

## Chapter 3

### Advertising and Society

#### ❖ WEB REVIEW QUESTIONS

**1. Why are social critics concerned about advertising and demand creation?**

Demand creation, which means an external message drives people to feel this need or want, is an economic force that drives progress and the search for better products. Advertising plays an important role in creating and sustaining that force. Demand creation becomes a question of ethics when social critics charge that the demand is artificial and the products really aren't needed but that people's wants are being manipulated unnecessarily.

**2. What is cultural imperialism and how does it relate to advertising?**

*Cultural imperialism* (or *marketing imperialism*) is used to describe what happens when Western culture is imposed on others, particularly cultures such as Middle Eastern, Asian, and African.

Some Asian and Mid-Eastern countries are critical of what they see as America's materialism and disrespectful behavior toward women and elders. They worry that international advertising, as well as international media, will encourage their young people to adopt these viewpoints.

Cultural differences are very real. Insensitivity to local customs can make an ad completely ineffective. Customs can be even stronger than laws.

**3. How does the First Amendment protect commercial speech? Explain the limits of this protection.**

The First Amendment states that Congress shall make no law “. . . abridging the freedom of speech, or of the press; . . .” How have courts applied the First Amendment to advertising? First Amendment protection extends to commercial speech, which is speech that promotes commercial activity. However, that protection is not absolute; it is often restricted and the Supreme Court generally applies a different standard to commercial speech.

The Supreme Court permits some restrictions on commercial speech. For example, the court has held that false or misleading commercial speech can be banned. Even truthful commercial speech can be restricted if the government can prove the public

good demands such restrictions. The courts have also ruled that such acts as the federal ban on junk faxes is valid and that businesses' right to commercial speech does not include printing their advertisements on other people's fax machines. Essentially, the Supreme Court has ruled that only truthful commercial speech is protected, not misleading or deceptive statements.

#### **4. Explain the responsibility of the FTC in regulating advertising.**

The Federal Trade Commission (FTC) is the primary agency governing the advertising industry. Its main focus with respect to advertising is to identify and eliminate ads that deceive or mislead the consumer. Some FTC responsibilities are to:

- Initiate investigations against companies that engage in unfair competition or deceptive practices.
- Regulate acts and practices that deceive businesses or consumers and issue cease-and-desist orders where such practices exist. Cease-and-desist orders require that the practice be stopped within 30 days (a cease-and-desist order given to one firm is applicable to all firms in the industry).
- Fine people or companies that violate either (1) a trade regulation rule or (2) a cease-and-desist order given to any other firm in the industry.
- Fund the participation of consumer groups and other interest groups in rule-making proceedings.

Specifically, the FTC oversees false advertising of items such as foods, drugs, cosmetics, and therapeutic devices.

#### **5. In what ways are the FDA and FCC involved in regulating advertising?**

The Food and Drug Administration (FDA) is the regulatory division of the Department of Health and Human Services that oversees package labeling, ingredient listings, and advertising for food and drugs.

The FDA is a watchdog for drug advertising, specifically in the controversial area of direct-to-consumer ads for prescription drugs. Its job is first to determine whether drugs are safe and then to see that these drugs are marketed in a responsible way. Marketing includes promotional materials aimed at doctors, as well as consumers. For pharmaceutical companies, advertising is a commercial free-speech issue and the industry has brought pressure on the FDA to make direct-to-consumer advertising rules for prescription drugs more understandable, simpler, and clearer.

The FCC has the power to ban messages, including ads, that are deceptive or in poor taste. The agency monitors only advertisements that have been the subject of complaints and works closely with the FTC to eliminate false and deceptive

advertising. The FCC takes actions against the media, whereas the FTC is concerned with advertisers and agencies.

**6. Define deceptive advertising. How does advertising protect itself from this kind of charge?**

Deceptive advertising is advertising intended to mislead consumers by making claims that are false or by failure to make full disclosure of important facts, or both. The current FTC policy on deception contains three basic elements:

- *Misleading*: Where there is representation, omission, or practice, there must be a high probability that it will mislead the consumer.
- *Reasonableness*: The perspective of the “reasonable consumer” is used to judge deception. The FTC tests reasonableness by looking at whether the consumer’s interpretation or reaction to an advertisement is reasonable.
- *Injurious*: The deception must lead to material injury. In other words, the deception must influence consumers’ decision making about products and services.

This policy makes deception difficult to prove because the criteria are rather vague and hard to measure. It also creates uncertainty for advertisers who must wait for congressional hearings and court cases to discover what the FTC will permit.

To protect itself, the advertiser should have a reasonable basis for making a claim about product performance or run the risk of an FTC investigation. Food claims, such as those focused on calories or carbohydrates, have to be supported by research about nutrition. Consequently, an advertiser should always have data on file to substantiate any claims it makes in its advertisements. Also, it is best if this research is conducted by an independent research firm.

**7. What are the common remedies that come into play in cases of deceptive or unfair advertising?**

- Consent decrees
- Cease-and-desist orders
- Fines
- Corrective advertising
- Substantiation of advertising claims
- Consumer redress

**8. Why do the media get involved in regulating advertising and how is that done?**

Rather than wait for laws and regulatory actions, responsible advertisers take the initiative and establish individual ethical standards that anticipate and even go beyond possible complaints. Such a proactive stance helps the creative process and avoids the kinds of disasters that result from violating the law or offending members of society.

**9. What is social responsibility and how does that concept impact on marketing and advertising practices?**

Being socially responsible is a corporate philosophy based on ethical values. Social responsibility motivates a business to perform a useful function within society and to make its impact on society positive rather than negative—and that includes its advertising, as well as other business practices.

**10. How are industry standards of ethics determined and how do they relate to the practice of advertising?**

Industry standards can provide help with a decision about what is or is not ethically correct. Professional or industry ethics are often expressed in a code of standards that identifies how professionals in the industry should respond when faced with ethical questions. The American Association of Advertising Agencies (4As) begins its “Standards of Practice” with the line: “We hold that a responsibility of advertising agencies is to be a constructive force in business.” The core of the statement is called The Creative Code.

**11. Explain what is meant by offensive advertising. Why is taste a factor in any discussion of offensiveness?**

Although certain ads might be in bad taste in any circumstance, viewer sense of an ad being offensive is affected by factors such as sensitivity to the product category, the time the message is received (for example, in the middle of dinner), and whether the person is alone or with others when viewing the message. Some things on television, for example, that might not bother an adult when alone would make that person uncomfortable if children were watching. Also, questionable ads become offensive in the wrong context. Advertisers and media outlets must try to be sensitive to such objections.

We all have our own ideas about what constitutes good taste. Unfortunately, these ideas vary so much that creating general guidelines for good taste in advertising is difficult. Different things offend different people.

**12. Why is stereotyping a problem and in what ways does it surface in advertising practices?**

A stereotype is a representation of a cultural group that emphasizes a trait or group of traits that may or may not communicate an accurate representation of the group (blondes are dumb, Italians are sexy). Sometimes the stereotype is useful (athletes are fit) and aids communication by using easily understood symbolic meanings, but sometimes the stereotype relies on a characteristic that is negative or exaggerated and, in so doing, reduces the group to a caricature.

**13. In what way is self image a problem for advertisers?**

Playing on consumers' insecurities about their appearance presents advertisers with a classic ethical dilemma because self-image advertising can also be seen as contributing to self improvement. Sometimes, however, such strategies are questionable because they lead to dangerous practices. Some critics charge that women place their health at risk in order to cultivate an unrealistic or even unhealthy physical appearance.

**14. How can targeting children raise ethical questions?**

Children are considered vulnerable. One study indicated that in a year, a child is exposed to more than 20,000 TV commercials. One side of the ethical issue favors regulation because of children's inability to evaluate advertising messages and make purchase decisions. The other side opposes regulation because members of that group believe many self-regulatory mechanisms already exist and the proper place for restricting advertising to children is in the home.

**15. What is the primary ethical problem that advertising claims face?**

False or misleading advertising.

**16. This chapter argues that some of advertising's ethical problems are really marketing decisions. In what areas do marketing decisions cause problems for advertising?**

The ethical responsibility for selling a controversial or unsafe product lies with the marketing department; however, advertising is often in the spotlight because it is the visible face of marketing.