

# ADVERTISING GUIDANCE MAY 2023

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# **Contents**

Introduction	2
Essential Definitions	2
What is Advertising	2
What is Not Advertising	2
Advertising Content	3
What is Not Allowed	3
What is Required	4
Ad Audience and Placement	6
Cannabis Establishment Window Displays	7
Websites and Social Media	7
Cannabis Establishment Websites:	7
Cannabis Establishments and Social Media	8
General Merchandise that is not cannabis or cannabis products	9
Avoiding Advertisements that are Appealing to those under 21	10
Submitting Advertising to the Board	11
Requests for Categorical Advertisement Approval	11
Advertisement Evaluation Matrix	12

## Introduction

This guidance is provided for Cannabis Establishments seeking to understand their responsibilities related to advertising.

This document is only guidance. Cannabis Establishments should read the related sections of <u>7 V.S.A.</u> Chapter <u>33</u> and <u>Board Rule 2</u> to fully understand advertising requirements. Cannabis Establishments should also review the Cannabis Control Board's Labeling Guidance, available <u>on our guidance page</u>.

This guidance is not legal advice. If cannabis establishments have questions regarding their legal responsibilities, they are encouraged to consult their legal counsel.

## **Essential Definitions**

#### What is Advertising

Vermont law defines advertising for cannabis establishments as follows:

"Advertise" means the publication or dissemination of an advertisement. 7 V.S.A. §861(1).

"Advertisement" means any written or verbal statement, illustration, or depiction that would reasonably have the effect of inducing sales of cannabis or cannabis products, including any written, printed, graphic, or other material; billboard, sign, or other outdoor display; other periodical literature, publication, or in a radio or television broadcast; the Internet; or in any other media." 7 V.S.A. §861(2).

What does this mean in practice? Any publicly written or viewable materials that are meant to induce the sale of cannabis can be considered an advertisement. This includes window displays or other outdoor signs (including sandwich boards) that are not purely directional or for the sole purpose of location identification.

#### What is Not Advertising

The law also provides that the following is NOT advertising:

- "(A) any label affixed to any cannabis or cannabis product or any individual covering, carton, or other wrapper of that container that constitutes a part of the labeling under provisions of these standards;
- (B) any editorial or other reading material, such as a news release, in any periodical or publication or newspaper for the publication of which no money or valuable consideration is paid or promised, directly or indirectly, by any cannabis establishment, and that is not written by or at the direction of the licensee.
- (C) any educational, instructional, or otherwise noncommercial material that is not intended to induce sales and that does not propose an economic transaction but that merely provides information to the public in an unbiased manner; or
- (D) a sign attached to the premises of a cannabis establishment that merely identifies the location of the cannabis establishment."

#### 7 V.S.A. §861(2)(A)-(D).

Regarding the above subsection D: sandwich boards that are *not* attached to the cannabis establishment may potentially fall outside of the definition of advertising if the purpose of the sign is *purely directional*.

It is important to remember that Cannabis Establishments should comply with the restrictions contained in Rule 2.2.11, even for the items above. Cannabis establishments should AVOID:

- advertising, logos or claims that may appeal to individuals under the age of 21
- false or misleading statements
- claims of curative effects,
- offering samples or prizes,
- promoting overconsumption

More information on this is included in Rule 2 and is discussed later in this guidance.

## **Advertising Content**

#### What is Not Allowed

The law is clear on what cannabis establishments cannot include in advertising. 7 V.S.A. §864(b) says:

"A cannabis establishment advertisement shall not contain any statement or illustration that:

- (1) is deceptive, false, or misleading;
- (2) promotes overconsumption;
- (3) represents that the use of cannabis has curative effects;
- (4) offers a prize, award, or inducement for purchasing cannabis or a cannabis product, except that price discounts are allowed;
- (5) offers free samples of cannabis or cannabis products;
- (6) depicts a person under 21 years of age consuming cannabis or cannabis products; or
- (7) is designed to be or has the effect of being particularly appealing to persons under 21 years of age."

To further define this, C.C.B. Rule 2 outlines key content that Cannabis Establishments must avoid. Below is the language from the Rule and some examples. Please note these examples are not a comprehensive explanation of the Rule.

Language From Rule 2.2.11	What it Means
"Cannabis Establishments are prohibited from	Specific guidance on avoiding advertising that is
using objects, such as toys, inflatables, movie characters, cartoon characters, child-friendly depictions of food or other consumables, or include any other display, depiction, or image designed in any manner likely to be appealing to minors or anyone under 21 years of age. This includes, but is not limited to, brand logo development and any advertising used for the purposes of marketing the licensee's dispensary and/or products."	appealing to anyone under 21 years of age is discussed later in this document.
"Cannabis Establishments are prohibited from advertising or promoting in a manner that is false, untrue, or misleading."	<ul> <li>This means that Cannabis Establishments must:</li> <li>Avoid claims of curative effects</li> <li>Avoid associating the use of cannabis with improving physical or physiological performance or a generally improved lifestyle.</li> </ul>

	<ul> <li>Avoid styles that closely resemble something that is trademarked.</li> </ul>
"Cannabis Establishments are prohibited from Including in its advertising any statement concerning a brand or product that is inconsistent with any statement on the labeling thereof."	This means that the advertising must accurately represent the product advertised. For example, advertising must not contain inaccurate THC content, test result claims, or any other false or misleading information about the cannabis or cannabis product.
"Websites for Cannabis Establishments must have age-gating."	Age-gating is a website feature that requires the user to enter their birth date or affirm that they are of legal age before accessing the site's content. Specific guidance for Cannabis Establishment websites and age-gaiting is provided later in this document.
"Social media accounts for Cannabis Establishments may only promote products using links to their age-gated websites. Any images or other text regarding products is otherwise prohibited."	Specific guidance for Cannabis Establishments and social media accounts is provided later in this document.

## What is Required

Vermont law requires that cannabis establishments include a warning label developed by the Cannabis Control Board in consultation with the Department of Health. Information about the warning label is available in Rule 2.2.10 and <u>Labeling Guidance</u>. Both documents are available on the CCB website.

Cannabis has not been analyzed or approved by the Food and Drug Administration (FDA). For use by individuals 21 years of age and older or registered qualifying patient only. KEEP THIS PRODUCT AWAY FROM CHILDREN AND PETS. DO NOT USE IF PREGNANT OR BREASTFEEDING. Possession or use of cannabis may carry significant legal penalties in some jurisdictions and under federal law. It may not be transported outside of the state of Vermont. The effects of edible cannabis may be delayed by two hours or more. Cannabis may be habit forming and can impair concentration, coordination, and judgment. Persons 25 years and younger may be more likely to experience harm to the developing brain.

It is against the law to drive or operate machinery when under the influence of this product. National Poison Control Center 1-800-222-1222.

Vector and raster files of the warning label are also on the <u>Guidance Page</u> of the Cannabis Control Board website. The warning may be printed in 10-point font Times New Roman, Helvetica, Ariel, **or another font size easily readable by the average consumer**, the CCB recommends a font size no smaller than 6 points. The language, italics, bolding, and capitalization of words must appear in the ad as it appears above and in the Rule.

CCB Rule does not include requirements on the placement of the warning label in the advertisement. Cannabis Establishments may decide where to place the warning in their advertising. In all cases, the warning must be clearly visible. The warning cannot be a watermark, nor may it have a watermark or other images over it. The warning cannot be obstructed in any way. As a reminder, the text of the warning must appear in the advertisement exactly as it is in Rule and this guidance and must follow the size and font guidance above.



## **Ad Audience and Placement**

Vermont law says that "Cannabis establishments shall not advertise their products via any medium unless the licensee can show that not more than 15 percent of the audience is reasonably expected to but under 21 years of age" 7 V.S.A. §864(c).

Further, C.C.B. Rule 2 instructs Cannabis Establishments on the placement of advertising in various places based on the type of audience that could view the ad. Below is language from the Rule and some examples. Please note these examples are not to the definitive explanation of the Rule.

When reviewing a Cannabis Establishment's proposed advertisement, the Board will assume:

#### Language From Rule 2.2.12 What it means "That more than 15% of the audience will be under 21 The CCB generally assumes that 15% of the audience years of age, unless the prospective advertiser can for all advertising is under the age of 21. To show by a preponderance of the evidence that less overcome this assumption, a Cannabis Establishment that would like to advertise must than 15% of the audience is reasonably expected to be under 21 years of age. Evidence must include reliable, provide "reliable and verifiable" information that no verifiable, and current audience composition data." more than 15% of the audience is over the age of 21. Many T.V., radio stations, newspapers, and other and other venues where Cannabis Establishments might consider placing advertisements will have data about their audience composition. "That the audience for any outdoor advertisement is More than 15% of Vermont's general population is the general public, and those under 21 years of age under the age of 21; because of this, it is assumed will have the same prevalence in that audience as they that any advertising that is outdoors and viewable by the general public will not be allowed. However, do in the general public, unless a prospective advertiser can demonstrate that an outdoor space will there may be some circumstances in which a not be accessed by the general public and that those Cannabis Establishment can provide information who can access it meet the audience metric of 7 V.S.A. demonstrating that the audience for certain outdoor § 864(c)." advertisements meets the 15% requirement. For example, an outdoor ad at a 21+ event. In any case, the Cannabis Establishment must provide reliable and verifiable information that the advertisement meets the standard. "Except for signage as defined in 7 V.S.A. § 861(2)(D), Signs affixed to storefronts or buildings that merely window displays, or items, text, or objects inside a identify the location of the Cannabis Establishment retail Cannabis Establishment that are visible to a are not considered advertising. They do not need to person standing outside the establishment, will be meet the 15% rule. However, those signs must still considered an outdoor advertisement for the purposes abide by general advertising restrictions by not of this rule." appealing to individuals under the age of 21, must avoid false or misleading statements, must not contain claims of curative effects, must not offer samples or prizes, and must not promote overconsumption. More information on this is

guidance.

included in Rule 2 and is discussed later in this

# **Cannabis Establishment Window Displays**

Rule 2.2.12(c) provides that "window displays, or items, text, or objects inside a Cannabis Establishment that are visible to a person standing outside the establishment, will be considered an outdoor advertisement for the purposes of this rule." More than 15% of Vermont's general population is under the age of 21. As a result, a window or a window display that allows the general public to view cannabis, cannabis products, pictures of cannabis or cannabis products, or advertisements in the store will not be allowed.

Cannabis Establishments need not submit window displays to the Board as they would a traditional print or other type of advertisement. However, CCB compliance staff will inspect Cannabis Establishment window displays for compliance with this rule.

## **Websites and Social Media**

Cannabis Establishments may have websites and may choose to use social media. However, websites and social media must comply with general advertising restrictions by not appealing to individuals under the age of 21, must avoid false or misleading statements, must not contain claims of curative effects, cannot offer samples or prizes, and cannot promote over consumption. It is important to remember that web hosts and social media platforms may have their own rules regarding cannabis on their platforms. The Cannabis Control Board has no authority over the policy of a web host or social media platform.

#### **Cannabis Establishment Websites:**

In addition to complying with the general advertising restrictions, Cannabis Establishment websites must have age-gating. This means websites must require that a person state that they are over the age of 21 to access the content on the site. The age-gated page should be the first landing page for the Cannabis Establishments website. Like all other types of advertising, web advertising is required to meet the 15% rule. Cannabis Establishments cannot advertise on websites managed by other entities unless those sites also have age-gating or the Establishment can demonstrate that the site's audience meets the 15% rule. Likely, advertising on popular sites such as YouTube or streaming services will not be allowed unless the Cannabis Establishment can reliably and verifiably demonstrate that the audience meets the 15% rule.

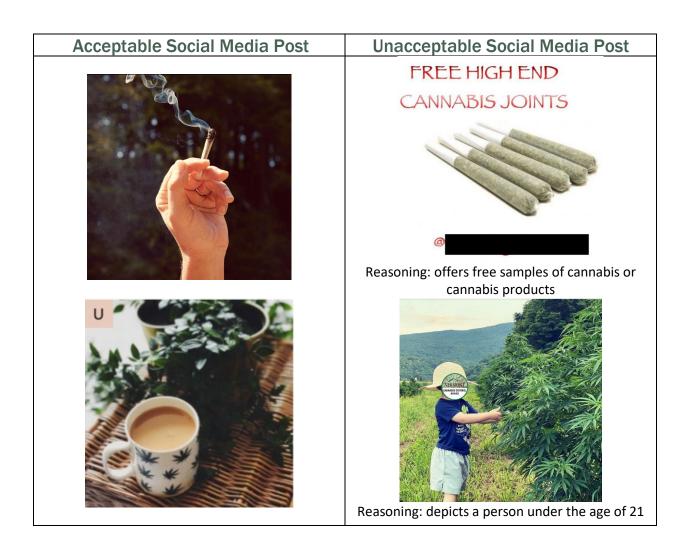


#### **Cannabis Establishments and Social Media**

A Cannabis Establishment's social media posts must comply with the general advertising restrictions. If a social media post qualifies as an advertisement, the Establishment must submit the post to the Board as an advertisement as detailed later in this guidance. Social media posts of images of a Cannabis Establishment's flower or registered finished product that are not calculated to induce sales of cannabis or cannabis products are acceptable. Further, Cannabis Establishments may only promote products using links to their age-gated websites. This means Cannabis Establishments cannot use "shop now" buttons that bring users to a social media marketplace.

Further, Cannabis Establishments cannot sell or advertise cannabis or cannabis products in a third-party social media marketplace. Cannabis Establishments may use the instant messaging component of a social media platform to communicate with customers. Still, they may not advertise or sell cannabis or cannabis products via social media instant messaging platforms.

Cannabis establishments may use their logo and branding on social media. Images and text on social media platforms may direct users to the Cannabis Establishment's website. Further, Cannabis Establishments may use social media platforms for general consumer information and education. Cannabis Retail establishments that lawfully collect customer contact information may send text or email messages only to age-verified customers who have given the Establishment permission to do so. Any messages that qualify as an advertisement must be submitted to the Board as an advertisement as detailed later in this guidance.



# **General Merchandise that is not cannabis or cannabis products**

General merchandise, such as t-shirts, water bottles, or stickers that display the Cannabis Establishment logo, are generally not considered advertising.



As noted above, while general merchandise is not generally considered advertising, merchandise must comply with general advertising rule 2.2.11 by not appealing to individuals under the age of 21, avoiding false or misleading statements, avoiding claims of curative effects, not offering samples or prizes, and not promoting over consumption. More information on this is included in Rule 2 and is discussed later in this guidance.

## **Avoiding Advertisements that are Appealing to those under 21**

State law requires that advertising of cannabis and cannabis products not appeal to youth or persons under 21 years of age. Cannabis Control Board Rule 2.2.9 further defines this by requiring that Cannabis Establishments "not use objects, such as toys, inflatables, movie characters, cartoon characters, child-friendly depictions of food or other consumables, or include any other display, depiction, or image designed in any manner likely to be appealing to minors or anyone under 21 years of age." This section of the guide will explain further what those restrictions mean.

First, it's important to note that advertising includes any branding or logos that appear in the advertisement, as discussed in this guidance. To ensure that advertising does not appeal to children or those under 21, cannabis establishments should ensure that ads, branding, and logos do not:

- Depict a person who appears to be under 21 years of age
- Use cartoons, images, objects, or characters that are commonly marketed to children and youth under 21
- Use items generally more attractive to children and persons under 21 than to adults.

For the purpose of this guidance, the term cartoon is not meant to describe a particular style of artwork but rather the content of the artwork. When evaluating whether advertising might appeal to those under 21, cannabis establishments should evaluate and ensure that the ad does not:

- Comically exaggerate typical human features
- Attribute human or superhuman characteristics to animals, plants, or other objects. Cartoons
  appealing to children often use an anamorphic technique to give animals and inanimate objects,
  or non-human objects, human identities. To be compliant with Rule and law, this should be
  avoided.
- Use fonts that are typically used to attract the attention of children and youth.

## **Imagery to Avoid**



Finally, for cannabis strain names that are similar to items that are commonly marketed to children, it is recommended that cannabis establishments avoid using these strain names in advertisements so as not to appeal to those under 21.

## **Submitting Advertising to the Board**

Vermont law, 7 V.S.A. §864(e), requires that Cannabis Establishments submit all advertisements to the Cannabis Control Board:

in a format prescribed by the Board, prior to the dissemination of the advertisement. The Board may:

- (1) Require a specific disclosure be made in the advertisement in a clear and conspicuous manner if the Board determines that the advertisement would be false or misleading without such a disclosure; or
- (2) Require changes that are necessary to protect the public health, safety, and welfare of consistent with dispensing information for the product under review."

Cannabis establishments must submit all advertisements to the Cannabis Control Board at least 15 days before disseminating the ad. The CCB will follow the format outlined in Rule 2.1.5 to compute the 15 days. Advertisements must be submitted in the following way:

- Advertisements must be submitted via email to <a href="mailto:ccb.advertising@vermont.gov">ccb.advertising@vermont.gov</a>;
  - Please put "Advertisement Submission, [Your Cannabis Establishment License Number]" in the email's subject line.
- Graphic print or digital ads must be submitted in PDF format or another format that can be viewed using the standard Microsoft suite of products.
- Voice and video media must be submitted in a format that can be viewed or heard using the standard Microsoft suite of products. Voice media may also be presented in the form of a transcript of the ad.
- Cannabis Establishments must submit the following with each ad:
  - o Locations where the ad will run and the dates the ad will run
  - Current, reliable, and independently verifiable data that the ad audience meets the 15% rule. It is best to submit information directly from the media organization where the ad will appear if possible.

The Cannabis Control Board will review the advertisement and notify the Cannabis Establishment within 10 business days if the ad is approved, denied, or if more information is required from the Cannabis Establishment. The advertisement must appear exactly as submitted to the Cannabis Control Board and may only appear in the places proposed to the Board.

If the Cannabis Establishment wishes to make changes to the advertisement, the ad must be resubmitted for approval to the CCB.

## **Requests for Categorical Advertisement Approval**

The CCB will consider issuing categorical approvals for periodic social media or website posts under the following circumstances:

- 1) Posts direct consumers (with hyperlink) to visit the cannabis establishment's age-gated website, where they can view the establishment's current menu and/or purchase products online for instore pickup.
- 2) Actual posts do not contain images or text regarding specific products sold by the cannabis establishment but may refer to broad product categories (e.g.: "sungrown flower", "pre-rolls", "edibles", etc.). The actual products may be viewed via the link to the establishment's age-gated website.
- 3) Posts may describe the menu, sections of the menu, or the general availability of products for sale, using descriptors such as "our menu is bigger and better than ever", "shop your favorite strains online", and/or referring to specific vendors ("two new strains from local grower XYZ hit the menu today", "check out our full line of ABC's live rosin gummies") without promoting any specific product.
- 4) The post must be followed by a "comment" posting the Health Warning as a picture, using the image provided by the CCB here: <a href="https://ccb.vermont.gov/sites/ccb/files/2022-07/Health.Warning.png">https://ccb.vermont.gov/sites/ccb/files/2022-07/Health.Warning.png</a>

## **Advertisement Evaluation Matrix**

To assist licensees with ensuring compliance with State law and Board rule concerning advertisements, the Board has developed an evaluation matrix, included on the following page. If advertisement submissions can answer affirmatively that their ad complies with the following criteria, it is likely that an advertisement will be approved for publication.

Advertisements that seem to comply with the matrix must still be submitted to the CCB for approval – this matrix is included for informational purposes only.

		Any publicly viewable written or verbal materials meant to induce the sale of	
	YES	cannabis or cannabis products	
		Window displays, sandwich boards, or other outdoor signs	
		Product label on cannabis or cannabis product	
		Editorial or other news article/segment, so long as no money was paid by the	
Is It Advertising?		cannabis establishment for the feature	
	NO	Educational or instructional material that does not otherwise encourage a	
	110	member of the public to make a purchase	
		Signs on the premises of the cannabis establishment, intended solely to	
		identify the location of the establishment, such as directional sandwich	
		boards	
		opear over the age of 21	
	Does not use cartoons, images, objects, or characters marketed to children and those under the		
	age of 21.		
		Animals or inanimate objects with human-like or child-like features	
		Statements or other phrases which would appeal to children and those under	
Avoids appealing to anyone		the age of 21	
Avoids appealing to anyone under 21	Discellanced	Humans with child-like or comically exaggerated features	
under 21	Disallowed . , ,	Prominently features candy or other food imagery that would	
	imagery and/or statements	disproportionately appeal to children	
	statements	Fonts that would disproportionately appeal to children, especially when	
		paired with one of the other disallowed imagery criteria	
		Imagery with overly bright or saturated color schemes, especially when	
		paired with one of the other disallowed imagery criteria	
	Avoids claims of cu	urative effects	
Avoids false, untrue, or	Avoids associating the use of cannabis with improved physical or physiological performance		
misleading claims	Avoids associating the use of cannabis with a generally improved lifestyle		
	Avoids depictions of materials that closely resemble something that is trademarked		
Avoids promoting overconsu	mption		
Avoids offering free samples		nabis products	
Avoids offering any kind of		Disallowed inducement of sale example: Free hoodie with purchase of	
prize, award, or other	Notes:	pre-roll pack	
inducement of sale	Notes.	Normal price discounts ("sales") are allowed	
inducement of sale		· · · · · · · · · · · · · · · · · · ·	
		Audience will be assumed to be the general public, with a higher than 15%	
Provides reliable,	Note on outdoor	concentration of people under the age of 21. Outdoor ads are not allowed	
independently verifiable,	ads	unless the advertiser can show that the outdoor space is not accessible by the	
and current data to show		general public, and can provide reliable, verifiable, and current data to show	
that less than 15% or the		audience composition.	
audience the ad will reach	Mata an original	Window displays of cannabis, cannabis products, or cannabis paraphernalia	
is under the age of 21		are considered advertisements under Board Rule. The audience is assumed to	
is under the age of 21	displays	be the general public. They are disallowed unless a business can show their	
Adams in a contract of the CCD	Land to the second second	display meets the same criteria as outdoor advertisements	
Advertisement contains CCB			
		being sold, and must not contain any inaccurate information (eg:	
incorrect THC content or test	,		
Notes on Social Media and	Is the Social Media	post an advertisement? <b>If No:</b> Does not require further CCB review & approval.	
	Must comply with general advertising restrictions (appealing to under 21, false/misleading		
Notes on Social Media and			
Notes on Social Media and		ve effects, etc), regardless of whether the post is an advertisement.	
Notes on Social Media and Websites	statements, curati Website is age-gat	ve effects, etc), regardless of whether the post is an advertisement.	