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September 19, 2012

MARKETING PRACTICES ADVISORY - MPA051

Market Research Guidelines

To: Alcoholic Beverage Industry

The Commission has received multiple requests to re-examine its Market Research Guidelines set forth in Marketing Practices Bulletin MPB020. MPB020 was written in an effort to prevent a disorderly market resulting from on-premise taste comparison promotions and research. The guidelines set forth in MPB020 will continue to remain in effect with the exception of "Guidelines for Market Research Conducted by Bona Fide Market Research Firms" found in Exhibit 1 of MPB020. This advisory sets forth the Commission guidelines for conducting bona fide market research conducted by market research firms in Texas.

Please note: On-premise taste comparisons are prohibited.

The following are guidelines used by the Texas Alcoholic Beverage Commission under the authority of the Texas Administrative Code (16 TAC) §45.113 (b)(4) for members of the industry to follow when conducting sampling tests designed to determine consumer taste preferences in the State of Texas. {applicable to manufacturers of liquor and malt beverages}

- 1. The test must be conducted in a wet area.
- 2. The test must be conducted at an unlicensed location.
- 3. Participants must be 21 years of age or older.
- 4. The test must be run by a recognized and independent marketing research firm.
- 5. Compensation may be paid to a participant by the marketing research firm.
- 6. A minimum of 10 day advance notice must be given to the TABC Marketing Practices Division in Austin, TX.
- 7. The beverages used in the test must be legally purchased in Texas from a licensed retailer. If the product is not currently available in the Texas market, it may be shipped directly from the manufacturer to the market research firm. An accounting by the marketing research firm must be made of all beverages purchased, used in the test, and disposed of after the test.

- 8. The marketing research firm must adhere to all other city and state laws.
- 9. The marketing research firm may supply food for the limited purpose of participant palate cleansing during the test.
- 10. The test is to be conducted for manufacturing-tier members only. Distributors and wholesalers are excluded.
- 11. The participants are not allowed to remove the product from the test area, and all products not consumed must be destroyed.
- 12. The results of the research may neither be published nor used for advertising.
- 13. Consumers may be shown product concepts including packaging, labels, and brands for research purposes.

This is the Commission's opinion, and it should be noted that any permittee/licensee may pursue a different opinion through administrative proceedings with the State Office of Administrative Hearings. The commission will continue to monitor this issue and make necessary regulatory changes as statutorily applicable. We hope this opinion will assist you in your endeavors. If you would like additional information or have questions regarding this bulletin, you may contact me in writing at P.O. Box 13127, Austin, TX 78711, by email at marketing.practices@tabc.state.tx.us, by phone at 512-206-3411 or by facsimile at 512-206-3349.

Sincerely,

Thomas Graham Marketing Practices Supervisor

cc: Sherry Cook, Administrator Ed Swedberg, Assistant Administrator Emily Helm, General Counsel Steve Greinert, Director of Tax and Marketing Practices Executive Management Regional Personnel