



Andy Warhol  
Three Coke Bottles, 1962  
Synthetic polymer paint and silkscreen ink on canvas, 20 x 16 in.

ADVERTISING

# CHAPTER 4

CHAPTER 1  
Advertising as a Process

CHAPTER 2  
The Structure of the  
Advertising Industry:  
Advertisers, Advertising  
Agencies, and Support  
Organizations

CHAPTER 3  
The Evolution of  
Advertising

CHAPTER 4  
Social, Ethical, and  
Regulatory Aspects  
of Advertising

**After reading and thinking about this chapter, you will be able to do the following:**

- 1 Assess the benefits and problems of advertising in a capitalistic society and debate a variety of issues concerning advertising's effects on society's well-being.
- 2 Explain how ethical considerations affect the development of advertising campaigns.
- 3 Discuss the role of government agencies in the regulation of advertising.
- 4 Explain the meaning and importance of self-regulation for an advertising practitioner.

The social, ethical, and regulatory aspects of advertising are as dynamic and controversial as any of the strategic or creative elements of the process. What is socially responsible or irresponsible, ethically debatable, politically correct, or legal? The answers are constantly changing. As a society changes, so too do its perspectives. Like anything else with social roots and implications, advertising will be affected by these changes.

The social, ethical, and regulatory aspects of advertising provide some of its most memorable and defining moments. Consider these episodes in the history of advertising:

- In the late 1800s, patent medicine advertising dominated the media. Elixirs and medical devices promised cures for everything from paralysis to spinal irritation and malaria.
- Warner-Lambert began running advertising in 1921 that claimed Listerine mouthwash could prevent colds and sore throats. In 1975, the advertising was judged to be deceptive, and the firm was required to spend \$10 million on “corrective advertising” to undo the misimpressions created by the claims.
- In 1990, an ad for Volvo automobiles showed a monster truck with oversized tires rolling over the roofs of a row of cars, crushing all of them except a Volvo. Volvo, which had developed a reputation for building safe and durable cars, had rigged the demonstration; the Volvo’s roof had been reinforced, while the other cars’ roof supports had been weakened.<sup>1</sup>
- In 1994, General Nutrition agreed to stop making unsubstantiated claims for more than 40 products, including Sleepers Diet, which the company claimed would help users lose weight while they slept. The company also agreed to pay a \$2.4 million civil penalty.<sup>2</sup>
- In 1998, a coalition of organizations including the American Academy of Pediatrics and the American Public Health Association called on Anheuser-Busch to discontinue its popular advertising campaign featuring frogs, lizards, and other amphibians. Likening them to the infamous Joe Camel, critics claimed that these animated characters represented a purposeful effort to capture the interest and attention of children. Adding fuel to critics’ concerns, a study by the ad agency Campbell Mithun Esty documented that more children ages 6 to 17 recognized the Budweiser lizards than recognized Barbie. Officials at Anheuser-Busch disputed the claim that their likable lizards were contributing to the problem of underage drinking.<sup>3</sup>

Advertising history includes all sorts of social, ethical, and legal lapses on the part of advertisers. However, advertising has also had its triumphs, moral as well as financial. Whether justified or not, criticisms of advertising can be naive and simplistic, often failing to consider the complex social and legal environment in which contemporary advertising operates. Sometimes they are right on.

**The Social Aspects of Advertising.** The social aspects of advertising are often volatile. For those who feel that advertising is intrusive and manipulative, it is usually the social aspects that provide the most fuel for heated debate.

We can consider the social aspects of advertising in several broad areas. On the positive side, we will consider advertising’s effect on consumers’ standard of living, its support of the mass media, and the role it plays in providing exposure to issues. Advertisers such as Anheuser-Busch devote millions of dollars to promoting responsible drinking with advertisements like the one shown in Exhibit 4.1. As described in the IMC box on page 100, Anheuser-Busch has also launched a unique Web site at [www.beeresponsible.com/](http://www.beeresponsible.com/) as part of an IMC campaign designed to combat drunk driving, underage drinking, and binge drinking. In addition, government organizations

1. Steven W. Colford and Raymond Serafin, “Scali Pays for Volvo Ad: FTC,” *Advertising Age*, August 26, 1991, 4.

2. Jeanne Saddler, “General Nutrition to Pay FTC Penalty of \$2.4 Million over False Advertising,” *Wall Street Journal*, April 29, 1994, B10.

3. Rekha Balu, “Anheuser-Busch Amphibian Ads Called Cold-Blooded by Doctors,” *Wall Street Journal* April 10, 1998, B10.

## We're concerned about the abuse of our products. And we're doing something about it.

**Know When To Say When™**  
This nationwide consumer awareness and education campaign began in 1993 and is designed to encourage responsible consumption of beer. A series of print, radio, television, and outdoor materials encourage consumers to stop drinking and drive safely, and provides suggestions to help them do so.

**Know When To Say When™**  
has allowed us to help you make responsible choices and deliver a message of personal responsibility to a broad cross section of the American public.

**BACCHUS**  
BACCHUS is the kind of great new program we support to encourage responsible drinking. BACCHUS is a series of print, radio, television, and outdoor materials encourage consumers to stop drinking and drive safely, and provides suggestions to help them do so.

**BACCHUS**  
has allowed us to help you make responsible choices and deliver a message of personal responsibility to a broad cross section of the American public.

**Family Talk About Drinking**  
This program features a series of informative guides written in consultation with prominent authorities on children, family counseling, and alcoholism. The guides cover everything from the effects of beer on children and teenagers to the signs and symptoms of alcoholism. The guides are available in Spanish and Chinese.

**Family Talk About Drinking**  
has allowed us to help you make responsible choices and deliver a message of personal responsibility to a broad cross section of the American public.

**I'm Driving**  
This program features a series of informative guides written in consultation with prominent authorities on children, family counseling, and alcoholism. The guides cover everything from the effects of beer on children and teenagers to the signs and symptoms of alcoholism. The guides are available in Spanish and Chinese.

**I'm Driving**  
has allowed us to help you make responsible choices and deliver a message of personal responsibility to a broad cross section of the American public.

EXHIBIT 4.1

This ad represents time and money spent by Anheuser-Busch to project a positive social message, yet the ad doesn't explicitly attempt to sell its products. Why is this choice important in a social-responsibility ad? [www.budweiser.com/](http://www.budweiser.com/)



**"TWO OF US ARE  
HIV POSITIVE."**

If you or someone you know is facing HIV & AIDS, you are not alone. There are experts ready to help you every step of the way . . . from information on how and where to go for HIV testing, to counseling and emotional support, to helping you get the quality medical care you need. We speak your language and will work with you in complete confidentiality. Call us today . . . ( 2 1 3 ) . 3 5 3 . 6 0 5 5

**YOU DO NOT HAVE TO FACE HIV & AIDS ALONE!**

**facing HIV & AIDS**

The Facing HIV & AIDS Campaign is a collaborative effort by the Asian Pacific AIDS Intervention Team and Pacific Asian Language Services of Special Services for Groups and Healthcare Solutions, Inc. under a CARE Grant from the County of Los Angeles Department of Health Services. AIDS Programs office. © 1996, National Health Inc. J. L. Lohr, Inc.

EXHIBIT 4.2

Many types of organizations use advertising to get their message out. In this case the message is very serious. [www.youthhiv.org/apait/](http://www.youthhiv.org/apait/)

use advertising for many purposes, including the education of consumers about social programs, as illustrated in Exhibit 4.2.

On the negative side, we will examine a variety of social criticisms of advertising, ranging from the charge that advertising wastes resources and promotes materialism to the argument that advertising perpetuates stereotypes.

Our approach will be to offer pros and cons on several issues that critics and advertisers commonly argue about. Be forewarned—these are matters of opinion, with no clear right and wrong answers. You will have to draw your own conclusions.

**Advertising Educates Consumers.** Does advertising provide valuable information to consumers, or does it seek only to confuse or entice them? Here's what the experts on both sides have to say.

**Pro: Advertising Informs.** Supporters of advertising argue that advertising educates consumers, equipping them with the information they need to make informed purchase decisions. By regularly assessing information and advertising claims, consumers become more educated regarding the features, benefits, functions, and value of products. Further, consumers can become more aware of their own tendencies toward being persuaded and relying on certain types of product information. The argument has been offered that advertising is "clearly an immensely powerful instrument for the elimination of ignorance."<sup>4</sup> According to this argument, better-educated consumers enhance their lifestyles and economic power through astute marketplace decision making.

4. George J. Stigler, "The Economics of Information," *Journal of Political Economy* (June 1961), 213–220.

A related argument is that advertising *reduces search time*—that is, the amount of time an individual must spend to search for desired products and services is reduced because of advertising. The large amount of readily available information allows consumers to

easily assess the potential value of a particular product or service in the marketplace, without spending time and effort to evaluate the product in a retail setting. The information contained in an advertisement “reduces drastically the cost of search.”<sup>5</sup>



#### TACKLING ALCOHOL ABUSE THROUGH INTEGRATED MARKETING COMMUNICATIONS

Why would the world's largest brewer and beer distributor also be a worldwide leader in the fight against alcohol abuse? Since 1982, when Anheuser-Busch launched its “Know When to Say When” ad campaign, it has spent over \$200 million on advertising to promote responsible drinking among adults who choose to drink. In November of 1997 Anheuser-Busch celebrated the 15-year anniversary of its campaign by launching the Web site [www.beeresponsible.com/](http://www.beeresponsible.com/) to continue the fight against alcohol abuse “one person at a time.” Over this time period, distributors of Anheuser-Busch's brands, such as Budweiser and Bud Light, have also made substantial contributions to the campaign.

In 1996 alone, Anheuser-Busch's distributors placed more than 26,000 advertisements in local newspapers, on billboards, and on radio and television, reminding consumers to drink responsibly. Distributors also worked at the grassroots level to train 18,000 bartenders, waiters, and waitresses on responsible serving techniques to help discourage drunk driving, and they provided nearly 25,000 free cab rides to bar and restaurant patrons. All this effort has produced some positive results. For example, the number of high school seniors who reported having five or more drinks in a row dropped 23 percent from 1982 to 1997, and according to the U.S. Department of Transportation, the number of people killed in teenage drunk-driving crashes declined from 3,597 in 1982 to 1,309 in 1996. While there is much more work to do in controlling alcohol abuse, the IMC campaign orchestrated by Anheuser-Busch appears to be having a desirable effect. As to the motives behind this effort, we choose to believe that the company just wants to do the right thing.

Source: [www.beeresponsible.com/](http://www.beeresponsible.com/). Accessed July 2, 1998.

tial of the product, and that satisfaction is quite often nonutilitarian. On the other hand, advertising apologists don't really understand how limited this “information” is. As evidence, they note how often the truth about products only comes about due to regulatory or legal action on this point. In truth, advertisers don't have the best record.

#### Con: Advertising Is Superficial.

Critics argue that advertising does not provide good product information at all. The basic criticism of advertising here is that it frequently carries little, if any, actual product information. What it does carry is said to be hollow ad-speak. Ads are rhetorical; there is no pure “information.” All information in an ad is biased, limited, and inherently deceptive.

Critics claim that ads should contain information on functional features and performance results. Advertisers argue in response that, in many instances, consumers are interested in more than a physical, tangible material good with performance features and purely functional value. The functional features of a product may be secondary in importance to consumers in both the information search and the choice process. Advertising's critics often dismiss or ignore the totality of product benefits, including the hedonic (pleasure-seeking) aspects. The relevant information for the buyer relates to the criteria being used to judge the satisfaction poten-

**Advertising Improves the Standard of Living.** Whether advertising raises or lowers the general standard of living is hotly debated. Opinions vary widely on this issue and go right to the heart of whether advertising is a good use or a waste of energy and resources.

5. Ibid., 220.

**Pro: Advertising Lowers the Cost of Products.** First, supporters argue that due to the economies of scale produced by advertising, consumers actually realize less-expensive products. As broad-based demand stimulation results in lower production and administrative costs per unit, lower prices are passed on to consumers. Second, a greater variety of choice in products and services stems from the increased probability of success firms realize from being able to introduce new products with the assistance of advertising. Third, the pressures of competition and the desire to have fresh, marketable products stimulate firms to produce improved products. Fourth, the speed and reach of the advertising process aids in the diffusion of innovations. This means that new discoveries can be communicated to a large percentage of the marketplace very quickly. Innovations succeed when advertising communicates their benefits to the customer.

All four of these factors can contribute positively to the standard of living and quality of life in a society. Advertising may be instrumental in bringing about these effects because it serves an important role in demand stimulation and keeping customers informed.

**Con: Advertising Wastes Resources and Only Raises the Standard of Living for Some.** One of the traditional criticisms of advertising is that it represents an inefficient, wasteful process that channels monetary and human resources in a society to the “shuffling of existing total demand,” rather than to the expansion of total demand.<sup>6</sup> Advertising thus brings about economic stagnation and a lower standard of living. Critics say that a society is no better off with advertising because it does not stimulate demand—it only shifts demand from one brand to another. Similarly, critics argue that brand differences are trivial and the proliferation of brands does not offer a greater variety of choice, but rather a meaningless waste of resources, with confusion and frustration for the consumer.

Further, they argue that advertising is a tool of capitalism that just helps make the gap between rich and poor widen.

**Advertising Affects Happiness and General Well-Being.** Critics and supporters of advertising differ significantly in their views about how advertising affects consumers’ happiness and general well-being. As you will see, this is a complex issue with multiple pros and cons.

**Con: Advertising Creates Needs.** A common cry among critics is that advertising creates needs and makes people buy things they don’t really need or even want. The argument is that consumers are relatively easy to seduce into wanting the next shiny bauble offered by marketers. For example, a quick examination of any issue of the magazine *Seventeen* reveals a medium intent on teaching the young women of the world to covet slim bodies and a glamorous complexion. Cosmetics giant Estée Lauder Cos. spends nearly 30 cents from every dollar of sales to promote its brands as the ultimate solution for those in search of the ideal complexion.<sup>7</sup>

**Pro: Advertising Addresses a Variety of Needs.** A good place to start in discussing whether advertising can create needs is to consider the nature of needs. Abraham Maslow, a pioneer in the study of human motivation, conceived that human behavior progresses through the following hierarchy of need states:

- *Physiological needs.* Biological needs that require the satisfaction of hunger, thirst, and basic bodily functions.
- *Safety needs.* The need to provide shelter and protection for the body and to maintain a comfortable existence.

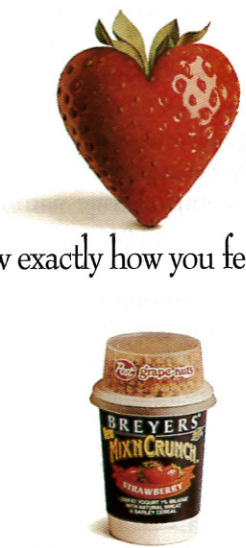
6. Richard Caves, *American Industry: Structure, Conduct, Performance* (Englewood Cliffs, N.J.: Prentice-Hall, 1964), 102.

7. Nina Munk, “Why Women Find Lauder Mesmerizing,” *Fortune*, May 25, 1998, 96–106.

- *Love and belonging needs.* The need for affiliation and affection. A person will strive for both the giving and receiving of love.
- *Esteem needs.* The need for recognition, status, and prestige. In addition to the respect of others, there is a need and desire for self-respect.
- *Self-actualization needs.* This is the highest of all the need states and is achieved by only a small percentage of people, according to Maslow. The individual strives for maximum fulfillment of individual capabilities.

It must be clearly understood that Maslow was describing basic human needs and motivations, not consumer needs and motivations. But, in the context of an affluent society, individuals will turn to goods and services to satisfy needs. Many products are said to directly address the requirements of one or more of these need states. Food and health care products, for example, such as those in Exhibits 4.3 and 4.4, relate to physiological needs. Home security systems and smoke detectors help address safety needs. Many personal care products, such as the skin care system shown in Exhibit 4.5, promote feelings of self-esteem, confidence, glamour, and romance.

In the pursuit of esteem, many consumers buy products they perceive to have status and prestige; expensive jewelry, clothing, automobiles, and homes are examples. Though it may be difficult to buy self-actualization, educational pursuits and high-intensity leisure activities can certainly foster the feelings of pride and accomplishment that contribute to self-actualization. Supporters maintain that advertising may be directed at many different forms of need fulfillment, but it is of little use in creating new needs.



We know exactly how you feel about fruit

How would you feel if we topped that?


If you love fruit, and you love crunch, you'll love new BREYERS® Mix 'N' Crunch.™ You'll love the cool, creamy texture and the crunchy goodness of POST® cereals you mix right in. It's just what you'd expect from BREYERS. Yogurt pure and delicious. So full of fruit and flavor, so full of crunch. Enjoy it to your heart's content.

New BREYERS® Mix 'N' Crunch Yogurt. The Full-of-Fruit & Crunch Yogurt.™

BREYERS® is a registered trademark owned and licensed by Unilever NY.

#### EXHIBIT 4.3

Consumers always want products that taste good. Many advertisements appeal to this basic desire.



**IF YOU DON'T KNOW YOUR CHOLESTEROL NUMBER, WHAT ARE YOU WAITING FOR?**

Time is not on your side. If your cholesterol number is high, it could have serious consequences. And doing something about it now could have major benefits. Just a 10% cholesterol reduction before age 40 can cut your risk for heart disease by 50%. So the sooner you know your number, the better. The ADVANCED CARE™ Cholesterol Test gives you your number at home in about 15 minutes with results as accurate as tests used by doctors. The time to test is now. Don't wait until it's too late.

**ADVANCED CARE™ CHOLESTEROL TEST**

**THE HOME CHOLESTEROL TEST AS ACCURATE AS THOSE USED BY DOCTORS.**

Single use test. Double kit also available. ©OPC 1995. Data on file. Use only as directed.

#### EXHIBIT 4.4

Many Johnson & Johnson products attempt to satisfy physiological needs. Does this ad provide motivation, need satisfaction, or both?

[www.jnj.com/](http://www.jnj.com/).

**EXHIBIT 4.5**

"All you need is Guinot." In what sense might a person need Guinot?  
[www.lotions.com/guinot.html](http://www.lotions.com/guinot.html)

*Tocqueville and other observers of the young republic described America in these terms in the early 1800s, decades before the development of national advertising. To blame advertising now for these most basic tendencies in American history is to miss the point. . . . The people who have created modern advertising are not hidden persuaders pushing our buttons in the service of some malevolent purpose. They are just producing an especially visible manifestation, good and bad, of the American way of life.<sup>10</sup>*

While we clearly live in the age of consumption, goods and possessions have been used by all cultures to mark special events, to play significant roles in rituals, and to serve as vessels of special meaning, long before there was modern advertising. Still, have we taken it too far? Is excess what we do best in consumer cultures?

**Advertising: Demeaning and Deceitful, or Liberating and Artful?** Without a doubt, advertisers are always on the lookout for creative and novel ways to grab and hold the attention of their audience. Additionally, many times an advertiser has a particular profile of the target customer in mind when an ad is being created. Both of these fundamental propositions about how ads get developed can spark controversy.

**Con: Advertising Promotes Materialism.** It is also claimed that individuals' wants and aspirations may be distorted by advertising. The long-standing argument is that in societies characterized by heavy advertising, there is a tendency for conformity and status-seeking behavior, both of which are considered materialistic and superficial.<sup>8</sup> Material goods are placed ahead of spiritual and intellectual pursuits. Advertising, which portrays products as symbols of status, success, and happiness, contributes to the materialism and superficiality in a society. It creates wants and aspirations that are artificial and self-centered. This results in an overemphasis on the production of private goods, to the detriment of public goods (such as highways, parks, schools, and infrastructure).<sup>9</sup>

It is also thought by some that long-term exposure to advertising will destroy your soul and blind you to what really matters in life.

**Pro: Advertising Reflects Society's Priorities.**

Although advertising is undeniably in the business of promoting the good life, defenders of advertising argue that it did not create the American emphasis on materialism. For example, in the United States, major holidays such as Christmas (gifts), Thanksgiving (food), and Easter (candy and clothing) have become festivals of consumption. This is the American way. Stephen Fox concludes his treatise on the history of American advertising as follows:

*One may build a compelling case that American culture is—beyond redemption—money-mad, hedonistic, superficial, rushing heedlessly down a railroad track called Progress.*

8. Vance Packard, *The Status Seekers* (New York: David McKay, 1959).

9. See, for example, George Katona, *The Mass Consumption Society* (New York: McGraw-Hill, 1964), 54–61; and John Kenneth Galbraith, *The Affluent Society* (Boston: Houghton Mifflin, 1958).

10. Stephen Fox, *The Mirror Makers: A History of American Advertising and Its Creators* (New York: William Morrow, 1984), 330.

**EXHIBIT 4.6**

What is the advertiser claiming in this ad? How about—a Versace gown is the ultimate in chic. [viabazaar.com/versace/versace-home.html](http://viabazaar.com/versace/versace-home.html)

**Con: Advertising Perpetuates Stereotypes.**

Advertisers often portray their target customer in advertisements, with the hope that individuals will relate to the ad and attend to its message. Critics charge that this practice yields a very negative effect—it perpetuates stereotypes. The portrayal of women, the elderly, and ethnic minorities is of particular concern. It is argued that women are still predominantly cast as homemakers, or as objects of desire (see Exhibit 4.6), despite the fact that women now hold top management positions and deftly head households. The elderly are often shown as helpless or ill, even though many active seniors enjoy a rich lifestyle. Critics contend that advertisers' propensity to feature African-American or Latin athletes in ads is simply a more contemporary form of stereotyping.

**Pro: Advertisers Are Showing Much More Sensitivity.**

Much of this sort of stereotyping is becoming part of the past. Advertisements from prior generations do show a vivid stereotyping problem. The ad in Exhibit 4.7 illustrates the gender stereotype that a good woman is one who can keep her man happy with her cooking abilities. Today, FedEx's advertising features an African-American woman prevailing over a group of white male executives in an important business deal. Advertisers are realizing that a diverse world requires diversity in the social reality that ads represent and help construct. However, many remain dissatisfied with the pace of change; the Body Shop ad in Exhibit 4.8, promoting something other than the body of a supermodel as a valid point of reference for women, is still the exception, not the rule.

**Con: Advertising Is Often Offensive.** A pervasive and long-standing criticism of advertising is that it is often offensive and the appeals are typically in poor taste. Moreover, some would say that the trend in American advertising is to be rude, crude, and sometimes lewd, as advertisers struggle to grab the attention of consumers who have learned to tune out the avalanche of advertising messages they are confronted with each day.<sup>11</sup> Of course, taste is just that, a personal and inherently subjective evaluation. What is offensive to one person is merely satiric to another. What should we call an ad prepared for the International Advertising Festival in Cannes, designed to show the durability of Kadu surfer shorts? The ad showed Kadu shorts emerging from the stomach of a gutted shark.<sup>12</sup> (By the way, the agency that conceived this ad is now defunct.) A television ad depicting Adolf Hitler as a reformed spokesperson for a brand of potato chips, complete with the Nazi swastika morphing into the brand's logo, caused a predictable outcry in Thailand. Leo Burnett, the agency that prepared this ad for the Thai market, quickly withdrew it after protests from the Israeli embassy in Bangkok, and maintained the ad "was never intended to cause ill feelings."<sup>13</sup>

But not all advertising deemed offensive has to be as extreme as these examples. Many times, advertisers get caught in a firestorm of controversy because certain, and

11. Stuart Elliott, "A New Pitch for U.S. Ads: Lewd, Crude and Rude," *Herald International Tribune*, June 20, 1998, 1, 4.

12. "Objection, Your Honor," *The Advertising Age*, December 19, 1994, 19.

13. Pichayaporn Utumporn, "Ad with Hitler Causes a Furor in Thailand," *Wall Street Journal*, June 5, 1998, B8.

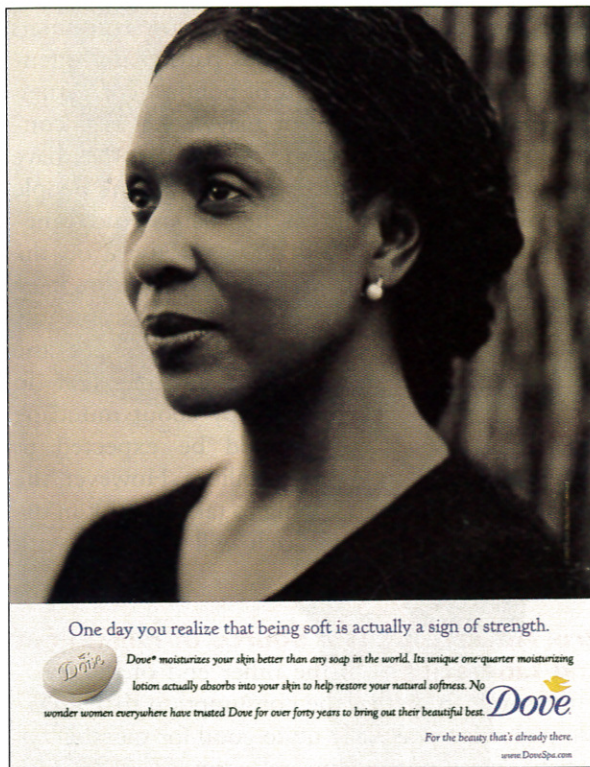


EXHIBIT 4.7

Advertisers today realize the diverse reality of consumers' lives. This Dove ad is a beautiful example of advertisers' efforts to represent that diversity. [www.dovespa.com/](http://www.dovespa.com/)

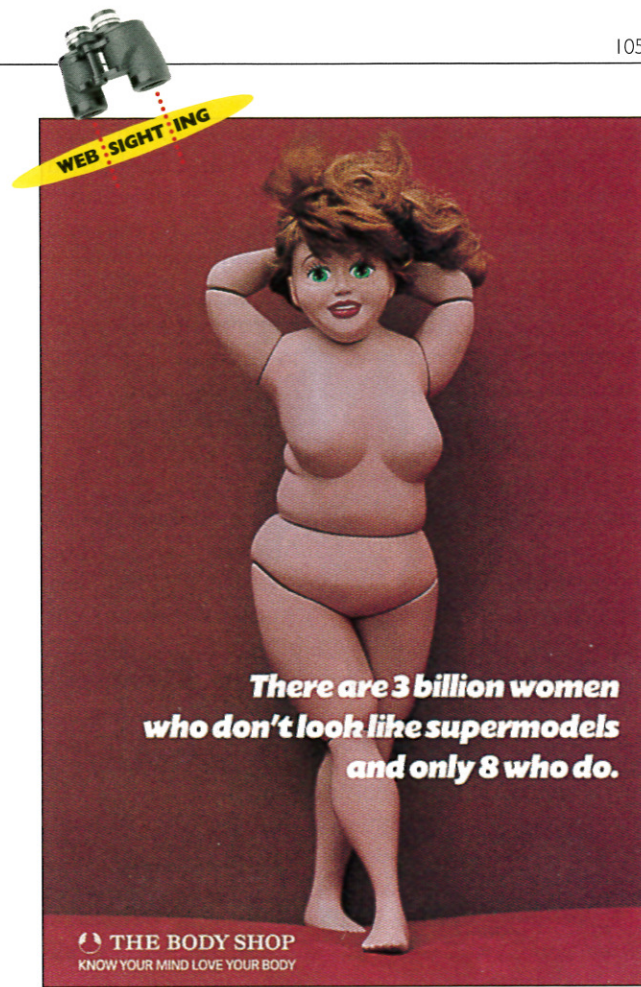


EXHIBIT 4.8

The Body Shop ([www.bodyshop.com/](http://www.bodyshop.com/)) is bucking trends by protesting the "super model" imagery often used in product advertising. While men's magazine sites, like Playboy ([www.playboy.com/](http://www.playboy.com/)), triumphantly display airbrushed perfection and countless companies adorn everything from automobiles to breakfast cereal with the svelte and the athletic, the Web is (currently) a rather low-fidelity medium for transmitting glossy photographs. Sex may sell, but simple, bold, and clever graphics may be as useful for "eye candy" as anything ever exhibited by Versace Couture.

sometimes relatively small, segments of the population are offended. The AIDS prevention campaign run by the Centers for Disease Control (CDC) has been criticized for being too explicit. A spokesperson for the Family Research Council said about the ads, "They're very offensive—I thought I was watching *NYPD Blue*." A highly popular ad seen as controversial by some was the "People Taking Diet Coke Break" ad. In this television spot, a group of female office workers is shown eyeing a construction worker as he takes off his T-shirt and enjoys a Diet Coke. Coca-Cola was criticized for using reverse sexism in this ad.<sup>14</sup> While Coca-Cola and the CDC may have ventured into delicate areas, consider these advertisers, who were caught completely by surprise in finding that their ads were deemed offensive:

- In a public service spot developed by Aetna Life & Casualty insurance for measles vaccine, a wicked witch with green skin and a wart resulted in a challenge to the firm's ad from a witches' rights group.
- A Nynex spot was criticized by animal-rights activists because it showed a rabbit colored with blue dye.

14. Kevin Goldman, "From Witches to Anorexics, Critical Eyes Scrutinize Ads for Political Correctness," *Wall Street Journal*, May 19, 1994, B1, B10.

SOME THOUGHTS ON...

**"LADIES AND GENTLEMEN...  
I'M HAVING MY PERIOD."**

**IT'S NOBODY'S BUSINESS!**

You know the feeling. It's when you're absolutely positive that everybody in the universe knows you're having your period. You feel different, you feel like you look different...and those pads aren't exactly what you'd call discreet. Ugh.

**NOBODY'S GONNA BE ABLE TO TELL WHEN YOU'RE WEARING A TAMPAX TAMPON.**

It's totally invisible. When you wear a Tampax tampon on the inside, you won't look any different on the outside. So, you can wear the clothes you want to wear, and do all the stuff you want to do. There's no bunching or shifting like with pads and shields. So, all they'll see...is you. And, because a Tampax tampon is worn internally, there's no odor.

**TAMPAX TAMPONS ARE SO MUCH MORE COMFORTABLE THAN PADS.**

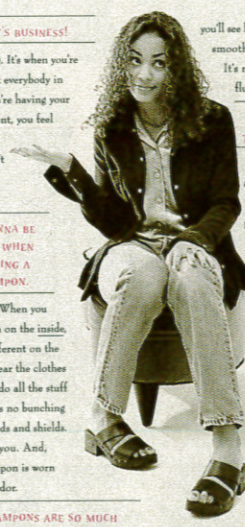
Once you insert a Tampax tampon properly, you won't feel anything. And if you use a tampon made especially for you, like Tampax® Satin Touch®,

you'll see how easy insertion can be. It's small, smooth and has a gently rounded tip. It's really comfortable, and you can flush it. Perfect.

**BUT HOW IS SOMETHING THAT SMALL GONNA PROTECT ME?**

Hey, bigger isn't always better! Because nothing protects better than a little Tampax tampon. Not pads, not shields, nothing. Once inserted, a Tampax tampon expands three ways to contour to your inside shape. So you can relax and not obsess about embarrassing leaks. Discretion, protection and comfort all together, all at once. What's to think about? Just finding the Tampax tampon that's right for you.

For more thoughts on tampons and other stuff you might wanna know, jump to the Tampax website at <http://www.troom.com>



**TAMPAX**  
WOMEN KNOW.™

**EXHIBIT 4.9**

*Oddly, frank talk about real-life issues is not all that common in advertising. Do you know anyone who would be put off by such frankness?*

[www.tampax.com/](http://www.tampax.com/)

- A commercial for Black Flag bug spray had to be altered after a war veterans' group objected to the playing of taps over dead bugs.

It should be emphasized that most consumers probably did not find these ads particularly offensive.<sup>15</sup> Perhaps it is the spirit of political correctness that causes such scrutiny, or maybe it is that consumers are so overwhelmed with ads that they have simply lost their tolerance. Or maybe some people just have too much time on their hands. And sometimes they correctly point to insensitivity on the part of advertisers. Whatever the explanation, marketers today are well advised to take care in broadly considering the tastefulness of their ads. Expect the unexpected. An unpretentious ad like that in Exhibit 4.9, featuring frank copy about mundane aspects of menstruation, could be expected to breach some consumers' sensibilities. However, the marketer in this case is willing to take the risk in the hopes that the frank approach will ring true with the target customer.

**Pro: Advertising Is a Source of Fulfillment and Liberation.**

On the other end of the spectrum, some argue that the consumption that advertising glorifies is actually quite good for members of society. Most people sincerely appreciate modern conveniences that liberate us from the more foul facets of the natural, such as body odor, close contact with dirty diapers, and washing clothes by hand. Furthermore, this view holds that consumption is more likely to set one free than the slavish worship

of an unpleasant, uncomfortable, and likely odoriferous, but natural, condition. Some observers remind us that when the Berlin Wall came down, those in the East did not immediately run to libraries and churches—they ran to department stores and shops. Before the modern consumer age, the consumption of many goods was restricted by social class. Modern advertising has helped bring us a democracy of goods. These observers argue that there is a liberating quality to advertising and consumption that should be appreciated and encouraged. Of course, liberation is viewed differently depending on where you stand.

**Con: Advertisers Deceive via Subliminal Stimulation.** There is much controversy, and almost a complete lack of understanding, regarding the issue of subliminal (below the threshold of consciousness) communication and advertising. Since there is much confusion surrounding the issue of subliminal advertising, perhaps this is the most appropriate point to provide some clarification: No one ever sold anything by putting images of breasts in ice cubes or the word *sex* in the background of an ad. Furthermore, no one at an advertising agency, except the very bored or the very eager to retire, has time to sit around dreaming up such things. We realize it makes for a great story, but hiding pictures in other pictures doesn't work to get anyone to buy anything. Although it is true that there is some evidence for some types of unconscious ad processing, these are effects generally related to repetition and ease of recall from memory, not the Svengali-

15. Ibid.

**EXHIBIT 4.10**

Artist Andy Warhol demonstrated that the most accessible art was advertising.

type hocus-pocus that has become advertising mythology. If the rumors are true that advertisers are actually using subliminal messages in their ads (and they aren't), the conclusion should be that they're wasting their money.<sup>16</sup>

**Pro: Advertising Is Art.** Finally, there are those who argue that one of the best aspects of advertising is its artistic nature. The pop art movement of the late 1950s and 1960s, particularly in London and New York, was characterized by a fascination with commercial culture. Some of this art critiqued consumer culture and simultaneously celebrated it. Above all, Andy Warhol (see Exhibit 4.10), himself a commercial illustrator, demonstrated that art was for the people and that the most accessible art was advertising. Art was not restricted to museum walls; it was on Campbell's soup cans, Lifesaver rolls, and Brillo pads. Advertising is anti-elitist, democratic art. As Warhol said about America, democracy, and Coke,

*What's great about this country is that America started the tradition where the richest consumers buy essentially the same things as the poorest. You can be watching TV and see Coca-Cola, and you can know that the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke, too. A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all the Cokes are good. Liz Taylor knows it, the President knows it, the bum knows it, and you know it.*<sup>17</sup>

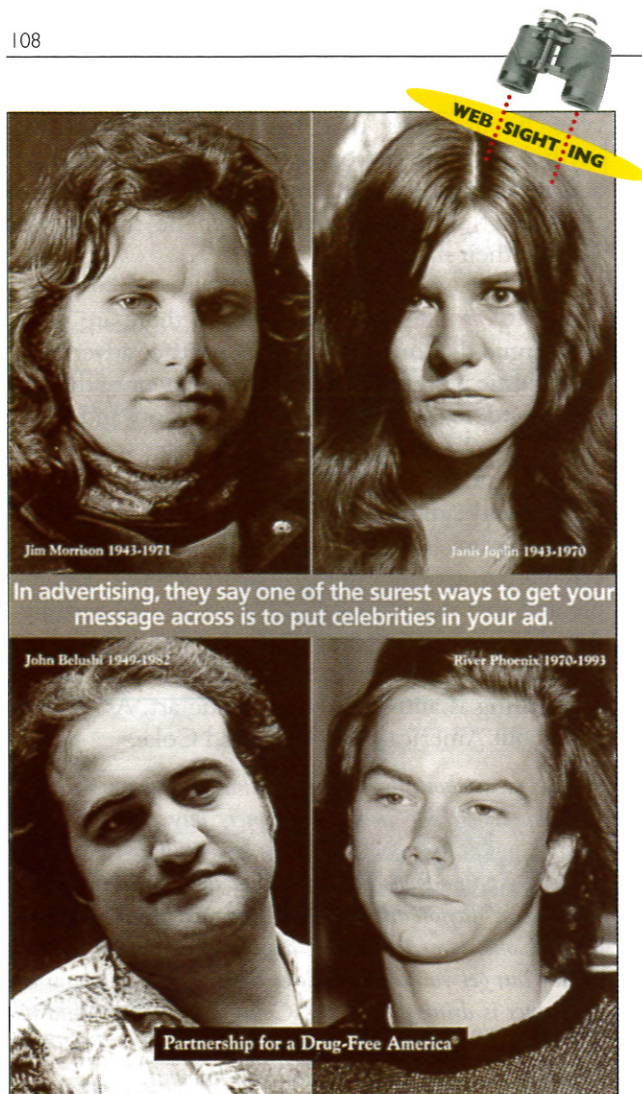
**Advertising Has a Powerful Effect on the Mass Media.** One final issue that advertisers and their critics debate is the matter of advertising's influence on the mass media. Here again, we find a very wide range of viewpoints.

**Pro: Advertising Fosters a Diverse and Affordable Mass Media.** Advertising fans argue that advertising is the best thing that ever happened to an informed democracy. Magazines, newspapers, and television and radio stations are supported by advertising expenditures. In 1997, advertising expenditures in the United States reached nearly \$188 billion, with worldwide advertising expenditures estimated to be around \$450 billion.<sup>18</sup> Much of this spending went to support television, radio, magazines, and newspapers. With this sort of monetary support of the media, citizens have access to a variety of information and entertainment sources at low cost. Network television and radio broadcasts would not be free commodities, and newspapers would likely cost two to four times more, in the absence of advertising support. Further, the demands of various segments of the population for specialized television and radio programming or special-interest magazines could not be economically served without the support of advertisers.

16. Timothy E. Moore, "Subliminal Advertising: What You See Is What You Get," *Journal of Marketing*, vol. 46 (Spring 1982), 38–47.

17. Andy Warhol, *The Philosophy of Andy Warhol: From A to B and Back Again* (New York: Harcourt Brace Jovanovich, 1975), 101.

18. *Advertising Age*, September 28, 1998, S50.



#### EXHIBIT 4.11

This ad both appeals to our fascination with celebrity and shocks the viewer with the realization that drug use can be fatal. At [www.drugfreeamerica.org/](http://www.drugfreeamerica.org/), the Partnership for a Drug-free America hones its message that drug use is anything but glamorous. The Internet is rife with both authorized and (far more likely) unauthorized images of celebrities. This uncontrolled use of celebrity pics may dilute a message more compelling on TV or in magazines. Visit [www.geocities.com/Hollywood/Studio/2487/](http://www.geocities.com/Hollywood/Studio/2487/), a Web site dedicated to dead comedians, including John Belushi.

tural and educational programs, which draw smaller and more selective markets, are dropped in favor of mass market programs. Additionally, television programmers have a difficult time attracting advertisers to shows that may be valuable, yet controversial. Programs that deal with abortion, sexual abuse, or AIDS may have trouble drawing advertisers who fear the consequences of any association with controversial issues.

## The Ethical Aspects of Advertising.

Many of the ethical aspects of advertising border on and interact with both the social and legal considerations of the advertising process. **Ethics** are moral standards and principles against which behavior is judged. Honesty, integrity, fairness, and sensitivity are all included in a broad defini-

Others argue that advertising provides invaluable exposure to issues. When noncommercial users of advertising rely on the advertising process, members of society receive information on important social and political issues. Political candidates and proponents of political causes (for example, tax reform or environmental regulation) use advertising to inform voters. Similarly, various philanthropic organizations, such as the United Way and Special Olympics, use advertising to inform people of organization activities and to generate donations. At the local level, community fund-raisers for various artistic or community service organizations can benefit from advertising's ability to provide information efficiently to large numbers of people.

A dramatic example of the noncommercial use of advertising was the multimedia campaign launched in 1998 by the U.S. government, working in conjunction with the Partnership for a Drug-Free America.<sup>19</sup> At the campaign's launch in July of 1998, President Clinton pledged to outspend major advertisers such as Nike and Sprint to remind the American public of the ruinous power of drugs like heroin. Estimates at that time indicated that spending on the campaign over five years could approach \$1 billion. A stockpile of nearly 400 ads was available for use in this comprehensive campaign. Some, like the one shown in Exhibit 4.11, involved the use of celebrities.

### Con: Advertising Affects Programming.

Critics argue that advertisers who place ads in media have an unhealthy effect on shaping the content of information contained in the media. For example, if a magazine that reviews and evaluates stereo equipment tests the equipment of one of its large advertisers, the contention is that the publication will hesitate to criticize the advertiser's equipment.

Another charge leveled at advertisers is that they purchase airtime only on programs that draw large audiences. Critics argue that these mass market programs lower the quality of television because cul-

19. B. G. Gregg, "Tax Funds Bankroll New Anti-Drug Ads," *Cincinnati Enquirer*, July 10, 1998, A1, A17.

tion of ethical behavior. Much of what is judged as ethical or unethical comes down to personal judgment. We will discuss the ethical aspects of advertising in three areas: truth in advertising, advertising to children, and advertising controversial products.

**Truth in Advertising.** While truth in advertising is a key legal issue, it has ethical dimensions as well. The most fundamental ethical issue has to do with **deception**—making false or misleading statements in an advertisement. The difficulty regarding this issue, of course, is in determining just what is deceptive. A manufacturer who claims a laundry product can remove grass stains is exposed to legal sanctions if the product cannot perform the task. Another manufacturer who claims to have “The Best Laundry Detergent in the World,” however, is perfectly within its rights to employ superlatives. Just what constitutes “The Best” is a purely subjective determination; it cannot be proved or disproved. The use of absolute superlatives such as “Number One” or “Best in the World” is sometimes called **puffery** and is considered completely legal. The courts have long held that superlatives are understood by consumers as simply the standard language of advertising and are interpreted by consumers as such.

It is likewise impossible to legislate against emotional appeals such as those made about the beauty or prestige-enhancing qualities of a product, because these claims are unquantifiable. Since these types of appeals are legal, the ethics of such appeals fall into a gray area. Beauty and prestige, it is argued, are in the eye of the beholder, and such appeals are neither illegal nor unethical. Although there are some narrowly defined legal parameters for truth in advertising (as we will discuss shortly), the ethical issues are not as clear-cut.

**Advertising to Children.** The desire to restrict advertising aimed at children is based on three concerns. First, it is believed that advertising promotes superficiality and values founded in material goods and consumption—as we discussed earlier in the broader context of society as a whole. Second, children are considered inexperienced consumers and easy prey for the sophisticated persuasions of advertisers. Third, advertising influences children’s demands for everything from toys to snack foods. These demands create an environment of child-parent conflict. Parents find themselves having to say no over and over again to children whose desires are piqued by effective advertising.

There is also concern that many programs aimed at children constitute program-length commercials. Many critics argue that programs featuring commercial products, especially products aimed at children, are simply long advertisements. In 1990, critics pointed out that 70 programs were based on commercial products such as He-Man, the Smurfs, and the Muppets.<sup>20</sup> More recent examples include elaborate, hour-long television productions such as “Treasure Island: The Adventure Begins.” Critics claim that a program such as this, which features a young boy’s vacation at the Las Vegas resort Treasure Island, blurs the boundary between programming and advertising. The program was produced by the Mirage Resorts (owners of Treasure Island), and the one-hour time slot was purchased from a major network, as advertising time, for an estimated \$1.7 million.<sup>21</sup> While the program looks like an adventure show, critics argue it merely promotes the theme park and casino to kids, without ever revealing its sponsor. There have been several attempts by special-interest groups to strictly regulate this type of programming aimed at children, but, to date, the Federal Communications Commission permits such programming to continue.

20. Patrick J. Sheridan, “FCC Sets Children’s Ad Limits,” *1990 Information Access Company*, vol. 119, no. 20 (1990), 33.

21. Laura Bird, “NBC Special Is One Long Prime-Time Ad,” *Wall Street Journal*, January 21, 1994, B1, B4.

**Advertising Controversial Products.** Some people question the wisdom of allowing the advertising of controversial goods and services, such as tobacco, alcoholic beverages, gambling and lotteries, and firearms. Most frequently criticized are the advertising of cigarettes and alcoholic beverages. Critics charge these firms with targeting children with their advertising and with making dangerous and addictive products appealing.<sup>22</sup> While advertising for these products is already restricted, there are serious efforts to impose even stricter constraints, such as banning pictures and imagery in outdoor cigarette advertising or banning the advertising of these products altogether. Cigarette smoking is said to kill as many as 300,000 people a year.

Critics have also called into question the targeting of ethnic and minority groups with products and advertising, such as with malt liquor ads. Similarly, the tobacco and alcohol industries have been the target of boycotts over their sponsorship of professional sporting events. These industries answer the critics with the counterclaim that the advertising is aimed at smokers and drinkers of legal age.<sup>23</sup>

Gambling and state-run lotteries represent another controversial product area with respect to advertising. What is the purpose of this advertising? Is it meant to inform gamblers and lottery players of the choices available? This would be selective demand stimulation. Or is such advertising designed to stimulate demand for engaging in wagering behavior? This would be primary demand stimulation. What of compulsive gamblers? What is the state's obligation to protect "vulnerable" citizens by restricting the placement or content of lottery advertising? When these vulnerable audiences are discussed, questions as to what is the basis for this vulnerability can become complex and emotionally charged. Those on one side of the issue argue that special audiences are among the "information poor," while those on the other side find such claims demeaning, patronizing, and paternalistic.

It is also critical to recognize that the courts have given limited First Amendment protection to advertising. As long as these products and services are legal and what is said about them is true, commercial free-speech advocates argue that there should be no further restrictions. One of the dangers civil libertarians point to is the so-called slippery slope, or the scenario that once government is given one opportunity to restrict the advertising of one legal product, this action will begin the slow but inevitable slide down a slippery slope to unwanted and broadly applied government censorship. The issues involved are a long way from being resolved and play themselves out virtually every day in the news.

While we can group the ethical issues of advertising into some reasonable categories, it is not as easy to make definitive statements about the status of ethics in advertising. Ethics will always be a matter of personal values and personal interpretation. Advertising's role in public policy will always be controversial.

**The Regulatory Aspects of Advertising.** The term *regulation* immediately brings to mind government scrutiny and control of the advertising process. There are, indeed, various government bodies that regulate advertising. But consumers themselves and several different industry organizations exert as much regulatory power over advertising as government agencies. Three primary groups—consumers, industry organizations, and government bodies—regulate advertising in the truest sense: Together they shape and restrict the process. The government relies on legal restrictions, while consumers and industry groups use less-formal controls. Like the other topics in this chapter, regulation of advertising can be controversial, and opinions about what does and doesn't need to be regulated can be highly variable. Moreover, the topic of regulation could easily be an entire course of study in its own right, so here we present just an overview of major issues and major players.

22. Kathleen Deveny, "Joe Camel Ads Reach Children, Research Finds," *Wall Street Journal*, December 11, 1991, B1, B6.

23. Kevin Goldman, "Coors Ads Try Not to Attract Teen-Agers," *Wall Street Journal*, November 10, 1992, B10.

First we will consider the areas of regulation pursued most ardently, whether it be by the government, consumers, or industry groups. Then we will examine the nature of the regulation exerted by these groups.

**Areas of Advertising Regulation.** There are three basic areas of advertising regulation: the content of advertisements, competitive issues, and advertising to children. Each area is a focal point for regulation. Probably the majority of complaints against advertisers and their advertising efforts has to do with the content of advertising. In general, critics and those who desire greater regulation of the advertising process feel that advertising does not provide enough information for consumers to make informed decisions. There are two main issues related to regulation of content: deception and unfairness.

**Deception and Unfairness.** Agreement is widespread that deception in advertising is unacceptable. The problem, of course, is that it is as difficult to determine what is deceptive from a regulatory standpoint as from an ethical standpoint. The Federal Trade Commission's (FTC's) policy statement on deception is the authoritative source when it comes to defining deceptive advertising. It specifies the following three elements as essential in declaring an ad deceptive:<sup>24</sup>

1. There must be a representation, omission, or practice that is likely to mislead the consumer.
2. This representation, omission, or practice must be judged from the perspective of a consumer acting reasonably in the circumstance.
3. The representation, omission, or practice must be a "material" one. The basic question is whether the act or the practice is likely to affect the consumer's conduct or decision with regard to the product or service. If so, the practice is material, and consumer injury is likely because consumers are likely to have chosen differently if not for the deception.

If this definition of deception sounds like carefully worded legal jargon, that's because it is. It is also a definition that can lead to diverse interpretations when it is actually applied to advertisements in real life. Fortunately, as represented in Exhibit 4.12, the FTC now provides highly practical advice for anticipating what can make an ad deceptive (go to [www.ftc.gov/bcp/guides/guides.htm](http://www.ftc.gov/bcp/guides/guides.htm) under the section "Frequently Asked Advertising Questions"). One critical point about the FTC's approach to deception is that both implied claims and information that is missing from an ad can be bases for deeming an ad deceptive. Obviously, the FTC expects any explicit claim made in an ad to be truthful, but they also are on the lookout for ads that deceive through allusion and innuendo, or ads that deceive by not telling the whole story.

Many instances of deceptive advertising and packaging have resulted in formal government programs designed to regulate such practices. But as we discussed earlier, there can be complications in



#### EXHIBIT 4.12

No government agency does more to regulate advertising than the Federal Trade Commission. Its Web site provides a wealth of current information about regulatory practices and standards. Check it out to get the latest news on the FTC's efforts to monitor the new frontier of advertising: Internet. [www.ftc.gov/](http://www.ftc.gov/)

24. For additional discussion of the FTC's definition of deception, see Gary T. Ford and John E. Calfee, "Recent Developments in FTC Policy on Deception," *Journal of Marketing*, vol. 50 (July 1986), 82-103.

regulating puffery. Conventional wisdom has argued that consumers don't actually believe extreme claims and realize that advertisers are just trying to attract attention. There are those, however, who disagree with this view of puffery and feel that it actually represents "soft-core" deception, because some consumers believe these exaggerated claims.<sup>25</sup>

While the FTC and the courts have been reasonably specific about what constitutes deception, the definition of unfairness in advertising has been left relatively vague until recently. In 1994, Congress ended a long-running dispute in the courts and in the advertising industry by approving legislation that defines **unfair advertising** as "acts or practices that cause or are likely to cause substantial injury to consumers, which is not reasonably avoidable by consumers themselves, and not outweighed by the countervailing benefits to consumers or competition."<sup>26</sup> This definition obligates the FTC to assess both the benefits and costs of advertising, and rules out reckless acts on the part of consumers, before a judgment can be rendered that an advertiser has been unfair.

**Competitive Issues.** Because the large dollar amounts spent on advertising may foster inequities that literally can destroy competition, several advertising practices relating to competition can result in regulation. Among them are cooperative advertising, comparison advertising, and using monopoly power.

**Vertical cooperative advertising** is an advertising technique whereby a manufacturer and dealer (either a wholesaler or retailer) share the expense of advertising. This technique is commonly used in regional or local markets where a manufacturer wants a brand to benefit from a special promotion run by local dealers. There is nothing illegal, per se, about the technique, and it is used regularly. The competitive threat inherent in the process, however, is that dealers (especially since the advent of department store chains) can be given bogus cooperative advertising allowances. These allowances require no effort or expenditure on the part of the dealer and thus represent hidden price concessions. As such, they are a form of unfair competition and are deemed illegal. If an advertising allowance is granted to a dealer, that dealer must demonstrate that the funds are applied specifically to advertising.

The potential exists for firms to engage in unfair competition if they use comparison ads inappropriately. **Comparison advertisements** are those in which an advertiser makes a comparison between the firm's brand and competitors' brands. The comparison may or may not explicitly identify the competition. Again, comparison ads are completely legal and are used frequently by all sorts of organizations. However, if the advertisement is carried out in such a way that the comparison is not a fair one, then there is an unjust competitive effect. The American Association of Advertising Agencies (4As) has issued a set of guidelines, shown in Exhibit 4.13, regarding the use of comparison ads. Further, the Federal Trade Commission may require a firm using comparison to substantiate claims made in an advertisement.

Finally, some firms are so powerful in their use of advertising that **monopoly power** by virtue of the advertising can become a problem. This issue normally arises in the context of mergers and acquisitions. As an example, the U.S. Supreme Court blocked the acquisition of Clorox by Procter & Gamble because the advertising power of the two firms combined would (in the opinion of the Court) make it nearly impossible for another firm to compete.

**Advertising Aimed at Children.** Critics argue that continually bombarding children with persuasive stimuli can alter their motivation and behavior. While government organizations such as the FTC have been active in trying to regulate advertising directed

25. Ivan Preston, *The Great American Blow Up* (Madison, Wis.: University of Wisconsin Press, 1975), 4.

26. Christy Fisher, "How Congress Broke Unfair Ad Impasse," *Advertising Age*, August 22, 1994, 34. For additional discussion of the FTC's definition of unfairness, see Ivan Preston, "Unfairness Developments in FTC Advertising Cases," *Journal of Public Policy and Marketing*, vol. 14, no. 2 (1995), 318-321.

**EXHIBIT 4.13**

American Association of Advertising Agencies guidelines for comparison advertising. [www.aaaaa.org/](http://www.aaaaa.org/)

The Board of Directors of the American Association of Advertising Agencies recognizes that when used truthfully and fairly, comparative advertising provides the consumer with needed and useful information. However, extreme caution should be exercised. The use of comparative advertising, by its very nature, can distort facts and, by implication, convey to the consumer information that misrepresents the truth. Therefore, the Board believes that comparative advertising should follow certain guidelines:

1. The intent and connotation of the ad should be to inform and never to discredit or unfairly attack competitors.
2. When a competitive product is named, it should be one that exists in the marketplace as significant competition.
3. The competition should be fairly and properly identified, but never in a manner or tone of voice that degrades the competitive product or service.
4. The advertising should compare related or similar properties or ingredients of the product, dimension to dimension, feature to feature.
5. The identification should be for honest comparison purposes and not simply to upgrade by association.
6. If a competitive test is conducted, it should be done by an objective testing source, preferably an independent one, so that there will be no doubt as to the veracity of the test.
7. In all cases, the test should be supportive of all claims made in the advertising based on the test.
8. The advertising should never use partial results or stress insignificant differences to cause the consumer to draw an improper conclusion.
9. The property being compared should be significant in terms of value or usefulness of the product to the consumer.
10. Comparatives delivered through the use of testimonials should not imply that the testimonial is more than one individual's thought unless that individual represents a sample of the majority viewpoint.

Source: American Association of Advertising Agencies

at children, industry and consumer groups have been more successful in securing restrictions. The consumer group known as Action for Children's Television was actively involved in getting Congress to approve the Children's Television Act (1990). This act limits the amount of commercial airtime during children's programs to 10½ minutes on weekdays and 12 minutes on weekends. The Council of Better Business Bureaus established a Children's Advertising Review Unit and has issued a set of guidelines for advertising directed at children. These guidelines emphasize that advertisers should be sensitive to the level of knowledge and sophistication of children as decision makers. The guidelines also urge advertisers to make a constructive contribution to the social development of children by emphasizing positive social standards in advertising, such as friendship, kindness, honesty, and generosity. Similarly, the major television networks have set their own guidelines for advertising aimed at children. The guidelines restrict the use of celebrities, prohibit exhortive language (such as "Go ask Dad"), and restrict the use of animation to one-third of the total time of the commercial.

**Regulatory Agents.** Earlier in this chapter it was noted that consumer and industry groups as well as government agencies all participate in the regulation of advertising. We will now discuss examples of each of these agents along with the kinds of influence they exert. Given the multiple participants, this turns out to be a highly complex activity that we can only overview in this discussion. Additionally, our discussion focuses on regulatory activities in the United States, but as suggested in the Global Issues box on page 114, advertising regulation can vary dramatically from country to country. Chapter 9 will

provide additional insights on advertising regulation around the world, but we must emphasize that becoming an expert on the complex and dynamic topic of global ad regulation would literally require a lifetime of study.

## GLOBAL ISSUES

### SINO SNAKE OIL—ADVERTISING ETHICS NOW ENFORCED IN MAINLAND CHINA

The Chinese economic boom of recent years has been accompanied by a rapid growth of advertising in that country. In the last decade alone, ad spending has multiplied nearly 100 times over, with literally thousands of advertising agencies sprouting up in just the past few years. With the state-owned media companies under increasing pressure to remain profitable, however, the government stations have been loath to police advertising content and turn away vital ad dollars. Numerous misleading, inflated, or false product claims have ensued, with toothpaste that cures cancer, soap that wipes ten years off a woman's face, and a single-pill cure for hepatitis, among others. To curb abuse of the ill-defined regulations, Chinese officials passed their first comprehensive advertising law late in 1994. The enforcement has been both swift and sure; following a screening of nearly 1,500 television commercials in January 1995, the Chinese State Administration for Industry and Commerce found that 90 of the ads were in violation of the new law and blocked them from airing. The Chinese advertising community has taken notice. "Before they were just regulations," says Dennis Wong, managing director of Leo Burnett's Chinese operations. "Now they're laws."



Source: "Chinese Officials Attempt to Ban False Ad Claims," *Wall Street Journal*, February 28, 1995, B1. Printed by permission of the *Wall Street Journal*. © 1998 Dow Jones & Company, Inc. All Rights Reserved Worldwide.

**Government Regulation.** Governments have a powerful tool available for regulating advertising: the threat of legal action. In the United States, several different government agencies have been given the power and responsibility to regulate the advertising process. Exhibit 4.14 identifies the six agencies that have legal mandates concerning advertising, and their areas of regulatory responsibility.

Several other agencies have minor powers in the regulation of advertising, such as the Civil Aeronautics Board (advertising by air carriers), the Patent Office (trademark infringement), and the Library of Congress (copyright protection). The agencies listed in Exhibit 4.14 are the most directly involved in advertising regulation. Most active among these agencies is the Federal Trade Commission, which has the most power and is most directly involved in controlling the advertising process. The FTC has been granted legal power through legislative mandates and also has developed programs for regulating advertising.

**The FTC's Legislative Mandates.** The Federal Trade Commission was created by the FTC Act in 1914. The original purpose of the agency was to prohibit unfair methods of competition. In 1916, the FTC concluded that false advertising was one way in which a firm could take unfair advantage of another, and advertising was established as a primary concern of the agency.

It was not until 1938 that the effects of deceptive advertising on consumers became a key issue for the FTC. Until the passage of the Wheeler-Lea Amendment (1938), the commission was primarily concerned with the direct effect of advertising on competition. The amendment broadened the FTC's powers to include regulation of advertising that was misleading to the public (regardless of the effect on competition). Through this amendment, the agency could apply a cease-and-desist order, which required a firm to stop its deceptive practices. It also granted the agency specific jurisdiction over drug, medical device, cosmetic, and food advertising.

Several other acts provide the FTC with legal powers over advertising. The Robinson-Patman Act (1936) prohibits firms from providing phantom cooperative-advertising allowances as a way to court important dealers. The Wool Products Labeling Act (1939), the Fur Products Labeling Act (1951), and the Textile Fiber Products Identification Act (1958) provided the commission with regulatory power over labeling and advertising for specific products. Consumer protection legislation, which seeks to increase the ability of consumers to make more-informed product comparisons, includes the Fair Packaging and Labeling Act (1966), the Truth in Lending Act (1969), and the Fair Credit Report-

**EXHIBIT 4.14***Primary government agencies regulating advertising.*

| Government Agency                               | Areas of Advertising Regulation   |
|---|---|
| <b>Federal Trade Commission (FTC)</b>           | Most widely empowered agency in government. Controls unfair methods of competition, regulates deceptive advertising, and has various programs for controlling the advertising process.  |
| <b>Federal Communications Commission (FCC)</b>  | Prohibits obscenity, fraud, and lotteries on radio and television. Ultimate power lies in the ability to deny or revoke broadcast licenses.   |
| <b>Food and Drug Administration (FDA)</b>       | Regulates the advertising of food, drug, cosmetic, and medical products. Can require special labeling for hazardous products such as household cleaners. Prohibits false labeling and packaging.  |
| <b>Securities and Exchange Commission (SEC)</b> | Regulates the advertising of securities and the disclosure of information in annual reports.  |
| <b>U.S. Postal Service</b>                      | Responsible for regulating direct mail advertising and prohibiting lotteries, fraud, and misrepresentation. It can also regulate and impose fines for materials deemed to be obscene.   |
| <b>Bureau of Alcohol, Tobacco, and Firearms</b> | Most direct influence has been on regulation of advertising for alcoholic beverages. This agency was responsible for putting warning labels on alcoholic beverage advertising and banning active athletes as celebrities in beer ads. It has the power to determine what constitutes misleading advertising in these product areas. |

ing Act (1970). The FTC Improvement Act (1975) expanded the authority of the commission by giving it the power to issue trade regulation rules.

Recent legislation has expanded the FTC's role in monitoring and regulating product labeling and advertising. For example, the 1990 Nutrition Labeling and Education Act (NLEA) requires uniformity in the nutrition labeling of food products and establishes strict rules for claims about the nutritional attributes of food products. The standard "Nutrition Facts" label required by the NLEA now appears on everything from breakfast cereals to barbecue sauce. The NLEA is a unique piece of legislation from the standpoint that two government agencies—the FTC and the FDA—play key roles in its enforcement.

The law also provides the FTC and other agencies with various means of recourse when advertising practices are judged to be deceptive or misleading. The spirit of all these acts relates to the maintenance of an equitable competitive environment and the protection of consumers from misleading information. It is interesting to note, however, that direct involvement of the FTC in advertising practices more often comes about from its regulatory programs and remedies than from the application of legal mandates.

**The FTC's Regulatory Programs and Remedies.** The application of legislation has evolved as the FTC exercises its powers and expands its role as a regulatory agency. This evolution of the FTC has spawned several regulatory programs and remedies to help enforce legislative mandates in specific situations.

The **advertising substantiation program** of the FTC was initiated in 1971 with the intention of ensuring that advertisers make available to consumers supporting

evidence for claims made. The program was strengthened in 1972 when the commission forwarded the notion of "reasonable basis" for the substantiation of advertising. This extension suggests not only that advertisers should substantiate their claims, but also that the substantiation should provide a reasonable basis for believing the claims are true.<sup>27</sup> Simply put, before a company runs an ad, it must have documented evidence that supports the claim it wants to make in that ad. The kind of evidence required depends on the kind of claim being made. For example, health and safety claims will require competent and reliable scientific evidence that has been examined and validated by experts in the field (go to [www.ftc.gov/](http://www.ftc.gov/) for additional guidance).

The consent order and the cease-and-desist order are the most basic remedies used by the FTC in dealing with deceptive or unfair advertising. In a **consent order**, an advertiser accused of running deceptive or unfair advertising agrees to stop running the advertisements in question, without admitting guilt. For advertisers who do not comply voluntarily, the FTC can issue a **cease-and-desist order**, which generally requires that the advertising in question be stopped within 30 days so a hearing can be held to determine whether the advertising is deceptive or unfair. For products that have a direct effect on consumers' health or safety (for example, foods), the FTC can issue an immediate cease-and-desist order.

Affirmative disclosure is another remedy available to the FTC. An advertisement that fails to disclose important material facts about a product can be deemed deceptive, and the FTC may require **affirmative disclosure**, whereby the important material absent from prior ads must be included in subsequent advertisements. The absence of important material information may cause consumers to make false assumptions about products in comparison to the competition. Such was the case with Geritol; the FTC ordered the makers of the product to disclose that "iron-poor blood" was not the universal cause of tiredness.

The most extreme remedy for advertising determined to be misleading is **corrective advertising**.<sup>28</sup> In cases where evidence suggests that consumers have developed incorrect beliefs about a brand based on deceptive or unfair advertising, the firm may be required to run corrective ads in an attempt to dispel those faulty beliefs. The commission has specified not only the message content for corrective ads, but also the budgetary allocation, the duration of transmission, and the placement of the advertising. The goal of corrective advertising is to rectify erroneous beliefs created by deceptive advertising, but it hasn't always worked as intended.

Another area of FTC regulation and remedy involves **celebrity endorsements**. The FTC has specific rules for advertisements that use an expert or celebrity as a spokesperson for a product. In the case of experts (those whose experience or training allows a superior judgment of products), the endorser's actual qualifications must justify his or her status as an expert. In the case of celebrities (such as Michael Jordan as a spokesperson for McDonald's), FTC guidelines indicate that the celebrity must be an actual user of the product, or the ad is considered deceptive.

These regulatory programs and remedies provide the FTC a great deal of control over the advertising process. Numerous ads have been interpreted as questionable under the guidelines of these programs, and advertisements have been altered. It is likely also that advertisers and their agencies, who are keenly aware of the ramifications of violating FTC precepts, have developed ads with these constraints in mind.

Yet it is certainly fair to conclude that advertising regulation is a dynamic endeavor that will challenge regulators far into the future. Of course, the most notable new challenge that regulators around the world must learn to cope with is advertising on the

27. For a discussion of the FTC advertising substantiation program and its extension to require reasonable basis, see Debra L. Scammon and Richard J. Semenik, "The FTC's 'Reasonable Basis' for Substantiation of Advertising: Expanded Standards and Implications," *Journal of Advertising*, vol. 12, no. 1 (1983), 4-11.

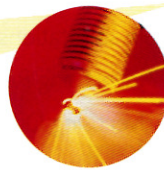
28. A history of the corrective-advertising concept and several of its applications are provided by Debra L. Scammon and Richard J. Semenik, "Corrective Advertising: Evolution of the Legal Theory and Application of the Remedy," *Journal of Advertising*, vol. 11, no. 1 (1982), 10-20.

Internet. For instance, while U.S. government agencies such as the FTC and FDA intend to extend their jurisdiction to the Internet, they clearly have a tiger by the tail. As just one example of current shortcomings, the New Media box on this page makes the point that the health care advice and products promoted on the Internet often resemble the snake-oil claims of the 1800s. Until a regulatory agency steps up to the challenge of the Internet, it will be up to the consumer to separate the quacks from the qualified.

## NEW MEDIA

### MORE QUACKS THAN DUCKS UNLIMITED

Hit the World Wide Web for products and advice about medical problems and you can find some truly amazing promises. For instance, at [www.cleansingtime.com/](http://www.cleansingtime.com/), a special-formula product was advertised with the claim that it "has had almost a 100% success ratio in completely removing all forms of skin cancers (including melanoma)." (And you thought you needed sunscreen!) Dr. John Renner, an expert on Web-based medical sites, has catalogued over 6,000 of them, and estimates that 1,200 to 1,500 offer useless or dangerous information. He contends that "there is no online FDA, no Internet medical board, and any doctor whose license has been revoked can operate his own Web site." People at the FDA don't exactly agree. Donald Pohl, a public health official with the FDA, recognizes that the quacks are out there, but acknowledges that "[w]e just don't have the resources or money to stop these people." So the government knows that the bad guys are out there; they just don't have the time or money to do anything about it. Feel better?



Source: "The Snake-Oil Side Step: The Feds Won't Touch the Real Villains," *YAHOO! Internet Life*, April 1998, 50.

### Industry Self-Regulation.

4 Advertisers have come far in terms of their self-control and restraint. Some of this improvement is due to tougher government regulation, and some to industry self-regulation. **Self-regulation** is the industry's attempt to police itself. Supporters say it is a shining example of how unnecessary government intervention is, while critics point to it as a joke, an elaborate shell game. According to the critics, meaningful self-regulation occurs only when the threat of government action is imminent. How you see this controversy is largely dependent on your own personal experience and level of cynicism.

Several industry and trade associations and public service organizations have voluntarily established guidelines for advertising within their industries. The reasoning is that self-regulation is good for the advertising community as a whole and promotes the credibility, and

therefore the effectiveness, of advertising itself. Exhibit 4.15 lists some organizations that have taken on the task of regulating and monitoring advertising, and the year when each established a code by which to judge the acceptability of advertising.

The purpose of self-regulation by these organizations is to evaluate the content and quality of advertisements specific to their industries. The effectiveness of such organizations depends on the cooperation of members and the policing mechanisms used. Each organization exerts an influence on the nature of advertising in its industry. Some are particularly noteworthy in their activities and warrant further discussion.

**The National Advertising Review Board.** One important self-regulation organization is the Council of Better Business Bureaus' National Advertising Review Board (NARB). The NARB is the operations arm of the National Advertising Division (NAD) of the Council of Better Business Bureaus. Complaints received from consumers, competitors, or local branches of the Better Business Bureau are forwarded to the NAD. Most such complaints come from competitors. After a full review of the complaint, the issue may be forwarded to the NARB and evaluated by a panel. The complete procedure for dealing with complaints is detailed in Exhibit 4.16.

The NAD maintains a permanent professional staff that works to resolve complaints with the advertiser and its agency before the issue gets to the NARB. If no resolution is achieved, the complaint is appealed to the NARB, which appoints a panel made up of

**EXHIBIT 4.15**

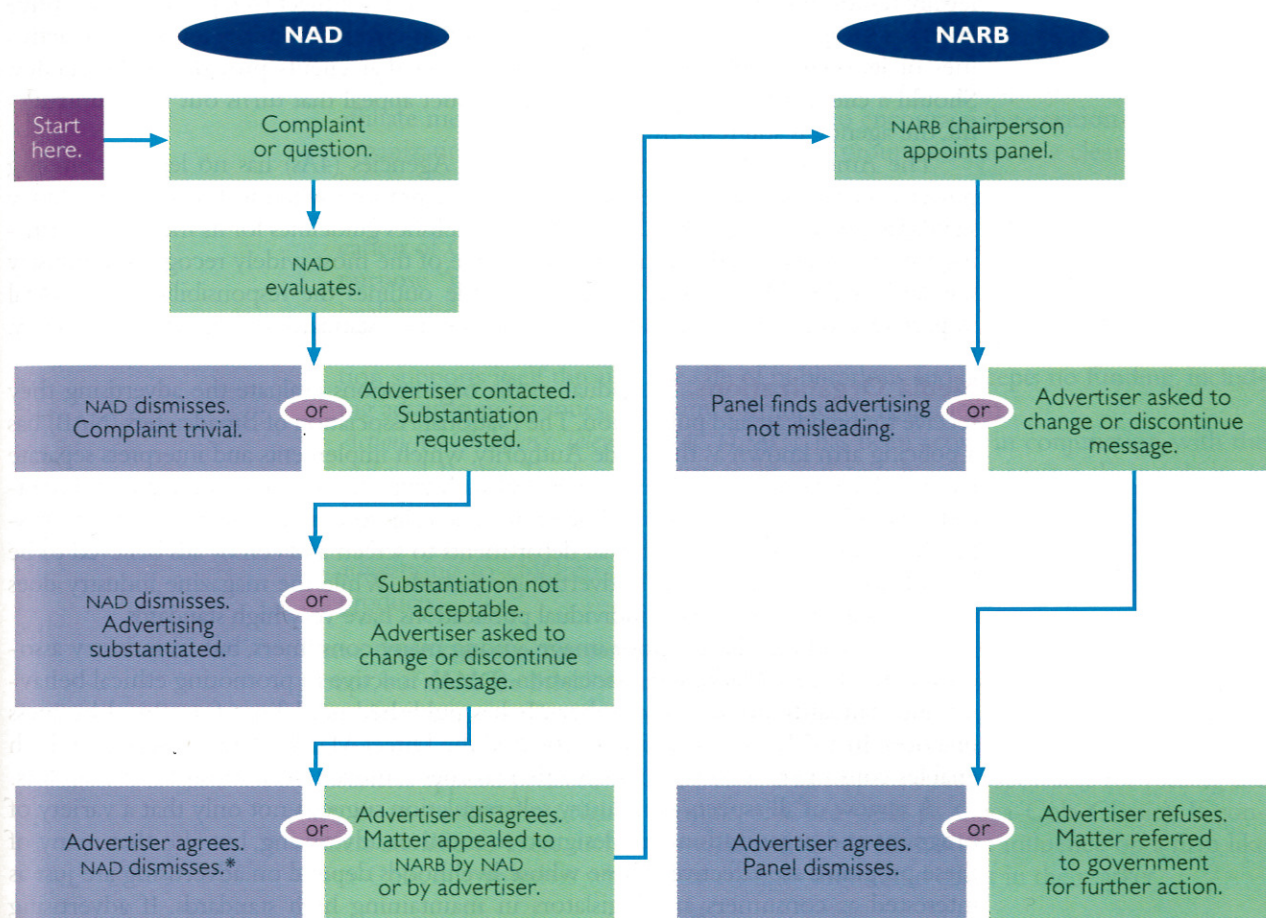
*Selected business organizations and industry associations with advertising self-regulation programs.*

| Organization  | Code Established |
|---|------------------|
| <b>Advertising Associations</b>                                 |                  |
| American Advertising Federation                                 | 1965             |
| American Association of Advertising Agencies                    | 1924             |
| Association of National Advertisers                             | 1972             |
| Business/Professional Advertising Association                   | 1975             |
| <b>Special Industry Groups</b>                                  |                  |
| Council of Better Business Bureaus                              | 1912             |
| Household furniture   | 1978             |
| Automobiles and trucks  | 1978             |
| Carpet and rugs   | 1978             |
| Home improvement  | 1975             |
| Charitable solicitations  | 1974             |
| Children's Advertising Review Unit                              | 1974             |
| National Advertising Division/National Advertising Review Board | 1971             |
| <b>Media Associations</b>                                       |                  |
| American Business Press   | 1910             |
| Direct Mail Marketing Association                               | 1960             |
| Direct Selling Association                                      | 1970             |
| National Association of Broadcasters                            |                  |
| Radio   | 1937             |
| Television  | 1952             |
| Outdoor Advertising Association of America                      | 1950             |
| <b>Selected Trade Associations</b>                              |                  |
| American Wine Association                                       | 1949             |
| Wine Institute  | 1949             |
| Distilled Spirits Association                                   | 1934             |
| United States Brewers Association                               | 1955             |
| Pharmaceutical Manufacturers Association                        | 1958             |
| Proprietary Association   | 1934             |
| Bank Marketing Association                                      | 1976             |
| Motion Picture Association of America                           | 1930             |
| National Swimming Pool Institute                                | 1970             |
| Toy Manufacturers Association                                   | 1962             |

three advertiser representatives, one agency representative, and one public representative. This panel then holds hearings regarding the advertising in question. The advertiser is allowed to present the firm's case. If no agreement can be reached by the panel either to dismiss the case or to persuade the advertiser to change the advertising, then the NARB initiates two actions. First, the NARB publicly identifies the advertiser, the complaint

**EXHIBIT 4.16**

Flow diagram of the NAD and NARB regulatory process.



\*If the complaint originated outside the system, the outside complainant can appeal at this point to the NARB chairperson for a panel adjudication. Granting of such an appeal is at the chairperson's discretion.

against the advertiser, and the panel's findings. Second, the case is forwarded to an appropriate government regulatory agency (usually the Federal Trade Commission).

The NAD and the NARB are not empowered to impose penalties on advertisers, but the threat of going before the board acts as a deterrent to deceptive and questionable advertising practices. Further, the regulatory process of the NAD and the NARB is probably less costly and time consuming for all parties involved than if every complaint were handled by a government agency.

**State and Local Better Business Bureaus.** Aside from the national Better Business Bureau (BBB), there are more than 140 separate local bureaus. Each local organization is supported by membership dues paid by area businesses. The three divisions of a local BBB—merchandise, financial, and solicitations—investigate the advertising and selling practices of firms in their areas. A local BBB has the power to forward a complaint to the NAD for evaluation.

Beyond its regulatory activities, the Better Business Bureau tries to avert problems associated with advertising by counseling new businesses and providing information to advertisers and agencies regarding legislation, potential problem areas, and industry standards.

**Advertising Agencies and Associations.** It makes sense that advertising agencies and their industry associations would engage in self-regulation. An individual agency is legally responsible for the advertising it produces and is subject to reprisal for deceptive claims. The agency is in a difficult position in that it must monitor not only the activities of its own people, but also the information that clients provide to the agency. Should a client direct an agency to use a product appeal that turns out to be untruthful, the agency is still responsible.

The American Association of Advertising Agencies (4As) has no legal or binding power over its agency members, but it can apply pressure when its board feels industry standards are not being upheld. The 4As also publishes guidelines for its members regarding various aspects of advertising messages. One of the most widely recognized industry standards is the 4As' Creative Code. The code outlines the responsibilities and social impact advertising can have and promotes high ethical standards of honesty and decency.

**Media Organizations.** Individual media organizations evaluate the advertising they receive for broadcast and publication. The National Association of Broadcasters (NAB) has a policing arm known as the Code Authority, which implements and interprets separate radio and television codes. These codes deal with truth, fairness, and good taste in broadcast advertising. Newspapers have historically been rigorous in their screening of advertising. Many newspapers have internal departments to screen and censor ads believed to be in violation of the newspaper's advertising standards. While the magazine industry does not have a formal code, many individual publications have very high standards.

Direct mail may have a poor image among many consumers, but its industry association, the Direct Marketing Association (DMA), is active in promoting ethical behavior and standards among its members. It has published guidelines for ethical business practices. In 1971, the association established the Direct Mail Preference Service, which enables consumers who wish to have their names removed from most direct mail lists.

A review of all aspects of industry self-regulation suggests not only that a variety of programs and organizations are designed to monitor advertising, but also that many of these programs are effective. Those whose livelihoods depend on advertising are just as interested as consumers and legislators in maintaining high standards. If advertising deteriorates into an unethical and untrustworthy business activity, the economic vitality of many organizations will be compromised. Self-regulation can help prevent such a circumstance and is in the best interest of all the organizations discussed here.

**Consumers as Regulatory Agents.** Consumers themselves are motivated to act as regulatory agents based on a variety of interests, including product safety, reasonable choice, and the right to information. Advertising tends to be a focus of consumer regulatory activities because of its conspicuousness. Consumerism and consumer organizations have provided the primary vehicles for consumer regulatory efforts.

**Consumerism**, the actions of individual consumers or groups of consumers designed to exert power in the marketplace, is by no means a recent phenomenon. The earliest consumerism efforts can be traced to 17th-century England. In the United States, there have been recurring consumer movements throughout the 20th century. *Adbusters* magazine is a recent one.

In general, these movements have focused on the same issue: Consumers want a greater voice in the whole process of product development, distribution, and information dissemination. Consumers commonly try to create pressures on firms by withholding patronage through boycotts. Some boycotts have been effective. Firms as powerful as Procter & Gamble, Kimberly-Clark, and General Mills all have responded to threats of boycotts by pulling advertising from programs consumers found offensive.<sup>29</sup>

29. Alix M. Freedman, "Never Have So Few Scared So Many Television Sponsors," *Wall Street Journal*, March 20, 1989, B4.

**Consumer Organizations.** The other major consumer effort to bring about regulation is through established consumer organizations. The following are the most prominent consumer organizations and their prime activities:

- *Consumer Federation of America (CFA).* This organization, founded in 1968, now includes over 200 national, state, and local consumer groups and labor unions as affiliate members. The goals of the CFA are to encourage the creation of consumer organizations, provide services to consumer groups, and act as a clearinghouse for information exchange between consumer groups.
- *Consumers Union.* This nonprofit consumer organization is best known for its publication of *Consumer Reports*. Established in 1936, Consumers Union has as its stated purpose “to provide consumers with information and advice on goods, services, health, and personal finance; and to initiate and cooperate with individual and group efforts to maintain and enhance the quality of life for consumers.”<sup>30</sup> This organization supports itself through the sale of publications and accepts no funding, including advertising revenues, from any commercial organization.
- *Action for Children’s Television (ACT).* ACT has been active in conjunction with the national Parent Teacher Association in initiating boycotts against the products of advertisers who sponsor programs that are violent in nature. On its own, ACT has lobbied government bodies to enact legislation restricting the use of premiums in advertising to children and the use of popular cartoon characters in promoting products.

These three consumer organizations are the most active and potent of the consumer groups, but there are literally hundreds of such groups organized by geographic location or product category. Consumers have proven that with an organized effort, corporations can and will change their practices. In one of the most publicized events in recent times, consumers applied pressure to Coca-Cola and, in part, were responsible for forcing the firm to re-market the original formula of Coca-Cola (as Coca-Cola Classic). If consumers are able to exert such a powerful and nearly immediate influence on a firm like Coca-Cola, one wonders what other changes they could effect in the market.

## SUMMARY

1 Assess the benefits and problems of advertising in a capitalistic society and debate a variety of issues concerning advertising’s effects on society’s well-being.

Advertisers have always been followed by proponents and critics. Proponents of advertising argue that it offers benefits for individual consumers and society at large. At the societal level, proponents claim, advertising helps promote a higher standard of living by allowing marketers to reap the rewards of product improvements and innovation. Advertising also “pays for” mass media in many countries, and provides consumers with a constant flow of information not only about products and services, but also about political and social issues.

Over the years critics have leveled many charges at advertising and advertising practitioners. Advertising expenditures in the multi-billions are condemned as waste-

ful, offensive, and a source of frustration for many in society who see the lavish lifestyle portrayed in advertising, knowing they will never be able to afford such a lifestyle. Critics also contend that advertisements rarely furnish useful information but instead perpetuate superficial stereotypes of many cultural subgroups. For many years, some critics have been concerned that advertisers are controlling us against our will with subliminal advertising messages.

2 Explain how ethical considerations affect the development of advertising campaigns.

Ethical considerations are a concern when creating advertising, especially when that advertising will be targeted to children or will involve controversial products such as firearms, gambling, alcohol, or cigarettes. While ethical standards are a matter for personal reflection, it certainly

30. This statement of purpose can be found inside the cover of any issue of *Consumer Reports*.

is the case that unethical people can create unethical advertising. But there are also many safeguards against such behavior, including the corporate and personal integrity of advertisers.

- 3 Discuss the role of government agencies in the regulation of advertising.

Governments typically are involved in the regulation of advertising. It is important to recognize that advertising regulations can vary dramatically from one country to the next. In the United States, the Federal Trade Commission (FTC) has been especially active in trying to deter deception and unfairness in advertising. The FTC was established in 1914, and since then a variety of legislation has been passed to clarify the powers of the FTC. The FTC has also developed regulatory remedies that have expanded its

involvement in advertising regulation, such as the advertising substantiation program.

- 4 Explain the meaning and importance of self-regulation for an advertising practitioner.

Some of the most important controls on advertising are voluntary; that is, they are a matter of self-regulation by advertising and marketing professionals. For example, the American Association of Advertising Agencies has issued guidelines for promoting fairness and accuracy when using comparative advertisements. Many other organizations, such as the Better Business Bureau, the National Association of Broadcasters, and Action for Children's Television, participate in the process to help ensure fairness and assess consumer complaints about advertising.

## KEY TERMS

ethics (108)  
deception (109)  
puffery (109)  
unfair advertising (112)  
vertical cooperative advertising (112)  
comparison advertisements (112)  
monopoly power (112)  
advertising substantiation program (115)

consent order (116)  
cease-and-desist order (116)  
affirmative disclosure (116)  
corrective advertising (116)  
celebrity endorsements (116)  
self-regulation (117)  
consumerism (120)

## QUESTIONS FOR REVIEW AND CRITICAL THINKING

1. Advertising has been a focal point of criticism for many decades. In your opinion, what are some of the key factors that make advertising controversial?
2. Proponents claim that because of mass media advertising, American consumers enjoy lower prices on a variety of products and services than would be the case if there were no mass media advertising. How could this be possible?
3. You have probably been exposed to hundreds of thousands of advertisements in your lifetime. In what ways does exposure to advertising make you a better or worse consumer?
4. Use Maslow's well-known hierarchy of needs to address critics' concerns that too much of advertising is directed at creating demand for products that are irrelevant to people's true needs.
5. What does it mean to suggest that an advertisement projects a stereotype? How might this problem of stereotyping be related to the process of market segmentation?
6. One type of advertising that attracts the attention of regulators, critics, and consumer advocates is advertising directed at children. Why is it the focal point of so much attention?
7. What is comparison advertising, and why does this form of advertising need a special set of guidelines to prevent unfair competition?
8. Explain why a marketer might be tempted to misuse cooperative-advertising allowances to favor some kinds of retailers over others. What piece of legislation empowered the FTC to stop these bogus allowances?

9. The Nutrition Labeling and Education Act of 1990 is unique for a number of reasons. How has this act affected the day-to-day eating habits of many U.S. consumers? What makes this a special piece of legislation from an enforcement standpoint?

10. Some contend that self-regulation is the best way to ensure fair and truthful advertising practices. Why would it be in the best interests of the advertising community to aggressively pursue self-regulation?

### EXPERIENTIAL EXERCISES

1. In this chapter you read about the social aspects of advertising. Imagine you are speaking with an individual who is totally unfamiliar with life in the United States. To inform your companion about life here, find five magazine ads that reflect societal characteristics of Americans. Describe for your companion how each ad reflects American society and values.

2. Critics of advertising fear the effect of advertising on adolescents. Did advertising make you do things you did not want to do when you were a teenager?

### USING THE INTERNET

Visit the following four sites and consider the social and ethical issues each raises about advertising:

**Global Casino:** [www.gamblenet.com](http://www.gamblenet.com)

**Stoli:** [www.stoli.com](http://www.stoli.com)

**Playboy:** [www.playboy.com](http://www.playboy.com)

**Frederick's of Hollywood:** [www.fredericks.com](http://www.fredericks.com)

1. What issues would consumer advocate groups raise for this site? What personally concerns you about this site? Justify your arguments with information from the site.

2. Many children surf the Net. Does that affect your previous evaluation of the site?

3. What steps have these companies taken to regulate themselves?

4. What regulations would you suggest for Internet advertising in light of these issues?

Now, visit the FTC site at [www.ftc.gov](http://www.ftc.gov) and read the latest FTC news.

5. Are there any pending regulations affecting advertising on the Internet?

Protection of children has been used as the basis for a number of legislative and regulatory proposals regarding the Internet. In addition to the problem of children's exposure to inappropriate content, children might also be targeted by marketers, in order to collect information that a more savvy, informed adult might regard as private. The Center for Media Education is one of the non-profit groups concerned with children's exposure to advertising in the new media. TRUSTe is a non-profit consortium that has established "trust marks" to indicate how a Web site handles information collected on site visitors; it has a Children's Privacy Seal Program to address the special concerns of young children's privacy, e.g., regarding parental consent. Visit these two sites:

**Center for Media Education:** [www.cme.org](http://www.cme.org)

**TRUSTe:** [www.truste.org](http://www.truste.org)

1. How does the Internet compare with traditional media in terms of segregating audiences, e.g., to limit children's exposure to advertising?

2. If you were a Web site manager, how might you try to filter your audience, whether to bar children (or, for that matter, bar adults) or to separate audiences by age group?

3. Why might children require additional privacy protections?

# FROM PRINCIPLES to Practice:

## A COMPREHENSIVE IMC CASE



### PART I

Client: Cincinnati Bell Inc.

Agency: Northlich Stolley LaWarre (NSL)

IMC Campaign: Cincinnati Bell Wireless (CBW)

**Background and Participants.** In Chapter 1, we introduced the concept of integrated marketing communications (IMC). The rise in prominence of IMC makes it essential that this evolving perspective on marketing communication be understood in relation to mass media advertising. On the client side, sophisticated marketers such as Starbucks, Citibank, and Ford Motor Company are integrating IMC tools such as direct marketing, event sponsorship, sales promotions, and public relations, with or without mass media advertising, to build their brands.<sup>1</sup> On the agency side, a recent search for “integrated marketing communication agencies” on Lexis-Nexis and the Internet turned up over 200 agencies that were described as IMC service providers. Article after article in the trade press maintains that IMC has once and for all moved beyond the stage of a fad or buzzword to a lasting philosophical shift in the way marketers communicate with their customers.<sup>2</sup>

The IMC sections at the end of each part of this text will help you better understand integrated marketing communications by examining the topic in two ways. First, each section will discuss IMC relative to each part of the text to provide more concepts and principles for understanding this important approach. Second, we will bring these concepts to life through an in-depth and ongoing IMC case example. This example will feature the working relationship between a marketer and an ad agency in pursuit of the launch of a new wireless phone service. The client and agency who will be featured are Cincinnati Bell Inc. and Northlich Stolley LaWarre. You will learn a great deal about these two companies over the course of our four-part IMC case. More important, by closely examining the work of Northlich Stolley LaWarre in the launch of Cincinnati Bell Wireless, we can gain a concrete appreciation for the challenges and benefits of sophisticated IMC campaigns.

**What Is IMC?** There are many good working definitions of IMC, including the following three:

*[A] concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic role of a variety of communications disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency and maximum communications impact.<sup>3</sup>*

1. For discussions of how these and other marketers are using multiple communications options in an integrated way, see Robert Frank, “Pepsi Bets a Blue Can Will Spur Sales Abroad,” *Wall Street Journal*, April 2, 1996, B8; Laura Petrecca, “Ikea Homes in on Office,” *Advertising Age*, August 10, 1998, 16; and Betsy Spethmann, “Is Advertising Dead?” *PROMO Magazine*, September 1998, 32–36, 159–162.

2. For example, see Jim Osterman, “This Changes Everything,” *Adweek*, May 15, 1995, 44–45; Kate Fitzgerald, “Beyond Advertising,” *Advertising Age*, August 3, 1998, 1, 14.

3. This definition by the American Association of Advertising Agencies appeared in Don E. Schultz, “Integrated Marketing Communications: Maybe Definition Is in the Point of View,” *Marketing News*, January 18, 1993, 17.

*What is integrated marketing communications? It's a new way of looking at the whole, where once we only saw parts such as advertising, public relations, sales promotion, purchasing, employee communications, and so forth. It's realigning communications to look at it the way the customer sees it—as a flow of information from indistinguishable sources.*<sup>4</sup>

*IMC is the strategic coordination of multiple communication voices. Its aim is to optimize the impact of persuasive communication on both the consumer and nonconsumer (e.g., retailers, sales personnel, opinion leaders) audiences by coordinating such elements of the marketing mix as advertising, public relations, promotions, direct marketing, and package design.*<sup>5</sup>

Notice that each of these definitions is compatible with the one we offered in Chapter 1: *IMC is the process of using various promotional tools in a unified way so that a synergistic communications effect is created.*

**Factors Contributing to IMC's Rising Prominence.** Why has IMC become so popular over the past decade? Several significant and pervasive changes in the communications environment have contributed to the growing prominence of IMC:<sup>6</sup>

- *Fragmentation of media.* Media options available to marketers have proliferated at an astounding rate. Broadcast media now offer “narrow-casting” so specific that advertisers can reach consumers at precise locations, such as airports and supermarket checkout counters. The print media have proliferated dramatically as well. At one point, there were 197 different sports magazines on the market in the United States! The proliferation and fragmentation of media have resulted in less reliance on mass media and more emphasis on other promotional options, such as direct mail and event sponsorship.
- *Better audience assessment.* More sophisticated research methods have made it possible to more accurately identify and target specific market segments such as Asian Americans, teenagers, Hispanics, and dual-income households with no kids (DINKs). This leads the marketer away from mass media to promotional tools that reach only the segment that has been targeted.
- *Consumer empowerment.* Consumers today are more powerful and sophisticated than their predecessors. Fostering this greater power are more single-person households, smaller families, higher education levels, and more experienced consumers. Empowered consumers are more skeptical of commercial messages and demand information tailored to their needs.
- *Increased advertising clutter.* Not only are consumers becoming more sophisticated, they are becoming more jaded as well. The proliferation of advertising stimuli has diluted the effectiveness of any single message. There is no end in sight to this “message” proliferation.
- *Database technology.* The ability of firms to generate, collate, and manage databases has created diverse communications opportunities beyond mass media. These databases can be used to create customer and noncustomer profiles. With this information, highly targeted direct response and telemarketing programs can be implemented.
- *Channel power.* In some product and market categories, there has been a shift in power away from big manufacturers toward big retailers. The new “power retailers,” such as WalMart, The Gap, Toys “R” Us, and Home Depot, are able to demand promotional fees and allowances from manufacturers, which diverts funds away from advertising and into special events or other promotions.

4. Don E. Schultz, Stanley I. Tannenbaum, and Robert F. Lauterborn, *Integrated Marketing Communications* (Lincolnwood, Ill.: NTC Business Books, 1993), xvii.

5. Esther Thorson and Jeri Moore, *Integrated Communication: Synergy of Persuasive Voices* (Mahwah, N.J.: Erlbaum, 1996), 1.

6. See additional discussion in Thorson and Moore, *Integrated Communication*, Chapter 1.

- *Accountability.* In an attempt to achieve greater accountability for promotional spending, firms have reallocated marketing resources from advertising to more short-term and more easily measurable methods, such as direct marketing and sales promotion.

All these factors have contributed to an increase in the diversity and complexity of the communications tools used by firms to inform and persuade target audiences. Mass media advertising still plays an important role in the communications programs of most firms, whether they are IMC oriented or not. But the opportunity to use other communication tools makes coordination and integration much more challenging than in the past. Both clients and advertising agencies, however, see the payoff as great:

*Integrated marketing communications is emerging as one of the most valuable "magic bullets" a firm can use to gain competitive advantage.*

—James C. Reilly, IBM

*Integrated marketing communications identifies the dynamics of today's marketplace and teaches us how easy it is to prosper under the new rules of communication.*

—Richard Fizdale, Leo Burnett<sup>7</sup>

**Sounds Great . . . So What's So Hard about IMC?** Exhibit IMC 1.1 presents a hierarchy of participants that helps to illustrate the challenges that marketers will encounter when attempting to surround current or prospective customers with a "wall" of integrated marketing communications. Notice that the marketer typically brings to the process a marketing plan, goals and objectives, and perhaps a database that will identify current and prospective customers. These databases are developed from customer contacts or are purchased from specialty research firms. The marketer's advertising agency will help research the market, suggest creative strategies, and produce IMC materials. In addition, agencies can assist in placing materials in outlets that range from conventional mass media to event sponsorship to Internet advertising. The exhibit also shows the number of specialized marketing communication organizations that may need to be hired in conjunction with or in place of the firm's ad agency to execute the IMC campaign. Back in Chapter 2 we referred to such specialists as external facilitators. This is where the process starts to get messy.

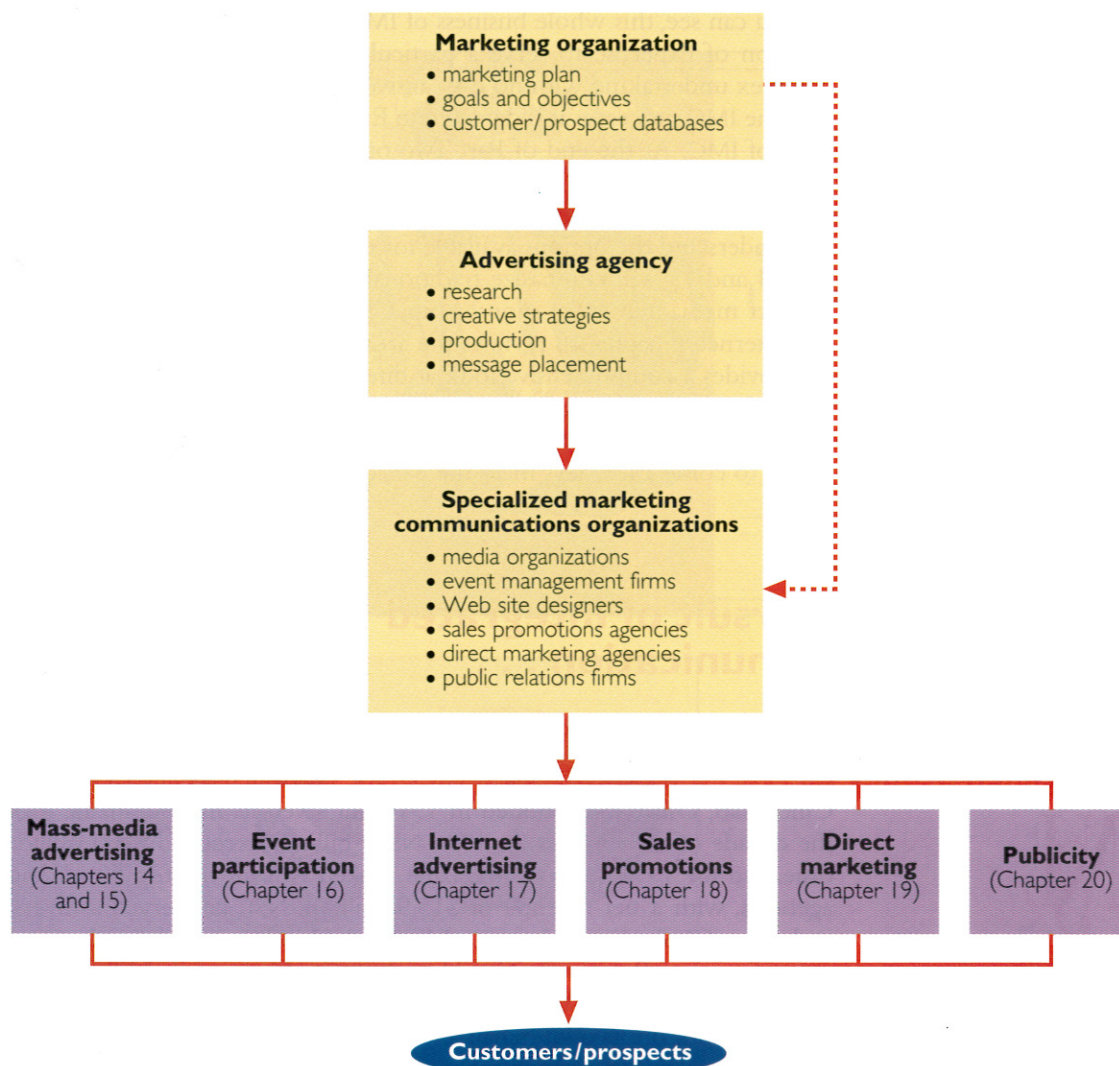
The fact is that most ad agencies simply do not have all the internal expertise necessary to develop and manage every marketing communication tool. First and foremost, the ad agency is the expert in the development and placement of mass media advertising. This is especially the case for large advertising agencies. Mega-agencies such as those listed in Exhibit 2.8 became mega-agencies because of their prowess in mass media advertising. Because they have a lot invested in their mass media expertise, the large ad agency is routinely criticized for the tendency to push mass media as the best communication solution for any client.<sup>8</sup>

Hence, when marketers want other communication options, they often must turn to external facilitators to get the expertise they are looking for. For example, companies such as Avon and Ford's Lincoln Mercury division retain Wunderman Cato Johnson—Chicago just to help them with event management, and Pepsi and Philip Morris retain Cyrk—Simon Worldwide to design and run their Pepsi Stuff and Marlboro Miles branded-merchandise reward programs.<sup>9</sup> As reflected by the dashed line in Exhibit IMC 1.1, in many instances marketing organizations must literally bypass their traditional advertising agency to get the expertise they require for building their brands.

7. These quotes are taken from Schultz, Tannenbaum, and Lauterborn, *Integrated Marketing Communication*, pages ix, xi, xii.

8. For example, see Osterman, "This Changes Everything"; Spethmann, "Is Advertising Dead?"

9. Spethmann, "Is Advertising Dead?"



**EXHIBIT IMC 1.1**

*The integrated marketing communications hierarchy.*

Coordination and integration of a marketing communications program becomes much more complex as various external facilitators are brought into the picture. These diverse specialists often will view one another as competitors for the client's marketing dollars, and will most likely champion their particular specialty, be it event sponsorship, sales promotions, the Internet, direct marketing, or whatever. This is just human nature in a free enterprise system. But instead of ending up with coordination and integration, we now have a situation characterized by conflict and disintegration. Of course, conflict and disintegration are *not* what the marketer wants for his or her brand.

Advertising agencies of all sizes are well aware of these challenges, and as we noted in Chapter 2, many are attempting to redesign themselves to add more internal expertise that can foster the goals of IMC. Sometimes this redesign comes in the form of new cross-functional work units launched within the traditional agency under nifty names such as J. Walter Thompson USA's 35-person, Total Solutions Group; or DDB Needham Worldwide's 140-person, Beyond DDB.<sup>10</sup> Other times, expertise is added when big companies buy out smaller specialist firms to supplement their range of services.<sup>11</sup>

10. Fitzgerald, "Beyond Advertising."

11. Spethmann, "Is Advertising Dead?"

As you can see, this whole business of IMC is about bringing together the right combination of expertise to serve a particular client's marketing needs. This is always a complex undertaking with no easy answers.

The IMC process as it is depicted in Exhibit IMC 1.1 shows the participants and the tools of IMC. At the end of Part Two of the text, the "Planning an IMC Campaign" section will look at the strategic planning that goes into the development of an IMC program. And each of the chapters in Part Four will examine different tools to help you understand the options available for executing IMC campaigns. Specifically, Chapters 14 and 15 will emphasize traditional mass media tools, Chapter 16 will consider support media and event sponsorship, Chapter 17 looks at opportunities spawned by the Internet, Chapter 18 reviews the array of possibilities in sales promotion, Chapter 19 provides a comprehensive look at direct marketing, and Chapter 20 completes the set by discussing the public relations function. So if Exhibit IMC 1.1 is not completely clear to you at this point, fear not. There's more to come on all this! But enough about what's to come. Now let's meet the participants in our comprehensive IMC case.

## An Agency in Pursuit of Integrated Marketing Communication . . .

**Northlich Stolley LaWarre [www.northlich.com/](http://www.northlich.com/).** Northlich Stolley LaWarre (NSL), based in Cincinnati, Ohio, was founded in 1949 but saved its most dramatic growth spurt for the decade of the nineties. In 1996 NSL's billings exceeded \$100 million for the first time, and for 1998, *Adweek* magazine ranked NSL in the top 50 among Midwest ad agencies, with a net revenue of \$15.9 million. NSL has served a diverse client base, including ChoiceCare/Humana Managed Healthcare, Fidelity Institutional Retirement Services, Procter & Gamble—Attends, Metamucil, Millstone Brands, Roto-Rooter Plumbing Services, and StarKist Seafood Products, to name a few. Samples of NSL's work on its own behalf and for some of its clients are shown in Exhibit IMC 1.2. NSL became the agency of record for Cincinnati Bell Inc. two years before the launch of Cincinnati Bell Wireless.



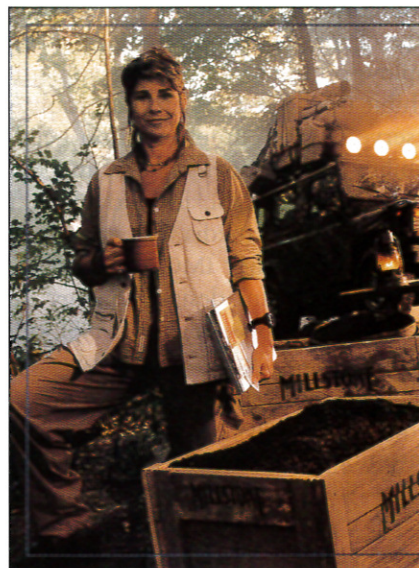
NSL executives attribute their success as a full-service communications agency to two defining principles:

We carefully define and then exceed client expectations in all that we do.  
We strive to objectively measure the business results of everything we do.

Other elements of the NSL model for success include the following:

- Relentless pursuit of audience insights that leads to distinctive and preemptive value propositions for clients' brands.
- Targeted programs that divide and conquer with each constituency.
- Provocative advertising that disrupts the category and causes a chain reaction.
- Compelling demos that deliver memorable visualization benefits.
- Integrated communications that drive home the essence of a brand's value proposition in every vehicle.


While the folks at NSL usually refer to their company as an advertising agency, it is probably more accurate to think of NSL as an IMC agency. IMC at NSL means using whatever marketing tools are appropriate for the marketing problem at hand. That could mean that direct marketing must be used in conjunction with image-oriented advertising, or that PR alone is the best way to proceed. To truly leverage the power of



Margaret C. Abbott  
Coffee Buyer

When you travel the world for the best coffee beans like I do, it doesn't hurt to have a compass and a good map too. And since we don't visit only 100% Arabica beans, we'll always find out where you find the world's best beans. I must be doing something right, too. In national taste tests, Millstone beat the leading specialty coffee chain's coffee nearly 2:1. In fact, we're so proud of our coffee we make it available to every restaurant, convenience store and gift coffee service that wants to sell it.

Sure, I have to go out of my way to get good coffee, but at least now you don't.



For samples, call 1 800 332 8677 or e-mail [enquiries@harcourt.com](mailto:enquiries@harcourt.com) or visit our website at [www.harcourt.com](http://www.harcourt.com). **Stop. Taster. Re-taster.**



NSL advertising samples.



Used with permission from Northlich Stolley LaWarre. All rights reserved.

a brand name and motivate consumers, it takes an intimate understanding of how to orchestrate different media and messages. The overriding goal is always to build the strength of the client's brand.

NSL employs on the order of 150 people full time. The NSL leadership team featured in Exhibit IMC 1.3 gives an indication of the range of expertise that NSL can marshal to serve clients' communication needs. This starts with an extensive client-service capability that includes strategic marketing planning, product positioning, and market research expertise. NSL also provides a full line of creative and production services for development of media advertising, collateral, packaging, point-of-purchase, direct-marketing, and other IMC materials. The direct-marketing department will assist clients with program design, strategy development, program oversight, measurement, and effectiveness evaluation. NSL offers complete media planning, buying, and postbuy evaluation, and has additional expertise in interactive marketing with specific capabilities in Web site design and construction. The public relations group at NSL also has full-service capabilities including media and community relations, consumer promotion activities, employee relations and crisis management. The combination of NSL's philosophy, its manageable size, its co-location of diverse capabilities, a team-oriented work environment, and its excellent range and depth of expertise puts NSL in an excellent position to fulfill its promise of integrated marketing communication.

In 1998, after 23 years with the agency, Mark Serrienne was named NSL's president and CEO. He is clearly an advocate for IMC. As executive vice president in 1987, Serrienne began the redesign of NSL from a conventional, mass-media-oriented ad agency to a full-service marketing communications firm. One conclusion should be obvious: The transformation from conventional to integrated is not something that happens overnight. In his view, NSL has created an internal culture that embraces and rewards integration. Simple aspects of the daily work environment at NSL feed into the drive for integration. For example, no one at NSL, including the CEO, has a private office. In Serrienne's view, the open-office policy "has created more energy . . . culturally sends a good message to everyone . . . and breaks down barriers between departments." At the same time, NSL's office complex is filled with numerous breakout rooms of various sizes that allow teams of employees to retreat and focus on clients' problems from a cross-departmental perspective. "Clients are

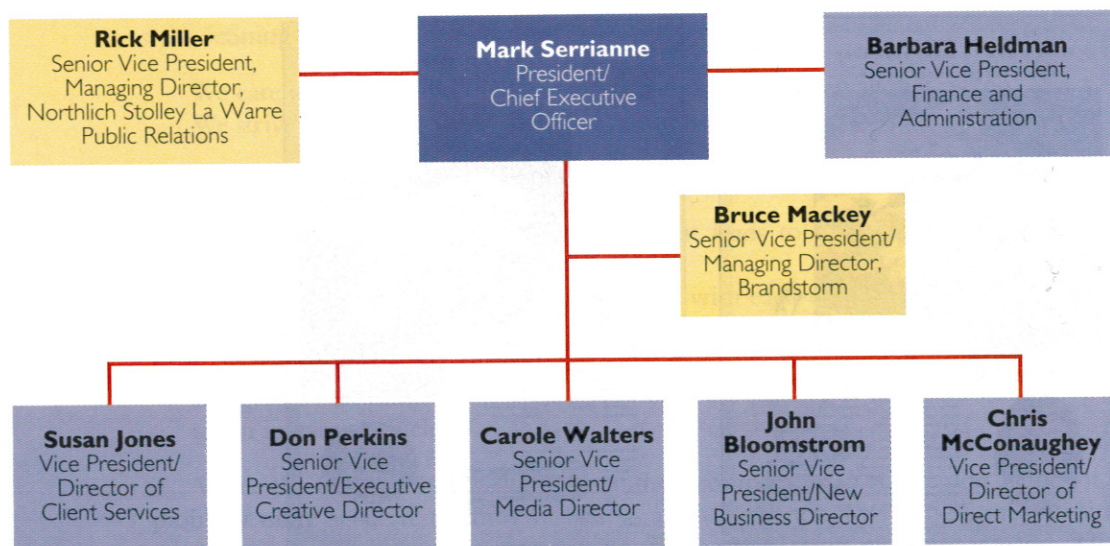


EXHIBIT IMC 1.3

The NSL leadership team.

convinced to buy integrated services," says Serrianne, "once you have some pretty good case histories and they have experience with our multidisciplinary teams."<sup>12</sup> We will see those multidisciplinary teams at work in the case history of the launch of Cincinnati Bell Wireless.

## A Client in Pursuit of Integrated Marketing Communication . . .

**Cincinnati Bell Inc. [www.cincinnati-bell.com/](http://www.cincinnati-bell.com/).** The other key player in our ongoing IMC case history is Cincinnati Bell Inc., a diversified and innovative communications company that employed about 30,000 people in 1997. Cincinnati Bell Inc. is a multifaceted enterprise made up of subsidiary companies that compete in three major business domains. In the domain of information systems, Cincinnati Bell Information Systems Inc. (CBIS) supplies and administers customer-care and billing solutions for the communications and cable TV industries. In the domain of teleservices, MATRIXX Marketing Inc. provides a complete line of telemarketing solutions to a wide array of corporate customers. CBIS and MATRIXX are each market leaders in their business domains as measured by revenue, profit performance, and innovation.




Cincinnati Bell's third business domain is communication services. Its various units, such as Cincinnati Bell Telephone Company (CBT), Cincinnati Bell Long Distance, and Cincinnati Bell Supply Company, furnish local and long distance phone service, Yellow Pages and directory service, and telecommunications equipment in the Greater Cincinnati metropolitan market. Quoting from one of Cincinnati Bell's annual reports, "The Company's strategy is to be a leader in helping communication companies and marketing-intensive businesses worldwide compete more effectively through advanced billing, customer information, and teleservice solutions, while enhancing its position as the premier provider of communication services in Greater Cincinnati." Here we'd expect you to conclude that Cincinnati Bell is a lot more than just a sleepy little telephone service provider nestled on the banks of the Ohio River.

Indeed, in the communication services domain, CBT is explicitly dedicated to a strategy of being more than just "the phone company." CBT strives to offer products and services to assist its household customers in exploring their world and managing their lives, and to help small businesses in the dynamic new age of communication technologies. Products and services introduced by CBT that typify this commitment to rapid diffusion of new technologies include the CBT Feature Phone, PhoneGear, Fuse Internet access service, and direct broadcast satellite television from CBTv. Advertising for some of these products and services is shown in Exhibit IMC 1.4. The common theme represented by the Cincinnati Bell brand name is the commitment to superior service, quality, innovation, and value. These types of connections to the Cincinnati Bell brand name would of course become an asset when CBT decided that it was time to launch a new wireless phone service in the Greater Cincinnati metropolitan market.


In the fourth quarter of 1997, Cincinnati Bell Inc. signed a landmark agreement with AT&T Wireless Services that marked the birth of Cincinnati Bell Wireless ([www.cbwireless.com](http://www.cbwireless.com)). Previously, they hired away John F. (Jack) Cassidy from Cantel Cellular Services in Canada to become the new president of CBW. The stage was set for a tumultuous six-month period in which NSL and CBW would prepare to launch advanced personal communication services: voice, paging, and E-mail messaging, with other features and associated products. The strategy formulation that occurred in the period from November 1997 through the spring of 1998 will be described in the next installment of this IMC case history, at the end of Part Two.

12. Sue Fulton, "Local to National: One Agency's Strategy," *Ad Business Report*, June 1998, 1.



# Memorize every number in the country.

**411** NOW COAST TO COAST




**EVERYTHING YOU DON'T NEED TO  
KNOW TO CONNECT TO THE INTERNET.**



**EVERYTHING YOU DO.**

If you consider everything that's been written about it, you'll think you have to be a genius to get on the Internet. But with Fuse\*, all you really need to know are the four points of working in Internet. That's because Fuse from Cincinnati Bell gives you Netscape Navigator\*, which makes access to the Internet as simple as clicking a single icon.

It gets even easier, because we designed Fuse to handle the staggering amount of connections being made on the Internet. So you get instant instead of getting a lot of busy signals. Of course, if you do have any questions, we have a Help Desk that is as close as a local call. But that shouldn't surprise you, because you've always been able to count on Cincinnati Bell for reliable service and help when you need it.

PROVIDE 565-CALL NOW, AND GET FREE ACTIVATION AND ONE MONTH FREE.


Unlimited access with Fuse is only \$19.95 a month, and you can even pay for it with your regular phone bill. See, sounds like the Internet isn't so tough to figure out after all.



#### EXHIBIT IMC 1.4

CBT sample ads prior to its launch of wireless phone service: billboard, print, and direct mail.

### Call Manager is the simple solution for your busy lifestyle.



With Call Manager, you'll never miss a message - even when you're on the phone.

With an answering machine, if you're on the phone and choose not to answer a second call, the new caller can't leave a message on your answering machine.

With Call Manager, unanswered calls are automatically sent to your personal voice mailbox, where the caller can leave a message - even if you're already on the phone. Then, you can see who called on your Call Manager display unit, and listen to those messages whenever it's convenient for you.

**Order now and get these special bonuses.**

- **FREE activation** - a \$6.95 value!
- **\$30 SAVINGS** on your Call Manager display unit - By ordering Call Manager today from Cincinnati Bell, you can get your display unit for only \$49.95. A savings of \$30! And the cost of your unit can be spread over three easy payments on your Cincinnati Bell bill.\*

**Your Call Manager display unit manages it all.**

The Call Manager display unit is your "Control Central." It checks incoming calls, gives you the information you need to make decisions on whether to take a call, tells you when a message is waiting in your voice mailbox, and helps you manage calls the way you want.

It's a powerful tool - and you can get it from Cincinnati Bell, the people you know you can rely on for simple solutions to a busy life.

**You can enjoy all the benefits of Call Manager for only \$15.95 a month!**

**Just call 565-3037, or mail back the attached reply form right away. We look forward to hearing from you.**

\* Payment option subject to credit approval. If you already have a Type 2 Color 88 and the service with Color 88 (see Call Manager), you may not need a purchase for Call Manager display unit.

**BUSINESS REPLY MAIL**  
FIRST-CLASS MAIL PERMIT NO. 18902 CINCINNATI OH  
POSTAGE WILL BE PAID BY ADDRESSEE

CINCINNATI BELL  
102-1019  
201 E 4TH ST  
PO BOX 2301  
CINCINNATI OH 45273-7819

|||||

NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES

|||||

Cincinnati Bell®  
People you know,  
you can rely on.™

|||||

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#### IMC EXERCISES

1. Refer to the four definitions of integrated marketing communications (IMC) on pages 124 and 125, then write a definition of IMC in your own words. Explain why the integration of marketing communications tools is such a bold departure from traditional mass-media advertising.
2. It has been said that the biggest challenge of IMC is to speak to the customer via multiple communications tools in a *single voice*. What does a *single voice* mean, and what's so hard about achieving a *single voice* in an IMC campaign?

3. Examine the Northlich Stolley LaWarre (NSL) organizational structure, Exhibit IMC 1.3. How do you think this structure would compare to the structure of a more traditional advertising agency? How does the structure of NSL lend itself to the execution of the Cincinnati Bell Wireless IMC campaign?
4. Why would a regional company like Cincinnati Bell, Inc. seek out an advertising agency with IMC capabilities to launch its new wireless phone service? Why might Cincinnati Bell not want to rely on mass-media advertising alone to sell its new service? (Hint: Refer to the discussion of the factors contributing to IMC's rise: fragmentation of media, better audience assessment, consumer empowerment, increased advertising clutter, database technology, channel power, and accountability.)