





# Marketing ethics

**M**arketing is a powerful tool with the potential to change opinions and influence behaviour. It is essential this influence is used responsibly and in a way that protects consumers and supports human rights.





**A**s a minimum our businesses are expected to comply with all laws, regulations and codes of marketing practice. All advertising produced by WPP companies should present products fairly and accurately, comply with the law and marketing codes, and reflect changing public attitudes to questions of taste and decency or marketing of sensitive products.

Privacy and data security are increasingly important issues for those of our companies which collect and use consumer data in market research and to target digital advertising and direct marketing campaigns.

Where we operate, who we work for and the type of work we undertake can also give rise to ethical issues. We need to identify and manage these issues, in line with our Group policies. If we do not, we risk damaging our reputation with our employees, clients and investors, and could undermine trust in our clients' brands.

### Our standards

We expect our companies to apply high standards in all their work. Our Code of Conduct and CR Policy set out our approach and provide guidance to employees on the standards we expect. Key extracts include:

**We will not knowingly create work which contains statements, suggestions or images offensive to general public decency and will give appropriate consideration to the impact of our work on minority segments of the population, whether that minority be by race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.**

**We will comply with all applicable local laws and regulations, and any other laws with an international reach, such as the US Foreign Corrupt Practices Act, where relevant.**

**WPP companies will comply with applicable regulations and self-regulatory codes of practice in the countries in which they operate.**

**WPP companies will not undertake work designed to mislead in any respect, including social, environmental and human rights issues.**

Not all the products we promote are considered beneficial, tobacco being one example. Whilst we recognise that some stakeholders are concerned about tobacco advertising, we believe that tobacco companies should be free to advertise their products provided it is legal to do so and the advertising complies with the law and industry codes of practice.

### Ethical decision-making

Our work can give rise to ethical issues. Examples include: work undertaken for government clients; operating in countries with a poor human rights record; and marketing for sensitive or controversial products.

The decision on whether to proceed with a new piece of work requires judgement. In cases where there is a potential risk to WPP's reputation employees are required to elevate the decision to the most senior person in the relevant office and then to the most senior executive of the WPP business in the country concerned, who will decide if further referral to a WPP director is required.

During 2008 we identified a number of improvements to our process for reviewing ethical issues in client work, following a dialogue with Co-operative Asset Management, a WPP investor. Changes we will implement during 2009 include:

**Referral procedures:** Formalising our referral arrangements in a written procedure distributed to all agency CEOs. We will include accountability for escalating concerns over client work in the Code of Conduct compliance form signed by all CEOs



## *In their own words*

**W**e tell our clients that well-reputed companies do better in the marketplace, and the same principle applies to us. There is a business value to high standards – quite apart from the inherent value of ethical behaviour: clients are more apt to do business with us; we can visit universities and recruit the best graduates; our people go home happier at night and can be more proud of the work they do.



Seeing right from wrong is easy at the extremes but we know that much of life happens in the middle. Training, education and clear policies help guide our people through these grey areas. The changes we are introducing will strengthen our approach and help our people make the right decisions. Mistakes will still happen on occasion but by operating at the highest level we can minimise these for the benefit of WPP and our clients.

We are a multi-cultural business, operating through over 150 companies in 107 countries. Having strong policies at the centre is only the first step. We must help our agencies embed these at the local level among a hugely diverse employee base.

The growth of our digital business is also bringing new challenges as the speed of business accelerates and the time we have to address difficult questions is compressed. We have to be at the top of our game to react quickly and maintain our standards.

### **Howard Paster**

Executive Vice President  
WPP Public Relations & Public Affairs

## *An external view*

**W**PP understands better than anyone why brand and image add value, and that damage to brand is easy to do and difficult to repair. WPP's own brand is no exception. A company in WPP's line of work is failing when 'the story' becomes about them. We were concerned that certain companies in WPP's family had, in the past, gained notoriety for taking on controversial clients and using less than ethical methods to represent them. This concern was compounded by the fact that WPP also had expertise in helping companies with marketing their 'green' or 'responsible' credentials, which left them open to accusations of greenwash if their business as a whole could not demonstrate integrity and consistency, in a world increasingly cynical about corporate motives. In our view, consistency in standards across all company operations is a strong indicator of that company's social responsibility. Failure to do this, which can expose gaps in company policy, can lead to damage to a company's reputation and ultimately a reduction in shareholder value.



We engaged with the company and found them candid and open to change. In fairness, the problems were mostly historical and WPP had already taken some action to ensure better reputation risk management. Nevertheless we felt it could do more to embed a culture of good risk management in a decentralised business and made a series of recommendations. These were adopted and augmented by the company. The experience not only addressed our concerns but gave us an insight into the quality and culture of management.

### **Niall O'Shea**

Engagement Manager  
The Co-operative Asset Management



annually. Quarterly review meetings will be held for senior managers at Group level to discuss cases of concern and identify new risk areas. These will be communicated to agency CEOs and CFOs via quarterly bulletins from Paul Richardson, Group Finance Director and executive director charged with overseeing CR.

**Benchmarking:** Benchmarking our Code of Conduct against those of other leading companies and strengthening the Code provisions as appropriate.

**Training and support:** Launching online ethics and risk training to raise awareness of the risks associated with client work and underline the importance of compliance with WPP’s Code of Conduct. This will include prompts and guidance on when work should be referred to management. The intention is for training to reach the majority of our operating companies’ employees on a regular basis.

**Audit:** Including client risk factors in our internal audit process.

### Zimbabwe

Following allegations that an agency in which one of our subsidiaries, Y&R, held a minority interest, and over which we had no legal control, may have advised Zanu-PF on its electoral campaign, we launched an urgent investigation in the course of which a senior member of the management of the agency notified us that she had been advising President Mugabe in a personal capacity.

WPP’s Board and management have established clear guidelines for our companies on clients for which we are prepared to work and the Mugabe regime in Zimbabwe was not an acceptable client in accordance with these standards.

We were not prepared to have any association with Robert Mugabe or Zanu-PF and we therefore took the immediate decision to divest Y&R’s minority interests in Zimbabwe. This was actioned as quickly as possible.

### Public affairs

We undertake public policy work for clients including direct lobbying of public officials and influencing public opinion. Our public affairs companies include:

- Burson-Marsteller, and its subsidiaries:
  - BKSH
  - Direct Impact
  - Penn, Schoen & Berland
- Hill & Knowlton, and its affiliate, Wexler & Walker Public Policy Associates
- Ogilvy Government Relations, an arm of Ogilvy Public Relations Worldwide
- Timmons and Company
- Quinn Gillespie & Associates
- Dewey Square Group
- Public Strategies

The majority of our public affairs work is undertaken for clients in the US.

WPP companies comply with all applicable laws and regulations governing the disclosure of public affairs activities. In the US this includes the Lobby Disclosure Act and the Foreign Agent Registration Act, which are designed to achieve maximum transparency on client representation. In the US, this means lobby firms are required by law to register the names of clients on whose behalf they contact legislators or executive branch personnel.

When our companies represent a coalition they do not mask the underlying client.

It is WPP’s practice that those of its US companies whose sole or primary business is lobbying have representatives of both major political parties among senior management.



## Privacy

The growth in internet usage is enabling more data to be collected, stored and used than ever before. This has created new opportunities and risks for businesses and consumers.

Targeted advertising, using consumer data so web users view advertising suited to their interests, is one example. This allows consumers to view more relevant advertising and gives brands higher response rates. But it is important that consumers have control over what data is collected and are given the choice to opt-in or opt-out.

As more data is collected, transferred and stored, data loss and identity theft have increased and high profile cases have been widely reported in the media. Many consumers have become concerned about data protection and security issues.

### *In their own words*

**P**rivacy and data protection issues are top of mind for many consumers and will become so for many more. We cannot succeed as a business without recognising these concerns, putting in place strict and transparent policies where they are required and educating the public and our clients. In doing so, we are open to cooperating with all of our competitors to put in place industry-wide solutions, but we will not allow ourselves to be slowed down in implementing the right approaches.



**Eric Salama**  
Chief Executive  
Kantar

## Our approach

Our companies collect and use consumer data to study attitudes and purchasing habits and to create targeted digital and direct marketing campaigns. Strong data protection and privacy procedures are essential to maintaining the trust of research participants and consumers.

As a minimum, companies must comply with data protection laws and marketing codes of practice such as the UK Data Protection Act, the EU Data Protection Directive, the US Safe Harbor principles as certified by the US Department of Commerce, the ICC/ESOMAR International Code of Marketing and Social Research Practice, the US Direct Marketing Association Guidance and the UK Market Research Society Code of Conduct. Many companies have additional policies and procedures to safeguard privacy. See case study on page 42 for an example of how these issues are managed in our companies.

Our digital companies share information on privacy issues through the WPP Digital group and with others in our industry through organisations such as the Interactive Advertising Bureau, of which David Moore, Chairman of 24/7 Real Media, is currently Vice Chair.





**Case study:**  
**Privacy and data protection at Kantar**

In January 2009, Kantar created the role of Chief Privacy Officer, appointing George Pappachen to develop and implement a coordinated privacy and data protection policy across Kantar companies and work directly with clients on these issues. This is the first such appointment by a leading research, insight and consultancy business, and reflects the growing importance of privacy and data protection issues for our industry.

Kantar companies are involved in market research and customer insights, an area which is continuously evolving. The growth of digital technology means that research which used to be done face-to-face or over the phone is frequently done online. A growing number of companies, from previously diverse sectors, are now competing to offer these services. Innovative thinking on privacy issues, backed up by strong policies and procedures can help Kantar differentiate itself and provide reassurance to clients.

The appointment of a Chief Privacy Officer will help to ensure consistent standards are applied across Kantar’s different agencies and locations. A group privacy policy will be developed to facilitate this. There will be a focus on raising awareness among Kantar people and providing a channel for them to share new ideas and best practices.

Kantar companies will continue to partner with clients to uncover new and innovative methods of data protection and share the findings across the group. They will also participate in and lead efforts by industry associations such as the Market Research Society to raise standards for the research industry.

**Compliance with marketing codes**

We expect all our companies to comply with industry codes and marketing regulations. However, a small number of campaigns do give rise to complaint.

We aim to track and report all upheld complaints against campaigns by WPP companies. However, our data is still incomplete.

The table opposite summarises infringements identified and publicly reported by regulatory authorities in India, Ireland, the Philippines, the UK and the US during 2008. It also includes infringements reported through our internal data collection system. For some infringements we were unable to obtain full details of the ruling and type of marketing.

**Setting the agenda**

Advertising codes need to be regularly reviewed and updated to reflect changing attitudes to humour, sexuality, nudity, religion, alcohol and many other topics.

Industry organisations play an important role in this process helping to update national marketing standards and develop guidance on issues such as advertising to children and marketing of sensitive products such as food and pharmaceuticals.

Many of our senior employees participate in these organisations and help ensure codes reflect changing public opinion. Examples from 2008 include:

- Becky Chidester, President, Wunderman New York is a Board Member of The Healthcare Communication and Marketing Association.
- Clemente Gonzalez, President, JWT Santiago is a Board Member of The Chilean Ethical Self Regulation Council.
- David Reid, Finance Director, MediaCom Sydney is a Board Member of The Media Federation of Australia (MFA).
- Gary Leih, Chairman & CEO, Ogilvy Group UK is President of the European Advertising Association.
- Lynda Edge, CEO, Headcount is a Member of The Marketing Society.
- Matt Giegerich, President & CEO, CommonHealth is a Board Member of the Medical Advertising Agency Committee.



WPP company	Country	Regulatory organisations	Type	Ruling
GCI Group	UK	ASA	Online	Advert was misleading as it claimed to be offering a laptop at a discounted price, whereas it was actually selling a product of a lower specification.
GCI Group	UK	ASA	Direct mail	Mailing was misleading as the delivery and collection charges associated with purchasing the product were not prominent enough.
Grey	India	ASCI	Broadcast and promotional message on product	Advert was misleading and encouraged excessive consumption of the product.
Grey	UK	ASA	Broadcast	Advert implied that a mouthwash was endorsed by healthcare professionals.
JWT	Philippines	ADBOARD	◆	Product merchandising materials were distributed after the date specified by an order to stop running the campaign.
JWT	Philippines	ADBOARD	◆	Advert was misleading and it violated advertising standards relating to comparison with competitors.
JWT	UK	ASA	Broadcast/print	Advert was misleading and encouraged children to eat high sugar/fat products in order to win tickets to sporting events.
O&M	India	ASCI	Broadcast	Advert portrayed dangerous stunts on motorbikes which showed a disregard for safety.
O&M	India	ASCI	Broadcast	Advert showed a dangerous act, which might be copied by young people.
O&M	India	ASCI	Broadcast	Advert showed young men eating whilst driving which was deemed to be dangerous.
O&M	India	ASCI	Online	Advert made an unsubstantiated claim.
O&M	India	ASCI	Print	A toilet cleaner advert was withdrawn as it could have been misconstrued as an advert for hair shampoo.
O&M	India	ASCI	Print	Advert made an unsubstantiated claim.
O&M	Philippines	ADBOARD	Broadcast	The tagline used in the advert was too similar to one used by a competitor.
O&M	Philippines	ADBOARD	Online/retail	Use of unapproved line in retail and online adverts.
O&M	Philippines	ADBOARD	Billboard	A required reference number was missing from a billboard advert.
O&M	Philippines	ADBOARD	◆	Advert for an anti-ageing product contained an unsubstantiated claim.
Wunderman	UK	ASA	Print	Advert did not provide enough information to allow consumers to assess a money-saving claim for an internet and telephone package.
Y&R	Ireland	ASAI	◆	Advert claimed the product “turned stomach acid into water”, which was deemed to be misleading.
Y&R	UK	ASA	Broadcast	Advert for a probiotic drink claimed that consumers could find scientific proof of the benefits of the product online, whereas the information was only offered to medical professionals.
Y&R	US	FDA	Broadcast	Contraceptive campaign was deemed to be non-compliant with regulations.

◆ Information not available.  
Six further cases were identified for which we have no details.