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## Setting the Record Straight on the FTC's Testimonial and Endorsements Guide

What's Your Reaction?

President and Chief Executive Officer of the Interactive Advertising Bureau, Randall Rothenberg recently took a shot at the FTC on the Huffington Post for its newly introduced Testimonial and Endorsements Guide. Here is our response:

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Dear Mr. Rothenberg:

I saw your open letter in the Huffington Post regarding the Commission's recently revised Guides for the Use of Endorsements and Testimonials in Advertising. You say the FTC is ignorant, disingenuous, and just generally doesn't get new media - but in the nicest way. In all seriousness, I appreciate the opportunity to clarify our position. I believe we share the goal of making sure corporate malfeasance by a few doesn't diminish the credibility and utility of social media for all.

There has been a strong reaction to the revised Guides, as you note - much of it based on fundamental misunderstandings about what the Guides are and do. For example, many people have objected, as you do, that the Federal Trade Commission can fine people for violating the Guides, but the Commission can't fine people one penny for violating the Guides. Indeed, the Guides are not "rules" and there is no monetary penalty for violating them. Rather, the Guides are intended to help advertisers comply with the FTC's bread-and-butter statute, the FTC Act.

Your critique mainly focuses on another issue: whether the Commission is holding new mediocre or semi-FTC one-sidedly the all. I

key. For instance, consumers understand that celebrities in ads are paid for their endorsements, so the Guides make clear that advertisers don't have to disclose that fact. But let's take another example. A Wall Street Journal reporter interviewed a blogger who, "after a favorable review," got "a Flex crossover vehicle for a year and a gas card. 'It was love at first sight,' Ms. Smith wrote in her blog, after test-driving the car." She and other bloggers were "flown to Santa Barbara by Electronic Arts to work out with Oprah Winfrey's personal trainer," were hosted at the Four Seasons and got "makeovers as they [wrote] about taking a 30-day challenge on an upcoming fitness video program for the Nintendo Wii." Miguel Bustillo and Ann Zimmerman, "Paid to Pitch: Product Reviews By Bloggers Draw Scrutiny," Wall Street Journal, April 23, 2009. This blogger apparently disclosed that she was compensated for these reviews, but if she hadn't, do you think a consumer reading her review for the Flex would expect that she had gotten to use it free for a year? Do you think a consumer would want to know that, even if Ford hadn't thrown in the gas money? And if the blogger doesn't disclose that, how will consumers know?

That doesn't mean we will be pursuing individual bloggers. Our concern is with the advertisers who pay