



**Washington State
Liquor and Cannabis Board**

Date: January 15, 2025

To: Jim Vollendroff, Board Chair
Ollie Garrett, Board Member

From: Daniel Jacobs, Acting Policy & Rules Manager

Copy: Will Lukela, Agency Director
Toni Hood, Agency Deputy Director
Paul Magerl, Interim Chief of Enforcement and Education
Becky Smith, Licensing Director
Justin Nordhorn, Policy and External Affairs Director

Subject: **Approval to file a pre-proposal statement of inquiry (CR 101) regarding retail alcohol product placement.**

The Washington State Liquor and Cannabis Board (LCB) is considering repealing, amending, and creating rule sections in Title 314 WAC as necessary to address the advertisement and placement of alcohol products at retail premises of liquor licensees for off-premises consumption.

Process

The Director’s Office requests approval to file the pre-proposal statement of inquiry (CR 101) for the rule making described above. A CR 101 Memorandum was presented at the Board meeting on January 15, 2025 and is attached to this order.

If approved for filing, the **tentative timeline** for the rule making process is outlined below:

January 15, 2025	Board is asked to approve filing pre-proposal statement of inquiry (CR 101). CR 101 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list. Informal comment period begins.
February 5, 2025	Notice is published in the Washington State Register under WSR 25-03.
February 15, 2025	Informal comment period ends.
March – April 2025	Stakeholder and Public Engagements (Potentially multiple rounds)

May 21, 2025	Board is asked to approve filing proposed rules (CR 102). CR 102 is filed with the Office of the Code Reviser. Webpage is updated and notice circulated by the rules distribution list. Formal comment period begins.
June 4, 2025	Notice is published in the Washington State Register under WSR 25-11.
July 2, 2025	Public hearing is held and formal comment period ends.
July 30, 2025	Board is asked to adopt rules if no substantive changes are made (CR 103). Concise Explanatory Statement is provided to individuals offering written or oral comment at the public hearing or during the formal comment period, consistent with RCW 34.05.325. CR 103 and adopted rules are filed with the Office of the Code Reviser. Webpage is updated and notice circulated by GovDelivery distribution list.
January 1, 2026	Rules may have delayed effective date per RCW 34.05.380(2) to allow for implementation and any adjustments necessary for licensees to comply.

Approve Disapprove _____ _____
 Jim Vollendroff, Board Chair Date

Approve Disapprove _____ _____
 Ollie Garrett, Board Member Date

- Attachments:
- 1) CR 101 Memo
 - 2) August 2024 Research Brief – Alcohol Product Placement in Retail Outlets



CR 101 Memorandum

Retail Alcohol Product Placement

Date: January 15, 2025
Presented by: Daniel Jacobs, Acting Policy & Rules Manager

Background

The Washington State Liquor and Cannabis Board (Board) has had interest for some time in addressing a variety of issues related to the placement of alcohol products at retail premises for off-premises consumption, including, but not limited to, grocery stores. These concerns have heightened with the increasing popularity of cross-over products, which are alcohol products that are co-branded by companies that also produce popular non-alcoholic beverages.

In August 2024, the Research Program published a [research brief](#) on Alcohol Product Placement in Retail Outlets. Included among the summary of the brief is that product placement strategies such as putting alcohol products at aisle endcaps and register areas are known to increase exposure and sales of alcohol products.

In initiating this rulemaking, topics that may be explored include, but are not limited to:

- The advertisement and placement of cross-over products with or next to their non-alcoholic counterparts.
- Placement of alcohol products next to toys or snacks with a youth-oriented focus.
- Placement of alcohol products on endcaps of displays separate from the rest of the alcohol products.
- Distinct signage or markers indicating that products on shelf contain alcohol.
- Placement of spirits mini bottles.

Reasons Why Rulemaking Is Needed

Amendments to, or repeal of, existing rules, as well as creating new rules, may be necessary to address the placement and advertisement of alcohol products in retail liquor licensees for off-premises consumption.

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Process

The rulemaking process begins by announcing the Board's intent to consider changes to existing rules, add new rule sections, or both by filing a pre-proposal statement of inquiry (CR 101) form with the Office of the Code Reviser. This allows staff, stakeholders, industry partners, and all members of the authorizing environment to begin discussing possible rule changes.

At the CR 101 stage of the rulemaking process, no proposed language is offered. Any interested person may comment on this possible rulemaking during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule activity related to this pre-proposal statement of inquiry. The notice will identify the public comment period and where comments can be sent.

PREPROPOSAL STATEMENT OF INQUIRY



CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

Agency: Washington State Liquor and Cannabis Board

Subject of possible rule making: Title 314 WAC. The Washington State Liquor and Cannabis Board (Board) is considering repealing, amending, and creating rule sections as necessary to address the placement and advertising of alcohol products at retail premises of liquor licensees for off-premises consumption. Topics that may potentially be explored include but are not limited to:

- The advertisement and placement of cross-over products with or next to their non-alcoholic counterparts.
- Placement of alcohol products next to toys or snacks with a youth-oriented focus.
- Placement of alcohol products on endcaps of displays separate from the rest of the alcohol products.
- Distinct signage or markers indicating that products on shelf contain alcohol.
- Placement of spirits mini bottles.

Statutes authorizing the agency to adopt rules on this subject: RCW 66.08.030; RCW 66.24.630; RCW 66.28.350; RCW 66.98.070.

Reasons why rules on this subject may be needed and what they might accomplish: Amendments to and repeal of existing rules, as well as the creation of new rules in Title 314 WAC may be necessary to address the placement and advertisement of alcohol products in retail liquor licensees for off-premises consumption. This has gained heightened relevance considering the increasing popularity of cross-over products, which are alcohol products that are co-branded by companies that also produce popular non-alcoholic beverages.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: None

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

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Other:

(If necessary)

Name:
Address:
Phone:
Fax:
TTY:
Email:
Web site:
Other:

Additional comments: Interested persons can participate in the rule process through open public meetings and by submitting written comments, and are encouraged to sign up for the interested parties list (GovDelivery) at <https://public.govdelivery.com/accounts/WALCB/subscriber/new>. Rulemaking notices and stakeholder engagement opportunities will be emailed via GovDelivery and posted to the LCB website at lcb.wa.gov.

Date: January 15, 2025	Signature: Place signature here
Name: Jim Vollendroff	
Title: Board Chair	



Washington State Liquor and Cannabis Board

Research Brief

Alcohol Product Placement in Retail Outlets

August 2024

LCB Research Program

The Research Program at the Washington State Liquor and Cannabis Board (LCB) is a non-partisan, transparent resource focused on public health and safety outcomes related to the products, policy, and regulation of alcohol, cannabis, tobacco, and vapor products.

Purpose

This brief summarizes the public health and safety considerations related to alcohol retail marketing and product placement. This brief was created in response to concerns expressed from public health and community partners and is based on a review of existing evidence including scientific literature, government reports, policies, and other credible information sources.

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Contact

For further information about the Research Program and its work, please visit: lcb.wa.gov/research_program.

For specific questions about this brief, please email the Research Program at lcbresearch@lcb.wa.gov.

Background

There are many marketing techniques that increase product exposure and influence buying behaviors. One strategy of recent concern relates to the physical placement, advertisement, and promotion of alcohol products in stores, particularly in stores that are not age-restricted who also sell other food and goods (e.g., grocery stores and retail merchandisers). Three areas of concern include:

- 1) Increased exposure to alcohol;
- 2) Accidental purchasing; and
- 3) Theft.

Increased Exposure to Alcohol

Research shows product placement in stores influences buying behaviors for consumers of all ages.^{1,2} There are specific areas in stores, particularly at the front, aisle edges, and near the register that are known to increase sales. For example, one international study found that end-of-aisle displays increased sales volumes by 23% for beer, 34% for wine, and 46% for spirits. These increases were after controlling for the price, promotion, and other product-specific characteristics.¹ Product placement in stores is designed to draw consumer attention, and research has shown product placement increases brand recognition and interest, and encourages impulse buying.³ Although an effective marketing technique to increase sales, promoting alcohol products using these methods poses a unique risk to certain populations who may be especially susceptible to advertising, and to the negative effects of alcohol.

Young People

Youth are perhaps one of the most vulnerable populations impacted by these marketing techniques. Alcohol use by those with developing brains is associated with many harmful outcomes, including: reduced educational attainment, mental health disorders, substance use disorders, and other physical health problems.⁴

Evidence shows youth are frequently exposed to alcohol marketing in retail stores, with one international study showing children encountered alcohol marketing on 85% of visits to grocery stores.⁵ Moreover, exposure to alcohol in retail environments is linked to higher rates of alcohol use among adolescents.⁶⁻⁸ Potential factors underlying this association include increased normalization of alcohol products when sold and promoted with non-alcohol products, reduced risk perceptions of alcohol, and increased positive feelings toward the specific product based on how it is advertised.^{6,9,10}

This may be especially true with certain alcohol products, such as “co-branded” or “crossover” beverages, which are alcohol products marketed with a brand name, logo, or packaging similar to an existing non-alcoholic brand. Co-branding is a well-known marketing technique that helps broaden a consumer base by tapping into an audience who may have bought, currently buys, or has a positive impression of the non-alcoholic version of the brand. Many of the non-alcoholic counterparts of crossover beverages (e.g., soda, seltzer, iced tea, lemonade,

etc.) are frequently consumed by youth. For example, the 2023 Healthy Youth Survey found that over 80% of youth reported drinking a sugar-sweetened beverage in the past week.^{11,12}

Additional research has shown that youth who regularly drink sugar-sweetened beverages have poorer mental health outcomes and increased risk of substance use¹³⁻¹⁵. Although there are many potential mechanisms that may contribute to this link, these findings suggest this group of youth may be even more vulnerable to alcohol retail marketing.¹³⁻¹⁵

While research has yet to catch up to the rapid increase in crossover products, it is plausible that exposure to crossover products, including those that mimic the same brands that youth currently drink, may further increase product appeal. In addition, crossover products tend to use the same or similar packaging and labeling elements as their non-alcoholic counterparts including elements shown to be especially appealing to youth: bright colors, large fonts, images of fruit and other flavors, and more.¹⁶

Individuals with Substance Use Disorders

Individuals who are at-risk of, currently have, or are recovering from a substance use disorder are another population who may be especially vulnerable to the effects of alcohol exposure in retail environments. The prevalence of problematic alcohol use in adults is high, with about 11% of U.S. adults 18+ years old meeting criteria for an alcohol use disorder in 2023.¹⁷

Alcohol use disorders are a complex

condition with several individual and societal influences that play a role in the severity, course, and duration of the disorder. A recent review concluded that alcohol advertising and product exposure can pose a risk to these individuals through several mechanisms such as increasing cravings and urges to use alcohol, as well as eliciting positive emotions toward alcohol.¹⁸

Those at-risk of, or those who have an alcohol use disorder, additionally pay more attention to alcohol cues in their environment. This suggests that alcohol promotions in-stores may elicit more attention from this group of people relative to those who are less vulnerable.^{18,19} Reducing environments that may trigger alcohol cues and cravings is important for those with substance use disorders, especially with robust research showing that alcohol craving is associated with higher relapse rates, continued problematic drinking, and worse health and quality of life outcomes.²⁰⁻²²

Regulations

Some nations and U.S. states have implemented policies to limit exposure to alcohol in retail environments. [New Zealand's Sale and Supply of Alcohol Act of 2012](#) limits the display and advertising of alcohol products in supermarkets and grocery stores to a single non-prominent area of the store. Several U.S. states restrict or limit alcohol retailing in grocery stores including prohibiting the sale of liquor (32 states), the sale of wine (11 states), or beer over a certain alcohol by volume (ABV)²³. Other states have restrictions such as requiring a separate entrance to

the part of the store that sells alcohol products.²³ However, the general trend has been toward states expanding alcohol retailing in grocery stores nationwide.²⁴

Accidental Purchase

There is also concern that product placement may increase risk for accidental purchasing and use. For example, crossover products can have nearly identical packaging and labeling to non-alcoholic counterparts. This similar branding could cause confusion with consumers who may unknowingly select and buy alcoholic beverages or with employees who may unknowingly scan an alcohol beverage and not complete a proper identification check. This risk may increase when the alcoholic products are placed near their non-alcohol versions or with other non-alcoholic products. However, because these look-alike beverages are so new to the market, more research on this topic is needed.

State Regulations

Two states have placed restrictions on alcohol product placement for crossover products. [Virginia](#) requires crossover beverages to be placed in a retail location that will limit any confusion on whether a product contains alcohol or not. The state also requires beverages to have “clear, sufficiently-sized signage that indicates the product contains alcohol.” [Illinois](#) issued an emergency rule in 2023 that included prohibiting retail stores over 2,500 square feet from displaying crossover beverages “immediately adjacent to soft drinks, fruit juices, bottled water, candy, or other snack foods portraying cartoons or

youth-oriented photos.” The regulations in Virginia and Illinois are similar to crossover product marketing guidance from the [Distilled Spirits Council of the U.S.](#)

Theft

Theft is another concern related to product placement in stores. For example, anecdotal evidence in Washington shows that crossover beverages can be used to bypass ID checks at self-checkout registers by scanning the non-alcoholic version alongside, or in place of, the crossover alcoholic product. Self-checkout registers also increase alcohol availability to those underage.²⁵ Certain products, such as crossover beverages, may also be less obvious to attendants overseeing these self-checkout lanes.

Mini liquor bottles (50mL) have long been a concern for theft due to their ability to be easily stolen, transported, and consumed discreetly, particularly by youth. The 2023 Healthy Youth Survey has shown that hard liquor/mixed drinks are by far the most popular type of alcohol among youth, with nearly half of 10th graders who currently use alcohol reporting this as their usual choice.¹² Anecdotal evidence suggests that mini bottles can be placed in the front of stores or in areas that more easily allow these items to be stolen. [Utah](#) is the only state that currently prohibits the sale of mini bottles. Conversely, there is limited research showing the possibility of these mini bottles being used as a harm reduction tool to decrease overall alcohol consumption, although more research is needed to verify this claim.²⁶

Summary

- Product placement strategies such as putting alcohol products at aisle endcaps and register areas are known to increase exposure and sales of alcohol products and may also contribute to accidental purchasing and product theft.
- Adolescents and young adults are frequently exposed to alcohol retail marketing which has been shown to increase rates of alcohol use in this at-risk population.
- Alcohol exposure is also risky for individuals who currently have or are at-risk of having an alcohol use disorder due to increased craving, attentional cues, and increased risk of relapse or heavy drinking.
- Research supports limiting exposure to alcohol marketing in retail environments to increase protections for vulnerable populations.
- Accidental purchase and consumption of alcohol are rising concerns for new crossover or co-branded alcohol products given their similarity, and sometimes proximity, to their non-alcoholic counterparts.
- Theft of alcohol products is another area of concern, particularly if non-alcoholic versions of crossover products are scanned at self-checkouts, or when easily concealable mini liquor bottles are displayed near the front of a store. In particular, these strategies could be used by youth who would otherwise be unable to buy these products.
- Best practices to limit exposure may be different across retail outlets. For example, a best practice for larger stores would be to allow for alcohol products to be sold in separate dedicated areas that reduce unintentional exposure. A best practice for smaller stores may be to use signage that clearly indicates which products and aisles contain alcohol.
- Further research on this topic to develop best practices and assess overall impact of product placement on populations in Washington is needed. Crossover alcohol products are an emerging category of concern due to their rapid expansion and lack of current research.

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