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.

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.

The Problem of Being Ethical

Ethical Decisions

Nonethical Decisions

Based On

Company’s Mission 
Marketing Objectives
Available Resources
Reputation
Competition

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

Stereotyping in Advertising

Women in Advertisements
Social & Ethnic Stereotypes
Senior Citizens
Gay & Lesbian Consumers

Advertising to Children

Controversial Topic
Limits Set For Amounts of Advertising
3 Hours of Educational TV Per Week
Ethical Issues in Advertising

Subliminal Advertising
A Subliminal Message is One That is Transmitted in Such a Way That the Receiver is Not Consciously Aware of Receiving It.

Advertising Controversial Products
- Tobacco
- Alcohol
- Gambling

Regulatory Factors Affecting Advertising (Fig. 2.1)

Legislation
- Social Responsibility
- Self-Regulation

Government Agencies
- Advertisement
- Audience Protection

Organized Groups
- Media Groups

Ethical Issues in Advertising

Advertising Controversial Products

Tobacco
Alcohol
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Federal Case Law Affecting Advertising

First Amendment Case Law
This Protection Applies to Commercial Speech, Which is Speech That Promotes Commercial Activity. That Protection is Not Absolute.

Privacy Case Law Developments:
Online Advertising
Legal Issues of Data Collection Are Troubling Consumers, Online Advertisers, and the Government.
- Online Privacy Alliance Has Published Guidelines.

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:

- Deception
- Reasonable Basis for Making a Claim
- Comparative Advertising
- Endorsements
- Demonstrations

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.

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.
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.

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.

FTC Deceptive and Unfair Advertising Remedies

Method 1. Consent Decrees
Method 2. Cease-and-Desist Orders
Method 3. Corrective Advertising
Method 4. Substantiating Advertising Claims
Method 5. Consumer Redress
Method 6. Hold Advertising Agency Legally Responsible

Advertising and Other Regulatory Agencies

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

- Food and Drug Administration
- Federal Communication Commission
- Additional Federal Regulatory Agencies

Social Responsibility

"Organization’s Task is to Determine the Needs, Wants, and Interests of Target Markets and to Deliver the Desired Satisfactions 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

Different Levels of Self-Regulation

Self-Discipline
An Organization Develops, Uses, and Enforces Norms By Itself

Pure Self-Regulation
The Industry Develops, Uses and Enforces Norms

Co-opted Self-Regulation
Industry Voluntarily Involves Nonindustry People in the Development, Application, and Enforcement of Norms