

Four decades in, ad industry's self-regulation is the gold standard

By C. Lee Peeler

When advertising industry self-regulation was created in 1971, no one predicted that the system would last.

Self-regulation programs were viewed through a negative lens and perceived as cosmetic and transitory public-relations efforts, rather than real programs with real teeth.

Now, with more than four decades of experience, the self-regulatory system built by the advertising industry and administered by the Council of Better Business Bureaus is the gold standard against which other self-regulation is judged.

Still, it's always fair to consider whether a long-standing system remains useful. Indeed, a reporter recently asked me directly whether advertising self-regulation is relevant to the industry now.

PROTECTION

Short answer: Absolutely.

Long answer: First, active self-regulation protects consumers from ads that mislead. By acting quickly and decisively against misleading advertising claims, self-regulation significantly reduces the number of potentially misleading claims. And self-regulation provides this protection without the types of protracted and disruptive investigations and harsh financial remedies that can accompany government law enforcement. The result is good for consumers, good for advertisers and—at a time of limited resources—good for the government. In 2012, our units resolved more than 175 cases.

DETAILED GUIDANCE

Second, self-regulation points the way on new-media issues, providing advertisers with guidance that helps avoid missteps. In the past year, we've provided detailed guidance on the use of consumer testimonials at Pinterest, the value of likes at Facebook and the need to avoid links from child-oriented sites to social-media venues where children divulge private information. And if you are using online behavioral advertising data without reading the 19 decisions released by the Online Interest-Based Advertising Accountability Program, you are making a mistake. In fact, the decisions published by the National Advertising Division, Children's Advertising Review Unit, Electronic Retailing Self-Regulation Program and the Accountability

Program provide the richest source of guidance available to U.S. advertisers

BY THE NUMBERS

175

CASES RESOLVED BY
ADVERTISING SELF-REGULATORY
UNITS IN 2012

KEEPING PEACE

The NAD and ERSP handled
nearly 75 challenges filed by
competitors

HELP NEEDED

The programs are
financially supported by
fewer than 140 national
corporations through national
partnership with the Council
of Better Business Bureaus.

through any source.

LEVELING THE FIELD

Third, it goes without saying that honest advertisers shouldn't be penalized by competitors who don't play by the rules. Self-regulation provides a fast, efficient and expert forum that levels the playing field. Advertisers who adhere to high standards of truthfulness and careful claims substantiation can help ensure—without litigation—that their competitors are held to the same high standards. NAD, CARU and ERSP are staffed by experts who base their decisions on precedent. In 2012, NAD and ERSP handled nearly 75 challenges filed by competitors.

MOVING FORWARD

The fourth and final benefit—and perhaps the most important—is that successful advertising self-regulation provides the intellectual capital for the development of strong, new self-regulation programs.

When Edith Ramirez, new chairman of the Federal Trade Commission, said that self-regulation can be "an impor-

tant tool for consumer protection that can respond more quickly and efficient-

ly than government regulation," she was not talking about the type of transitory, cosmetic self-regulation that occurs with aspirational but unenforced principles or codes of conduct, but the type of real monitoring and enforcement that the advertising industry had the vision to put in place decades ago.

The new chairman was clear: "But our support for self-regulation is not at any price. Self-regulation, to be effective, must be the product of a transparent process and must impose meaningful standards subject to strict enforcement."

DELIVERING THE GOODS

We deliver. The advertising industry's vision and commitment continue to serve it well.

We were able to create a self-regulatory program—rather than a government program—to address concerns about children's food advertising because we had an earlier successful program under our belts—the Children's Advertising Review Unit.

When in 2007 the FTC became concerned about online behavioral advertising, the first nod was to the creation of new, enforceable self-regulatory standards—possible only because the industry had demonstrated the capacity for meaningful self-regulation.

Given the importance of the success of these programs to the industry, you would assume broad-based financial support from industry.

In fact, the programs are financially supported by fewer than 140 national corporations through national partnership with the Council of Better Business Bureaus, the independent third-party administrator of these programs. Although the U.S. is a global leader in the development of new, effective self-regulatory models, the investment in U.S. programs remains smaller than that of countries like the U.K., despite an advertising marketplace that is seven times larger.

If that puzzles you as much as it does me, then please accept this invitation to support advertising industry self-regulation. You can learn more about us at asrcreviews.org. 

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