

ETHICS IN ADVERTISING

Jagjit Singh

Pada dasarnya periklanan mengandung dua aspek utama, yakni aspek komersial dan aspek sosial. Dalam konteks aspek komersial, iklan cenderung untuk memanipulasi pikiran dengan memberikan informasi kepada konsumen bahwa produk/jasa yang diiklankan tersebut merupakan yang terbaik, dan pemasang iklan tidak peduli apakah konsumen membutuhkan atau tidak produk/jasa tersebut. Sedangkan dalam konteks aspek sosial, iklan cenderung untuk memberikan informasi yang berguna bagi konsumen dalam memahami produk, jasa, dan perusahaan penghasil produk/jasa sehingga membantu konsumen dalam pengambilan keputusan untuk membeli produk/jasa sesuai dengan pilihannya. Namun, karena pemasang iklan lebih berorientasi kepada profit, maka mereka cenderung untuk lebih mengutamakan aspek komersial dari pada aspek sosial dalam periklanan.

Artikel ini mencoba membahas tanggungjawab sosial pemasang iklan untuk memberikan informasi kepada konsumen dalam memilih berbagai alternatif produk yang tersedia dan mendidik masyarakat dalam menilai keunggulan produk apa saja yang tidak harus dibeli berdasarkan informasi yang benar, tanpa adanya manipulasi terhadap pikiran konsumen.

Keywords: advertising; agency; brand; competitor; concept of morality; consumers; rational/irrational persuasion; salesman

One of the major problems in advertising and promotion is the lack of a clear and acceptable code of conduct. Since the primary objective of any advertiser is profit oriented, social concerns are only peripheral to him and that also provided that these social concerns have a significant impact on the long-term economic environment of the advertiser. Advertising is primarily meant to influence the independent thinking of the consumer and change his behaviour. In a way, advertising can be considered as a brainwashing catalyst, which is intended to manipulate the consumer into thinking that the advertised product is the best for him, and it does not

matter much whether the consumer really needs the product or not. In that respect, advertising can be considered manipulative with its accompanying social significance. On the other hand advertising is a major force in society, providing valuable service to its members as well, so that, it "tends to help us understand the products, services and institutions that we encounter in our culture and provides us with some understanding of our relation to them". However, it is the manipulative aspect of advertising that is considered the socially detrimental aspect. This manipulative aspect is responsible for leading consumers to purchase things they do not need or

should not need. This, the critics contend, is the misallocation of economic resources. As a distinguished historian, Toynbee (1961) stated:

"A considerable part of our ability, energy time and material resources is being spent today on inducing us to do head labour in order to find the money for buying material goods that we should never have dreamed of wanting if we had been left to ourselves."

In this regard advertising has a social responsibility to inform the people of the various choices available, and educate them about the superiority of a given product by putting forth hard facts about the characteristics of the product. Thus the consumers can freely decide for themselves as to which products to buy and which products to avoid. There are some areas of concern, where advertisers need to be more responsive to community needs. These areas are:

1) Advertising is considered to be an environmental pollutant. Most advertising is resented by people because it is simply too much to absorb. It is too pervasive and too interfering in people's personal lives. In that respect it is considered to pollute the mental environment. This is specially true about TV advertising. As one industry task force put it: *"TV advertising is 'intrusive' and the TV medium reaches a heterogeneous audience of all ages, all educational levels, all religions, all regional and ethnic groups, etc. It is often impossible for a commercial to speak openly and constructively to a major portion of a TV program's audience without seeming inappropriate, boring or even offensive to another segment of this same program's audience."*

However, because of advertising's acknowledged economic and competitive role in a free enterprise economy, it is

almost impossible to limit its role in the total marketing mix.

2) The issues of morals and tasks in advertising. Since advertising is unavoidable, the same forms of it may become a burden on the consumer. Such advertising may be offensive, misleading or simply annoying. For example, some people who do not drink may consider all liquor advertising as morally offensive. Similarly, in some countries where prostitution is legal, prostitutes are permitted to advertise their services. In India and America, it would not only be illegal, but also morally offensive. Sex is considered to be such a private affair in India that all advertisements concerning feminine hygiene, deodorants are likely to be considered by a majority of people as offensive and tasteless.

On the other hand, the product itself may not be morally offensive, but its presentation may be tasteless. Too noisy commercial, overly repetitive commercials and commercials that disrespect consumer intelligence are considered to be in bad taste. Even though some proponents of advertising argue that the advertising is directed towards the audience which is the average mass of people and not the chosen elite. Hence the advertisers advertise what they believe the audience wants to see and hear and they are willing to absorb the dissatisfaction of a few who may find some advertising below their expected standards of decency. According to Telser (1974):

"The critics of advertising... seem to urge that the business of earning a living be combined with other activities they regard more highly. They deplore the vulgarity, and the selfish appeals in advertising. The content of advertising is a reflection of the audience to which it is directed. If we were all philosophers or poets, the content

of advertising would change accordingly”.

However, in spite of the cultural and educational level of the recipients of such advertisements, it still remains the responsibility and civic duty of the advertiser to truthfully and sincerely inform the consumer of the characteristics and qualities of a product and let the consumer make the decision about buying the product, rather than manipulating to, consumer to believe in a product in order to buy it.

Ethics and Advertising

New York is the first and the most common stop for all American tourists coming to Europe and India. A tourist walking on Fifth Avenue in the mid-forties streets would find some stores with large signs saying “Going Out of Business Sale: 50 - 70 percent off. This would be a great temptation buy some electronic products. The tourist would be very happy thinking that he got a last-minute bargain before the store closed for good. What the tourist does not know is the “Going Out of Business Sale” has been on for the past 15-20 years and he could get the same item cheaper at some more reputable stores. Is it ethical for the store to advertise falsely and lure the customers in such manner? Is it morally acceptable to mislead the client, as in this case, where the only favourable argument is that nobody forced the customer to buy the merchandise? To buy not to buy was his and his choice alone, but his thinking was indeed manipulated into believing the advertisement and trusting the advertiser. At best, the ethics of such selling techniques are debatable.

Ethics is probably the most difficult concept to define. It is intangible to assess the idea of morality or the concept of right and wrong: “*Nothing is good or bad but*

thinking makes it so” does not leave much grounds for a universal definition of what is ethically right and what is morally wrong. The concept may have some facets that are universal in nature, but much of it may be defined with reference to the values established by a particular society. For example, accepting bribes may be unethical in some societies and may be a way of life for others, for getting things done. Even in India where corruption was once talked of in hush terms has become a mass culture. Sex before marriage in India may largely be considered as immoral, while it is conceded as desirable in America. Kissing is forbidden in the Indian films but rape is a part of its story. It is proper for women in some societies to be subservient to men, while in others; there is emphasis on the equality of sexes. Artificial birth control techniques may be a taboo in Catholic Christian societies, and may be mandatory in Russia and China. Thus ethical conduct is not easy to understand and the determination of ethical conduct is subjective and vague, varying among different cultures and different environmental conditions.

The concept of morality does not differ in interpretation and application from culture to culture, but seems to have changed over the period of time within the same culture. With reference to the changes in the moral values over time in America, a study conducted by US News and World Report (1985) showed that on certain subjects, Americans have simply changed their minds about morality. For example gambling used to be widely condemned. Now, even churches run Bingo games, which are a form of gambling. Drinking also used to be widely condemned. Now over two-third of Americans do drink. Premarital sex was taboo- today couples live together before marriage. According to studies conducted by Cosmopolitan magazine, nearly

70 percent of American married women have at least one extra-marital affair while married. This was unheard of only a few years before. DeGeorge has defined ethics as "a theory of morality which attempts to systematize moral judgement and establish and defend basic moral principles". As this definition suggests, moral principles and moral judgement are also subjective in nature and depend much upon the value system of the individual. But, how do you determine the validity of the value system of the individual or the judgement about his ethical behaviour. For example, lying in itself may be unethical but lying to save a life might become ethical. A terrorist to a government may be an immoral criminal but to his own people he is a hero. Killing someone may be religiously unethical, but war heroes are decorated on the basis of the number of 'enemy' they killed. Based upon these controversies, Baumhart (1968) asks a number of questions relative to ethical behaviour. For example, is there a set standard against which the ethical standards can be measured? Or is there a situational code of ethics according to which the ethical merits of an activity can be evaluated? Is the evaluation of ethical and unethical conduct consistent among culture and countries? Does it vary from individual to individual? Who decided what is right and what is wrong? Is it the individual, family, organization or the community?

As far as advertising and marketing ethics are concerned, the concept, of right and wrong, fair and unfair, just and unjust, is reflected either by organizational policies or by social reactions to a given advertisement or a marketing strategy. Carroll (1984) considers some such issues as follows:

- 1) Suppose a firm is advertising for vegetable soup on television. Is it ethical to put small marbles at the bottom of the bowl of soup so that the soup will look thicker?
- 2) A salesman for an electrical machine is anxious to sell his equipment. Is it ethical for him to offer a bribe to the purchasing agent as an inducement to buy? Suppose that instead of bribe, he gives some money out of his own commission, does it make the transaction ethical?

It is a very common practice among travel agents to give back a part of their commission to the customer so that the customer can save some money. Is this transaction unethical when nobody is hurt and everybody is happy, since the travel agent gave a part of his own commission back to the client of his own free will. These controversial opinions make it extremely difficult to reach an agreement on a common and acceptable definition of ethics and morality. Considering these conflicts, Ayer (1964) has proposed a novel idea. He suggests that morals and ethics are just the personal viewpoints and "moral judgements are meaningless expressions of emotions". The concept of morality is personal in nature and only reflects a person's emotions. He called this view as "emotional theory". It proposes that if a person feels good about an act, then in his view, it is a moral act. For example, using loopholes to cheat on income tax may be immoral from societal point of view, but the person who is filing the income tax returns sees nothing wrong with it. Similarly, not joining the army in time of war may be unethical and unpatriotic from the society and the country's point of view, but the person concerned may consider war as immoral in itself. However, this

approach has the least significance, since a completely individualized approach cannot be consistently applied in judging all moral or immoral actions.

Ethical Considerations in Advertising

According to Rahul Bhatnagar "the objective of advertising is to change the personality traits of the consumers and effect the desired buying behaviour. It is a very strong stimulant and if effectively channelled, its full potency could be realized." But is it channelled effectively? Is it employing fair means to "change the personality traits of the consumers?" In general, is advertising truthful or is it manipulative?

Based upon the accepted concept of ethics, any advertising that traverses the truth or uses questionable means would be considered unethical. The only question that remains is about the relativity of ethical absolutism. According to Lacznaiak (1983), an action is relatively ethical if it is based upon either the theory of justice, which means protecting the interest of all involved or on a theory of utilitarianism which provides the greatest possible balance of values for all persons involved. The fact still remains that whether it is the "theory of justice" or the "theory of utilitarianism" it is not possible to satisfy all people. If the objective of advertising was simply to inform the people about the qualities of a product and give the people complete freedom of choice, then certain ethical standards in advertising could be maintained. But the objective of advertising is to "persuade" people to buy the product and change their buying behaviour, and then it might need some manipulative tactics to achieve such objectives. In that case, emphasis on psychological benefits,

slightly exaggerated claims or even puffery might be accepted by our society as ethically acceptable. That is why products advertised as "best" or "most often used" or "most often recommended by doctors" or "long lasting" etc. may be morally acceptable. But claims that are designed purposely to mislead and deceive the customer would be considered unethical. Some of these unethical practices are controlled by law in terms of "truth in advertising" laws. Undocumented false claims are prohibited by law. For example, a skin cream cannot be advertised in the form of, "*your skin will look 10 years younger if you use our cream*" unless such claims can be medically proven. To get around it, the advertisers might create a message such; "*this cream will help your skin look younger*". This is a kind of promise rather than a claim, even through this promise could also be considered as manipulative advertising. Advertising has been previously defined as, "any paid form of non personal presentation of ideas, goods or services by an identified sponsor". This definition suggests that advertising is simply a "presentation" and the prospect is totally free to choose and decide. The free choice as analyzed by Feinberg (1993) includes three features. These are:

- 1) The absence of inner psychological compulsion.
- 2) The presence of adequate knowledge.
- 3) The absence of external constraints.

In other word, in order to choose freely, a person must be free of external constraints that control or even influence the choice of one alternative over another. These outside controlling influences have been categorized by Beauchamp (1984) as follows:

1. Coercive influences that are always controlling.
2. Persuasive influences that are generally non controlling.

3. Manipulative influences that are sometimes controlling.

These tactics are explained in more detail:

1. Coercive Tactics

Coercive tactics are relatively rare but often used in public advertising. It involves threatening negative sanctions to those who do not choose the dictated alternative. Most of the penal legislation requires coercive tactics while informing the public about laws. "Buckle Up", says one advertisement requiring passengers in the cars to fasten their seat belts, "it is the law". This advertisement could be considered as using coercive influences, as the prospect is not free to choose whether to buckle up or not, and he is threatened with negative consequences if he choose not to fasten his safety belt, which is against the expectations of the advertiser - which, in this case is the government. Similarly, Plasma International used coercive techniques when they advertised among the poor people offering them food and medical attention for giving blood in return. This was a kind of threat in the sense that food and medical attention would be denied to those starving and sick people who chose not to donate blood. Coercive techniques may also be used in merchandise marketing in controlled societies where the people's choices are controlled by the Government. But in a free enterprise system, coercion is neither successful nor desirable.

2. Persuasive Influences.

On the other end of the continuum is persuasion, which is a deliberate and successful attempt at bringing the prospect to your point of view. While coercion is considered ethically unacceptable, persua-

sion is an accepted technique specially if it is rational persuasion in which good and objective reasons are given to the prospect for accepting the desired outcome. On the other hand, irrational persuasion, which plays on the emotions of the people rather than objective judgements, may be considered as manipulative and thus ethically unacceptable. For example, does toothpaste really improve sex appeal? Using the sex appeal angle could be considered irrational persuasion. Similarly, child-oriented advertising appeal for example, a tasty snack or a biscuit being advertised as making children healthier would also be considered irrational persuasion. Rational persuasion is defined by Ben (1967) as follows:

"Persuasion is rational so far as the persuasiveness lies in the substance of the argument rather than in the manner of presentation, the authority of the persuader or some other special relationship by virtue of which one party is particularly susceptible to suggestions from the other."

This means that a favourable change in the prospect behaviour is brought about by the strength of the argument and the merit of the reasons rather than the manner of presentation, or the style of the presenter. The basic idea in accepting rational as an ethical ploy is that the prospect fully understands and accepts the reasons given as good and just and makes the ultimate choice of his own free will. It is still not clear, however, what "good reason" means. Are these good reasons measured against the utilitarian advantages of the chosen alternative or purely psychological and emotional advantages? Do good reasons have to be absolute or simply as perceived by the prospect? Secondly, it is also not clear as to why irrational persuasion must be considered ethically wrong. For example, if an advertiser persuades a person

to buy a new car for his wife whom he loves very much, even when it is not necessary to buy her a new car, it could be considered irrational persuasion. But is it unethical for the advertiser to play on a man's love for his wife? This debate seems to be unending.

3. Manipulative Influences

Manipulation is a grey area, which includes a deliberate effort by the advertisers to deceive people. Manipulation is considered subtle coercion in so far as the presentation is such as to leave the prospect with no real choice. Manipulation, as defined by De George (1982) as: "playing on a person's will by trickery or by devious, unfair or insidious means." In more general terms, manipulation can be considered an attempt to get someone to believe in what is not correct and such belief would result in some form of harm to the believer. For example, if a brand of toothpaste is advertised stating that it reduces cavities more than the brand of competitor, and this statement is backed by a survey of dentist where figures and conclusions of the survey are misleading and the claims being incorrect, then it would be considered a deliberate attempt to make the customer believe in what is not correct. Such a process would be categorised as manipulative advertising.

Newspapers in America are full of advertisements enticing people to lose weight fast by using some miracle drugs offered by the marketers. Some manipulative photographs of "before and after", appealing language of the message, emphasis on scientific breakthrough in the development of these drugs take full advantage of the readers vulnerability. "Lose up to 10 pounds a day," says one advertisement "Look 10 years younger in one week", say another advertisement for a cream.

Any rational buyer would know right away that these claims are false. Yet, millions of people buy these drugs and these creams with no or little effect. Some good luck charms which promise instant money, instant success on the job, instant success in love, are sold by the million. If people are so gullible, should we blame the advertisers for using these misleading techniques.

Advertising, really, is informal manipulation. Even if the claims of advertisers are correct, they are packed and presented to the public in such a manner so as to leave the person with no real choice. The appeal is emphatic, forceful and compassionate so that the person can no longer resist the temptation to buy the product, thus limiting his choice to only one alternative.

While manipulation is deception in presentation and incorrectness of claims, a more suitable form of manipulation is known as "low balling". Low balling involves inducing the person to buy a product by highlighting the most favourable aspects of the product and withholding the less favourable aspects until the prospect has made his decision to buy the product. This technique could be considered as psychological manipulation rather than informational. For example, a customer sees an advertisement about a "Minolta" camera that he knows is too good to miss, wants to buy one. He has known of Minolta cameras being highly reliable and the advertised price appears to be very low. The prospective buyer makes a special trip to the store to buy it and the salesman tells him of all the benefits of owning a Minolta camera and emphasizes the tempting price. The customer is most impressed and decides to buy it. Only then does the salesman inform him that the camera case will cost extra

and so would the batteries, making it much more expensive than what he was willing to buy it for in the first place. Now the customer is too embarrassed to back out and is more or less compelled to buy the camera at the higher price. Thus once again, the customer's choice was not free due to lack of total information about the camera.

Another form of manipulation is mentioned by David Ogilvy, which is known as "subliminal advertising." In his own words: "Suspecting that hypnotism might be an element in successful advertising, I engaged a professional hypnotist to make a commercial. When I saw it in the projection room, it was so powerful that I had vision of millions of suggestionised consumers getting up from their armchairs and rushing like zombies through the traffic on their way to buy the product at the nearest store. Had I invented the "ultimate" advertisement? I burned it and never told my client how close I had come to landing him in a national scandal."

These views and ideas suggest that any efforts controlling or influencing the buying decisions of the customer could be considered manipulative and hence ethically questionable. Some laws have been passed that protect consumers from such false advertisements where the claims can not be substantiated. Many grey areas remain where society has to play a major role in ensuring that advertising sticks to purely informational roles giving the prospect an intelligent and rational way of making choices. If consumers are misled or enticed into a choice by deception, then advertising is delinquent in its role based on ethical or moral justification.

According to Singh (1986) "the driving points of advertisements should be to ignite the thought process and educate the consumer to rationally think, be motivated

and finally launch into buying action. It should not exploit his lack of knowledge or experience and sway him to a capricious buying action... we often find that by omission, exaggeration and ambiguous statements or visual presentation, we mislead the consumer. It is particularly seen in case of commercial or geographical origin of a product, value of the product, terms of business, guarantee terms, industrial prosperity rights, copyrights, official recognition or approval award of prize, lotteries and sale discounts. The comparison between goods should be so designed that it should comply with the principles of fair competition and the basis of comparison should stand on facts which can be substantial.

The debate still persists whether advertising simply influences the behaviour or controls it. Arrington (1982) has come to the defence of advertisers by proposing that "an advertiser influences more than controls an audience." Most often, advertising induces a desire for a particular product, given that the purchaser already has the basic desire." Even if puffery and exaggerated claims can be considered manipulative, according to Levitt (1970), "these efforts are not fundamentally different or as controversial as the efforts of the artists, politicians and editorial writers to manipulate ideas in the minds of citizens." Hence such techniques which simply influence the buyers behaviour are acceptable to society.

Improving Ethical Conduct

In order to improve the ethical climate of an organization, a plan of action is called for and this plan can be categorized into two different levels and areas where each level has a significant contribution towards the formation of the entire ethical system. These levels are:

1. Individual Level

What can individual consumer do to protect himself from the Effects of unethical and misleading advertising influences. It is necessary to understand, however, that all consumers do not react to the same stimulus in similar manner. Hence, morally offensive advertisements must be considered after an objective evaluation of the intent and content of the message. This means that the advertisement must be explicitly manipulative and the consumer morally and ethically balanced so as to be consciously aware of such intended manipulation. Based on this assessment, a consumer has a number of alternatives to choose from. These are:

- a) If the consumer believes that the advertising has mislead or deceived him, he may stop buying the product and advise his friends likewise. If there were a sufficient number of people thinking in the same manner, then the advertiser would get the message and change the message to win back the loyalty of the consumers.
- b) Write to the company. The consumer individually or in consortium with other consumers or consumer groups may write to the company raising the issues in a specific manner. Most reputable companies and particularly national ones would take such complaints seriously and take the necessary action in order to keep their goodwill and loyalty.
- c) Write to a newspaper. Many newspapers and magazines have consumer-oriented columns and sections and if the company does not respond favourably directly, some newspapers will publicly take up the cause on behalf of the consumers.
- d) See a lawyer about an individual or a class action suit. This is an expensive

and time-consuming route, but if the complaint is serious, this can be useful action. For example, if an advertisement is sexually explicit so that it will have a negative effect upon children, a legal route can bring results. Similarly, if an advertisement is demeaning to women or an affront to certain religious beliefs, legal action may be desirable. Sometimes, just a letter from an attorney brings about the desired results.

- e) File a complaint with the proper regulatory agency. There are several legal bodies, which oversee the legality and decency of advertising messages. The proper agency can be located through a local consumers affairs office. In America for example, a self-regulatory agency, such a Better Business Bureau could assist in getting some action from the advertisers, if there is a justified reason for it.

2. Organizational Level

This is the most important level at which the management can play an important role in shaping the ethical climate of the organization. Top management should play a strong ethical role model so as to see that sound ethics permeate through all levels of the organizational hierarchy. One way to achieve high standards of ethical conduct is to set goals that are objectively achievable, because setting too high goals might induce some employees to use unethical methods to achieve them. This is specially true at the salesman's level. These ethical concepts must be clearly defined and communicated at all levels and the management must ensure that these concepts are respected and followed through responsibly. According to the meetings conducted by Weaver and Ferrell (1977):

"A basic building block of the organizational environment is corporate

policy. Formal policy is an explicit statement to encourage beliefs and behaviours either ethical or unethical. Based on these findings the policy appears to..... influence ethical conduct, If the associations in this limited study are typical, individuals that make policy decisions must assume some part of the responsibility for the ethical environment of the organization. Also, these findings question the impact of codes of ethics that are not enforced, top management should establish policy as well as express a commitment to ethical conduct."

Hence, if the top management establishes a policy of ethical conduct for all members of the organization and enforces this policy then the best opportunity exist for proved ethical conduct in advertising. In addition, within the framework of general organizational policies, the advertisers themselves should develop personal standards of ethical or professional conduct and abide by these norms. The development of a strong personal moral or professional code on the part of advertisers is further strengthened by certain motivations, which are both internal and environmental. Some of these motivations are:

a) Civic responsibility: An advertiser is a part of society around him and is presumably a respected member of the community. Any unethical advertising would be an adverse reflection of his integrity and credibility. Since it is not always possible to separate social life from business life, a conflict between the social role and business role would have a negative impact on the advertiser's civic role. Hence advertisers consider it their civic duty not to offend any segment of community around them.

b) Legal obligations: In order to protect defenceless consumer, some laws have been enacted which make it a criminal offence to deliberately mislead the consumer by false claims. The fear of punishment it self would act as a deterrent to most advertisers who would then abstain from untruthful or deceptive advertising. The advertiser would also like to be known as a law-abiding citizen, which is a kind of motivation for ethical behaviour.

c) Profit motive: Most organizations are in business to make money over long period of time. This money can only be made if consumers keep on buying their products. Thus, no credible advertiser would want to mislead, deceive or offend consumers to a point when they will stop buying the products.

Quoting the president of larger advertising agency, La Barbera states:

"Deceptive advertising is only valuable for someone in a position to make one sale and thereafter not care whether he gets the buyer's business again."

Thus achieving maximum profit over the long run is a high motivation for organization to keep a way from deception or misrepresentation. As Sethi (1977) says: *"Clear-cut cases of misrepresentation or deception in advertising are identifiable and few reputable corporations with nationally advertised brands are likely to resort to such practices intentionally where millions of dollars of sales and earnings are at stake and where the reputation of given brand has been built over time. The problem lies in the major grey area where persuasion is subtle and benefits alleged are essentially psychological."*

Self Policing Activities

Even though all these motivations are adequate in encouraging ethical standards among advertisers, there are some self-policing activities that further ensure that advertisers operate within the accepted code of conduct. These self policing activities include:

1. *Blowing the Whistle on the Competitors*

If an advertiser does not indulge in misleading advertising, the competitor can either blow whistle on him directly by pointing to these untruthful aspect in his own advertisement or complain about it to the related regulatory body against the claims of the competitor. For example, when TWA advertised its "on time" record giving a misleading impression that other airlines did not have such a record of punctuality, a complaint was registered to the airline regulatory body by other airlines and TWA had to withdraw this advertisement. Recently in India the advertisements of The Times of India carrying adverse observations or claims against The Hindustan Times were found objectionable by the Press Council of India.

2. *Agency/Advertiser Associations*

Some self-policing regulatory associations have been formed which require their members to observe the advertising code of conduct established by mutual considerations and benefit. In UK the advertisers have adopted their code of advertising practise. In India the Council of Indian Advertisers, the Press Council and other agencies lay down norms, professional standards and codes. In USA a detailed study of these aspects can be a better illustration:

- a) *American Advertising Federation.* This Association brought out an "Advertising Code of American Business" in 1971 which consists of the following considerations:
 - 1) All advertising shall tell the truth about the benefits of the product and all significant facts about the goods or services shall be revealed.
 - 2) All claims made should be substantiated.
 - 3) The advertisements should not be offensive to good taste and public decency.
 - 4) Competitors will not be attacked unfairly about their product or services or their method of doing business.
 - 5) Advertisers shall offer only such merchandise or services, which are readily available for purchase at the advertised price. They shall not indulge in the practice of "bait advertising" where an inexpensive advertised product is used simply to induce the customers to come to the store and then persuade them to buy the higher priced products.
 - 6) All guarantees and warranties shall be explicit and easily understandable.
 - 7) False and misleading price claims and savings claims shall be avoided.
 - 8) Advertising shall avoid the use of exaggerated or unprovable claims.
 - 9) Advertising containing testimonials shall be limited to those of competent witnesses who are reflecting a real and honest choice.
- b) *American Association of Advertising Agencies.* This agency maintains a code similar to that of American Advertising Federation and is known as "Standard of Practices" which sets guidelines for its member's activities. Some objec-

tionable advertisements are reviewed by special committees.

- c) Better Business Bureaus. These Bureaus are sponsored by advertisers, agencies and media and they attempt to regulate the operations of member businesses. The Bureau has no legal power but works with local law enforcement officials. They keep files on consumer complaints, investigate more serious complaints and put pressure on members to correct these complaints.
- d) The National Advertising Review Board (1981). This board does not have any legal power but tries solve any problem relating to misleading advertising, using its considerable industry influence to pressurizes the advertisers.

3) Regulation by the Media

Different newspapers, magazines, TV and radio stations apply various criteria for self-policing. For example, magazines may consider the following factors:

- a) The desire to protect the readers of the magazine and potential customers from exploitative or dishonest advertiser. For example, the "Good Housekeeping" magazine maintains a panel of technicians to test products before advertising them in the magazines and giving them the "seal of approval."
- b) Many magazines do not accept advertisements that do not conform to the taste of their audience. Sexy advertisements may be great for "Cosmopolitan" magazine but not for "Reader's Digest" or "Ladies Home Journal."
- c) Most magazines respect the standards of advertising that they have set for themselves. For example, the "New Yorker" magazine prohibits feminine-hygiene advertisements.

Similar to magazines, all TV and radio networks maintain departments that judge and censor commercials for levels of acceptability, Some of the various media associates that impose their own code on advertisers are:

- a) The National Association of Broadcasters (NAB). They have established a TV code and a radio code, which the advertisers are required to follow.
- b) The Direct Mail Advertising Association (DMAA). It maintains a "Standards of Practices Committee" to ensure that no objectionable material are mailed by members.
- c) The Outdoor Advertising Association of America. It sets standards for billboards and poster advertising

The Legal Aspects

In addition to self-policing activities which are generally binding on all member advertisers, there are some Federal and State laws in America that further protect the consumer from being manipulated by the advertisers. In addition to Federal laws, which become applicable whenever there is inter-state commercial involved, most individual state has adopted a statute against deceptive and misleading advertising. For example, New York has an aggressive "Department of Consumer Affairs" with a good track record for going after local advertisers who draw complaints.

Federal Regulations

The Federal Trade Commission (FTC) was created by the Sherman Act passed by the Congress of the United States of America in 1890 and amended by the Clayton Act of 1914. It was designed basically to cover price discrimination,

exclusive dealings and tie-ins, acquisition of stock and interlocking directories. The idea was to eliminate monopoly. The FTC became the legal policeman of advertising. The FTC act stated that, All unfair methods of competition in commerce are hereby declare unlawful."

The FTC Act was further amended by the "Wheeler-Lea Act" of 1938.

It stated, "Unfair methods of competition in commerce are hereby declared to be unlawful." This act also defined false advertising as misleading in material respect by statement, word, design, sound, etc.

Thus the Federal Trade Commission regulates commerce between States, controls unfair business policies and practices, takes legal action when necessary in false and deceptive advertising.

In addition to the Federal Trade Commission, some of the other major Federal agencies involved in control of various forms of advertising and other malpractices are:

a) *Food and Drug Administration (FDA)*:

It controls marketing of goods, drugs, cosmetics, medical devices and any

potentially hazardous consumers products.

b) *Federal Communication Commission (FCC)*: It regulates advertising indirectly by utilizing the power to grant and withdraw broadcasting licenses.

c) *Postal Services*: It regulates material that goes through the mail, primarily in the area of obscenity, lottery and mail fraud.

d) *Grain Division*: It is a unit of the Department of Agriculture and is responsible for policing seed advertising.

e) *Securities and Exchange Commission (SEC)*: It regulates advertising of securities and other matter relating to stocks.

f) *Alcohol and Tobacco Tax Division*: This agency has broad powers to regulate deceptive advertising of liquor and tobacco. It is a sub-unit of the Treasury Department.

g) *Patent Office*: It regulate registration of trademarks.

h) *Library of Congress*: It regulates and controls the protection of copyright.

i) *Department of Justice*: This department enforces all Federal laws through prosecuting all such cases that are referred to it by other government agencies.

References

- Alexander, Ralph S. (1964), *Marketing Definitions*, American Marketing Associations. p. 9.
- Arrington, Robert L. (1982), "Advertising and Behaviour Control," *Journal of Business Ethics*, February, p. 3.
- Ayer, A.J. (1964), *An Introduction to Modern Philosophical Problems*, McMillan Publishing, p. 240.
- Baumhart, R. (1968), *Ethics in Business*, Holt Rhinehart & Winston.
- Beauchamp, Tom L. (1984), "'Manipulative Advertising,'" *Business and Professionals Ethics Journal*, (3 and 4): 3, Spring/Summer.

- Ben, Stanley I. (1967), "Freedom and Persuasion," *Australasian Journal of Philosophy*, 45, December, p. 265.
- Bhatnager, Rahul (1983), "Advertising Myth," *The Management Review*, 10 (3), Delhi, p. 47.
- Carroll, Archie B. (1984), "Social of Responsibility Management," *Science Research Associates*, p. 4.
- Ciadini, Robert B., et al. (1978), "Low-ball Procedures for Producing Compliance: Commitment Then Cost," *Journal of Personality and Social Psychology*, 36, pp. 463-476.
10. De George, Richard (1982), *Moral Issues in Business*, McMillan Publishing, p.192.
- De George, R.T. (1982), *Business Ethics*, McMillan Publishing, p.37.
- Feinberg, Joel (1993), *Social Philosophy*, Prentice Hall, p. 48.
- LaBarbora, Priscilla A. (1981), "The Same of Magazine Advertising," *Journal of Advertising*, 10 (1), p. 37.
- Lacznaiak, G.R. (1983), "Framework for Analysing Marketing Ethics," *Journal of Macro Marketing*, Spring, pp. 7-18.
- Levitt, Theodore (1970), "The Morality of Advertising," *Harvard Business Review*, 48, June-August, pp. 84-92.
- National Advertising Review Board (1981), *Advertising Self Regulation and Its Interaction with Consumers*, New York, p. 7.
- Nielkes, William G. (1984), *Marketing Communication and Promotion*, John Willey, p. 483.
- Sethi, Prakash S. (1977), *Advocacy Advertising and Large Corporations*, Lexington Book, p. 272.
- Singh, Mohinder (1986), "Ethics in Advertising," *IMM News*, Vol. 5, No. 8, August, New Delhi, p. 1
- Telser, Lester G (1974), "Advertising and the Consumer," in: Yale Brozen (ed.) *Advertising and Society*, Bobbs-Merrill Educational Publishing, p. 41.
- Toynbee, Arnold J. (1961), "The Continuing Effect of the Americana Revolution, Address Delivered," at *Prelude to Independence*, June 10, Williamsburg, Virginia.
- U.S. News and World Report (1985), *The State of American Values*, December 9, p. 55.
- Weaver K. Mark and O.C. Ferrell (1977), "The Impact of Corporate Policy on Reported Ethical Beliefs and Behaviour of Marketing Practitioners," in: Barnett Greenberg (ed), *Contemporary Marketing Thought*, Proceedings of American Marketing Association.

Weilbacher, William M. (1984), *Advertising*, McMillan Publishing, p. 5.

Weilbacher, William M. *Op Cit.*, pp. 512-515.

Zimerer, T.W. and P.L. Preston (1976), "Plasma International," in: Robert D. Hay, Edmund R. Gray and James E. Gates (eds.), *Business and Society*, South Western Publishing.