

If There's a Problem, Fix It
By Howard Beales
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Remember those electronic abs belts? Just 10 minutes of mild electric shock was supposed to be the equivalent of 600 situps. Or Blue Stuff? One long time sufferer rubbed on this "miracle" product and leapt from her wheel chair! How about Seasilver, a diet supplement that cured or treated more than 650 diseases, including cancer and AIDS? These products, and many others like them, had two things in common: they were heavily promoted through infomercials, and they were the targets of FTC law enforcement actions to enjoin false and deceptive claims. In just a year, the FTC halted nearly a billion dollars worth of sales.

Then something interesting and important happened. The legitimate companies using infomercials to sell their products – and there are many – began to take notice. Just over a year ago, the Electronic Retailing Association (ERA) decided to act.

In an unconventional move, ERA created, with the help of the Federal Trade Commission, the Electronic Retailing Self-Regulation Program (ERSP). The program gives consumers who purchase products through electronic retailing - infomercials and web ads mainly - the opportunity to question product validity and the tactics being used to sell them. And, although voluntary, this program has teeth. Substandard or misrepresented products are exposed, and often referred to the FTC, costing marketers real dollars, and real credibility in the marketplace.

The public and industry response to this program has been overwhelming. In this last year, ERSP has reviewed more than 600 infomercials and 2000 web based advertisements in search of fraudulent or misleading claims. Twelve infomercials have been brought to the ERSP program by consumers themselves. The result: more than 50 advertisers have been forced to change their content after the ESRP program pointed out the discrepancies and inaccuracies in their claims.

No doubt, the Federal Trade Commission must continue to act as the watchdog over this industry and pursue legal action against egregious violators. But this program greatly enhances the FTC's reach, pursuing more cases and achieving results more quickly than law enforcement alone could ever accomplish. It offers consumers a self policing mechanism for enhancing truth in advertising across the industry.

As the program moves forward and the integrity of the Electronic Retailing Association membership grows, a very simple lesson should be learned. If there is a problem, fix it. If businesses don't like the way they are being perceived, don't dismiss the perception as in error. Rather, focus on the problem and the product. The Electronic Retailing Self-Regulation Program is an example of an industry capable of looking inward and demonstrating the strength and integrity to do better, not just for consumers, but for businesses as well.