A Master Recipe for Effective Advertising Self-Regulation*

C. Lee Peeler
President and CEO, Advertising Self-Regulatory Council
EVP, Council of Better Business Bureaus

8.22.16 – 8.23.16

*Ingredients and amounts will vary by country
Key Ingredients

• Industry support
• Strong standards
• Solid, effective procedures
• Expert staff
Industry Support

Industry support is the “self” in self-regulation.

Without this basic ingredient – support from leading industry associations and members – you can’t start cooking.
Strong Standards

Once your support is in place, you need clear, strong standards that directly address issues in a meaningful way.

Regardless of how your standards are developed (by committee, by consensus, etc.) they must be real, direct and strong.

Both substantive standards, e.g., no misleading claims and the scope of the advertising that must comply should be clear and comprehensive, e.g., include digital advertising.
In the U.S. by law, and in other countries by law or policy, standards must not restrain vigorous competition. As discussed yesterday, the focus of self-regulation is on improving consumer welfare, not protecting competitors.
Procedures must be public. They must balance the need for expeditious decision-making with fairness to the advertisers and complainant.

The self-regulatory body must adhere to the procedures.
Expert Staff

A major advantage of self-regulation is the expertise in advertising.

Invest in careful training and hire people with sound judgment.
Essential seasonings

- Impartiality
- Transparency
- Accountability
Impartiality

Self-regulation must be structured to minimize even the appearance of partiality.

In the U.S., advertising trade organizations partnered with the Council of Better Business Bureaus, a non-profit that administers the self-regulatory system.
Transparency is the secret sauce of self-regulation.

No matter how good the system, if consumers, the press and the government can’t see it, taste it and test it, it will not be successful.

In the U.S., all decisions – win, lose or draw – are made public.
Finally, there must be accountability, including consequences for failing to comply.

In the U.S., the system derives much of its strength from its voluntary nature. It is encouraged, but not officially sanctioned or authorized by the government.
Accountability

Companies that do not participate in a review of their advertising claims or comply with decisions face two sanctions:

- A press release
- Mandatory referral
- To appropriate government agencies

NAD Refers Diet Supplement Maker's Ad Claims to FTC

By Juan Carlos Rodriguez

Law360, New York (March 14, 2014, 2:39 PM ET) -- The National Advertising Division said Friday it has turned over its investigation into Elements of Health Care LLC's dietary supplement, called Vitality Drops Plus, to the Federal Trade Commission after the company declined to resolve the matters.

The company had challenged several claims made by Elements of Health Care LLC regarding its Vitality Drops Plus dietary supplements, including the company's claims that the product can “naturally” lower high blood pressure and reduce the risks of heart attacks. CRN also took issue with Elements of Health Care's claim that the product is highly effective at helping wounds to heal faster.

The advertising industry’s system of self-regulation and administration by the Council of Better Business Bureaus. As part of an initiative with CRN — designed to expand NAD review of advertising claims for dietary supplements — CRN challenged certain advertising claims made for the product.
45th Anniversary

• In the U.S., the combination of these ingredients has produced a strong system and high level of voluntary compliance – more than 90 percent.

• Even where there’s no explicit U.S. legal or regulatory underpinning, i.e. digital or children’s advertising, compliance rates are high.

Children's Food & Beverage Advertising Initiative

Welcome to the Children's Food & Beverage Advertising Initiative (CFBAI).

CFBAI, or the Initiative, is a voluntary self-regulation program comprising 18 of the nation’s leading food and beverage companies and quick-serve restaurants. The Initiative was created in 2006 to shift the mix of foods advertised to children under age 12 to encourage healthier dietary choices and healthy lifestyles. Since 2006, CFBAI and its participants have contributed to being a part of the solution to childhood obesity by improving the children’s food advertising landscape.
Thank you & Bon Appetite

(For more information, please visit www.asrcreviews.org)