

Chapter 2

Advertising and Society: Ethics, Regulation and Social Responsibility

Advertising and Society

- Advertising's visible social role makes it a target for criticism.
- Some of today's consumers believe that a great deal of advertising is unethical because it:
 - Adds to the price of products,
 - Is untruthful,
 - Tricks people, or
 - Targets vulnerable people.

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Ethical Criteria

Numerous Advertising-Related Issues Are Left to the Discretion of the Advertisers and Are Based on Ethical Concerns.

Advocacy

Advertising Tries to Persuade the Audience to Do Something; It is Not Objective or Neutral.

Accuracy

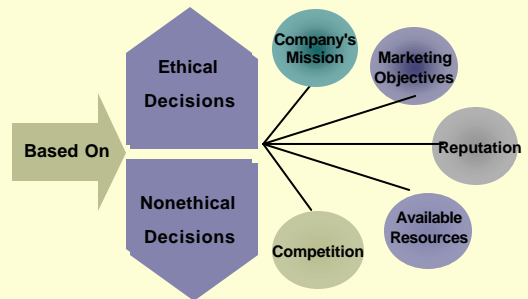
Subtle Messages Trouble Critics Especially When Aimed At Groups Such as Children, the Elderly, or the Disabled.

Acquisitiveness

Are We Persuaded That We Continually Need More and More New Products? Consumers Make the Final Decision.

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The Problem of Being Ethical



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Ethical Issues in Advertising

Puffery

"Advertising Or Other Sales Representations, Which Praise the Item to Be Sold With Subjective Opinions, Superlatives, or Exaggerations, Vaguely and Generally, Stating No Specific Facts."

Taste and Advertising

Product Categories

Taste Issues

Current Issues

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Ethical Issues in Advertising

Stereotyping in Advertising



Advertising to Children

Controversial Topic

Limits Set For Amounts of Advertising

3 Hours of Educational TV Per Week

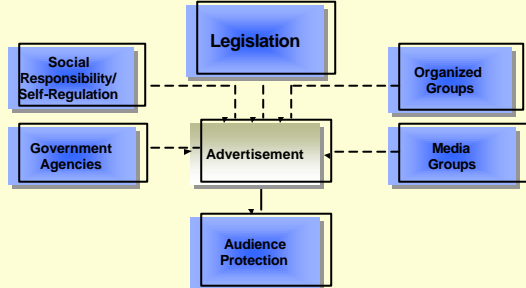
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Ethical Issues in Advertising



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Regulatory Factors Affecting Advertising (Fig. 2.1)



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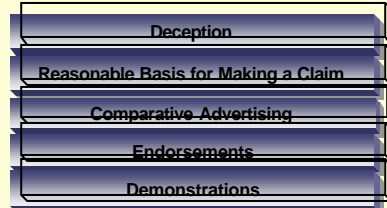
Federal Case Law Affecting Advertising



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Advertising and the Federal Trade Commission

The Federal Trade Commission's (FTC) Main Focus, Regarding Advertising, is to Identify and Eliminate Ads that are Deceptive or Mislead the Consumer. Key Areas that Concern the FTC:



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Deception

- The current FTC policy on deception contains three basic elements:
 - Where there is representation, omission, or practice, there must be a high probability that it will mislead the consumer.
 - The perspective of the "reasonable consumer" is used to judge deception.
 - The deception must lead to material injury.
 - This policy makes deception difficult to prove.

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Reasonable Basis for Making a Claim

- Determining the reasonableness of a claim is done on a case-by-case basis. In general the FTC considers the following factors:
 - Type and specificity of claim made
 - Type of product
 - Possible consequences of the false claim
 - Degree of reliance by consumers on the claims
 - The type and accessibility of evidence available for making the claim.

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Comparative Advertising

- The FTC considers comparative advertising deceptive unless:
 1. The comparisons are based on fact.
 2. The differences advertised are statistically significant.
 3. The comparisons involve meaningful issues.
 4. The comparisons are to meaningful competitors.

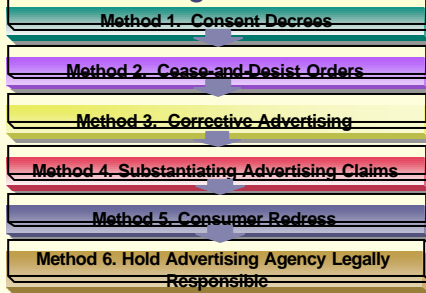
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Endorsements

- An endorsement or testimonial is any advertising message that consumers believe reflects the opinions, beliefs, or experiences of an individual, group, or institution.
- Endorsers must:
 - Be qualified by experience or training to make judgments, and
 - They must actually use the product.

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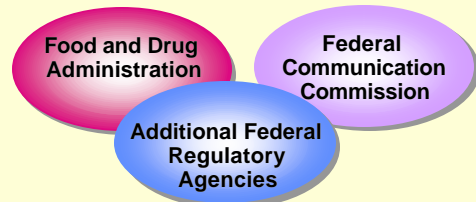
FTC Deceptive and Unfair Advertising Remedies



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Advertising and Other Regulatory Agencies

In Addition to the FTC, Several Other Federal Agencies Regulate Advertisers and Their Agencies.



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Social Responsibility

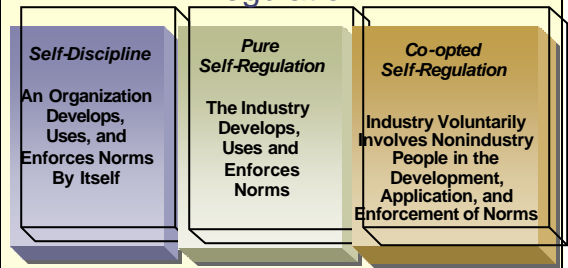
"Organization's Task is to Determine the Needs, Wants, and Interests of Target Markets and to Deliver the Desired Satisfaction More Effectively and Efficiently Than Its Competitors in a Way that Preserves or Enhances the Consumer's and Society's Well-Being." (48) by Phillip Kotler.

Level One
Being Socially Responsible is a Business Philosophy

Level Two
Advertiser is Engaged in Prosocial Messaging

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Different Levels of Self-Regulation



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