

asbof

Annual Report 2022-2023

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A word from Mark Lund OBE, Chair



2022/23 marked another important step change in the continued evolution of Asbof and the way that self-regulation in the UK is funded. In the last two post pandemic years we have seen very advertising spend strong recovery, following the COVID slowdown. Over this time the growth in advertising expenditure comfortably exceeded GDP expansion, as the ad market continued to both draw in new advertisers and also demonstrate its efficiency in generating both brand and sales performance. This has allowed Asbof's income to grow and for us to put into place a three-year budget that allows the ASA to continue investment in its digital transformation.

In the last year however external reality, in the shape of the Ukraine war, the resulting energy price shock and concomitant cost of living crisis has conspired to make both consumers and advertisers draw back. This has resulted in the second and third quarters of 2023 showing a less buoyant picture — particularly in linear TV. The growth of digital media has helped to balance this out on a macro scale, but the fact that more of digital media is sold in a way that bypasses Asbof's traditional collection point of the big media agencies, means less of it reaches us and thus the ASA system.

To combat this we continue to develop and cultivate relationships with digital advertisers and media owners to generate compensating direct payments, and in 2023 we have also reached out to the new breed of media agencies who have grown up in the digital world. This is producing promising responses, and we believe this strand of work will be vital for us as the digital media world continues to expand and change. This slowdown in spend has not, I'm glad to say, affected Asbof's ability to continue to fund the ASA's three-year investment programme to create a still more proactive and digitally enabled regulator, able to cope with the huge number of different messages and channels that characterise

the current media world. The ASA, who continue to mix pragmatic experience with a fresh and innovative eye for the future, will in 2023 produce their next five year strategy, following a typically thorough and thoughtful process over the last months.

Asbof's internal systems, under the guidance of CFO Robin Price continue to evolve. Robin's strategy has been to focus on them becoming more efficient, transparent and accountable and as part of this our IT, accounting and security systems have all been reviewed and upgraded. As the next stage we will continue to look for ways of improving both our forecasting and reporting systems to enable us to be more agile and forward looking.

“ This is a great opportunity for industry to demonstrate that it can stay ahead of the curve of public concern in relation to online advertising

Asbof’s ongoing relations with government and other regulators are crucial to our role as part of the ASA system (with ASA and CAP). As part of the government’s impending legislative programme affecting the UK advertising sector, I am deputy-chairing the Online Advertising Programme Task Force, assembled and chaired by Sir John Whittingdale of DCMS. This is a great opportunity for industry to demonstrate that it can stay ahead of the curve of public concern in relation to online advertising — particularly in the key areas of Scam advertising and the exposure of age-inappropriate products to under 18s, thus strengthening the role of the self-regulatory eco system in keeping the UK at the forefront of advertising regulation and commercial practice.

The strength of the system remains, though, its ability to function as a highly efficient, symbiotic partnership and in this I want to extend again my admiration and thanks to Asbof’s key partners — to David Currie and Guy Parker at the ASA, to James Best and Shahriar Coupal at CAP and all those on the Asbof board who provide such consistent and strong counsel. And finally and importantly, to the staff at Asbof who continue to work so well and so willingly in keeping us moving forward.



Mark Lund OBE
Chairman





Advertising Standards Authority



2022 was the year when our growing in-house data science capability began to revolutionise the way we both gather intelligence about ads and monitor and enforce them, particularly online. Our data science tools and models, which we now call our Active Ad Monitoring System, helped us make progress in the following areas: influencer ad monitoring; IVF clinic ad monitoring; cryptocurrency ad monitoring; green claims monitoring; gambling ad monitoring and Botox ad monitoring. Meanwhile, we continued to work with third-party tech providers and research agencies to better understand exposure to age-restricted ads online and improve compliance, with our 100 Children report a key publication.

We secured the amendment or withdrawal of 31,227 ads, up 53% on 2021. 6% of those followed reactive complaints casework and 94% followed proactive work (often tech assisted), testament to the success of our move to more proactive regulation. Importantly, c85% of the total related to organic ads for Botox and other prescription-only medicine, typically appearing in organic social media posts, from a multitude of sole or small traders. The increase in ads amended/withdrawn reflects our improved ability to tackle the scale and volume of online issues, which differ significantly between online channels, and not a general increase in non-compliance by advertisers.

We delivered to Ofcom intelligence-sharing reports on VSP ads, liaised closely with Ofcom, DCMS and DHSC on the new Less Healthy Food ad restrictions (the implementation of which was again delayed by Government, to October 2025) and worked closely with Ofcom and the CMA on influencer advertising monitoring and enforcement.

A huge amount of our public affairs work focused on the Online Safety Bill and, particularly, the Online Advertising Programme (OAP), where we argued that any legislative changes should strengthen and not undermine the ASA system, signalled our

in-principal willingness to work with Ofcom in any enhanced co-regulatory system and countered the suggestions of some stakeholders that the ASA system should be held responsible for the prevalence of scam ads. On the last of those, we continued to contribute to the disruption of scam ads, including through our Scam Ad Alert system, but called for a more strategic national response (now in place through the Government's National Fraud Strategy).

We launched the Intermediary and Platform Principles (IPP) pilot in June, a world first, and published our Interim Report in December. We see our work with platforms and intermediaries, including but not limited to the companies that participated in the pilot, as central to delivering better outcomes for the public. And given the cross-party support for holding platforms in particular to greater account for the role they play in protecting their users, and the OAP's focus on that alongside the role of other online intermediaries and publishers, the ASA system has an opportunity to get ahead of any legislation and put in place more proportionate, targeted and effective protections that tackle the most important ad-related harms.

We made good progress on our Racial and ethnic stereotyping in ads and Body image in ads projects, including publishing our research findings on the former and an interim statement on our call for evidence on the latter.

Our Climate change and the environment project was central to much of our work, with the completion of our first issues-led review into energy, heating and transport, the publication of our research into carbon neutral/net zero/electric and hybrid vehicle claims and the publication of multiple rulings, including HSBC in a watershed ‘misleading by omission’ case that garnered extensive national and international media coverage. We made more gradual progress on our ASA Net Zero plans, though importantly we committed to achieve net zero by 2030 at the latest.

We launched our own opinion-former ad campaign in June and our full UK-wide public ad campaign in October. We delivered 1,037,037 advice and training Touchpoints, easily our record ever. And we introduced our 40/60 (office/remote) hybrid working policy.

After playing catch-up on rulings after a slow first half, we comfortably exceeded the 250 minimum target by the year end. We improved our case turnaround KPIs to 4/6 after another slow start (the two we missed were close). But with rising staff costs due to the cost of living crisis, our productivity targets proved beyond us: we missed two out of three (albeit one only just).

CAP and BCAP tightened the gambling rules, restricting gambling ads from having strong appeal to under-18s. The impact of that change, coming before the men’s World Cup, was dramatic, preventing ads from featuring high profile footballers. (Such ads were prevalent at the time of the previous World Cup.)

We secured positive and widespread media coverage through key announcements, high-profile rulings and publishing batches of rulings related to our project work. Our ratcheting-up of sanctions against influencers also prompted significant media interest.

We produced our first Three-year Forecast 2023–25, secure in the knowledge that our and particularly Asbof’s growing success in closing the ‘online funding gap’ and the quicker-than-forecasted rebound in the UK ad market, means our short- to medium-term funding is now more secure. Asbof approved our 2023 budget, delivering the first year of significantly above-inflation investment over that period, despite the unhelpful economic climate. Despite another very busy year, we again struggled to spend our budget, spending 93.9% against a minimum target of 97.5%. We hope that our move to more realistic budgeting and forecasting in 2023 will improve that.

Our data science plans involve further developing our capability, including by continuing to grow the team, scaling up our Active Ad Monitoring System and also tackling access to data (i.e. ads), which revealed itself to be a particular challenge in 2022 (and remains so, although we are making some progress). OAP continues to be a priority, as well as influencing major parties in the run up to the next General Election. And we are making good progress developing our new five-year strategy, which will run from 2024–2028.



Guy Parker

Chief Executive – Advertising Standards Authority



Committee of Advertising Practice



As the part of the ASA system representing those who commission, make and distribute advertising, CAP has three essential functions, each with its own dedicated team working across all facets of the industry.

First, Regulatory Policy, keeping the Codes of Advertising up-to-date, comprehensive and effective in an always evolving world of commercial communications, which is also the principle concern of the Committee; second, Advice, giving practitioners clear and practical guidance on developing and running advertising that will accord with the rules; and third, Compliance, ensuring that those advertisers or others in the chain who have been instructed to amend their communications by the ASA do so.

All three arms have been busy over the past year, each playing their part in fulfilling the ASA's objectives and, as ever, covering a very wide range of topics and issues.

To take them in turn, Advice had a record year. No fewer than a million touchpoints were logged, delivering online guidance and help to practitioners right across the advertising ecosystem. This total is nearly double that of 2019 and shows both the appetite for quick, authoritative, practical advice in a diverse and dynamic industry, and the ability of CAP's expert people to produce quality material in volume. From the Metaverse to buy-now-pay-later services, pet influencers to dark patterns, our Insight Articles, Bitesize videos and Advice Online entries supported significant ASA adjudications, new rules and developing policies.

Compliance stepped up enforcement in some key areas of concern, including cryptocurrencies, cosmetic procedures, e-cigarette promotions and debt management. Their impact has been revolutionised by the increasing capability of the ASA's data science resource, enabling their net to be cast over many more influencers and other market participants than previously possible, quickly and effectively.

Regulatory Policy's year was unusual. Continued political turmoil stalled several government initiatives expected to come to fruition during 2022; we can now see legislation and reviews coming with a rush in 2023. But plenty was achieved: work on environmental claims and 'greenwashing', online ad-targeting, gambling, telecoms pricing, body image and alcohol alternative drinks resulted in, or is soon bringing, new rules or guidance, whilst the launch of the IPP pilot signalled unprecedented engagement with the ASA on the part of key online actors.

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Across the board, then, the depth and scope of engagement between regulator and industry was illustrated by the CAP Executive’s constant dialogue with individuals, companies and trade organisations to ensure that UK advertising remains responsible and trustworthy.



James Best

Chairman of the Committee of Advertising Practice (CAP)





Mailing preference service



The Masbof Levy is collected by the industry to support the costs of industry self-regulation such as the Mailing Preference Service, the Advertising Standards Authority and the Data and Marketing Commission (DMC). In recent financial years we have seen the collection of the MASBOF levy reduce year on year as a result of the decline in use of the Royal Mail’s Advertising Mail product (the levy is currently collected on addressed mail only), particularly during the pandemic.

Funding

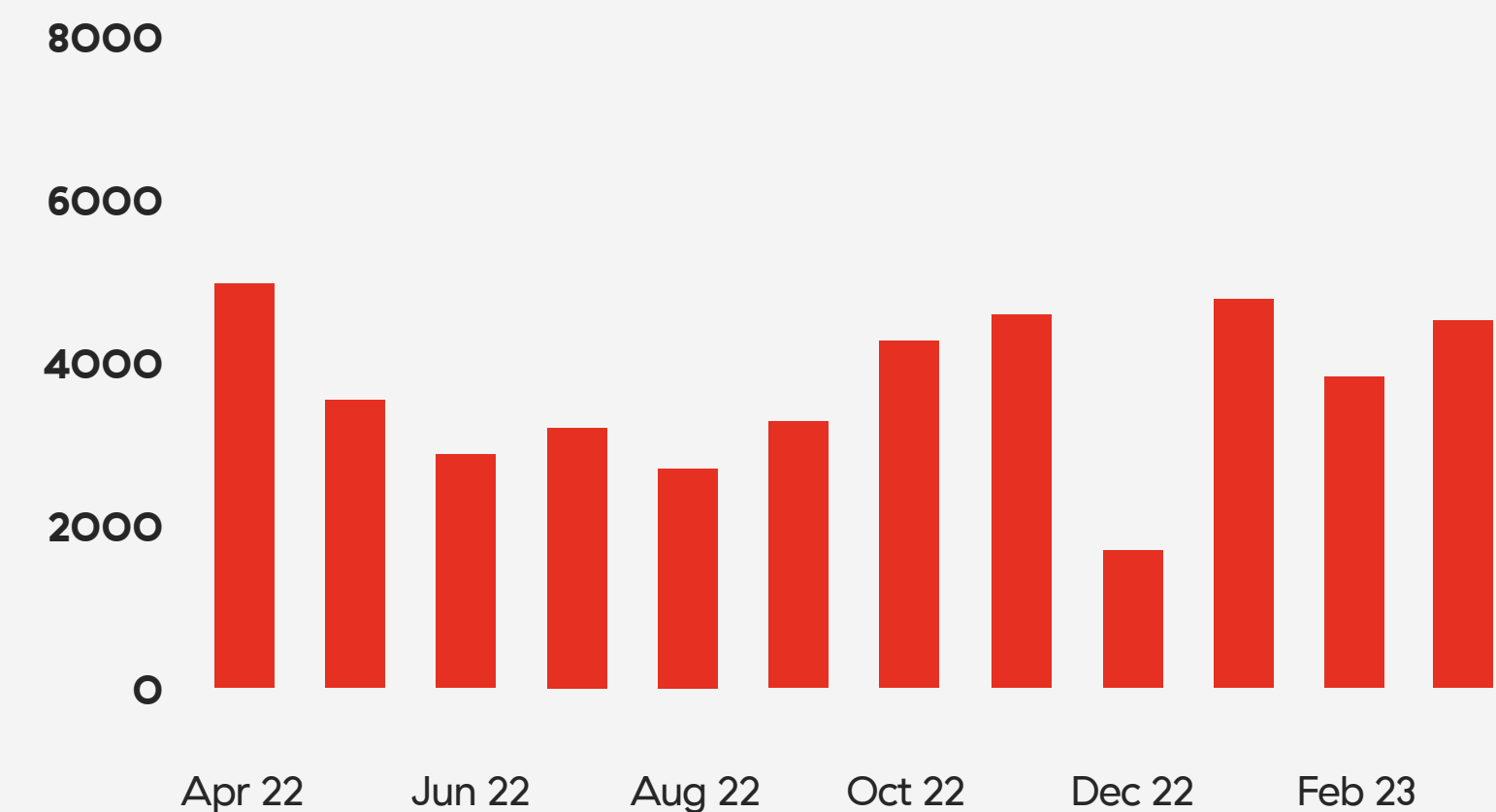
The Mailing Preference Service is funded by the MASBOF levy. In recent financial years we have seen the collection of the MASBOF levy reduce year on year as a result of the decline in use of the Royal Mail’s Advertising Mail product, particularly during the pandemic but continuing through the current cost of living crisis.

Although volumes are under pressure, advertising mail as a channel is demonstrating very powerful levels of effectiveness. The latest data released by Jicmail shows that the proportion of mail items prompting commercial actions among consumers rose to 30.5%. Mail is effective at all stages of the customer journey: from driving brand discovery (16%); to customer engagement through website visits (8%); through to purchase (5%). Given the continued challenges that the British high-street faces in the cost-of-living crisis, it was noteworthy that mail recorded a 30% increase in effectiveness at driving consumer footfall in store.

MPS File Size

The size of the MPS file has decreased at a slightly lower rate than in previous years. At the end of March 2022, there were 6.8 million names and addresses registered on the file. This represents a 1% decrease from the previous year. The number of people registered with MPS is still modest compared with the Telephone Preference Service (18 million).

MPS Registrations 2022/23



“ Implementation of data protection legislation will need to take into account the impact on growth, innovation and competition to find the right balance between data protection and innovation.

Complaints

153 complaints were received in FY2022, a decrease from 186 in the previous year. Of these only 31 or 20.3% needed to be passed to the Advertising Standards Authority. Early trends for FY2023 suggest that we will see a similar number of complaints and referrals.

Legislation and Public Relations

MPS plays a critical role in preserving self-regulation for the channel and provides essential consumer protection for people who do not wish to receive advertising and marketing through the letterbox. This ensures the right balance in legislation between privacy, innovation and growth

Local authorities, national politicians and regulatory officials continue to view MPS as a critical consumer protection from unwanted marketing, it is also often included in environmental campaigns.

General satisfaction with the system and the channel was reflected in a lower level of media activity — down 68% from 2021. There were 11 items of press coverage relating to MPS throughout 2022, including sources like The Irish News, Mirror Online, and Dorset Echo.

A significant milestone will be the UK Data Protection and Digital Information Bill which is expected to get Royal assent in early 2024. Several changes will give the industry greater confidence around the use of Legitimate Interests as a lawful basis for direct marketing. The DMA, which runs MPS, has played an active role, hosting industry round tables for DSIT officials and Chairing a Business Advisory Group for the Secretary of State.

The DMA is also working closely with the ICO on an Industry Code of Conduct for direct marketing which will establish collaborative regulation of data protection for the first time ever. A key component of the Code of Conduct will make adherence to MPS mandatory for Code Signatories.

It is anticipated that the ICO will not only approve the Code of Conduct but will also approve the Data and Marketing Commission as the Industry Monitoring Body giving it authority to investigate and adjudicate complaints with delegated authority from the ICO. This will be an important milestone for collaborative regulation in the UK.

Chris Combemale

Group CEO

A word from Hayden Phillips



In the year to the end of March 2023 I received 16 requests for the review of non-broadcast rulings or decisions by the ASA Council. Ten requests were from advertisers all of which followed formal investigations by the ASA. The six from complainants all concerned decisions by Council not to authorise formal investigations. This is a fairly typical pattern of who complains about what type of ruling on an ad. I returned four cases to the Council for it to reconsider its decision or the rationale for it, three via a process of reinvestigation and one directly from me.

I will describe two cases as illustrative of my work for the last year, one in which I asked the ASA Council to change its decision and one where I rejected the review request. The first concerned wet wipes; the second was about gambling.

In the wipes case the ad concerned was a Facebook post for the company WaterWipes which stated “WaterWipes are purer than cotton and water, containing only two ingredients, 99.9% purified water and a drop of fruit extract. Making them the world’s purest wipes ...”. A competitor company challenged whether the claim was misleading and could be substantiated. The advertiser relied on an external report which included data from 86 countries, but it excluded 98 “developing” countries for which there was no reliable data about baby wipes. The ASA Council took the view that this was an inadequate basis for substantiation. The advertiser provided me with an analysis of the original report that gave a %GDP breakdown of the 86 countries originally surveyed. This was powerful evidence and I concluded that had the Council been aware of it, it might well have taken a different view. I therefore recommended that they reverse their decision, which they did. (Interestingly my attention was

drawn to a decision handed down by the National Advertising Division [NAD] in the USA in which the US ad regulator had decided that the same claim was substantiated by the very same GDP analysis I had been given.)

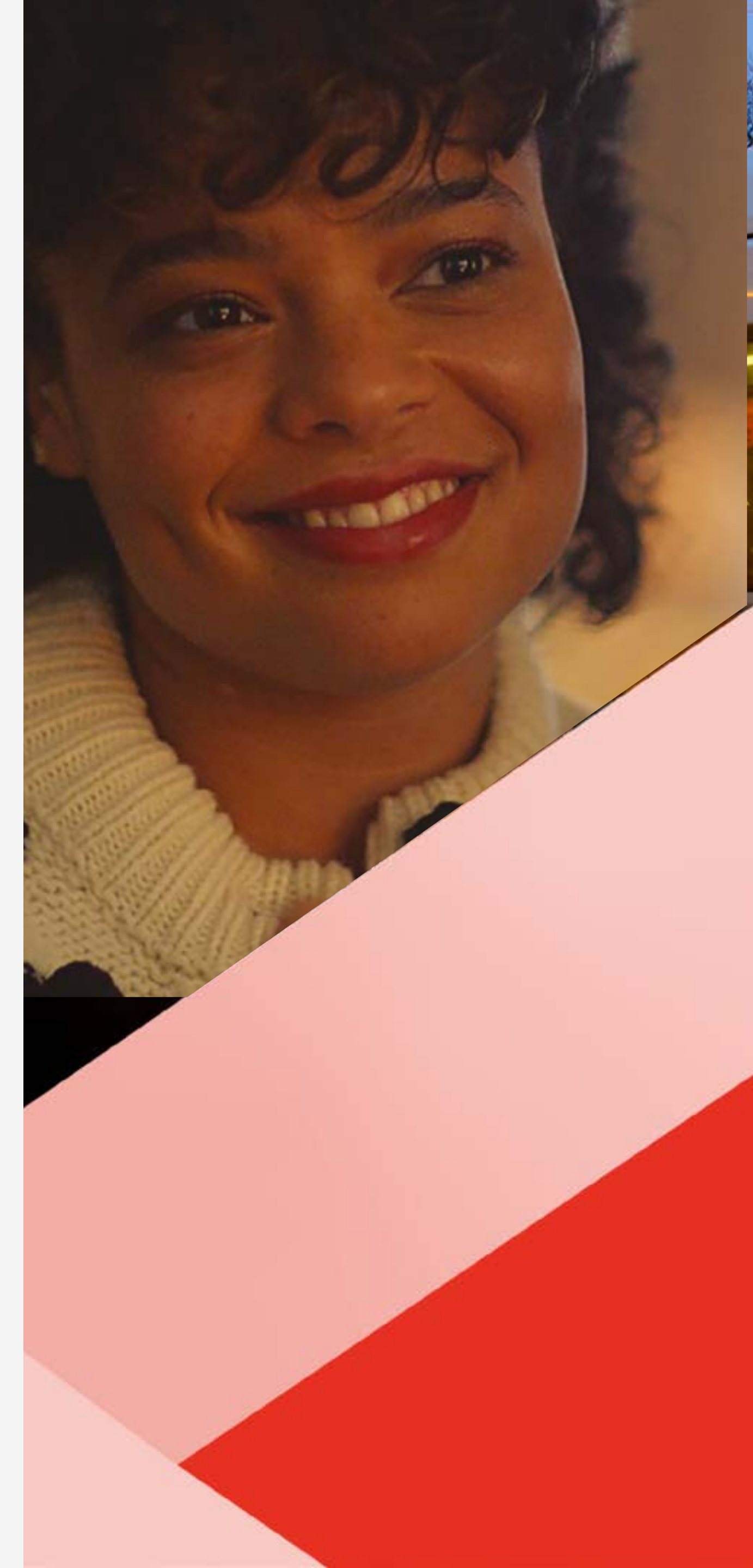
The second case involved Rank Digital Gaming Alderney and an in-app ad for a mobile app casino game “Wolf Gold”. It included text that stated “... pay off loans, buy a car... and make a lot of money!”. A complainant challenged whether the ad was irresponsible for suggesting that gambling could provide a solution to financial concerns. It turned out that Rank had not placed the ad but an affiliate, Wakeapp, had done so without permission. Rank explained “the nature of this content is quite simply unacceptable ... We will be issuing a formal letter to notify of the termination of the relationship”. The ASA contacted the affiliate including sending them a Draft Recommendation which showed the ASA intended to refer to them in a ruling. They did not reply to that. Too late they tried to argue that it was yet another company which was responsible so they requested a review arguing that they should not have been referred to in the Ruling. I decided that they had been given every opportunity to present their

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arguments during the investigation and they had not done so. They were perfectly properly referred to in the Ruling and the fact that they feared this would cause them reputational damage was not a persuasive reason for failing to record the correct facts about the ad and who was responsible for it.



Hayden Phillips
The Independent Reviewer of the Rulings of the ASA Council





Financial results for the year

The statutory accounts in the format required by the Companies Act 1985, and including the auditors' report, which was unqualified, have been lodged with the Registrar of Companies and are available on request from the Secretary.

The Balance Sheet and Profit and Loss Account which follow have been extracted from the statutory accounts.

Robin Price

Secretary & Treasurer

Balance Sheet at 31 March 2023

	2023	2022
	£000s	£000s
Tangible Fixed Assets	7	1
Current Assets		
Debtors & Prepayments	131	165
Cash at bank and in hand	521	432
	<u>652</u>	<u>597</u>
Less Current Liabilities	119	88
Net Current Assets	533	509
Total Assets	540	510
Accumulated Reserves	540	510

Profit and loss account

For the year ended 31 March 2023



	2023	2022
	£000s	£000s
Income:		
Advertising Levy	6,592	6,761
Mailing Standards Levy	790	756
Interest	14	–
Total Income	7,396	7,517
Payments to Self-Regulatory Bodies:		
The advertising standards authority	6,490	6,685
Mailing preference service	354	300
Data & marketing association	85	83
Independent reviewer	45	49
Committee of advertising practice	36	36
Other	75	82
Total Self-Regulatory Payment	7,085	7,235
Administrative Costs:		
Staff costs	190	165
Other operating costs	84	63
Depreciation	2	1
Total Admin Costs	276	229
Total Costs	7,381	7,464
Profit (Loss) before Tax	35	53
Corporation Tax	5	10
Profit (Loss) after Tax	30	43

The Board of Directors of the Advertising Standards Board of Finance Limited

Directors as at 31 March 2023

Mark Lund OBE
Chair

Paul Bainsfair
IPA

James Best
CAP

Lord Guy Black
NMA

Tim Cable
RM

Justin Cochrane
Outsmart

Chris Combemale
DMA

Paul Hunter
NMA

Kathryn Jacob
CAA

John McLellan
Newsbrands Scotland

Jane McNeill
IAB

Sajeeda Merali
PPA

Owen Meredith
NMA

Philip Milton
IAB

Charles Ping
DMA

Robin Price
asbof

Phil Smith
ISBA/EASA

Martin Telling
IPA

Duncan Tickell
PPA

Michael Todd
IAB

Stephen Woodford
AA

The thirteen associations represented are shown above by their initials.

asbof is an independent body set up by the main organisations of those involved in advertising, and the associations now represented on the Board of Directors at 31 March 2023 are:

ADVERTISING
ASSOCIATION



OUTSMART

ppa



(company limited by guarantee and not having a share capital)

Registered office:

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London WC2E 8LH

Email: info@asbof.co.uk

Website: advertisinglevy.co.uk

Registered in England No. 1195756

asbof

Supporting Trust in Advertising

