

What is the key for traditional media brands' quest to regain luster?

Wouldn't you feel uneasy if you find your partner sitting on the couch in the living room seriously checking out an ad about a dubious diet pill on an iPad?

By Saneharu Mushakoji, Managing Director, Advertising Review Council Japan



Saneharu Mushakoji is Managing Director of Japan's Advertising Review Council, based in Tokyo. The goal of his commentary is to share insights about Japan's services for traditional media which enhance these brands and can be applied to media in other countries. Mushakoji-san's career began in 1981 at Nikkei Inc. in Tokyo. He also worked as Frankfurt Branch Manager and later as Director and Company Secretary at London HQ of Nikkei Europe Ltd covers EMEA. And also in Kyoto and Osaka, Japan. Saneharu Mushakoji can be reached at musha@adrecj.jp

Consumers living in today's wired society benefit greatly from the transformative powers of the Internet, which has revolutionized the way goods and services are advertised and sold. But they should be aware of the dangers posed by online advertising and retailing. Compared with traditional media like newspapers, TV and magazines, the Internet exposes consumers to greater risk of fraudulent ads containing questionable information and expressions.

Will traditional media all be swallowed up by Internet powerhouses in this digital age, as indicated by the purchase of the Washington Post by Amazon.com CEO Jeff Bezos? Or can they restore luster to their brands by pushing through radical reforms of their

business models? One of the critical factors for their revival is credibility. It is vital for them to protect and boost their reputation as safe and reliable advertising vehicles.

Since the Federal Communications Commission published a report on the ongoing media transformation in 2011, traditional media organizations in the U.S., such as newspapers, TV and magazines, have been accelerating their efforts for management reform. In addition to trying to save their traditional media businesses like publishing dailies and TV broadcasting, they have also been seeking to enhance their digital businesses by focusing on their targeting and interactive functions in order to reverse the downtrend in their ad revenue.

Traditional media companies are trapped in the vortex of the Internet revolution, which is dramatically changing the face of society, creating a wide range of risks for both consumers and businesses in the process. As providers of information, mass media should respond effectively to advertisements that could cause damage to consumers based on the fundamental principles of the profession in the same way that they are doing with problems such as the proliferation of harmful information readily available to children.

Just think about it, how important it is for consumers not to have to worry about encountering false, exaggerated or otherwise problematic ads when they are reading newspapers, either printed or online editions, or watching TV. Imagine consumers feeling confident about the credibility of all ads in advertising media. Consider whether it is necessary to come up with new measures to make that happen.

In most industrial nations, mass media have traditionally depended only on their own desk-checking systems for screening applications for ads and checking ad text for inappropriate words and expressions. Even the most excellent media organizations armed with outstanding advertising standards, however, cannot make flawless judgment on whether to run specific ads of new advertisers by using only expertise and experiences they have accumulated, information hastily collected from books or through the Internet and documents submitted by ad agencies. Many mass media in not only the U.S. but also in other major industrial nations have been grappling with this challenge for years. These countries have their own systems to deal with problematic ads after they are published or broadcast. It's an indispensable social function to protect the interest of customers. But such conventional systems alone cannot improve the situation significantly.

In Japan, a unique pre-review system to foster truth and accuracy in advertising for the sake of consumers was established more than four decades ago. Major media companies, such as newspaper publishers and TV broadcasters, have since been trying to improve the effectiveness of the system as part of their efforts to boost their credibility as ad media. This attempt could offer some insight for efforts by media companies around the world to enhance their credibility and reliability.

In 1971, the year remembered for U.S. President Richard Nixon's surprise decision to cancel unilaterally the direct convertibility of the U.S. dollar to gold, a foundation was set up in Japan to protect consumers from ads containing deceptive or exaggerated information. Named the Newspaper Advertising Review Council (NARC), the foundation was the world's first independent organization that offers an ad pre-review service

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including inspection visits to advertisers. Two national dailies – the Asahi and the Nikkei – and five advertising agencies provided funds to establish the public entity.

NARC, in response to requests from member media companies, pays visits to advertisers to interview executives about their management, business operations and the content of ads they want to run. Then, the organization reviews whether the advertisers or their businesses meet relevant legal requirements, if any, as well as the administrative penalties imposed on them in the past. If necessary, NARC also asks various administrative organizations whether the advertisers have violated any law after checking the ads they plan to run for the legality of their content. NARC compiles all the facts and information it has gathered about advertisers into reports and submits them to the member media companies that requested such research. Media companies use NARC reports as part of materials for deciding whether they will run specific ads. They always make the final decisions according to their own advertising standards and after in-house discussions at their ad

review sections.

In the year before NARC was established, an ad about condominium sales was published in national papers. But the advertiser, Nihon Corpo, failed before the condominium was completed, causing heavy losses to purchasers who had already paid money. The victims filed a damages suit against six companies – the three national newspapers that carried the ad and their ad agencies – seeking to hold them liable for the ad. The case was eventually brought to the Supreme Court, which acquitted the six defendants. But the top court's ruling argued that when there are special reasons to doubt the validity of an ad's content the media companies and ad firms involved are legally obliged to carry out research to check the facts. This ruling set the precedence for holding media and ad agencies responsible for the content of ads in Japan.

This ruling made it necessary for media companies to enhance the effectiveness of their pre-reviews of ads. They now had to make comprehensive judgment about the appropriateness of ads by combining their traditional desk-checking with on-site

inspections. As a result, the Asahi and the Nikkei took the initiative in establishing NARC.

Since it was effectively impossible for media companies to visit all their advertisers for such investigations, Japanese media firms opted to establish a non-profit foundation that can do such research for them.

During the 43 years since it was founded, NARC has accumulated both expertise and experiences through a huge number of investigations it has conducted. As a result, the entity's investigation methods and evaluation criteria have been refined and integrated into efficient systems. This has also led to the refinement of the screening processes in which member media companies detect problematic ads.

Efforts to improve the environment for fostering truth and accuracy in advertising have made steady progress in the past four decades. Media can boost customer satisfaction by earning a reputation for the credibility of ads they run and win the trust of advertisers by insulating themselves from problematic companies and deceptive ads.

信頼性

Credibility

Members of ACR Japan Total 73 companies / February 2014	
Newspaper <i>Nikkei, Asahi, Yomiuri, Mainichi, Sankei, Chunichi, Hokkaido, Nishinihon, etc.</i>	12
Broadcast <i>TV Asahi, Nippon TV, TV Tokyo, Fuji TV, TBS, FM Tokyo, Nippon Broadcasting, etc.</i>	17
Magazine <i>Kodansha, Recruit, NikkeiBP, etc.</i>	5
Internet <i>Yahoo Japan</i>	1
Advertising Agency <i>Dentsu, Hakuhodo, I&S BBDO, Asahi Advertising, Nikkeisha, Dentsu Y&R, etc.</i>	38

Over time, such efforts help enhance the value of media brands and boost the effectiveness of ads they run.

The foundation, which was originally established by two leading newspapers and ad agencies, later expanded its membership greatly. Now, its member media firms include not only all national newspapers and all major TV broadcasters but also radio stations, magazines, an operator of portals and ad agencies. As the scope of member media has widened, the foundation changed its name to the Advertising Review Council (ARC) in January 2012.

ARC and its member media firms are mutually independent partners. ARC never tries to influence media's decisions about whether they should run specific ads. On the other hand, media don't interfere in ARC's ad reviews.

Activities like receiving complaints, reviewing and evaluating already-run advertisements and responding to problematic ads, which are carried out by the Better Business Bureau (BBB) and the Advertising Self-Regulatory Council (ASRC) in the U.S. and by the Advertising Standards Authority (ASA) in the U.K.,

are conducted by the Japan Advertising Review Organization (JARO) in Japan. JARO, which was created three years after the foundation of ARC, is also making a great contribution to the protection of consumers. Thus, Japan has two separate organizations that monitor and review ads before and after they appear in the media in order to foster truth and accuracy in national advertising. I hope this unique approach to protecting the interests of consumers will help related industries in other major industrial nations improve their own efforts to protect and increase the value of media brands.