27 May 2011, FEPE AGM conference, Madrid

ENSURING YOUR FUTURE LICENCE TO OPERATE: THE ROLE OF EFFECTIVE ADVERTISING STANDARDS

Dr Oliver Gray, Director-General, EASA
We’ve come a long way ...
But there’s still some work to do...
The marketing context: Consumer Trust

“If you think that our future generation only cares about computer games, you are wrong ... today a market leader must be an ethical leader.”

Maurice Levy, Publicis

30-70% of a company’s value arises from its brand reputation. What about Outdoor?
Global Ad standards

National enforced Codes based on global principles (ICC code) endorsed by Advertising Industry and adapted to local culture and norms

Legal, Decent, Honest & Truthful
Socially responsible, Respecting Fair Competition
What is a Self-Regulatory Organisation (SRO)?

‘Advertising Watchdog’
Independent body, guardian of industry code
Funded by industry: advertisers, agencies & media

REACTIVE
Fast, free and independent complaint resolution service for consumers & businesses
Issues sanctions (ad modification or withdrawal)
Media is gatekeeper

PROACTIVE
Advice, training and awareness
Monitoring compliance with the codes
EASA – The European Alliance for advertising self-regulation

34 SROs in 32 countries
- Europe
  - most EU Members (22/27)
- and beyond .. AUS, BR, CAN, CHL, IND, NZ, PER, SA

15 industry organisations
- Advertisers
- Agencies
- Media (TV, Radio, Press, Outdoor, Direct Mail and Online), Interactive & Sponsorship
European SROs received 53,442 complaints in 2010 about 29,524 advertisements.
Advertising Complaints per media (in averages)

European Outdoor Complaints | 3947 | 7,55% total ad complaints | EU average 14,66%
EU total all ad complaints | 53432 |
Issues complained about

Misleading advertising is the main reason for complaint
# 1 reason for complaining

UK – ad in various media including Outdoor

**Complaint:** unsubstantiated claim “the product’s antioxidants could help keep your heart healthy”

**Ruling:** Complaint upheld

**Sanction:** Campaign withdrawn
- Cost: £15million
- Contract with agency terminated
EASA’s Effective Self-Regulation Model

**2004** EASA industry & SRO members publicly sign

**EASA’s Advertising Self-Regulatory Charter**

- Geographical coverage
- Media coverage
- Funding
- Codes
- Consultation

- Administration
- Complaint handling
- Advice
- Sanctions
- Consumer awareness
Clear political mandate: EU Ad Roundtable

**AIM**

Set out a regulator-approved vision of Effective Advertising self-regulation

**Parties involved:**

NGOs, EC, Industry & SROs

**Key issues identified**

- Cover ALL marketing communications
- Keep abreast of new technologies
- SR must be listening to others/measured
A Modern approach to the regulatory mix

“This is not so much a debate about self-regulation against hard law, but rather a debate about how law and self-regulation can and should interact in modern Europe”

DGSanco, Advertising Roundtable Report
Robert Madelin, Director-General
DG SANCO, European Commission
Risk vs Reputation?

...The edifice of self regulation is well constructed and policed ... but it remains vulnerable to the failure of those still willing to push the boundaries towards the unacceptable ... the few risk to give the many and the process of SR itself a bad name.”...

Pat Cox, Former President of the European Parliament
Independent reviewer of EASA pan-EU alcohol monitoring project
Very politically sensitive and high media coverage

Most advertisers are generally responsible
... but one bad ad:
- gives responsible advertising a bad name
- adds fuel to debate about ad standards
- increases regulatory threats
- undermines confidence in advertising
Advertising in spotlight – Legislative threats & media interest

Alcohol advertising
Food advertising
Green advertising
Advertising to children
Gender stereotyping
Food and Alcohol advertising

• In January 2011 high-ranking WHO officials called on govts to "reduce exposure of children to marketing messages that promote foods high in saturated fats, trans-fatty acids, free sugars, or salt, and reduce the use of powerful techniques to market these foods to children."

• WHO called for a global approach to alcohol harm reduction

Alcohol Forum & EU Food Platform

• Proof that rules are in place? Compliance?
• Leakage to kids? Advertising influence on consumption?
• What commitments can be made to improve?
• Activist and well organised NGOs
Alcohol

Strengthened industry rules ...
A global approach

- No sexual success
- No social success
- No excessive use
- No appeal to kids
- No drink/drive ...
Online Education & training

www.marketresponsibly.eu
Commitments to the European Alcohol & Health Forum
Pan-European Compliance monitoring exercises

Number of SROs: 13
Period monitored: May-July 2009
Media covered: ads on marketer-owned websites
Compliance: 93%

Number of SROs: 19
Period monitored: Apr-June 2007 & Oct-Dec 2007
Media covered: TV & print ads
Compliance: 92%

Number of SROs: 15
Period monitored: Jan-Dec 2006
Media covered: TV & print ads
Compliance: 95.6%
Environmental claims

Beware greenwashing

- Rising sensitivity incl sustainability
- NGO Complaints on emissions labelling
- Car sector under threat & disengaged
- 2012 Earth Summit
- UNEP action re greener products and labelling
- New ICC industry rules/guidance
Children
A special responsibility off/online
Gender
An increasing concern

- Complaints (9.3%)
- Rising political and social sensitivity
- EC, EP and CoE initiatives call for better SR
- Context & Placement important
- Stereotyping
- Nudity
Gender
SR action

- EASA successfully steered EP and CoE own-initiative reports to support SR
- EASA Best Practice guidance to advertisers and agencies
- Advertisers are beginning to look at diversity

Belgium -2010

Ireland -2010
Cosmetics
How much photoshopping?

• EU Commission work re claims and a common EU approach
• Complaints about cosmetics ads are significant
• Industry is keen to improve awareness, compliance with ad standards and European standards

Twiggy as she is for real, same time aged 60
Gambling
EU Green paper needs to mention SR

- Industry has established standards incl advertising
- It is looking for regulatory intervention

Ireland 2010

- Complaints are significant, around 10%
- Need for greater awareness about ad standards
Other forms of marketing communications?

Uploaded UGC- 2010

Belgium in shop window/web - 2010
Digital Interactive Media

**EU directives:**
- Implementation of e-privacy
- Review of data protection
- Review of e-commerce
- AVMS

AVMS: light touch for internet however DPAs look to regulation

Key issues: Transparency, Separation, Notice and Choice

We have a chance to develop an effective SR option
Digital Interactive Media
2 important EASA best practice initiatives

Digital Marketing Communications (2009)
What is advertising?
Does SR deal with DMC?

Online Behavioural Advertising (2011)
Respecting choice?
Is an SR initiative possible?
Online responsibility?

WARNING:

Attempting to recreate this stunt could be deadly.
What’s covered by SR rules?

**In General**

- Text ads
- Paid Search
- Online ‘public’ classified ads
- Display ads (moving & non-moving)
- Marketer-created or endorsed User Generated Content (UGC)
- Online in-game ads
- MMS/SMS ads
- **Video Outdoor**
- DVD/CD-Rom

... non-exhaustive list

**Marketer-owned websites - Exhaustive remit? ... Prescriptive list:**

- All claims made in communications except in strictly “editorial” content (eg: annual report, CSR reports)
- Commercial communication covered by Unfair Commercial Practices (UCP) Directive (eg: price promotions)
- Third party User Generated Content (UGC) endorsed/seeded by marketer {VIRALS, BLOGS}
- Uploaded marketing communications from other media {**RADIO, TV, Magazine and Poster ADS**}
Rising to the OBA challenge

Commissioner Kroes challenged industry on adequate measures for consumers to make informed choice about receiving behaviourally targeted ads or else opt in approach enacted

« SR must be at least EASA compliant and we had one year to deliver »

2 EU Roundtables organised by DGInfSo under Robert Madelin with industry, NGOs and Commission in 2010 & 11 discussed proposals prepared by EASA coalition

EASA made 70% commitment across its EU SROs on implementation and OBA industry 85% within a year
EASA OBA BPR

*Developed by industry in consultation with NGOs and the European Commission*

Tells SROs and industry associations how to implement SR for OBA & extend existing system

- Best practice principles for implementing an effective OBA SR strategy at national level
- IAB Europe Framework on OBA
- Guidance related to the monitoring and compliance of the standards outlined
- Clarifications on company compliance and consumer controls
www.youronlinechoices.com

DV pixel triggers icon which clearly notifies consumers that the ad is behaviorally targeted to them.
Icon links to...
Consumer Control Cockpit

Contrôler ses cookies
Les sociétés listées ci-dessous sont quelques uns des fournisseurs qui travaillent avec des sites web pour collecter et utiliser des informations nécessaires à de la publicité comportementale. Utilisez les boutons ci-dessous pour contrôler et définir vos préférences en termes de publicité comportementale. Vous pouvez sélectionner ou désélectionner un ou plusieurs des cookies, ou définir vos préférences par société. En cliquant sur le bouton "I" vous pouvez obtenir plus d'information sur chacune de ces sociétés, comme par exemple savoir si cette société va déposer des cookies pour de la publicité comportementale sur votre navigateur. En cas de problème pour définir vos préférences, n'hésitez pas à consulter la page d'aide.

Accepter ou refuser les sociétés une par une

<table>
<thead>
<tr>
<th>Société</th>
<th>Activé/Désactivé</th>
<th>Info</th>
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<tr>
<td>24/7 Real Media</td>
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<td>Addoption Media Group</td>
<td>Activé/Désactivé</td>
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<td>AOL</td>
<td>Activé</td>
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If feedback is not resolved then consumer can complain to SRO
Beyond scrutiny...
How is your compliance?

• Look at Complaint data
• Commission monitoring &
• Research
• Measured independent results
• Identifies further action

Outdoor important & prominent place in advertising
Get Copy Advice

- Don’t let an ad fuel the ban
- Ask national SROs
- Send script, storyboard or ad
- SRO reviews ad against rules & provides advice

**A Single Industry Portal**

**European Copy Advice / Pre-Clearance facility**

**www.ad-advice.org**

facilitates advice on campaigns across several markets
360 degrees compliance

- Be consistent and coherent
  - in all media
  - In all markets
  - Ensure compliance

We are judged by the weakest links and every bad example is the evidence
EASA Education (EDU) Programme:
Ethics and Advertising Standards for Professionals
in the Digital Age

‘Advertising should be fun... but, with a common sense’

The purpose and ultimate goal of 3E MODULE is to develop a MORAL COMPASS via 10 interactive lessons for future advertising professionals, with an emphasis on digital advertising.

The 3E MODULE will be available to:
• Students of Higher Education Institutions (HEIs);
• Lifelong Learning Programme (LLP) professionals of small and medium-sized enterprises (SMEs) with an interest in teaching the complete package or parts thereof.

www.easa-edu.org
Conclusions: Responsibility matters

- Advertising SR linked to brand reputation
- EASA model drives effective best practice SR
- SR is defending your responsibility against regulation
- SR responding to Digital Media challenge
- Further Education, Monitoring and use Copy Advice
- EU is recognising the effective SR approach
- What role can you play to improve responsibility?

“I am confident that self-regulation will be given the full weight in society’s choices among the menu of regulatory options.”

Robert Madelin, DG Sanco
www.easa-alliance.org

Join us in your fight for responsible freedom to advertise

Take further responsibility action to reduce mistakes

Help us to defend better your future licence to operate