NAD® News

For Immediate Release

NAD RECOMMENDS TRANSFAIR MODIFY LANGUAGE ACCOMPANYING CERTAIN FAIR-TRADE SEALS;
RECOMMENDS AVON DISCONTINUE USE OF PHOTOS THAT OVERSTATE FAIR-TRADE BENEFITS OF PURCHASE

New York, New York – June 17, 2011– The National Advertising Division of the Council of Better Business Bureaus has recommended that TransFair USA, which licenses use of "fair trade" seals, modify the authorized language that accompanies seals provided for personal-care products to make clear that such products may contain only 2-5% fair-trade certified ingredients. The organization has agreed to do so.

Separately, NAD has recommended that Avon Products, Inc., which advertises the “mark.” body product line, modify its advertising to assure that images used in connection with a fair-trade seal do not overstate the benefits associated with purchasing Avon mark. personal care products that contain certified fair-trade ingredients. The company has agreed to do so.

Dr. Bronner’s Magic Soaps, the maker of personal-care products and cosmetics that are certified as fair-trade through the Institute for Marketecology (IMO), challenged the truthfulness and accuracy of TransFair’s licensed use of its “Fair Trade Certified,” “Fair Trade Certified Ingredients” and “Fair Trade Certified Ingredient-Specific” seal for Avon’s “mark.” product line.

The issue before NAD in this case of first impression was the message conveyed by the use of the “Fair Trade Certified Ingredients” and “Fair Trade Certified Ingredient-Specific” seals on cosmetic and personal care products.

NAD also considered the message conveyed by the use of seals in combination with boiler-plate TransFair-authorized statements such as, “Fair trade certification means our collection helps farmers around the globe help themselves by investing in their farms and communities, encouraging the development of business skills and mandating environmentally sustainable farming methods.”

Claims at issue in NAD’s review included:

- “Fair Trade Certified”
- "Fair Trade Product of the Week.”
- “… excited to announce that mark.’s latest line of body products now proudly bears the Fair Trade Certified Label.”
- ”By choosing this Fair Trade Certified product, you are directly supporting a better life for farming families through fair prices, direct trade, community development, and environmental stewardship.”
- "Fair Trade Certification means our collection helps farmers around the globe help themselves by investing in their farms and communities, encouraging the development of business skills and mandating environmentally sustainable farming methods. After all, what’s fair is fair.”

NAD reviewed, as well, the implied claims that all ingredients in Avon’s mark. body product line are fair-trade certified and that consumers who purchase the products are supporting fair trade. Specifically, NAD considered whether the “Fair Trade Certified Ingredient” claims on Avon’s product packaging and advertising are likely to mislead consumers about the amount of the product which is actually comprised of fair trade certified ingredients. NAD noted in its decision that there are several fair-trade marks available to producers through the TransFair system. Commodities such as coffee,
sugar and beans – not at issue in NAD’s review – are eligible to display TransFair’s “Fair Trade Certified” seal.

Composite products made with some fair-trade certified ingredients, including cosmetic and personal care products, are eligible to carry one of two “Fair Trade Certified” product seals – either the “Fair Trade Certified Ingredient-Specific” seal, for products with a single fair-trade certified ingredient, or the “Fair Trade Certified Ingredients” composite seal, for products with more than one such ingredient.

On Avon’s mark, product packaging, the seals appear in conjunction with clear and prominent text, on the front of the product, which lists the specific fair-trade certified ingredients used in the product. NAD determined that consumers viewing the seals in that context, “are unlikely to take away the implied message that such products are comprised entirely of fair trade certified ingredients.”

However, NAD determined that the TransFair authorized statements – which often appear alongside composite product seals in print and Internet advertisements – do not convey an accurate message regarding the actual amount of fair-trade certified ingredients present in personal care products.

NAD concluded that the TransFair authorized statements for personal care products should not only explain the plain meaning of fair trade, but inform consumers that the personal care industry is subject to a separate TransFair policy, which only requires 2-5% fair trade ingredients in order to display one of the two composite product seals.

NAD recommended that TransFair modify these authorized statements so that it is clear to consumers that personal care products which display one of the two composite product seals are governed by a separate policy, and, may only contain 2-5% fair trade certified ingredients.

In its separate review of advertising claims made by Avon, NAD determined that the print and Internet advertisements send a much stronger “Fair Trade Certified” ingredient content message than the evidence in the record could support.

NAD recommended that Avon discontinue the use of photographs of fair-trade farm workers and headings like “help change the world with four of the best body care products on earth.” when advertising its personal care products containing fair trade ingredients.

TransFair, in its advertiser’s statement, said the company “intends to follow the recommendations of NAD in order to further strengthen the Transfair personal care products policy.”

Avon, in its advertiser’s statement, said the company is “disappointed with NAD’s findings regarding the use of certain photographs and messaging in Avon’s print and internet advertisements and respectfully disagrees with NAD’s analysis of what constitutes an ‘impact’ on the Fair Trade movement. Nevertheless, as a strong supporter of the self-regulatory process, Avon will take NAD’s recommendations into consideration in future advertising.”

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_NAD’s inquiry was conducted under NAD/CARU/NARB Procedures for the Voluntary Self-Regulation of National Advertising. Details of the initial inquiry, NAD’s decision, and the advertiser's response will be included in the next NAD/CARU Case Report._

**About Advertising Industry Self-Regulation:** The National Advertising Review Council (NARC) was formed in 1971. NARC establishes the policies and procedures for the National Advertising Division (NAD) of the Council of Better Business Bureaus, the CBBB’s Children’s Advertising Review Unit (CARU), the National Advertising Review Board (NARB) and the Electronic Retailing Self-Regulation Program (ERSP).
The NARC Board of Directors is composed of representatives of the 4A’s (American Association of Advertising Agencies, Inc.) the American Advertising Federation, Inc. (AAF), the Association of National Advertisers, Inc. (ANA), Council of Better Business Bureaus, Inc. (CBBB), Direct Marketing Association (DMA), Electronic Retailing Association (ERA) and Interactive Advertising Bureau (IAB). Its purpose is to foster truth and accuracy in national advertising through voluntary self-regulation.

NAD, CARU and ERSP are the investigative arms of the advertising industry’s voluntary self-regulation program. Their casework results from competitive challenges from other advertisers, and also from self-monitoring traditional and new media. NARB, the appeals body, is a peer group from which ad-hoc panels are selected to adjudicate NAD/CARU cases that are not resolved at the NAD/CARU level. This unique, self-regulatory system is funded entirely by the business community; CARU is financed by the children’s advertising industry, while NAD/NARC/NARB’s primary source of funding is derived from membership fees paid to the CBBB. ERSP’s funding is primarily derived from membership in the Electronic Retailing Association. For more information about advertising industry self-regulation, please visit www.narcpartners.org.