# Cross Border Complaints Report



# EASA

The European Advertising Standards Alliance (EASA) is the single authoritative voice of advertising self-regulation. EASA promotes high ethical standards in commercial communications by means of effective self-regulation, for the benefit of consumers and business in Europe and beyond.

As well as coordinating the cross-border complaint mechanism (which you can find further information about on the next page), EASA also collects and analyses top line statistical data on received and resolved complaints, as well as on copy advice requests and pre-clearance from its SRO members each year.

EASA was set up in 1992 and in 2002 developed into a partnership between national advertising self-regulatory organisations (SROs) and organisations representing the advertising industry. Today, EASA's network brings together 37 SROs (27 European SRO members and 10 International SRO members) and 16 Industry members (from advertisers, agencies and the media). EASA is a not-for-profit organisation with a Brussels-based Secretariat.

For further information please visit <u>www.easa-alliance.org</u>.

### EASA editorial team

Chiara Odelli – Project and EU affairs Officer

Thibault Heinkens – Project Assistant

Oliver Gray – EASA Director General

# Copyright

The complete or partial reproduction of this publication is forbidden without the prior express written permission from EASA. Please contact Chiara Odelli for further information.

### **EASA** contact information

Chiara Odelli 0032 (0)2 513 78 06 chiara.odelli@easa-alliance.org

# **Table of Contents**

ey findings in 2012	3
eneral information	4
. Total number of cross-border complaints received in 2012	
. The country of origin	
. The origin of the complainant	
Outcome of complaints	
Issues complained about	
. Media that generated the most cross-border complaints	
Products and services that elicit the most complaints	

# **List of Tables**

Table 1: Total number of cross-border complaints received (and resolved) between 2006 and 2012	25
Table 2: Total number of complaints received/ads complained about from 2010 to 2012	6
Table 3: Total number of cross-border complaints received (and resolved) between 2006 and 2012	2:
normalised situation	8
Table 4: Cross-border complaints from 2009 to 2012 per country of origin of medium or advertiser	9
Table 5: Cross-border complaints from 2009 to 2012 per country of origin of complainant	11
Table 6: Cross-border complaints from 2009 to 2012 per medium	19
Table 7: Cross-border complaints from 2009 to 2012 in terms of product/service	21

# List of Figures

Figure 1: Cross-border complaints received/received and resolved between 2006 and 2012	5
Figure 2: Total number of cross-border complaints received/received and resolved between 2	2006 and
2012: normalised situation	8
Figure 3: Advertisements complained about per country of origin of advertiser in 2012	10
Figure 4: Advertisements complained about per country of origin of complainant in 2012	12
Figure 5: Cross-border complaints per outcome in 2012	13
Figure 6: Cross-border complaints per outcome in 2012: normalised situation	14
Figure 7: Cross-border complaints per outcome between 2010 and 2012	15
Figure 8: Cross-border complaints per issue in 2012	16
Figure 9: Cross-border complaints per issue in 2012: normalised situation	17
Figure 10: Cross-border complaints per issue 2010-2012: normalised situation	18
Figure 11: Cross-border complaints per medium in 2012: normalised situation	19
Figure 12: Cross-border complaints in terms of products and services in 2012	20
Figure 13: Advertisements complained about in terms of products and services in 2012	22

# Key findings in 2012

In 2012, one particular advertisement for an Irish betting platform generated 319 complaints. As the total number of complaints received is only 414, it is evident that this will have a strong distorting effect on 2012's statistical data. The distortion is so predominant, that this report will feature two statistical analyses for each variable:

- Firstly, an analysis including the 319 complaints.
- Secondly, an analysis disregarding these complaints, focusing on how the situation would be if this advertisement had only generated one complaint or focusing on the number of advertisements complained about, rather than the number of complaints.

The division between the two analyses will be clearly indicated in every chapter.

 In 2012, SROs received a total of 414 cross-border complaints. This is more than four times the number of complaints of the previous year, when only 73 complaints were received. This increase can be explained through one particular advertisement against an Irish betting company that generated 319 individual complaints. Along with the number of complaints, there was also an increase in the number of advertisements complained about (61 ads in 2012 as opposed to 50 ads in 2011).

- Disregarding the distortion caused by the unusual high number of complaints against the Irish betting ad, the most complained about sector in 2012 was the same as in 2011: 'transport'. It's important to note, however, that in absolute numbers, the many complaints against the betting ad resulted in the gambling sector being 2012's most complained about sector.
- The main issue prompting complaints in 2012 was allegedly offensive advertising, due to the offensive nature of the most complained about advertisement, mentioned above. Taking the betting ad complaints out of the equation, **misleadingness remains the main issue in advertising**.
- Ireland was the country of origin of advertisers/media that generated the highest number of cross-border complaints while British consumers filed the majority of cross-border complaints in 2012
- In 2012, complaints about direct mail continued to decline and advertising on the Internet continued to attract the majority of cross-border complaints.

# **General information**

### EASA's Cross-Border Complaints (CBC) system:

EASA's Cross-Border Complaints (CBC) system has been in operation since 1992. With the increase of media travelling across borders, the CBC system was established to provide people who wished to make complaints against advertising featured in media or by advertisers originating from outside their home territory with the same redress available to consumers within the country of origin of the media or advertiser. Since 1992, EASA has coordinated 2.819 cross-border complaints.

### The Basic Principles of the Cross-Border Complaints system:

The first principle is the 'country of origin', a concept enshrined in EU law to facilitate the growth of the Single Market. With regards to the Cross-Border Complaints system, an advertisement must abide by the rules of the country where the media is based that features the advertisement. In the case of direct marketing or online advertising, however, the advertisement will generally be expected to follow the rules of the country where the advertise is based.

The second principle is '**mutual recognition**'. By this principle, EASA members agree to accept advertisements which comply with the self-regulatory rules in the country of origin of the media or advertiser, even if those rules are not identical to their own.

### The Competent Body:

Once the advertisement's 'country of origin' has been established, the complaint will be assigned to the local self-regulatory organisation (SRO). It is not possible to assign a complaint to more than one SRO.

### **Dealing with a Cross-Border Complaint:**

The complainant may not initially realise that his or her complaint lies outside the competence of his or her national SRO. Hence, the complainant's first point of contact may be the local SRO. Once the SRO ascertains that a complaint is in fact a cross-border issue, it will first inform the complainant of the Cross-Border Complaints system and the measures that will be taken to handle the complaint. The complaint, along with any other relevant details, is then passed on to the relevant self-regulatory organisation (SRO) present in the country of origin of the media or the advertiser under investigation. The EASA Secretariat is included in all correspondence related to the case and will closely monitor its progress. Further, EASA may become involved in the process by, for instance, recommending the SRO to take certain actions, involving industry bodies where appropriate, and reporting on the outcome of cases once they have been closed.

### **Ad-Alerts:**

If an ad shows evidence of deliberate unethical, dishonest or criminal activity, the SRO will transfer the complaint to the relevant government authorities. In these circumstances, the EASA Secretariat may, after discussion with members involved, decide to issue an Ad-Alert, which notifies concerned parties of the advertisers' activities. Ad alerts are published on the EASA website: www.easa-alliance.org.

### **Publication:**

Closed cross-border complaints are reported quarterly in CBC Reports, published on the EASA website: <u>www.easa-alliance.org</u>.

# 1. Total number of cross-border complaints received in 2012

In 2012, EASA received a total of 414 cross-border complaints, as shown in the following table.

Year	Total number of complaints received	Total number of complaints received and resolved
2012	414	393
2011	73	62
2010	200	193
2009	75	62
2008	120	96
2007	92	93
2006	128	87

 Table 1: Total number of cross-border complaints received (and resolved) between 2006 and

 2012

Of the 414 complaints, 393 were resolved over the course of 2012 and another 16 have already been solved in 2013, leaving 5 still under investigation<sup>1</sup>. The following figure shows for each year the number of cross-border complaints that were received in the last 7 years, compared to all complaints received and resolved between 2006 and 2012.

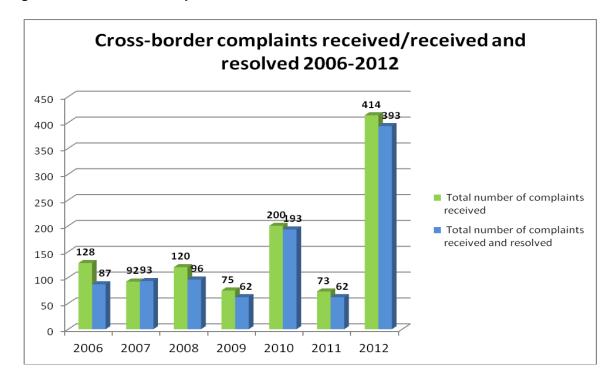


Figure 1: Cross-border complaints received/received and resolved between 2006 and 2012

<sup>&</sup>lt;sup>1</sup> Situation as on date of publication.

Another interesting number is that of individual advertisements complained about. As mentioned above, one advertisement can generate multiple complaints from the public. 2012's 414 complaints generated from only 61 ads. Compared to the previous years, we see a constant increase of advertisements complained about.

Table 2: Total number of complaints received/ads complained about from 2010 to 2012

Year	Total number of complaints received	Total number of ads complained about
2012	414	61
2011	73	50
2010	200	44

For 2012 and 2010, we observe an extensive divergence between the number of complaints received and the actual number of advertisements these complaints relate to. In 2010, this was due to consumers complaining about a contact scam from a rogue trader operating from Germany. In 2012, this abnormality is caused by the Irish betting ad, mentioned above.

In 2012, the complaint numbers were significantly higher than in 2011. This can be explained by the fact that in 2012, 319 complaints were made against one advertisement on the website, Facebook and YouTube page of an Irish betting company.



As the advertiser was an Irish betting company, ASA transferred the complaints to the Irish self-regulatory organisation, ASAI, under EASA's cross-border procedure.

At the time, the Irish self-regulatory Code did not yet cover advertising on social media networks, meaning the complaints fell outside of ASAI's remit. Solving this problem is, therefore, an absolute priority for EASA that is currently working on a solution, with SRO's and industry stakeholders.

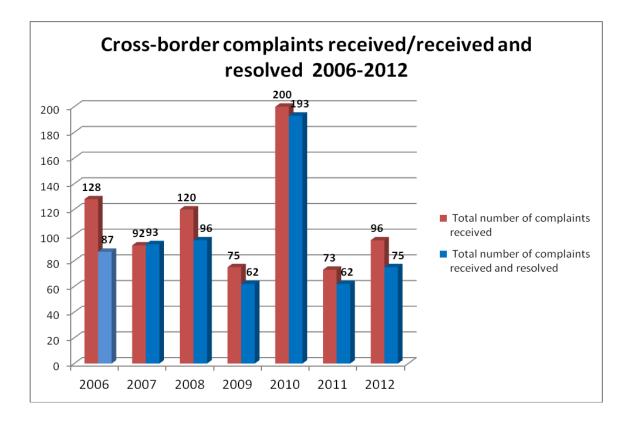
The unusually high amount of complaints for this advertisement has a very distorting effect on all of 2012's data. Therefore, this report will make a second analysis for every variable analysed, considering how the values would be in a 'normal' situation. This means we create an artificial situation in which the betting advertisement only generated one complaint: 
 Table 3: Total number of cross-border complaints received (and resolved) between 2006 and

 2012: normalised situation

Year	Total number of complaints received	Total number of complaints received and resolved			
2012	96	75			
2011	73	62			
2010	200	193			
2009	75	62			
2008	120	96			
2007	92	93			
2006	128	87			

In analysing this normalised situation, we can conclude that 2012 saw an increase in crossborder complaint numbers, but overall, the values are not exceptional.

Figure 2: Total number of cross-border complaints received/received and resolved between 2006 and 2012: <u>normalised situation</u>



The analyses that follow in this report will focus exclusively on the 393 complaints<sup>2</sup> that have been **received and resolved** during 2012.

# 2. The country of origin

The EASA Cross-Border Complaints System requires that all advertisements comply with the advertising laws and codes in the relevant country of origin, that is to say, the country in which the medium carrying the advertisement is based or, in the case of direct mail and online advertising, the country in which the advertiser is based.

In 2012, Ireland was the country of origin of advertisers and media that generated the majority of cross-border complaints registered by EASA. 12 advertisements originating in Ireland provoked 334 complaints that were lodged mainly by British consumers.

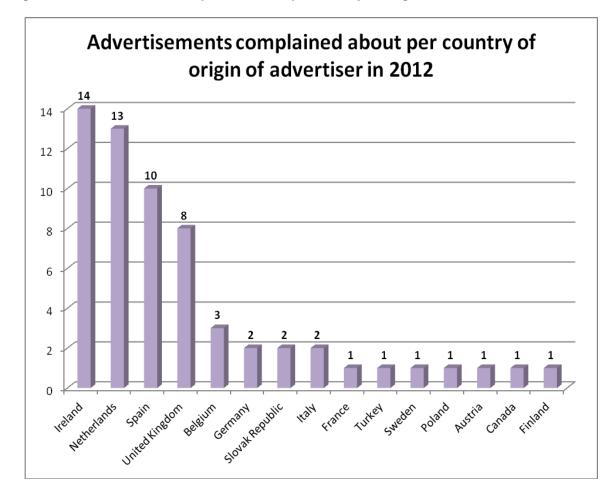
Table 4: Cross-border	complaints	from	2009	to	2012	per	country	of	origin	of	medium	or
advertiser												

Country	2009	2010	2011	2012
Ireland	0	6	12	334
Slovak Republic	1	1	0	14
Netherlands	10	3	11	13
Spain	3	4	6	10
United Kingdom	25	27	7	8
Belgium	0	1	2	3
Germany	1	138	4	2
Italy	0	1	1	2
Austria	10	0	1	1
Canada	0	1	2	1
Finland	0	0	0	1
France	7	1	8	1
Poland	2	0	0	1
Sweden	0	0	2	1
Turkey	0	0	0	1
Australia	0	0	2	0
Bulgaria	0	0	1	0
Czech Republic	0	0	0	0
Greece	0	0	0	0
Luxembourg	0	0	1	0
Other	2	7	0	0
Portugal	0	1	1	0
Romania	0	2	0	0
Switzerland	1	0	1	0
TOTAL	62	193	62	393

<sup>&</sup>lt;sup>2</sup> Or 75, in analysing the 'normalised' situation.

In interpreting these figures, we must again take into account the fact that out of the 334 complaints resolved by the Irish SRO, 319 were related to the Irish betting ad. A similar situation can be found in the 14 complaints resolved by the Slovakian SRO, out of which 13 concerned a direct mail contact scam, described above. In total, the Slovakian SRO dealt with a total of 14 complaints related to two advertisements. The majority of these complaints was lodged directly with EASA by a legal representative of several Israeli consumers, who had fallen victim to this contact scam. The complaints were subsequently transferred to the Slovakian SRO, RPR, as the advertiser was based in Slovakia.

Disregarding the multiple complaints per advertisement, we find that most of the advertisements complained about, originated from advertisers based in Ireland, the Netherlands, Spain or the United Kingdom.



### Figure 3: Advertisements complained about per country of origin of advertiser in 2012

# 3. The origin of the complainant

In 2012, British consumers filed the majority of cross-border complaints. 91% of these complaints were made against advertisements that originated in Ireland. This high percentage is again linked to the numerous complaints made against the Iris betting advertisement. It is worthy to note that all ten complains received by the Spanish SRO (see previous item), were lodged by British consumers.

Irish consumers come second when ranking consumers who filed the most cross-border complaints.

Although the increased number of complaints from British consumers is not only evident in 2012; this years' particularly large increase is completely caused by the Irish gambling advertisement. Had this particular advertisement only generated one complaint, the number of complaints filed by British consumers would have been close to the same as last year. The table also shows that most of the complaints come from British and Irish consumers. 2012 is no exception, as Irish and British consumers have reported a substantial number of complaints received since 2009.

In conclusion, it deserves to be mentioned that out of the 14 complaints originating from 'other' countries, twelve were sent to EASA from Israel. This concerned the Slovakian contact scam, previously mentioned.

Country	2009	2010	2011	2012
United Kingdom	13	14	42	366
Ireland	24	30	7	5
Belgium	4	2	6	4
France	1	0	0	2
Spain	0	2	0	1
Germany	1	1	3	1
Italy	2	136	3	0
Bulgaria	0	0	1	0
Czech Republic	0	0	0	0
Finland	1	7	0	0
Greece	1	0	0	0
Lithuania	1	0	0	0
Netherlands	1	0	0	0
Poland	1	0	0	0
Romania	0	1	0	0
Sweden	0	0	0	0
Switzerland	1	0	0	0
Other	11	0	1	14
Total	62	193	63	393

### Table 5: Cross-border complaints from 2009 to 2012 per country of origin of complainant

Because of the distortion caused by the Irish betting advertisement, it is useful to consider what country would have generated the most complaints in a situation disregarding multiple complaints per advertisement, such as the Irish betting complaints and the Slovakian contact scam complaints.

The figure below shows the number of ads complained about, divided per country where they attracted complaints. The total number of individual advertisements complained about in 2012 is 61. As mentioned above: even without the distortion, British and Irish consumers lodged most of 2012's complaints.

Both the South Korean and the Israeli complaint regarded a contact scam; the first complaint was resolved by the Dutch SRO, while the complaints generating from the direct mailing sent to Israeli consumers (14 in total) were resolved by the Slovakian SRO.

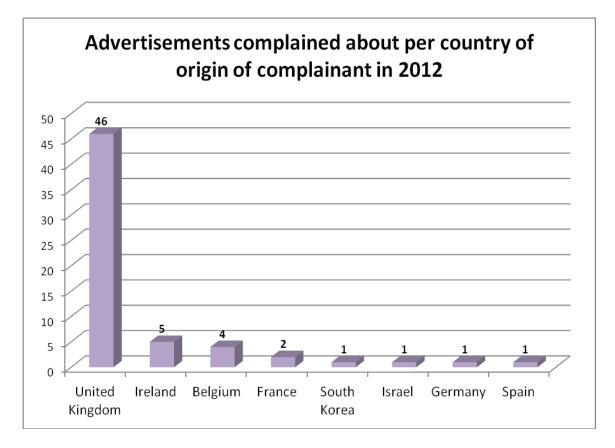


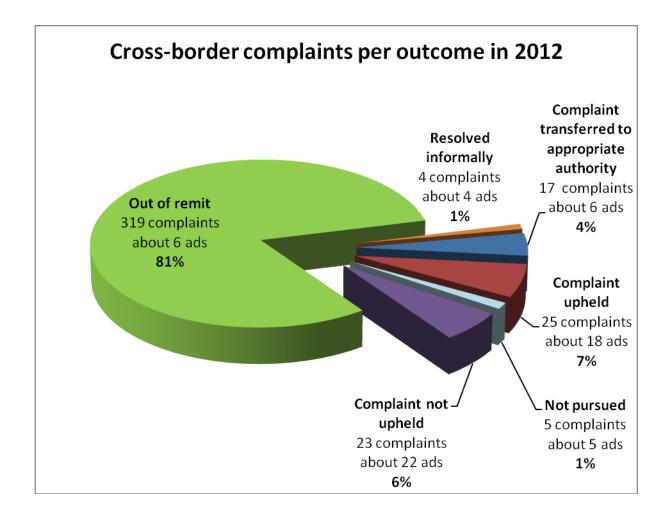
Figure 4: Advertisements complained about per country of origin of complainant in 2012

# 4. Outcome of complaints

Regarding the outcome of 2012's complaints, it is important to notice that out of the 319 complaints about the Irish betting ad, 8 were upheld, as these complaints generated from consumers seeing the ad on the platform's official website. The remaining 311, however, were published via the company's Facebook page and YouTube channel, causing them not to be subjected to the Code and therefore to fall out of the SRO's remit.

As mentioned at the beginning of this report, EASA, in collaboration with the SRO's and other stakeholders, is actively searching for ways in which self-regulation can cope with social media.

### Figure 5: Cross-border complaints per outcome in 2012



Disregarding the distortion following the 319 complaints against the betting company, we determine that 27% of complaints were not upheld (23 complaints) as the SRO jury decided that the marketing communication did not breach the advertising codes.

Four complaints were resolved informally as the advertiser agreed to change or withdraw his marketing communication straight away after receiving the complaint. Cases where the advertiser contacted the complainant directly in order to solve the problem by means of compensation or reimbursement were also considered as informally resolved.

6% of the complaints could not be pursued, mainly because the complainants did not reply to the SRO's questions regarding additional information about the ad complained about.

Ten complaints fell out of the handling SRO's remit. This includes the Irish betting ad, counted just once for this simulation.

25 complaints were upheld in 2012. Proportionally, this makes up for 30% of the total number of complaints.

The remaining 17 complaints were transferred to the appropriate authority.

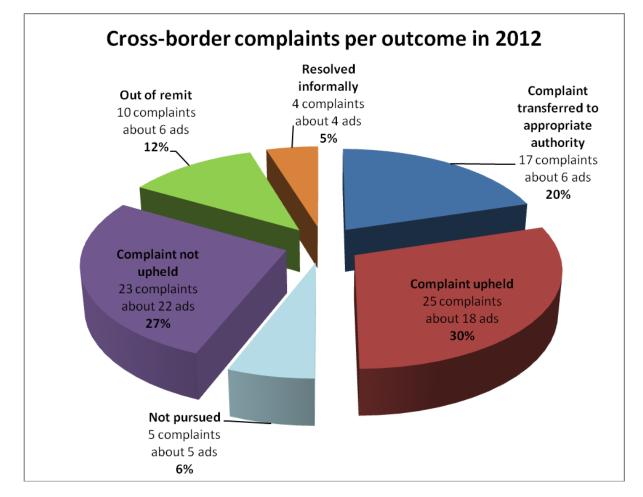


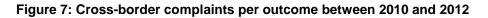
Figure 6: Cross-border complaints per outcome in 2012: normalised situation

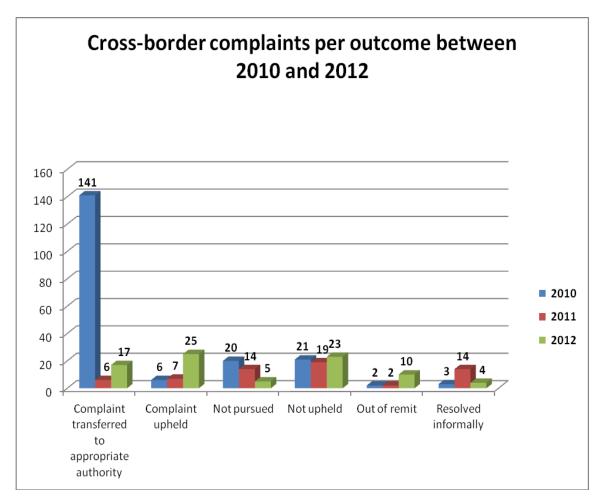
Complaints that were not upheld have remained stable the last three years. The number of complaints that were resolved informally has dropped back to the level of before 2011, when only three (2010) or two (2009) were resolved in that manner.

For the third consecutive year, complaints that were not pursued further have decreased. This category is now back to its 2009 level, when 7 complaints shared this outcome.

2012 saw a significant increase of complaints that were transferred to the authorities and especially complaints that were upheld. It deserves to be mentioned that, even without the high number of complaints generating from the betting ad, there has been a significant rise of cases in this category. This is due to more advertisements being diffused via the Internet and the fact that self regulatory codes do not yet cover the entire online sphere.

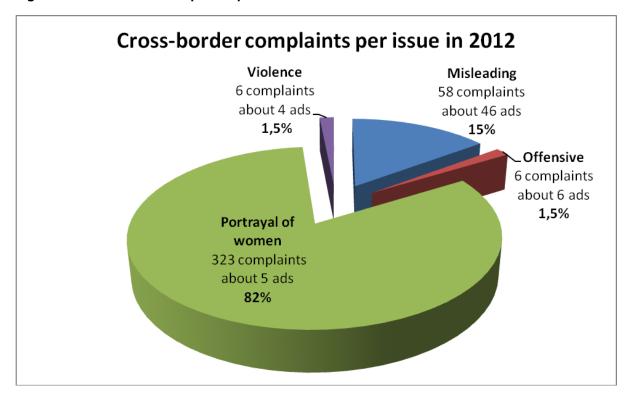
The unusually high amount of complaints that were transferred to the authorities in 2010 was, as explained above, caused by a German rogue trader targeting the Italian market.





# 5. Issues complained about

In 2012, the largest share of complaints concerned advertising that was thought to be offensive (85%, 335 complaints). These 335 complaints were related to 13 advertisements. Among these offensive advertisements is also the Irish betting ad, which caused 319 consumers to complain. As described above, this advertisement was found to be portraying women and transgenders in an offensive way. Therefore, an inappropriate 'Portrayal of Women', was the most common reason why consumers were offended.



### Figure 8: Cross-border complaints per issue in 2012

Disregarding the Irish betting advertisement, the total number of CBC's received and resolved by EASA in 2012, would only be 75. The majority of 2012's complaints concerned alleged misleading advertising. Self regulatory organisations have received (and resolved) 58 (77%) complaints from consumers claiming they were the victim of misleadingness.

There are numerous reasons why certain ads were considered to be misleading. The most recurrent of these were 'Misleading product info' (16 complaints) and 'Offers with hidden conditions' (6 complaints).

Out of the total number of ads, only 17 complaints (23%) regard offensive advertising. 5 of these complaints were offensive due to the way in which they portrayed women, while 6 complaints generated from advertisements using violent images. The other 6 complaints were offensive for various reasons.

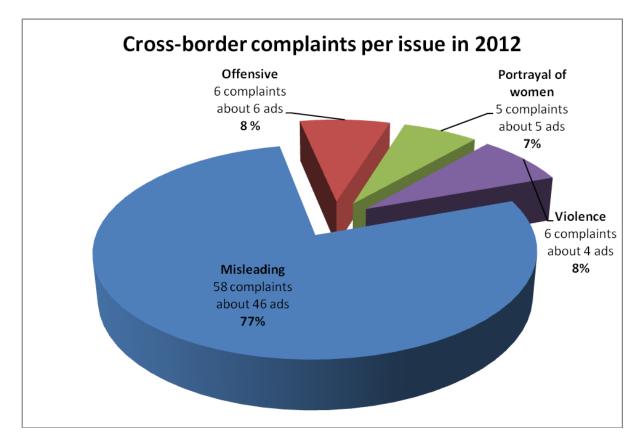


Figure 9: Cross-border complaints per issue in 2012: normalised situation

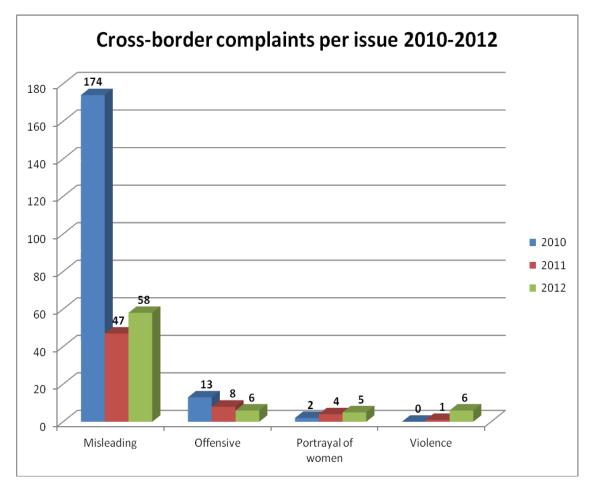


Figure 10: Cross-border complaints per issue 2010-2012: normalised situation

Leaving the unusual high amount of complaints regarding the portrayal of women out of the equation, allegedly misleading advertising gathered the highest share of complaints over the last three years. The unusually high number of these complaints in 2010 was due to an elaborate contact scam by a German rogue trader, targeting the Italian market.

Complaints about violence in advertising seem to be recurring more often than the previous years. On the other hand, issues related to general offensive advertisements have decreased.

# 6. Media that generated the most cross-border complaints

The majority of complaints (94%) received and resolved by SRO's during the last year regarded advertising on the Internet. This is again because of the Irish betting advertisement being shown on the company's website, Facebook page and YouTube channel.

In interpreting these figures, we must again take into account the fact that out of the 334 complaints resolved by the Irish SRO, 319 were related to the Irish betting ad. A similar situation can be found in the 14 complaints resolved by the Slovakian SRO, out of which 13 concerned a direct mail contact scam, described above.

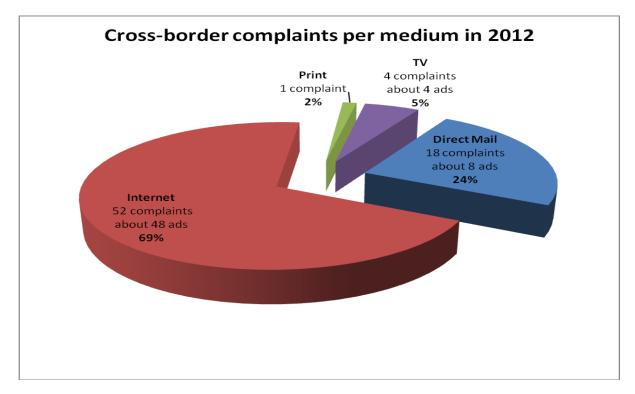
### Table 6: Cross-border complaints from 2009 to 2012 per medium

Type of Media	2009	2010	2011	2012
Internet	5	153	39	370
TV	3	18	9	4
Direct Mail	35	20	11	18
Press	19	2	3	1
Posters and Outdoor	0	0	0	0
TOTAL	62	193	62	393

Over the last years, complaints about direct mail had fallen unchangingly in contrast to 2009 and all the previous years, when the bulk of cross-border complaints consisted of direct mailing. This is consistent with the drop in the number of complaints against rogue traders that used this form of marketing. The increase in direct mail complaints in 2012 is due to the Slovakian contact scam, mentioned above.

Complaints about TV advertisements, finally, have decreased to their lowest level since 2009.

If we disregard the high number of complaints against the betting ad, 24% of 2012's complaints would prove to be against advertisements sent by direct mail and 5% against TV ads. Advertisements on the internet however, be it ads shown on the company's website, Facebook page, YouTube channel, or sent via e-mail, remain the most prevalent (69%).



### Figure 11: Cross-border complaints per medium in 2012: normalised situation

# 7. Products and services that elicit the most complaints

In 2012, the most complained about sector was 'gambling' with 329 complaints (83%), followed by 'publications' with 15 complaints. As explained in the previous paragraph, the high number of gambling related complaints is due to one advertisement generating 319 complaints. This means that, although 'gambling' counts for 329 complaints, these complaints are generated by only 7 different advertisements. The same observation is made for the 15 'publications' complaints, that stem from multiple complaints made on 'publications' advertisements, only 5 in total.

Out of 15 complaints about publications, 10 concerned a contact scam from a Slovakian company, mainly targeting the Israeli market. These so called 'rogue traders' send small businesses a direct mail containing a form with some of their contact details already filled in. They were asked to verify the data already filled out in the form and to send it back, as they were to be published in a contact guide. Subsequently, these companies were asked to pay for the publication of their details in the guide, despite the fact that the direct mail had not clearly stated it was a paid service. The other 5 complaints about publications concerned similar contact scams, from different advertisers.

Despite numerous efforts from SRO's, these rogue trader scams remain a serious issue. Constantly changing address, they are very hard to deal with and SRO's mostly transfer such complaints to the authorities.

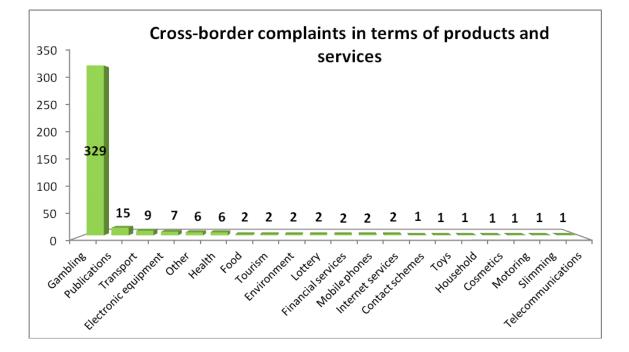
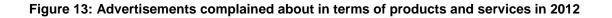


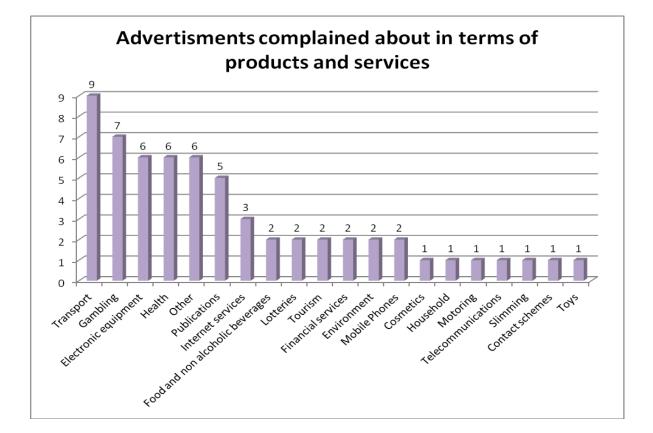
Figure 12: Cross-border complaints in terms of products and services in 2012

# Table 7: Cross-border complaints from 2009 to 2012 in terms of product/service

Product/Service Category	2009	2010	2011	2012
Gambling	0	12	1	329
Publications	26	17	4	15
Transport	1	3	14	9
Electronic equipment	0	0	5	6
Health	1	2	4	6
Other	0	0	0	6
Internet services	1	138	1	3
Food and non alcoholic beverages	22	3	4	2
Lotteries	2	0	1	2
Tourism	1	0	1	2
Financial services	0	1		2
Environment	0	0	0	2
Mobile Phones	0	0	0	2
Cosmetics	2	1	7	1
Household	1	0	5	1
Motoring	0	0	3	1
Telecommunications	0	1	3	1
Slimming	1	2	1	1
Contact schemes	0	0	0	1
Toys	0	1	0	1
Dating services	0	1	1	0
Various	3	4	5	0
Clothing	0	2	1	0
Sports	0	0	1	0
Alcohol	1	1	0	0
Audio-visual items	0	1	0	0
Clairvoyance	0	1	0	0
Employment services	0	1	0	0
Jewellery	0	1	0	0
Miracle products	0	0	0	0
Newspapers	0	0	0	0
Total	62	193	62	393

In leaving out advertisements that generated multiple complaints, the most complained about sector in 2012 would be the same as the previous year: transport. This includes complaints about car rental services and airlines. Consumers across Europe challenged the veracity of claims made on websites offering car hire services. Hidden costs as well as unavailability of cars and allocation of different cars without prior consumer consent were the main reasons for complaint. Advertising for airlines with regards to offers and special prices for specific destinations were deemed to be misleading due to the fact that consumers could not find fares similar to the advertised prices. Cross-border complaints against advertising for other categories of products or services have remained more or less stable over the last years.







European Advertising Standards Alliance (EASA) Rue de la Pépinière 10-10A | B-1000 Brussels Tel: +32 (0)2 513 7806 Fax: +32 (0)2 513 2861 Email: info@easa-alliance.org www.easa-alliance.org