

Getting it right: The 4 steps to age verification for direct shippers

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One of the most important and widely recognized beverage alcohol regulations in the United States is the requirement to ensure alcohol is sold or delivered only to consumers above the age of 21. This applies to every sale, whether on premise or shipped direct to consumer (DTC). Unfortunately, age verification is often met with misunderstanding by those responsible for properly carrying it out, leaving businesses open to significant risk. This whitepaper defines the requirements and includes an exploration of the four age verification steps every beverage alcohol shipper needs to know.

Defining age verification

Verifying legal age is easier to do on-premise, when the seller and customer are face to face. The seller can ask for identification and verify it on the spot. With off-premise purchases, it's more challenging to check and verify the buyer's age. The original 1997 model direct shipping bill approved by the National Conference of State Legislatures (NCSL) didn't specifically define age verification requirements. As a result, each state continues to establish its own guidelines.

There are four main age verification methods direct shippers should consider implementing to remain compliant:

- Age affirmation
- Date of birth collection
- Age verification of purchaser
- Carrier ID inspection

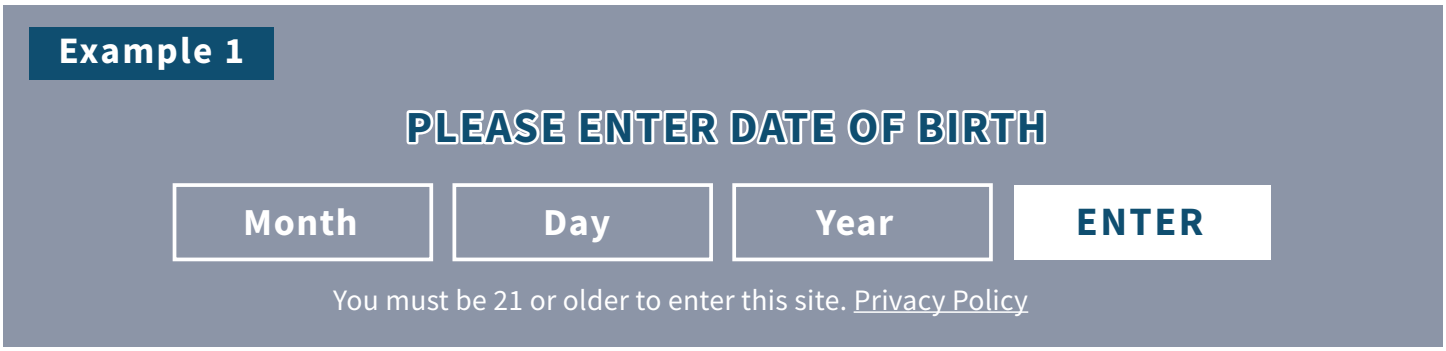
So, which types of beverage alcohol businesses are legally able to sell DTC? Using more than one method of verification concurrently in the form of "steps" is considered best practice and is actually a requirement in many states. Wine Institute also encourages use of an age affirmation step as well as electronic age verification of the purchaser in their code of advertising standards. Utilizing all four methods when possible is the best way to provide the highest level of protection.

Step 1: Age affirmation

Age affirmation is a technical protection measure used to restrict access to digital content from those not 21 or over. This requires a virtual "gate" upon entry. For example, when visitors go to a winery's website, they're required to type in their birth date before they can continue on to see the website, online store, shopping cart,

or mobile application. An alternative method for age verification is a checkbox or some other method where customers affirm they're of legal drinking age but aren't prompted to enter their date of birth.

Example 1



Example 2



Step 2: Date of birth collection

Several state agencies require licensees report the date of birth of either the purchaser, the recipient, or both on their prescribed forms. Best practice is to store the date of birth entered in the age affirmation process (Step 1) for the purchaser, then subsequently ask for and store the date of birth for the recipient if the order is a gift. Remember, dates of birth are considered personally identifiable information (PII) and must be stored securely.

Step 3: Age verification of purchaser

Many states put the burden of age verification squarely on the direct shipper and require formal age verification of each purchaser. Not only do direct shippers have to verify age, they must keep records of this verification. Even if direct shippers don't ship to states that explicitly require age verification, it's recommended they still be able to verify the age of their customers.

The two ways direct shippers can verify age are:

- **Using a state-approved online verification provider.** Online verification providers access publicly available data to validate that a buyer's name and address match that of an individual over the age of 21. While using a software provider is an extra expense, it's more secure and puts the seller at less risk. See an example of Michigan's approved online age verification providers.
- **Collecting and storing the verification record themselves.** With this method, the direct shipper is responsible for collecting and securely storing a copy of the buyer's government-issued ID. Considering this information is highly sensitive PII, sellers must ensure records are organized and stored in a manner that adequately protects customer data.

Step 4: Carrier ID inspection

The final step, also known as "adult signature required," is hands-on and shared between the direct shipper and the carrier. All states that permit DTC shipments require deliveries to be made only to someone over the age of 21. In order to ensure that alcohol is delivered only to customers old enough to legally drink, there are a series of requirements that need to be met:

- The recipient has to be present; the carrier cannot leave a package containing alcohol at the recipient's door unattended
- Just as a consumer might do at a liquor store – a government-issued ID must be presented to the carrier proving the recipient is of age
- A signature confirming the recipient received the package and is old enough to receive the package must be provided by the customer

While the most common carriers are FedEx and UPS, every carrier that delivers alcohol is required to follow these rules. Together, the direct shipper and carrier sign an agreement stating that the direct shipper will let the carrier know if a shipment contains alcohol, and the carrier will label the shipments and ensure that the rules listed above are followed.

Non-compliance penalties

Even if sellers don't sell in states that require the four methods of age verification listed above, it's recommended direct shippers do as much as they can to avoid their product getting into the hands of minors. "Stings" are not uncommon and businesses caught selling to minors, even unwittingly or when they're following all of a state's regulations, can suffer consequences through negative media attention.

Audits are also common. Alcohol Beverage Control (ABC), the Alcohol and Tobacco Tax and Trade Bureau (TTB), and other law enforcement agencies are monitoring age verification practices and can ask to review records at any time.

Penalties vary state by state and often operate on an escalating scale. Penalties might start with a small fine, but can escalate to the loss of a license.

Direct shippers have a responsibility to comply with alcohol regulations and know the rules and regulations for each state they sell into. Adhering to these age verification methods, direct shippers are protecting their businesses from penalties, negative press, and the risks of losing a license.

For details on other direct shipping rules, check out our DTC Shipping 101 guide.





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