

# HISTORY OF SELF-REGULATION



### History of self-regulation

Self-regulation is nothing new: the medieval guilds practised self-regulation in that they inspected markets and measures, judged the quality of merchandise and laid down rules for their trades.

In advertising and marketing, self-regulation can be traced back to the poster industry in the 1880s. The first code of advertising was launched in 1925 by the Association of Publicity Clubs. And systematic scrutiny of advertising claims operated from 1926, when the newly established Advertising Association set up its Advertising Investigation Department to "investigate abuses in advertising and to take remedial action".

In 1937, the International Chamber of Commerce developed an international code of advertising practice, the first of several international marketing codes that have provided a bench mark for many national systems of self-regulation.

The Committee of Advertising Practice (or the British Code of Advertising Practice Committee, as it then was) came into existence in 1961 and was responsible for the first British Code of Advertising Practice and all subsequent Codes including this one. The Code covered all non-broadcast advertisements and, in 1962, an independent body – the Advertising Standards Authority (ASA) – was established to administer the first Code.

1974 saw the creation of a new, improved funding mechanism for self-regulation in the form of the Advertising Standards Board of Finance (ASBOF). The new system brought an automatic levy of 0.1% on all display advertisements to fund the system. With it came an increased emphasis on public awareness of self-regulation and increased staffing to facilitate pre-vetting and monitoring.

1974 also saw the establishment of the first Code of Sales Promotion Practice – a recognition of the need to expand the role of the system to encompass promotional marketing.

Since 1962, advertising self-regulation has grown in stature. It now has all-party support and enjoys a widespread acceptance of its role in protecting the consumer. That acceptance led to European legislation governing misleading advertising being implemented nationally in 1988 in a way that allowed the ASA to remain the principal regulator for misleading advertisements in non-broadcast media but with statutory reinforcement through the Office of Fair Trading (OFT) as was, and presently Trading Standards. It is a measure of the success of that approach that the ASA has referred few advertisers to the OFT or Trading Standards.

Nothing better illustrates the maturity of the self-regulatory system than the extension, in 2004, of the ASA's remit to cover broadcast advertisements. Previously, broadcast advertising had been the subject of a separate statutory regime. The change came in 2003, when the Communications Act gave the newly formed Office of Communications (Ofcom) statutory responsibility for broadcasting standards. Using its powers under the Act, Ofcom contracted out responsibility for advertising standards to the ASA in the guise of a separate, but related, body called ASA (Broadcast) in a partnership often referred to as co-regulation.

As a result, all licensed broadcast services carrying advertisements fall within the extended remit of the self-regulatory system; they include television, radio and teletext services, which were previously regulated by the Independent Television Commission or the Radio Authority. The broadcast self-regulatory system has powers to direct advertisements to be taken off air, amended or re-scheduled and broadcasters fund and use pre-vetting services. The system provides for the ASA to refer to Ofcom any broadcaster that flouts an ASA adjudication or instruction.

A separate body known as the Broadcast Committee of Advertising Practice (BCAP) took over responsibility for the existing television and radio advertising codes. Its members include representatives from the advertising and marketing industry with an interest in broadcast advertising: advertisers, agencies and television and radio broadcasters.

Today, the self-regulatory system covers non-broadcast advertising, and many aspects of direct and promotional marketing. It is supported by a range of other self-regulatory initiatives by the industry, including the various preference services run by the Data & Marketing Association.

From its limited original remit, the UK system of self-regulation has, with the ASA as its public face, evolved into a comprehensive one-stop shop for regulating marketing communications, both broadcast and non-broadcast. With a degree of flexibility denied to statutory controls, the self-regulatory system is constantly reviewing both the content of its codes and its remit, recently especially in relation to digital media and the challenges presented by the growth of online marketing communications.

The world of advertising and marketing has changed beyond recognition since the inception of the UK self-regulatory system in the early 1960s. Yet the purpose of self-regulation remains as it was in the beginning: to maintain, in the best way possible, the integrity of marketing communications in the interests of both the consumer and business.