Evaluation  
[www.pire.org](http://www.pire.org)

Precision Dynamics Corporation  
[www.pdcorp.com](http://www.pdcorp.com)

Scholastic, Inc.  
[www.scholastic.com](http://www.scholastic.com)

For additional information about the International Institute for Alcohol Awareness contact James E. Cople, Director, at either 301-755-2783 or [jcople@pire.org](mailto:jcople@pire.org).

[www.BeAwareNow.org](http://www.BeAwareNow.org)