



Advertising Industry Self-Regulation

Presented to the
National Association of Attorneys General
Seattle, Washington
June 15, 2010

C. Lee Peeler

President, National Advertising Review Council

EVP, National Advertising, CBBB

Start With Trust™



BBB – 100 Years of Consumer Protection

- First BBB founded in 1912.
- 122 BBBs in U.S., Canada
- Reporting on more than 3 million local and national businesses and charities.



The Journal of Consumer Affairs – Spring 2010

“The Better Business Bureau is the third-party complaint agency most commonly used by dissatisfied customers who are unable to obtain redress from companies”

Are Consumers Disadvantaged or Vulnerable?

An Examination of Consumer Complaints
to the Better Business Bureau



US BBB Complaint Statistics – 2009

Industry	Complaints	Complaint Rank
	Total – 948,305	
Cellular Telephone Service and Supplies	36,086	1
Television – Cable, CATV & Satellite	32,158	2
Banks	29,824	3
Auto Dealers – New Cars	26,019	4
Internet Shopping	21,154	5
Collection Agencies	15,628	6
Auto Dealers – Used Cars	13,235	7
Telephone Companies	13,166	8
Auto Repair and Service	13,410	9
Furniture – Retail	12,313	10



SPRING 2010
VOLUME 44
NUMBER 10

the journal of consumer affairs

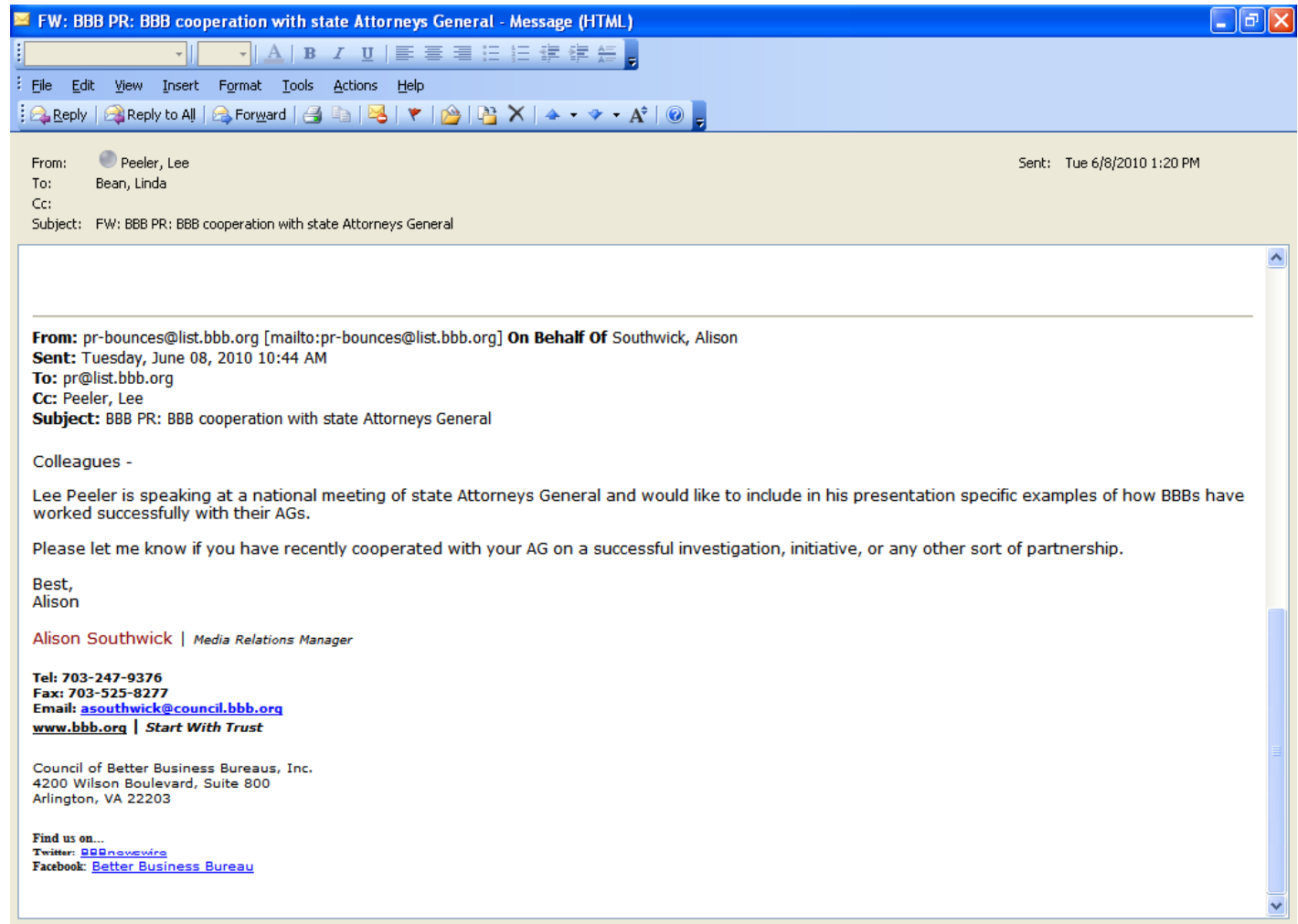
An official publication of the American Council on Consumer Interests since 1967

Start With Trust[®]



BBBs & AGs

“Colleagues - Lee Peeler is speaking at a national meeting of state Attorneys General and would like to include in his presentation specific examples of how BBBs have worked successfully with their AGs.”



Start With Trust™



“The Attorney General extends his appreciation to the Better Business Bureau ...”

“ID Theft.”

“EDUCATION ON CHARITY COMPLIANCE”

“Deceptive employment practices.”

“Misleading sales tactics used by travel companies”

“SOLID GOLD SOUND”

“Payday lenders and education.”

“Locksmiths”

“We help administer redress.”

“Auto Service Contracts.”

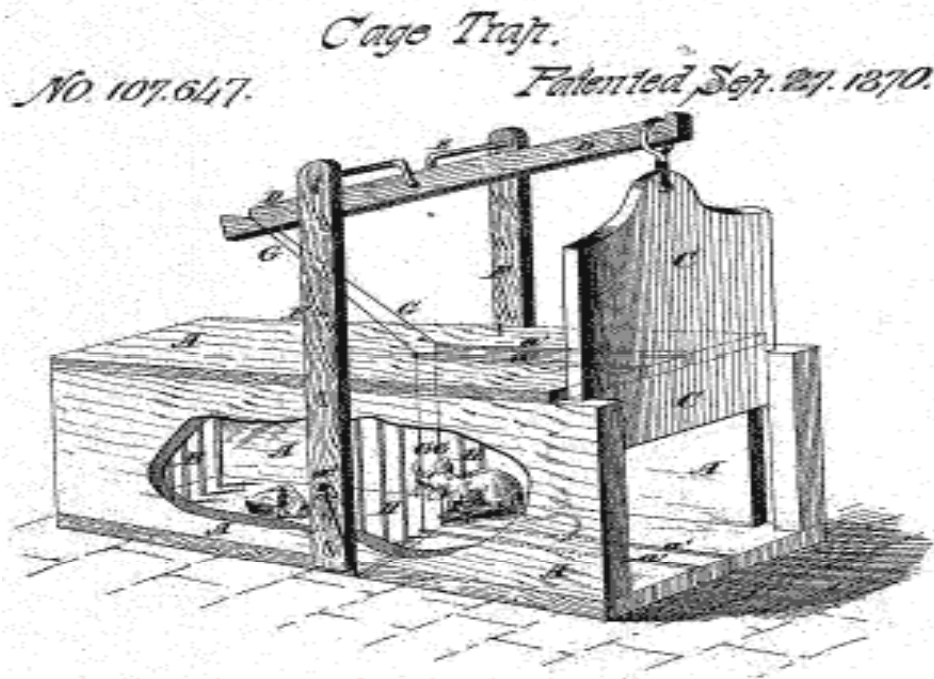


National Advertising Programs

- **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.



A Better Mousetrap



- **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.



How NAD Process Works

- Complaint or staff monitoring
- Request to advertiser for substantiation
- Review of evidence
- Goal: Complete case in 60 business days



Public Decisions

The process is transparent. All decisions are reported in a press release and published in the NAD/CARU Case Reports.

NAD/CARU Case Reports



National Advertising Division®
Children's Advertising Review Unit®
Council of Better Business Bureaus, Inc.

70 West 36th St, 13th Fl, New York, NY 10018 • 212.705.0113 • <http://www.nadpartners.org>
Annual subscription \$3500.00 • Individual copies \$350.00
Electronic subscription • go to <http://www.nadreview.org>

© Copyright 2010 CBBB

Vol. 40 No. 3—Pages 229-344

March/April 2010

VOLUNTARY SELF-REGULATION OF NATIONAL ADVERTISING

CONTENTS

	page		page
NAD CASE ABSTRACTS		<i>Construction / Home Improvement</i>	
Colgate Palmolive Company/Suavitel Regular Liquid Fabric Conditioner	231	Cambridge Pavers, Inc. / Concrete Pavingstones	329
Copart, Inc. / Salvage Vehicle Auctions	231	The Sherwin-Williams Company / Dutch Boy Refresh™ Paint, Inc.	289
Haan Corporation / Steam Pro Cleaning System	232	<i>Dietary Supplements</i>	
Kimberly-Clark Corporation / New! Scott® Paper Towels	222	Hollywood Health & Beauty, Ltd. / TrimRoll FXP200	264

Start With Trust™



Key Areas of Interest

- Product-performance claims
- Functional foods
- Dietary Supplements
- Green marketing
- Telecommunications



Green Marketing

Clorox (GreenWorks)
Case #5089

Just what the world needs,
another cleaning product.

They're 99% natural and biodegradable, but clean with the power of Clorox®.

Actually, they're exactly what the world needs.

A photograph of a container of GreenWorks cleaning wipes standing in a field of green grass and white daisies. The container is white with green accents and features a large orange and yellow flower graphic. The background is a soft-focus view of a sunlit forest path.

green works naturally.
natural biodegradable cleaning wipes original scent
CLOROX

greenworkscleaners.com ©2008 The Clorox Company

Green Works™ is a proud supporter of the Sierra Club's efforts to preserve and protect the planet. SIERRA CLUB



Non-Compliance?

Maker of Oregano Supplement Agrees to Pay \$2.5 Million to Settle FTC Charges

"The FTC would like to acknowledge The National Advertising Division of the Council of Better Business Bureaus for their referral related to this case."

Supplement Marketers Agr...

For Release: August 12, 2008

Oregano Supplement Marketers Agree to Pay \$2.5 Million to Settle FTC Charges for False Advertising Claims

The marketers of a line of dietary supplements have agreed to pay \$2.5 million to settle Federal Trade Commission charges that claims about their oregano oil and capsules were false and unsubstantiated in violation of federal law.

According to the FTC's complaint, North American Herb & Spice Co., LLC, and its owner, Judy Kay Gray, falsely claimed that Oreganol P73, Super Strength Oreganol P73, and Oregacyn (currently sold as OregaRESP) are scientifically proven to prevent or treat colds and flu. The defendants also claimed that the products boost the immune system and kill a variety of germs and pathogens, including cold and flu viruses, avian bird flu virus, hepatitis C, Staphylococcus aureus, Helicobacter pylori, mold, parasites, and yeasts. Sold at prices ranging from \$29.99 to \$69.99, the products purportedly contain P73, which is described as wild, handpicked Mediterranean oregano. The products were advertised on Web sites, including www.p-73.com, and in magazines such as Alternative Medicine, H2O, Health Supplement Retailer, and Women's Health & Fitness.

The final order imposes a \$2.5 million judgment and places restrictions on the defendants' future conduct. It prohibits them from claiming that their products prevent or treat colds or flu, are clinically tested or scientifically proven to be effective, or have other health or safety benefits, unless the claims are true, not misleading, and based on reliable scientific evidence. In addition, the defendants are banned from misrepresenting the existence, validity, results, or conclusions of any test or study. The order also contains standard record-keeping provisions to allow the FTC to monitor compliance.

The FTC would like to acknowledge the National Advertising Division of the Council of Better Business Bureaus for their referral related to this case.

Start With Trust[®]



ERSP

Advertising Police Arrive Inside Second Life

By Jim Edwards | BNET

In a decision on a product advertised on billboards inside Second Life, the Electronic Retailing Self-Regulation Program (ERSP) found that PhotoBlocker Spray does not, unsurprisingly, make your real-life car invisible to police radar and traffic cameras.

Second Life is the online virtual world where unemployed people have fake sex and then get real-life divorces.

Start With Trust™



CFBAI



CHILDREN'S FOOD AND BEVERAGE ADVERTISING INITIATIVE PROGRAM AND CORE PRINCIPLES STATEMENT

(EFFECTIVE JANUARY 1, 2010)

INTRODUCTION

Companies engaged in advertising and marketing food and beverage products have developed this self-regulatory initiative for advertising such products to children under 12. The goal of this initiative is to use advertising to help promote healthy dietary choices and healthy lifestyles among American children. While it remains the primary responsibility of parents to guide their children's behavior in these areas, industry members are voluntarily pursuing this initiative as a means of assisting parents in their efforts.

Start With Trust[®]

**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

CARU

**CARU RECOMMENDS DUNCAN
MODIFY WEBSITE TO BETTER
PROTECT CHILDREN'S PRIVACY;
COMPANY DOES SO**

New York, NY - April 6, 2010 -
The Children's Advertising Review
Unit of the Council of Better
Business

Bureaus (CARU) has recommended
that Duncan Enterprises modify
the Website
www.ilovetocreate.com to better
protect children's privacy.

The company has agreed to do so.
CARU monitors websites for
compliance with CARU's Self-
Regulatory Program for Children's
Advertising, including guidelines
on Online Privacy Protection, as
well as with the federal
Children's Online Privacy
Protection

Start With Trust™



NARC Online Archives

The NARC Online Archive is available to you free of charge.

To access the archive, please contact Rey Persaud, rpersaud@narc.bbb.org, for a password.



Thank you.

For more information, please
visit us on the Web @

www.narcpartners.org