

basbof

Annual Report 2017/18

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

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Registered in England No. 5017678

*a small levy
that makes a
big difference*

**The Broadcast Advertising Standards
Board of Finance Limited**

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A word from Chris Powell

Basbof Chairman

This has been one of the busiest years for the Advertising Standards Authority. More advertisements have been amended or withdrawn than ever before as the awareness and coverage of the ASA's activities has spread. It is to the benefit of all that there is, and is known to be, an active 'policeman' ensuring that misleading claims and offensive material cannot be allowed to appear.

Much of the work is preventive - a record four hundred thousand pieces of guidance or training were delivered by the ASA and their recent work in targeting areas known to have problematic claims, contacting advertisers even before any complaints have been received, contribute to a trustworthy advertising market.

The web increases complaints in two ways. It makes it easier for people to report work they believe to need attention and the web's expansion of the number of advertisers has brought in many organisations new to Advertising, and sometimes less familiar with the need to stick to what is verifiable.

On top of this the ASA has run an effective advertising campaign, through the generosity of the media's donation of space and time, that seems to have contributed to an increase in awareness.

It is a pity then that we still haven't persuaded nearly enough advertisers in what is now the biggest single segment of the media market - Search - to pay the tiny levy that in aggregate pays for self-regulation. This is not a general web advertising problem - Facebook make up the under collection on social media from their own funds, but is a problem where Search is bought direct (rather than through Agencies, who do collect the levy) - by far the biggest proportion. In direct Search our levy pick up is a tiny 15% of the total, for the rest of advertising it is around 70%. As a greater proportion of ad spend moves to Search the ASA's revenue is decreasing just as the demands for its work are increasing.

Google UK have helped by setting up a means for advertisers willing to pay on Search to register and pay, and their Managing Director has written to their largest spenders urging them to sign up. We at Asbof put considerable resource and effort into contacting what we believe to be the largest direct spenders but while there has been some success (twenty or so signed up, producing around £400k pa) this is far short of what is needed.

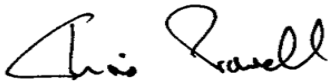
This is not unexpected. Opt IN only ever achieves relatively minimal success. Opt OUT, which is the system throughout the rest of UK Advertising, achieves majority sign up. The result is that Search now accounts for 25% of ad-spend, 38% of the ASA'S workload, but only 10% of our levy income.

We, and Google UK, will continue to seek ways to close the gap.

This has been the first year of Lord Currie's Chairmanship of the ASA and we are benefitting enormously from his wide experience and reputation in the field of regulation.

There have been changes on the Board of Asbof. Phil Smith, who took over from Mike Hughes as Director-General at ISBA, joined in June 2017 and along with Stephen Woodford at the AA has been active in helping us seeking a sound long-term funding arrangement.

We are also well served by James Best assiduously and patiently Chairing CAP, Sir Hayden Philipps elegantly and thoroughly handling appeals and the tiny secretariat at Asbof. All deserve our thanks.

A handwritten signature in black ink that reads "Chris Powell". The signature is written in a cursive, flowing style.

Sir Chris Powell
Chairman



Advertising Standards Authority (Broadcast)

We continue to implement our *Having More Impact; Being More Proactive* strategy throughout 2017. Good evidence of our success was: the record 7,099 ads amended or withdrawn in 2017, up 47% on 2016; the record 389,289 pieces of advice and training delivered, up 39% on 2016; the impact of our *Gender Stereotyping* and *Broadband Speed* projects; and the introduction of CAP's tough new rules for ads for foods high in fat, salt and sugar (HFSS), preventing children being targeted with HFSS ads in non-broadcast media, including online, and thereby achieving the same standards as have applied to TV ads for the last 10 years.

Please see the Advertising Standards Authority report for a fuller summary of the ASA's combined non-broadcast and broadcast activities; the following paragraphs predominantly refer to broadcast activities.

In terms of broadcast complaints and cases, we resolved 11,055 complaints (down 21% on 2016) and 5,233 cases (up 7%), 46% of which related to misleading issues (49% in 2016). We met or exceeded four out of six of our broadcast case turnaround KPIs (five out of six in 2016).

Reflecting its power as a broadcast medium, the most complained about ads in 2017 were again all TV ads that attracted complaints on the grounds of offence and/or harm: Moneysupermarket.com's 'Dance-off' featuring a female character attracted 455 complaints; Match.com's 'Lesbian kissing scene' attracted 293 complaints; and McDonald's Restaurants' 'Dead father/things in common' attracted 255 complaints. None were banned.

The total number of TV ad rulings decreased to 80 in 2017 (95 in 2016). The number of times we overturned Clearcast advice decreased to 45 (53 in 2016). Those 45 represent 0.07% of the total number of TV ads seen by Clearcast in 2017. The figures in 2016 and 2015 were 0.08% and 0.06%. 'Misleading impression' remained as the main problem area, as has been the case in all previous years except 2015. The ASA publicly supported Clearcast by Not Upholding on 31 occasions (36 in 2016); proportionally that 39% Not Upheld rate is broadly in line with the previous three years.

There were 11 rulings on radio ads, down from 12 in 2016 but up from nine in 2015. In seven, we overturned Radiocentre advice, up from five in 2016. All were cases in which our opinion differed from that of Radiocentre.

In pursuit of our objective to continue to protect the vulnerable, particularly children, from inappropriate, offensive, harmful or misleading advertising, CAP/BCAP published new rules on sexualised depictions of 16-17s and CAP/BCAP worked on guidance on problem gambling, which it launched in February 2018.

Guy Parker
Chief Executive
Advertising Standards Authority (Broadcast)



Broadcast Committee of Advertising Practice

The BCAP Executive, headed by Shahriar Coupal, has three distinct functions: Regulatory Policy, the team responsible for Code matters, especially the evolution of the Codes and Guidance; Compliance, ensuring that ASA rulings land effectively and that the system can be seen to work well; and Advice & Training, running the programme of education and information that enables advertisers, agencies and media owners to understand and apply the Codes every day.

That we have this expert group of some 25 people who commit their energies and intellect to the roles I describe is something to be grateful for; I am always glad to hear that recognised by CAP members and other industry colleagues when I talk to them.

In the year under review all three elements of the Exec were as busy as ever – maybe more so.

Regulatory Policy were engaged in new work on topics as varied as broadband speeds, gender stereotyping, e-cigarettes, social media targeting, gambling advertising, GDPR and HFSS foods. Most of those involved exhaustive public and industry consultations, resulting in significant new rules and guidance for advertisers to follow.

Compliance undertook monitoring and enforcement projects across a range of sectors such as gambling, property and parcel delivery charges, to maintain a fair and level playing field for the benefit of consumers and responsible businesses. In total, their work resulted in a record 12,244 ads being amended or withdrawn, many as a result of the proactive approach being taken by the organisation.

Advice & Training not only achieved a record 329,000 contacts with their industry-wide audience online but ran seminars and bespoke training sessions in person and via e-learning for advertisers, agencies and media owners alike. Their Insight newsletters were read over 40,000 times and more than 5,000 individual advertiser queries were answered.

All this good work depends upon the ad industry's involvement, input and support. Our Working Groups, usually drawn from CAP member organisations, but often going beyond them to bring in broader business interests, do much of the detailed scrutiny of Code and Guidance development. Our Industry Advisory Panel, chaired by Tim Duffy of M&C Saatchi, gives high-level practitioner advice to the ASA Council and our Executive, especially on precedent-setting matters such as the exact extent of the Codes' online remit in a fast-changing media market. The Promotional Marketing and Direct Response Panel does the same for that sector, chaired by Catherine Shuttleworth of Savvy Marketing.

Leading companies readily meet with us to discuss issues and respond to our consultations. And day in, day out, executives throughout the whole 'advertising industry' (really a network of thousands of complementary and competing businesses across a multitude of ad-related sectors) put the ASA's rulings and CAP's rules and guidance into effect in creating and placing their campaigns.

The result is the most admired and effective advertising regulation in the world.

My thanks go to you all

A handwritten signature in black ink, appearing to be 'James Best', with a stylized, overlapping loop structure.

James Best

Chairman of the Committee of Advertising Practice (BCAP)



A word from Hayden Phillips

The Independent Reviewer of the Rulings of the ASA

In the year to the end of June 2018 I dealt with 15 requests for reviews of the rulings of the ASA Council in relation to broadcast advertising which was a return to the historic pattern of the number of review requests.

Of the 15, only one proved to be ineligible. Three cases were returned to the Council. In one the ruling was confirmed but the wording of the rationale for it was changed. The other two cases were decisions by Council to rule against the complaint without conducting a formal investigation. These are described in our jargon as NAICD cases – no additional investigation by Council decision. But because they are Council decisions they are eligible for independent review. I decided that a formal investigation was justified in both cases.

Independent review of the rulings of the ASA Council enables consumers and advertisers to question whether their decisions are fair and reasonable. Below I describe two cases, one in which I asked the Council to reconsider; and one where I instructed that a formal investigation should be conducted. They illustrate different aspects of the role of independent review.

The first case concerned a TV ad for Coral which featured several stylised clips of footballers playing football. A voice-over stated, “The beautiful game, you can watch it, or you can get involved in it with the latest Coral action. So, are you a spectator or are you a player? You decide. Coral. Get in on the action.” Two complainants argued that the ad was harmful and irresponsible because they believed the voice-over implied that only gamblers were true ‘players’ and that gambling was better than watching the sport. The Council upheld the complaints. The advertiser requested a review on various grounds including reference to a very similar, but horseracing gambling ad, by another firm, which Council had ruled on a year before but had decided the complaint in that case should not be upheld.

I invited to Council to reconsider its ruling in order to correct a substantial procedural flaw in that the Council had not been made aware of the previous similar case when they made their Upheld ruling on Coral. I explained that the issue was not whether the Coral ruling was defensible in its own terms, which it clearly was, but whether the apparent policy conflict between the two rulings was explicable and defensible. Unusually, I decided not to make a firm recommendation of my own but to offer two alternative rulings – a slightly amended version of the original Upheld ruling and a not Upheld version. I set out for the Council what appeared to be the main arguments for each course of action either which could be defended as rational and defensible. The Council chose to confirm its original upheld Ruling with some amended wording. It concluded that the ad was likely to suggest peer pressure to gamble, disparage abstention and suggest that gambling could enhance personal qualities and therefore breached the Code. It could not reconsider the earlier ruling, which with hindsight it might also have decided on an upheld decision, because it was out of time for me to review it.

The second case involved my deciding that a complaint should be formally investigated when the Council had decided that it should not be. The ad was a TV ad for Vodafone's indoor coverage featuring Martin Freeman in a menacing robbery scenario in an underground car park. The situation in the ad seemed rather desperate when the Martin Freeman figure says "we'll never get reception down here", in response to the woman actor's suggestion that she call the police. Then the police arrive. It seemed to me that the reference to her being on Vodafone and her handset showing four bars, could have led some viewers to conclude that Vodafone had 'saved the day'. The emphasis of the ad appeared to me to be on both where the call took place, and on the ability to call the emergency services. Vodafone did not need to use a 'robbery/call the police' scenario to get over the message about its coverage in an underground car park. I accepted that the ad did not explicitly state that a Vodafone contract was the answer to the trouble the ad depicted but I considered that a number of viewers could have thought that the ad implied that it did. The Council had not considered whether a minority of viewers might so interpret the ad, and if it had that might have led it to a different conclusion.

In communicating my decision, I said that in my view ads that used a dramatic emergency story for their impact need to be looked at carefully in order to judge whether they might mislead or be irresponsible. Obviously, the ASA had to consider each such case on its merits but that, in my judgement, it should tend towards a formal investigation in circumstances where ads use dramatic emergency stories rather than proceed to a recommendation not to investigate.

As usual, the last reporting year presented me with an enormous variety of interesting review requests and I hope my responses to them underpinned the value of the independent review process.



Hayden Phillips



Stephen Hemsted
Treasurer

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.

BALANCE SHEET AT 30 JUNE 2018

	<u>2018</u> £000s	<u>2017</u> £000s
Fixed Assets	<u>2</u>	<u>-</u>
Current Assets		
Prepayments	9	27
Cash at bank and in hand	<u>55</u>	<u>132</u>
	164	159
Less Current Liabilities	<u>(49)</u>	<u>(44)</u>
Net Current Assets	<u>115</u>	<u>115</u>
TOTAL ASSETS	<u>117</u>	<u>115</u>
RESERVES		
Profit & Loss Account	<u>117</u>	<u>115</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018

	<u>2018</u> £000s	<u>2017</u> £000s
Income:		
Basbof Levy	3,666	3,731
Interest	<u>10</u>	<u>8</u>
Total Income	<u>3,676</u>	<u>3,739</u>
Payments to Self-Regulatory Bodies:		
The Advertising Standards Authority	3,350	3,357
Independent Reviewer	35	35
Broadcast Committee of Advertising Practice	34	33
Advertising Association	32	32
Other Self-Regulation costs	<u>7</u>	<u>27</u>
Total Self-Regulatory Payment	<u>3,458</u>	<u>3,624</u>
Administrative Costs:		
Staff costs	154	157
Other operating costs	<u>51</u>	<u>47</u>
Total Admin Costs	<u>215</u>	<u>204</u>
Total Costs	<u>3,673</u>	<u>3,688</u>
Profit (Loss) before Tax	3	51
Corporation Tax	<u>(1)</u>	<u>(11)</u>
Profit (Loss) after Tax	<u>2</u>	<u>40</u>

THE BOARD OF DIRECTORS OF THE BROADCAST ADVERTISING STANDARDS BOARD OF FINANCE LIMITED

DIRECTORS AND MEMBERS OF COUNCIL as at 30 June 2018

Sir Chris Powell	Chairman
Paul Bainsfair	IPA
James Best	BCAP
Magnus Brooke	Clearcast
Phil Georgiadis	IPA
Stephen Hemsted	Secretary
Yvonne Kintoff	RC
Andrew McCarthy	ISBA
Niamh McGuinness	Clearcast
Adam Minns	COBA
Phil Smith	ISBA/EASA
Stephen Woodford	AA

Secretary & Treasurer: Stephen Hemsted

The eight associations represented are shown above by their initials

basbof 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 or by membership of the Council at 30 June 2018 are:

The Advertising Association	AA
Broadcast Committee of Advertising Practice	BCAP
Clearcast	CLEARCAST
Commercial Broadcasters Association	COBA
European Advertising Standards Alliance	EASA
Incorporated Society of British Advertisers	ISBA
Institute of Practitioners in Advertising	IPA
Radio Centre	RC