

The European challenge



"In a very fast developing technological environment, now also affected by the financial and economic downturn, it is crucial to secure the positive role that advertising plays for society"

Geraldine O'Leary, egta President



Some words from the egta President



Today, broadcast sales houses are facing major challenges, such as media convergence, audience fragmentation and increased competition between advertising platforms. In a very fast-developing technological environment, now affected also by the financial and economic downturn, it is crucial to secure the positive role that advertising plays for society. Advertising contributes not only to the proper financing of the broadcast industry, as well as to culture and to the sports sector, but also to the economy as a driver of growth by way of fostering competition, driving lower prices for goods and services as well as stimulating innovation and employment.

egta is constantly striving to promote a flexible regulatory framework for TV and radio sales houses, as further advertising restrictions could halt existing revenue streams and, in turn, seriously hinder broadcasters' capacity to invest in

European content. Smaller advertising revenues for broadcasters would mean less diverse quality programming accessible free-of-charge for Europe's citizens.

Top quality news programmes, local dramas and major sports competitions are largely financed thanks to broadcasters reinvesting their advertising revenues. This is only one of the many contributions the advertising industry makes to Europe's culture and economy. It is precisely in the framework of this mission that egta is actively involved in the current discussions about European media policy and, in general, in any policy debate that can impact advertising such as, for example, the debate on the role advertising plays in the rising level of obesity or in alcohol abuse.

At egta we believe that it is the responsibility of all stakeholders of the industry to work together

to promote responsibility in commercial communications in order to make sure that advertising in all media meets consumers' expectations, whether it be in terms of validity of information, honesty in messages or good taste.

As advertising self-regulation offers the necessary framework for industry players and sales houses to bring about positive changes, fostering TV and radio sales house contributions toward these changes is one of the key goals in egta's mission. As the advertising industry is essentially based on consumers' trust, our major challenge is to behave with the utmost responsibility to reinforce confidence in this changing scenario.

*Geraldine O'Leary
President of egta
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A modernised framework on TV advertising? Pan-European assessment remains unclear

Michel Grégoire, egta's Secretary General, tells us more about the latest developments concerning the transposition of the new EU directive on Audiovisual Media Services (AVMS) into national legislation across the EU. Find the full text of the interview at page 3.

Is it correct to assume that the new European directive on Audiovisual Media Services has brought about more flexible advertising regulation across the whole of the EU?

The introduction of the new directive under the last European Parliament mandate offered increased flexibility in the advertising rules that

broadcasters have to comply with and, simply for achieving that, egta already welcomes the new directive.

However, as its rules can only manifest into legally binding powers when they are integrated into national legal frameworks, it is up to national regulators during the transposition process, which

is still on-going in a number of EU countries, not to undermine the benefits of the relaxed advertising provisions imposing stricter advertising rules. Sales houses and broadcasters must be given the possibility to reap the benefits of the relaxed advertising

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Where do TV and radio sales houses fit into the food advertising and obesity debate?

During the last few years, the public health debate about ways to curb the rising prevalence of obesity in Europe has provoked, among EU and national decision makers, calls for restrictions on the advertising of food high in fat, salt and sugar (so called HFSS products) that are particularly directed at minors.

Experiences from markets where advertising to children has been heavily restricted or banned (such as Quebec, where child obesity has increased to almost double since the ban on advertising to children was introduced), demonstrate that obesity is a complex, multi-faceted issue that necessitates a multi-faceted policy response. Whilst there is no evidence about the effect that limiting food advertising would have on children's consumption patterns, any restriction on the quantity of food and beverage advertising would have very substantial consequences on the financing of audiovisual content. Moreover, the revenues derived from children's TV advertising are usually directly reinvested in children's programmes. It is unlikely that the loss of investment that would follow

the establishment of restrictions on advertising for HFSS food products will be compensated by investments in advertising for "healthier choice" products.

Conversely, on such a complex, multi-faceted issue, self-regulation can play an effective role in ensuring that the content of food advertising to children is always "legal, decent, honest and truthful". This role has been clearly acknowledged by the steps taken so far by European institutions, such as the establishment of a platform for stakeholders to engage in positive initiatives to contribute to the EU's strategy to tackle obesity. As a member of this platform from its establishment in March 2005, egta committed on behalf of its members to engage with its partners in the advertising industry to properly respond to the challenges faced by the advertising industry and to step up its efforts as a way of strengthening self-regulation of the content of food advertising. As sales houses do not control the content of advertising, they are not ultimately responsible for the balance of broadcast food advertising.

As part of an overall initiative to raise awareness among its member sales houses on the need to increase their watchfulness regarding advertising for HFSS food directed to children, egta has created interpretative guidelines on the most commonly used self-regulatory code on food advertising. Facilitating the implementation of best practice in the efficient functioning of advertising self-regulation at the national level, egta's interpretative guidelines have the ultimate goal of helping to prevent irresponsibility in child-targeted TV commercial communication for food and beverages.

The assessment of the actual progress that sales houses have achieved so far in strengthening food advertising self-regulation shows that significant improvements have taken place in different countries, clearly demonstrating that extensive efforts have been made by broadcasters to properly respond to the *ad hoc* call of the Audiovisual Media Service directive. Among the numerous initiatives that have been launched by broadcast media in the field of food advertising, the

promotion of healthier diets and lifestyles through both editorial content and the development of *ad hoc* campaigns surely needs to be mentioned. As an example, following the Obesity Charter signed in France by broadcasters and national authorities, over 500 hours of broadcast material and more than 50 programmes were produced over 9 months to promote healthy nutrition and physical activity.



The ICC Framework for Responsible Food and Beverage Marketing Communication



egta interpretative guidelines on the ICC Framework for Responsible Food Marketing Communication

Can European radio broadcasters sustain a cut in advertising budgets?



9% is the EU average share of radio advertising investments deriving from the car industry. When EU regulators started discussing whether to establish information requirements on petrol consumption and CO₂ emissions in radio advertising for cars as a way to improve consumer information, the substantial impact that these

requirements would have on radio revenues was immediately clear.

Because of its short length and need for highly creative content, TV and radio advertising is not well suited to convey detailed technical information to consumers, whether it concerns the CO₂ emissions of particular models of cars, the energy consumption of household appliances, etc. As a non-visual medium, radio is even more limited in this regard. Information requirements result in long oral mentions at the end of spots, which damage their creative appeal and encourage advertisers to seek alternatives.

Empowering consumers with appropriate information before they make their purchase decision is a laudable political objective. As a source of information to consumers, advertising may play a role, however, before any labelling requirement is imposed, its potential impacts and the specificities of each medium need to be taken into account. Besides the wide-ranging negative impacts on incomes of broadcast media that such requirements will cause, there are indeed more appropriate and efficient communication channels available to reach consumers with the specific information they need at the time of making their purchase decision.

Before any labelling requirement is imposed on advertising, its potential impacts and the specificities of each medium need must be taken into account

A modernised framework for TV advertising? Pan-European assessment remains unclear

An interview with Michel Grégoire, egta's Secretary General

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provisions of the new EU directive. If only a few countries and sales houses enjoy a modernised advertising framework, an essential objective of the new directive will not have been met. In consequence, it is indeed both investment in audiovisual content and Europe's creative economy that would suffer.

"Better and more creative advertising, not more advertising » is egta's motto for the audiovisual industry"

What is the state of play of the transposition process across the EU? Have member States so far applied flexible or strict interpretations of the advertising rules contained in the EU directive?

Although the deadline set by the European Commission for member States to complete the transposition process has already expired, as of early 2010 only a few countries had transposed the directive comprehensively. Whilst tracking an overall pan-European assessment of the transposition is not yet possible, with individual countries at very different stages in the process, egta's monitoring of the transposition process shows alarming signals from many member States.

Although most countries seem to have understood the importance of having flexible advertising provisions in place, tightening of advertising rules, advertising bans and limited flexibility are all too often envisaged by national governments. National regulators need to look at the implementation of this new directive in

the same constructive spirit that prevailed at among European institutions so as to build a consistent and stable legal environment for sales houses to operate in. At a time of profound changes to the television landscape and enhanced competition between broadcast television and new commercial content delivery platforms, streamlined rules on television advertising are needed for broadcasters to maintain their capacity to offer diverse, high quality programming free of charge to millions of European citizens.

Will the current regulatory framework be future-proof in terms of the challenges that the audiovisual market is facing, and will it allow the European audiovisual industry to thrive?

Generally speaking, we welcome the liberalisation that the new Audiovisual Media Service directive has brought to TV advertising regulation, especially taking into account that the directive is the result of a political compromise. However, we feel that if we look at the actual effects of

the new rules on sales houses' income possibilities there have been no major changes. That is why we think that in 5 or 10 years time advertising rules will have to be updated again, as for television the possibilities are still limited in view of the rapidity of the changes in the market, now also affected also by the financial and economic downturn.

With the establishment of a new portfolio Digital Agenda, the new European Commission that assumed office early in 2010 acknowledged this very fast-developing technological environment by renewing its focus on new media issues.



New egta database on TV advertising rules in place across the EU following the transposition of AVMS directive

Further restrictions on broadcast advertising for alcoholic beverages? An outdated vision of today's marketing world

Broadcast advertising for alcoholic beverages is subject to various regulatory limitations and must comply with many different self-regulatory standards and industry codes of conduct that, complementing each other at national level, ensure the highest level of responsibility on all TV and radio advertising. The discussions ongoing in both EU and national forums on the issue of alcohol advertising targeting minors, show a lack of knowledge about the numerous safeguards already in place for broadcast advertising (as a first point of reference, the provisions established long ago by the Television Without Frontiers directive and now

broadened in the new Audiovisual Media Service directive), that make TV the most regulated form of marketing communication in relation to alcohol advertising.

It is precisely on the basis of this assumption that egta has created, within the framework of the EU Alcohol & Health Forum, a compendium of all applicable rules on TV advertising for alcoholic beverages across Europe. Besides listing all binding legislation in place across Europe, the egta compendium highlights all the numerous safeguards on alcohol advertising (both self-regulatory codes of conduct and companies' own codes of

ethics) that sales houses are already committed to comply with.

Whilst further restrictions on broadcast advertising would simply fail to address the problem, ensuring the highest level of responsibility in commercial communication in the new media, which are being embraced by European children at a very fast pace, is the key challenge of today. To assist in this process egta is developing a web-based platform on responsible alcohol advertising with the aim of providing a benchmarking tool for new forms of marketing communications and, in turn, facilitating the exchange of best prac-

tice in the area of responsible advertising towards all advertising professionals, beyond traditional media.





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egta is the trade association representing over one hundred sales houses (either independent from the channel or in-house) that market the advertising space of both private and public television and radio stations throughout Europe and beyond.

In addition to the traditional regulatory, monitoring and advocacy tasks of Brussels-based trade associations, egta is unique insofar as its fields of activities are extremely diverse and include: training, research and databases, marketing and sales, audience measurement, interactivity, new media, cross media and integrated marketing, etc.

egta is of the opinion that a real network is built through the exchange of knowledge, the sharing of best practice, tools, systems, research findings and through relevant debates among experts. It is thanks to this network of experts that egta can raise decision-makers' awareness on the realities of the broadcast advertising industry.

Responsibility in commercial communications via self-regulation: TV and radio sales houses are at the forefront

Self-regulation has an important role to play in making sure that the content of advertising messages is always legal, decent, honest and truthful. Complementing the existing legislative framework, self-regulation in fact provides a quick and flexible system to deal with irresponsible advertisements. Delivering high levels of consumer confidence in advertising self-regulation helps, in turn, to preserve the reputation and brand of media providers toward viewers.

Media are actively involved in self-regulatory bodies at national level, not least because they take part in both the financing and in the operations of self-regulatory organisations, however they also have a pivotal role to play in their proper functioning as the last self-regulatory partners that screen ads checking their com-

pliance with existing safeguards before they are put on air. As actors in advertising self-regulation in Europe, egta and its members strive for constant improvements to national self-regulatory organisations. An appropriate framework, able to properly respond to the new challenges faced by the advertising industry, is crucial for self-regulation to deliver its full benefits.

In the context of the increasing concerns rising at European level around marketing practices developed online, the engagement by the advertising industry in the task of extending the self-regulatory approach to govern the new media sector has already produced remarkable results.

egta supports the work of the European Advertising Standards Alliance to make sure

that advertising self-regulatory organisations extend their remit to include digital marketing communications and to offer consumers quick, effective and efficient solutions to their complaints also regarding commercial communications on interactive services.

Self-regulation has a key role to play in ensuring that the content of advertising messages is always legal, decent, honest and truthful. In order for self-regulation to be effective the involvement of broadcast media is pivotal!

