

**“Industry priorities in a challenging environment”
ISBA ANNUAL CONFERENCE**

by the Baroness Peta Buscombe, Chief Executive,
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8 March 2007

"Thank you Mr Chairman and I would like to say what a pleasure it is to speak here at ISBA. I would also like to pay tribute to Malcolm for his enormous contribution to the Industry over the past seven years.

I would like to look at three aspects in my speech today:

Firstly where the advertising industry is and how it is perceived; secondly the threats to it; and finally what it needs to do in the future and how it needs to communicate in a more effective and influential way.

The famous US pollster Frank Luntz advises three approaches to political communications:

- Do not talk about process. People want to hear about results.
- It's not enough to oppose. People expect you to propose. 'No' cannot be your primary answer.
- Don't tell people what you want. Ask them what they want.

He also stated that 'it's not what you say, but what people hear'.

I believe the great challenge we face is to make sure that government and the wider public audience hears what an important, creative and responsible industry advertising is. So here's the good news.

I don't need to tell this audience about the importance of advertising. Advertising is one of the largest and most successful of the UK's creative industries.

The UK is the largest advertising market in Europe. Britain's advertising industry received more awards than any other nation in 2006 according to the findings of the most recent Gunn Report.

Advertising also has, of course, a substantial impact on other creative sectors in the UK. Its supply chain includes activities such as graphic design, audio-visual production and interactive media. Given that the creative industries now represent 8% of the UK economy, which means they make a bigger contribution to the nation's GDP than the construction industry, the key strategic importance of the advertising industry to the British economy is undeniable.

Lets also not forget that advertising provides crucial funding of media, including commercial television, the national press, magazines and commercial radio. The advertising industry is also responsible and restrained.

Just to demonstrate how seriously we take responsibility for our business:

I believe that over half of the total spend on self-regulatory systems in the EU is spent in the UK. Advertising self-regulation is worth that investment because it underpins confidence in commercial communications generally.

It maintains the value of the currency. It helps to maintain a level playing field so that brands can compete fairly. It helps in the battle to preserve freedoms to advertise responsibly.

Self-regulation is dynamic and flexible. Technology and market conditions evolve at astonishing speed. Indeed the great strength of our self regulatory model, is that it is more fleet of foot than parliament. And it shouldn't be forgotten too, that it operates at no charge to the consumer or government.

That said. Whilst the industry, the ASA and OFCOM know all about this self-imposed system. I passionately believe that we haven't done enough to communicate the value and professionalism of the system to the world outside. As a lawyer, I can tell you that I have found the rules to be unbelievably tough and stringent. Too little has been done to make sure that that is the impression outside of the industry.

So there's the good news. We are a healthy, important and vibrant industry. Yet despite the detailed and self-imposed rules on advertising, pressure is still coming

from many quarters at local, national and European level for even tougher restrictions - and legislation, not industry self regulation. We are an industry under siege.

We are going to need to demonstrate that the industry is responding in a proactive and responsible way to social issues and problems, based on an effective (and efficient) self-regulatory system.

In many ways, advertising is an easy target for the plethora of consumer groups seeking to justify their own existence and benefiting from the turbulence that they create.

The recent Hansard Society report entitled '*Lobbying Friend or Foe*' found that many charities and other groups are assumed, by MPs, to be more representative than commercial organisations. What is all too quickly forgotten is that charities and consumer groups lobbying the Government are pursuing an agenda of their own and are often focusing on a single issue to the detriment of the wider picture.

Arguments can (and have) been effectively portrayed as being in the '*consumer interest*' positioned against a powerful industry lobby. Yet the reality is that many of these groups employ professional campaigners and some have their own commercial interests such as magazines that rely on reporting controversy of so-called consumer issues. Using provocative phrases like '*junk food*' and the '*commercialisation of childhood*' they seek to capture the terms and base the debate on emotion rather than fact.

The reality is that they can only represent one – not necessarily well-informed - side of the argument. This has certainly been the case with the manipulation of the obesity agenda, which has been disproportionately focused on advertising. Did you know that there were 91 recommendations in the Government's Choosing Health White Paper of 2004? Recommendations on the advertising of food and alcohol only comprised three of them. I want to know what happened to the other eighty-eight recommendations.

One also has to question whether these so-called 'consumer' groups have actually read the stringent codes that regulate advertising. If they had sat through CAP and BCAP meetings, like I have, they would be amazed at the detail and draconian nature of many of the restrictions, which are rigorously applied. I can tell you that

legislation going through the House of Commons does not receive anything like the same level of attention and scrutiny. So what do we - as an industry - do?

To put it bluntly - we simply have to up our game.

Doing nothing is not an option. If the advertising industry doesn't come up with its own solutions, there are a lot of people out there who will come up with their own solutions and impose them. The challenge is to make self-regulation work and to effectively put over the case of not only how important and creative the advertising industry is but also how responsible and restrained it is.

There is no question that technological advances, digitisation and the convergence of media will change the nature of advertising.

The advertising industry must come to a quick decision over how to regulate new media. How we do it remains to be seen. But we appreciate the importance of this issue and the threat if we do not get it right. That's why I propose to get everybody around the table to find a solution that is robust, fair and workable.

Ads are more effective if they are trusted and believed. The answer is better self-regulation and restraint by the advertising industry and not more unwelcome and restrictive legislation. If we do the thinking and planning now then we can future proof the self-regulatory system in which advertisers have invested so much and ensure that it continues to deliver for many years to come. The importance of self-regulation is clear but so too is the importance of self-restraint.

As an industry we have to learn to be better at anticipating issues and controversies. The challenge for the ad industry is to find ways for brands to advertise responsibly. It is up to the industry to come up with responsible ways to advertise to children.

Again, the industry has responded to this challenge in a number of ways and continues to invest in many valuable and positive initiatives. Take, for example, Media Smart. This was launched by the Industry in 2003. It's a brilliant, freely available, non-branded initiative that develops and provides, free of charge and on request, educational materials to primary schools. It is designed to fit into the existing syllabus and teach children critically about advertising in the context of their daily lives.

Another challenge – or perhaps a better description would be opportunity - is gambling. The Gambling Act, which comes into force this year, removes virtually all of the existing statutory restrictions on the advertising of lawful gambling conducted in Great Britain. The Gambling Commission intends relying on codes prepared by the existing advertising regulatory bodies.

In this area the advertising industry has been ahead of the game with suitably responsible and stringent code provisions scheduled to be published by CAP and BCAP later this month. Liberalisation of this sector, and the mechanism by which legislation will be delivered, has been hard fought for. This is a wonderful opportunity for us to prove that the industry can act in a responsible manner and that self-regulation works.

It seems to me that it has been much easier for the industry to talk to itself – and it does that a lot – than it has been for it to talk to the world outside.

The trouble is that whilst we have been talking to ourselves the world has moved on. A significant cultural shift has occurred where image, communication and corporate branding are crucial in defining the terms and outcome of debate in all areas of life now. You only have to look at the rise of so-called '*consumerism*' in recent years.

It is important that business should act responsibly to the society around it. In the marketplace. In the workplace. Towards the environment and towards the community. More UK businesses large and small, are addressing their environmental and social impacts because they believe it is the right thing to do and because they understand that, managed well, it is in their business interests to do so.

But you know, last year I was listening to *Any Questions?* on Radio 4 and the panel were asked "why are so many young people depressed?" Hilary Benn MP replied verbatim: "Because there are awful things out there like advertising".

I'm not making a party political point here but it is shocking that a man in his position in the Cabinet could hold such views. After all, when he was a Home Office Minister Hilary Benn was stressing the importance of a government advertising campaign warning of the dangers of paedophiles in Internet chat rooms. We have to ask ourselves why he did not see the contradiction between those two positions and why

he could not see the potential and positive power of advertising and its value to society.

Given that Whitehall spends £309m on advertising - making it the country's third biggest advertiser - the Government should be well aware that advertising can be a force for good.

It will be entirely obvious to you that if the public want free to air broadcasting, programming and websites and want to avoid paying subscriptions then the only way they are going to get it is via the funding that advertising supplies. But the public - and politicians – often either do not realise that or need to be reminded.

The advertising industry can't stand by while the world moves on. It is just not an option.

It has to stand up for itself in this environment and communicate and sell itself. And you know we have a great story to tell.

Advertising has the power to be – and is - a force for good. So in conclusion, we have the arguments and facts in our favour but we are struggling to make our case above the clamour for more restrictions and legislation from vested interests.

I can't repeat enough – the advertising industry has a great story to tell. Advertising works and is the source of information and entertainment and is part of everyday culture. But from my perspective this industry lacks confidence in itself. That must change here and now. It has to be time now to move on.

Time to put aside the short termism and sectoral interests and to look at the good of advertising as a whole. We need to put our case across persuasively and to show that our house is in order.

You are the guys who are expert at branding. Help us to use it as a force for good!"
