

The FTC warns Coca-Cola, Walmart, and nearly 700 others of potential fines for misleading advertising

Article

The news: The Federal Trade Commission has sent a [public warning](#) to 670 advertisers “involved in the marketing of over-the-counter drugs, homeopathic products, dietary supplements, or functional foods” threatening civil penalties if they make unsubstantiated claims about their products.

- The FTC provided a [list of companies notified](#), which includes heavy-hitters like **Coca-Cola, Pepsi, Amazon, AstraZeneca, Walmart, and Unilever**, among others
- The agency said that it may enforce fines of up to \$50,120 per violation, meaning companies can be fined more than once.

Trust in advertising: The FTC’s crackdown centers on what should be a commonly understood rule, but the huge number of advertisers that received a notice suggests that dishonest advertising is a big issue for health-related products, even among the sector’s most popular brands.

- The FTC notice outlines specific infractions, including a lack of “a reasonable basis consisting of competent and reliable evidence for objective product claims” and “misrepresenting that a product claim has been scientifically or clinically proven.”
- There’s been an increase in advertising [penalties](#) and warnings in the last year under the leadership of Lina M. Khan, putting the regulator [at conflict with the ad industry](#). Those actions include lawsuits against companies for [data privacy violations](#) that the industry generally views as standard practice.
- But it’s not just in the US—India also recently [tightened the reins](#) on the health and wellness sector, introducing disclosure rules requiring influencers who make recommendations (of products or otherwise) to disclose their qualifications.
- The health and wellness sector exploded in wake of the coronavirus pandemic as consumers sought more health-conscious purchases and lifestyle choices. But that same spike in interest has made it a space prone to inaccurate claims and harmful products.

Our take: The broad warning salvo from the FTC isn’t likely to sweeten the agency’s uneven relationship with the ad industry. But the crackdown still involves a sensitive sector that consumers could benefit from having tight rules around. Advertisers recommending health and wellness products should carefully consult FTC rules to avoid piles of hefty fines.

Adults in Select Countries Who Have Lost Trust in a Brand, April 2022

% of respondents in each group

- 1 Lost trust in a company or brand
- 2 Stopped using a brand and will never use them again
- 3 Stopped using a brand and started using their competitors' products
- 4 Stopped using a brand but would be willing to consider using them again
- 5 Continued to use a brand's product

	1	2	3	4	5
India	66%	30%	32%	31%	33%
China	64%	41%	40%	25%	7%
Canada	57%	46%	39%	15%	10%
US	54%	39%	42%	20%	10%
France	52%	42%	36%	20%	11%
South Korea	52%	31%	52%	20%	11%
Italy	50%	32%	49%	22%	7%
Germany	46%	45%	45%	16%	6%
UK	45%	45%	36%	17%	9%
Japan	39%	38%	39%	12%	19%

Note: ages 18+
Source: Morning Consult, "Most Trusted Brands 2022," June 16, 2022

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