Advertising self-regulation & audience measurement

The international perspective

Stephan Loerke
Mumbai, 19 November 2012

THE INDIAN SOCIETY OF ADVERTISERS
Since 1952

WFA WORLD FEDERATION OF ADVERTISERS

The voice of advertisers worldwide

Why should advertising matter to governments?

Kinsey & Company releases new report on the value of advertising

Advertising fuels economic growth

Advertising fuelled about **15%** of growth in GDP for the major G20 countries over the past decade, through new business generation

Contribution of advertising to GDP in G20 countries, 2002–2010

24.6%

15.7%

5%

Bottom country | Median Contribution | Top country
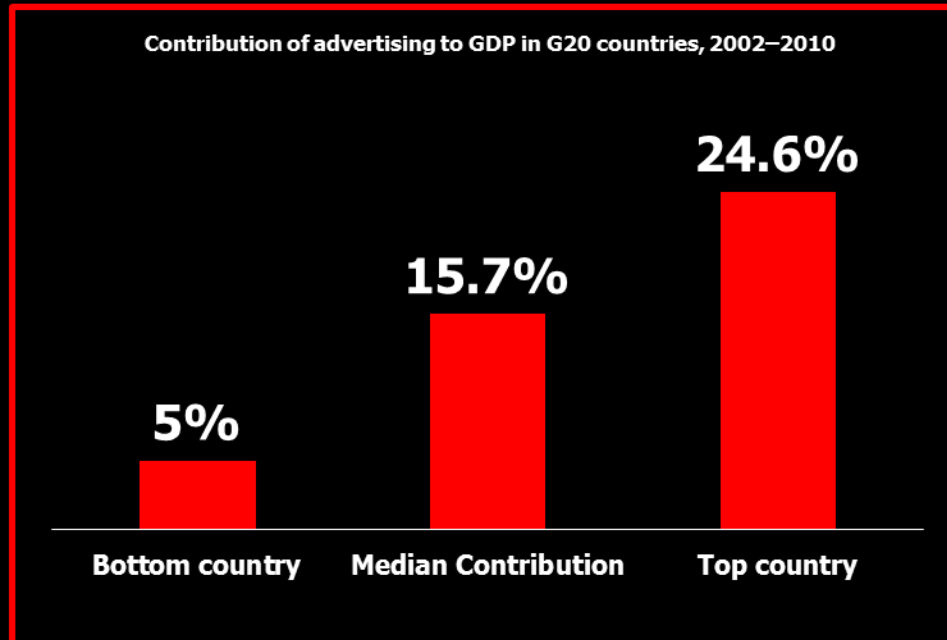
- <u>Causal</u> correlation between ad spend and GDP growth
- Advertising contributes significantly more to economic growth than its share of spending

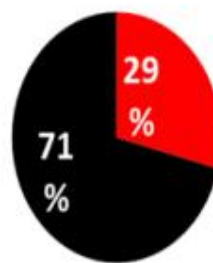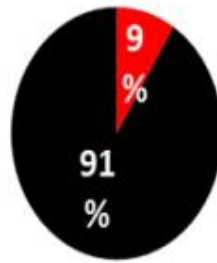# The turbocharged effect of digital media

- Can provide greater macroeconomic benefits than spending on offline media
- Its benefits to employment will intensify as it continues to grow

G20 countries, 2002-2010

Split of spending

Advertising contribution to GDP growth

■ Digital advertising

9%
91%

29%
71%

The importance of taking a global view

Global regulators expect global solutions

NGO community Global agenda & reach

Global brand footprint No room for double standards

Technology No such thing as local

Credibility of SR assessed on global scale

An emerging global regulatory agenda

Marketing to children

Norway – proposals to further restrict marketing to children

Sweden – proposals to further restrict marketing to children

Germany – NGO campaigns

UK – pressure to further tighten food ad reg

Poland - debate on food ad reg

Slovenia – ongoing discussion on ad reg

Canada – ongoing debate on food ad reg

Ireland -upcoming food ad reg

France - debate on ad reg

Hungary - debate on food ad reg

Vietnam – ad bill in parliament

South Korea – debate on further ad reg

US – IWG debate under way

Portugal - debate on ad reg

Spain – extension of PAOS code on hold

Turkey – Government calls for food ad reg

Thailand - debate on food ad reg

Taiwan – food ad bill pending

Mexico – food ad bills pending

Nigeria - debate on food ad reg

Malaysia - potential further restrictions on food ad reg

Philippines – debate on ad reg

Peru – health minister calls for food ad reg

Brazil – food ad bills pending

Indonesia – debate on ad reg

Chile –food ad bill pending

Uruguay – bill pending on food ad reg

Singapore – food ad reg discussion

South Africa – health minister calls for food ad reg

Australia – food ad bills pending

Argentina –proposals for restrictions on advertising to children

13/04/2012

Alcohol Advertising

Russia – PM open to discussing beer ban at 2018 World Cup

Russia – alcohol regulation recently toughened

Sweden – ban in place

Finland – restrictions in place

Norway – ban in place

Poland – ban on wine and spirits

China – restrictions in place

Ireland – report recommends alcohol ad ban

France – ban in place

Ukraine – tougher restrictions on alcohol ads discussed

Portugal– LDA up from 16-18

Turkey – severe restrictions in place

Canada – bans have existed at provincial level

Algeria – ban in place

Cambodia – alcohol ads to feature RDM from 1 Feb 2012

Mexico – restrictions in place

Ghana – restrictions in place

GCC – ban and strict controls

South Korea – alcohol ads banned in movie theatres

India – ban in place

Tunisia – ban in place

Libya – ban in place

Israel – ban-type legislation expected shortly

Chile – restrictions in place

Brazil – Senate sub-Committee proposed alcohol ad ban

Australia – Ministers agree new health warnings

South Africa - Health Minister calling for ban

Egypt – severe restrictions in place

Body image and advertising

Canada – survey finds 29% of clothing for girls (children) has sexual characteristics

UK – high-profile rulings against photoshop ads

UK – bellwether country for debate on sexualisation childhood, body image

Ireland – on-going debate on sexualisation of childhood

USA – study shows social media is ruining girlhood

Belgium – 'Photoshop'-ad proposed

France – Government establishes charter against 'hyper sexualisation' of children

USA – 'Self Esteem Act', parents push for anti-Photoshop law

France – outrage after ads feature 4-year olds wearing lingerie and make-up

Australia – Senate Committee requests federal measures to prevent sexualisation in

Brazil – 'Photoshop'-ad tabled by Federal Chamber

Australia – on-going debate on sexualisation of childhood

Australia – 'I love sex' fashion campaign targeting teens causes outrage

Data protection and privacy

Iceland – strict data protection legislation through EFTA membership

EU-27 – on-going implementation of EU ePrivacy Directive (EU Cookie

Norway – strict data protection legislation through EFTA membership

Russia – New law regulating how children interact with mass media

USA – FTC urges children's mobile app ecosystem to beef up privacy policies

EU-27 – World's strictest data protection legislation

Canada – Privacy watchdog claims online tracking of children is unlawful

EU-27 – new draft EU Data Protection Regulation Framework

Switzerland– strict data protection legislation through EFTA membership

China – Legislative framework and case law on privacy and data protection very patchy

USA – privacy "Bill of Rights" presented

USA - Study finds Federal COPPA model of online regulation fails to protect children online privacy

USA -Online gaming company to pay $3-million settlement over children's online privacy breach

Global - Survey finds 70% of parents worry about children's privacy on mobile devices

Global - OECD adopts recommendations adding further weight to defining children as under 18 online

Global industry vision of "good practice"

- Global markets are interconnected

- Self-regulation is key maintain proportionate legal frameworks longer term

- No 'one-size-fits-all': self-regulation must reflect cultural, legal & political context

- Global consensus on what makes self-regulation effective
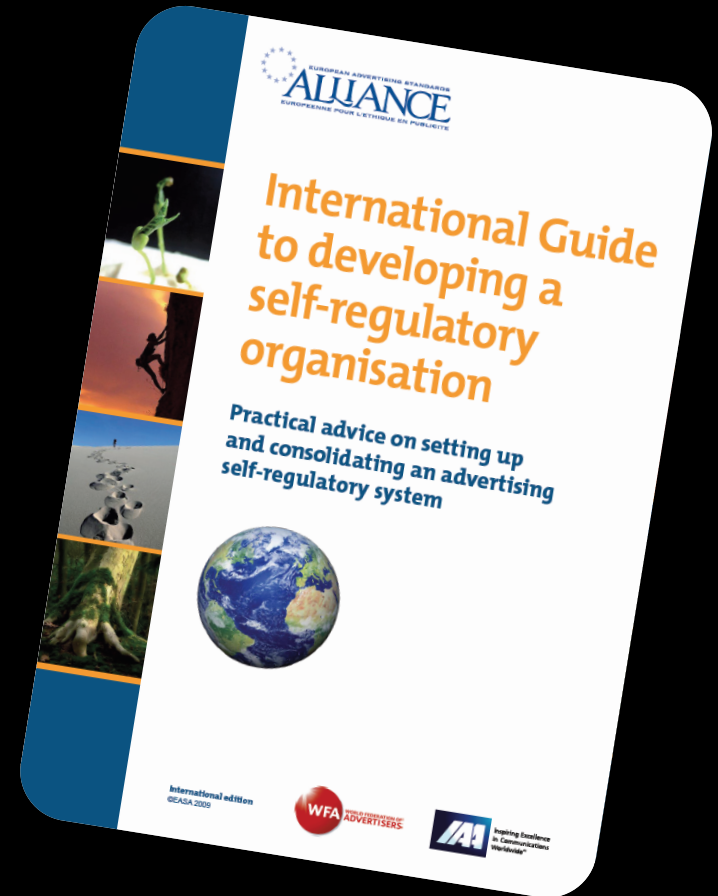
The basic model

- Multiple layers

- Framed by proportionate regulation: self-regulation complements the law

4. Internal company codes

3. Sector-specific codes (alcohol, food, cosmetics...)

2. Cross-industry SR system

1. Legal framework
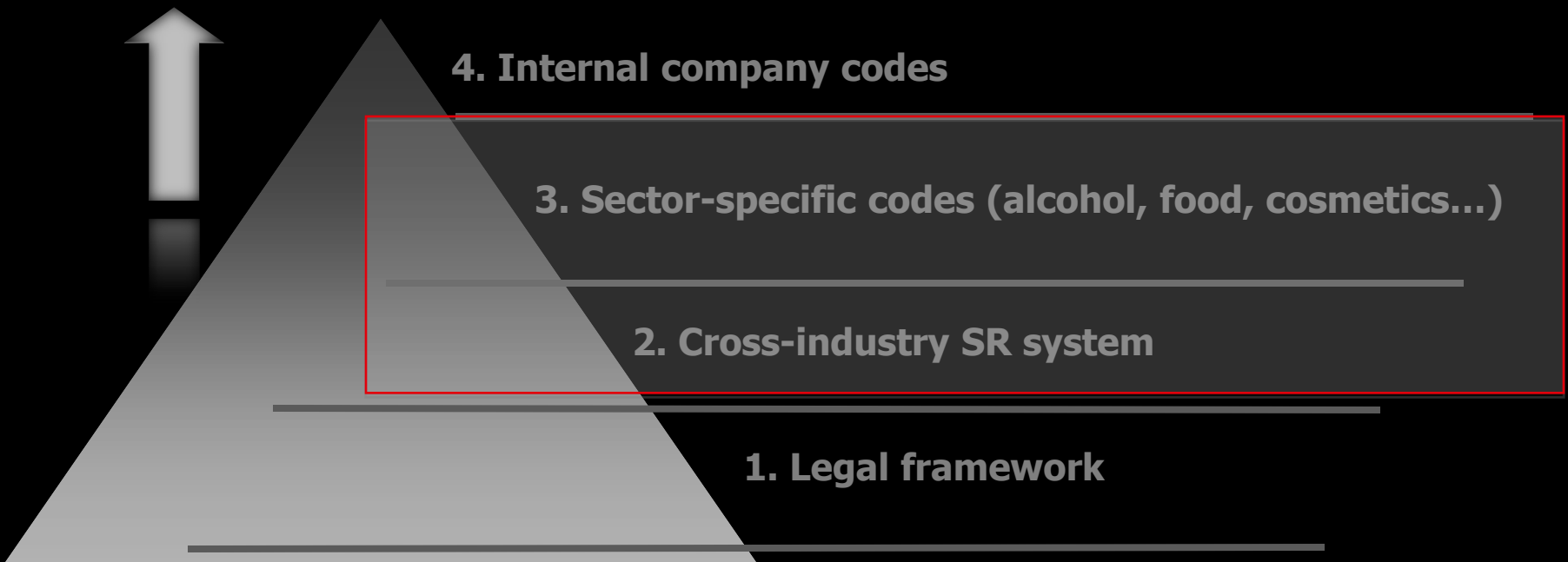
Building blocks of effective SR

A code of conduct	• Global standards adapted to local context, applying to **all** media
A self-regulatory organisation with teeth	• Charged with implementing the code and enforcing it in case of complaints
Supported by all parts of the ad industry	• Advertisers, agencies… and media as ultimate gatekeeper
Agreement with government	• Who does what?
Independent from any 'vested interests'	• Make sure decisions are neutral and *seen* to be neutral

The basic rules - www.codescentre.com

- ICC: the World Business Organization
- 92 national chapters
- Common ethical principles
  - Social responsibility
  - Truthfulness
  - Fair competition
  - Use of 'Free'
  - Claims
  - Children
  - Privacy

Advertising and Marketing Communication Practice
Consolidated ICC Code

Building Consumer Trust through **Best Practice Marketing**

ICC
International Chamber of Commerce
The world business organization
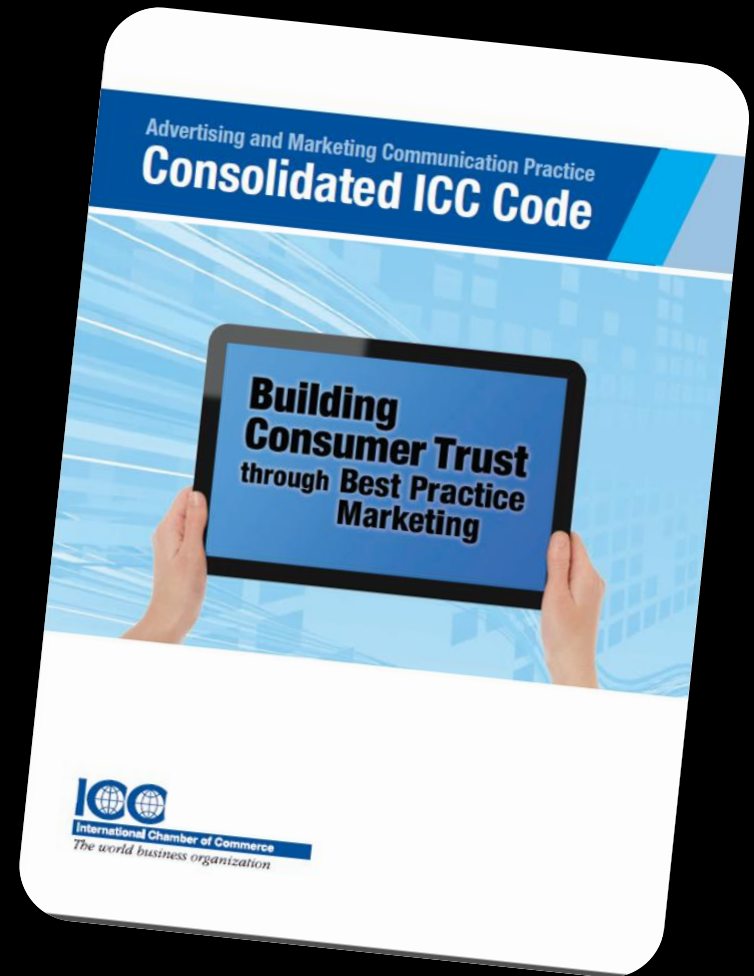
ASCI – a global best practice reference

- **Recognition by the Ministry of Information & Broadcasting within the Cable TV Act**

- **Adoption of ICC code**

- **Meeting EASA Best Practice standards**

- **Very fruitful collaboration with WFA 2010-12**

The case for self-regulation

- **Free to the citizen**: Costs borne by industry, not taxpayers

- **Dynamic and flexible**: can adjust more quickly to changing conditions & expectations

- **Stringent sanctions**: can achieve faster results than courts

- **Gives industry incentive to uphold rules**: abide by both spirit and letter of codes

- **Reverses the burden of proof**

Political recognition of self-regulation

- **WHO Global Strategy** (2010): self-regulatory measures to support regulatory framework

- **EU Audiovisual Media Services Directive** (2007): Member States should promote advertising SR

- **UK**: advertising regulation 'outsourced' to self-regulation

- **US, France, Spain…**: government agreements with self-regulation system

- **India**: broadcasters required by law to comply with self-regulation

Self-regulation in the top 57 ad markets
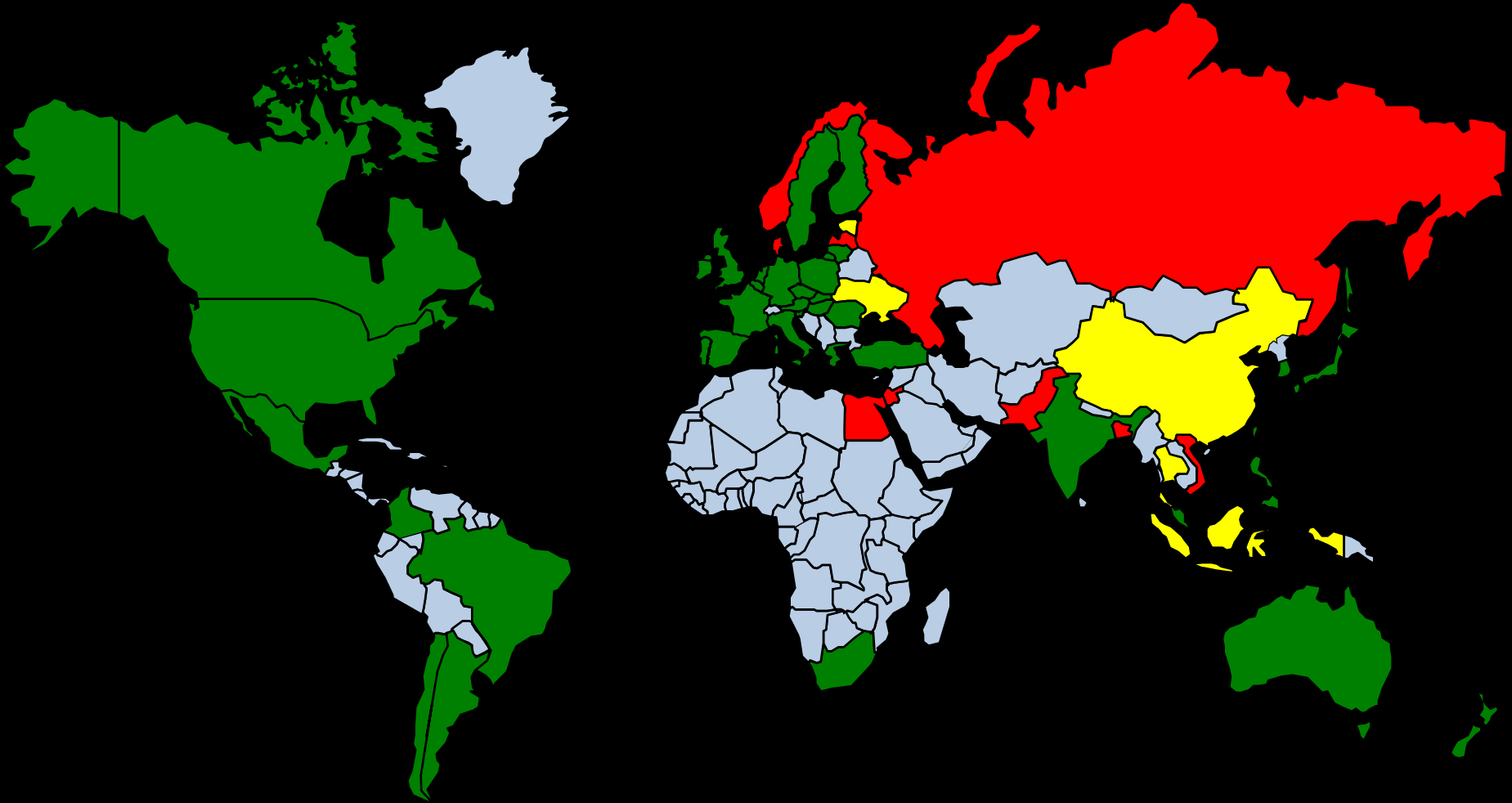
1 'Traditional' media measurement

14%

6%

4%

Global   APAC   India
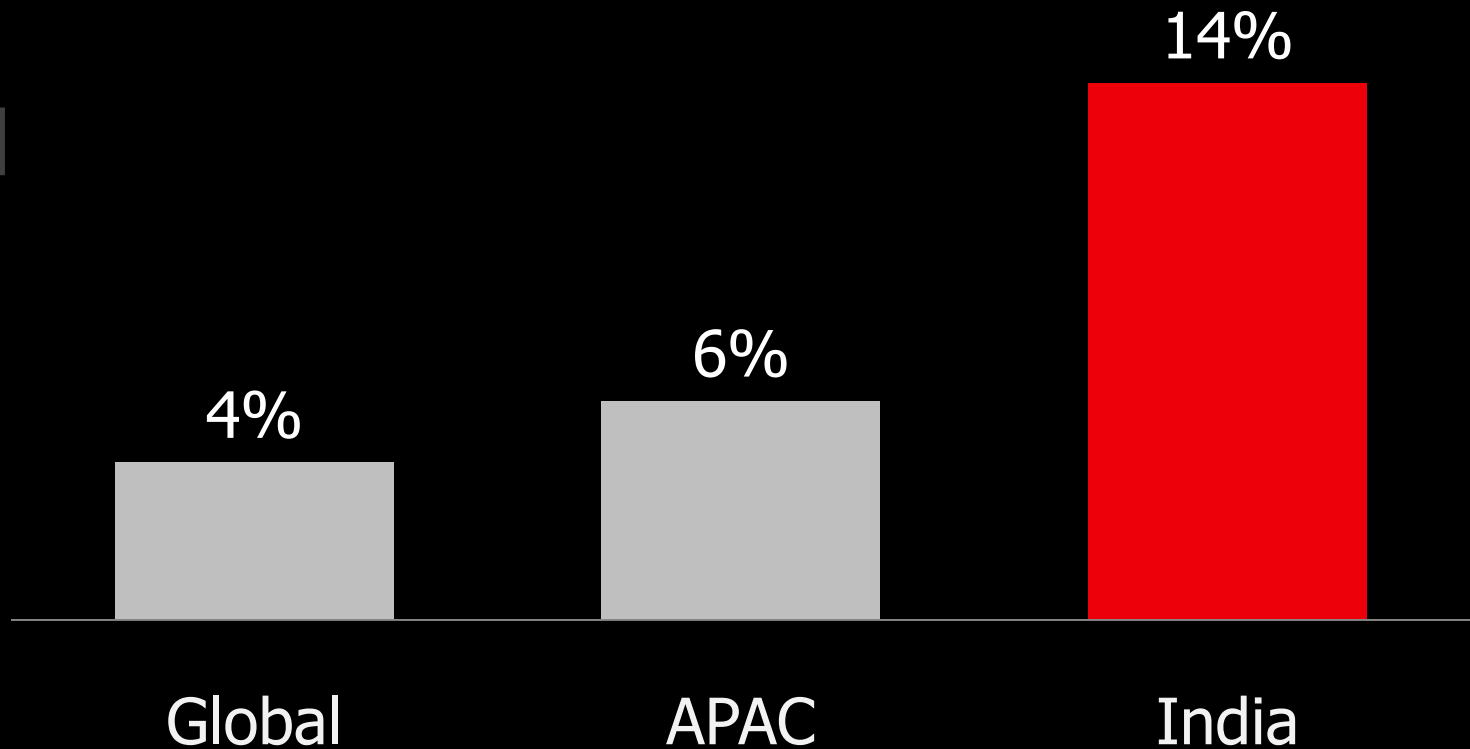
TV: 2013 growth forecast

Global support for local action

The WFA/EACA Guide to
organising audience research

TOWARDS
GLOBAL GUIDELINES
for
TELEVISION AUDIENCE
MEASUREMENT

Produced by
Audience Research Methods (ARM) Group

Sponsored and published by
European Broadcasting Union

in collaboration with

Advertising Research Foundation (USA)
Canadian Advertising Research Foundation
European Association of Advertising Agencies
European Group of Television Advertising
European Media Research Organisation
European Society for Opinion & Marketing Research
Group of European Audience Researchers
Pan European Television Research Group
World Federation of Advertisers

GLOBAL GUIDELINES
ON OUT-OF-HOME AUDIENCE MEASUREMENT
VERSION 1.0

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European Association of Communications Agencies
Media Rating Council
Outdoor Advertising Association of America
World Federation of Advertisers

ESOMAR

BARC. Coming soon…

Best practice model will provide advertisers with…

- ✓ (shared) Control
- ✓ Confidence
- ✓ Transparency

The WFA/EACA Guide to
organising audience research

2

Online audience measurement

30%

23%

16%

Global   APAC   India
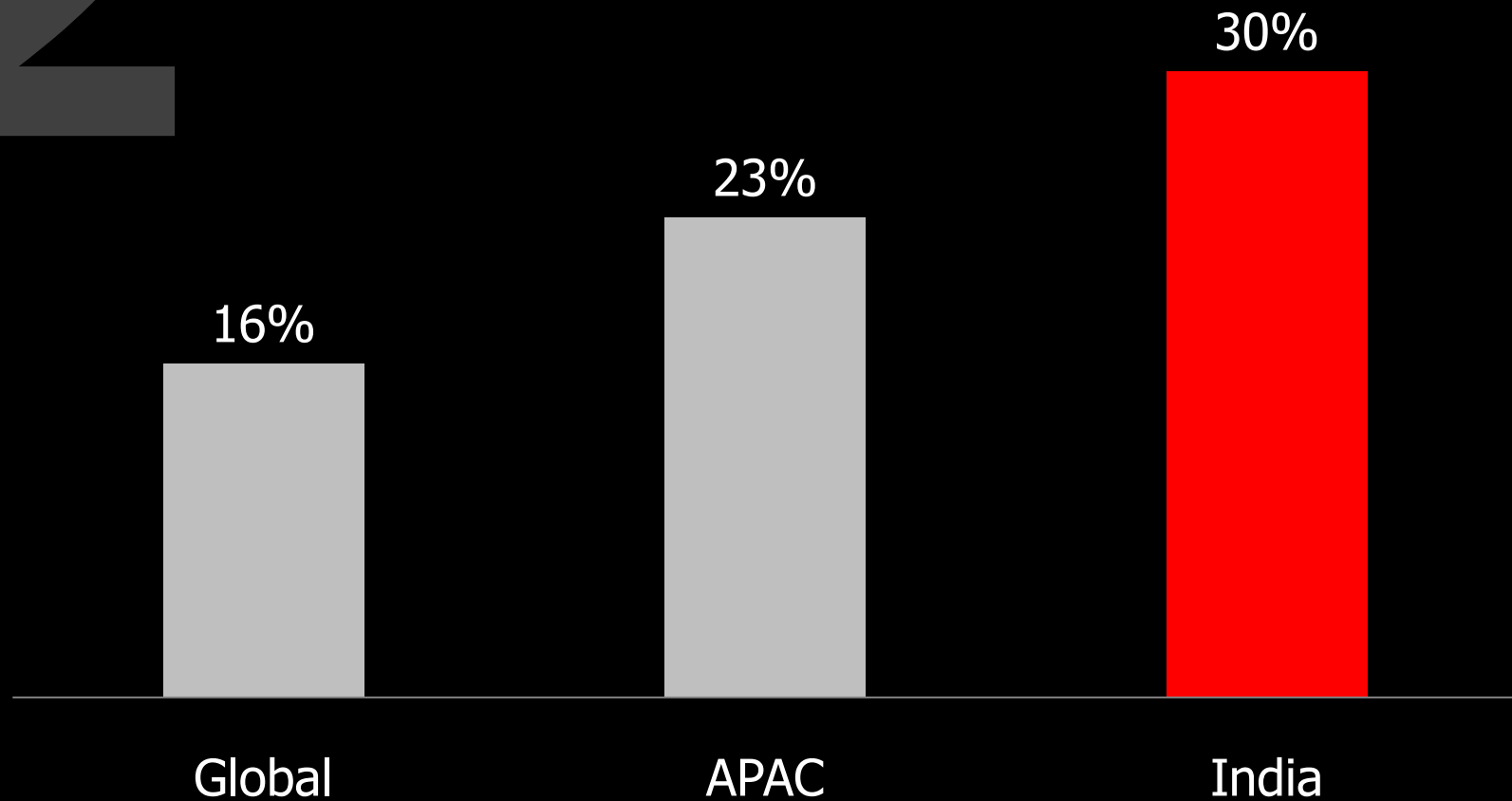
Online: 2013 growth forecast

Understanding our members' view: 30 participant countries

WFA National Associations Survey. Base = 30 countries. April 2011

93% have some online measurement. That doesn't mean everyone's happy...

Q: In comparison with the audience measurement of the other (traditional) media, the accuracy and relevance of the data provided by the (main) online measurement system, is:

■ Higher than in other (traditional) media

■ The same as in other (traditional) media

■ Lower than in other (traditional) media

21%

38%

41%
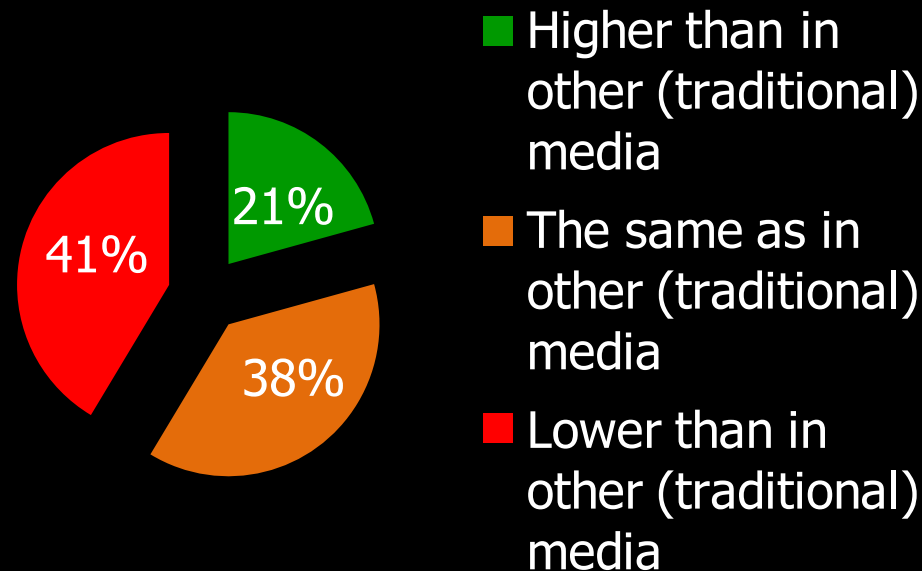
WFA Digital Network. First action:

Global guidelines for online audience measurement underway

- **The WFA recommends the production of global 'guidelines' for online audience measurement. What is your opinion about this initiative?**

7%
10%
83%

■ It could help

■ It wouldn't change much

■ It's necessary, I support the idea
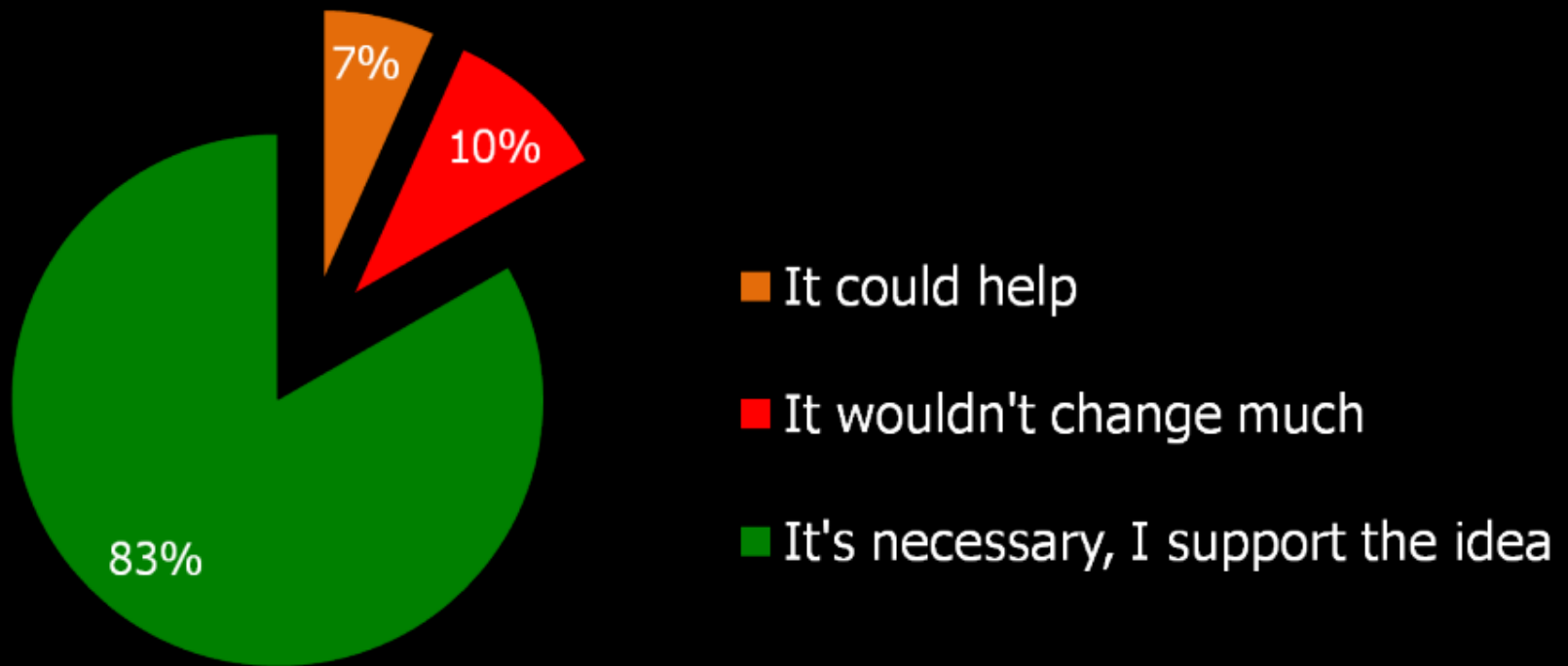
Progress in the USA... 3MS* initiative

- Principle #1 – Move to a "**viewable impressions**" standard and count **real exposures** online.

- #2 – Online advertising must migrate to a currency based on **audience impressions**, not gross ad impressions.

- #3 – Because all ad units are not created equal, we must create a **transparent classification system**.

- #4 – Determine interactivity "metrics that matter" **for brand marketers**, so that marketers can better evaluate online's contribution to brand building.

- #5 – Digital media measurement must become increasingly **comparable and integrated** with other media.

3 Integrated media measurement

Source: WFA APAC M&M Network survey Dec 2011: priorities
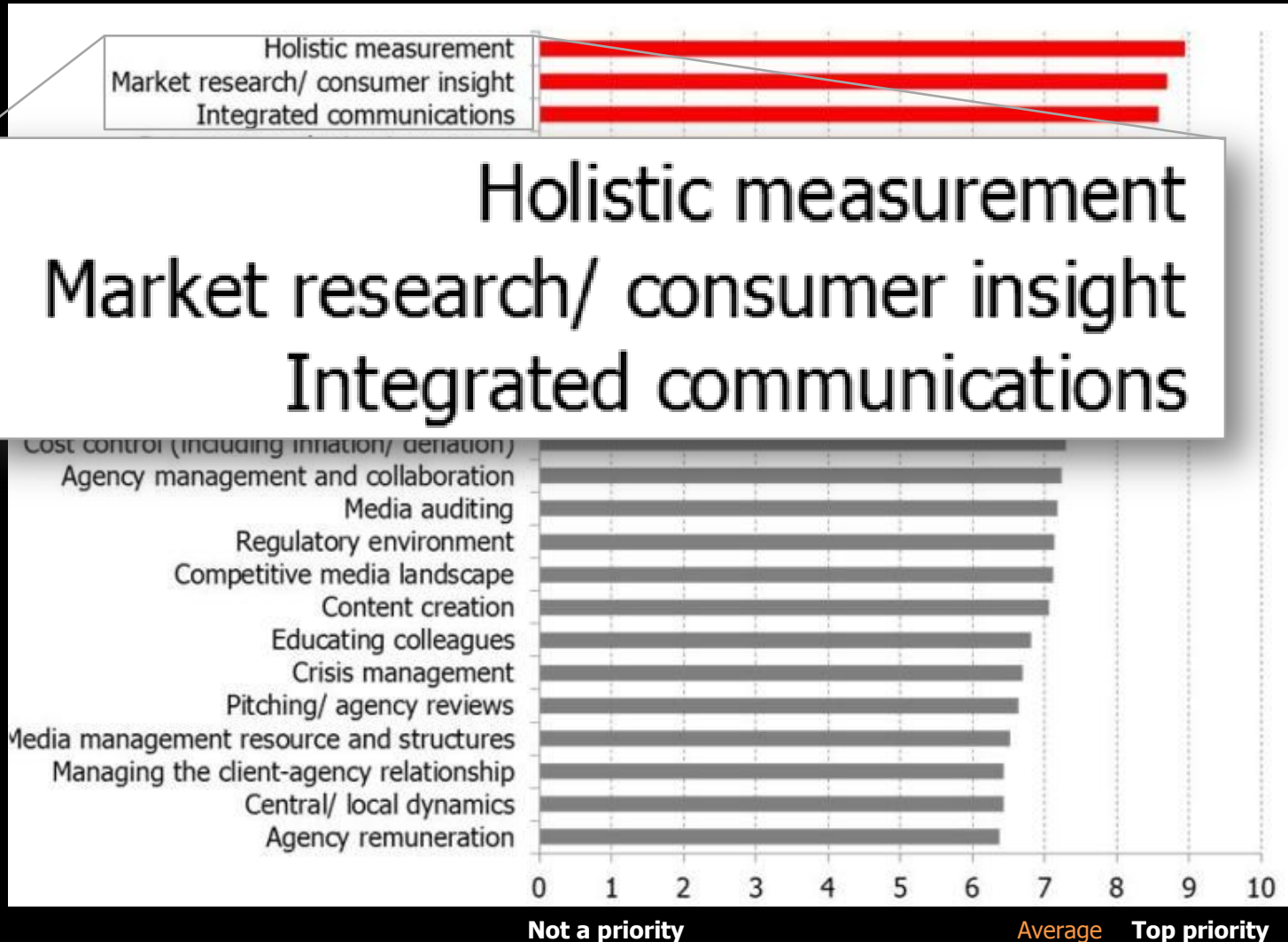
What advertisers (still!) want

- Quantitative, **passive** measurement system
- **Multi-media** audience research. Including digital/ in-store
- **Large** sample sizes
- Better **target group** descriptions
- **Flexible** and **adaptive**
- **Single-source**: Link between multi-media use and purchase behaviour
- + (new) continuous ...
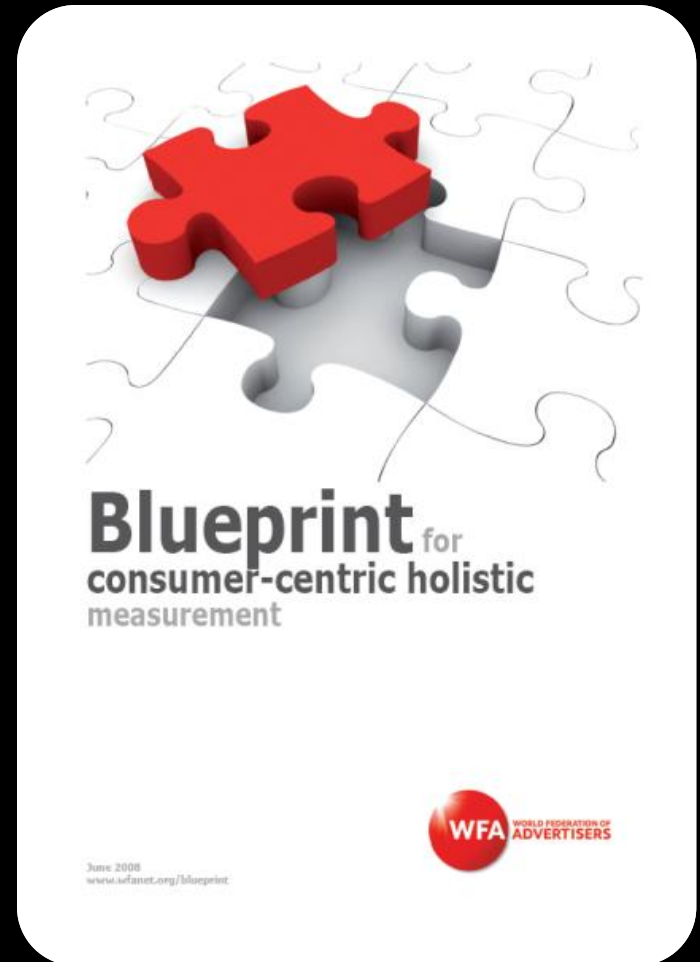
Blueprint for consumer-centric holistic measurement

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June 2008
www.wfanet.org/blueprint

...53% had an initiative fully, or partially, in place: Hub & Fusion or Single Source

Touchpoints

Mindset

Touchpoints

[Apollo]

Media in Life

Media Monitor

Nomura R.I.

Marplan/EGM & Ibope

Panorama

Morgan
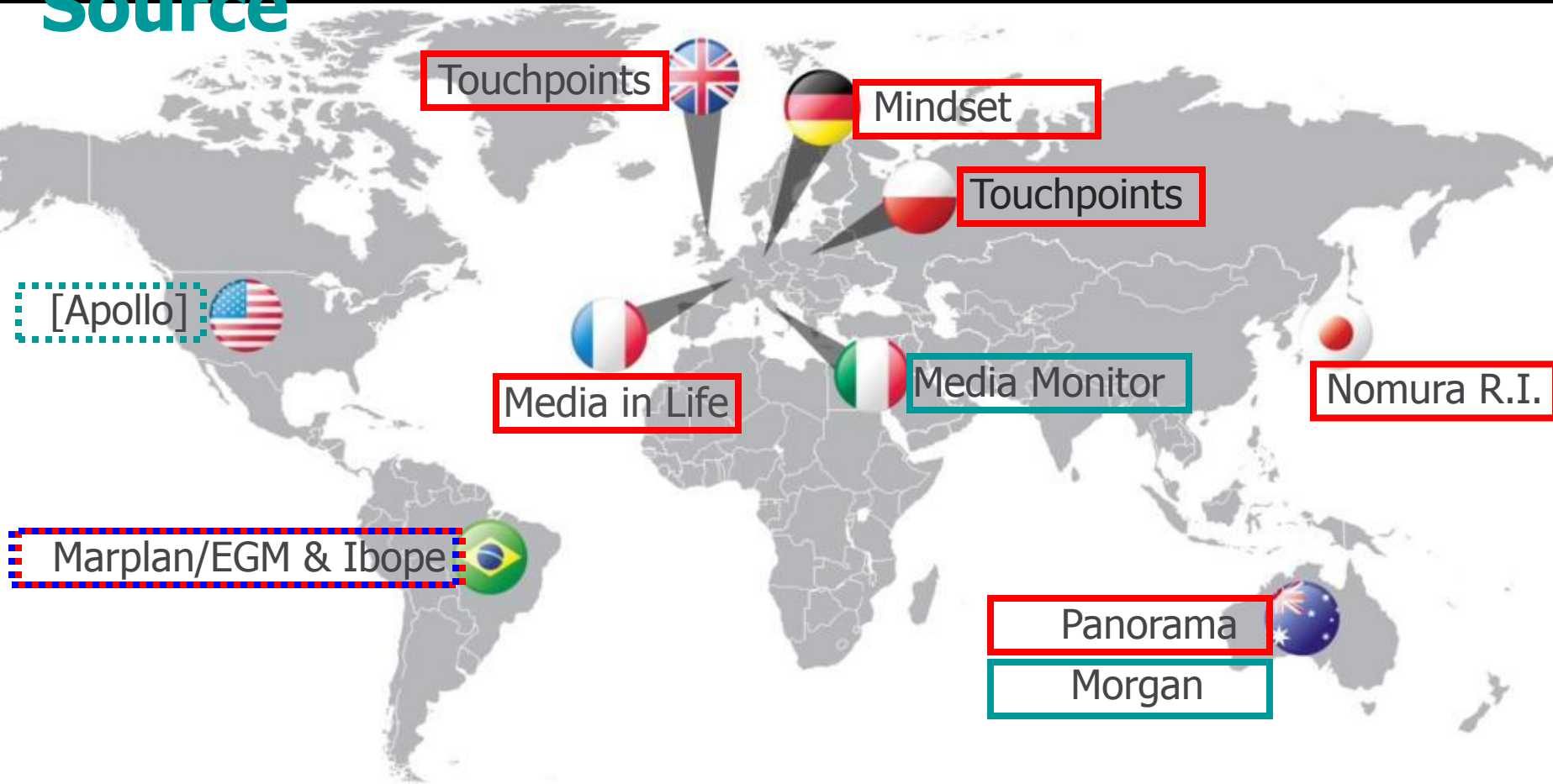
Discussing plans:

Hub & fusion: IPA TouchPoints

- The original hub approach initiated by the IPA

  - IPA TouchPoints4 (from Ipsos MORI) launched 2012

  - Planning tool released this month

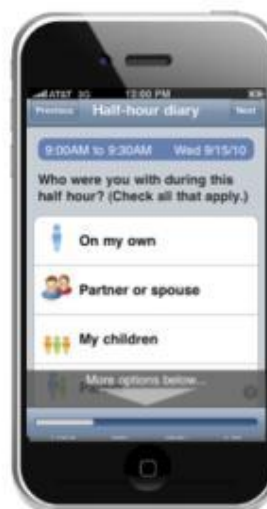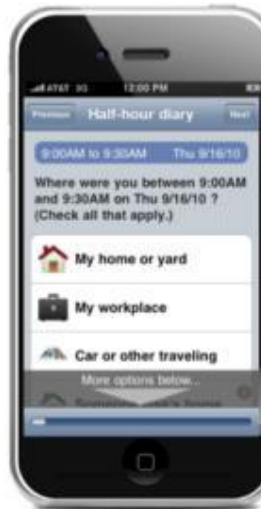- Trialing mobile app for data collection
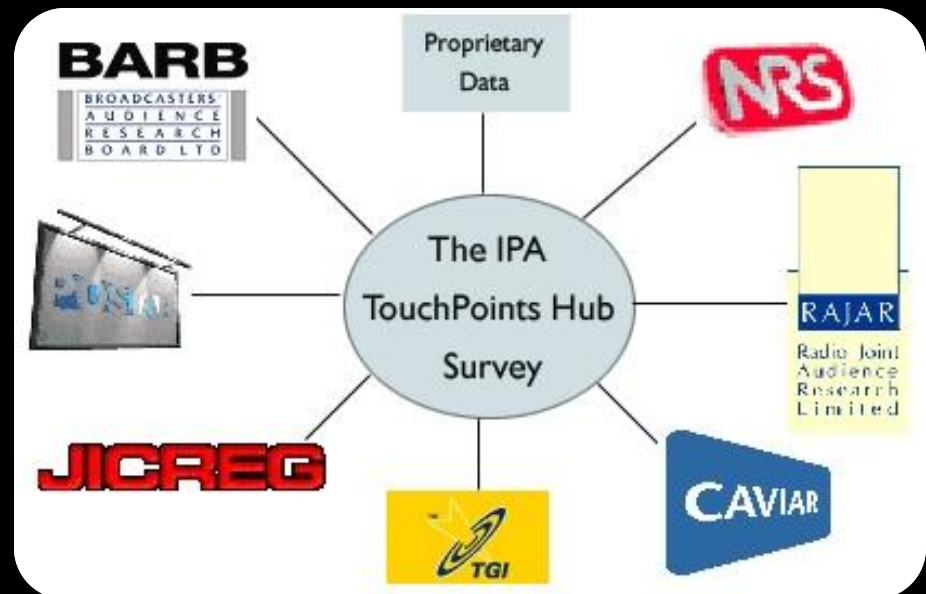
Coalition for innovative media measurement (USA)

One 'proof of concept' CIMM initiative: USA TouchPoints

USA TouchPoints' 10-day eDiary

Where	With Whom	Activities	Media	Emotions

When: by each and every half-hour throughout the day

iPhone App is now being adapted for other smartphones

Pragmatic next step?
"How to do TouchPoints"

1. TouchPoints approach – what is collected and how

2. Existing systems

   – IPA TouchPoints4 – learnings, how managed and financed

   – US TouchPoints, by Media Behavior Institute

   – Other Countries: 2nd global audit underway

3. Roadmap for implementation – recommended steps

4. Case studies, typical examples of results

5. More methodological aspects e.g. smartphone app

No progress without you!

1. Work together as an industry

2. Learn from other markets: you are not alone!

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Since 1952

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Thank you

s.loerke@wfanet.org

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