



A service of the advertising industry and Council of Better Business Bureaus

U.S. Advertising Industry Self-Regulation Overview

Presented to APEC Advertising Standards Principles and
Practice Dialogue

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Advertising Regulation in the U.S.

- Federal Trade Commission Act:
 - Unfair and Deceptive Practices in or affecting Commerce are prohibited
 - Objective Claims must be substantiated
- State “Little FTC Acts” apply same standard
- Apply to commercial speech in all media

United States Supreme Court - “Commercial Speech Doctrine”

- “[T]he allocation of our resources in large measure will be made through numerous private economic decisions. It is a matter of public interest that those decisions, in the aggregate, be intelligent and well informed. To this end, the free flow of commercial information is indispensable.”

Virginia Citizens Council v. Virginia Board of Pharmacy
(1977)

The Value of Self-Regulation

“Self-regulatory initiatives also make good business sense. The more energy an industry puts into regulating itself, the less chance the government will get involved in trying to legislate the same results. In addition, developing and implementing self-regulatory initiatives can protect and improve an industry’s reputation and goodwill with consumers.”

— *J. Thomas Rosch, Commissioner, FTC*

U.S. National Advertising Self-Regulation Programs

- **NAD – 1971:** Developed in response to consumers' concerns about truth and accuracy in advertising.
- **CARU – 1974:** Chartered to assure that advertisers would take special care in addressing advertising messages to a vulnerable audience.
- **ERSP – 2004:** Developed at the request of ERA to help combat a negative perception of direct-response marketing and monitor industry "outliers."
- **Initiative – 2006:** Formed to address broad public concern over advertising and childhood obesity.
- **NAD/CRN – 2007:** Created in cooperation with the Council for Responsible Nutrition to expand NAD's review of dietary-supplement advertising and rein in outrageous claims.
- **Online Interest-Based Advertising Accountability Program – 2011:** Developed in cooperation with the Digital Advertising Alliance to ensure industry compliance with the Self-Regulatory Principles for Online Behavioral Advertising (Principles).

Four Characteristics of Effective Self-Regulation

- **Meaningful Standards**
- **Independent:** Administered by a respected third party – Council of Better Business Bureaus.
- **Transparent:** The outcome of every case is publicly reported.
- **Accountable:** Companies that refuse to comply are publicly identified and referred to the appropriate government agency.

INDEPENDENT: Administered by the Council of Better Business Bureaus

- 100 year –old organization to advance trust in marketplace
- 114 Bureaus nationwide in U.S. & Canada
- Complaint Resolution -1 million consumer complaints
- Business Ratings
- No Government funding



TRANSPARENT: Public Decisions



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Case Reports

Latest Cases

Case#	Document	Date	Advertiser	Product	Challenger	Category
5509	Case Report	9/18/2012	McNabb Neutraceuticals, LLC	Sunology Sunblock	National Advertising Division	Cosmetics / Beauty Products / Toiletries
5506	Case Report	9/12/2012	Generac Power Systems, Inc.	Home Stand-by Generators	KOHLER COMPANY	Construction / Home Improvements
5503	Case Report	8/28/2012	Frontier Communications Corp.	FrontierFast High-Speed Internet Service	Suddenlink Communications	Telecommunication Products / Services
5502	Case Report	8/28/2012	Origins Natural Resources Inc.	Plantscription Anti-Aging Serum and Plantscription Anti-Aging Eye Treatment	National Advertising Division	Cosmetics / Beauty Products / Toiletries
5500	Case Report	8/21/2012	Merial Limited	FRONTLINE® Plus & HEARTGARD® Plus for Dogs	Elanco Animal Health	Pet Products
5499	Case Report	8/10/2012	VERIZON COMMUNICATIONS, INC.	Verizon's Internet Services	Comcast Communications, Inc.	Telecommunication Products / Services

The U.S. Advertising Self-Regulation process is transparent. All decisions are reported in a press release and published at our website.

ACCOUNTABLE: Non-Compliance? Non-Participation?

FTC Requires Oreck to Stop Making 'False,' 'Unproven' Claims

“The FTC acknowledges the National Advertising Division of the Council of Better Business Bureaus for its referral in this case.”

For Release: 04/07/2011

FTC Settlement Requires Oreck Corporation to Stop Making False and Unproven Claims That Its Ultraviolet Vacuum and Air Cleaner Can Prevent Illness

Marketer Must Pay \$750,000

As part of its ongoing efforts to protect consumers from bogus health claims, the Federal Trade Commission has reached a [settlement](#) requiring Oreck Corporation to stop making allegedly false and unproven claims that two of its appliances can reduce the risk of flu and other illnesses, and eliminate virtually all common germs and allergens. The company also has agreed to pay \$750,000 to the FTC.

The FTC's allegations involve the Oreck Halo vacuum and the Oreck ProShield Plus air cleaner. The Halo is an upright vacuum cleaner with a light chamber that generates ultraviolet light onto the floor while vacuuming. The ProShield Plus is a portable air cleaner that filters air particles using an electrostatic charge. The Halo retailed for \$599.95, while the ProShield Plus cost as much as \$399.95.

According to the FTC complaint, Oreck advertised these two products through infomercials, traditional television ads, print ads, in-store displays, and ads online. During the 2009 holiday season, [online ads](#) pictured the Halo and the ProShield Plus side by side under the headline "Introducing the Oreck Flu Fighters, Help Reduce the Flu on Virtually any Surface and in the Air in Your Home" and claimed that the ProShield Plus "captures and destroys many airborne viruses like the flu." An infomercial for the Oreck Halo [claimed](#), "The Oreck Halo has killed up to 99.9 percent of bacteria exposed to its light in one second or less," and that the vacuum's light chamber "has been tested and shown to kill up to 99.9 percent of certain common germs, plus dangerous pathogens like E. Coli and MRSA."

Long-Standing U.S. Government Support



NO Formal Relationship between Self-Regulation and Government

- “The Commission traditionally has enjoyed a close working relationship with self regulation groups and government agencies whose regulatory policies have some bearing on our law enforcement initiatives. **The Commission will not necessarily defer, however, to a finding by a self-regulation group. An imprimatur from a self-regulation group will not automatically shield a firm from Commission prosecution, and an unfavorable determination will not mean the Commission will automatically take issue, or find liability if it does.** Rather the Commission will make its judgment independently, evaluating each case on its merits. We intend to continue our useful relationships with self-regulation groups and to rely on the expertise and findings of other government agencies in our proceedings to the greatest extent possible.”
 - *FTC Policy Statement Regarding Advertising Substantiation, 1984*

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

CARU

**Self-Regulatory Program For
Children's Advertising**



Children's Advertising Review Unit

Administered by the
Council of Better Business Bureaus, Inc.
Policies and Procedures set by the
National Advertising Review Council
70 West 36th Street, New York, NY 10018

- Truthful ad claims
- Clear audio & visual disclosures
- Don't advertise inappropriate products
- Always show safe use
- Don't use peer pressure
- Protect privacy

THE CHILDREN'S FOOD & BEVERAGE ADVERTISING INITIATIVE IN ACTION

A REPORT ON COMPLIANCE AND IMPLEMENTATION DURING 2010
and
A FIVE YEAR RETROSPECTIVE: 2006-2011

DECEMBER 2011



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Vice President and Director

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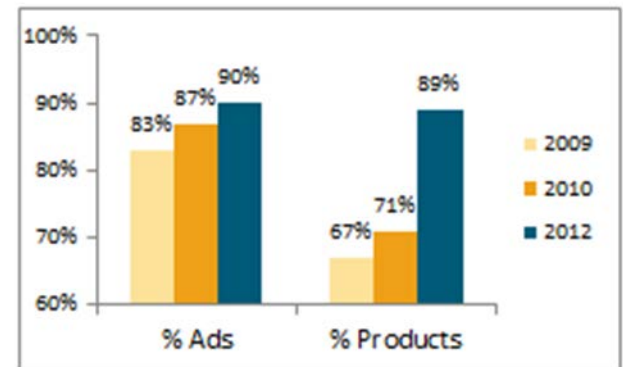
KELLEY BLANCHARD
Administrative Program Coordinator

Children's Food & Beverage
Advertising Initiative



Council of Better Business Bureaus

Children's Food and Beverage Advertising Initiative



Percent of CFBAI Participants' Ads and Products
Containing a Food Group to Encourage
or a Good Source of a Nutrient of Concern

Self-Regulatory Principles for
Online Behavioral Advertising

Self-Regulatory Principles
for Multi-Site Data



DIGITAL ADVERTISING ALLIANCE
www.AboutAds.info

NOVEMBER 2011

DEVELOPED BY:
American Association of Advertising Agencies
American Advertising Federation
Association of National Advertisers
Council of Better Business Bureaus
Direct Marketing Association
Interactive Advertising Bureau
Network Advertising Initiative

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Leading the



The Accountability Program

Accountability Program Looks Under Hood of Online Ad Campaign: Self-Regulation Process Ensures Consumers Receive Notice of Interest-Based Ads

The Online Interest-Based Advertising Accountability Program (Accountability Program) released five decisions

[Read More](#)

Accountability Program: Self-Regulation Keeps Pace with Innovation

The Online Interest-Based Advertising Accountability Program (Accountability Program) today released the

Funding U.S. Self Regulation

- All Programs are entirely funded by industry
- 186 CBBB National Partners
- Funding from Associations
- Filing fees for cases
- Subscription cost for Archive

Strength of Self-Regulation v. Government Regulation

- Brings the **accumulated wisdom** of the industry to problem solving
- Is **more flexible** than Government regulation and **more dynamic**
- Is almost always **faster** and **less burdensome**

These are especially beneficial in the regulation of advertising

Other U.S. Programs

- Electronic Software Ratings Board – Age appropriate rating for video games
- Motion Picture Association (MPAA) – Age ratings for Movies
- Beer Institute and Distilled Spirits Council – Alcohol beverage products placement
- Electronic Retailing Self Regulation Program – Direct Response ads



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Support Advertising Industry Self-Regulation

For more information on U.S. Advertising
Industry Self-Regulation, please visit
[www. asrcreviews.org](http://www.asrcreviews.org).