Consumer policy issues & self-regulation in the United States

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8.22.16
Twin Goals of Regulation/Self-Regulation

• Empower consumers
• Promote honest competition
Truthful Advertising
A Powerful Force for Consumer Protection

Benefits of aggressive, competitive advertising:

• Broad dissemination of information
• Lower prices
• Improved products

But the benefits only kick in when the ads are true. False advertising distorts the marketplace.
More than century of self-regulation

Advertising self-regulation has been a part of the U.S. advertising landscape for more than 100 years.
As commerce evolved from individual local markets to a unified national marketplace, a national self-regulatory system was created in 1971.
How the U.S. system works

We handle complaints from consumers and competitors.
We actively monitor advertising in all mediums.
Children are a special audience and source of concern.

U.S. self-regulation applies special guidelines addressed to the special vulnerabilities of children.
Self-regulation as a public-policy tool:

Supplements government regulation

- Faster
- Less burdensome
- Less adversarial
- Frees government resources to focus on the most pressing issues, i.e. fraud
Self-regulation as a public-policy tool:

Provide an alternative to government regulations

- Brings industry expertise to bear on public concerns about advertising practices
National Advertising Division

• Jurisdiction: Truth and accuracy of national advertising
• All media
• All commercial advertisers
• NAD Process
  – Complaint or staff monitoring
  – Request to advertiser for substantiation
  – Review of evidence
  – 95% + Voluntary compliance
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 the obesity epidemic by improving the children’s food advertising landscape.

- Video game ratings
- Children’s Food advertising pledge program
- Digital Advertising Alliance “Ad Choices”
Improved Consumer Welfare

Self-regulation *can* be the preferred alternative to achieving the goal of improved consumer welfare.

- Less costly, more accessible
- Less bureaucratic, more flexible
- Less static, more dynamic
Acceptance of self-regulation as a public policy tool

• It must have the support of the advertising industry – the “self” in self-regulation.

• It must have real standards that directly address consumer concerns.

• It must develop a proven track record of impartial results that the public and government can judge as credible.

• Respect must be earned.
Self-regulation advances consumer welfare by balancing consumer protection with a well-functioning advertising market.
Thank you for your time and your attention.

For more information, please visit www.asrcreviews.org