

**The original documents are located in Box D32, folder “Advertising Federation of Grand Rapids, Grand Rapids, MI, January 14, 1972” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.**

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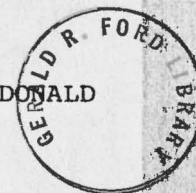
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NOTE-- (HERE IS ADDITIONAL INFORMATION ON CHILDREN'S TV. REP. TORBERT MACDONALD



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EARLIER I MENTIONED THAT THE FTC IS THE "BOGEYMAN" OF ADVERTISERS. TO KEEP MATTERS IN PERSPECTIVE I SHOULD QUOTE FROM A RECENT SPEECH BY GERALD J. THAIN, ASSISTANT DIRECTOR FOR NATIONAL ADVERTISING OF THE FTC'S BUREAU OF CONSUMER PROTECTION. THAIN SAYS IT JUST ISN'T TRUE THAT THE FTC IS OUT TO DESTROY ADVERTISING AS AN INDUSTRY, ~~AND HE ADDS~~ "TO THE CONTRARY, I SEE YOUR INDUSTRY AS ONE ESSENTIAL TO A FUNCTIONING FREE ENTERPRISE ECONOMY. MY DIVISION'S EFFORTS ARE DESIGNED TO FURTHER LEGITIMATE ADVERTISING BY ATTACKING THOSE ADVERTISERS WHO ABUSE THE LAW."

RECENT EMPHASIS BY THE FTC HAS BEEN ON CORRECTIVE ADVERTISING, FORCING ADVERTISERS TO DOCUMENT THEIR CLAIMS, AND REQUIRING ADVERTISERS TO SUBMIT DATA TO SUBSTANTIATE ADVERTISING CLAIMS WITH RESPECT TO "THE SAFETY, PERFORMANCE, EFFICACY, QUALITY OR COMPARATIVE PRICE OF THE PRODUCT ADVERTISED". THE FTC ALSO HAS TAKEN TO NAMING THE ADVERTISING AGENCY WHICH PREPARED AN ILLEGAL ADVERTISEMENT AS A RESPONDENT IN A COMMISSION PROCEEDING, AS WAS DONE IN THE OCEAN SPRAY CRANBERRY JUICE CASE.

SINCE ANNOUNCING ITS SUBSTANTIATION OF CLAIMS PROGRAM, THE FTC HAS SO FAR ISSUED ORDERS TO MEMBERS OF FOUR MAJOR INDUSTRIES TO PRODUCE DOCUMENTATION FOR THEIR ADVERTISING: THE AUTOMOBILE INDUSTRY; THE AIR CONDITIONING INDUSTRY; THE TELEVISION INDUSTRY; AND THE ELECTRIC SHAVER INDUSTRY. THESE REQUESTS FOR DATA APPLY TO BOTH ADVERTISEMENTS IN THE PRINTED MEDIA AND ON NATIONAL TELEVISION. ON OCTOBER 13, 1971, THE FTC RELEASED TO THE PUBLIC THE DOCUMENTATION PROVIDED TO IT BY AUTOMOBILE MANUFACTURERS TO DOCUMENT THEIR CLAIMS. IT IS QUESTIONABLE HOW VALUABLE SUCH INFORMATION IS TO THE CONSUMER, BUT THE FTC BELIEVES PUBLIC DISCLOSURE CAN ENHANCE COMPETITION BY ENCOURAGING COMPETITORS TO CHALLENGE ADVERTISING CLAIMS WHICH HAVE NO BASIS IN FACT.

AN AREA OF FTC ACTIVITY WHICH HAS IMPORTANT IMPLICATIONS FOR ADVERTISING IS THE ATTENTION THE FTC HAS BEEN GIVING TO THE ADVERTISING OF FOOD PRODUCTS. THE WHITE HOUSE CONFERENCE ON FOOD, NUTRITION AND HEALTH STATED IN ITS FINAL REPORT TO THE PRESIDENT THAT NO OTHER AREA OF THE NATIONAL HEALTH PROBABLY IS AS ABUSED BY DECEPTION AND MISINFORMATION AS NUTRITION. SINCE THAT REPORT WAS ISSUED, THE FTC HAS AGGRESSIVELY REGULATED FOOD ADVERTISING. SPECIFICALLY, THE COMMISSION HAS CHALLENGED NUTRITIONAL CLAIMS MADE FOR SUCH PRODUCTS AS COCA-COLA'S "HI-C" FRUIT DRINKS, OCEAN SPRAY CRANBERRY JUICE COCKTAIL, WONDER BREAD, SWIFT'S BABY FOOD, AND CARNATION INSTANT BREAKFAST.

IF WE LOOK AHEAD AT POSSIBLE FTC ACTIVITY, WE CAN EXPECT THE COMMISSION TO PAY SPECIAL ATTENTION TO ADVERTISING AIMED AT "SPECIAL AUDIENCES" SUCH AS THE GHETTO DWELLER, THE ELDERLY, THE HANDICAPPED, AND ESPECIALLY CHILDREN. THE FTC STAFF HOLDS THAT WHETHER AN ADVERTISING PRACTICE IS UNFAIR OR DECEPTIVE UNDER THE FEDERAL TRADE COMMISSION ACT DEPENDS PRIMARILY ON THE INTENDED CONSUMER'S UNDERSTANDING OF A STATEMENT OR REPRESENTATION, AND ITS EFFECT ON HIM. THAT TEST IS NOT LIMITED TO THE UNDERSTANDING OF A "REASONABLE ADULT". ADVERTISING TO CHILDREN, THEREFORE, MAY BE JUDGED UNDER THE ACT ACCORDING TO THE WAY CHILDREN UNDERSTAND ITS MEANING AND ARE AFFECTED BY IT. A MARKETING OR PROMOTIONAL PRACTICE, DIRECTED IN SUBSTANTIAL PART TOWARD MINORS, THAT INTERFERES SUBSTANTIALY AND UNJUSTIFIABLY WITH THEIR FREEDOM OF BUYING CHOICE, IS CONSIDERED AN UNFAIR OR DECEPTIVE ACT OR PRACTICE AND THUS VIOLATES THE FTC ACT EVEN IF IT MIGHT NOT BE UNFAIR OR DECEPTIVE IF APPLIED ONLY TO ADULTS.





# Advertising Industry Starts Out On Self-Regulation Path

By NEAL W. O'CONNOR  
President, N. W. Ayer & Son

Examining the past year in the advertising business, and looking ahead to 1972, I have to use the same word to characterize what I see in each direction: Encouraging.

I am encouraged by the emergence in 1971 of the formal structure for what I believe can be a workable system of self-regulation to ensure truth and accuracy in advertising.

The system was developed through the leadership of four organizations — the American Association of Advertising Agencies, the American Advertising Federation, the Association of National Advertisers and the Council of Better Business Bureaus.

## Public on Board

The heart of the new system of self-regulation is a new independent organization, the National Advertising Review

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Board (NARB), with advertisers, agency executives, and representatives of the public as members.

The program, now going into operation, will work through a newly organized National Advertising Division in the Council of Better Business Bureaus to receive, evaluate and act on complaints from any public or industry source on the honesty of national advertising.

If an ad is found misleading, there are three principal steps that will follow:

—The professional staff of

the National Advertising Division will work with the advertiser to try to correct the advertising.

—If this fails, the complaint will be taken up with a panel drawn from the NARB. The panel will decide whether or not to support the National Advertising Division's preliminary findings.

—If it does, and the advertiser refuses to take corrective action, the NARB will announce its findings to the press. All materials relating to the case will be made available to the Federal Trade Commission or other appropriate government agency.

As one of the agency representatives on the NARB, I believe that if we do our work well, complaints will be settled in private. The only time the public will hear about one is if we can't.

## Leaner, But Sharper

A lot of people think this won't work. Not just consumer activists, but legal counsels of a lot of client companies.

I've been close enough to the program in all the planning stages to know, however, that chief executives of all major advertisers and agencies I've spoken to are totally in favor of it.

They want it to succeed.

I am encouraged that we've been able to establish this mechanism to help make advertising more responsible to the public and to itself.

As I look at the general state of the advertising business today, I also find reason to be encouraged.

Advertising agencies have come through a difficult, two-year recession leaner but sharper, and in a strong position to meet the requirements of clients if a business upswing develops in 1972.

Many economists say it will.



Such as how the media set ad rates...radio, TV, newspapers, etc.  
① Double billing, a device whereby retailers are sent two bills... the real price of the ad and a puffed-up price for the advertiser's use in getting his supplier to pay more of the promotional expense. Also... setting different rates for national and local firms on similar products.  
② And combination rates that force advertisers to place their ads in more than one outlet owned by media firms. Also quantity discounts... large advertisers are charged substantially lower rates than the smalls.  
Gov't isn't convinced these practices are illegal in every case, but sellers of ads may eventually have to justify their continued use.

Ads that jump on the competition... the media usually nix them, "poor taste"...but gov't thinks that ads should compare rival products for benefit of the consumers, so will slam codes that bar this practice.

A big flop... gov't's plan to force companies to prove their ads. Fed. Trade promised to make selected lines file substantiating evidence, which would then be made public so consumers could check on the honesty. But it's not working. For example, auto makers sent their technical data and gov't published...without evaluation, hence useless to most people.

Fed. Trade is bogged down by a great flurry of technical papers from other lines...shavers, air conditioners, TV's. Toothpaste to come. What's ahead is a major overhaul. Gov't won't drop the program.

Ripplinger Wash letter  
Dec 30, 1971



Remarks by Rep. Gerald R. Ford before the Advertising Federation of Grand Rapids, 12 noon, Friday, Jan. 14, 1972

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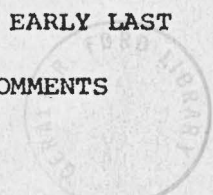
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EARLIER I MENTIONED THAT THE FTC IS THE "BOGEYMAN" OF ADVERTISERS. TO KEEP MATTERS IN PERSPECTIVE I SHOULD QUOTE FROM A RECENT SPEECH BY GERALD J. THAIN, ASSISTANT DIRECTOR FOR NATIONAL ADVERTISING OF THE FTC'S BUREAU OF CONSUMER PROTECTION. THAIN SAYS IT JUST ISN'T TRUE THAT THE FTC IS OUT TO DESTROY ADVERTISING AS AN INDUSTRY, ~~AND HE ADDS~~ TO THE CONTRARY, I SEE YOUR INDUSTRY AS ONE ESSENTIAL TO A FUNCTIONING FREE ENTERPRISE ECONOMY. MY DIVISION'S EFFORTS ARE DESIGNED TO FURTHER LEGITIMATE ADVERTISING BY ATTACKING THOSE ADVERTISERS WHO ABUSE THE LAW."

RECENT EMPHASIS BY THE FTC HAS BEEN ON CORRECTIVE ADVERTISING, FORCING ADVERTISERS TO DOCUMENT THEIR CLAIMS, AND REQUIRING ADVERTISERS TO SUBMIT DATA TO SUBSTANTIATE ADVERTISING CLAIMS WITH RESPECT TO "THE SAFETY, PERFORMANCE, EFFICACY, QUALITY OR COMPARATIVE PRICE OF THE PRODUCT ADVERTISED". THE FTC ALSO HAS TAKEN TO NAMING THE ADVERTISING AGENCY WHICH PREPARED AN ILLEGAL ADVERTISEMENT AS A RESPONDENT IN A COMMISSION PROCEEDING, AS WAS DONE IN THE OCEAN SPRAY CRANBERRY JUICE CASE.

SINCE ANNOUNCING ITS SUBSTANTIATION OF CLAIMS PROGRAM, THE FTC HAS SO FAR ISSUED ORDERS TO MEMBERS OF FOUR MAJOR INDUSTRIES TO PRODUCE DOCUMENTATION FOR THEIR ADVERTISING: THE AUTOMOBILE INDUSTRY; THE AIR CONDITIONING INDUSTRY; THE TELEVISION INDUSTRY; AND THE ELECTRIC SHAVER INDUSTRY. THESE REQUESTS FOR DATA APPLY TO BOTH ADVERTISEMENTS IN THE PRINTED MEDIA AND ON NATIONAL TELEVISION. ON OCTOBER 13, 1971, THE FTC RELEASED TO THE PUBLIC THE DOCUMENTATION PROVIDED TO IT BY AUTOMOBILE MANUFACTURERS TO DOCUMENT THEIR CLAIMS. IT IS QUESTIONABLE HOW VALUABLE SUCH INFORMATION IS TO THE CONSUMER, BUT THE FTC BELIEVES PUBLIC DISCLOSURE CAN ENHANCE COMPETITION BY ENCOURAGING COMPETITORS TO CHALLENGE ADVERTISING CLAIMS WHICH HAVE NO BASIS IN FACT.

AN AREA OF FTC ACTIVITY WHICH HAS IMPORTANT IMPLICATIONS FOR ADVERTISING IS THE ATTENTION THE FTC HAS BEEN GIVING TO THE ADVERTISING OF FOOD PRODUCTS. THE WHITE HOUSE CONFERENCE ON FOOD, NUTRITION AND HEALTH STATED IN ITS FINAL REPORT TO THE PRESIDENT THAT NO OTHER AREA OF THE NATIONAL HEALTH PROBABLY IS AS ABUSED BY DECEPTION AND MISINFORMATION AS NUTRITION. SINCE THAT REPORT WAS ISSUED, THE FTC HAS AGGRESSIVELY REGULATED FOOD ADVERTISING. SPECIFICALLY, THE COMMISSION HAS CHALLENGED NUTRITIONAL CLAIMS MADE FOR SUCH PRODUCTS AS COCA-COLA'S "HI-C" FRUIT DRINKS, OCEAN SPRAY CRANBERRY JUICE COCKTAIL, WONDER BREAD, SWIFT'S BABY FOOD, AND CARNATION INSTANT BREAKFAST.

IF WE LOOK AHEAD AT POSSIBLE FTC ACTIVITY, WE CAN EXPECT THE COMMISSION TO PAY SPECIAL ATTENTION TO ADVERTISING AIMED AT "SPECIAL AUDIENCES" SUCH AS THE GHETTO DWELLER, THE ELDERLY, THE HANDICAPPED, AND ESPECIALLY CHILDREN. THE FTC STAFF HOLDS THAT WHETHER AN ADVERTISING PRACTICE IS UNFAIR OR DECEPTIVE UNDER THE FEDERAL TRADE COMMISSION ACT DEPENDS PRIMARILY ON THE INTENDED CONSUMER'S UNDERSTANDING OF A STATEMENT OR REPRESENTATION, AND ITS EFFECT ON HIM. THAT TEST IS NOT LIMITED TO THE UNDERSTANDING OF A "REASONABLE ADULT". ADVERTISING TO CHILDREN, THEREFORE, MAY BE JUDGED UNDER THE ACT ACCORDING TO THE WAY CHILDREN UNDERSTAND ITS MEANING AND ARE AFFECTED BY IT. A MARKETING OR PROMOTIONAL PRACTICE, DIRECTED IN SUBSTANTIAL PART TOWARD MINORS, THAT INTERFERES SUBSTANTIALLY AND UNJUSTIFIABLY WITH THEIR FREEDOM OF BUYING CHOICE, IS CONSIDERED AN UNFAIR OR DECEPTIVE ACT OR PRACTICE AND THUS VIOLATES THE FTC ACT EVEN IF IT MIGHT NOT BE UNFAIR OR DECEPTIVE IF APPLIED ONLY TO ADULTS.



# An Industry Starts Out On Self-Regulation Path

By NEAL W. O'CONNOR

President, N. W. Ayer & Son

Examining the past year in the advertising business, and looking ahead to 1972, I have to use the same word to characterize what I see in each direction: Encouraging.

I am encouraged by the emergence in 1971 of the formal structure for what I believe can be a workable system of self-regulation to ensure truth and accuracy in advertising.

The system was developed through the leadership of four organizations — the American Association of Advertising Agencies, the American Advertising Federation, the Association of National Advertisers and the Council of Better Business Bureaus.

Public on Board

The heart of the new system of self-regulation is a new independent organization, the National Advertising Review

**Advertising agencies have come through a difficult, two-year recession leaner but sharper . . .**

Board (NARB), with advertisers, agency executives, and representatives of the public as members.

The program, now going into operation, will work through a newly organized National Advertising Division in the Council of Better Business Bureaus to receive, evaluate and act on complaints from any public or industry source on the honesty of national advertising.

If an ad is found misleading, there are three principal steps that will follow:

—The professional staff of

the National Advertising Division will work with the advertiser to try to correct the advertising.

—If this fails, the complaint will be taken up with a panel drawn from the NARB. The panel will decide whether or not to support the National Advertising Division's preliminary findings.

—If it does, and the advertiser refuses to take corrective action, the NARB will announce its findings to the press. All materials relating to the case will be made available to the Federal Trade Commission or other appropriate government agency.

As one of the agency representatives on the NARB, I believe that if we do our work well, complaints will be settled in private. The only time the public will hear about one is if we can't.

Leaner, But Sharper

A lot of people think this won't work. Not just consumer activists, but legal counsels of a lot of client companies.

I've been close enough to the program in all the planning stages to know, however, that chief executives of all major advertisers and agencies I've spoken to are totally in favor of it.

They want it to succeed.

I am encouraged that we've been able to establish this mechanism to help make advertising more responsible to the public and to itself.

As I look at the general state of the advertising business today, I also find reason to be encouraged.

Advertising agencies have come through a difficult, two-year recession leaner but sharper, and in a strong position to meet the requirements of clients if a business upswing develops in 1972.

Many economists say it will.

Such as how the media set ad rates...radio, TV, newspapers, etc.  
① Double billing, a device whereby retailers are sent two bills... the real price of the ad and a puffed-up price for the advertiser's use in getting his supplier to pay more of the promotional expense. Also... setting different rates for national and local firms on similar products.  
② And combination rates that force advertisers to place their ads in more than one outlet owned by media firms. Also quantity discounts... large advertisers are charged substantially lower rates than the smalls.  
Gov't isn't convinced these practices are illegal in every case, but sellers of ads may eventually have to justify their continued use.

Ads that jump on the competition...the media usually nix them, "poor taste"...but gov't thinks that ads should compare rival products for benefit of the consumers, so will slam codes that bar this practice.

A big flop...gov't's plan to force companies to prove their ads. Fed. Trade promised to make selected lines file substantiating evidence, which would then be made public so consumers could check on the honesty. But it's not working. For example, auto makers sent their technical data and gov't published...without evaluation, hence useless to most people.

Fed. Trade is bogged down by a great flurry of technical papers from other lines...shavers, air conditioners, TV's. Toothpaste to come. What's ahead is a major overhaul. Gov't won't drop the program.

Ripolinger Wash letter  
Dec 30, 1971



Today I hope to bring you up to date on what's happening in Congress and in the bowels of the bureaucracy which is of interest to advertisers.

But first of all let me congratulate the advertising industry on its recently announced plans to regulate itself. I am told this self-regulation is aimed at ensuring truth and accuracy in advertising. I don't know if the result will be to blunt some of the attacks being made on the advertising industry, but that may be the upshot.

Now let me go immediately to developments you may expect in the Congress, which will begin its second session next Tuesday.

Let's take a look at warranty legislation. The Senate passed a warranty bill last Nov. 8. In the House, a subcommittee has concluded hearings on warranty legislation but has not yet gone into executive session to mark up a bill.

Title I of the Senate bill establishes Federal minimum standards for written warranties. That is also the substance of Title I of the House bill introduced by the subcommittee chairman and it appears the Senate version could be accepted by the House subcommittee.

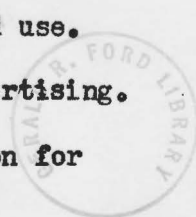
Title II of the Senate warranty bill amends the Federal Trade Commission Act to broaden FTC's powers. The Administration's warranty bill contains no such provisions. The Administration has introduced separate legislation which would give the FTC injunctive powers. Republican members of the House subcommittee seem to feel that any broadening of FTC powers should be the subject of separate legislation, so they will probably oppose Title II of the Senate warranty bill.

Then we have the Flammable Fabrics Act expansion and extension. That is House bill HR. 5698, which is much like a bill which passed the Senate in the 91st Congress. This would require an approved testing program by each manufacturer for any flammability standard set and a certification by the manufacturer that his products meet the standard. The bill provides criminal and civil penalties up to \$10,000 and three years. It would give enforcement powers to the Commerce Department. House hearings have been concluded and indicate a power struggle between the FTC and the Commerce Department over which agency should enforce the Act. The outcome is in doubt.

Now we ~~come~~<sup>come</sup> to a discussion of the advertisers' bogeyman, the FTC.

There is no question that the FTC is going after the advertising industry. For one thing, they are going to check on advertising rates--how they are set. They will look into double billing and combination rates. The FTC isn't saying these practices are illegal. But ~~sellers of ads~~<sup>sellers of ads</sup> may have to justify their continued use.

One of the latest developments is a possible FTC crackdown on toy advertising. This stems from petitions filed with the FTC by a group known as ACT--Action for



### Children's Television.

ACT is campaigning against advertising on children's TV programs. They have asked the FTC to prohibit toy advertising on children's TV and have sought to bar all advertising of vitamins and other drugs from children's TV programs as well as from family shows. ACT contends that such advertising is unfair and misleading.

ACT now is projecting a third phase in its campaign--a petition to get the FTC to prohibit the advertising of edibles on children's TV shows.

ACT also has gone to the Federal Communications Commission in an attempt to get advertising ruled off children's TV shows. The FCC decided early last year to treat ACT's petition in a rulemaking procedure for which comments have been submitted.

What is probably of greatest interest to advertising agencies and advertisers is the FTC attempt to have the FCC enlarge its Fairness Doctrine to include product commercials.

What the FTC wants to do is to open up TV to counteradvertising. This would be advertising aimed at rebutting the claims made in spots containing so-called "controversial" messages.

The FTC wants the FCC to establish rules creating "open availability" for paid advertising and paid counteradvertising. In addition, the FTC wants free access given--in prime time--for the discussion of controversial issues raised by commercial messages.

The FTC pointed to four kinds of advertising that might be attacked by counter-advertisers.

One is advertising making claims of product performance or characteristics that explicitly raise controversial issues. An example is advertising of gasoline or oil that states or implies that the product will not pollute the environment.

Another is advertising stressing broad recurrent themes affecting a purchase decision in a way that raises controversial issues of current national importance. Examples are food commercials that may be viewed as encouraging poor nutritional habits.

Still another type of advertising open to counter-advertising is the advertising claim that rests upon or relies upon scientific premises which are currently subject to controversy within the scientific community. For example, a drug may be advertised as effective, based on substantial scientific proof, but the proof may be disputed by some members of the scientific community. The FTC contends the difference of opinion should be aired so the public could make its purchasing decision in full knowledge of the difference in opinion.

A fourth kind of advertising subject to counter-advertising is advertising that is silent about the negative aspects of the advertised product. This might apply to advertising of small cars, if low cost and economy of operation were played up and safety comparisons with larger cars were omitted.

All of this raises the question: Who ~~\_\_\_\_\_~~ would monitor the counter-advertising to make sure it did not contain false ~~or~~ <sup>or</sup> deceptive statements?

The FTC is not seeking to extend the so-called ~~\_\_\_\_\_~~ Fairness Doctrine to newspaper and magazine advertising.

A U.S. appeals court ~~\_\_\_\_\_~~ in Washington has already held that the ~~\_\_\_\_\_~~ Fairness Doctrine may be applied to a product commercial. This occurred when an environmental organization called Friends of the Earth unsuccessfully sought time to counter advertising for high-powered ~~\_\_\_\_\_~~ automobiles and leaded gasolines on the ground that they are sources of pollution.

The Friends of the Earth case is ~~\_\_\_\_\_~~ related to the Federal Communications Commission decision of ~~\_\_\_\_\_~~ 1969 which held that cigarette advertising is a controversial issue and required broadcasters to carry anti-smoking messages. However, the FCC asserted at that time--and since then--that cigarettes are a unique case.

That wraps up my rundown on matters of moment ~~\_\_\_\_\_~~ to advertisers in the Congress and in the government agencies. I will ~~\_\_\_\_\_~~ <sup>now</sup> try to ~~\_\_\_\_\_~~ answer any questions you may have.

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NOTE: (Here is additional information on children's TV. Rep. Torbert MacDonald of the ~~\_\_\_\_\_~~ House ~~\_\_\_\_\_~~ Commerce Committee's communications subcommittee has indicated he will hold hearings on children's ~~\_\_\_\_\_~~ TV sometime this winter. He has not yet set a date.)



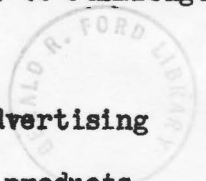
Additional Suggested Remarks before Ad Club

Earlier I mentioned that the FTC is the "bogeyman" of advertisers. To keep matters in perspective I should quote from a recent speech by Gerald J. Thain, assistant director for National Advertising of the FTC's Bureau of Consumer Protection. Thain says it just isn't true that the FTC is out to destroy advertising as an industry and he adds: "To the contrary, I see your industry as one essential to a functioning free enterprise economy. My division's efforts are designed to further legitimate advertising by attacking those advertisers who abuse the law."

Recent emphasis by the FTC has been on corrective advertising, forcing advertisers to document their claims, and requiring advertisers to submit data to substantiate advertising claims with respect to "the safety, performance, efficacy, quality or comparative price of the product advertised." The FTC also has taken to naming the advertising agency which prepared an illegal advertisement as a respondent in a commission proceeding, as was done in the Ocean Spray Cranberry Juice case.

Since announcing its substantiation of claims program, the FTC has so far issued orders to members of four major industries to produce documentation for their advertising: the automobile industry; the air conditioning industry; the television industry; and the electric shaver industry. These requests for data apply to both advertisements in the printed media and on national television. On Oct. 13, 1971, the FTC released to the public the documentation provided to it by automobile manufacturers to document their claims. It is questionable how ~~valuable~~ valuable such information is to the consumer, but the FTC believes public disclosure can enhance competition by encouraging competitors to challenge advertising claims which have no basis in fact.

An area of FTC activity which has important implications for advertising is the attention the FTC has been giving to the advertising of food products.





add ad club material...

The White House Conference on Food, Nutrition and Health stated in its final report to the President that no other area of the national health probably is as abused by deception and misinformation as nutrition. Since that report was issued, the FTC has aggressively regulated food advertising. Specifically, the commission has challenged nutritional claims made for such products as Coca-Cola's "Hi-C" fruit drinks, Ocean Spray cranberry juice cocktail, Wonder bread, Swift's baby food, and Carnation Instant Breakfast.

If we look  ahead at possible FTC activity, we can expect the commission to pay special attention to advertising aimed at "special audiences" such as the ghetto dweller, the elderly, the handicapped, and especially children. The FTC staff holds that whether an advertising practice is unfair or deceptive under the Federal Trade Commission Act depends primarily on the intended consumer's understanding of a statement or representation, and its effect on him. That test is not limited to the understanding of a "reasonable adult." Advertising to children, therefore, may be judged under the Act according to the way children understand its meaning and are affected by it. A marketing or promotional practice,  directed in substantial part toward minors, that interferes substantially and unjustifiably  with their  freedom of buying choice, is considered an unfair  or deceptive act or practice and thus violates the FTC Act even if it might not be unfair or deceptive  if applied only to adults.

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