

- The History and Current Activities of the Japan Advertising Review Organization, Inc.

1. Introduction

The Japan Advertising Review Organization, Inc. (JARO) was formed in 1974 on the consensus of the advertising world (ad agencies, media, general companies, etc.) as a private self-regulatory body of advertising and labeling. Its purpose is to enhance consumer confidence in businesses and advertisements and to promote fair business activities. In order to accomplish this purpose, JARO mainly receives and handles inquiries about advertisements and labeling from general consumers, ad agencies, and general companies, and examines complaints. In addition, JARO collaborates and liaises with industry-classified self-regulatory bodies, administrative bodies, and consumer organizations, and takes out public interest advertisements.

2. Background of the establishment

Since 1955 as Japan was becoming free following the chaos of the postwar era, the advertising activities of companies increased with industrial development. Various goods for mass consumption were brought to the market one after another, and a consumer boom began.

Manufacturers emphasized advertisements, and advertising firms offered advertising services, introducing the concept of marketing from America.

The start of commercial broadcasting in 1953, and subsequent popularization of television, was also instrumental in the rise of advertising.

However, with the increased competition among companies, false or excessive advertisements were frequent, and media coverage of these was extensive during the early 1960s.

Cases at that time included: the “False Canned Beef Case” where products labeled “canned beef” were actually whale or horse meat; the “10-minutes from Station Case,” a case concerning false representation of location/convenience of developments in urban fringe areas during a housing boom; and the “Synthetic Lemon Juice Case,” which involved misleading representations concerning lemon juice. A consumer movement developed criticizing problematic advertisements, and public demand for regulation rose. Thus the government put into place official restrictions with the objective of consumer protection and fair competition. In 1962, the Act Against Unjustifiable Premiums and Misleading Representations was enacted.

In the same year in the United States, President John F. Kennedy advocated the “Four rights of the consumers,” namely, the right to be heard, the right to be informed, the right to safety, and the right to choose. The idea of consumerism was imported to Japan, and the Basic Consumer Protection Law was enacted in 1968.

These legislative movements had a considerable affect upon the advertising world. In response to the growing call for self-regulation, a delegation was dispatched to the Better Business Bureau (BBB) in the US. Receiving the report from the delegation and learning from the system of the Advertising Standards Authority (ASA) in the UK, the Japan Advertising Federation, a comprehensive association in the Japanese advertising world, examined ways to establish a self-regulatory body. The resolution to establish JARO was approved at the 1973 convention of the Federation and was carried out in 1974.

3. Purpose and Activities

Purpose

To ensure fair advertising and labeling practices and to improve such practices in terms of their quality so consumers interest may be protected, thereby contributing to the sound growth of the economy and the maintenance of the people's living standards.

Activities

1. Reception and handling of inquiries concerning advertising and labeling
 - 1) Handling of complaints and inquiries from consumers
 - 2) Handling of inquiries from advertising companies, media, and other business enterprises
2. Examination and instruction as to advertising and labeling
 - 1) Deliberations by the Final Review Panel and the Ad Review Committee;
Issuance of opinions
3. Establishment of standards concerning advertising and labeling
 - 1) Collection of case examples
4. Collaboration/cooperation with self-regulatory organizations of advertisers, media, advertising, etc.
 - 1) Communication meetings with media in the regions
 - 2) Liaison meetings with advertising bodies
 - 3) Liaison meetings with fair trade councils
5. Liaison and alliance with consumer organizations and relevant administrative bodies
 - 1) Liaison meetings with administrative bodies
 - 2) Liaison meetings with the National Consumer Affairs Center of Japan (NCAC)
6. Education and public relations activities for firms and consumers
 - 1) Issuance of reports (for members)
 - 2) Dispatch of lecturers to lectures and workshops
 - 3) Public relations on the website
 - 4) Holding study courses concerning advertising
 - 5) Media sponsored advertisements for JARO
(Achieving approximately 90% consumer recognition)
7. Collection and maintenance of data in the role of an information center
8. Other matters necessary for the attainment of its purposes

4. Organization and financial resource

JARO is a corporation aggregate approved by the Cabinet Office (Fair Trade Commission) and the Ministry of Economy, Trade and Industry, but is not receiving state subsidies. Its operating expenses are covered by membership dues paid by approximately 950 member companies, mainly consisting of advertisers, media, ad agencies, ad production companies, and others related to advertising.

(The annual membership fee is 150,000 yen. The annual budget is 220 million yen).

There are two main sections in JARO: the advertising review section, which receives complaints and inquiries, concerning advertising and labeling; and the managing section which manages the operations of the organization. Each of the two sections remains independent from the other in order to maintain fairness in reviewing.

JARO has twelve staff in the Tokyo office, and four in the Osaka branch. In the Tokyo office, seven staff receive approximately 7000 complaints a year. In Nagoya and Hokkaido, advertising-related bodies are staffing counters to receive complaints and inquiries under an agreement with JARO.

5. Process of complaint handling

Complaints are received at JARO offices. Most complaints are made by telephone. JARO classifies the reported cases into two types: those with 1) identifiable offender, 2) identifiable advertisement or representation, and 3) declarations of complaint are classified as “complaints,” and others are classified as “inquiries.” Cases that can be treated with information in hand will be handled accordingly. If circumstances require, JARO contacts the advertiser concerned and delivers its reply to the complaint/inquiry to the client.

If the client doesn't accept the reply, or JARO finds it necessary to examine the case, the case will be forwarded to the Advertising Review Committee comprised of advertising-related people.

If it can not be settled at this point, the case will be submitted to the Final Review Panel, which can be compared to the “Supreme Court”, consisting of seven experts, for a final decision.

The decisions and opinions of JARO are announced to the client and the advertiser, as well as the media concern in order to promote remediation of problematic advertisements. However, since it is not a governmental agency, JARO has no power to force the parties to abide by its decisions.

*Advertising Review Principles

Advertising and labeling shall:

1. be fair and truthful;
2. not be harmful to consumers;
3. be made, in consideration of their impact on youth and children;
4. be decent and pursuant to social manners and customs; and
5. be in compliance with relevant laws and regulations, as well as public policy.