



**NAB SUBMISSION TO THE PARLIAMENTARY
PORTFOLIO COMMITTEE ON COMMUNICATIONS
ON THE TRANSFORMATION OF THE
ADVERTISING AND MARKETING INDUSTRY**

19 OCTOBER 2004

1. INTRODUCTION

- 1.1 The Portfolio Committee on Communications announced in October 2001 that it would be hosting a discussion on the state of the advertising agency and marketing industry, focussing on racism in the industry, transformation and other related matters.
- 1.2 Following the parliamentary hearings on the transformation of the advertising industry held in November 2001, four industry task groups, convened by government, started meeting in March 2002. The National Association of Broadcasters (NAB) was represented on these task groups and actively participated in the process of compiling an industry report for presentation to the Portfolio Committee.
- 1.3 As the industry association representing the interests of broadcasters, the NAB is a key stakeholder in the broader communications industry.
- 1.4 The NAB represents:
 - all television broadcasters;
 - all SABC radio stations;
 - the commercial radio industry; and
 - approximately 30 community radio broadcasters
- 1.5 As stated in the NAB submission to the Portfolio Committee in November 2001 and November 2002, members of the NAB work closely with members of the advertising and marketing industry on various levels. In our submissions we supported parliament's initiative in undertaking this process and called for the advertising and marketing industry to commit itself to a programme of transformation.
- 1.6 The NAB reiterated this position during the SAARF hearings into racism where we called on SAARF to examine its representation at board, management and staffing levels, its procurement policies and to develop a transformation policy.
- 1.7 In its interactions on these matters, the NAB has always sought a process that would reach beyond defensive excuses for lack of transformation and focus on joint strategies to holistically address any problems which exist. We believed this route would hold benefits for all.
- 1.8 Since our last appearance in parliament, the establishment of the monitoring and steering committees and the work undertaken by these committees in developing joint strategies, in many respects have been

successful. The NAB's experience throughout this process has been one of co-operation and commitment by all in finding viable strategies to advance the project of transformation. Although, it must be said that the involvement of Parliament, the Government Communication and Information Systems (GCIS), the Department of Communications (DoC) and the Department of Trade and Industry (DTI) have been instrumental in facilitating, driving and adding urgency to this process.

1.9 This period also saw the development of a Value Statement for the Advertising and Marketing industries. The NAB is a signatory to the Value Statement and regards it as an important step towards focusing the efforts of the industry in achieving transformation.

2. TRANSFORMATION

2.1 Through the processes embarked on many of the concerns of the NAB were shown to be well founded in that:

- the advertising and marketing industries were not sufficiently representative of the demographics of the South African society;
- that the transformation process of the advertising and marketing industry has been slow; and
- the lack of representivity seems to result in 'black' media receiving an inequitable amount of adspend.

2.2 In light of this, the response of the advertising and marketing industry has been to commit itself to meaningful transformation so that it not only reflects the demographics of South African society but that its values are consistent with those national values articulated in the Constitution.

2.3 This is especially true for the advertising industry, which through the Association for Communication and Advertising (ACA) took the decision to develop an industry specific charter in order to facilitate more effective and meaningful transformation in the advertising industry. These efforts have already borne fruits as was evident in a number of recent black empowerment acquisitions and transactions. These efforts have also seen an improved spread of advertising spend towards black empowered or black owned electronic media.

2.4 The marketing industry has not been as bold in their approach and as a result still lags behind in their transformation efforts. However, they have shown great commitment and have put in place comprehensive proposals to facilitate transformation in the marketing industry.

2.5 The NAB supports these efforts and the proposals made by the industry to achieve this goal.

2.6 However, we wish to reiterate what we said when last we appeared before the Portfolio Committee that proposals alone will not be sufficient. The NAB therefore eagerly awaits the moment when the marketing industry, like the advertising industry, can commit itself to a clear set of deliverables and targets which can be monitored in order to ensure that progress is made. These deliverables may relate to the areas of recruitment and staffing, ownership, training and procurement and enterprise development.

3. ADVERTISING STANDARDS AUTHORITY

4.1 The NAB views the Advertising Standards Authority (ASA) as an important body that regulates advertising content in the interest of the public and the industry.

4.2 The ASA has developed an extensive Advertising Code of Practice over the years which the NAB believes is in line with the principles of fairness and transparency and supports the fundamentals of administrative justice.

4.3 The effectiveness of self-regulation has been discussed extensively and many views exist in this regard. The NAB strongly supports the principal of self-regulation and believes that the ASA is well established in this regard.

4.4 However the NAB acknowledges that self-regulation is only effective if the mechanisms for this regulation are sufficiently accessible and credible and if the Code and rulings by the self-regulatory body are adhered to. In this regard, the NAB believes there needs to be improvement in the mechanisms used to raise public awareness of the ASA and in improving advertisers' adherence to the Code. Unless advertisers show they are serious about regulating themselves, they cannot argue convincingly about why they should not be subject to some other form of regulation.

4. CONCLUSION

4.1 The NAB appreciates the efforts of Parliament, the Government Communication and Information Systems (GCIS), the Department of Communications (DoC) and the Department of Trade and Industry (DTi) in facilitating and driving this process.

- 4.2 The NAB also commends and supports the advertising and marketing industry for its efforts to find solutions for its transformation questions.
- 4.3 The NAB's participation in this process has been extensive and it is believed that the resulting findings and recommendations will contribute to a broader communications industry that is reflective of the demographics of South African society.
- 4.4 The burden of transformation cannot be put at the door of the advertisers and marketers alone.
- 4.5 The NAB believes that these strategies for transformation in the advertising and marketing sector will be effective because they are industry driven.