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**AN ANALYSIS OF OMAHA-AREA
ADVERTISING AGENCY EXECUTIVES' PERCEPTION AND PRACTICE
OF ETHICS IN THE INDUSTRY**

A Thesis

**Presented to the
Department of Communication
and the
Faculty of the Graduate College
University of Nebraska**

**In Partial Fulfillment
of the Requirements for the Degree
Master of Arts -- Communication
University of Nebraska at Omaha**

by

Jill K. Bruckner Lynch

April, 1993

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for the degree Master of Arts, University of Nebraska at Omaha.

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ABSTRACT

This is an exploratory, descriptive study of Omaha-area advertising professionals' perceptions of ethical problems in the industry for a range of situations. Unlike much research in advertising to date, this thesis focuses not on the advertisement itself, but on the intangible arena of ad practitioners' values, morals and mores.

The goal of this study is to expand upon the 1987 research by Hunt and Chonko, where the "ethical problems of advertising agency executives" (Hunt & Chonko, 1987, p. 16) were investigated, and to further examine the ethical beliefs expressed by advertising professionals.

Moreover, this research undertakes to divulge the most difficult ethical problems facing Omaha advertising executives and to explore how advertising executives reach decisions of an ethical nature. This project examines both the ethical perceptions and the importance of ethics in the on-job practices of the advertising executive.

Through a literature review, advertising is outlined, defined and characterized. The nature of ethics is also explored and the ethics and law of advertising are synthesized to provide a context for understanding advertising ethics in the Omaha

area.

The research tool for this study was a questionnaire distributed to 103 Omaha-area advertising agency executives. Response rate to the survey was 50.5 percent (52 participants).

The questionnaire was organized into three categories: a Likert-type scale designed to measure ethical attitudes, a section for open-ended responses and an area for demographic data.

Each of the categories was coded, tabled and evaluated. Mean responses were analyzed with specific demographics so that comparisons could be made on the basis of sex, age, educational level and whether or not respondents had studied ethics.

The number-one ethical problem cited by Omaha-area advertising executives was "creating honest, nonmisleading, socially desirable advertisements," while the number two ethical problem was "treating clients fairly."

This research suggests gender, age and education all play roles in the extent to which ad professionals perceive ethical problems exist, but as an exploratory study, cannot accurately postulate the reasons why this occurs. However, this research does examine areas where further study in advertising ethics might be useful.

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CHAPTER 1
INTRODUCTION

To date, the majority of advertising research has focused on the nature of the communication and the ramifications of the advertised message. For instance, criticisms of the effects of advertising on consumer response (Alreck, Settle & Belch, 1982; Burnett & Wilkes, 1980; Sandage, Fryburger, Rotzoll, 1989) as well as concerns about advertising's ability to stimulate unnecessary consumer needs (Willard, 1982) exemplify often-studied areas of advertising.

Content-based questions, such as the practice and effects of subliminal advertising (Beatty & Hawkins, 1989; Moore, 1982; Vokey & Read, 1985), have also been scrutinized.

However, with a 1987 Hunt & Chonko study, an interest in the advertising communicator's ethical perceptions was generated, thus shifting the research focus from the tangible advertisement to the intangible arena of values, morals and mores.

Despite Hunt & Chonko's seemingly groundbreaking work, few, if any, similar studies have been undertaken to either replicate or expand upon the researchers' glance at advertising practitioner ethics, as well as the role of personal ethics in the production and dissemination of advertising.

Further, queries continue to mount concerning both the mass communication effects of advertising and the practices of industry professionals. More and more, advertised messages are being analyzed not only by researchers, but by consumers and industry professionals as well.

Moreover, decisions about what to advertise and how are often clouded by personal ambition, client considerations and owner/publisher goals, making a keen intuition only part of the ethical decision-making ammunition necessary for reaching professional conclusions about advertising.

Ethical principles, as well as traditional guidelines for acceptable and morally justifiable behavior, can be applied to this decision-making process.

As an example, the principle of truth telling -- the need for habitual accuracy (Lambeth, 1986, p. 29) -- is elemental to the news media. It seems reasonable to assume that as mediated communication, this same maxim should apply to advertising. As paid communication, however, the lines of advertising truth can be blurred by internal and external pressures.

To clarify these shades of gray, the news media follow codes of conduct outlining acceptable behavior (Christians, Rotzoll, Fackler, 1987; Elliott, 1986; Lambeth, 1986; McCulloch, 1984).

In the realm of journalism, writers and editors can "learn to analyze the stages of decision-making, focus on the real levels of conflict and make defensible ethical decisions."

(Christians, Rotzell, Fackler, 1987, p. 2) But advertising decisions, despite government regulation and legal parameters, are sometimes hazy.

Christians, Rotzell & Fackler (1987, p. 153) explain why by reviewing advertising's fundamental premises:

- 1) Because of an operating worldview that casts doubt on the deliberate and calculating nature of individual decision making, advertising content emerges as an area of concern...If we all believed people can... make up their own minds...we would not be concerned about their being objects of advertising's persuasive appeals.
- 2) Given the nature of advertising as a potentially powerful form of mass persuasion (many) will desire to use it on behalf of their products, services and ideas.
- 3) The real dilemmas in this area arise because of the alleged effect of advertising content on the thinking and/or behavior of individuals...there is often no clearcut proof of the presence or absence of these effects.

Further, advertising's stance as a pervasive, revenue-generating medium, a medium where U.S. business expenditures soar in excess of \$100 billion annually (Agee, Ault, Emery, 1991), creates additional reasons for monitoring the industry's ethical pulse.

This study will attempt to uncover those ethical situations, explore their underpinnings and produce a research-based embodiment of advertising practitioners' ethical perceptions.

A review of relevant literature, divided into three main categories (advertising, ethics and law and the importance of ethics in the advertising industry), outlines published material on the subject. It is important to note that, save for a few

very specific research projects, painfully little scholarly information exists on advertising ethics. For this reason, general business and industry mores are cited from an advertising ethics perspective.

Preceding the literature review is the study's statement of purpose. Following both the statement of purpose and the literature review is a discussion of the data-gathering techniques used to generate responses from Omaha-area advertising professionals. The conclusions of the research, along with a discussion of the findings and some practical recommendations for future work in the field, are also included.

Although "journalism inherits the legacy of the larger society: the principles of truth, justice, freedom, humaneness, and individual responsibility" (Lambeth, 1986, p. 27), the question remains surrounding the degree of commitment the advertising practitioner has to similar principles and boundaries.

CHAPTER 2

PURPOSE

The objective of this study is to expand upon the 1987 research by Hunt and Chonko, where the "ethical problems of advertising agency executives" (Hunt & Chonko, 1987, p. 16) were investigated, and to further examine the ethical beliefs expressed by advertising professionals. This research focuses on Omaha-area advertising practitioners' ethical perceptions for a range of situations. Further, this research undertakes to divulge the most difficult ethical problems facing Omaha advertising executives and to explore how advertising executives reach decisions of an ethical nature.

Like Hunt & Chonko's research, this study will not focus on the potential or proven effects of advertising. Rather, the locus of this study is the ethical behaviors that motivate the practitioner to create the advertisements that spawn the probable effects. This project examines both the ethical perceptions and the importance of ethics in the on-job practices of the advertising executive.

® The researcher recognizes, as did Hunt and Chonko, that advertising, unlike other "professions," has no standard, uniform, ethical book of conduct. In other words, there is no "Journal of Advertising Ethics" (Hunt & Chonko, 1987, p.

16) as there is in law or medicine (Hunt & Chonko, 1987).

Moreover, some advertising agencies, businesses, newspapers, magazines, broadcasting stations and professional organizations have individual codes of conduct; however, the type of disciplinary action implemented when codes are broken by organization practitioners varies among the media.

As did Hunt & Chonko, the researcher suspects ethical transgressions are occurring in the advertising industry, but, without further research, cannot offer an explanation for this speculation. Furthermore, very little scholarly work on the character of ad practitioners has been done, leaving the field open to conjecture as to how the ethics of the industry's players affects finished advertisements' content.

The effects of ethics on content is, however, a study separate from this thesis, which focuses on the communicator rather than the results of the communication.

Determining the advertising practitioner's most difficult ethical dilemmas, as well as exploring a range of ethical beliefs surrounding certain situations, requires reference to the Hunt & Chonko study of agency executives throughout this thesis. An overview of the Hunt & Chonko research methodology is provided in the literature review and practical application of their findings is made in the methodology section of this research.

This is an exploratory, descriptive case study of Omaha advertisers in which the means cited in the results will indicate directions for further research.

CHAPTER 3
LITERATURE REVIEW

"Advertisement conquers all our land,
including the stars and stripes."
Charles MacArthur

The Nature of Advertising

Few will argue the pervasiveness of advertising. In fact some, such as Sandage, Fryburger and Rotzoll (1989), label the medium a worldwide sensation.

More than a sensation, however, it is the medium's mass-communicative nature, coupled with its role as the monetary "meat and potatoes" of the news and entertainment industries, that encourages society to question the integrity of advertising. Despite this, the medium manages to maintain, even pursue, a mutually dependent though somewhat adversarial relationship with other media. (Cohen, 1982)

As an example, nearly all forms of mediated communication today exist with the help of advertising; "virtually all television and radio broadcasting revenues, 75 percent of newspaper revenues and 50 percent of magazine revenues come from advertisers." (Agee, Ault, Emery, 1989, p. 147)

In addition, consumer reaction studies (Alreck, Settle, Belch, 1982; Burnett & Wilkes, 1980; Olson, Schlinger, Young, 1982) and research into the creative content of advertisements (Hornik, 1980; Lasky, Day, Crask, 1989) illustrate additional

areas where the ethical stance of advertising decision-makers is continually scrutinized.

Before reviewing relevant advertising research, however, a definition of the topic is imperative.

Defining Advertising -- A Historical Approach

"In the beginning, ads were informational. In the illiterate times of bygone centuries, advertising was graphic. The wine shop or the sandal maker advertised his wares by hanging out a wine skin or a pair of sandals." (Whitney, 1975, p. 311) The signs told nothing more than what products were sold where.

As the entrepreneurial spirit grew, so did the size of the signs. Thus, a better product became associated with a bigger, more visible sign.

Soon, advertising communication expanded to include not only signage above shops, but also newspapers, almanacs, pamphlets and broadsides (DeFleur/Dennis, 1988). This early advertising, however, was more an information source than a revenue generator.

The growth of commerce encouraged the growth of advertising. And, as the amount of available goods and services increased, so did the amount of advertising. By the nineteenth century, "advertising came to account for more of the content of newspapers and magazines -- and for more of the revenue." (DeFleur/Dennis, 1988, p. 276)

Defining Advertising -- Current Reflections on the Medium

According to Bovee and Arens (1989, p. 5), "advertising is the nonpersonal communication of information, usually paid for and usually persuasive in nature, about products, services or ideas by identified sponsors through various media."

An enhanced understanding of this definition is gained by qualifying the Bovee and Arens phrase "persuasive in nature."

Severin & Tankard, Jr. (1992), quoting Robert Brown, psychologist, conclude that persuasion is "symbol manipulation designed to produce action in others" (p. 91). In advertising, the intended "action" is generally a move toward product purchase or service use. Hence, the term "persuasion" is used throughout this work to describe advertising.

While some scholars encourage precision in definition, many practitioners take a broad-based approach to describing the medium. The American Marketing Association (AMA), for example, classifies sponsor-paid communication as advertising. The AMA's definition -- "any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor" (as cited in Agee, Ault, Emery, 1991, p. 408) -- separates advertising from publicity.

Inasmuch as advertising is not publicity -- publicity unfolds around a course of events -- neither is advertising entirely marketing. Rather, Reilly (1981) classifies advertising as a function of marketing -- a tool of the trade.

Further, arguments that advertising is an immoral adjunct of capitalism and is in poor taste (DeGeorge, 1990) exist more

to heighten ethical considerations and less as definitional elements. In addition, Marxist and neo-Marxist perspectives (McQuail, 1987), where the issue becomes that which creates the desire of consumption in a capitalist society, are also considerations when examining advertising, but will not be reviewed in this paper.

According to Bovee & Arens (1989), advertising, despite morality and taste issues, can't force the purchase of an item by a consumer. "The fact is, however, that no matter how much advertisers try to convince us that using their product will make us sexier or healthier or more successful, they can't make us buy the product if we don't want it." (Bovee & Arens, 1989, p. 48)

Seiden (1976) concurs, adding that advertising might have the ability to convince a potential, logical consumer to purchase or try a product at least one time.

Persuasion and Advertising Appeals

Others see advertising's persuasive nature as mere appeals. These appeals differ in scope and perceived effectiveness and could include such strategies as fear, fantasy, the promise of glamour or prestige and reality advertising. (DeFleur, Dennis, 1991)

Fear approaches, for example, employ "scare" tactics that strive to create a sense of urgency in the consumer. This, for instance, fosters ethical considerations about the degree to which a consumer can be frightened into taking action.

Illustrative of this is a 1980 Burnett and Wilkes study that involved mailing 1,600 brochures representing a low, medium, high or no-fear condition (Burnett & Wilkes, p. 21). The brochures, which used appeals relative to health maintenance organizations (HMOs), "showed a high-fear approach to be the most effective choice. Higher fears produced more favorable attitudes toward HMOs." (Burnett & Wilkes, p. 22)

On the flip side of the fear approach is the appeal to the viewer's willing suspension of disbelief -- the fantasy. "Studies of Americans' favorite commercials indicate that those with fantasy scenes, like California Raisins or Kibbles 'n Bits dog food, are more popular than those featuring celebrities" (DeFleur, Dennis, 1991, p. 325).

Other appeals, such as those with intentions to elicit a desire for glamour or prestige, may use a celebrity spokesperson, whereas reality advertising attempts to illustrate stark truths.

Advertising Characteristics

DeFleur and Dennis suggest advertising can be distinguished from other, nonpaid expressions because advertising is "controlled...identifiable ...tries to inform consumers about a particular product and to persuade." (1988, p. 272-73)

The DeFleur and Dennis views are elemental to understanding advertising ethics because they offer a concise breakdown of the four main characteristics of advertising. These paraphrase as follows:

***Control.** Advertising is prepared by or for the group it represents and is therefore controlled communication. Group members ultimately determine the ad's content. This is in contrast to a journalistic interview, where an interviewee may not be aware of what will be printed/broadcast until the actual publication appears or the presentation is aired.

***Identifiable Communication.** Recipients of advertising can readily distinguish advertising copy from news content or, for example, from the unfolding of a novel. Recipients can also identify the communication as advertising and not something else.

***Inform.** The purpose of advertising is to inform consumers about a product or service.

***Persuade.** Already discussed earlier in this literature review, an integral aspect of advertising is to sway consumers to take action. DeFleur/Dennis indicate this action is usually to purchase one product over another.

Advertising's Creative Elements

Creative strategies, which differ from the DeFleur/Dennis characteristics of an advertisement, can help consumers recognize not only the creative elements, but also the persuasive strategies practitioners employ to enhance reaction.

Paraphrasing from Frazer's 1983 study, Laskey, Day and Crask (1989) note the seven following creative strategies:

***Generic.** These are broad, sweeping claims that could describe any product or service. Attempts at product

differentiation in generic claims are nonexistent. For example, "powerful" could be used to describe either a cleaner or a candidate.

***Preemptive.** This strategy promotes a "hop-on-the-band-wagon" or "me-too" effect. Preemptive creative strategies force competitors into producing counter-arguments by "being the first to make a particular claim regarding an attribute or benefit in use." (Laskey, Day, Crask, 1989, p. 37) Nuprin, an ibuprofen pain reliever, used a preemptive approach with its "little, yellow, different" campaign -- prompting other pill manufacturers to examine the attributes of drug size, shape and color.

***Unique Selling Proposition.** A one-of-a-kind characteristic of the brand is singled out and the message strategy focuses on this attribute. Ads angling from this point of view might, hypothetically, promote vehicles with rear-door passenger airbags.

***Brand Image.** Intangibles, such as image or other psychological characteristics, govern the message in a brand image approach. Flashy graphics and "mood" music are often integral to image ads.

***Positioning.** This tactic employs identification and market segmentation. Ries and Trout (1986, p. 5) further defined positioning as "not to create something new and different, but to manipulate what's already up there in the mind, to retie the connections that already exist."

***Resonance.** Perceived customer emotions are replicated

in circumstances or situations created for advertising. To exemplify this, an advertisement might show the proud expression on a mother's face as her son graduates, or the frustration of continually reaching a telephone busy signal might be portrayed to illustrate the benefits of a voicemail system.

***Affective.** "Ambiguity is used as a means to gain attention and involvement." (Laskey, Day, Crask, 1989, p. 37)

Creative strategy is content-based. In other words, it has tangible aspects that can be broken into parts and studied. This research investigates less the creative and more the ethical motivation behind the creative strategy. This connotes an area of advertising not so easily analyzed.

However, some researchers note that creative strategy, as well as advertising as a whole, is grounded in perception; and, although society may have measurable perceptions of an advertisement, industry professionals' opinions help shape mass communication before ads reach the public. Hornik (1980, p. 41) notes:

The psychological basis of most advertisements is perception. No one would deny that, first, individuals perceive their environment by means of multiple mechanics; second, these perceptions are somehow organized by the sense organs and other parts of the nervous system; and, third, these perceptions are set against a framework of previous impressions of many kinds and interpreted as meanings.

Like Hornik, Bittner (1977) stresses the communicative and perceptual implications of advertising, adding an important twist: audience acceptance.

Bittner, citing studies by the American Association of

Advertising Agencies, indicates that the public generally accepts advertising and feels favorably toward it. Further, "88 percent of the people polled in the AAAA study thought that advertising was essential" to product promotion (Bittner, 1977, p. 186).

Long before the AAAA, however, the birth of the American advertising agency began. These early, as well as subsequent agencies, were comprised of professional communicators grouped together in business (DeFleur/Dennis, 1988; DeFleur/Dennis, 1991; Bovee & Arens, 1989; Agee, Ault, Emery, 1991) who worked to enhance advertising communication and create product and service images.

Of these industry professionals, Albert D. Lasker spearheaded the modern ad-agency movement. A Texas native who in 1898 began working for the Chicago-based Lord and Thomas advertising agency, Lasker is generally recognized as the first of agency professionals to expand advertising from mundane information to creative salesmanship. (Agee, Ault, Emery, 1991)

Advertising commission, or agency compensation for the third-party sale of advertising space, is attributed to entrepreneur Volney B. Palmer (Pope, 1983), who, around 1842, aspired to increase business people's revenue through the successful placement of advertisements in various print publications

Palmer facilitated advertising transactions (Pope, 1983) by offering media access, which established the foundation for current media-buying techniques as well as laid the groundwork for commission-based relationships enjoyed by media and agencies

today.

As a partial result of the efforts of early entrepreneurs such as Lasker and Palmer, advertising has risen with ballistic force to become one of the nation's most pervasive communicative forms. As an example, United States ad expenditures reached \$123.9 billion in 1989, (Agee, Ault, Emery, 1991) and the U.S. government recently spent \$228,857,200 on advertising in a single year. (Ries & Trout, 1986)

Mounting advertising expenditures translate into rising salaries for ad executives. In a recent Advertising Age study, paraphrased by Hunt and Chonko (1987), 16 percent of industry executives earned more than \$100,000 annually. A full 42 percent received salaries in excess of \$50,000 but less than \$100,000. Only 42 percent of advertising practitioners' salaries were below \$50,000 a year. (A breakdown of Omaha-area advertising salaries is included as part of this study).

As a high-income, highly persuasive medium, advertising is not without criticism. For this reason questions regarding practitioner ethics pepper the industry.

The Nature of Ethics

"There is no right way to do a wrong thing."
Kenneth Blanchard & Norman Vincent Peale
in The Power of Ethical Management

The assumption that all business practitioners adhere to the same set of moral and ethical standards is not without flaw.

There are, however, ethical boundaries within which researchers and philosophers suggest everyday behavior should comply.

Regardless of these ethical boundaries, however, it is not unusual for the worlds of ethics and profits to collide. Therefore, a locus for reviewing media ethics must first be established. "The study of ethics requires deliberation, careful distinctions, and extended discussion. The newsroom tends to emphasize other virtues: toughness and the ability to make rapid decisions in the face of daily crises. Advertising and public relations professionals are expected to be competitive and enterprising." (Christians, Rotzoll, Fackler, 1987, p. xv)

Moreover, "most marketing decisions have ethical ramifications whether business executives realize it or not." (Laczniak & Murphy, p. 259)

As this proposal outlines some of the issues relative to advertising, a three-part process will be employed to investigate ethics. First, ethics in general will be reviewed, followed by an overview of ethics in mediated communication and culminating in the ethics and law of advertising.

Defining Ethics

To begin, what is ethics? Some, such as Herodotus, tie ethical behavior to morality. Herodotus' theory of Cultural Relativism, as cited in The Right Thing To Do (Rachels, 1989, p. 5), contends:

- *Different cultures have different moral codes;
- *There is no objective standard that can be used to judge one societal code better than another;

- *The moral code of our own society has no special status; it is merely one among many;
- *There is no "universal truth" in ethics -- that is, no moral truths hold for all peoples at all times; and, finally,
- *The moral code of a society determines what is right within that society -- that is, if the moral code of a society says that a certain action is right, then that action is right, at least within that society.

Adherents to this theory recognize no objective right and wrong. On the contrary, right and wrong are subjective and societally based. A subjective right and wrong opens Cultural Relativists to criticism. For example, if society dictates right from wrong, and issues such as capital punishment or homosexuality are embraced by the majority but challenged by the minority, who's to say the minority is wrong? (Rachels, 1989) Recognizably, 'majority rules' is not always correct in moral matters. That is not a proper way to settle moral issues.

On an opposite plane from the Cultural Relativists are adherents to the theory of Divine Command. Divine Command purports that a Judeo-Christian attitude should govern ethical decisions. "The Divine Command Theory provides the most obvious way of connecting morality with religion. It is a theory about the nature of right and wrong which says that 'morally right' means 'commanded by God,' whereas 'morally wrong' means 'forbidden by God.'" (Rachels, 1989, p. 9)

The interwoven nature of ethics and morality is further characterized by the issue of moral ideals; "moral ideals are ways of being rather than of doing." (Frankena, 1973, p. 67) These ideals illustrate aspirations and provide a system of

guidance to be a particular type of moral human being.

Laczniak & Murphy (1991) argue that, in business, there are four types of moral/ethical beings. The first of these is the crook. In examining a particular marketing situation, the crook knows that taking a particular action might have adverse ethical implications (in addition to being morally wrong), but takes the action anyway.

The good Samaritan, on the other hand, is illustrative of a business person who examines a decision and employs some system of moral reasoning to reach the most ethical conclusion. According to Laczniak and Murphy, both the crook and the good Samaritan (who has the foresight to anticipate all ethical implications) are "relatively rare." (p.262)

More common are seekers and rationalizers (Laczniak & Murphy, 1992). Seekers, suggest Laczniak & Murphy, try earnestly to do what is right but may sometimes lack the information to make fully ethical decisions. In contrast, rationalizers might recognize the most ethical choice, but can "talk themselves into" a speedier solution -- they justify ethical shortcuts in their own minds.

In business, and in advertising, ethical decisions often incorporate a blend of moral, religious, cultural and personal ideals. As a result, authors Blanchard and Peale (1989) have organized an ethics checklist, as well as synthesized a series of five rules for personal, ethical behavior.

The Blanchard/Peale checklist includes three balancing components: legality, fairness and feeling (how will the action

make you feel?). Each of these components is approached as a question. For example, Blanchard and Peale suggest legality would simply inquire "Is it legal?"

Fairness, the researchers indicate, would seek an answer to "Where is the balance and are win-win relationships promoted?" Finally, Blanchard and Peale advise that implications for feeling would include such questions as "If I undertake this action, will it make me proud?" or "What if my family knew about this, would that make me feel good?"

To enhance the checklist, Blanchard and Peale developed the "Five Principles of Ethical Power for Individuals." (1988, p. 80) These are purpose (a view of self as an ethically sound person), pride (balancing self-esteem and desire to reach bias-free decisions or decisions that are as objective as possible), patience (the belief that eventually everything will turn out okay), persistence ("stick-to-it-ive-ness" and a behavioral display consistent with intentions) and perspective (the ability to reflect, maintain focus and understand the inner self).

From this, five fundamental ethical principles emerge, and are defined by Christians, Rotzoll and Fackler (1987).

These include:

- ***Aristotle's Golden Mean:** "Moral virtue is the appropriate location between two extremes." (1987, p. 9)
- ***Kant's Categorical Imperative:** "Act on the maxim which you will to become a universal law." (1987, p. 11)
- ***Mill's Principle of Utility:** "Seek the greatest happiness for the greatest number." (1987, p. 12)
- ***Rawls' Veil of Ignorance:** "Justice emerges when negotiating without social differentiations." (1987, p. 14)

***Judeo-Christian Persons as Ends:** "Love Your Neighbor as Yourself." (1987, p. 16)

Each principle is intended to guide decisions, sometimes situational in nature, and to aid in the promotion of business integrity. For mediated communicators, however, the issue of ethics is often all-pervasive, boiling down to a single topic: responsibility. (Elliott, 1986)

Ethics in Mediated Communication

"The issue of responsibility is...to what social needs should we expect journalists to respond ably?...Responsibility has to do with defining proper conduct; accountability with compelling it." (Hodges, as quoted in Elliott's Responsible Journalism, 1986, p. 13-14)

The free press brings with it the implications of ethical codes as well as theories of social responsibility. (Lambeth, 1986; Whitney, 1975) Codes that promote ethical behavior within the media stem from organizations, such as the American Marketing Association, the National Association of Broadcasters, the Advertising Research Foundation, the Public Relations Society of America and the American Association of Advertising, to name only a few.

Frankel asserts that "a profession's code of ethics is perhaps its most visible and explicit enunciation of its professional norms." (Frankel, 1989, p. 110) He further contends that professional codes can be fragmented into three main subject headings: aspirational, educational and regulatory.

Aspirational codes, Frankel states, focus on ideals toward which practitioners should strive. Achievement, rather than distinguishing right from wrong, is stressed. Educational codes, he further explains, provide practical readings in coping with and reaching decisions in problems ethical in nature. Finally, regulatory codes outline rules of conduct and provide a basis for enforcement and disciplinary action.

Each of the organizational codes has something in common: "they are incumbent upon members only, and the only sanction that can be applied against a member is expulsion from membership, a small penalty." (Whitney, 1975, p. 130-131)

If expulsion from group membership presides as the primary "punishment" for breaking an ethical code of conduct, then where, when and how are practitioners, particularly advertising practitioners, faced with ethical decisions?

Some, such as Dimma, might suggest practitioners of any profession, when faced with an ethical dilemma, employ painfully few systems for making the "right" choice. Says Dimma, "Heaven as a carrot is not very effective these days, especially to the pragmatists of the world, including hard-bitten corporate raiders and investment bankers and politicians and businessmen. And hell as a stick is even less effective." (1990, p. 246)

The Ethics and Law of Advertising

Hunt and Chonko (1987) state that "although there is no Journal of Advertising Ethics, members of the advertising profession are both faced with, and concerned about, the subject

of ethical standards." (1987, p. 16) Further, the theory that advertising has an "agenda setting" influence (Sutherland & Galloway, 1981) brings with it the ethical implications of suggesting to individuals one product/service/brand should be thought about more than another.

Moreover, issues that test the ethics of advertising content (Beatty & Hawkins, 1989; Moore, 1982) abound. Subliminal advertising -- advertising which purports to control behavior through visual stimuli, accelerated speech or sub-audible messages and hidden sexual innuendoes (Moore, 1982) -- remains a content-based ethical issue with "empirical support for subliminal influences of a pragmatic nature...neither plentiful nor compelling" (Moore, 1982, p. 46).

Subliminal advertising -- what is not said -- is often viewed as being as detrimental as what is articulated. A Kellogg's fiber cereal ad, praised in 1987 for its straightforward marketing approach as a cancer deterrent (Cone, 1987), was later criticized for the same approach -- primarily because consumers are not aware of the proper amounts of fiber needed to actually reduce cancer (Laczniak & Murphy, 1991)

Subscribing to the notion that questionable practices relative to content manipulation in advertising fostered consumer distrust, Hunt and Chonko (1987) replicated one of the few studies (conducted by Krugman & Ferrell in 1981) that delved into the actual ethical problems faced by advertising executives.

Their central research question was this: "In all professions (e.g., law, medicine, education, accounting,

advertising, etc.), managers are exposed to at least some situations that pose a moral or ethical problem. Will you please briefly describe the aspect of advertising that poses the most difficult ethical or moral problem confronting you in your daily work?" (Hunt & Chonko, 1987, p. 18) Their research yielded the following results:

The ethical problem cited most frequently involved fair treatment of clients. Issues such as billing and weighing the clients' needs against the goals of the agency predominated.

Equitable treatment was followed by problems associated with creating nonmisleading ads. This topic preceded the ethical dilemma of representing socially undesirable, unhealthy or unethical products. "Representing tobacco companies, liquor companies, and political candidates were mentioned most often." (Hunt & Chonko, 1987, p. 20)

Despite ethical dissonance, ad practitioners must make product-presentation decisions. When ethics, however, crosses over into the realm of illegality, further considerations and practices are required.

It has already been established that advertising is inherently persuasive, and that persuasion can be encouraged by less-than-ethical means. To some ad practitioners, however, "less-than-ethical" connotes deceptive -- a deliberate attempt by the source to misguide the receiver.

According to the Federal Trade Commission (FTC), advertising's primary regulatory body, no clear definition of deception is available. FTC officials agree, though, that

statements with a **tendency** to deceive in part, will be taken as deceptive in the whole. "An advertisement has a tendency to deceive its target audience if the ad contains a false or misleading material statement. A material statement is one that might affect a consumer's decision to buy a product or service." (Middleton & Chamberlin, 1988, p. 333)

Like child pornography, obscenity, fighting words and issues of national security, deceptive advertising is not protected by the First Amendment. In other words, once an ad is deemed legally deceptive, it can be halted.

Further, the FTC views deceptive advertising as "unfair competition" (DeFleur/Dennis, 1991, p. 315) -- the same type of competition the FTC was established to counter in 1914. (FTC protection for consumers was not added until 1938 with the introduction of the Commission's Wheeler-Lea Amendments, an addendum to Section 5 of the FTC Act.)

"Decisions by the FTC have defined the scope of deception in advertising, discussed the concept of truth in advertising and denounced puffery." (DeFleur/Dennis, 1991, p. 316.)

The denunciation of puffery, however, does not imply that puffed advertising claims are inevitably illegal. This assertion, as well as the impact of puffery on product perception and purchase, encouraged the work of scholars Michael Kamins and Lawrence Marks. (1987)

Kamins and Marks cited Preston's legal definition of puffery as "advertising or other sales representations which praise the item to be sold with subjective opinions, superlatives,

or exaggerations, vaguely and generally, stating no specific facts." (Kamins & Marks, 1987, p. 6) Tsalikis and Fritzche (1989) echo Kamins' and Marks' opinions, indicating "puffery and exaggerated claims" (p. 713) violate advertising codes.

Working from this school of thought, Kamins and Marks challenged the FTC position on puffery, which was that puffery is easily recognized by the ordinary consumer and handily distinguished from fact.

The Kamins/Marks' study revealed that consumers frequently accept puffed advertising statements as true and are influenced based on the degree and type of puffery.

The Importance of Ethics in the Advertising Industry

Legal ramifications and self regulation affirm the need for ethics in advertising. Unfortunately, painfully little research on the ethical behavior of advertising executives has been undertaken. Some parallels to research in other areas of mediated communication can be drawn, however.

Even so there are a host of questions that cannot be answered with this research. For example, why do some advertising agency executives risk integrity and reputation by including false product attributes in advertising copy? Why do television and radio stations offer "kickbacks" in the form of vacation cruises or wide-screen TV's; and, what motivates some ad agency executives to accept these incentives while others reject them?

Why, with FTC regulations firmly in place, do problems

in creating nonmisleading ads arise? To what extent does the client affect the outcome of the agency-produced ad? These queries, and others, are at the apex of ethical considerations for advertising practitioners. Answering these questions, as well as combating criticism of advertising, might come more easily were a better understanding of advertising executives' ethics available.

Further, a knowledge of advertising ethics could assist advertising practitioners in a variety of situations -- particularly those instances where fundamental moral values might be sacrificed to cross legal boundaries. For example, a client could pressure an advertising agency executive to include false product attributes in a finished advertisement. If the agency executive refused to comply, the client could then threaten to take his business to a more willing agency.

Whether moral or legal, however, these boundaries can create professional, ethical dilemmas. Laczniak and Murphy (1991, p. 261) define an ethical dilemma as:

confronting a decision that involves the trade-off between [sic] lowering one's personal values in exchange for increased organizational or personal profits.

The number of ethical dilemmas encountered by advertising professionals could, theoretically, decrease as attention to ethics in advertising increases. This is not to say, however, that the majority of advertising practitioners are not ethical. Laczniak and Murphy (1991) note that public perception of advertising professionals as less-than-ethical probably results from the unscrupulous practices of a minority.

Some of these practices have involved deception and unfairness in advertising, while others have focused on the perpetuation of stereotypes by the media. High standards of ethics in advertising could help minimize the potential for practices such as these.

"Critics claim advertising adversely affects our value system because it suggests that the means to a happier life is the acquisition of more things" (Bovee & Arens, 1989, p. 47). Therefore, ethical advertising practices could be used to shift the focus of consumerism from mere acquisition to more carefully considered purchases.

Further, it appears the very nature of advertising, with its thrust to motivate consumer spending, is perceived as unethical. According to Laczniak and Murphy (1991), advertising practitioners and salespeople were ranked lowest on a scale of ethical standards "among various categories of business professionals." (Laczniak & Murphy, 1991, p. 261) Attention to ethics in advertising could reduce this public distrust of ad professionals.

Advertising ethics have societal implications as well. Bovee and Arens (1989) note a popular criticism of advertising is that it manipulates the public into purchasing unnecessary items. Laczniak and Murphy (1991) build on this criticism by stressing the ethical repercussions of dishonest manipulation by businesses. They state the "societal costs" (Laczniak & Murphy, 1991, p. 263) of duping consumers into buying inferior products are enormous and further note that this practice can --potentially-- threaten the free market system.

CHAPTER 4

METHODOLOGY

In 1987, Hunt and Chonko distributed 3,064 questionnaires to advertising agency practitioners. Of that total, only 17 percent, or "330 usable questionnaires were returned." (p. 17)

The researchers explained the scanty response this way:

The topics of ethics is such a sensitive issue that many business people are extremely reluctant to respond to questionnaires that deal, even peripherally, with this issue. On the other hand...ethics may be "of such little concern" to advertising executives that they would not respond to questionnaires on the topic. (p. 17)

For the research undertaken here, 103 questionnaires were distributed to Omaha-area advertising agency executives. The distribution list was gleaned, in part, from the membership roster of the Omaha Federation of Advertising. Additional agency executives were reached through direct bulk mailings to agency presidents who then distributed questionnaires internally. Thirty-five surveys were hand-delivered by the researcher to local agencies.

Of the 103 questionnaires distributed, 52 usable surveys were returned to the researcher. "Usable" questionnaires comprised all those returned within the specified time period with complete responses to the Likert-scale portion of the survey. Questionnaires with incomplete data in the essay segment of the survey, as well as in the demographic area, were

considered valid and were included in the research as long as the Likert-scale items had been completed. Three questionnaires were returned as "wrong address" and one was returned with essay responses to the Likert-scale portion of the questionnaire, disqualifying it for inclusion in the study. Because of the relatively high response rate of 50.5 percent, as well as other factors, a second mailing was not attempted.

Distribution of questionnaires commenced October 26, 1992, with the last response received by the researcher November 11, 1992.

The questionnaire (see Appendix A) was organized into three significant categories: a Likert-type scale designed to measure ethical attitudes, a section for open-ended responses and an area for demographic data.

Development of the Likert-type scale stemmed from responses to Hunt and Chonko's research question (see below). Hunt and Chonko categorized these replies into six general divisions, each of which formed a verbatim statement for the Likert scale in the research undertaken here. Additional Likert scale statements were gleaned from quoted reports by agency executives which Hunt and Chonko included in their paper.

The open-ended response category was included for two reasons. First, as a check for consistency with Hunt and Chonko's research (though this current research is neither to be regarded nor treated as a replication) and second to explore some potential solutions to ethical problems. As was the case with Hunt and Chonko's research, a demographic section was also

included. Unlike Hunt and Chonko's theoretical approach, however, this research sought to correlate specific demographic data with perceptions of ethical problems.

The impetus for the organization of the research stems from Hunt & Chonko's work, where advertising executives were asked this question:

In all professions (e.g. law, medicine, education, accounting, advertising, etc.) managers are exposed to at least some situations that pose a moral or ethical problem. Will you please briefly describe the aspect of advertising that poses the most difficult ethical or moral problem confronting you in your daily work? (p. 18)

A host of opinions were exposed that were generalized by Hunt and Chonko into six statements which included: "treating clients fairly; creating honest, nonmisleading, socially desirable advertisements; representing clients whose products/services are unhealthy, unneeded, useless, or unethical; treating suppliers, vendors and media fairly; treating employees and management of agency fairly; treating other agencies fairly" (p. 19).

To employ the Hunt and Chonko findings in this research, respondents were asked:

The following statements represent beliefs expressed by advertising professionals. For each, to what extent do you agree or disagree that ethical problems exist?

Survey participants were asked to respond along a scale with "5" representing "strongly agree," "3" being neutral and "1" connoting strong disagreement (See Table IV).

The first six topics presented for respondent reaction included the generalized areas exposed by Hunt and Chonko.

As earlier discussed, the remaining nine statements in the Likert-scale portion of the questionnaire were also suggested by Hunt and Chonko's research in the text of their study rather than in the statistically calculated area of their results.

CHAPTER 5

RESULTS

Fifty-two advertising executives (a response rate of 50.5 percent) participated in this study. To better understand the nature of these responses, it is helpful to first understand the demographics of the respondents.

Of the total number of participants in this study, 31 (or 60 percent) were men and 21 (40 percent) were women. Thirty-five percent (18 of the respondents) had studied ethics while 65 percent (34) had not.

Ages of the respondents ranged from an 18-29 year-old category to those qualifying themselves as more than 60 years old. The lowest number of participants was in the 18-29 and 50-59 range, with each group accounting for 11.5 percent of the universe (seven respondents apiece).

Eleven respondents were in the 30-39 range. These persons accounted for 21 percent of the total group. The next-highest subset of participants was the 60 and over individuals, with 13 respondents and a percentage ranking of 25. Finally, the largest group of respondents was the 40-to-49-year-olds, who accounted for 31 percent of the total and had 16 participants.

The majority level of education was a bachelor's degree, with 32 respondents (62 percent) indicating this category. The next most-cited educational level was both the master's degree

TABLE I
RESPONDENTS' CHARACTERISTICS

<u>GENDER</u>			<u>AGE</u>		
	<u>Number</u>	<u>Percent</u>		<u>Number</u>	<u>Percent</u>
Male	31	60	18-29	6	11.5
Female	21	40	30-39	11	21
			40-49	16	31
			50-59	6	11.5
			60+	13	25
<u>JOB TITLE</u>			<u>LEVEL OF EDUCATION</u>		
	<u>Number</u>	<u>Percent</u>		<u>Number</u>	<u>Percent</u>
President	12	24	High School	2	4
Vice President	8	16	Some College	9	17
Marketing			Associate's		
Director	1	2	Degree	0	0
Creative/			Bachelor's		
Ad. Director	3	6	Degree	32	62
Media Director	2	4	Master's		
Media Planner	4	8	Degree	9	17
Writer	5	10	Doctoral		
Manager	2	4	Degree	0	
Account Exec.	5	10			
Other	8	16			
<u>AREA OF STUDY</u>			<u>SIZE OF AD AGENCY**</u>		
	<u>Number</u>	<u>Percent</u>		<u>Number</u>	<u>Percent</u>
Advertising	6	10.5	3-9	8	18.5
Communication	4	7.5	10-19	14	33
Design	2	4	20-29	4	9
English	11	20	30-39	10	23
Journalism	16	28	40-49	2	4.5
Marketing	1	2	50 or more	5	12
Other	16	28			
**Totals in this area exceed the number of surveys returned as some respondents listed more than one area of study.			**Number of employees		
<u>STUDIED ETHICS IN COLLEGE</u>			<u>INCOME</u>		
	<u>Number</u>	<u>Percent</u>		<u>Number</u>	<u>Percent</u>
Yes	18	35	Less than		
No	34	65	\$20,000	5	11
			\$20-\$25,999	8	17
			\$30-\$34,999	8	17
			\$35-\$44,999	5	11
			\$45-\$54,999	8	17
			\$55-\$64,999	1	2
			\$65-\$74,999	3	6
			\$75,000+	9	19

and those with some college. Here, nine people noted that they had achieved a master's for 17 percent of the total; and, nine advertising executives stated that they had some college. Two people (six percent) said they had a high school education.

Incomes for the group ranged from less than \$20,000 to more than \$75,000. Those making more than \$75,000 annually comprised the largest number of respondents (9).

Three salary categories had the same number of respondents: \$20,000-\$25,999; \$30,000-34,999; and, \$45,000-54,999. Each of these three groups accounted for 17 percent of the total and had eight respondents apiece. Six percent of the survey participants (3 people) noted a salary between \$65,000 and \$74,999 while one person was in the \$55,000 to \$64,999 range.

The largest single area of study for participants was journalism, accounting for 28 percent of the total. This was followed by those who majored in English (11 respondents and 20 percent of the total), then advertising majors (6 respondents). Communication majors were 7.5 percent of the whole, and 16 participants were classified as "other." These respondents cited such majors as Russian, government and more.

Company presidents comprised the major group of people in this study. Here, 12 people responded for 24 percent of the total. The second-largest single group of respondents was vice presidents (8 people), accounting for six percent of the total. Writers and account executives were third (10 percent each) then media planners and advertising directors. Two respondents cited titles of manager and two were media directors.

Table II, II A and II B: Most Difficult Ethical Problems Facing Advertising Executives Today

Of the 52 survey respondents, 43 answered the question, "What do you think is the most difficult ethical problem facing advertising executives today?" The top response in this section dealt with the issue of honesty, where nine of the respondents noted the general ethical dilemma "lack of honesty or lack of truth in dealing with clients and in finished advertising pieces." (For examples of specific verbatim responses in this area, please see Table II B.)

Seven of these nine respondents were men and two were women, with six of the seven men having studied ethics. Neither of the two women had college ethics courses.

Master's degrees had been earned by four of the men, all of whom studied ethics in college; and, the remaining five respondents had bachelor's degrees.

Respondents' salaries ranged from less than \$20,000 annually to \$75,000 or more, with four of the nine persons from this group earning \$30,000 to \$44,999 annually. Although respondents ages ranged from the 18-29 category to the 60 and over category, clusters of respondents were in the 30-39 demographic and 60+ category. Each of these areas had three respondents.

The second most-mentioned response focused on the issue of designing quality creative pieces within the client's budget and expectations. Six advertising practitioners indicated this was an ethical problem. Two of the respondents were men and four were women. (For selected verbatim responses, please see

TABLE II
MOST DIFFICULT ETHICAL PROBLEMS
FACING ADVERTISING EXECUTIVES TODAY

<u>Ethical Dilemma</u>	<u>Number of Responses</u>
1) Lack of honesty or lack of truth in dealing with clients and in finished advertising pieces	9
2) Designing quality creative pieces within the client's budget and expectations.	6
3) Representing clients whose products are unhealthy or unethical	4
4) Billing	4
5) No ethical problems exist	3
6) Balancing the needs of the client versus the needs of the agency	3
7) Sexism and racism in ads	3
8) Political advertising	2
9) The general "stigma" that surrounds the advertising profession	2
10) Other issues	7
TOTAL RESPONSES	43

Respondents were asked the open-ended question, "What do you think is the most difficult ethical problem facing advertising executives today?"

TABLE III
SOLVING ETHICAL DILEMMAS

<u>Recommendation</u>	<u>Number of Responses</u>
1) Look inside yourself; follow your conscience/heart	13
2) Follow a professional code or set of principles	7
3) Be honest/develop a history of trust	6
4) Observe what others in the industry are doing	3
5) Follow Biblical principles	2
6) Other recommendations	7
TOTAL RESPONSES	38

Respondents were asked the question, "How can advertising executives best manage or solve ethical dilemmas?"

Table II B. For a demographic breakdown of all respondents in this area, please refer to Table II A.) One of the respondents, a man, studied ethics in college, while none of the women had college ethics courses.

Of the four women, three fell into the 40-49 age range. The remaining age categories had one respondent each, with the exception of the 60+ area which had no respondents.

Salaries ranged from around \$20,000 annually to \$75,000 or more. The salary category with the most representatives was the \$20,000-\$24,999, with two respondents.

A third situation considered by advertising professionals to be one of the most difficult ethical problems facing advertising executives today focused on representing clients whose products are unhealthy or unethical (See Tables II, II A and II B). Four persons indicated this was a problem, with responses in this category provided by two men and two women.

One of these survey participants studied ethics, while the other three did not. Again, salaries here ranged from around \$20,000 annually to \$75,000 and above.

Two of the respondents held bachelor's degrees, while one person had a master's degree. Of the four persons in this area, three ranged in age from 40 to 49 years; and the remaining participant was more than 60 years old.

Billing issues, such as the issue of representing clients whose products are unhealthy or unethical, also ranked third. Four respondents, two of whom were men who studied ethics in college, considered billing to be the most difficult ethical

TABLE II A
 BREAKDOWN OF TOP THREE RESPONSES
 TO
 WHAT DO YOU THINK IS THE MOST DIFFICULT
 ETHICAL PROBLEM FACING ADVERTISING EXECUTIVES TODAY?

	Ethics		Sex		Age					Education					Salary							
	Y	N	M	F	18	30	40	50	60	HS	SC	AD	BA	MA	-20	20	30	35	45	55	65	75
1)	6	3	7	2	1	3	1	1	1	0	0	0	4	4	1	2	2	2	1	0	1	1
2)	1	5	2	4	1	1	3	1	0	0	1	0	4	1	0	2	1	1	1	0	0	1
3)	1	3	2	2	0	0	3	0	1	0	1	0	2	1	0	1	1	0	0	0	1	1
4)	2	2	3	1	1	1	0	1	1	0	0	0	4	0	1	1	1	0	0	0	0	0

TABLE III A
 BREAKDOWN OF TOP THREE RESPONSES
 TO
 HOW CAN ADVERTISING EXECUTIVES BEST MANAGE
 OR SOLVE ETHICAL DILEMMAS?

	Ethics		Sex		Age					Education					Salary							
	Y	N	M	F	18	30	40	50	60	HS	SC	AD	BA	MA	-20	20	30	35	45	55	65	75
1)	6	7	10	3	1	2	5	3	1	0	2	0	9	2	1	3	2	1	2	1	1	1
2)	5	2	5	2	1	0	2	2	2	0	0	0	3	4	0	1	1	1	0	0	1	3
3)	2	4	3	3	1	3	0	0	2	0	1	0	4	1	0	1	2	1	1	0	0	0

Key:

Ethics: Y= yes, N= no

Age: 18= 18-29; 30= 30-39; 40= 40-49; 50= 50-59; 60= 60+

Education: HS= high school; S= some college; AS= associate's degree

BA= bachelor's degree; MA=master's degree

Salary: -20= less than \$20,000; 20= \$20,000-\$25,999; 30= \$30,000-

\$35,999; 35= \$35,000-\$44,999; 45= \$45,000-54,999; 55= \$55,000

-\$64,999; 65= \$65,000-\$74,999; 75= \$75,000+

These tables detail Tables II and III, where responses to open-ended questions were generalized then rank-ordered by category. The numbers one through three represent the top three answers to each of the two questions. Please refer to Tables II and III for both the general category names as well as subsequent category listings. Also, please note that the third response to Table II A reflects a tie for third most-popular answer. The decision to detail the top three responses was deemed appropriate as subsequent statements may have only two or three respondents.

problem facing advertising executives today. All four of the respondents had bachelor's degrees; and, three of the advertising executives were men while one was a woman.

Salaries in this area ranged from \$20,000 to \$34,999. Ages ranged from the 18-29 category to the 60+ category. Again, refer to Tables II, II A and II B for additional information.

Tables III, III A and III B: How can advertising executives best manage or solve ethical dilemmas?

In response to the question, "How can advertising executives best manage or solve ethical dilemmas?" 13 survey participants answered, effectively, "follow your conscience/heart" (see Table III B, verbatim responses).

Of this group, 10 were men and three were women. Six of the respondents, all men, had studied ethics; seven had not.

Salaries in this area ranged from less than \$20,000 to more than \$75,000, with the \$20,000 to \$25,999 category having the largest cluster of participants. Three of those responding had salaries in this range.

The level of education of the group varied. Two of the respondents had some college, nine had bachelor's degrees and two had master's degrees. The master's degrees were both held by men.

Ages varied as well, however, most of the advertising executives in this group ranged in age from 30 to 59 years. For this category, one of the survey participants fell into

the 18 to 29 range, two were in the 30 to 39 range, five were in the 40 to 59 range, three were in the 50 to 59 range and one was in the 60+ category.

A second recommendation for solving ethical dilemmas was to follow a professional code or set of principles (See Tables III, III A and III B). Seven people, five of whom were men and two of whom were women, indicated a response of this nature.

Ages ranged from the 18-29 group to more than 60 years old, with salaries ranging from around \$20,000 to more than \$75,000. Income clusters were in the \$20,000 to \$35,000 range, with three respondents and in the \$65,000 to \$75,000+ range, with four respondents.

Four of the five men studied ethics in college, while one of the two women studied ethics as well. Of the men, three had master's degrees.

Six survey participants recommended that advertising executives be honest and/or develop a history of trust to help manage or solve ethical problems. Three of these respondents were men and three were women. The three women had studied ethics in college.

The age range for the group was from the 18-29 category to the 60+ category. Three of the respondents were in the 30-39 year-old-range, making this the most-selected age category for the group.

In the education area, four respondents had bachelor's degrees, one had some college, and one, a man, had a master's.

Salaries ranged from less than \$20,000 to \$54,999.

TABLE II B*

TABLE OF SELECTED VERBATIM RESPONSESTO:"WHAT DO YOU THINK IS THE MOST DIFFICULT
ETHICAL PROBLEM FACING ADVERTISING EXECUTIVES TODAY?"**1) Lack of honesty or lack of truth in dealing with clients
and in finished advertising pieces**

"I believe most ethical problems arise from lack of honesty or candor. Another problem is due to immorality. If you are honest and moral, you won't have too many problems."

"Truth in communicating benefits of products/services to the customer"

"Truth in advertising is very important -- important that product will do as it is advertised -- treat client fairly and be upfront on costs, etc."

"Honesty with clients in terms of cost/benefit of projects and standardized billing"

**2) Designing quality creative pieces within the client's budget
and expectations**

"Making absolutely sure that every communications piece that leaves our office meets the highest standards possible and if personnel do not meet this criteria they are to be replaced with ethical professionals who do."

"Trying to force the client to invest in sound creative. Clients feel agencies are spending their money just to win awards. It's really hard, especially since the mediocre stuff tests as well as the good stuff."

"Doing what the client wants versus what the agency recommends and feels is best for the client."

**3) Representing clients whose products are unhealthy or
unethical**

"Soliciting/representing clients whose products may be considered immoral i.e. gambling, drinking or clients and products not considered politically correct."

"Representing clients whose products and services are unhealthy or, more importantly, are contrary to the beliefs, standards and morals of the executive and members of the firm."

"Representing products or services that are inferior in some way or are not socially responsible. This is not as serious a problem in Omaha as it is nationally. I personally, in years past, have refused to work on liquor and cigarette advertising. Even though I enjoy the occasional glass of wine, it's not a subject I want to devote myself to."

4) Billing

"Billing -- what is right? What is fair?"

"Fairly charging clients for work done. Oftentimes the sheets and bills are padded to justify overstuffed personnel and deliberately undercut bids to get the job."

"Charging what our services are worth while at the same time making a profit. Clients question when we pass on our net costs -- but yet our bottom line is not high enough to absorb these costs."

5) No Ethical Problems Exist

"I don't believe there is a large ethical "problem" today any more than there used to be. As with all jobs or businesses, if the people have a high degree of morality, ethics will fall into place. Ethics lie within the individual."

"Personally, I have no ethical problems and believe this should not be an issue if proper high standards are held to."

6) Balancing the needs of the client versus the needs of the agency

"Balancing what's good and profitable for the agency with what's best for the client. (The standard compensation system causes problems.)

"Balancing the necessity of running a profitable business with providing a worthwhile product to the client and communicating an honest message to the consumer."

7) Sexism and Racism in ads

"On a local/regional basis we don't have a significant ethical problem in advertising. On a national basis, there are too many products or services using blatant sex as a key ingredient in advertising."

"I believe it is a big responsibility of the agency to portray people without gender bias or racism. We follow

a very strict ethical code at my agency. It is expected and enforced."

"Our agency was founded expressly to serve clients whose products or services benefit the public and the environment. I feel, therefore, that our agency lives up to the highest ethical standards. However, I do feel in general that there is a terrible over-emphasis on rampant consumption and blatant sexism and racism that must be addressed within the entire media industry."

8) Political Advertising

"Working on political advertising"

9) The general "stigma" that surrounds the advertising profession

"Overcoming the stigma that affects advertising in general due to the [unethical] practices of a few 'quick-buck' artists."

10) Other responses

"Staying fresh. Rehashing old themes because a client is in gridlock is as counterproductive as the ideas of the creative zealot."

"The very nature of our business promotes rampant consumerism which is proving to have severe sociological consequences. And, depending on your point of view (in regard to greed and gluttony) moral consequences, too. How do we change?"

"Blowing the whistle on agencies or media that steal music and do not pay usage fees."

"Balancing the needs of the client with social responsibility. The client has every right to expect a good job -- the public needs to be part of the equation."

*Table II B works in tandem with Table II to show examples of verbatim recommendations. Responses in Table II B were included based on length of response (for example, terse or single-word statements such as "honesty" or "a good conscience" were not included). As a result of the selection criteria, the number of verbatim responses may not coincide with the number of total responses shown on Table II.

TABLE III B*

TABLE OF SELECTED VERBATIM RESPONSES
TO
"HOW CAN ADVERTISING EXECUTIVES
BEST MANAGE OR SOLVE ETHICAL DILEMMAS?"

1) **Look inside yourself; follow your conscience/heart.**

"1. Come to the job equipped with a brain and a conscience.
2. apply both"

"A conscience is a useful thing"

"The answers lie in common sense and common courtesy. Because an arbitrary mark up is involved, agencies must strive to be forthright with their clients. They must look past the 'short-term buck' and focus on the long-term client relationship.

"By trying to remain true to themselves and using their own inner voice. For instance, by not taking a client if it doesn't agree with one's own convictions. Or by not permitting a client to say something in an ad you know is not on the up and up. I've backed down a client many times on issues like these. (Car dealers are great fun!)"

2) **Follow a professional code or set of principles**

"By practicing and following the 4 A's criteria for sound and ethical standards of advertising and to staff qualified professionals with positive attitudes and integrity above reproach."

"We can all practice sound ethical values and help police our industry...PRSA is an organization that seems to work on this issue."

"Make all clients and agency staff aware of the agency's code of ethics."

"Perhaps the best way to manage such dilemmas is to put in writing position statements the executives feel strongly about and agree early in the process of starting or merging a business that certain clients will not be accepted."

"We must be very clear with our client and suppliers regarding the standards we hold and operate under."

3) Be honest/develop a history of trust

"By their own good example. By adhering strictly to honesty in their relations with others, their work and the content of the ads they produce and present to clients."

"Build a history of ethical behavior."

"I think honesty is the most important tool ad people can use. If you are honest with your clients they respect you and understand that you are treating them fairly. Honesty is the cornerstone to being a good person."

"Establish a pattern of trust and reliability. It will pay off over the long haul."

"Discuss them openly and honestly -- even with the client. We are actually a very 'above-board business.' We've long been viewed as 'scam artists.' That just isn't true. Possibly a campaign where we do some agency 'PR' work."

"Trying to keep everything on the 'up and up' and not compromising on unethical practices."

"1) avoid the situations 2) open discussions with clients/employees"

4) Observe what others in the industry are doing

"Involving as many members of the agency as possible to provide various viewpoints, ideas and solutions."

"Conduct a personal inventory of their own ethical beliefs as well as utilize industry sources (articles, ad club pubs) to arrive at an appropriate solution."

"Communicating amongst themselves"

5) Follow Biblical principles

"hold to Biblical principles"

6) Other recommendations

"By facing the problems and trying to reach the best decisions for the good of their clients and industry -- rather than ignoring the problems and [hoping] they will go away."

"Execs must respond to the ever-improving consciousness of their audience and the real environmental, social and cultural problems that plague us all."

"By looking at the big picture. It's not worth risking

the loss of a client in order to make a few extra bucks."

"Doing lots of pro bono work. Look, if you wanna talk 'family values,' there's nothing wrong with an agency taking care of its own -- seeing that everyone who pulls his/her weight has a job. You got to hold your nose sometimes, so you do good works; you flirt with God to balance things out."

*Table III B works in tandem with Table III to show examples of verbatim recommendations. Responses in Table III B were included based on length of response (for example, terse or single-word statements such as "honesty" or "a good conscience" were not included). As a result of the selection criteria, the number of verbatim responses may not coincide with the number of total responses shown on Table III.

Table IV and IV A

Table IV reflects the number of persons who responded to each of the 15 statements as well as the percentage of people who agreed, were neutral on and disagreed that ethical problems existed with the statements. The total universe of respondents was 52.

Table IV A shows the mean response to each statement for all 52 participants. The statements are ordered from highest mean response to lowest mean response.

The statement to which advertising executives had the highest average response was "creating honest, nonmisleading, socially desirable ads" (See Table IV A). Here, the mean response was 3.80 and 67 percent of participants agreed ethical problems existed in this area.

Forty-eight percent of respondents agreed ethical problems existed with "treating clients fairly." The mean response in this area was 3.51 (See Table IV and IV A), making this the statement with the second-highest response.

A third area where the average response indicated that 50 percent of the ad executives agreed ethical problems existed was "creating equitable billing systems," with a mean of 3.38.

"Treating suppliers, vendors and media fairly" had the fourth-highest mean response of 3.26 with 44 percent of advertising executives agreeing that ethical problems existed here.

Of the 52 respondents, 42 percent (mean of 3.25) said ethical problems existed with doing what the client wants versus

TABLE IV
RESPONSES TO ETHICAL PROBLEMS

<u>STATEMENT</u>	<u>NUMBER OF RESPONSES ON THE SCALE</u>				
	5	4	3	2	1
1. Treating Clients fairly A=48%, N=25%, DA=27%	20	5	13	10	4
2. Creating honest, nonmisleading, socially desirable ads A=67%, N=12%, DA=21%	20	15	6	9	2
3. Representing clients whose products/services are unhealthy, useless or unethical A=35%, N=7%, DA=58%	9	9	4	12	18
4. Treating suppliers, vendors and media fairly A=44%, N=14%, DA=42%	14	9	14	7	8
5. Treating employees and manage- ment of agency fairly A=44%, N=19%, DA=37%	17	6	10	10	9
6. Treating other agencies fairly A=40%, N=23%, DA=37%	12	9	12	14	5
7. Presenting a product in its most favorable light when it is inferior to the competition A=40%, N=25%, DA=35%	6	15	13	8	10
8. Billing clients for agency mistakes A=27%, N=15%, DA=58%	10	4	8	12	18
9. Doing personal work for a client then billing his or her company for it A=27%, N=17%, DA=56%	7	7	9	9	20
10. Doing what the client wants versus what is creatively best A=42%, N=27%, DA=31%	11	11	14	12	4
11. Including product attributes you know to be false in advertising copy A=21%, N=4%, DA=75%	6	5	2	10	29

Key: A = agree, N = neutral, DA = disagree

TABLE IV
CONTINUED

<u>STATEMENT</u>	<u>NUMBER OF RESPONSES ON THE SCALE</u>				
	5	4	3	2	1
12. Accepting vendor incentives in the form of trips, electronics or cash A=25%, N=25%, DA=50%	3	10	13	8	18
13. Pirating creative ideas from other agencies or businesses A=37%, N=13%, DA=50%	6	13	7	12	14
14. Balancing issues of gender and racism in finished ads A=33%, N=40%, DA=27%	9	8	21	6	8
15. Creating equitable billing systems A=50%, N=25%, DA=25%	14	12	13	6	7

Key: A = agree, N = neutral, DA = disagree

TABLE IV A
RANK ORDER OF MEAN RESPONSES TO:
"TO WHAT EXTENT DO YOU AGREE OR
DISAGREE THAT ETHICAL PROBLEMS EXIST?"

<u>RANK</u>	<u>STATEMENT</u>	<u>MEAN</u>
1.	Creating honest, nonmisleading socially desirable ads	3.80
2.	Treating clients fairly	3.51
3.	Creating equitable billing systems	3.38
4.	Treating suppliers, vendors and media fairly	3.26
5.	Doing what the client wants versus what is creatively best	3.25
6.	Treating employees and management of agency fairly	3.23
7.	Treating other agencies fairly	3.17
8.	Balancing issues of gender and racism in finished ads	3.08
9.	Presenting a product in its most favorable light when it is inferior to the competition	2.98
10.	Representing clients whose products/services are unhealthy, useless or unethical	2.76
11.	Pirating creative ideas from other agencies or businesses	2.71
12/13	Accepting vendor incentives in the form of trips, electronics or cash	2.46
12/13	Doing personal work for a client then billing his/her company for it	2.46
14.	Billing clients for agency mistakes	2.31
15.	Including product attributes you know to be false in advertising copy	2.01

what is creatively best. This was followed by the mean response of 3.23 to the statement "treating employees and management of agency fairly.

Responses to "treating other agencies fairly," "balancing issues of gender and racism in finished ads" and "presenting a product in its most favorable light when it is inferior to the competition" all tended toward neutrality with means of 3.17, 3.08 and 2.98 respectively.

Disagreement that ethical problems existed began to appear in response to "representing clients whose products/services are unhealthy, useless or unethical." Here, 58 percent of advertising executives disagreed that ethical problems existed, and the mean response was 2.76.

The issue of "pirating creative ideas from other agencies or businesses" generated a mean response of 2.71. Fifty percent of those responding to the survey disagreed ethical problems existed here.

A mean response of 2.46 was found for the issues of "accepting vendor incentives in the form of trips, electronics or cash" and "doing personal work for a client then billing his or her company for it."

The two lowest means appeared in response to the practice of billing clients for agency mistakes (2.31) and "including product attributes you know to be false in advertising copy" (2.01). For the first of these two issues, 58 percent of respondents disagreed ethical problems existed. Seventy-five percent of advertising executives disagreed ethical problems existed for the second of these statements.

Tables V and V A

These tables represent the average response to each of the 15 questions on the Likert scale for men who had studied ethics and men who had not studied ethics. Of the men who responded, 15 studied ethics and 16 did not. Results in this section are considered more descriptive than predictive.

Survey participants were asked to rate, on a scale of one-to-five, the degree to which ethical problems for a series of statements existed. A response of "1" indicated strong disagreement; a response of "5" indicated strong agreement; and a response of "3" indicated neutrality.

For those who had studied ethics and those who had not, the statement to which male respondents most agreed that ethical problems existed was "creating honest, nonmisleading, socially desirable advertisements."

The average response to this statement for those who studied ethics was 4.40 on the scale. The average response for men who had not studied ethics was 3.69.

The second-highest response for both categories dealt with "treating clients fairly," which garnered a 4.07 response from those who studied ethics and a 3.69 response from those who did not.

Where respondents deviated from agreement on whether ethical problems existed was on the third-most referenced statement. For those who studied ethics, "treating suppliers, vendors and media fairly," with a 3.73 average response, was third, while "creating equitable billing systems," (here, a response of 3.38)

TABLE V
ETHICS

Mean response on a question-by-question
basis for men who studied ethics

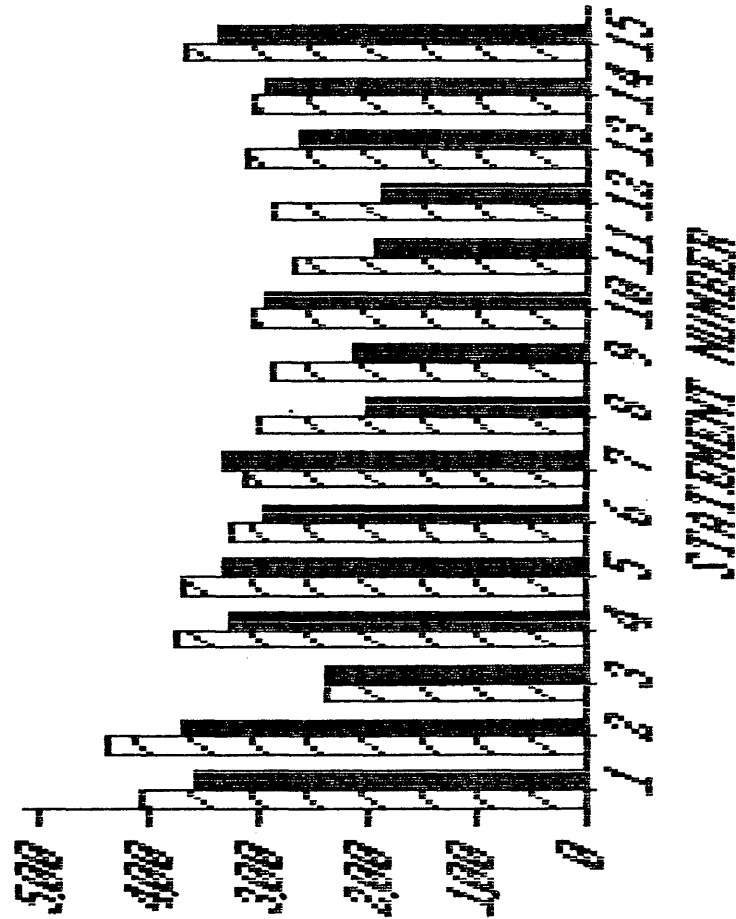
<u>QUESTION</u>	<u>STUDIED ETHICS</u>	
	Y	N
1) Treating clients fairly	4.07	3.56
2) Creating honest, nonmisleading, socially desirable advertisements	4.40	3.69
3) Representing clients whose products/services are unhealthy, useless or unethical	2.73	2.38
4) Treating suppliers, vendors and media fairly	3.73	3.25
5) Treating employees and management of agency fairly	3.67	3.31
6) Treating other agencies fairly	3.27	2.94
7) Presenting a product in its most favorable light...	3.13	3.31
8) Billing clients for agency mistakes	3.00	2.00
9) Doing personal work for a client then billing his or her company for it	2.87	2.13
10) Doing what the client wants versus what is creatively best	3.07	2.94
11) Including product attributes you know to be false...	2.67	1.94
12) Accepting vendor incentives...	2.87	1.88
13) Pirating creative ideas...	3.13	2.63
14) Balancing issues of gender and racism in...ads	3.07	2.94
15) Creating equitable billing systems	3.67	3.38

Average Response for All Questions, Men Who Studied Ethics: 3.29
Average Response for All Questions, Men Who Did Not Study Ethics: 2.81

TABLE V A

ETHICS YES/NO MEN

AVERAGE RESPONSE



KEY:
 YES = diagonally lined bars, N=15
 NO = solid bars, N=16

was third for those who had not studied ethics.

An average score of 3.31 was expressed by those who did not study ethics to the statement "treating employees and management of agency fairly" as well as for "presenting a product in its most favorable light when it is inferior to the competition."

"Treating employees and management of agency fairly" was also the fourth most common statement to which advertising executives agreed ethical problems existed for the group who studied ethics. A mean response of 3.67 was found here.

The 3.67 average response also appeared for those who studied ethics in answer to the statement "Creating equitable billing systems." As earlier noted, this was the third-highest average response for those not studying ethics at 3.38.

Neutral areas for both groups were also apparent, with those who studied ethics having a mean response rate of 3.00 to "billing clients for agency mistakes," a rate of 3.07 for "balancing issues of gender and racism in finished ads" and 3.07 for "doing what the client wants versus what is creatively best."

The group who did not study ethics was closer to neutrality also for "balancing issues of gender and racism in finished ads" (2.94) and "doing what the client wants versus what is creatively best" (2.94). Where those who studied ethics in college averaged a mean response of 3.00 to "billing clients for agency mistakes," those who did not study ethics in college averaged a 2.00 response -- disagreeing that ethical problems

exist here.

Another area where mean scores indicate disagreement that ethical problems exist was "doing personal work for a client then billing his or her company for it." For those who did not study ethics, the average response rate was 2.13. However, for those who did study ethics, the mean response was 2.87.

For the group who studied ethics, the overall lowest mean response was 2.67 to the statement "including product attributes you know to be false in advertising copy."

The average response for all questions was 3.29 for men who studied ethics and 2.81 for men who did not study ethics.

Tables VI and VI A

These tables represent the average response on a question-by-question basis to the 15 statements on the Likert scale by women who did and did not study ethics. Respondents were asked to rate the degree of agreement or disagreement to which ethical problems existed for each of the 15 statements. For this group, three women studied ethics and 18 did not. As was the case with the responses by the men, these results are considered more descriptive than predictive.

The highest average response for women who studied ethics was 4.33 to "representing clients whose products/services are unhealthy, useless or unethical." For women who did not study ethics, this statement had the second-highest average response at 3.29, while "doing what the client wants versus what is creatively best" rated first at 3.56.

TABLE VI
ETHICS

Mean response on a question-by-question
basis for women who studied ethics

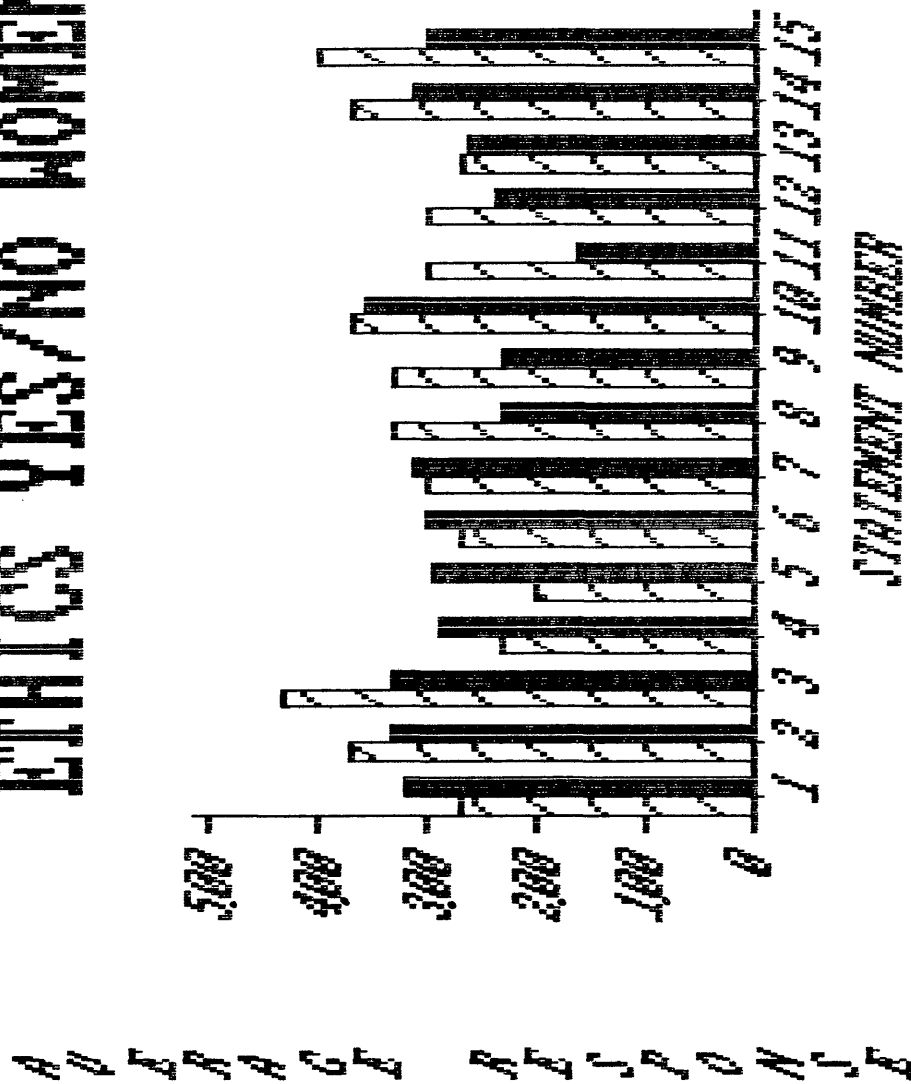
<u>QUESTION</u>	<u>STUDIED ETHICS</u>	
	Y	N
1) Treating clients fairly	2.66	3.16
2) Creating honest, nonmisleading, socially desirable advertisements	3.67	3.28
3) Representing clients whose products/services are unhealthy, useless or unethical	4.33	3.29
4) Treating suppliers, vendors and media fairly	2.33	2.89
5) Treating employees and management of agency fairly	2.00	2.94
6) Treating other agencies fairly	2.67	3.00
7) Presenting a product in its most favorable light...	3.00	3.11
8) Billing clients for agency mistakes	3.33	2.28
9) Doing personal work for a client then billing his or her company for it	3.33	2.28
10) Doing what the client wants versus what is creatively best	3.67	3.56
11) Including product attributes you know to be false...	3.00	1.61
12) Accepting vendor incentives...	3.00	2.39
13) Pirating creative ideas...	2.67	2.61
14) Balancing issues of gender and racism in...ads	3.67	3.11
15) Creating equitable billing systems	4.00	3.00

Average Response for All Questions, Women Who Studied Ethics: 3.15

Average Response for All Questions, Women Who Did Not Study Ethics: 2.83

ETHICS YES/NO WOMEN

TABLE VI A



KEY:
 YES = diagonally lined bars, N=3
 NO = solid bars, N=18

The number-one and number-two responses of women who did/did not study ethics compares to the number-one-and-two responses of men who did/did not study ethics this way: The highest average response for women who studied ethics was to statement 3 (See Tables VI and VI A); and this was the second-highest average response area for women who did not study ethics. Men who studied ethics, as well as men who did not, responded to this statement below the neutral point at 2.73 and 2.38 respectively. In fact, 2.73 was the second-lowest average response to any statement for men who studied ethics.

The number-one response for men was to statement 2 (See Tables V and V A). Women, both those who studied ethics and those who did not, found their third-highest average response rate here. Averages of 3.67 (women who studied ethics) and 3.28 (women who did not study ethics) were found in these areas.

Women who had studied ethics averaged 3.67 in two other areas as well. These were "doing what the client wants versus what is creatively best" and "balancing issues of gender and racism in finished ads." Men who studied ethics rated both of these statements only 3.07.

Women who studied ethics tended toward the neutral category when responding to the statements "presenting a product in its most favorable light when it is inferior to the competition," "including product attributes you know to be false in advertising copy" and "accepting vendor incentives in the form of trips, electronics or cash." Each of these areas had an average response of 3.00.

A near-neutral response was indicated by women who did not study ethics to "presenting a product in its most favorable light when it is inferior to the competition" (3.11), as well as to "balancing issues of gender and racism in finished ads" (3.11).

An area where women who studied ethics tended to disagree that ethical problems existed was "treating suppliers, vendors and media fairly," where a mean score of 2.33 was found. In addition, a 2.00 mean response was scored for "treating employees and management of agency fairly."

The 18 women who did not study ethics showed several areas where they disagreed that ethical problems were evident. An average response rate of 1.61 was cited for "including product attributes you know to be false in advertising copy." This was the lowest mean response for women who did not study ethics. Other statements with which women who did not study ethics disagreed ethical problems existed were "billing clients for agency mistakes" (2.28) and "doing personal work for a client then billing his or her company for it" (2.28).

For all 15 statements for women who studied ethics, the average response was 3.15. The overall average response for women who did not study ethics was 2.83. Comparing these averages with those of the men, the men who studied ethics had a higher mean response than the women who studied ethics by .14. The men who did not study ethics had a lower mean response than the women who did not study ethics by .02.

Table VII: Age of Participants Correlated with Response

This table represents the mean responses for each of the five age groups to every statement. As earlier noted, 15 statements comprise the Likert-scale portion of this study.

Of the five groups, one had the highest mean response to eight of the 15 questions: the 50-to-59-year-olds (See Table VII). Their average responses break down in this way:

<u>Statement</u>	<u>Mean Response</u> <u>(N=6)</u>
Treating suppliers, vendors and media fairly	3.83
Treating employees and management of agency fairly	3.83
Treating other agencies fairly	3.67
Doing personal work then billing his or her client for it	3.17
Balancing issues of gender and racism in finished ads	3.16
Pirating creative ideas from other agencies or businesses	3.00
Including product attributes you know to be false in advertising copy	2.83
Accepting vendor incentives in the form of trips, electronics or cash	2.67

Note that where the average responses are above 3.00 it connotes agreement that ethical problems exist and that where average responses are below 3.00 it indicates ethical problems do not exist.

Where 50-59 year-olds had the highest mean response to the statements "treating supplies, vendors and media fairly," and "treating employees and management of agency fairly", 18-29 year-olds had the lowest mean response of 2.67 and 3.00 respectively. For the statement "treating employees and management of agency fairly," those over the age of 60 also showed a 3.00 average response.

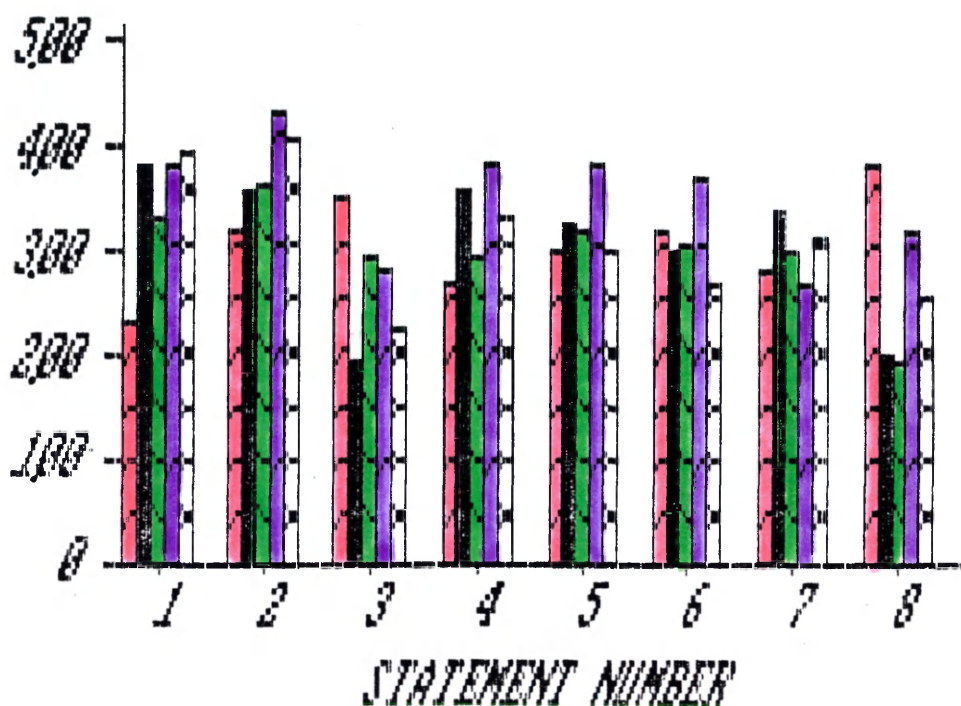
Two categories indicated the youngest survey respondents had the lowest mean response while the oldest survey respondents

TABLE VII

AGE GROUP

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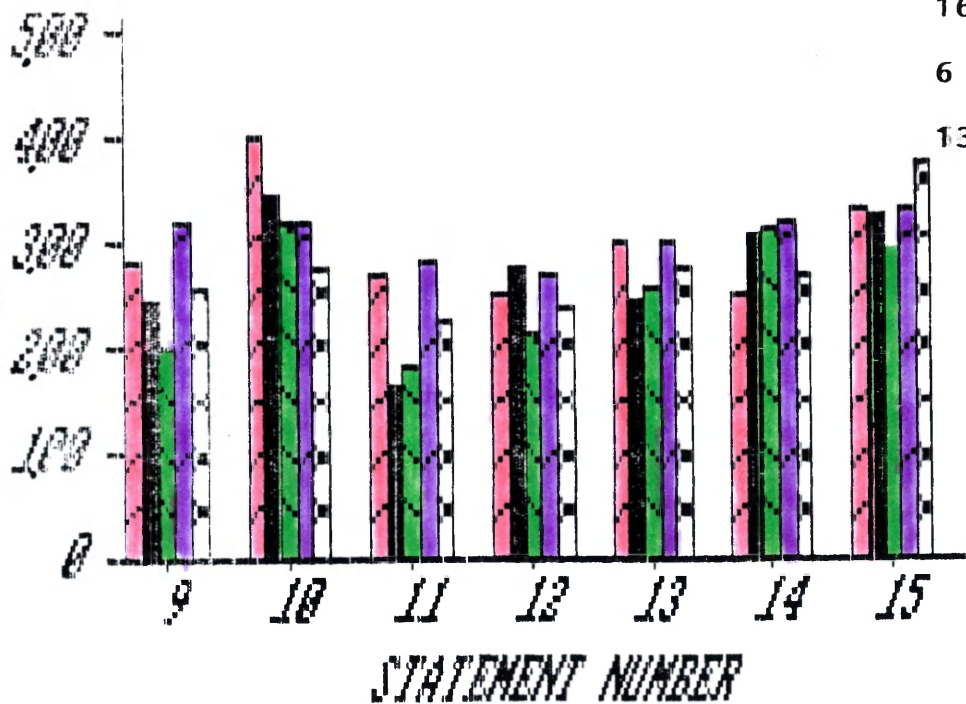
KEY:

N	AGE
6	18/29
11	30/39
16	40/49
6	50/59
13	60+

AGE GROUP

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had the highest mean response. "Treating clients fairly" had an average response of 2.33 from those between the ages of 18 and 29. This same statement had a 3.92 mean response for those 60 and over. The mean response by 18-29 year-olds to "creating honest, nonmisleading, socially desirable advertisements" was 3.17; for the 60+ group it was 4.08.

An area where the average response decreased while age increased was the issue of "doing what the client wants versus what is creatively best." Mean responses for each age group were: 18-29: 4.00; 30-39: 3.45; 40-49: 3.19; 50-59: 3.17; 60+: 2.76.

While four of the five age categories tended close to or below the mean in reference to the practice of "billing clients for agency mistakes," those between the ages of 18 and 29 agreed ethical problems existed here and noted a mean response of 3.83. Those in the 50-59 age group tended more toward neutrality on this issue; and, 30-39 year-olds (mean of 2.00), 40-49 year-olds (mean of 1.93) and those 60 and over (mean of 2.54) disagreed that ethical problems existed in this area.

Another area where respondents disagreed that ethical problems existed was "accepting vendor incentives in the form of trips, electronics or cash." Here, all age groups fell below the neutral point and averaged mean responses of 2.50 (18-29), 2.73 (30-39), 2.12 (40-49), 2.67 (50-59) and 2.38 (60+).

Disagreement that ethical problems existed was also exhibited by all age groups in response to the statement "including product attributes you know to be false in advertising

copy." The highest mean here was (as earlier noted) 2.83 by the 50-59 year-old group. The lowest mean was 1.63, this averaged by the 30-39 year olds.

The most disparity between high and low mean responses was 1.9 where the highest average response to the statement "billing clients for agency mistakes" was 3.83 (18-29) and the lowest average response was 1.93 (40-49).

Table VIII: Average Response, Men and Women

This table displays the average response for each of the 15 statements for both men and women. As earlier noted, 31 men and 21 women participated in this study.

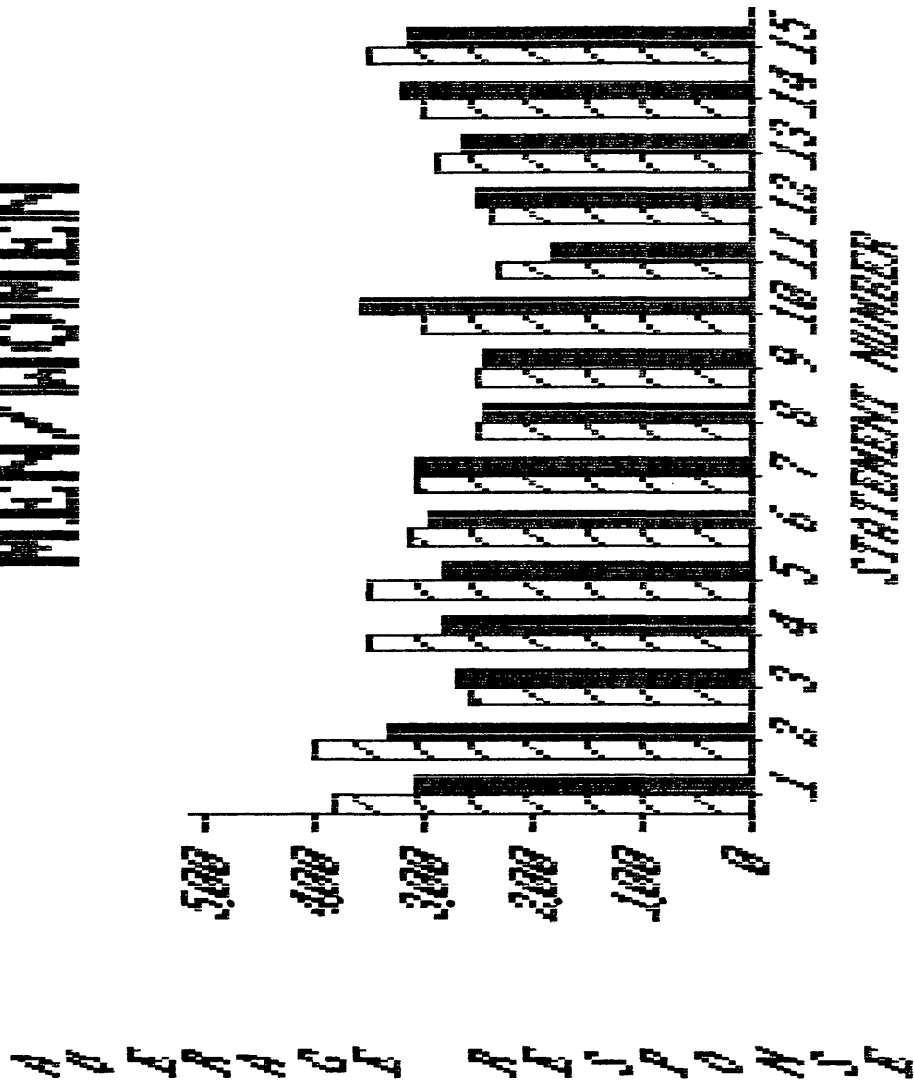
Of the 15 statements, men responded higher on average to 10 of the statements than women (See Table VIII). These are:

<u>Statement</u>	<u>Mean Response</u> <u>(N=31)</u>
"Creating honest, nonmisleading, socially desirable advertisements"	4.03
"Treating clients fairly"	3.81
"Creating equitable billing systems"	3.52
"Treating suppliers, vendors and media fairly"	3.48
"Treating employees and management of agency fairly"	3.48
"Treating other agencies fairly"	3.10
"Pirating creative ideas from other agencies or businesses"	2.87
"Billing clients for agency mistakes"	2.48
"Doing personal work for a client then billing his or her company for it"	2.48
"Including product attributes you know to be false in advertising copy"	2.29

All average responses above 3.00 indicate areas where men agreed ethical problems existed. All average responses below 3.00 are areas where men disagreed ethical problems existed.

TABLE VIII: AVERAGE RESPONSE, MEN AND WOMEN

MEN/WOMEN



KEY:
 MEN = diagonally lined bars, n=31
 WOMEN = solid bars, n=21

Women averaged higher mean responses than men in five areas:

<u>Statement</u>	<u>Mean Response</u> <u>(N=21)</u>
"Doing what the client wants versus what is creatively best"	3.57
"Balancing issues of gender and racism in finished ads"	3.19
"Presenting a product in its most favorable light when it is inferior to the competition"	3.09
"Representing clients whose products/services are unhealthy, useless or unethical"	2.67
"Accepting vendor incentives in the form of trips, electronics or cash"	2.52

Again, all responses above 3.00 indicate agreement that ethical problems exist, while all responses below 3.00 indicate disagreement that ethical problems exist.

For the two statements in the listing of highest mean responses by women where disagreement that ethical problems existed occurred, disagreement by men was stronger. The average response for men to "representing clients whose products/services are unhealthy, useless or unethical" was 2.55, while the average response by men to "accepting vendor incentives in the form of trips, electronics or cash" was 2.35.

Both men and women agreed ethical problems existed with:

"Treating clients fairly"
 "Creating honest, nonmisleading, socially desirable advertisements"
 "Presenting a product in its most favorable light when it is inferior to the competition"
 "Creating equitable billing systems"

Men and women concurred that ethical problems did not exist

in these areas:

"Representing clients whose products/services are unhealthy, useless or unethical"

"Billing clients for agency mistakes"

"Doing personal work for a client then billing his or her company for it"

"Including product attributes you know to be false in advertising copy"

"Accepting vendor incentives in the form of trips, electronics or cash"

"Pirating creative ideas from other agencies or businesses"

Men and women differed on whether ethical problems existed in five areas. Women, with a mean response of 2.81, disagreed that ethical problems were evident in "treating suppliers, vendors and media fairly," while men agreed ethical problems existed here. Again, women disagreed that ethical problems existed with "treating employees and management of agency fairly," while men agreed that problems of an ethical nature were present in this area.

The mean response for men to "treating other agencies fairly" indicated men agreed ethical problems existed in this category. However, the average response of 2.95 for women showed mild disagreement that ethical problems were apparent here.

Men indicated neutral responses to two issues: "doing what the client wants versus what is creatively best" and "balancing issues of gender and racism in finished ads." An average response of 3.00 was noted in each of these categories. Women, on the other hand, agreed ethical problems existed with both of these issues.

Tables IX and IX A: Average Response by Level of Education

These tables display, on a statement-by-statement basis, mean responses by education. As earlier noted, two persons cited a high school education, nine said they had some college, 32 people indicated they held a bachelor's degree and nine participants had master's degrees.

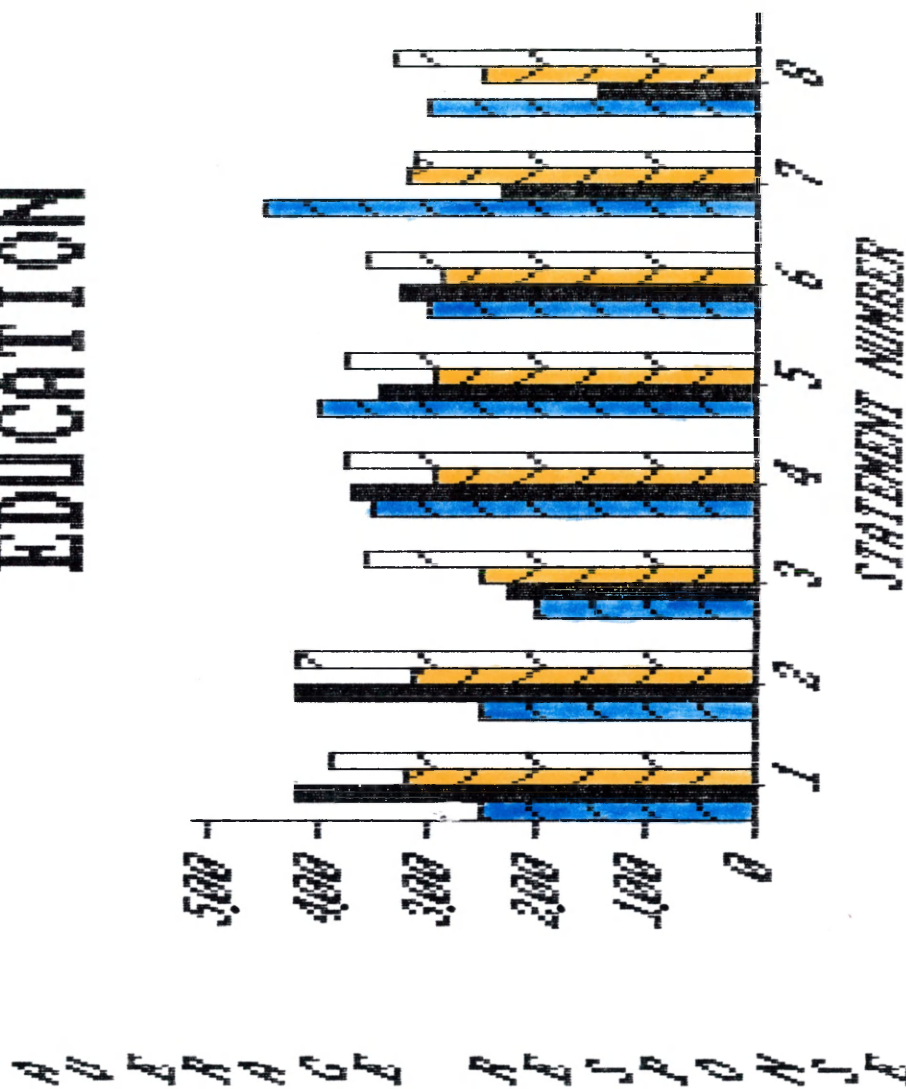
Of the 15 total statements, those with master's degrees had the highest mean response to 12 of the situations; and, each of these 12 responses was above the neutral point. This indicates agreement that ethical problems exist. The lowest of the high responses for the 12 was 3.22 (See Tables IX and IX A, statement 9). The highest mean in this group of 12 was 4.22 in response to statement 2, "creating honest, nonmisleading, socially desirable advertisements." A mean of 4.22 is also evident in this area for those with some college.

The remaining three statements to which those with master's degrees did not have the highest mean include: "treating clients fairly," "treating employees and management of agency fairly" and "presenting a product in its most favorable light when it is inferior to the competition." Mean scores here, however (for those with master's degrees), remained above 3.00 (neutral), indicating agreement that ethical problems exist. Thus, for 15 of 15 statements, participants with master's degrees agreed ethical problems existed.

The overall highest mean responses were recorded for statements one and two. For statement one ("treating clients fairly"), the mean response was 4.22 by those with some college.

TABLE IX: AVERAGE RESPONSE BY LEVEL OF EDUCATION

EDUCATION



KEY:

N	LEVEL	N	LEVEL
2	High School	32	Bachelor's
9	Some College	9	Master's

EDUCATION

AVERAGE RESPONSE

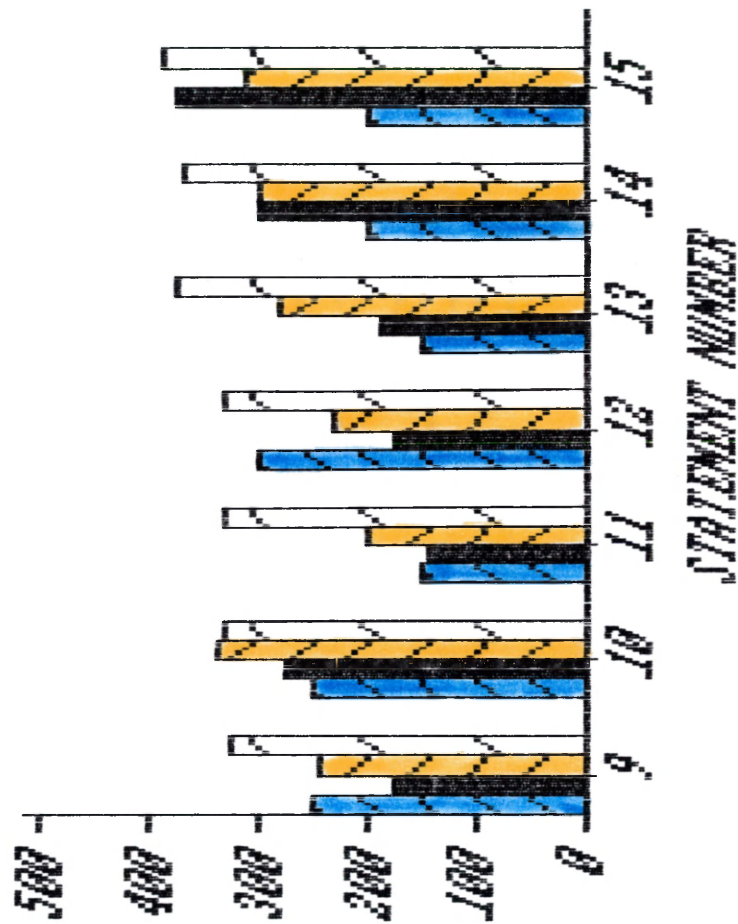


TABLE IX A
MEAN RESPONSES BY LEVEL OF EDUCATION

<u>STATEMENT</u> <u>NUMBER</u>	<u>HIGH SCHOOL</u> <u>(N=2)</u>	<u>SOME COLLEGE</u> <u>(N=9)</u>	<u>BACHELOR'S</u> <u>(N=32)</u>	<u>MASTER'S</u> <u>(N=9)</u>
1.	2.50	4.22	3.18	3.88
2.	2.50	4.22	3.14	4.22
3.	2.00	2.22	2.47	3.55
4.	3.50	3.67	2.91	3.78
5.	4.00	3.44	2.94	3.77
6.	3.00	3.22	2.84	3.55
7.	4.50	2.33	3.16	3.11
8.	3.00	1.44	2.47	3.33
9.	2.50	1.77	2.44	3.22
10.	2.50	2.77	3.38	3.33
11.	1.50	1.44	1.96	3.33
12.	3.00	1.77	2.31	3.33
13.	1.50	1.88	2.81	3.77
14.	2.00	3.00	3.00	3.67
15.	<u>2.00</u>	<u>3.77</u>	<u>3.15</u>	<u>3.88</u>
Average	2.66	2.46	2.81	3.58

NOTE: On the questionnaire, categories were reserved for associate and doctoral degrees, however no one held these degrees.

For statement two ("creating honest, nonmisleading, socially desirable advertisements"), the mean response was also 4.22 by those with some college as well as those with master's degrees.

In response to statement three, "representing clients whose products/services are unhealthy, useless or unethical," the mean response increased as the amount of education increased. Here, high school graduates' mean response was 2.00, followed by a mean of 2.22 for those with some college. An average of 2.47 was recorded for participants with bachelor's degrees and the high average in this category, 3.55, belonged to respondents with a master's.

Three areas occurred where respondents with high school, some college and bachelor's degrees disagreed that ethical problems existed while participants with master's degrees agreed ethical problems existed. These areas were "representing clients whose products/services are unhealthy, useless or unethical" (statement 3), "including product attributes you know to be false in advertising copy" (statement 11) and "pirating creative ideas from other agencies or businesses" (statement 13).

The largest disparity between means occurred for statement 13, where the lowest mean was 1.50 and the highest mean was 3.77.

Summary Table: Results

How does age impact response?

As earlier discussed, the age category with the largest number of respondents was the 40-to-49-year-olds. Here, the mean response for all statements was 2.77. This was the lowest average response for any of the age groups.

Those in the 30-to-39-year-old age bracket had a mean response of 2.90 for all statements, while a mean response of 2.93 was found for the 60 and over group. The highest average response for all statements was in the 50-59 age group with 3.30, followed by 18-29 year-olds whose average was 3.03.

How does education impact response?

The highest mean response (3.58) belongs to the advertising executives with master's degrees. This is followed by those with bachelor's degrees (2.81), then those with high school educations (2.66) and, finally, by respondents with some college (2.46).

How does gender impact response?

The average response for all statements by men (3.03) was higher than the average response for all statements by women (2.83). Thirty-one men and 21 women participated in the study.

How does studying ethics impact response?

For men who studied ethics, the mean response for all

**SUMMARY TABLE
RESULTS**

1. How does age impact response?

	<u>18-29</u>	<u>30-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60+</u>	
Average All Responses:	3.02	2.90	2.77	3.30	2.93	
Number Responses:	6	11	16	6	13	= 52

2. How does education impact response?

	<u>H.S.</u>	<u>S.C.</u>	<u>B.A.</u>	<u>M.A.</u>	
Average All Responses:	2.66	2.46	2.81	3.58	
Number Responses:	2	9	32	9	= 52

3. How does gender impact response?

	<u>Male</u>	<u>Female</u>	
Average All Responses:	3.03	2.83	
Number Responses:	31	21	= 52

4. How does studying ethics impact response?

	Studied Ethics in College			
	MALE		FEMALE	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Average All Responses:	3.29	2.81	3.15	2.83
Number Responses:	15	16	3	18

Key:

H.S. = high school

S.C. = some college

B.A. = bachelor's degree

M.A. = master's degree

statements (3.29) was higher than the mean response (2.81) for those who did not study ethics. As earlier noted, 15 men studied ethics and 16 did not.

The three women who studied ethics had an average response of 3.15 versus a 2.83 average response for the 18 women who did not study ethics.

Comparing men to women, the mean response for men who studied ethics was 3.29, while the mean response for women who studied ethics was 3.15.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

This study examined Omaha-area advertising professionals' perceptions of ethical problems in the industry for a range of situations and serves as a follow-up to Hunt and Chonko's (1987) research into advertising executives ethical dilemmas.

The approach here addressed Hunt and Chonko's recommendation that "future research focus on examining in detail the specific ethical problems identified by our respondents" (Hunt & Chonko, 1987, p. 24).

Hence, this researcher employed a three-part questionnaire (demographics, Likert scale and open-ended response) to detail the ethical perceptions of Omaha advertising executives. The questionnaire, distributed to 103 advertising executives and responded to by 52 ad professionals, served as the information-gathering tool.

Unlike Hunt and Chonko's study, this research analyzed mean responses with specific demographics so that comparisons could be made on the basis of sex, age, educational level and whether or not respondents had studied ethics.

Although the response rate to this survey (50.5 percent) was relatively high, a limitation of this research is that it focuses on fewer advertising executives than did Hunt and Chonko.

Further, the respondents in this research are also in a single geographic area -- the Omaha area -- whereas Hunt and Chonko's study participants came from a nation-wide pool of advertising executives. Thus, generalizing results of this thesis to the advertising community as a whole is not recommended.

This thesis does, however, measure ethical attitudes and perceptions for a group of advertising practitioners. Moreover, it serves as an example for future research should scholars wish to replicate this study on a larger audience of advertising professionals.

The Six Most-common Ethical Problems

Hunt and Chonko indicated six areas where advertising professionals agreed ethical problems existed. The number-one ethical problem cited in their research was "treating clients fairly." The number-two ethical problem was "creating honest, nonmisleading, socially desirable advertisements."

For this thesis, the number-one area where ethical problems existed was "creating honest, nonmisleading, socially desirable advertisements," while the number-two ethical problem was "treating clients fairly." Effectively, the number-one and number-two responses to Hunt and Chonko's research were "flipped" -- and became the number two and number one responses in this research.

Note that of the 15 total statements, the top two responses still remained in the top two, both as areas where ethical problems occur.

The third most common area where Hunt and Chonko indicate ethical problems exist is in "representing clients whose products/services are unhealthy, useless or unethical." For the current research, this area ranked tenth, with the statement "creating equitable billing systems" was third.

Hunt and Chonko did indicate, however, that they consider the issue of "creating equitable billing systems" to be a specific ethical problem that occurs as part of treating clients fairly.

Both this thesis and Hunt and Chonko's research indicate that "treating suppliers, vendors and media fairly" is the fourth-most-common area where advertising executives agree ethical challenges exist.

"Treating employees and management of agency fairly" was the fifth area where ethical problems occur, Hunt and Chonko indicated. This same category was cited in this research as the sixth class of situations where advertising executives agreed ethical problems might exist. The fifth response for this thesis was "doing what the client wants versus what is creatively best."

The sixth area where advertising executives perceived ethical problems was, according to Hunt and Chonko's research, in "treating other agencies fairly." This was the area with the seventh highest mean response in this research.

Note that this research indicates two categories where Omaha advertising executives agreed that ethical problems existed that were not present in the top six responses to Hunt and Chonko's research. These issues did appear, however, in the

discussion section of the researchers' study and include "creating equitable billing systems" and "doing what the client wants versus what is creatively best."

Other Issues

Overall, Omaha advertising executives disagreed that ethical problems existed with "representing clients whose products/services are unhealthy, useless or unethical," "pirating creative ideas from other agencies or businesses," "doing personal work for a client then billing his/her company for it," "billing clients for agency mistakes" and "including product attributes you know to be false in advertising copy."

An area where the results appeared to indicate some interesting trends worthy of further investigation occurred when examining the responses of men and women (Table VIII), as well as the responses of men who had/had not studied ethics (Tables V and V A) and women who had/had not studied ethics (Tables VI and VI A). Although this research remains, an exploratory, descriptive study, the patterns that emerged deserve some discussion.

One of these patterns suggests gender plays a role in the extent to which men and women perceive ethical problems exist.

On the question of balancing issues of gender and racism in finished ads, men were neutral while most women agreed that ethical problems were apparent here. This could indicate that women are more sensitive to gender issues in advertising than are men, or that most men do not perceive gender and racism

in advertising to be ethical issues at all. Further, the three people citing gender/sexuality and racism in advertising as the number-one ethical problem facing advertising executives today (see Tables of Verbatim Responses) were women.

Men and women also disagreed on whether or not ethical problems of fairness existed in the treatment of suppliers, vendors and media. Women said no ethical problems existed here, while most men believed ethical problems were present in this area. This might indicate that men and women have different types of relationships with outside suppliers or place a different degree of importance on these relationships.

Overall, it appears men consider more ethical issues to exist with business and managerial situations (such as treating other agencies fairly and treating employees and management of agency fairly), and women perceive more ethical problems with creative and content-based issues (such as doing what the client wants versus what is creatively best and balancing issues of gender and racism in finished ads).

A question raised by the gender demographic in this research is this (again, refer to Tables V, V A, VI, VI A and VIII): It appears that men responded with higher mean scores to more questions than did women. If this is so, is this a result of sex, or is this because more men held master's degrees than did women and more men studied ethics in college than did women?

The age of respondents had a direct correlation with the mean response to each statement in only one area: doing what the client wants versus what is creatively best. For this

situation, the mean response decreased as age increased, perhaps indicating older advertising executives relax on creative issues and conform more to client expectations.

The most educated respondents had the highest mean response to each of the 15 statements. In fact, those with master's degrees, on average, agreed that ethical problems existed with each of the 15 issues. This might be because the majority of those who had a master's degree also studied ethics; and, studying ethics could heighten awareness to ethical problems.

Further, men who studied ethics had a higher average response overall (3.29) than men who did not study ethics (2.81), indicating that those who studied ethics tended to agree that ethical problems existed with advertising issues more than those who did not. This implies that studying ethics increases the degree to which perceived ethical dilemmas in advertising, such as those presented in the questionnaire exist.

The same implication seems true for women who studied ethics versus those who did not. Those who studied ethics agreed, on the average, that ethical problems existed with the 15 issues, while most of those who did not study ethics disagreed that ethical problems were present.

Recommendations

This research only begins to chip away at the nature of the ethical problems in advertising explored by Hunt and Chonko. However, some recommendations -- not only for further research, but also for advertising executives facing ethical dilemmas

-- can be made.

Replication of this study with a larger number of subjects is recommended. Some modifications of the questionnaire might be made, however, before future research is conducted. For example, a smattering of advertising executives wrote on their surveys that the wording of this question was unclear: "The following statements represent beliefs expressed by advertising professionals. For each, to what extent do you agree or disagree that ethical problems exist?" Before incorporating this into future research, a test for comprehension might be in order, because some of the respondents did not know whether it applied to them or to the profession generally.

Another questionnaire modification could be to add years of service to an agency to the demographic section. It might be interesting to note whether loyalties affect ethics.

Future research in the area of advertising ethics could include a survey of agencies who have developed their own codes of ethics and could investigate how practitioners might be disciplined when codes are broken.

For this current research, it appears that the ethical problems in advertising exposed by Hunt and Chonko continue, six years later, to exist. Further, when entire groups of advertising executives (such as those with master's degrees) agree, on average, that ethical problems exist with each of the 15 statements on the questionnaire, this may warrant cause for concern as well as additional investigation.

Moreover, when the number-one solution (according to this

study) to solving ethical problems is "follow your conscience," then a more objective, systematic and consistent principle of problem-resolution might be in order.

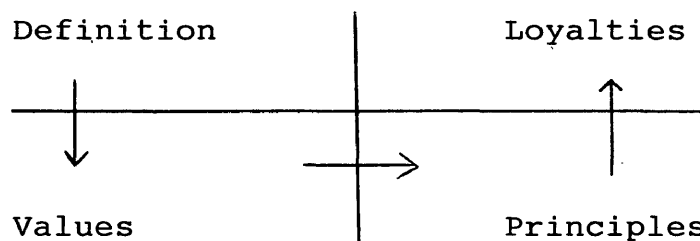
Hence, this researcher recommends advertising executives adhere to the principle of truth telling (Lambeth, 1986), a journalism maxim, in the same way other media uphold this objective.

Since those with journalism degrees comprise the most dominant field of study among the 52 respondents, it stands to reason that transferring the integrity of the journalist to the integrity of the advertising executive might be helpful.

This study, in addition to revealing ethical perceptions of specific advertising issues, also revealed that the majority of respondents indicated no system of moral reasoning for resolving ethical situations.

To rectify this, the Potter Box (Christians, Rotzoll, Fackler, 1987) might be useful. "The Potter Box introduces four dimensions of moral analysis and aids us in locating those places where most misunderstandings occur." (Christians, Rotzoll, Fackler, 1987, p. 3)

THE POTTER BOX



The Potter Box postulates a reasoning cycle for moral

decisions. Practitioners using the Potter Box move around the four-part quadrant examining the definition of the problem, weighing values, reviewing ethical principles (See **The Nature of Ethics** in the Literature Review) and investigating loyalties and alliances. Failure to complete the Potter Box cycle amounts to faulty reasoning.

Another suggestion for helping advertising executives solve ethical dilemmas might simply be to study ethics. Perhaps increased ethics courses in college or seminars on advertising industry ethics might assist practitioners in making decisions of an ethical nature.

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Appendix A: Letter and Questionnaire

**FOR IMMEDIATE PARTICIPATION
SPECIAL RESEARCH RELEASE**

1992 Graduate Thesis Project in Advertising Ethics

Contact: Jill K. Lynch
UNO Graduate Student
895-7376

Omaha -- As an advertising executive, you play a direct role in shaping the messages that pepper this city. That's why you've been selected to participate in a University of Nebraska at Omaha graduate research project.

This project, designed to measure some of your opinions and heartfelt convictions about advertising, will contribute to research in advertising ethics.

Your immediate response is important; so please take three minutes to complete the enclosed questionnaire and return it in the postage-paid envelope.

I'm working hard toward my master's and sincerely require your participation. All individual responses are completely anonymous and confidential.

Deadline for receipt of completed questionnaires is Tuesday, November 10.

Thank you,

A handwritten signature in cursive script that reads "Jill".

Jill K. Lynch
UNO Graduate Student -- Communications

**OMAHA-AREA SURVEY
OF
ADVERTISING EXECUTIVES, MANAGERS AND INDUSTRY PRACTITIONERS**

University of Nebraska at Omaha
Graduate Thesis Research
Jill K. Lynch

What do you think is the most difficult ethical problem facing advertising executives today?

How can advertising executives best manage or solve ethical dilemmas?

Please indicate the most appropriate response to the following:

1) Sex: M F

2) Age: 18-29
 30-39
 40-49
 50-59
 60 +

3) Job Title:

4) Level of Education:

high school
 some college
 associate's degree
 bachelor's degree
 master's degree
 doctoral degree

5) Degree/Major Field of Study:

6) Number of People Employed
 Locally by your Company:

3-9
 10-19
 20-29
 30-39
 40-49
 50 or more

7) I Studied Ethics in College:
 Yes No

8) My Annual Salary with This
 Company Is:

less than \$20,000
 \$20,000-\$25,999
 \$30,000-\$34,999
 \$35,000-\$44,999
 \$45,000-\$54,999
 \$55,000-\$64,999
 \$65,000-\$74,999
 \$75,000 +

Method

The data reported here come from a self-administered questionnaire on ethical issues in advertising mailed to 3,064 advertising agency executives. The mailing list was secured from a commercial source. As is well known, the attrition rate on such lists can be as high as 36 percent if the list has not been updated within a year (11). Also, different commercial sources vary in the frequency with which they update their lists. Another study on ethics, using the same mailing list source as the present research, found an attrition rate of 35 percent for a similar group of professionals (19). Vitell randomly called 100 names from a list and found that 35 of these individuals were unavailable for a variety of reasons such as leaving the organization and the organization no longer being in existence. Therefore, the best estimate of the effective universe in this study is 1,992 that is, 65 percent of 3,064. The final set of mailings included a pre-notification postcard sent one week prior to the questionnaire, followed by a packet containing the questionnaire, a cover letter, and a stamped, pre-addressed reply envelope.

A total of 330 usable questionnaires were returned, representing a response rate of 17 percent. As would be expected, the fact that much of the questionnaire dealt with the issue of ethical problems in advertising significantly affected the overall response rate. Other published studies using questionnaires on ethical issues have experienced similarly low response rates (6, 9). The topic of ethics is such a sensitive issue that many business people are extremely reluctant to respond to questionnaires that deal, even peripherally, with this issue. On the other hand, as a reviewer of this manuscript pointed out, ethics may be "of such little concern" to advertising executives that they would not respond to questionnaires on the topic.

A second factor contributing to the low response rate was the fact that the

study was targeted at top-level advertising executives. As Table 1 shows, more than 60 percent of our sample came from advertising executives holding the title "vice president" or above. Such individuals are less likely than the general population to respond to mail questionnaires; yet there is no procedure other than a mail questionnaire that would be cost-effective for gathering an analysis sample of the size and quality generated by this study. Table 1 also shows that, although the sample is weighted toward upper-level management, respondents span a wide range of ages, incomes and other background characteristics.

On the income dimension, our sample corresponded well with a much larger study reported in *Advertising Age* (1). Their study of more than 1,600 advertising executives found that 16 percent earned over \$100,000 a year, 42 percent earned between \$50,000 and \$100,000 per year, and 42 percent earned less than \$50,000 per year. The comparable statistics for our sample were: 17 percent, 34 percent, and 49 percent respectively.

Similarly, regarding size of firm, our sample corresponds well with industry data. In the "U.S. Advertising Agency Profiles: 1987 Edition," published by *Advertising Age* (18), the following were percentage categories on size of firm for the top 500 ad agencies:

1 employee	- 0 percent
2-9 employees	- 0.4 percent
10-19 employees	- 22 percent
20-49 employees	- 26 percent
50-99 employees	- 18 percent
100-249 employees	- 18 percent
250-499 employees	- 4 percent
500-999 employees	- 3 percent
1,000 or more employees	- 3 percent

There are about 100,000 people employed by 8,000 agencies in the U.S., an average of 12.5 employees per firm (15). In the *Advertising Age* top 500 survey, all firms in the fifth 100 employed fewer than 35 people. Each firm ranked 501 to 8,000, then, is likely to employ few people. Their inclusion in size of firm calculations would, no doubt, reduce the size of firm percentages

in the *Advertising Age* survey for all firms employing 50 or more. Similarly, the percentage of firms employing nine or fewer people would greatly increase. In other words, a survey of all 8,000 ad agencies would yield size of firm results consistent with those reported in Table 1.

As a check for possible response bias, following the procedure suggested by Armstrong and Overton (2), the responses of early respondents (the first 67 percent of returns received) and late respondents (the last 33 percent) were compared using t-tests. Variables examined included number of years with present company, years in current job, total years of business experience, income, age, education, and size of the firm. No statistically significant differences were found between early responders and late responders on these variables. Nevertheless, although our analysis sample is reasonably large, readers are cautioned to view the results of our study as exploratory in nature and only a useful "first step" toward investigating these issues.

Appendix C: The Federal Trade Commission

§ 0.1

16 CFR Ch. I (1-1-92 Edition)

SUBCHAPTER A—ORGANIZATION, PROCEDURES AND RULES OF PRACTICE**PART 0—ORGANIZATION**

Sec.

- 0.1 The Commission.
- 0.2 Official address.
- 0.3 Hours.
- 0.4 Laws administered.
- 0.5 Laws authorizing monetary claims.
- 0.6 [Reserved]
- 0.7 Delegation of functions.
- 0.8 The Chairman.
- 0.9 Organization structure.
- 0.10 Office of the Executive Director.
- 0.11 Office of the General Counsel.
- 0.12 Office of the Secretary.
- 0.13 [Reserved]
- 0.14 Office of Administrative Law Judges.
- 0.15 [Reserved]
- 0.16 Bureau of Competition.
- 0.17 Bureau of Consumer Protection.
- 0.18 Bureau of Economics.
- 0.19 The Regional Offices.

AUTHORITY: Sec. 6(g), 38 Stat. 721 (15 U.S.C. 46); 80 Stat. 383, as amended (5 U.S.C. 552).

SOURCE: 41 FR 54483, Dec. 14, 1976, unless otherwise noted.

§ 0.1 The Commission.

The Federal Trade Commission is an independent administrative agency which was organized in 1915 pursuant to the Federal Trade Commission Act of 1914 (38 Stat. 717, as amended; 15 U.S.C. 41-58). It is responsible for the administration of a variety of statutes which, in general, are designed to promote competition and to protect the public from unfair and deceptive acts and practices in the advertising and marketing of goods and services. It is composed of five members appointed by the President and confirmed by the Senate for terms of seven years.

§ 0.2 Official address.

The principal office of the Commission is at Washington, D.C. All communications to the Commission should be addressed to the Federal Trade Commission, Pennsylvania Avenue and Sixth Street, NW., Washington, DC 20580, unless otherwise specifically directed.

§ 0.3 Hours.

Principal and field offices are open on each business day from 8:30 a.m. to 5 p.m.

§ 0.4 Laws administered.

The Commission exercises enforcement and administrative authority under the Federal Trade Commission Act (38 Stat. 717, as amended (15 U.S.C. 41-58)), the Clayton Act (38 Stat. 730, as amended (15 U.S.C. 12-27)), the Export Trade Act (40 Stat. 516, as amended (15 U.S.C. 61-65)), the Packers and Stockyards Act (42 Stat. 159, as amended (7 U.S.C. 181-229)), the Wool Products Labeling Act (54 Stat. 1128, as amended (15 U.S.C. 68-68j)), the Trade Mark Act (60 Stat. 427, as amended (15 U.S.C. 1051-72)), The Fur Products Labeling Act (65 Stat. 175, as amended (15 U.S.C. 69-69j)), the Textile Fiber Products Identification Act (72 Stat. 1717, as amended (15 U.S.C. 70-70k)), the Federal Cigarette Labeling and Advertising Act (79 Stat. 282, as amended (15 U.S.C. 1331-39)), the Fair Packaging and Labeling Act (80 Stat. 1296, as amended (15 U.S.C. 1451-61)), the Truth in Lending Act (82 Stat. 146, as amended (15 U.S.C. 1601 et seq.)), the Fair Credit Reporting Act (84 Stat. 1128 (15 U.S.C. 1681 et seq.)), the Fair Credit Billing Act (88 Stat. 1511; (15 U.S.C. 1666)), the Equal Credit Opportunity Act (88 Stat. 1521, as amended (15 U.S.C. 1691)), Hobby Protection Act (87 Stat. 686 (15 U.S.C. 2101)), the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (88 Stat. 2183 (15 U.S.C. 2301-12, 45-58)), the Energy Policy and Conservation Act (89 Stat. 871 (42 U.S.C. 6291)), the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (90 Stat. 1383 (15 U.S.C. 1311)), and other Federal statutes.

Standards of Practice of the American Association of Advertising Agencies

FIRST ADOPTED OCTOBER 16, 1924—MOST RECENTLY REVISED SEPTEMBER 18, 1990

We hold that a responsibility of advertising agencies is to be a constructive force in business.

We hold that, to discharge this responsibility, advertising agencies must recognize an obligation, not only to their clients, but to the public, the media they employ, and to each other. As a business, the advertising agency must operate within the framework of competition. It is recognized that keen and vigorous competition, honestly conducted, is necessary to the growth and the health of American business. However, unethical competitive practices in the advertising agency business lead to financial waste, dilution of service, diversion of manpower, loss of prestige, and tend to weaken public confidence both in advertisements and in the institution of advertising.

We hold that the advertising agency should compete on merit and not by attempts at discrediting or disparaging a competitor agency, or its work, directly or by inference, or by circulating harmful rumors about another agency, or by making unwarranted claims of particular skill in judging or prejudging advertising copy.

To these ends, the American Association of Advertising Agencies has adopted the following *Creative Code* as being in the best interests of the public, the advertisers, the media, and the agencies themselves. The A.A.A. believes the Code's provisions serve as a guide to the kind of agency conduct that experience has shown to be wise, foresighted, and constructive. In accepting membership, an agency agrees to follow it.

Creative Code

We, the members of the American Association of Advertising Agencies, in addition to supporting and obeying the laws and legal regulations pertaining to advertising, undertake to extend and broaden the application of high ethical standards. Specifically, we will not knowingly create advertising that contains:

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| a. False or misleading statements or exaggerations, visual or verbal | d. Claims insufficiently supported or that distort the true meaning or practicable application of statements made by professional or scientific authority |
| b. Testimonials that do not reflect the real opinion of the individual(s) involved | e. Statements, suggestions, or pictures offensive to public decency or minority segments of the population. |
| c. Price claims that are misleading | |

We recognize that there are areas that are subject to honestly different interpretations and judgment. Nevertheless, we agree not to recommend to an advertiser, and to discourage the use of, advertising that is in poor or questionable taste or that is deliberately irritating through aural or visual content or presentation.

Comparative advertising shall be governed by the same standards of truthfulness, claim substantiation, tastefulness, etc., as apply to other types of advertising.

These Standards of Practice of the American Association of Advertising Agencies come from the belief that sound and ethical practice is good business. Confidence and respect are indispensable to success in a business embracing the many intangibles of agency service and involving relationships so dependent upon good faith.

Clear and willful violations of these Standards of Practice may be referred to the Board of Directors of the American Association of Advertising Agencies for appropriate action, including possible annulment of membership as provided by Article IV, Section 5, of the Constitution and By-Laws.