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COMPARATIVE ADVERTISING AS CORPORATE STRATEGY: AN
INVESTIGATION OF KEY UNITED STATES INDUSTRIES

DISSERTATION

Presented to the Graduate Council of the
North Texas State University in Partial
Fulfillment of the Requirements

For the Degree of

DOCTOR OF PHILOSOPHY

By

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Denton, Texas

August, 1978

Swayne, Linda Sue Eggeman, Comparative Advertising as Corporate Strategy: An Investigation of Key United States Industries. Doctor of Philosophy (Business Administration), August, 1978, 231 pp., 58 tables, bibliography, 130 titles.

This study is designed to examine comparative advertising as a viable advertising strategy in today's competitive business environment. Frequency and use of comparisons by the selected key industries and advertising agencies are investigated. Analysis is conducted to determine similarities and differences between firms who elect or avoid comparative advertising.

Chapter I presents an introduction to comparative advertising as well as an explanation of the objectives, the study, methodology, hypotheses and limitations. Chapter II provides an in-depth investigation into the history, definition, issues, studies and retaliation of comparative advertising in order to provide an understanding of the concept. Chapter III presents facts compiled from questionnaires returned by 171 business executives and Chapter IV presents facts compiled from 217 advertising agency executives. Chapter V indicates the study conclusions.

Based on an analysis of the findings, certain conclusions are presented. The industry leader is not likely

to use comparative advertising in most industries. Firms that are fourth or smaller in market share are most likely to use comparisons. However, the smallest firms, in terms of dollar sales volume, are least likely to use comparative advertising.

Convenience and shopping goods are considered more effective products to use comparisons than specialty goods. Although the approach is employed in all stages of the product life cycle, most brands using comparatives are in the market maturity stage.

New entrants to the industry, smaller firms/brands in the industry and convenience goods with significant differences are considered situations for effective use of comparisons. Convenience goods with little difference from competition and specialty goods are considered to be least effective situations for comparative advertising.

Air conditioners, major appliances and automobiles were the products considered to be using comparisons effectively. Business suits, home builders, and Chivas Regal are the products considered least able to use comparatives effectively.

Large firms are named by competitors in comparative advertising most often and are least likely to retaliate. Users of comparative advertising are more likely to be named by a competitor; however the overt retaliatory

actions most frequently selected are to complain to the media or the NAD/NARB. Non-users are more frequently satisfied with their retaliatory actions than users of comparative advertising. Retaliatory actions are recommended by ad agencies when comparisons are false, misleading or unfair.

Most agencies and firms using comparative advertising consider it to be successful and plan to continue its use. Most users of the concept judge success of comparative advertising by per cent change in sales.

Most firms only promote one brand with comparatives, although certain industries are likely to have more than one brand promoted by comparatives. Advertising agencies typically will have only one brand using comparisons. Expected future use of comparative advertising will be at approximately the same level as currently employed.

Television, magazines and newspapers are the media used most by brands promoted by comparative advertising. Television is considered the most effective medium and billboards the least effective medium for comparative advertising. Comparative advertising is not the dominant tactic in most firms' advertising strategy.

The consumer is considered to receive mostly beneficial results from comparative advertising, but mostly

detrimental results were indicated for the respondent's industry and the advertising industry. Comparative advertising is considered an ethical advertising practice by most respondents.

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CHAPTER I

INTRODUCTION

Comparative advertising is a recently revived phenomenon. Prior to 1972 the practice of naming names of competitors was deliberately avoided. Advertising agencies, associations, clients, and the broadcast media particularly agreed to the unwritten "law" that making direct claims against a competitor's product was not "fair" in competing for the consumer's dollar. Firms that wanted to promote their superior product attributes compared their product to Brand X, or, sometimes with broadcast commercials, a "beep" was inserted in place of the competitor's name.

Since the comparisons with Brand X could hardly be substantiated, in 1971 the Federal Trade Commission's Director of Consumer Protection, Robert Pitofsky, wrote in a memo to television networks that he felt the increasing practice of indirect comparisons was misleading and deceptive to the public.¹ He encouraged the television networks and the self-regulatory agencies for the advertising industry to develop guidelines that would promote the use of comparative advertising for the benefit of consumers.

¹"The Name-Callers," Media Decisions (April, 1973), p. 66.

The definition of comparative advertising adhered to in this study is advertising that

1. Compares two or more specifically named or recognizably presented brands of the same generic product or service class, and
2. Makes such a comparison in terms of one or more specific product or service attributes.²

This definition emphasizes that the advertiser's brand is explicitly compared with one or more competing brands concerning one or more specific attributes. Brand X ads, "beeps" and ads claiming "better than the leading" would be excluded.

Some firms have avoided the use of comparative advertising, while others have moved further towards a comparative approach. Still others have undergone extensive legal battles with regulatory groups to win the right to keep using their superiority claims against a named competitor.

In a July 5, 1976, news briefing, Federal Trade Commission Chairman Calvin Collier stated that "product comparison ads would seem to be very useful both to consumers and vigorous advertisers. The Commission doesn't understand why there are not more of them."³

²William L. Wilkie and Paul Farris, "Comparative Advertising: Issues and Prospects, "A Marketing Science Institute Working Paper, Cambridge, Massachusetts (August, 1974), p. 3.

³"Comparison Ads Will Get Little FTC Intervention," Advertising Age (July 5, 1976), p. 8.

Nature of the Problem

In today's business environment there is increasing competition placing greater demands on advertisers and advertising. Total advertising expenditures for 1976 were estimated to be \$32.5 billion.⁴ With such a substantial commitment to the use of persuasive communication with the primary objective being to favorably influence consumers' buying behavior, it would appear that the comparative advertising format would be a superior strategy.

Within the industry there are those, such as Stanley Tannenbaum of Kenyon & Eckhardt, who

hail comparative advertising as our industry's own brand of consumerism when properly executed. It makes the consumer more conscious of his responsibility to himself before he buys. Moreover it serves as an incentive for advertisers to produce better products which is the greatest reward that advertising can offer the consumer.⁵

Others, such as Andrew Kershaw of Ogilvy & Mather, however, have concluded that

comparative advertising does not increase brand identification. It makes consumers more aware of competitors, results in lower belief in claims and results in increased miscommunication

⁴"Expenditures and Costs in Advertising," Conference Board Record (December, 1976), Road Maps of Industry, No. 1796.

⁵Stanley I. Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," unpublished paper presented to the American Association of Advertising Agencies, New Orleans, Louisiana, May 12, 1976.

and confusion. It would reduce the credibility and effectiveness of advertising, and intensify the distrust of business corporations.⁶

Within the advertising industry questions concerning comparative advertising are heatedly debated. Is it unethical? Is it effective? Is it damaging to the industry?

Study Objectives

In view of the prevailing controversy and speculation concerning the benefits and limitations of comparative advertising, the general objective of this study is to determine how manufacturers within seven selected industries and advertising agencies perceive comparative advertising as a legitimate advertising strategy in today's competitive environment.

This objective will be accomplished primarily through analysis of data obtained by way of personal visitations and mail surveys. Manufacturing firms within seven selected industries in which a substantial number of firms have utilized the comparative advertising format will comprise the initial survey. Since advertising agencies often recommend a particular strategy to their clients, they will also be surveyed to assemble data pertaining to their positions on various comparative advertising issues including

⁶Andrew G. Kershaw, "The Mischief of Comparative Advertising," unpublished paper presented to the American Association of Advertising Agencies, New Orleans, Louisiana, May 12, 1976.

their reasoning as to why and/or under what circumstances they do or do not support the use of the comparative format.

Significant insights should be gained as to why some firms choose to employ comparative strategies while other firms do not. Analysis will be conducted to determine similarities and differences between firms who elect or avoid comparative advertising, e.g., firm size and market position.

More specifically, the study is designed to accomplish the following objectives:

1. Determine a profile of usage of comparative advertising in several industries that have a significant degree of adoption of the concept;
2. Investigate the significance of the comparative advertising format in the total advertising strategy of the firm;
3. Determine whether marketers believe some product classifications to be more conducive to selection of comparative advertising than others;
4. Examine marketers' viewpoints concerning the relative significance of the stages in the product life cycle as a determinant in comparative advertising selection;
5. Examine the relationship between company size, market position and the use of comparative advertising within the selected industries;
6. Explore the reasons advertising agency executives recommend for and against comparative advertising;
7. Examine the kind and degree of retaliation to a competitor's use of comparative advertising;

8. Explore the views of ad agency executives and marketing managers concerning the effectiveness of comparative advertising and their expected future use based on that opinion;
9. Report the opinions of advertising agency executives and marketing managers concerning the effectiveness in printed versus broadcast media comparative advertising;
10. Explore how marketers view the ethics of naming names;
11. Determine whether marketers view the long run effect of comparative advertising to be beneficial or detrimental to the image of the advertising industry in our society.

Justification for the Study

Despite its contemporary wide-spread utilization within certain industries, and the controversies surrounding comparative advertising, there is little primary research by advertising agencies, advertising associations, the media, or marketers that has been made generally available to the business and academic communities. The Federal Trade Commission has encouraged the use of comparative advertising believing that consumers will be better able to make informed buying decisions. At present, however, there is little evidence to support this belief. On the contrary, a study conducted by Ogilvy & Mather (Advertising Agency) Research, the only significant comparative advertising study to date, indicates that comparative advertising

tends to confuse customers and cause mis-identification of brands.⁷

Based on observed advertising strategies, however, a considerable variety of advertisers apparently believe that the employment of comparative advertising formats is superior to traditional advertising approaches in accomplishing such advertising objectives as creating and maintaining desired company and/or brand image as well as gaining consumers' attention, providing evaluative information, and persuading them to buy.

The findings of this study pertaining to the incidence of use of comparative advertising, opinions as to its effectiveness, advertising agency and advertiser reactions to the various facets of comparative advertising and other related issues should be of practical business value in terms of providing data that can be utilized by advertising agencies and advertisers when making advertising strategy decisions. Moreover, the study will contribute to the academic body of knowledge concerning this relatively new marketing tool.

⁷"The Effects of Comparative Television Advertising that Names Competing Brands," Ogilvy & Mather Research, New York, undated.

Methodology

Both primary and secondary data are used in this study. Secondary data were gathered from periodicals and available published and unpublished research. Primary research data were obtained to support or reject the tentative hypotheses and to answer some of the questions raised in the secondary data investigated.

Primary data were collected by personal interview and mail survey. Personal interviews were conducted with representatives of the various commercial clearing committees of the three major television networks, ABC, CBS, and NBC, with the representatives from the National Advertising Division of the Council of Better Business Bureaus and the National Advertising Review Board self-regulatory groups, and selected brand managers currently utilizing comparative advertising.

Industry Survey

From lists of companies that have submitted comparative commercials to the various standards reviewing committees of ABC, CBS, and NBC, a review of the National Advertising Division and National Advertising Review Board (NAD/NARB) decisions concerning comparative advertising cases, and personal observation, seven industries were selected in which there is substantial use of comparative advertising.

While it is recognized that there are many more than seven industries that have employed comparative advertising, limitations were imposed on the extent of surveying by time and cost. The industries selected include: automobile, household paper products, household cleaning agents, toilet requisites (includes deodorants, shampoo, hair spray, toothpaste and mouthwash), soft drinks and beer, cereals and over-the-counter drugs.

The Standard Directory of Advertisers, which lists over 17,000 firms that advertise nationally or regionally, was used to obtain the names and addresses of companies within the selected industries to compile a mailing list. Within each industry all members advertising consumer products were surveyed. The Directory includes the key executives in the company listing enabling questionnaires to be mailed personally to the advertising manager, marketing manager, or president, in that order of preference.

For the over-the-counter drugs (pharmaceuticals), the completeness of the mailing list was further verified by use of the Handbook of Non-Prescription Drugs, 5th ed., published by the American Pharmaceutical Association in 1977.

A total of 331 questionnaires was mailed to business executives in the seven selected industries. This mailing plus a follow up mailing three weeks later yielded a return

of 171 or 51.6 per cent of the questionnaires. Thirty-three or approximately 19 per cent of the returned questionnaires were not useable, since the requested information was not provided. Therefore, a total of 138 responses representing 41.2 per cent of the total number surveyed were useable.

There are several reasons for the 33 nonuseable responses from business executives. First, 18 or approximately 55 per cent of the respondents indicated that they do not advertise to consumers. Consequently, the study was not applicable to their firms. Second, nine or 27 per cent indicated that the information requested was strategic marketing information and as such was highly confidential. Third, four respondents simply did not have the time to complete the questionnaire. Finally, two firms had sold the divisions that had been involved in consumer product sales.

Advertising Agency Survey

Because of their influential position in recommending advertising strategies to their clients and the availability of their own in-house, unpublished research concerning advertising issues, all advertising agencies with billings of \$5 million or more as listed in the Standard Directory of Advertising Agencies (the Agency "Red Book") were surveyed.

The smaller agencies, with less than \$5 million in billings, are many in number but account for a very small portion of the total agency business. Typically they are too small for a research department, employ less television advertising and are restricted to a geographical area. Agencies that have billings of \$5 million or more account for over 90 per cent of the advertising agency business.⁸ Limitations of time and cost prohibited contacting all agencies.

A total of 432 questionnaires was mailed to advertising agency executives. This mailing plus a follow-up mailing three weeks later yielded 217 responses for a return rate of 50.2 per cent. Twenty-six of 12 per cent of the returned questionnaires were not useable. Consequently, there were 191 useable questionnaires representing 44.2 per cent of the total number surveyed.

Several reasons were given for the non-useable responses. Fourteen of the respondents who accounted for 54 per cent of the non-useable questionnaires could provide no information for the study because their clients were not involved in consumer advertising. Seven respondents were too busy to accumulate the information requested and five respondents considered the questions too touchy on sensitive issues of client confidentiality.

⁸James V. O'Gara, "583 Agencies Record \$2.9 Billion Income," Advertising Age (March 13, 1978), pp. 1-2.

Hypotheses

The hypotheses of this dissertation are as follows.

- I. Smaller firms or new entrants to an industry will be more likely to use comparative advertising than large firms with dominant market position.
- II. When selected, comparative advertising will be the dominant tactic in a firm's marketing strategy.
- III. Comparative advertising is and will continue to be more effective in the promotion of convenience goods than shopping or specialty goods.
- IV. Comparative advertising is more likely used in the market maturity stage of the product life cycle.
- V. Large firms with dominant market positions will be less likely to retaliate when competitors name them in comparative advertising.
- VI. The majority of manufacturers and advertising agencies using comparative advertising view it as being effective and plan to continue its use.
- VII. The majority of manufacturers and advertising agencies consider comparative advertising to be an ethical marketing practice.
- VIII. Within the advertising industry, comparative advertising is considered to enhance the image of advertising.

Limitations

The limitations to this research include the following.

1. No more than seven industries were selected because of time and money constraints.
2. The information presented as findings from the primary sources (interviews and surveys) represents the seven selected industries only. The researcher does not presume that those industries are statistically significant for the business community as a whole.
3. The study deals with consumer goods and concentrates on the broadcast medium because of the predominant use of this medium for comparative advertising.
4. Because of time and financial constraints a mail survey was utilized with all its inherent limitations: (1) low response rate, (2) narrow range of response, (3) ambiguity of questions, (4) questionnaire bias, (5) lack of indepth data.
5. The study is not concerned with actual effectiveness, but solely with marketers' perceptions of the effectiveness of comparative advertising.

CHAPTER II

HISTORICAL PERSPECTIVE

The upsurge of comparative advertising in the broadcast media is relatively recent although the concept had its origin in early printed advertising and has always enjoyed great popularity in personal selling.

Early Comparative Advertising

As far back as the early eighteenth century advertising named competitors. Joseph Addison, poet and essayist, wrote in Richard Steele's Tatler of September 14, 1710, concerning the attention getting value and popularity of comparative advertising. He considered half of the advertising of his day to be comparative in format.¹

Later in the mid-eighteenth century, Samuel Johnson wrote in the January 20, 1759, issue of the Idler: "In an advertisement it is allowed every man to speak well of himself, but I do not know why he should assume the privilege of censoring his neighbor."² He also spoke of "advertising

¹Stanley M. Ulanoff, "Comparison Advertising: An Historical Retrospective," A Marketing Science Institute Working Paper, Cambridge, Massachusetts (February 1975), p. 8.

²John Wright, Daniel S. Warner and Willis L. Winter, Jr., Advertising, 3rd ed. (New York, 1971), p. 19.

now so numerous that they are negligently perused, and it is therefore necessary to gain attention by magnificence of promise and eloquence sometimes sublime and sometimes ridiculous. . ."³ Dr. Johnson's appeal to the advertiser to refrain from "censoring" his neighbor is probably the first move (although an unavailing one) against "knocking copy."⁴

New World Avoids Comparative Advertising

The American belief in taxation only by representation, public education and freedom of speech shifted the development of advertising to the New World in the late eighteenth century. Newspapers in Europe were so heavily taxed that they were afforded only by the wealthy and educated, restricting circulation. The lack of taxes on newspapers and the resulting widespread circulation was a major impetus to the growth of printed advertising in the New World.

What caused the advertising pioneers to move away from comparative advertising? Probably it was the American sense of "fair play." We do not hit below the belt, shoot anybody in the back or name our competitors in advertising.⁵

³James P. Wood, Story of Advertising (New York, 1958), p. 37.

⁴E. S. Turner, The Shocking History of Advertising (New York, 1965), p. 14.

⁵Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 4.

In the early 1920's when several codes for advertising and business were formulated, invariably there was a section against disparagement and/or comparisons.

In his book, Psychology of Advertising (1909), Walter Scott advised, "Do not caution the public against substitutes--write the ad in such a way that it will not occur to the reader that there can possibly be a rival product."⁶ At the time it may have been good advice. More recently, however, with the proliferation of advertising and displayed merchandise, the rival products are frequently right next to each other. Increased competition and greater advertising expenditures have caused some companies to seek other methods to advertise and sell their products.

New Approaches

Those advertisers who wanted to demonstrate product superiority but were unwilling to violate the unwritten "law" against naming a competitor used Brand X for their comparisons. In the broadcast media especially, it was used so obnoxiously that it became the butt of jokes by television comedians. Some enterprising marketers even produced cigarettes and other products with the Brand X

⁶Turner, The Shocking History of Advertising, p. 159.

label since it received so much publicity and thus was quite extensively promoted.⁷

Another device used in the broadcast media to avoid actual identification was to have an audible "beep" dubbed over the competitor's name. Personna, a razor blade manufacturer, frequently mentioned their competitor's name which was electronically obliterated. Others used the "beep" more coyly--the electronic beep was intentionally off so that the first letters of the competitor's name were heard by the listener.

Change in Attitude

In October 1965, Sales Management magazine wrote "Name that Competitor!" indicating the success of Gillette, Hudson's Bay and Old Granddad liquors, Ford, 3M, and Avis with comparative advertising.⁸

Printer's Ink in January 1966 reported that many in the industry considered name-naming and name-calling to be synonymous. The author proposed that comparison advertising which showed several competing brands was the actual situation faced by the customer at the point-of-sale.⁹ The

⁷Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 12.

⁸"Name that Competitor!" Sales Management (October 15, 1965), p. 92.

⁹"Naming Competitors in Ads: Forthright, Fair, Foolish?" Printer's Ink. (January 28, 1966), p. 32.

discussion was concerned primarily with print media, and even today there seems to be a difference in views on comparative advertising in printed media as opposed to broadcast media. Many who are vehemently in opposition to comparisons on TV feel that it can be used effectively in the print media where comparisons can be thoroughly studied--a situation far different from a 30 second television commercial.

Increasingly comparisons were obliquely made between the advertiser's brand and "another leading brand" or the "other leading brands" or occasionally "the leading brand." It was this use of opaque terms such as "Brand X" and "another leading brand" that led Robert Pitofsky to write the memo to CBS and ABC television networks expressing his view that these terms were difficult to substantiate and misleading to the public.

Personal Selling Uses Comparatives

While relatively controversial in consumer advertising, comparatives have been used extensively in the industrial market and in advertising's bigger partner in the promotional mix--personal selling.

As pointed out by Wilkie and Farris¹⁰ and Ulanoff,¹¹ comparisons are commonplace in personal selling. Consumers expect salesmen of durable goods or technically sophisticated products especially to make specific comparisons with competitors' products. It has been suggested that these comparisons are made because of the selling dyad and its immediate feedback.

If a customer is interested in economy of operation of a particular air conditioning unit, for example, the salesman uses that factor for comparisons between brands and models. Another customer may be interested in noise or size or perhaps price alone. The salesman can tailor his message to the needs of the buyer making product attribute comparisons where appropriate.

Salesmen have the opportunity to identify meaningful criteria for each customer and discuss their own product's comparative advantages. In the media, advertisers have to select the criteria that appeal to the greatest proportion of customers; therefore meaningful comparisons that could persuade some customers to buy, because they have less broad appeal, would have to be omitted. Hence, comparative

¹⁰William L. Wilkie and Paul Farris, "Comparison Advertising: Issues and Prospects" Marketing Science Institute, Working Paper, Cambridge, Massachusetts (August, 1974), p. 6.

¹¹Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 4.

advertising has broader application and greater frequency of occurrence in personal selling.

Another factor contributing to the success of comparatives in personal selling is the difficulty in monitoring salesmen's presentations for truthful, non-disparaging comparisons. Advertising in print or broadcast media is relatively easily monitored for factual content because of the nature of the media and the vast number of people that are exposed to any given message.

While policing individual sales discussions for truthful, non-disparaging comparisons is difficult, an investigation of several salesmanship texts¹² revealed the general advice that a salesman should never knock a competitor, but acknowledge the competition as competition, and then demonstrate his own product's superiority.

Trade Uses Comparative Advertising

It is not uncommon to see side-by-side comparisons in business and trade publications. Perhaps because the industrial buyer is considered to be more "rational" and sophisticated than the final consumer, direct comparisons have been used to sell superior product attributes.

¹²See for example, Alan L. Reid, Modern Applied Salesmanship (California, 1970); Percy H. Whitney, The Five Great Rules of Selling, (New York, 1957); and others.

One of the more common uses of comparatives is in advertising aimed at the advertising community itself. Investigating 1964 issues of Advertising Age, Wilkie and Farris found about 15 per cent of the ads were comparisons between named competitors' circulation, cost per thousand, media "climate," etc. Ten years later they found only a slightly higher (20 per cent) proportion of comparative ads.¹³

Comparative Advertising Defined

In spite of the controversy concerning the desirability of comparative advertising in the consumer marketplace, the incidence of use appears to be increasing, most noticeably in the broadcast industry. Unfortunately comparative advertising has been defined in several different ways, making it more difficult to measure and interpret the findings from research.

General Definition

The July 19, 1976, issue of Television/Radio Age contained a report by the National Advertising Division of the Council of Better Business Bureaus stating that from June 1971 (the birth of the National Advertising Division) to December 1974 complaints concerning comparative advertisements numbered 54 out of 787 complaints reviewed. In 1975, 48 out of 1977 complaints reviewed were comparative in format. In

¹³Wilkie and Farris, "Comparison Advertising: Issues and Prospects," p. 5.

the first half of 1976, 16 of the 67 ads reviewed were comparative advertisements. Thus the National Advertising Division concludes: "In the first half of 1976 one-fourth of the complaints we handle are over the comparative format, compared to 7 per cent in the period from June 1971 to December 1974."¹⁴

These statistics appear to be somewhat misleading because the National Advertising Division and the National Advertising Review Board view comparative advertising (for their purposes of industry self-regulation) to be ads that make a specific product attribute claim over competitors whether or not that competitor or group of competitors is named. As an example a deodorant commercial claiming to "keep you drier" had to substantiate that statement with the National Advertising Division. No specific competitors were named, but the NAD considered a comparison to be implied.¹⁵ Also investigated was a dog food manufacturer comparing an old can of dog food with a "new, improved" can of the same brand of dog food. The National Advertising Division found misleading comparisons implied.¹⁶

¹⁴"Report from the NAD" Television/Radio Age (July 19, 1976), p. 84.

¹⁵NAD/NARB Decisions, The Council of Better Business Bureaus, Inc., Washington, D. C., Section 13, Case 65.

¹⁶Ibid., Section 23, Case 19.

A definition such as that used by these self-regulatory groups definitely presents the broad picture of comparatives, but one that, in the minds of customers, is similar to the Brand X format. A more precise definition is needed because it appears that explicit comparisons will evoke different consumer responses than the more traditional advertising appeals, including Brand X, another leading brand, etc. John Stearns, Viva Brand Manager, Scott Paper Company, reported that research indicated, when using a TV commercial comparing Viva (paper towel) wet strength to "another leading brand," users of the other leading brand thought the comparison to be made with a cheap, private label brand. The explicit ad comparing Viva to Proctor & Gamble's Bounty caused a significant change in evoked set size, if not brand preference, by the consumer test group, all of whom considered themselves to be loyal Bounty users.¹⁷

Proposed Definition

For the purposes of this research the definition proposed by Wilkie and Farris is adhered to because it highlights the issues in comparative advertising. Comparative advertising is defined as advertising that

¹⁷ Interview with John Stearns, Viva Brand Manager, Scott Paper Company, October 16, 1977.

1. Compares two or more specifically named or recognizably presented brands of the same generic product or service class, and
2. Makes such a comparison in terms of one or more specific product or service attributes.¹⁸

Examples of comparative ads that meet the above criteria include many automobile ads, deodorants, shampoos, food-stuffs, household cleaners, etc. According to Ralph Daniels, Vice-President of Broadcast Standards Administration of the National Broadcasting Company (NBC), "Comparative advertising is now a common technique in widespread use in all product and service classifications." ¹⁹

Examples of "Recognizably Presented."--The definition being used specifies that a competitor be named or otherwise identified so that there is little doubt in the mind of the customer as to the identity of the competitor's brand. When Avis began its "We're #2" campaign, Hertz was not mentioned by name, but anyone who rented cars identified the competition. Similarly, when 3M waged a campaign against the film in the "yellow box," professional and amateur photographers alike knew the identity of the competitor.

¹⁸Wilkie and Farris, "Comparison Advertising: Issues and Prospects," p.3.

¹⁹Interview with Ralph Daniels, Vice-President Broadcast Standards, NBC Television Network, September 26, 1977.

More recently, SOS, a manufacturer of soap scouring pads, compared itself to the "pink pad" of Brillo, its main competitor.²⁰ Brillo retaliated with mention of the "blue pad" (of SOS) but in neither case was a competitive brand or trademark mentioned--for housewives it wasn't necessary. Kal Kan dog food initiated a campaign against the "brand without a speck of cereal" which is readily identified by dog lovers everywhere. (Alpo retaliated immediately with a request to the National Advertising Division to investigate the claims made in that ad which were found to be inaccurate and Kal Kan withdrew the ad.)²¹

For most people these would be considered comparative advertising because their human cognitive processes would match the brand name with either the displayed package (Contac has used the triangular shaped bottle with the small plastic cup over the lid to identify its competitor Nyquil), the description (yellow box), or a slogan (The King of Beers).

For marketers the emphasis always has been on the target market, which would have some familiarity with the product or service class and could readily identify the competition without having to see or hear the brand name. For

²⁰Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 15.

²¹"The Name Callers," Media Decisions (April 1973), p. 104.

others, unfamiliar or uninterested in the product class, the ads using recognizably presented products rather than actual brand names would not be considered comparative advertising.

Non-Comparative Ads.--Clearly and intentionally omitted from the definition of comparative advertising are "Brand X" ads and those making claims against the "other leading brand(s)" as well as those that claim they are "best" without naming competitors or otherwise identifying them.

A second but equally important aspect of the comparative advertising definition is that one or more specific attributes be compared. Comparison implies a common denominator--a point of equality from which similarities and differences can be judged. A specific product attribute such as softness or miles per gallon (MPG) ratings provide the consumer with a point of reference for analysis. Specific attributes stated in comparative ads mark the guides that advertisers want customers to use in examining their product in comparison with a competitor.

An example of an ad that meets the first criteria (specifically names a competitor) but not the second (compares specific product attributes) is the B. F. Goodrich campaign developed to avoid customer confusion between Goodrich and Goodyear. The competitor is named, but the "We're the

other guy" theme does not make specific product attribute comparisons, and therefore would not be considered comparative advertising.

Self-Regulatory Groups and Guidelines

"No law or regulation requires advertisers to engage in comparative advertising. No law or regulation requires advertisers to refrain from comparative advertising. Both these propositions ultimately rest on the First Amendment right of freedom of speech."²² Naming names is a legal activity but is not immune from penalties under criminal or civil law if those laws are violated.

Directly related to the increase in comparative advertising is the increasing number of competitors that believe their product to be unfairly compared. The resulting increase in legal costs and related services is one of the major reasons that advertisers, agencies, and the media have called for guidelines from the various industry groups, believing industry self-regulation to be superior to government legislation. Jack Roberts, Director of Special Creative Projects for Ogilvy & Mather (advertising agency), in a November 1973 address to the American Association of Advertising Agencies made a plea for guidelines from the National Association of Broadcasters (NAB), the National

²² Identifying Competitors in Advertising, National Advertising Review Board Consultive Panel Report, New York (July, 1977), p. 19.

Advertising Review Board (NARB) and the American Association of Advertising Agencies (AAAA).²³

American Association of Advertising Agencies

The Standards of Practice of the AAAA had had a statement since 1924 opposing comparative advertising. In 1962 that statement read: "We will not knowingly produce advertising which contains - (d) Comparisons which unfairly disparage a competitive product."²⁴

A Policy Statement on Comparative Advertising was issued in 1966 to make their position clearer: "AAAA discourages the use of competitors' brand names, trademarks, and packages--without the express permission of such competitors."²⁵ In 1969 to further clarify their position the AAAA Board adopted a Revised Policy Statement on Comparative Advertising: "We especially deplore advertising which makes use of a competitive company's trademark or brand name in an effort to trade on the reputation which that brand was built."²⁶

²³Jack Roberts, "Comparative Advertising. . . I'm O.K. . . . You're Not O.K.," unpublished paper presented to AAAA Annual Conference (November 13, 1973), p. 5.

²⁴Ibid., p. 1.

²⁵Ibid.

²⁶Ibid.

The Creative Code which is sponsored by the American Association of Advertising Agencies and several other industry organizations, contained a statement against "comparisons which unfairly disparage a competitive product or service."²⁷ Many were uncertain as to the meaning of disparagement. Two of the major networks felt that the naming of competition constituted disparagement.

It was the FTC memo issued late in 1971 to ABC and CBS television networks that caused a new committee to be appointed in 1973 to "update" the AAAA 1969 Policy Statement on Comparative Advertising and revise it to allow naming other products in advertising. The Association warned that the new statement would have to be "considerably qualified in view of the various problems involved."²⁸

The current Policy Statement and Guidelines for Comparative Advertising was adopted in April 1974. The preamble indicated that the Board of Directors of the American Association of Advertising Agencies "recognizes that when used truthfully and fairly, comparative advertising provides the customer with needed and useful information." However, they urged extreme caution because "by its very

²⁷Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 30.

²⁸Roberts, "I'm O.K. . . You're Not O.K.," p. 1.

nature, comparative advertising can distort facts and by implication, convey to the customer information that misrepresents the truth."²⁹ (See Appendix for complete Policy Statement and Guidelines for Comparative Advertising).

National Association of Broadcasters

The Radio Code of Ethics, first adopted in 1929, has undergone many revisions, as has the Television Code, which was adopted in 1952. False or exaggerated advertising was covered in the original Radio Code and included in the younger Television Code. In later revisions the language was similar for both media: "Advertising should offer a product or service on its positive merits and refrain (by identification or other means) from discrediting, disparaging or unfairly attacking competitors, competing products, other industries, professions or institutions."³⁰ The phrase in parenthesis was omitted in the 1974 editions in which the Radio Code further elaborated: "Any identification or comparison of a competitive product or service, by name or other means, should be confined to specific facts rather than generalized statements or conclusions, unless

²⁹Identifying Competitors in Advertising, p. 25.

³⁰Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 33.

such statements or conclusions are not derogatory in nature."³¹

Because industry members were unsure as to what constituted disparagement, and what was acceptable comparative advertising, the National Association of Broadcasters developed a set of guidelines which became effective April 1, 1975. It was an attempt to provide positive guidelines for those involved in preparation of copy and evaluation for broadcast. (See Appendix for complete NAB Comparative Advertising Guidelines.)

Television Network Codes

NBC had been accepting comparative advertising for more than eight years before the Federal Trade Commission memo was issued to ABC and CBS television networks in late 1971. Despite that acceptance the effect had been minimal because in most cases, clients were unwilling to undertake the expense to prepare one set of comparative advertising commercials for use on NBC and an additional set of noncomparative commercials for the other networks. Neither did they want to limit themselves to advertising only on NBC with a comparative advertising format.

Following the request of the Federal Trade Commission, ABC and CBS agreed to accept advertising with direct comparisons. The "floodgates" were opened and the television

³¹Ibid., p. 33.

networks had a substantial increase in ads that named competition. Due to outside pressure from competitors that were named in comparative ads, citizens groups and government, and inside pressure from clients, agencies and clearance committees, the networks acquiesced to the need for comparative advertising guidelines.

NBC.--NBC was the first to have expressed guidelines. Adopted in January 1974, these guides require that products identified actually be in competition with one another; they must be properly identified, and not just for the purpose of upgrading by association; the specific product attributes compared must be significant and useful to the consumer; the difference in attributes must be measurable and significant. The usual disparagement and "unfairly" attacking statements were included also.³²

Revised in September 1975, the Department of Broadcast Standard of NBC added three to the list of guidelines. First, retail price comparison claims must accurately reflect price differentials at retail outlets throughout the broadcast area and these price differentials must not be likely to change during the period of time that the commercial is broadcast. Secondly, a commercial claiming

³²Maurine Christopher, "NBC Spells Out New Formal Guides for Comparative Spots," Advertising Age (January 28, 1974), p. 1.

market relationships that are subject to fluctuation can be considered valid only as long as those market conditions continue to prevail. The last guideline reminds advertisers that NBC can require substantiation to be updated.³³

(See Appendix for complete copy of NBC Department of Broadcast Standards Comparative Advertising Guidelines).

Because comparative advertising "places special conditions and responsibilities upon both the advertiser and the broadcaster" NBC also implemented a policy of Comparative Advertising Procedures in January 1975 for those identified competitors who wish to challenge a comparative advertisement.³⁴ (See Appendix for complete copy of Comparative Advertising Procedures).

ABC.--In March 1974, ABC released its Principles for Comparative Advertising. Many of the points in the NBC guidelines were included. The major differentiating factors were ABC's emphasis on testing procedures and the reporting of results. Objections by named competitors must be based on the same principles that are used to judge the comparative ads (testing procedures, etc.). Also, ABC stressed the "net

³³"Comparative Advertising Guidelines," National Broadcasting Company Department of Broadcast Standards, New York, Revised September 2, 1975.

³⁴"Comparative Advertising Procedures," NBC Department of Broadcast Standards, New York, January 2, 1975.

impression" of the comparative advertisement which might be misleading, deceptive, vague, or disparaging in spite of technical compliance. Such ads would be unacceptable for broadcast.

The ABC Principles for Comparative Advertising concluded with an important note: "Although the foregoing principles were designed primarily for comparative advertising they will be applied by ABC to all advertising formats where appropriate."³⁵ (See Appendix for complete copy Principles for Comparative Advertising.)

CBS.--CBS television network has not published its own comparative advertising guidelines. Ms. Jane Ann McGettrick, Assistant Manager of the Commercial Clearance Division of CBS, reports that they follow the National Association of Broadcasters Comparative Advertising Guidelines and "as with all proposed commercials, final evaluation and acceptance is determined through review of the substantiation submitted in support of the claims made, our Network standards of taste, and what we feel can be regarded as disparagement."³⁶

³⁵"Principles for Comparative Advertising," American Broadcasting Company Department of Broadcast Standards and Practices, New York, March 1974.

³⁶Interview with Jane Ann McGettrick, Assistant Manager Commercial Clearing for CBS, September 27, 1977.

Print Media

In the print media there are as many standards, principles, practices and codes as there are publications because they are not standardized nor publicized as are the broadcast media codes. A survey of representative magazines and newspapers by the NARB panel studying comparative advertising revealed no industry-wide standards of acceptability.³⁷ Some magazines have permanent clearance boards which review each ad submitted. Individual newspapers generally make their own clearance decisions.

Checking with the principle associations representing the print media Ulanoff found no restrictions whatsoever concerning comparative advertising. "Neither the American Newspaper Publishers Association nor the Magazine Publishers Association has any code or self-regulation on the mentioning of competitive names or services."³⁸

National Advertising Review Board

The primary purpose of the NARB is to render judgments on individual matters of truth and accuracy in advertising not satisfactorily settled by the National Advertising Division of the Council of Better Business Bureaus. Since the NAD and the NARB are self-regulatory agencies supported

³⁷ Identifying Competitors in Advertising, p. 24.

³⁸ Ulanoff, "Comparison Advertising: An Historical Retrospective," p. 35.

by the AAAA, the networks, national advertisers and agencies, their statements are of significance. Early in its development, the NARB had decided against formulating and publishing guidelines for every conceivable advertising topic, and in favor of judging each case on its own merit. The NARB may have an attitude toward an advertising concept, such as its report on comparative advertising, but has no specific guidelines as such.

Early Position on Comparative Advertising.--Initially the National Better Business Bureau (now the Council of Better Business Bureaus) followed the almost universal practice of avoiding comparative advertising. A 1922 statement said:

Advertising should be positive and constructive. If a product has merit, it should not be necessary, in order to build its sales, to attempt to tear down the integrity of another.

Disparagement invites retaliation. Few, if any advertised products are perfect. The advertiser who is attacked can invariably find something to criticize in the product of his competitor. As "knocking copy" becomes general in the industry, the sum total of its effect is to unsell the entire industry to the public.

But while all nationally advertised merchandise may not be perfect, it does, in the great majority of the cases, give reasonable satisfaction to the purchaser. Those faults on which the predatory advertiser seeks to capitalize are not so serious to warrant wholesale condemnation and so, to support his campaign of disparagement, he must exaggerate. NBBB has yet to find a derogatory advertising campaign which presents all the facts truthfully or fairly. It is unfair for an advertiser to use statements which tend to undermine an industry by attributing to its products, generally, weaknesses true only of a few.

Exaggeration by one "knocking" advertiser leads to further exaggeration by his competitors and, eventually, to outright misrepresentation. In the ensuing welter of conflicting claims, reader confidence in all advertising is damaged.

NBBB condemns advertising which defames competitors or noncompetitors and which unfairly disparages their products or services as an unsound business practice.³⁹

Due to a more educated consumer, increased competition, and a memo from the FTC, the "taboos" against comparative advertising were weakened. A CBBB statement in 1973 altered its prior opposition to comparative advertising:

Advertising should be positive and should be built upon the performance and capabilities of the advertiser's own products or services. Truthful comparisons with factual information are helpful in making informed buying decisions.

Advertising which improperly or falsely disparages either a competitor or his products should not be used. The following are directed toward the elimination of improper or false disparagement in advertising:

- The advertising must be analyzed on the basis of all the broadly applicable general rules and prohibitions against false and deceptive advertising,
- If a comparison of features or qualities is made with competitive products or services, implying overall superiority, the comparison must not be based on a selected list of criteria in which the advertiser excels while ignoring those in which the competitors excel.⁴⁰

³⁹ Identifying Competitors in Advertising, p. 4.

⁴⁰ Ibid., p. 5.

Current Position.--Shortly after its inception in 1971, the NARB voted to allow consultive panels to be formed to study issues that were of a more subjective nature, such as taste, morality and social responsibility. Identifying Competitors in Advertising is a report developed by a consultive panel and released in July 1977. The purpose was "to clarify the chief issues and present information and guidance to advertisers and agencies who are making their own judgments regarding comparative advertising."⁴¹

In the introduction to the report Identifying Competitors in Advertising the consultive panel states: "There was never any question that the numerous and complex issues involved in comparative advertising could be 'settled' by an NARB report."⁴² They did attempt to clarify issues by including a definition (similar to the one used in this study) and providing a history of comparative advertising. Also included was a section detailing case examples of "proper" and "improper" use (referring only to the criteria of truth and accuracy) of comparative advertising along with the NAD or NARB ruling and explanation. The major

⁴¹Ibid., p. 2.

⁴²Ibid.

conclusion was

The panel believes that when comparative advertising is used honestly and accurately it can be a benefit to consumers. Conversely, if these general criteria are not met, comparative advertising can represent an unusual threat to the maintenance of high standards, can increase the amount of misleading advertising, can create confusion, and can thereby represent a disservice to the consumer and the advertising industry.⁴³

Following the conclusion was a list of ten questions for advertisers who were deciding to identify a competitor, and an extended Appendix which includes sections on: Comparative Advertising and the Law, Comparative Advertising and the Media, and Codes affecting Comparative Advertising. (See the Appendix for complete copy Identifying Competitors in Advertising.)

Advertising Age editorials published August 22, 1977, indicated the belief that fear of Federal Trade Commission intervention in the self-regulatory mechanism caused the consultive panel to "water down" their report on comparative advertising.⁴⁴ Certainly the report contains little or no new material on the controversial issue. And two panels had to be convened because the first panel could not reach an agreement on their statements before their terms expired.

⁴³Ibid., p. 13.

⁴⁴Nancy Giges, "NARB Paper Ducks Conclusion on Comparative Advertising," Advertising Age (August 22, 1977), p. 62 and "Bickering, Fear of FTC Rendered Report Toothless," Advertising Age (August 22, 1977), p. 62.

Federal Trade Commission

The FTC indicated in February 1976 that they would be investigating advertising guidelines adopted over the years by various trade associations, BBB's, and by state and local governments for possible restraint of trade. Specifically the FTC is investigating to see if any self-regulatory groups are attempting to block the use of comparative advertising. Commissioner Nye cited industry codes in seat belts, savings and loans, beer, toys and soap as examples where comparative advertising is restricted.⁴⁵

The FTC seems to be saying that the industry self-regulation has been inadequate in protecting the consumer and maintaining competition. In a hearing by Rep. Benjamin Rosenthal's (D., N.Y.) committee reviewing FTC operations, FTC Chairman Calvin Collier indicated that he had a staff recommendation for the preparation of FTC Comparative Advertising Guidelines. Rules would govern dangling comparatives, false superlatives and uniqueness claims. Chairman Collier has reservations about self-regulation: "Up to a limit it can be useful. But it has to be watched to make sure it prevents abuses without stifling competition."⁴⁶

⁴⁵Stanley Cohen, "Self Regulation of Ads Faces Two Attacks," Advertising Age (February 23, 1976), p. 1.

⁴⁶Stanley Cohen, "FTC Says Guides Rear on Ads that Name Names," Advertising Age (June 28, 1976), p. 3.

Later in 1976 Commissioner Nye stated: "Let the private self-regulation organizations hassle over the truthfulness problems, and that includes the truthfulness of comparisons. But we are not going to let anyone prevent truthful comparisons."⁴⁷

Comparative Advertising Issues

The definitive criteria and the current regulatory climate have been discussed. There are other heavily debated issues in comparative advertising. A major issue concerns regulation, both industry self-regulation and government regulation. Perhaps the most controversial issue is the effectiveness of comparative advertising as a promotional tool. Does it provide better information to consumers as the FTC intended or does it mislead and confuse? Does it sell products? Another major issue is the impact of comparative advertising on the image of the advertising industry itself.

Regulation Issue

The codes and guidelines developed within the industry by the networks, National Association of Broadcasters and the American Association of Advertising Agencies have aided in delineating what is acceptable and unacceptable comparative advertising. The FTC has made it clear that they do not

⁴⁷Identifying Competitors in Advertising, p. 23.

intend to allow any group to prohibit comparative advertising. Their own proposed guidelines are publicized as "nearing completion."⁴⁸

Industry Self-Regulation.--The regulation issue seems to have distilled to the question of whether industry self-regulation is adequate or whether government regulation is necessary to protect the consumer. With the guidelines set by the various industry groups, self-regulation appears to be working.

The television networks indicated in 1976 that comparative advertising, although prevalent, was successfully being handled. ABC-TV's Department of Broadcast Standards and Practices stated that the rejection rate for comparative spots was noticeably higher than for other spots although their viewer complaints against all advertisements had decreased over previous years. NBC-TV indicated that comparative ads require more work, research, vigilance and negotiation to process than other advertisements, but they believe the end result to be a service to both the advertiser and the customer.⁴⁹

CBS-TV, the only network without their own guidelines for comparative advertising, feels that no one names his

⁴⁸Cohen, "FTC Says Guides Near," p. 3.

⁴⁹Stanley I. Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," unpublished paper. Presented at AAAA Annual Meeting, New Orleans, Louisiana, May 12, 1976, p. 5.

competition with any good in mind. Their rejection rate for comparative spots was approximately 50 per cent. "'CBS feels that comparative advertising is not always making for a better informed customer, but is more often creating a confused consumer. We don't like it; most advertisers don't like it; and our mail indicates consumers don't like it.'"⁵⁰

The White Paper Report by the CBBB consultive panel on comparative advertising indicated that the majority of complaints reviewed by the NAD and/or NARB were submitted by the companies whose products had been named by competitors. Very few came from consumers. Reasons for complaints differed little from non-comparative ads.

Questions of truth and accuracy were the basis for most of the complaints, and it was in this area alone that NAD and NARB, acting on behalf of the consumer, reviewed the matters, and made decisions. In several instances companies felt that they had been wrongfully damaged by the competition, but these are grievances that must be settled between the companies privately or through litigation. The rules of the self-regulation mechanism do not allow it to adjudicate conflicts involving the private interests of advertisers.⁵¹

⁵⁰Ibid., p. 6.

⁵¹Identifying Competitors in Advertising, p. 8.

Substantiation.--Within the industry self-regulation system the most challenging aspect of comparative advertising is substantiation. Competing companies substantiate their superiority claims using different testing procedures. This results in several products claiming superiority. Which one should be believed? According to each marketer's definition of what makes the product "superior", each claim could be substantiated with the result being a confused consumer. A golfer, for example, might have noticed that Acushnet, for some time, had been advertising its Titleist as the ball to use for "maximum distance." When Spalding claimed its brand, Top Flite, was the "longest ball" against other including Titleist, the golfer might wonder how there could be more than one "longest ball." Each company could substantiate the claim using different procedures--Acushnet used machines to test the ball, Spalding had people test their ball. The NAD decided each was substantiated. The NARB, in the appeal, negotiated with each manufacturer to make their ad copy clearer as to exactly what was being claimed.⁵²

Comparative ads based on price are one of the most difficult claims to substantiate. The market place has to

⁵²Aimee Mornier, "It Pays to Knock Your Competitor," Fortune 97 (February 13, 1978), 106.

be monitored constantly due to quickly fluctuating prices that can invalidate a claim almost overnight.

How should claims be substantiated? Should the self-regulatory system set up uniform testing procedures? Or standardized substantiation? Or should the government handle all testing?

The Principles for Comparative Advertising, developed by NBC-TV have attempted to address this problem of substantiation. It is a conscious effort toward requiring meaningful comparisons, substantiated by adequate testing using current scientific procedures. The NAB Comparative Advertising Guidelines and the Comparative Advertising Procedures of ABC-TV also address the substantiation issue. "These guidelines reflect the broadcast media's serious attempt to achieve effective self-regulation by eliminating indiscriminate and unsubstantiated name-calling."⁵³

The networks have their carefully formulated and followed guidelines, however, if an advertiser is still not satisfied there is the NAD/NARB mechanism to review complaints when controversy arises.

Future Regulation.--It has been suggested that the regulatory codes require all product attributes and all

⁵³Peter M. Ginter and Jack M. Starling, "Issues in Comparative Advertising," Atlanta Economic Review (September-October, 1977), p. 26.

competitors to be named in a comparative format in order to avoid misleading the consumer. Many in the industry feel that the consumer will falsely assume total superiority to all competitors when a comparative ad claims superiority for one or two attributes against a few competitors. Several inherent problems arise if advertisers had to name all competitors and compare all attributes. Using deodorants as an example, would all brands--sprays, roll-ons, talc, pads, etc. have to be included? What criteria would be used to judge which attributes are meaningful and which are trivial? Deception might be avoided but confusion would be magnified.

The regulatory issue may regain prominence when the FTC releases its comparative advertising guidelines. According to Thomas Scott, VP and Creative Director of Foster Advertising Ltd. of Toronto, "If, to government, the function of advertising is to inform, then we may see the day when acknowledging the existence of competition without identifying it may be defined as the omission of material fact."⁵⁴

Effectiveness Issue

The primary issue to advertisers and those in advertising is the effectiveness of comparative advertising. Is it a better promotional tool than the more traditional

⁵⁴Barbara Keddy, "Comparative Ads Still a Challenge," Advertising Age (December 19, 1977), p. 1.

approaches? Does a comparative format generate more attention? Does it present meaningful criteria to the consumer for determining optimum product choice? Do comparative ads sell more products or cause attitude change or provide the consumer with more information? Is comparative advertising an effective means of attaining communications/sales goals of the firm?

Promote Competition.--The FTC advocated comparative advertising to promote competition through product improvement and to provide more information for a better consumer choice. Has comparative advertising been effective in improving competition? Schick electric razors (first major comparative advertisement) increased their market share from 8 per cent to 24 per cent. Remington, Norelco and Sunbeam hollered "foul" throughout the regulatory system and Schick was eventually forced to withdraw the ad.⁵⁵ Ronson, a small competitor, felt they were not included in the comparative ads because their product was far superior to any of those being compared. Some would argue that the ad was misleading, a name-calling contest and damaging not only to the shaver industry but to the image of advertising as well.

⁵⁵"Schick, Inc., Teeter on the Razor's Edge," Business Week (May 5, 1975), p. 38.

A situation where the FTC has expressed satisfaction with their position is the Datril-Tylenol comparative advertising. Datril has essentially the same ingredients as Tylenol and promoted their brand on the basis of price in a comparative format. Johnson & Johnson acted quickly to lower the price of Tylenol and refute the claims. Bristol Myers went from stating that "Datril costs over a \$1 less than Tylenol" to "Datril costs less. . . a lot less" to "Datril costs less" and then dropping the campaign altogether. The FTC felt its goals of improved competition were met by a new entrant being firmly established in the field with a better priced product for the consumer.⁵⁶

Ulanoff pointed out that the "pink pad" of Brillo thanked the "blue pad" of SOS for keeping them on their toes-- Brillo instituted some product improvements that negated SOS's comparative ads.⁵⁷ One cooking spray attacked another's smell. The competitor reformulated to eliminate the odor.⁵⁸

Having little success against Kodak, the giant of the camera industry, Ponder & Best, makers of Vivitar, tested the two cameras in a side-by-side demonstration. Kodak's

⁵⁶Niles Howard, "Battle Over Comparative Ads," Duns Review (November 1977), p. 62.

⁵⁷Ulanoff, "Comparative Advertising: An Historical Retrospective," p. 46.

⁵⁸Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 6.

pocket camera pictures turned out blurry--Vivitar's were sharp and sales sharply increased to number two in the pocket camera market with more than a 10 per cent share.⁵⁹

Savin Business Machines used TV, radio and newspaper comparative ads against the giant of the copier industry--Xerox. Savin felt their copier was cheaper to operate and more reliable. The campaign, coupled with a new approach to marketing (selling as well as leasing), has increased sales from \$60 million to \$200 million in less than four years and Savin is installing more copiers than any of its competitors.⁶⁰

Carte Blanche advocated "As good as American Express is, it isn't enough." Because of the major disparity in promotional dollars available between American Express and Carte Blanche, Pres. Keith Rowan considered the effect of the campaign to be outstanding. Forty-five thousand more new cardholders were added than in any previous year, and applications and money spent were up and customer cancellations were down.⁶¹

These are just a few examples to show that comparative advertising can and often does promote competition and benefit the consumer. Wallace Snyder, who heads the FTC's

⁵⁹Howard, "Battle Over Comparative Ads," p. 60.

⁶⁰Mornier, "It Pays to Knock Your Competitor," p. 108.

⁶¹Michael J. Connor, "Carte Blanche--Good as American Express Is, It Isn't Good Enough," Wall Street Journal (December 26, 1973), p. 1.

National Advertising Unit, has expressed satisfaction with the decision six years ago to encourage comparative advertising. He believes comparative ads have already brought about lower prices for some products and improvements in others. "Some ads might mislead, but most don't. And when they're fair and truthful they make things a little bit easier for the consumer."⁶²

While comparative advertising has provided some benefits, there may be equal amounts of damage. Hank Seiden's Madison Avenue column states:

People totally believe commercials that mention competitors' names. They assume that if you show or talk about a competitor's product, what you say in the commercial must be true or you could never run it on the air. They know that your competition could not only force you to take the commercial off the air, but would sue you for all you're worth.⁶³

The problem exists though, as Ex-FTC Commissioner Mary Gardiner Jones points out: "Now we (the FTC) are confronted with what to do about implicit claims; statements that are perfectly truthful, but a total message which is untruthful."⁶⁴

Additional Information for Consumers.--Has comparative advertising provided more factual information to consumers

⁶²Howard, "Battle Over Comparative Ads," p. 62.

⁶³Roberts, "Comparative Advertising. . .I'm O.K. . . You're Not . . ." p. 4.

⁶⁴Ibid., p. 5.

as the FTC had hoped? AD DAY proposed in a 1975 editorial that it is a fallacy that all buying is done by comparison shopping--evaluation of merits of competing products. Most people buy what is perceived by them to meet their needs and/or desires. "The pure logic theory is the whole premise of the Consumer's Union, the FTC, etc.--it is the way they think people ought to buy--not how they actually do buy."⁶⁵ The cost/benefit trade-off must be a consideration in the amount of information that consumers desire.

Wilkie and Farris point out that too much information might cause an "information overload." With various claims and counterclaims, the consumer may simply tune out the comparative format--especially if the information is against their favored brand.⁶⁶

Scammon speculates that if products are complex and highly technical, the consumer probably needs the comparative information but may not have the skills to process it. "This poses a dilemma between the inclusion of potentially misleading, oversimplified data which gets used, and complete

⁶⁵"The Plague of Comparison Advertising," AD DAY/U.S.A. (June 5, 1975), p. 3.

⁶⁶Wilkie and Farris, "Comparison Advertising: Issues and Prospects," p. 14.

technical information that may be too sophisticated for most consumers resulting in non-use or mis-use of the data."⁶⁷

Some comparative ads have provided information that could be useful to consumers. A competitor pointed out that Alka-Seltzer contained aspirin which could possibly be injurious to some consumers. "Comparative advertising has a great capacity to inform," according to Robert Ger-tenbach, Vice-President of the National Advertising Division. "But if it isn't done right, it can do the public a disservice. Some of us in the regulation end of this business wonder whether more harm than good is being done."⁶⁸

Developing Effective Comparative Advertising.--Wilkie and Farris outline some broad tactical questions to consider in developing effective comparative ads. Of major importance is which brands and how many brands should be used for the comparisons. Also, how many and which product attributes should be used. Should tests be stressed or avoided and how conclusive should results be before they are used. Is the ad constructed in such a way that the audience won't

⁶⁷Debra L. Scammon, "Comparison Advertising: Public Policy Questions," unpublished paper presented to Southwest Marketing Association Meeting, New Orleans, Louisiana, March 26, 1977, p. 2.

⁶⁸Howard, "Battle Over Comparative Ads," p. 62.

misidentify the sponsoring brand? Is the copy advertising for our competitor?⁶⁹

BBDO Research offers the following guidelines for effective comparative ads.

1. Gains can be achieved by naming a competitor if that competitor is currently viewed more positively. The named competitor would most likely not retaliate because the audience would likely consider the counter-attack to be an indication that the initial attack was true and even if they do retaliate the underdog benefits by association.
2. Attacking a major competitor is most likely to be effective when the product category has many "undecideds"--little brand loyalty exists.
3. Name the competition when there is a clear product attribute superiority.⁷⁰

Kenyon and Eckhardt uses these guidelines for producing effective comparative ads.

1. Employ the comparison technique only when a brand has a demonstrable superiority and the major competitive brand is perceived more positively.

⁶⁹Wilkie and Farris, "Comparison Advertising: Issues and Prospects," p. 19.

⁷⁰"Should You Name Your Competitor in Advertising?" BBDO Research Newsletter (February 1975), p. 2.

2. Even if true and valid, there is risk of loss of credibility if the comparison is drastically inconsistent with consumer beliefs.
3. Identify but never disparage the competitor.
4. Identify the target market carefully.
5. With a strong advantage the competitor will be forced to upgrade his product which takes time and during that time market share can be gained.
6. Use care that the comparative advertising efforts don't promote the compared brand.
7. Lean over backwards in fairness or sympathy for the competition may be generated.
8. The consumer must be able to verify the comparison.⁷¹

From studying the NAD/NARB records, certain questions emerged that the consultive panel deemed important for an advertiser to consider before deciding to identify a competitor.⁷² Is the claim of superiority in the contemplated comparison provable under circumstances in which the product is generally used? Has the ad refrained from claiming or implying overall superiority on the basis of a single advantage or a limited group of advantages? Are the

⁷¹Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 9.

⁷²Identifying Competitors in Advertising, p. 15.

comparisons between truly comparable grades of product? Can the consumer tell what is meant by the descriptions in the advertising? Is the comparative demonstration fairly presented? Does the message avoid exaggerating the consumer benefit in the comparison? If comparative claims are made on the basis of testing, do the test results support all claims made or implied? Will the test results be achievable by most people in actual use of the product? In selecting media for comparative advertising, has enough time or space been allowed to tell the story adequately? Is the comparative advertising truly helping the consumer make a better informed choice by presenting comparison facts that are significant, understandable, and useful? Or are the ads simply knocking the competitor's product without making a genuine claim to superiority in respects which are important to the consumer?

John Trytten, contributing editor for Sales and Marketing Management, believes comparative advertising is effective only when based on fact--as the consumer sees it. His example is a TV commercial by a local full-service restaurant chain comparing itself to the fast-food, low-cost McDonalds. It is not likely that consumers would have thought of comparing them. The competitive comparison is not meaningful to the consumer. And the product compared, apple pie, in fact was not clearly superior in terms of taste, appearance

or price. If the fact as advertised is not the same as the fact encountered after the purchase, he believes the advertising promotes the competitor.⁷³

William Mack Morris, President of Life Savers, Incorporated, also concluded that comparative advertising is most productive when it deals with truly important and easily demonstrated product attributes. Life Saver's Care*Free sugarless gum comparative claim was "32 per cent more" gum than Trident for the same price. Care*Free sales grew faster than Trident despite a major promotional spending disparity.⁷⁴

"A lot of very sophisticated marketers are doing comparative advertising; it's got to be doing something good for them," says Robert Froelick of Ted Bates Agency who handles Dairil. "If you point up meaningful differences to the consumer, you've got to believe it works. The biggest problem is if you pick on some guy without a difference. But if there's a real difference between products, you'd be foolish not to do everything to exploit it." He cautions, though, that "if you have something like 90 per cent of the market,

⁷³John Trytten, "It's Easy as Pie: Nothing Can Compare with a Bad Comparative Ad," Sales and Marketing Management (July 12, 1976), p. 61.

⁷⁴Edmond M. Rosenthal, "Comparative Advertising: Is the Consumer Buying?" TV/Radio Age (July 19, 1976), p. 17.

you have to ask yourself whether you want to give your competition the air time by mentioning them."⁷⁵

Comparing to the Leader.--Within the advertising industry there seems to be a consensus that the leader in a product category should not use comparative advertising. There is no benefit in telling the world that they have competition. Allen Products does not feel that Alpo has anything to gain by naming competitors, because they have 40 per cent of the premium canned dog food market.⁷⁶ It is not surprising that General Motors President, Edward Cole, says, "It seems to me that when you do it (comparative advertising), you don't have much to sell."⁷⁷ The two biggest advertisers, Procter & Gamble and General Foods, seldom name rivals in print or on television. Among the products they make, both companies have a large percentage of market leaders.

Stanley Ulanoff suggests several ways that advertisers, other than the product leader, can benefit from using comparative advertising. One he calls "twisting the tiger's tail." By tackling the giant, a small advertiser not only receives a disproportionately greater amount of attention

⁷⁵Ibid., p. 19.

⁷⁶Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 3.

⁷⁷Roberts, "I'm O.K. . . You're Not O.K.," p. 5.

to his message but also reaps the benefits of his competitor's larger advertising budget. Rarely, if ever, does a leader in the field name the competition. Another strategy is to mention the competition along with your own brand in a positive manner--"riding the coat tails" according to Ulanoff, upgrading by association according to others. He cautions that the tiger may turn and bite, and that the effect can boomerang giving competition the advantage.⁷⁸

It is unusual that Skippy peanut butter decided to compare themselves to the #2 and #3 brands in the industry. Jim Harrigan, account supervisor at Dancer-Fitzgerald-Sample for Skippy peanut butter, explained that Skippy, the number one selling peanut butter (23 per cent share), took on number two Peter Pan (18 per cent share) and number three Jif (17 per cent share) because Skippy franchise levels vary throughout the country. By selectively choosing the areas where the comparative format is run, Skippy hopes to build to number one in all markets.⁷⁹

On the other hand, some advertising people question the value of a product comparing itself to the number one position in the industry. What this does, they contend, is

⁷⁸Ulanoff, "Comparative Advertising: An Historical Retrospective," p. 25.

⁷⁹"The Name-Callers," Media Decisions (April 1973), p. 104.

simply solidify the position of the leader. McDonalds recently expressed delight over Jack-in-the-Box's comparative spots.⁸⁰

Perhaps because Jack-in-the-Box's "Look out McDonald's" comparative copy did not provide a clear attribute superiority claim, the consumer may have been attuned to the more familiar McDonald's name. Bob Hyde, of Allen Products, makers of Alpo, indicate they would be reluctant to name competitors, basically because they have 40 per cent of the premium dog food market. However they have "conditioned themselves to expect being named by competitors."⁸¹ President David Kearns of Xerox says he does not like Savin's comparative copy but as Chairman C. Peter McColough says, "Xerox can't do much about the ads if they (Savin) use our name properly to talk about their own product."⁸² Neither of these leaders seem to be expressing delight over being named by competition.

Judging Effectiveness.--Having no clear-cut agreed-upon standards as to what makes any advertisement effective, difficulties arise in attempting to judge the effectiveness of comparative advertisements.

⁸⁰"Jack V. Mack," Time (May 5, 1975), p. 36.

Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 3.

Mornier, "It Pays to Knock Your Competitor," p. 107.

Kershaw, of Ogilvy and Mather, investigated the syndicated services who test TV commercials to analyze their results for the effectiveness of comparative versus non-comparative commercials. Burke, specializing in Day After Recall, found no significant differences between average recall scores of the two types. McCollom/Spielman found no differences in either recall or persuasion between commercials with and without comparative demonstrations. Gallup and Robinson scores showed no significant differences between comparative and non-comparative commercials on persuasion or motivation.⁸³

Kershaw maintains that these results verify the results of the Ogilvy and Mather Research studies that comparative ads do not offer advantages to the advertiser nor increase brand identification but makes the consumer more aware of competitors, lowers belief in claims and increases miscommunication and confusion.

The Gallup and Robinson study of TV comparative commercials found three out of ten to be definitely ineffective. However, seven out of ten had varying degrees of effectiveness, as would be expected of most commercials.

⁸³Andrew G. Kershaw, "The Mischief of Comparative Advertising," unpublished paper presented to the AAAA Annual Meeting, New Orleans, Louisiana, May 12, 1976, p. 14.

According to Tannenbaum, "This suggests the obvious, we should recognize that the comparative technique's effectiveness is determined by a combination of product superiority, truth, fairness and presentation skill."⁸⁴ Poor comparisons result in poor advertising--which the consumer discerns as he does with all poor advertising.

Even if comparative advertising proved to be confusing as critics maintain, Tracy Westen, former teacher of communications law at the University of Los Angeles and now deputy director of the FTC's Bureau of Consumer Protection, doesn't think that's all bad. "Confusion is a higher state of knowledge than ignorance."⁸⁵

Damaging the Industry?

Comparative advertising is a controversial issue on Madison Avenue. But most would agree that the disadvantages from naming names would be from abuse or false, misleading or improper application of the concept.

Largely because of the well-publicized disputes and even lawsuits caused by a number of ads, some advertising executives consider comparative advertising to be not only of limited marketing value but a black mark on the advertising business.

⁸⁴Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 8.

⁸⁵Mornier, "It Pays to Knock Your Competitor," p. 105.

Some think that the advertising industry might be damaged "irreparably" by claims and counterclaims. In such a case the consumer wouldn't know who to believe and therefore might believe no one. Andrew Kershaw of Ogilvy and Mather (Advertising Agency) warns:

Widely practiced, comparative advertising could speed up the destruction of what remains of the free enterprise system, for in the end nobody would have any respect for business or for advertising. It could reduce the credibility and effectiveness of advertising and intensify the distrust of business corporations.⁸⁶

The BBDO Research Letter indicates that comparative advertising is probably not a good thing for advertising in the long term if it becomes a marketing fad that swamps all other market considerations. "We have to give the notion of naming names its proper place in the priority of decisions. Strategy first--then execution."⁸⁷

There is no empirical evidence that comparative advertising is either beneficial or detrimental to the advertising industry. Certainly some individual advertisers have benefited and others have been harmed. When properly done, comparative advertising is educational and promotes competition. What happens when it is improperly done?

⁸⁶Kershaw, "The Mischief of Comparative Advertising," p. 17.

⁸⁷"Should You Name Your Competitors in Advertising?" p. 4.

Stanley Tannenbaum of Kenyon & Eckhardt, a proponent of comparative advertising says,

In my judgment it is a mistake to condemn comparative advertising as ineffective, confusing and a disaster to our business because some advertisers do not know how or when to use it, or who complain when they find themselves with a product disadvantage in face of a competition superiority. Nor can we single out a few commercials to make some firm conclusions that the technique itself is both ineffective and harmful."⁸⁸

Research

There may be several reasons why there have been so few studies on comparative advertising published. One possibility is the controversial nature of the topic. Or, perhaps marketers view comparative advertising as a "fad" that will soon disappear. Or, possibly the application is seen as being very limited and therefore not worth the cost of research. One notable exception to the dearth of studies is the research conducted by Ogilvy & Mathew Research into the effects of television and print comparative advertising.

Agency Research

Ogilvy & Mather Research did the first study into the effect of naming names in television commercials. Published and made available in September 1975 to the networks, advertisers and their agencies, and consumer organizations,

⁸⁸Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 8.

the study involved 450 female heads of household viewing television commercials that were comparative and non-comparative in format. The study indicated that comparative commercials were more confusing and less believable than non-comparative commercials. Comparative commercials did not create higher awareness of sponsoring brands but did generate greater sponsor mis-identification with the named competitor benefiting. In addition comparatives did not increase awareness or persuasion but did create more skepticism toward commercial claims and more mis-communication.⁸⁹

In 1976 Ogilvy & Mather Research investigated further the effects of TV comparative advertising with approximately 300 male subjects using a similar research design to the previous study. The results were essentially the same. Comparative ads were less believable, no less confusing and less persuasive than non-comparative ads. Also, there were no clear-cut advantages in using comparative advertising to differentiate between brands. Finally, mis-identification was greater with the comparative format. The conclusion was the same as for the earlier study: "Comparative television advertising provides little advantage for any of the parties most crucially involved in such advertising:

⁸⁹"The Effects of Comparative Television Advertising that Names Competing Brands," Ogilvy and Mather Research, New York, undated.

the consumer, the advertiser, or the advertising industry. The only one who may benefit is the competitor who is named."⁹⁰

A third Ogilvy & Mather study focusing on print media comparative advertising questioned both men and women about advertising for a number of different products. Again, the research design was similar to the prior studies. In print media they found that comparative ads were about as believable as non-comparative ads and neither more nor less confusing. Results indicated an equal ability to differentiate between two brands in terms of important product attributes. Correct identification of the sponsoring brand occurred more often with non-comparative ads and comparative ads caused greater sponsor mis-identification (over 40 per cent mis-identification for several brands). Finally, the results for persuasiveness appear to be mixed but the O & M implication stated, "Comparative ads were no more persuasive and often less persuasive, than their non-comparative counterparts." Although the results were somewhat different, the conclusion for this study is the same as for the previous two studies: "Comparative advertising provides little

⁹⁰"A Further Investigation into the Effects of Comparative Television Advertising that Names Competing Brands," Ogilvy & Mather Research, New York, undated.

advantage to any one except the competitor who is named."⁹¹

The BBDO Research Newsletter, published in February 1975, is the only other advertising agency research made available to the public. "Should You Name Your Competitor in Advertising?" is based on inferences from psychology and politics. Psychological studies indicate that when a low-status object benefits from association, the high-status object loses some status from that association. From this BBDO infers: name a competitor if you are in a lower position, but don't name competitors or retaliate when you are in a high status position.

Since psychologists know that those who haven't made up their minds concerning an issue are the easiest to "move", advertisers in categories of low brand loyalty (many undecideds) would benefit from using comparatives, especially when a superior product difference can be suggested.

"The mere naming of names is not likely to arouse much resistance from the American housewife, but we do think that there is some evidence, although not clearcut, that she can be alienated by what she feels to be an unfair attack on one of her favorite products." BBDO recommends

⁹¹"An Investigation into the Effects of Comparative Television Advertising that Names Competing Brands," Ogilvy & Mather Research, New York, undated.

simple research to determine consumer reaction to comparative advertising for a particular product category.

It is the opinion of BBDO that naming names can be appropriate if the strategy suggests it and conditions warrant it. "We would also hesitate to lay down a flat prohibition against naming names in advertising. As Aristotle pointed out, the strongest form of proof is a demonstration. If it is necessary to name names in order to provide that strongest form of argument, then it must be part of our consideration."⁹²

Academic Research

The purpose of the exploratory study by Prasad was to examine empirically the communications-effectiveness of comparative advertisements related to "brand X" advertisements in terms of message recall, claim credibility, and perceptions of competitive positioning of the sponsoring brand.⁹³ Student subjects were divided into two groups--those whose most preferred brand of movie camera was Kodak, and the others. Students examined a portfolio containing two articles and five advertisements, the third of which was for the fictitious XL movie camera "Ronar." One set of

⁹²"Should You Name Your Competitors in Advertising?" p. 5.

⁹³Kanti V. Prasad, "Communications Effectiveness of Comparative Advertising: A Laboratory Analysis," Journal of Market Research, XIII (May 1976), 128.

portfolios had Ronar explicitly compared to Kodak, the other set used the "brand X" format. The results of the experiment indicated, that, on the whole, the message recall effectiveness of the comparative advertisement was higher than that of its "brand X" counterpart; the brand recall effectiveness was equal to that of the "brand X" advertisement; the comparative advertising claim recall effectiveness was considerably higher. The experiment did not produce any evidence of selective recall among students whose preferred brand was attacked, however, perceived credibility ratings of the product superiority claim of the comparative advertisement were lower among subjects who had a prior preference for the named competitor. Contrary to the opinion held by many advertising people, no evidence was found that a comparative advertisement is more effective than the "brand X" ad in projecting for the sponsoring brand an image of competitive proximity to the industry leader (upgrading by association).

In the summer of 1974, Barry and Tremblay conducted two pilot studies in the Dallas area.⁹⁴ One dealt with residents of Dallas, systematically sampled from the telephone directory and interviewed by telephone. Eighty-four per cent of the respondents indicated that they had seen

⁹⁴Thomas E. Barry and Roger L. Tremblay, "Comparative Advertising: Perspectives and Issues," Journal of Advertising (Summer 1975), p. 15.

comparative advertising and could give at least one correct example. When asked if they "liked" this type of advertising 54 per cent said they did not, 38 per cent said they did and 8 per cent were undecided. Forty-nine per cent of the respondents thought comparative advertising was not truthful, 42.5 per cent thought it was truthful and 8.5 per cent were undecided. Seventy-four per cent indicated that comparative ads had not caused any consumption behavior change, 18 per cent said they had changed as a result of a comparative ad and 8 per cent were unsure. The consumer is aware of comparative advertising but most do not like it and do not think it has changed their behavior according to the results of this study.

Also investigated were advertising people in the Dallas-Houston metropolitan areas. The conclusions of this pilot study were that comparative advertising is not uniquely defined, most advertisers were against the approach because it "plugs competition and gives them free time," they were concerned that there would be mis-identification of the sponsoring brand and they considered comparative advertising to possibly result in long-run harm to the industry. While the group studied was small, it does highlight the issues in comparative advertising.

A classification system was devised to characterize different types of comparative advertising in the study by

Pletcher, Lamb and Pride.⁹⁵ Directionality, the first dimension, refers to whether the references to the competing brand are mostly similarities or differences. If most references point out similarities the ad is classified as associative. If most references pointed out differences the ad was classified as differentiative. The second dimension, intensity, refers to the degree of specificity of the comparisons made. Low intensity comparative messages don't identify the competitor by name or illustration but by inference while high intensity messages identify the competitor explicitly and make point by point comparisons. The findings generally suggest that owners of the competing brands identified in a comparative ad do not rate the advertisements differently with respect to interestingness or believability from the non-owners. Neither directionality nor intensity were found to affect the subjects' ratings of interestingness, but owners of the competing brand rated the moderate intensity advertisements more believable than non-owners. For the other situations believability was not affected differently for owners versus non-owners.

Etzel and Knight's study of documented versus undocumented advertising claims is pertinent because comparative

⁹⁵ Barbara Pletcher, Charles Lamb and William Pride, "Comparative Advertising, Perceptions of Owners Versus Non-Owners of the Competing Brand," Unpublished paper presented at Southwest Marketing Association, New Orleans, Louisiana, March 26, 1977.

advertising claims must be substantiated, if not to the public, at least to the networks and self-regulatory groups. The study tested the hypothesis that inclusion of independent testing documentation, such as Opinion Research Corporation, Environmental Protection Agency, etc., has a favorable influence on consumers' response to a particular printed ad. The results indicated that documentation had no effect on the headline, the illustration, or the ad in general. Neither were there any significant differences for believability. They concluded that documentation, in forms presently offered in the print media, does not appear to increase the believability of product claims.⁹⁶

While there have been a few studies on comparative advertising effectiveness as discussed above, there is relatively little research concerning the actual frequency and nature of comparative advertising. The International Advertising Association research indicated comparative advertising amounted to 8 to 10 per cent of advertising expenditures in the United States.⁹⁷ Others have suggested that comparative ads are about one in ten. Gallup & Robinson reported comparative commercials were 8.2 per cent during

⁹⁶Michael J. Etzel and E. Leon Knight, "The Effect of Documented Versus Undocumented Advertising Claims," Journal of Consumer Affairs, 10 (Winter, 1976), p. 233.

⁹⁷"IAA: Public Likes Comparative Ads" Advertising Age (March 27, 1978), p. 98.

prime time from September to December 1974. "Currently they have increased, but are still less than 10 per cent."⁹⁸

Research by Brown and Jackson, using a similar definition as proposed in this paper, found that only 3.6 per cent of the total advertisements on network television were explicitly comparative. And, this accounted for only 3.1 per cent of the total advertising time. The study also found that 80 per cent of the comparisons were quality contrasts, while only 12 per cent were comparisons of price. "Thus, even though overt comparisons have received considerable attention recently, the number of strictly comparative advertisements on television is relatively small."⁹⁹

Retaliation

The aspect of comparative advertising that has received the most coverage in the media is retaliation. A variety of forms are possible. Some companies simply ignore the comparative advertising that names them. Other companies complain to the television networks. The networks review the ads to see if there is false, misleading information or disparagement. Advertisers can take the case to the NAD and if not satisfied with the results there, appeal the

⁹⁸"Comparative Ads on TV on Rise, Researcher Says" Advertising Age (March 1, 1976), p. 76.

⁹⁹Stephen W. Brown and Donald W. Jackson, "Comparative Television Advertising: Examining It's Nature and Frequency," Journal of Advertising, volume 6, no. 4 (1977), 15.

case to the NARB. If the self-regulatory system doesn't achieve the desired results, then the case will likely be taken into the judicial system. Other possible forms of retaliation that avoid the self-regulatory and the legal systems are counter-comparative advertising and changing the product to negate the competitor's comparative ads.

As more advertisers retaliate, the FTC and regulatory bodies are faced with complex issues: false claims, disparagement, trade libel, damaging claims, and/or substantiation.

Ignore the Comparative Advertising

Most advertisers agree that the leader in a given market can in no way gain by acknowledging comparative advertising. When Lincoln-Mercury showed that their Monarch "can indeed outperform a Mercedes--under normal driving conditions, at legal speeds, in handling, in ride and parking," Mercedes didn't feel it would have anything to gain by replying to those who'd like to "hitch a ride on our reputation for style and quality."¹⁰⁰

In answering whether an advertiser should retaliate if attacked, BBDO Research advised, "The logic of the situation

¹⁰⁰Mornier, "It Pays to Knock Your Competitor," p. 105.

is that if you are attacked by a small brand don't retaliate by naming him in your advertising."¹⁰¹

The number-one brand is always at a disadvantage in responding. "If the number-one brand counterattacks," says Larry Light of BBDO Research, "the consumer may be led to believe that the original advertising had a point. History has indicated this always increases the credibility of the original attack."¹⁰²

The leaders in any industry must learn to expect comparisons and when valid comparisons are made it appears that their alternatives are to "grin and bear it" or reformulate their product to make the comparison inaccurate. If the comparisons are invalid, the firm has the choice of making complaints directly to the advertiser, the media, the self-regulatory mechanism or the court system, recognizing the attendant publicity.

Counter-Comparative Advertising

Sometimes the knocked competitor knocks back. Coca-Cola, number one in the soft drink industry, apparently doesn't agree that the leader in a market should not acknowledge comparative advertising. In an unusual move, Coke

¹⁰¹"Should You Name Your Competitors in Advertising?" p. 4.

¹⁰²Edmond M. Rosenthal, "Comparative Advertising: Weapon or Fad?" Marketing Times, XXIII (September/October 1976), 13.

replied to PepsiCo's "nationwide, more Coca-Cola drinkers prefer the taste of Pepsi" with "In Dallas, Coke outsells Pepsi." Pepsi claimed it increased its Dallas market share from 8 per cent to 18 per cent as a result of its taste-test comparative ads.¹⁰³

Coke countered with a taste-test that had people drinking Coke from glasses marked "M" and "Q" and found that Coke in glasses marked "M" was preferred significantly over Coke in the glasses marked "Q". Coca-Cola said this proved people liked the letter M better than Q and added,

We're concerned about those sip tests on television where one cola always seems to win over the other cola. We notice that in these recent commercials, the winner was marked "M" and the loser "Q". It seems to us that tests like that may not be fair. In fact, they may be down-right misleading.¹⁰⁴

Then Coke started running ads in New York, a large, concentrated, competitive soft drink market where Coke is clearly number one, stressing "One sip is not a taste test." Pepsi continued with its nationwide claim that Coke drinkers prefer Pepsi. Coke maintained the battle by spoofing the Pepsi ads: in one taste-test a tennis ball was preferred, Fresca was preferred by 1 out of 3 Pepsi drinkers, and a man wanted to know after discussing letters (M, Q and L, S--

¹⁰³Nancy Giges, "PepsiCo Ad Insists: No Question--Coke Drinkers Prefer Pepsi," Advertising Age (July 19, 1976), p. 2.

¹⁰⁴Nancy Giges, "One Sip Not a Taste-Test, Coke Tells New Yorkers," Advertising Age (August 16, 1976), p. 6.

used in later Pepsi ads) if he could tell his favorite number. All these ads ended with "One sip is not enough."¹⁰⁵

Both companies complained to the NAD about the other's advertising. PepsiCo was told by the NAD that while the claim was substantiated by the research, the definition of terms was misleading. 'Coke drinker' implied that only 'dyed in the wool' Coca-Cola drinkers participated in the study when in actuality a respondent was classified as a Coke drinker if he regularly drank Coke as well as any other soft drinks. Pepsi changed its claim to "Nationwide more people prefer Pepsi over Coca-Cola" which the NAD considered substantiated.¹⁰⁶

Before the NAD made judgments, Coca-Cola withdrew their ads and advised that they did not plan to use them again.

Coke advised its bottlers that it was discontinuing the counter comparative advertising effort because it was in the best long-range interests of the soft drink industry. But Donald Keough, Executive Vice President of Coca Cola, warned, "We hope it will not be necessary for us to

¹⁰⁵Nancy Giges, "Coke's Comparisons Get Zanier as It Pokes Fun at 'Pepsi Challenge,'" Advertising Age (September 6, 1976), p. 2.

¹⁰⁶"NAD Has Last Word on Soft Drink Battle of '76'" Advertising Age (May 16, 1977), p. 8.

reconsider our decision."¹⁰⁷ Recently Coke has compared its calorie content to that of Pepsi.¹⁰⁸

Does the Coke-Pepsi feud negate the traditional thinking that the leader does not acknowledge the rest of the pack? According to many experts the answer is no. They point out that the battle is confined to regional bottler campaigns. Soft drink brands vary in market share across the country and the comparative formats have been used selectively. "The slam-bang attack, counter-attack commercials aren't running on network TV, where Coke and Pepsi continue to use their cheery jingles. On that basis, the traditional wisdom remains untested."¹⁰⁹

A far more subtle counter-comparative ad was used by Lenox China to let the trade know that they were aware of the comparative ads used by Royal Doulton claiming the "same money that buys you America's leading china can purchase something perhaps even nicer . . . England's leading china." Lenox, which has close to 60 per cent of the fine china market, ran the Royal Doulton ad with an inter-office memo superimposed. Placed only in selected trade journals, it was written to the president of Lenox from the VP of

¹⁰⁷Robert Chew, "Coke's Halt of Counter-effort Brings Cheers," Advertising Age (November 15, 1976), p. 75.

¹⁰⁸"Coke Calorie Claim Clouts Challenger," Advertising Age (April 24, 1978), p. 2.

¹⁰⁹Giges, "One Sip Not a Taste Test," p. 6.

advertising: "You'd think the British would learn! Remember what happened the last time they attacked a Trenton headquarters!"¹¹⁰

The mud-slinging, name-calling dispute in the analgesic market is exactly what many marketers feared would result with increasing use of comparative advertising. It started when Datril challenged Tylenol in a comparative format based on price. Tylenol had been unchallenged in the non-aspirin pain reliever category since 1961 when it was first introduced and sold through physicians and pharmacists. Eventually it was routinely stocked in grocery and drug stores, but did no consumer advertising. Sales of Tylenol were conservatively estimated at between \$50 and \$55 million with a profit margin of 30 to 40 per cent, before the price war in 1976.¹¹¹ When Datril began comparing price, Johnson & Johnson did about the only thing it could do. . . lower the price of Tylenol to negate the advertising claim made by Bristol-Myers and then protest loudly that the ad was misleading. B-M did change the ad several times due to J & J protests to the media and the NAD, and finally ran, "I buy whichever one costs less. Compare prices and save

¹¹⁰"Name-Callers," p. 67.

¹¹¹Bernard Wysocki, "Pain Relievers Bring Out Heavy Artillery," Marketing Times, XXIII (September/October 1976), 6.

money."¹¹² J & J did not object to that copy as they had to three previous, progressively toned-down versions.

J & J, introducing its first consumer advertising in July, 1976, decided to promote its new extra-strength product because that was where they saw the greatest opportunity for growth. Regular strength Tylenol had already become the leading regular strength analgesic in dollar sales.

No sooner had Tylenol taken over the market leadership when it became the target of comparative ads by American Home Product's Anacin, Bristol-Myers' Bufferin and Sterling Drug's Bayer. Bufferin warned arthritics, "If you use Tylenol you may be hurting more than you have to." Tylenol retorted with "Why doctors recommend Tylenol more than all leading brands combined."

Sterling Drug, whose Bayer has been hurt significantly in the comparative competition, came out with what is considered one of the toughest ads of the war: "Makers of Tylenol, Shame on You!" Bayer claimed that Tylenol carefully worded its ads to fool people into thinking that doctors recommend Tylenol more than aspirin. The fact is,

¹¹²Ibid., p. 6.

according to Bayer, doctors recommend Tylenol more than aspirin brands only because doctors rarely recommend aspirin by brand.¹¹³

Not satisfied with the NARB or Proprietary Association positions, J & J won a battle in court with Anacin.

The judge concluded that the Anacin commercial was false on two points: 1) that Anacin is superior to Tylenol generally, and 2) that Anacin is superior to Tylenol for the relief of conditions associated with inflammation or which have inflammatory components.¹¹⁴

J & J has threatened to sue Sterling Drug (Bayer) if they refuse to stop running the spots that suggest Tylenol ads might be misleading.

The FTC still has suits going against the makers of Bayer, Bufferin, and Anacin. . . and their agencies, seeking to halt comparative advertising that it says misleads the public.¹¹⁵ The comparative battle in the analgesic market has used every possible form of retaliation and doesn't appear to be over.

Complaints to the Networks

Before any commercial is aired, the clearance staff at each network, made up of lawyers, editors and editorial researchers, review each ad for taste and accuracy. Up to

¹¹³Niles, "Battle Over Comparative Ads," p. 61.

¹¹⁴Nancy Giges, "Judge Rules For Tylenol," Advertising Age (August 22, 1977), p. 1.

¹¹⁵Mornier, "It Pays to Knock Your Competitor," p. 105.

50,000 commercials a year are investigated by each network.¹¹⁶ The networks have few in-house experts to analyze the often highly technical data submitted as substantiation. Advertisers frequently can weigh the results in their favor by their research methodology, test procedures, etc., making it extremely difficult to determine what is true. According to Stanley Tannenbaum, "These industry sentinels (network commercial clearing committees) of integrity are performing an often thankless but valuable service to the consumer and to advertising and it should be so recognized."¹¹⁷

CBS refused to clear any of five different golf ball ads from five different manufacturers all claiming their balls would go further. As indicated earlier in the section on substantiation there is no set way to test a golf ball. One network refused to clear two drain cleaner comparisons where one showed how it worked on the sewer side of the drain and the other showed how it worked on the sink side.

There are many other examples where the networks, using their codes and guidelines, have not allowed comparative advertisements to be broadcast. Due to the sheer numbers reviewed and the lack of expertise in all product areas there are times when ads are broadcast that are misleading, deceptive and/or disparaging. Each network has procedures

¹¹⁷Tannenbaum, "Comparative Advertising: The Advertising Industry's Own Brand of Consumerism," p. 5.

to handle the complaints but if the complaintant is not satisfied the National Advertising Division will review the case.

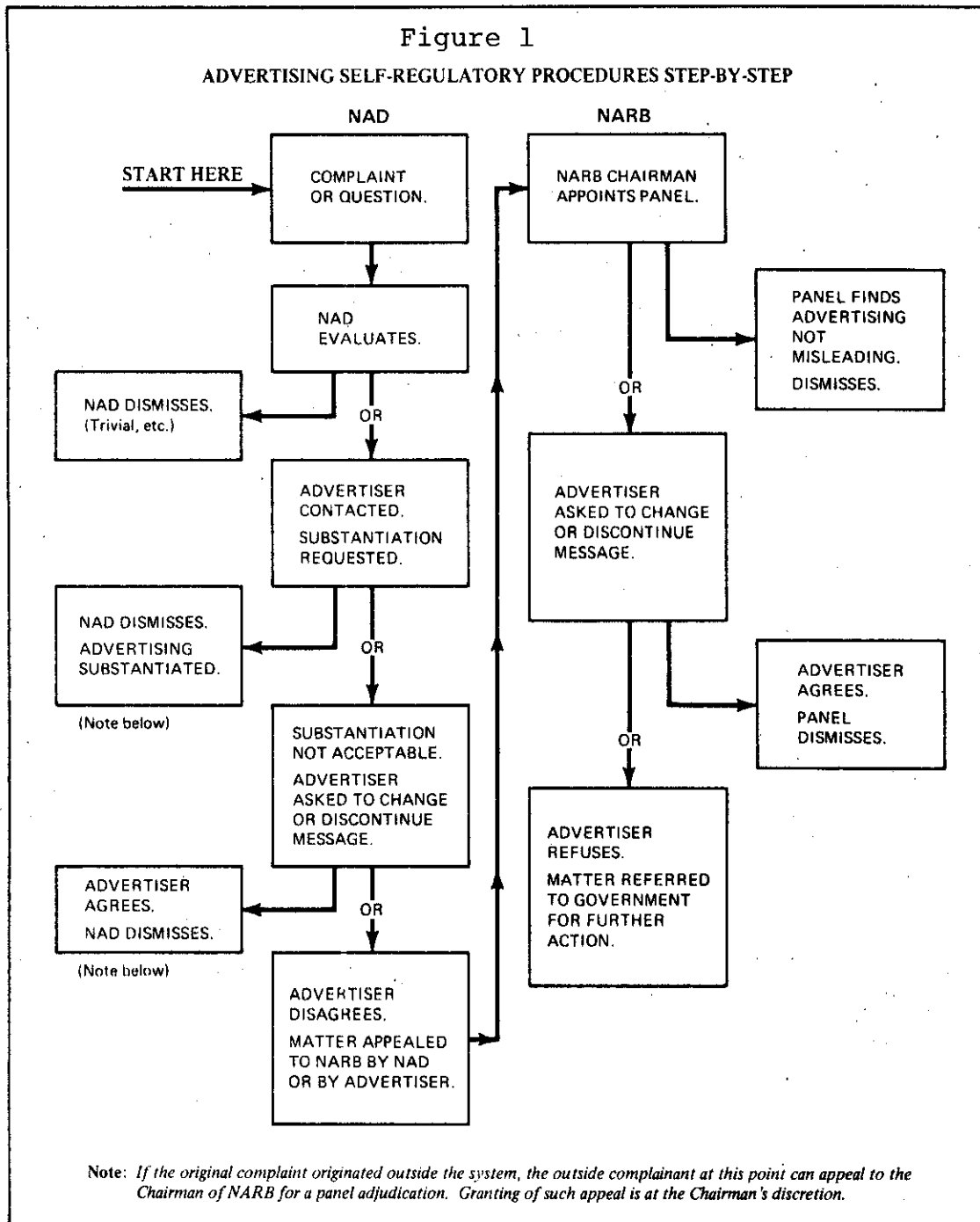
Complaints to NAD/NARB

The chart (Figure 1) indicates the procedures through the self-regulatory system devised by the Council of Better Business Bureaus and supported by the American Advertising Federation, American Association of Advertising Agencies and the Association of National Advertisers.

Several cases have been successfully concluded by the NAD. Gillette ran the commercial comparing its Earthborn Against J & J's Baby Shampoo, Breck shampoo, Clairol's Herbal Essence, and P & G's Prell and Head and Shoulders. The NAD acknowledge the benefits of Earthborn's low alkalinity but maintained that the pH test used in the commercial "unfairly placed competitors in an unfavorable light. It implied all the other shampoos were positive pH when in fact one competitor was not."¹¹⁸ Gillette agreed to discontinue use of the ad.

The NAD also told Magnovox that their claim needed clarification. The comparative ad claimed Magnavox beat RCA and Zenith four ways, one of which was the in-line

¹¹⁸"Earthborn Ad Comparing Alkalinity of Herbal Essence," Advertising Age (January 20, 1975), p. 1.



from The National Advertising Review Board 1971-1976: A Five Year Review and Perspective on Advertising Industry Self-Regulation, National Advertising Review Board, New York, March, 1977, p. 12.

picture tube. The NAD told Magnavox that the claim needed clarification because RCA also has an in-line tube.¹¹⁹ Magnavox agreed.

Quaker Oaks complained to the networks and the NAD that the General Mill's Total (breakfast cereal) comparative ad was disparaging, misleading and deceptive. Total, classified as a dietary supplement with artificial, added nutrients, was compared to Quakers 100% Natural Cereal consisting of only natural ingredients. The commercial showed a full box of Quaker's 100% Natural Cereal being dumped all over a bowl with the message that one ounce of Total (neatly shown in a bowl) provided more vitamins and iron than 24 ounces of the leading natural cereal. Quaker "recognizes the validity of tasteful comparative advertising but the presentation and setting should be appropriate. Our cereal shouldn't be spilled all over."¹²⁰ General Mills did revise the spots because the networks insisted on changes before they would continue the Total ads. (CBS called the ad disparagement.)

Number one Alpo did retaliate with complaints to the NAD when Kal Kan dog food sneered at "the brand without a speck of cereal" that "uses synthetic chemicals for balance."

¹¹⁹ Ibid., p. 1.

¹²⁰ Larry Edwards, "Quaker Says Total Spots Mislead; Files Complaint," Advertising Age (February 24, 1975), p. 165.

The NARB made its first decision to uphold a competitor's complaint. The panel ruled that "Kal Kan's advertisements are so permeated with false disparagement and unsubstantiated claims that the campaign should be discontinued promptly."¹²¹

The Schick "Fleximatic" Shaver case was not satisfactorily decided by the NAD, who appealed to the NARB. Schick had compared itself to Remington, Norelco and Sunbeam, claiming that its product shaved closer than any other shavers, in the premiere example of comparative advertising. Schick requested a dismissal without a hearing on the grounds that the FTC had reviewed the advertising, and because litigation had been started by Remington. Despite these arguments, the panel voted to proceed with the case because of its responsibility to the consumer.

The panel concluded that Schick made a good faith effort to meet the "exacting criteria" for comparative advertising, but did not think it succeeded, judging that some details were false and the overall implication was misleading. Schick stated its objections to the report but agreed to use the panel's recommendations in future comparisons in the interest of self-regulation.¹²²

¹²¹"Name Callers," p. 104.

¹²²The National Advertising Review Board 1971-1976: A Five Year Review and Perspective on Advertising Industry Self-Regulation, National Advertising Review Board, New York, March 1977, p. 17.

Carte Blanche's substantiation for its "Because as good as American Express is, it isn't enough" campaign was found to be inadequate by the NAD. With no promise of revision by Carte Blanche, the case was appealed to the NARB. The panel found the substantiation geographically limited, therefore inadequate. Carte Blanche accepted the decision but declared it "moot" since the ads had been discontinued.¹²³

S. C. Johnson Company, makers of Pledge furniture polish, claimed to the NAD that the Drackett Company's spots comparing its Behold furniture polish to Pledge was misleading because it implied overall superiority based on only one superior attribute. The makers of Pledge also challenged that Behold cost less. The NARB supported the earlier NAD opinion that Behold did cost less, but found that the furniture polish was claiming overall superiority on the basis of only one superior cleaning attribute out of many that would be useful to the consumer. The Drackett Company didn't agree with the panel's opinion but did agree to abide by the decision. Their later ad comparing Behold and Pledge alerted the public to the principal characteristics they might look for in making a purchase decision, i.e., shining, cleaning, protecting and price. The

¹²³Ibid., p. 19.

commercial pointed out that for cleaning greasy marks and saving money, Behold was superior.

S. C. Johnson complained that the newer commercial was not in compliance with the panel's earlier opinion. The NARB maintained that it was. The Drackett Company stated, "This is an important decision because it recognizes the significant role and responsibility of comparative advertising in helping consumers to make informed buying choices."¹²⁴

Legal Action

Some companies are not content to simply complain to the media and self-regulatory groups. In 1976 Joseph E. Seagrams & Sons sued Northwest Industries' Buckingham Corporation over a Buckingham ad for Cutty 12 Scotch. The ad read "How to improve a bottle of Chivas Regal", and showed a hand filling an empty Chivas bottle with Cutty 12. The suit was dropped when the ad was discontinued.¹²⁵

One of the most widely publicized cases is Alberto-Culver's suit against Gillette filed over a 1974 commercial. In one of the comparative creme rinse commercials causing the suit, a model poured drops of Tame and Alberto Balsam on clear plastic sheets which were then soaked in water.

¹²⁴Ibid., p. 21.

¹²⁵John O'Connor, "Cutty Pours Controversial Ad Down the Drain to Settle Suit," Advertising Age (June 14, 1976), p. 3.

Tame vanished and the Alberto Balsam remained. Gillette claimed, "Tame contains no oils and rinses clean." Alberto Culver argued that Tame does contain some oils and that hair rinses should not completely wash out of the hair. Some residue should remain to maintain manageability. Charging Gillette with trade libel, unfair competition and consumer fraud, Alberto Culver filed suit against Gillette and its agency, J. Walter Thompson, asking \$7 million in damages. Alberto Culver blamed the ad for its sales dropping in half to a 6 per cent share within six months.¹²⁶ The case has not yet gone to court with the battle increasing in dimensions.

¹²⁶"Name-Callers," p. 62.

CHAPTER III

EVALUATION OF COMPARATIVE ADVERTISING BY BUSINESS EXECUTIVES IN SELECTED KEY INDUSTRIES

Based on the questionnaire responses evaluating comparative advertising by business executives, the following information has been gathered. The data are divided into six sections: (1) Usage of comparative advertising, (2) Success of comparative advertising, (3) Comparative advertising and the product, (4) Comparative advertising and the media, (5) Comparative advertising retaliation and (6) Ethics of comparative advertising.

Usage of Comparative Advertising

Table I presents the usage of comparative advertising by all firms responding to the questionnaire.

TABLE I
FREQUENCY OF USE OF COMPARATIVE ADVERTISING BY
RESPONDING COMPANIES

	Frequency	Per Cent
Used Comparative Advertising	39	28.5
Have not used Comparative Advertising	98	71.5

Over 28 per cent of the firms responding have used comparative advertising. These firms account for 65 brands that have been promoted by this type of advertising. Investigating the usage by industry, it is apparent that the frequency of use by all firms is disproportionately skewed toward the automobile industry (Table II).

TABLE II
FREQUENCY OF USE OF COMPARATIVE ADVERTISING BY
RESPONDENT'S INDUSTRY

Industry	Have Used Comp. Adver.		Have Not Used Comp. Adv.	
	Frequency	Per Cent	Frequency	Per Cent
Auto	10	76.9	3	23.1
Cereal	1	11.1	8	88.9
HBA	10	31.3	22	68.8
Household Cleaners	3	13.0	20	87.0
Beer/Bev.	7	26.9	19	73.1
Paper	2	50.0	2	50.0
OTC Drugs	6	20.0	24	80.0

There are 15 firms (38.5 per cent) that have promoted more than one brand by using comparative advertising. The 39 respondents who use comparative advertising represent 65 brands (Table III). Firms within the automobile, health and beauty aids and over-the-counter drug industries were more likely to have more than two brands using comparative advertising.

TABLE III
 FREQUENCY OF BRANDS USING COMPARATIVE
 ADVERTISING BY INDUSTRY

Industry	Number of Brands	
	Frequency	Per Cent of Total Brands
Auto	18	27.7
Cereal	3	4.6
HBA	16	24.6
Household Cleaners	3	4.6
Beer/Bev.	7	10.8
Paper	2	3.0
OTC Drugs	16	24.6

Table IV illustrates the relationship between usage of comparative advertising and firm size.

Smaller firms were less likely to use comparative advertising. Firms with less than \$100 million in sales accounted for almost 60 per cent (59.8 per cent) of the total respondents but only 24 per cent of the comparative advertising usage.

Future Comparative Advertising Usage

Of the total number of respondents, 35 (25.4 per cent) indicated they would use comparative advertising in the future. Eighty-seven (63 per cent) said they would not, and sixteen (11.6 per cent) were unsure (Table V).

TABLE IV
USE OF COMPARATIVE ADVERTISING BY FIRM SIZE

Firm Size	Number of Respondents*		Use Comparative Advertising		Do Not Use Comparative Advertising	
	Frequency	%	Frequency	%	Frequency	%
Less than \$10 million	41	31.3	5	12.2	36	87.8
10-100 million	41	31.3	11	26.8	30	73.2
101-500 million	26	19.8	12	46.2	14	53.8
501-1 billion	4	3.1	2	50.0	2	50.0
over 1 billion	19	14.5	8	42.1	11	57.9
TOTALS	131	100.0	38	29.0	93	71.0

*6 firms considered dollar sales volume to be confidential information.

TABLE V

EXPECTED FUTURE USE OF COMPARATIVE ADVERTISING BY PRESENT
USERS AND NON-USERS OF COMPARATIVE ADVERTISING

Expected Future Use	Current Situation			
	User of Comp. Adv.		Non-User of Comp. Adv.	
	Frequency	Per Cent	Frequency	Per Cent
Yes	29	74.4	6	6.1
No	6	15.4	81	81.8
Maybe	4	10.3	12	12.1

Most present users expect to continue comparative advertising in the future because it has produced satisfactory results in the past. One respondent for example, stated,

We are a minor brand in a large field but with distinct product advantages that must be called to the attention of the consumer forcefully. Yes, we'll continue to use comparative advertising because it best demonstrates our competitive advantage.

A drug manufacturer commented that the firm has a small advertising budget behind its products, and comparative advertising is a good way to explain the products to consumers. Several firms indicated that products had been positioned successfully by use of comparative advertising.

Those respondents who have advertised with a comparative format and may do so again in the future said the product and the situation would have to be correct to warrant use of the concept. For one respondent, "The basic

philosophy of our company is not to use comparative advertising, but it seems to work in certain situations." For another, "it served a good purpose, but it isn't something we would want to stay with forever." Finally, a respondent in the soft drink industry stated his firm might use comparative advertising in the future, but probably not too soon "because too many others are doing the same thing."

Current users that do not plan to use comparative advertising in the future indicated that comparative advertising had accomplished the set objective and was no longer required. "It has a limited and short term value." "The product was successfully positioned in the category." One firm in the health and beauty aids industry does not plan to use comparative advertising in the future because competitive substantiation has become too involved and costly.

Of the 98 respondents who are current non-users of comparative advertising, six firms expect to use it in the future. One company already uses comparisons but without naming names. The five other firms, representing five different industries, stated they would use it when appropriate and necessary. "If you can prove you're better than competition, use it!"

Twelve per cent of the non-users would consider using comparative advertising in the future. According to a beer manufacturer, "As the industry becomes more competitive,

all types of advertising formats will be evaluated."

Another respondent stated that he would consider it if perceived product differences were developed.

The major reasons non-users do not expect to use comparative advertising are (1) they consider their product to be the leader in the category and do not need comparisons (15 per cent), (2) they believe comparative advertising benefits the named competitor-free advertising (14 per cent), (3) they feel it is better to advertise their own product's merits (12 per cent) and (4) they do not consider it to be effective advertising (12 per cent). A few respondents consider comparative advertising to be unethical and in bad taste. Two respondents stated that their products were promoted on an advertising platform of the "unique experience--something special. We're above the competition." Finally one respondent believes the "beer battle" is fought on an image advertising level and "comparative advertising is not image building advertising."

There appears to be a potential increase of comparative advertising users in the two smaller sales categories and a potential decrease in use in the sales category of \$101 million to \$500 million in sales (See Table VI).

Firms with sales in excess of \$500 million appear to be consistent in their expected future use of comparative advertising relative to past usage.

TABLE VI
 EXPECTED FUTURE USE OF COMPARATIVE ADVERTISING BY FIRM SIZE CATEGORY

Expected Future Use	FIRM SIZE									
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$501-1 Billion		Over \$1 Billion	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Yes	7	17.1	11	26.8	8	30.8	1	25.0	6	31.6
No	31	75.6	22	53.7	18	69.2	2	50.0	10	52.6
Maybe	3	7.3	8	19.5	--	0.0	1	25.0	3	15.8

Several industry changes may occur in future use of comparative advertising (Table VII). The automobile industry has the highest current usage of comparative advertising (76.9 per cent). In the future only 61.5 per cent expect to use the concept, with an additional 7.7 per cent that would consider it. Thus, 69.2 per cent of the automobile industry respondents may employ comparative advertising in the future. This percentage represents a decline of 7.7 per cent relative to the rate of current usage.

Currently the over-the-counter drug industry has a usage of 20 per cent. Those who plan to use or are considering comparative advertising total 33.4 per cent, a potential increase of 13.4 per cent. The other industries appear to have little change in future expected use, compared to current use of comparative advertising.

Comparative Advertising Usage by Industry Position

Most advertisers have agreed that the leader in an industry has nothing to gain and much to lose by using comparative advertising. The frequency of industry position is reported in Table VIII by users and non-users of comparative advertising. Based on market share, 29 responding firms consider themselves to be their industry leader. Within each of the seven industries surveyed in this study, however, several sub-industries exist. For example, within

TABLE VII
 EXPECTED FUTURE USE OF COMPARATIVE ADVERTISING
 BY INDUSTRY

Expected Future Use	SELECTED INDUSTRIES															
	Auto		Cereal		HBA		Household Cleaner		Beer/ Beverage		Paper		OTC Drugs		TOTALS	
	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	Freq. %	
Yes	8	61.5	1	11.1	9	28.1	2	8.7	5	19.2	1	25.0	8	26.7	34	24.8
No	4	30.8	7	77.8	17	53.1	19	82.6	18	69.2	2	50.0	20	66.7	87	63.5
Maybe	1	7.7	1	11.1	6	18.8	2	8.7	3	11.5	1	25.0	2	6.7	16	11.7

TABLE VIII
USE OF COMPARATIVE ADVERTISING BY INDUSTRY POSITION

Industry Position	User of Comparative Advertising	Non-User of Comparative Advertising
	Frequency	Frequency
Industry Leader	6	23
2nd in the Industry	4	7
3rd in the Industry	5	4
4th or lower in the Industry	23	58

*No Response 8.

the beer industry there is the premium beer category, the "lite" beer category and the popular-priced beer category. In addition, an industry leader could exist on a regional basis such as is common in the brewing industry. The "Industry Leader" status is therefore subject to varying interpretations.

Except for drugs, over one-half of the brands that use comparative advertising rank 4th or lower in their industry (Table IX). The leader(s) in the automobile, cereal, household cleaners and paper industry do not use comparative advertising. Only one brand in health and beauty aids and one in the beer/beverage categories are leaders in their industry and use comparative advertising. Within the drug industry,

TABLE IX
BRANDS THAT USE COMPARATIVE ADVERTISING BY INDUSTRY POSITION

Industry Position	INDUSTRY													
	Auto		Cereal		HBA		Household Cleaners		Beer/Beverage		Paper		OTC Drugs	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Leader	0	----	0	-----	1	11.1	0	----	1	14.3	0	----	4	66.7
2nd	3	30.0	0	-----	1	11.1	0	----	0	----	0	----	0	----
3rd	1	10.0	0	-----	2	22.2	1	33.3	0	----	1	50.0	0	----
4th or lower	6	60.0	1	100.0	5	55.6	2	66.7	6	-----	1	50.0	2	33.3

however, two-thirds of the brands that use comparatives are industry leaders.

The firm ranking second in the industry seldom uses comparative advertising, except in the automobile category.

Expected future use of comparative advertising varies little from current usage based on industry position. As noted in Table X, the leaders that have used comparative advertising in the past expect to do so in the future. For the four current users in the second position in market share, one firm will not use comparatives in the future and one may use the concept. For firms that are fourth or smaller in market share, two that have used comparatives and eight that have not may utilize the comparative format in the future.

TABLE X
FUTURE COMPARATIVE ADVERTISING USAGE BY
INDUSTRY POSITION

Market Position	Use Comparative Advertising in the Future?					
	Yes		No		Maybe	
	Freq.	%	Freq.	%	Freq.	%
Leader	6	20.7	20	69.0	3	10.3
2nd	2	18.2	8	72.7	1	9.1
3rd	5	55.6	4	44.4	0	---
4th or less	21	25.9	50	61.7	10	12.3

Success of Comparative Advertising

Of the users of comparative advertising approximately 77 per cent consider the approach to be at least somewhat successful. A little over 21 per cent were undecided about the success and only one firm evaluated its comparative advertising effort negatively (Table XI).

Most of the firms "undecided" about the success of their comparative advertising indicated that the promotional efforts incorporating the comparative format were recently instituted and thought it too soon to tell the results. Several respondents indicated that the comparative advertising was in market testing and the sample size was too small to judge the success.

The automobile and OTC Drug industries accounted for 64 per cent of those indicating they were undecided about the success of their comparative advertising. Perhaps this lack of determination of success could account for the lower future expected use of comparative advertising in the automobile industry. It would be more difficult to use the information to explain the increase in expected future use of comparative advertising in the OTC Drug industry.

Those in the beer/beverage industry were most satisfied with the success of their comparative advertising as over 57 per cent indicated it was very successful. All of the

users of comparative advertising in the household cleaners industry considered it to be at least somewhat successful.

By size, the smallest firms were more likely to be uncertain as to the success of their comparative advertising (less than \$10 million in sales). Firms with sales over \$100 million but less than \$1 billion had the greatest percentage of brands with at least somewhat successful comparative advertising. Ninety-five per cent or more in these size categories considered their comparative advertising to be successful (Table XII).

Indicators of Success

Per cent change in sales was indicated more frequently than any other factor used in determining the success of comparative advertising. Over 60 per cent of the respondents used per cent of change in sales as an indicator of success. Slightly less than one-half (49.2 per cent) indicated that they base their opinion of success on a change in consumer attitudes or awareness. Approximately one-quarter (23.1 per cent) of the firms use BURKE or other similar advertising recall tests. About twenty-five per cent use other considerations in judging success, such as Neilson share of market increases, focus group reactions, dealer comments, reactions of customers and others in the field or intuitive judgment.

Table XIII illustrates the success criteria used by each industry. Respondents could check as many criteria as appropriate for each brand that used comparative advertising. The criteria used by a company often differed by brand. Possibly different goals or objectives are developed for the comparative advertising for each brand. Therefore the way success is measured would vary by brand. As an example, one automobile might be compared to another similar competitor with the advertising objective being to increase sales. Another brand of automobile from the same manufacturer might be compared to a dissimilar competitor. An economy car has been compared to a luxury car not for the purpose of taking sales from the luxury car market, but for the purpose of making customers in the economy class market aware of the similarities and thereby changing customer attitudes toward the economy class.

It appears in Table XIV that the larger the firm the more likely advertising/marketing managers will use sales to judge the success of comparative advertising.

In addition, the largest firms' brands are more likely to use consumer attitude/awareness changes to judge comparative advertising success. Purchase of outside advertising recall tests doesn't appear to vary much with size. Intuitive judgment ("other" category) was mentioned by smaller firms (less than \$100 million).

TABLE XIII
 SUCCESS INDICATORS FOR EACH BRAND USING COMPARATIVE ADVERTISING BY INDUSTRY

Criteria	SELECTED INDUSTRIES												TOTALS			
	Auto		Cereal		HBA		Household Cleaners		Beer/Beverage		Paper		OTC Drugs		TOTALS	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
% Change in Sales	10	55.5	2	66.7	6	37.5	2	66.7	5	71.4	2	100.0	7	43.7	40	61.5
Change in Consumer Attitude/Awareness	15	83.3			2	12.5	2	66.7	5	71.4	2	100.0	6	37.5	32	49.2
BURKE, etc.	4	22.2			3	18.8	1	33.3	3	42.8	2	100.0	2	12.5	15	23.1
Other	1	5.5			8	50.0			3	42.8			4	25.0	16	24.6
Total # Brands	18		3		16		3		7		2		16		65	

TABLE XIV
SUCCESS INDICATORS FOR EACH BRAND USING COMPARATIVE ADVERTISING BY COMPANY SIZE

Success Criteria	FIRM SIZE											
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$501-1 Billion		Over \$1 Billion		Per Cent	Per Cent
	# of Firms	Per Cent	# of Firms	Per Cent	# of Firms	Per Cent	# of Firms	Per Cent	# of Firms	Per Cent		
% Change in Sales	2	40.0	12	57.1	13	65.0	3	100.0	10	71.4		
Change in Consumer Attitude/Awareness	2	40.0	7	33.3	11	55.0	1	33.3	11	78.6		
BURKE, etc.	1	20.0	3	14.3	5	25.0	1	33.3	5	35.7		
Other	2	40.0	7	33.3	2	10.0	2	66.7	1	7.1		
Total # Brands	5		21		20		3		14			

Comparative Advertising and the Product

In an effort to determine if the stage in a product's life cycle affects the decision to promote by use of comparative advertising, respondents were asked to determine the appropriate stage in the life cycle for each brand using the comparative format. Table XV summarizes the data for the sixty-five brands using comparative advertising. Brands considered to be in the market maturity stage account for the greatest frequency, but products in each stage are being promoted with comparative advertising.

TABLE XV
STAGE IN PRODUCT LIFE CYCLE FOR BRANDS
USING COMPARATIVE ADVERTISING

Stage	Brands Using Comparative Advertising	
	Frequency	Per Cent
Product Introduction	15	23.4
Market Growth	14	21.9
Market Maturity	28	43.8
Market Saturation	7	10.9
Total	64*	100.0

* One brand was discontinued

By industry it is apparent that the OTC drug industry has the greatest percentage of brands using comparative

advertising in the maturity stage (approximately 70 per cent). Drugs account for almost 40 per cent of the brands in the maturity stage.

The OTC drug industry also accounts for over 40 per cent of the brands in the saturation stage of the product life cycle that are promoted by comparative advertising. Four industries--automobile, cereal, health and beauty aids, and paper--have no incidence of use of comparative advertising in the saturation stage (Table XVI).

The data for stage in the product life cycle is analyzed by company size in Table XVII. Sixty-two per cent of the brands in the \$10-100 million sized companies are in the market maturity stage. These brands represent 46 per cent of all brands in the maturity stage. Otherwise there does not appear to be sufficient variation in the brand distribution by stage of product life cycle for the various company size ranges to warrant further observations.

Market Situation and Product Characteristics

In order to determine whether certain market situations and/or product characteristics are seen as being more conducive to the use of comparative advertising, respondents were asked to indicate all circumstances in which they considered the use of comparative advertising to be effective. Table XVIII summarizes the data by users and non-users of comparative advertising.

TABLE XVI

STAGE IN PRODUCT LIFE CYCLE FOR BRANDS USING
COMPARATIVE ADVERTISING BY INDUSTRY

Stage	SELECTED INDUSTRIES													
	Auto		Cereal		HBA		Household Cleaners		Beer/Beverage		Paper		OTC Drugs	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Product Introduction	5	29.4	1	33.3	7	43.8	0	-----	0	-----	1	50.0	1	6.3
Market Growth	6	35.3	1	33.3	3	18.7	1	33.3	2	28.6	0	-----	1	6.3
Market Maturity	6	35.3	1	33.3	6	37.5	0	-----	3	42.8	1	50.0	11	68.8
Market Saturation	0	-----	0	-----	0	-----	2	66.7	2	28.6	0	-----	3	18.7
Total # Brands	17		3		16		3		7		2		16	

TABLE XVII
 STAGE IN PRODUCT LIFE CYCLE FOR BRANDS USING COMPARATIVE
 ADVERTISING BY COMPANY SIZE

Stage in Product Life Cycle	COMPANY SIZE												
	Less Than \$10 Million	\$10-100 Million	\$101-500 Million	\$501-1 Billion	Over \$1 Billion	Number of Brands	Percentage	Number of Brands	Percentage				
Product Introduction	2	5	4	1	3	2	40.0	4	20.0	1	33.3	3	21.4
Market Growth	1	2	6	1	4	1	20.0	6	30.0	1	33.3	4	28.6
Market Maturity	0	13	8	1	6	1	---	8	40.0	1	33.3	6	42.8
Market Saturation	2	1	2	0	1	2	40.0	2	10.0	0	---	1	7.1

TABLE XVIII

CIRCUMSTANCES FOR EFFECTIVE COMPARATIVE ADVERTISING BY USERS
AND NON-USERS OF THE CONCEPT

Situation/ Characteristics	User		Non-User of Comparative Advertising		TOTALS	
	Freq.	%	Freq.	%	Freq.	%
New entrant to the industry	31	83.8	35	41.7	66	54.5
Mature brand in the industry	16	43.2	15	17.8	31	25.6
Smaller firms/brands in the industry	25	67.5	30	35.7	55	45.5
Large firms/brands in the industry	10	27.0	16	19.0	26	21.5
Convenience goods with little difference from competitors	6	16.2	6	7.1	12	10.0
Convenience goods with significant differences from competitors	12	32.4	33	39.3	45	37.2
Shopping goods	9	24.3	19	22.6	28	23.1
Specialty goods	4	10.8	10	11.9	14	11.6

TABLE XVIII (Cont.)

Situation/ Characteristics	User Comparative Advertising		Non-User of Comparative Advertising		TOTALS	
	Freq.	%	Freq.	%	Freq.	%
Other	3	8.1	7	8.3	10	8.2
Under no Cir- cumstances is comparative advertising effective	2	5.4	27	32.1	29	24.0

As expected, the major differentiating factor between users and non-users of comparative advertising is the position taken by the two groups on the statement "under no circumstances is comparative advertising effective." Only five per cent of those using the concept do not consider it to be effective under any circumstances. Almost six times that many (32.1 per cent) of the non-users consider it to be ineffective. Relative to non-users, users of comparative advertising almost twice as often consider a new entrant to an industry, mature brands in an industry, smaller firms/brands in an industry, and convenience goods with little differences from competitors to be circumstances in which comparative advertising can be used effectively. Comparative advertising users also had a slightly higher per cent considering large firms/brands in an industry to be an effective situation. The remaining categories showed little differences between users and non-users.

On the whole, marketers most often consider the new entrant, smaller firms/brands, and convenience goods with significant differences to be the situations where comparative advertising is effective. Considered least effective were convenience goods with little differences from competitors and specialty goods.

"Other" situations mentioned by respondents pertained to price, product differences and industry usage. One

respondent considered lower priced goods to be more suitable for comparative advertising. Another respondent mentioned private label versus national brands, again with the emphasis on price differentials.

Several respondents suggested that comparative advertising is effective any time the product is clearly superior to competition, the customer can perceive the difference in use and it is meaningful to them.

A non-user of comparative advertising thought the approach would be effective to gain attention and change a product's image. Another mentioned drawing attention to a new product improvement in a mature brand. A third mentioned advertising is effective when the product is not the leader and the product has a significant, true advantage over the leader.

A drug retailer and a brewery mentioned that comparative advertising was not effective in their respective industries. The beer manufacturer suggested that comparative advertising was considered by the firm's legal department to be illegal in that industry.

Respondents in larger company size ranges more often stated that in a given situation comparative advertising could effectively be employed (Table XIX). The smaller firms were more likely to indicate there were no circumstances in which comparative advertising was effective.

TABLE XIX
CIRCUMSTANCES OF EFFECTIVE COMPARATIVE ADVERTISING
BY SIZE CATEGORY

Situation	COMPANY SIZE									
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$501-1 Billion		Over \$1 Billion	
	Firms	%	Firms	%	Firms	%	Firms	%	Firms	%
New entrant to the industry	17	41.5	18	43.9	18	69.2	2	50.0	10	52.6
Mature brand in the industry	5	12.2	11	26.8	8	30.8	0	-----	6	31.6
Smaller firms/brands in the industry	9	22.0	20	48.9	15	57.7	0	-----	8	42.1
Large firms/brands in the industry	6	14.5	8	19.5	5	19.2	1	25.0	6	31.6
Convenience goods with little difference from competitors	1	2.4	5	12.5	6	23.1	0	-----	0	-----
Convenience goods with significant differences from competitors	13	31.7	13	31.7	12	46.2	0	-----	6	31.6

TABLE XIX (Cont.)

Situation	COMPANY SIZE									
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$500-1 Billion		Over \$1 Billion	
	H req.	%	H req.	%	H req.	%	H req.	%	H req.	%
Shopping goods	7	17.1	9	21.9	8	30.8	1	25.0	3	15.8
Specialty goods	6	14.6	2	4.9	5	19.2	0	----	1	5.3
Other	1	2.4	1	2.4	4	15.4	0	----	4	21.0
Under no circumstances is comparative advertising effective	13	31.7	8	19.5	4	15.4	1	25.0	1	5.3

The smallest firms (less than \$10 million) had the smallest percentage considering smaller firms/brands in the industry to be able to use comparative advertising effectively. The larger firms consider small firms/brands to be an effective situation, as well as large firm/brands (Table XIX).

Product Types

Eleven products were listed and respondents were asked to identify the products they believe either have been or could be effectively promoted by the use of comparative advertising. Five shopping goods, two specialty items, and four convenience goods were listed in alphabetical order. Table XX presents the data by user and non-user of comparative advertising.

The three products most frequently selected by respondents as being appropriate for successful comparative advertising are autos (84 per cent of the respondents), major appliances (69 per cent) and air conditioners (52 per cent), all of which are shopping goods. Interestingly, the findings are somewhat contradictory with the respondents' judgments pertaining to the relative appropriateness of the shopping and convenience classes of consumer goods for comparative advertising as opposed to specific products within the classes. The respondents most often considered the convenience goods class to be the viable product class for comparative advertising (see Table XXI).

TABLE XX

PRODUCTS THAT RESPONDING COMPARATIVE ADVERTISING USERS AND
NON-USERS BELIEVE COULD BE SUCCESSFULLY PROMOTED BY
USE OF COMPARATIVE ADVERTISING*

Product	User of Comparative Advertising		Non-User of Comparative Advertising		TOTALS	
	Freq.	%	Freq.	%	Freq.	%
Air conditioning	19	55.9	38	50.0	57	51.8
Major appliance	25	73.5	51	67.1	76	69.1
Auto	31	91.1	61	80.2	92	83.6
Business suits	1	2.9	6	7.9	7	6.4
Beer	9	26.4	31	40.8	40	36.4
Home builder	6	17.6	9	11.8	15	13.6
Chivas Regal	1	2.9	15	19.7	16	14.5
Hair Spray	19	55.9	32	42.1	51	46.4
Ice Cream	8	23.5	24	31.6	32	29.1
Rolex	8	23.5	13	17.1	21	19.1
Vitamins	9	26.5	18	23.7	27	24.5
Other**	2	5.8	8	10.5	10	9.1

*Twenty-seven respondents did not answer this question. That number corresponds exactly with the number of respondents who indicated on the previous question that there were no circumstances in which comparative advertising could be used effectively.

**"Other" products respondents included were soft drinks, cameras, analgesics and tourist travel. Two respondents indicated any product could use comparative advertising if there was a meaningful consumer advantage.

TABLE XXI

PER CENT OF RESPONDENTS' ADVERTISING EXPENDITURES WITH EACH MEDIUM ALLOCATED TO COMPARATIVE ADVERTISING FOR EACH BRAND

Media	Per Cent of Respondents Using Media	Per Cent of Media Expenditures for Comparative Advertising											
		0%		1-19%		20-39%		40-59%		60-79%		80-100%	
		No. Brands	%	No. Brands	%	No. Brands	%	No. Brands	%	No. Brands	%	No. Brands	%
Newspaper	43.1	7	25.0	12	42.8	3	10.7	1	3.6	3	10.7	2	7.1
Magazine	55.4	4	11.1	14	38.8	5	13.9	5	13.9	2		4	11.1
Billboard	6.1	2	50.0	0	----	0	----	0	----	1	25.0	1	25.0
Direct Mail	27.7	5	27.7	7	38.9	2	11.1	2	11.1	1	5.5	1	5.5
POS	29.2	1	5.3	12	63.1	0	----	0	----	5	26.3	1	5.3
Radio	10.8	2	28.6	1	14.3	2	28.6	0	----	1	14.3	1	14.3
Television	52.3	1	2.9	1	2.9	2	5.8	2	5.8	7	20.6	21	61.8
Total No. Brands		22		47		14		10		20		31	

In the case of specialty goods, the respondents were consistent in their opinions pertaining to the unsuitability of the specialty goods class, and specific products within the class, for comparative promotions.

Comparative Advertising and the Media

Companies employ all the major media although not at the same rate for comparative advertising. Seventeen, or twenty-six per cent, of the respondents' brands have been exclusively promoted by comparative advertising. For the other brands, differing combinations of media have been employed for comparative promotions, while other media have been employed for conventional advertising. Table XXI presents the data by brand on media expenditures for comparative advertising.

Magazines are used most for brands that are promoted by comparative advertising, closely followed by television and then newspapers. Billboards are used the least, and for the four brands that do use billboards, only two use the medium for advertising that is comparative. Both brands using comparative advertising on billboards were automobiles.

While magazines have a slightly higher percent of total usage for comparative and non-comparative advertising, it is apparent that comparative formats are the dominant form of advertising only in the television medium. Twenty-one of

the thirty-four brands (61.8 per cent) that use the television medium use it exclusively with a comparative format. This higher percentage probably is a reflection of the time and cost involved in developing television commercials and the capability of the medium for demonstrations. Table XXII further illustrates the extent of comparative advertising in the strategy for the various brands by the most used media for the selected industries.

The remaining media are not used by all industries. A summary of the data appears in Table XXIII.

Based on Tables XXIII and XXIV it can be concluded that automobiles use all media and use each medium most extensively for comparative advertising. This is a reflection of the high rate of comparative advertising promotion used in the automobile industry. More than three-fourths of the automobile respondents employ comparative advertising.

Media Effectiveness

Respondents were asked to indicate the degree of effectiveness achieved with comparative advertising by the various media. Data are presented by media and then print media are compared to broadcast media.

On the whole, users of comparative advertising rate the printed media to be more effective than non-users (Table XXV). Non-users, however, consider direct mail and billboards to be effective slightly more than do users.

TABLE XXII

FREQUENCY OF USE OF COMPARATIVE ADVERTISING IN MAGAZINE,
TELEVISION, AND NEWSPAPER BY INDUSTRY

Industry	Per Cent of Media Expenditures for Comparative Advertising					
	0%	1-19%	20-39%	40-59%	60-79%	80-100%
	No. of Brands	No. of Brands	No. of Brands	No. of Brands	No. of Brands	No. of Brands
Magazine						
Auto	1	4	4	2	2	1
Cereal						
HBA		3		1		1
Household Cleaners						
Beer/Beverage	1					
Paper	1					
Drugs	1	7	1	2		2
Television						
Auto	1	1	2	1	3	2
Cereal					1	2
HBA						9
Household Cleaners				1		1
Beer/Beverage						5
Paper					1	1
Drugs					2	1
Newspaper						
Auto		4	1		3	2
Cereal			1			
HBA	5	1				
Household Cleaners				1		
Beer/Beverage	1	1	1			
Paper	1					
Drugs		6				

TABLE XXIII

FREQUENCY OF USE OF COMPARATIVE ADVERTISING IN BILLBOARD, DIRECT MAIL,
POINT-OF-SALE AND RADIO BY INDUSTRIES USING THE MEDIA

Industry	Per Cent of Media Expenditures for Comparative Advertising					
	0% No. of Brands	1-19% No. of Brands	20-39% No. of Brands	40-59% No. of Brands	60-79% No. of Brands	80-100% No. of Brands
Billboard						
Auto	1				1	1
Beer/Beverage	1					
OTC Drugs						
Direct Mail						
Auto		2	1		1	1
HBA	4	1				
OTC Drugs	1	4	1	2		
Point-of-Sale						
Auto		3			1	1
Cereal		1				
HBA		2			4	
Beer/Beverage	1	2				
OTC Drugs		4				
Radio						
Auto	1	1			1	1
Beer/Beverage	1		2			
OTC Drugs						

TABLE XXIV

EFFECTIVENESS RATINGS OF MAGAZINE, NEWSPAPER, DIRECT MAIL,
POINT-OF-SALE, AND BILLBOARD MEDIA BY USERS AND NON-USERS
OF COMPARATIVE ADVERTISING

Degree of Effectiveness	User of Comparative Advertising		Non-User of Comparative Advertising		TOTALS	
	Freq.	%	Freq.	%	Freq.	%
Magazine						
Very effective	17	50.0	24	33.3	41	38.7
Somewhat effective	13	38.2	29	40.3	42	39.6
Undecided	2	5.9	8	11.1	10	9.4
Somewhat in-effective	2	5.9	7	9.7	9	8.5
Very ineffective	0	----	4	5.6	4	3.8
Newspaper						
Very effective	13	38.2	19	25.7	32	29.6
Somewhat effective	15	44.1	35	47.3	50	46.3
Undecided	3	8.8	5	6.8	8	7.4
Somewhat in-effective	3	8.8	10	13.5	13	12.0
Very ineffective	0	----	5	6.8	5	4.6
Direct Mail						
Very effective	15	45.5	21	28.8	36	34.0
Somewhat effective	6	18.2	27	37.0	33	31.1
Undecided	8	24.2	15	20.5	23	21.7
Somewhat in-effective	3	9.1	5	6.8	8	7.5
Very ineffective	1	3.0	5	6.8	6	5.7
Point-of-Sale						
Very effective	10	32.3	14	19.2	24	23.1
Somewhat effective	10	32.3	19	26.0	29	27.9
Undecided	7	22.6	16	21.9	23	22.1
Somewhat in-effective	4	12.9	11	15.1	15	14.4
Very ineffective	0	----	13	17.8	13	12.5
Billboard						
Somewhat effective	4	12.9	13	18.1	17	16.5
Undecided	6	19.4	9	12.5	15	14.6
Somewhat in-effective	9	29.0	20	27.8	29	28.2
Very ineffective	12	38.7	30	41.7	42	40.8

TABLE XXV

PER CENT OF USERS VERSUS NON-USERS RATING THE MEDIA EFFECTIVE

Media	Very Effective and Somewhat Effective Combined	
	Users	Non-users
	Percent	Percent
Magazine	88.2	73.6
Newspaper	82.3	82.0
Direct Mail	63.7	69.0
Point-of-Sale	64.6	45.2
Billboard	12.9	18.1

Direct mail and POS media have the highest percentage of undecideds. Perhaps because these media are highly individualized, and little has been published concerning their effectiveness generally, users and non-users alike found it difficult to judge the media for comparative advertising effectiveness.

Billboards were rated ineffective by almost 70 per cent of the respondents. Because the message has to be visual and very brief, restraints are placed on the comparisons that can be made. Also, it would be possible for the consumer to misidentify the sponsor in the fleeting glance that billboards often receive.

Twenty-nine respondents did not answer the question on media effectiveness. Most of them indicated that it was too difficult to generalize and that any medium could be

effective or ineffective depending on the presentation, the execution and the message.

Television has the highest percentage of respondents indicating a medium to be very effective. This holds true for both users and non-users and includes all media. Radio has the lowest "very effective" rating of all media except billboards.

Some advertisers have expressed the opinion that the print media can be utilized for comparative advertising more effectively because the consumer is able to study the comparisons. A broadcast commercial of thirty seconds is not long enough to adequately make comparisons in some advertisers' opinions. If these advertisers really mean the entire broadcast media, the results of this study support their claim (see Table XXVII). However, if by the broadcast media they are really referring only to television, this study contradicts their viewpoint. Television has the highest percentage of respondents indicating "very effective" as their opinion of television comparative advertising effectiveness.

The evaluations of media effectiveness by those respondents who have actually utilized the respective media indicated little variation from the evaluations made by all respondents.

TABLE XXVI
EFFECTIVENESS RATINGS OF TELEVISION AND RADIO BY USERS AND NON-USERS
OF COMPARATIVE ADVERTISING

Degree of Effectiveness	User of Comparative Advertising		Non-User of Comparative Advertising		Total	
	Freq.	%	Freq.	%	Freq.	%
Television						
Very effective	27	79.4	54	71.1	81	73.6
Somewhat effective	4	11.8	9	11.8	11	11.8
Undecided	1	2.9	5	6.6	6	5.5
Somewhat ineffective	2	5.9	4	5.3	6	5.5
Very ineffective	0	----	4	5.3	4	3.6
Radio						
Very effective	6	18.2	5	6.7	11	10.2
Somewhat effective	10	30.3	28	37.3	38	35.2
Undecided	7	21.2	10	13.3	17	15.7
Somewhat ineffective	7	21.2	19	25.3	26	24.1
Very ineffective	3	9.1	13	17.3	16	14.8

Retaliation

Retaliation, as discussed in Chapter II, has received much publicity but little investigation. In this study 38.5 per cent of the respondents who use comparative advertising have been named by competitors. Twenty per cent of the non-user respondents have been named (Table XXVIII).

TABLE XXVIII

FREQUENCY OF RESPONDENTS THAT HAVE BEEN NAMED BY
A COMPETITOR IN COMPARATIVE ADVERTISING

Has your firm/brand been Named by a Competitor	User		Non-User		Total	
	Freq.	%	Freq.	%	Freq.	%
Yes	15	38.5	20	20.4	35	25.5
No	24	61.5	78	79.6	102	74.5

The data are definitely more enlightening when investigated on the basis of respondent company size (Table XXIX). Sixty-eight per cent of the firms with sales over \$1 billion have been named. The larger the firm, the more likely a competitor will name them in a comparative advertisement.

On an industry basis, automobiles are most likely to be named and cereals are least likely. Based on the answers by respondents no brand of cereal has been named by a competitor (Table XXX).

TABLE XXIX

FREQUENCY OF RESPONDENTS THAT HAVE BEEN NAMED BY
A COMPETITOR IN COMPARATIVE ADVERTISING BY SIZE

Has Your Firm/Brand Been Named by a Competitor?	COMPANY SIZE									
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$501-1 Billion		Over \$1 Billion	
	Count	%	Count	%	Count	%	Count	%	Count	%
Yes	3	7.3	10	24.4	7	26.9	2	50.0	13	68.4
No	38	92.7	31	75.6	19	73.1	2	50.0	6	31.6

TABLE XXX
 FREQUENCY OF RESPONDENTS THAT HAVE BEEN NAMED BY A COMPETITOR
 IN COMPARATIVE ADVERTISING BY INDUSTRY

Has Your Firm/Brand Been Named By a Competitor?	INDUSTRY													
	Auto		Cereal		HBA		Household Cleaners		Beer/Beverage		Paper		OTC Drugs	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Yes	8	61.5	0	----	8	25.0	5	21.7	6	23.1	2	50.0	6	20.0
No	5	38.5	9	100.0	24	75.0	18	78.3	20	76.9	2	50.0	24	80.0

Retaliatory Actions

When named by a competitor most firms take no action. The following respondents' comments effectively describe the prevailing positions taken by many responding firms on the retaliation issue. "Our competitor's comparative advertising was not detrimental to our product in terms of sales or awareness. No action was required." "The competitor's product sales have significantly declined since starting comparisons against our brand." A major beer producer indicated that the small local breweries using comparatives were "no threat" to his firm's business. Table XXXI) presents the retaliatory action taken by respondents who have been named in their competitors' comparative advertising.

TABLE XXXI

RETALIATORY ACTION TAKEN BY NAMED RESPONDENTS

Type Action Taken	Named User		Named Non-User		Total	
	Freq.	%	Freq.	%	Freq.	%
No action	10	38.5	16	61.5	26	74.3
Complaint to media	3	60.0	2	40.0	5	14.3
Complaint to NAD/NARB	2	40.0	3	60.0	5	14.3
Lawsuit	--		1	100.0	1	2.9
Counter Comparative Advertising	3	100.0	--		3	8.6
Contact Competitor	1	33.3	2	66.7	3	8.6
Other	--		2	100.0	2	5.7

The "other" action taken was to rejoice by one company because the comparative advertising was to the firm's benefit--it publicized the company name. The other action taken was to complain to the proper governmental authorities, in this case the Food and Drug Administration.

Seventy-five per cent of those that were named were satisfied with the retaliatory action they took (Table XXXII). Another 18.8 per cent were somewhat satisfied and only 6.3 per cent were dissatisfied. A dissatisfied respondent said, "The process is too slow. It can take years. . ."

TABLE XXXII

SUCCESS RATING OF RETALIATION BY RESPONDENTS NAMED
IN COMPARATIVE ADVERTISING

Was Your Retaliatory Action Successful?	User		Non-User		Total	
	Freq.	%	Freq.	%	Freq.	%
Yes	6	54.5	18	85.7	24	75.0
No	2	18.2	0	--	2	6.3
Somewhat	3	27.3	3	14.3	6	18.8

Three competitors did not answer the question. All three had indicated in the previous question that they took no action when named by a competitor. Presumably they did not consider "No Action" could be successful or unsuccessful.

On an industry basis it becomes apparent that a few industries account for the retaliatory activities reported in the media. "Comparative advertising is often used by

TABLE XXXIII
 RETALIATORY ACTION OF NAMED RESPONDENTS BY INDUSTRY

Type of Action Taken	INDUSTRY											
	Auto		HBA		Household Cleaners		Beer/Beverage		Paper		OTC Drugs	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
No Action	8	100.0	5	62.5	4	80.0	5	83.3	2	100.0	2	33.3
Complaint to Media			2	25.0							3	50.0
Complaint to NAD/NARB			3	37.5	1	20.0					1	16.7
Lawsuit			1	12.5								
Counter Comparative Advertising			2	25.0							1	16.7
Contact Competitor					1	20.0						
Other							1*	16.6			1	16.7

*The rejoicing respondent.

manufacturers, but seldom are there campaigns based on retaliation" according to one respondent in the automobile industry. All automobile manufacturing respondents in this study took no action to being named in competitors' comparative advertising. This was also true of the respondents in the beer/beverage industry and paper industry (Table XXXIII).

In the health and beauty aids and over-the-counter drug industries there have been complaints filed, counter comparative advertising and one lawsuit based on the results of this study. In HBA the retaliatory action centers on several deodorant comparative claims and counterclaims, and in the OTC drugs it is controversy over analgesic claims.

Table XXXIV presents the retaliatory action of the named respondents by their sales volume size. The smallest firms elected to take "No action" when named by competitors, perhaps because of the expense of any of the other types of retaliation. Actually 92 per cent of the companies with over \$1 billion dollars in sales elected "No action" retaliation, because one of the "other" type action taken was the company that rejoiced over being named. This high percentage of large companies taking no action generally supports the belief that leaders in the field have nothing to benefit by acknowledging the comparative claims of their competition.

TABLE XXXIV
 RETALIATORY ACTION OF NAMED RESPONDENTS BY SIZE

Type of Action Taken	COMPANY SIZE									
	Less Than \$10 Million		\$10-100 Million		\$101-500 Million		\$501-1 Billion		Over \$1 Billion	
	• Freq	%	• Freq	%	• Freq	%	• Freq	%	• Freq	%
No Action	3	100.0	8	80.0	4	57.1			11	85.0
Complain to Media			3	30.0	1	14.3			1	7.7
Complain to NAD/NARB			1	10.0	3	42.8			1	7.7
Lawsuit					3	14.3				
Counter Comparative Advertising			2	20.0					1	50.0
Contact Competitor			1	10.0	1	14.3			1	50.0
Other									2	15.4

Comparative Advertising and Society

Respondents were asked to evaluate comparative advertising and its benefits or detriments to various segments of society. The FTC has expressed its viewpoint that comparative advertising should benefit the consumer, competition and the advertising industry in general. From the study results advertising and marketing managers did see benefits to consumers but were much less enthusiastic for the other situations. However, users of comparative advertising were at least twice as likely to see this type of advertising as being mostly beneficial for all categories other than the consumer. The data for all groups are presented in Table XXXV.

Consumer

Both users and non-users perceived the consumer as receiving "mostly beneficial" results from comparative advertising. Many respondents indicated the consumer should benefit from additional information on product attributes, enabling real product differences to be evaluated. "If it is a real consumer benefit, one that can be substantiated the consumer should consider it in his decision." Another respondent suggested that comparative advertising could simplify the consumer decision process. Comparative advertising has the potential of "information with perspective."

TABLE XXXV

RESPONDENTS' PERCEPTIONS OF THE VALUE OF COMPARATIVE
 ADVERTISING FOR THE CONSUMER, FIRM, INDUSTRY,
 ADVERTISING INDUSTRY AND BUSINESS IN GENERAL

	User		Non-User		Total	
	Freq.	%	Freq.	%	Freq.	%
<u>Consumer</u>						
Mostly beneficial	29	78.4	39	55.7	68	63.6
Neutral	7	18.9	14	20.0	21	19.6
Mostly detrimental	1	2.7	17	24.3	18	16.8
<u>Your Firm</u>						
Mostly beneficial	27	75.0	11	15.7	38	35.8
Neutral	5	13.9	35	50.0	40	37.7
Mostly detrimental	4	11.1	24	34.3	28	26.4
<u>Your Industry</u>						
Mostly beneficial	13	37.1	6	8.7	19	18.3
Neutral	17	48.6	37	63.6	54	51.9
Mostly Detrimental	5	14.3	26	37.7	31	29.8
<u>Advertising Industry</u>						
Mostly beneficial	12	33.3	12	17.6	24	23.1
Neutral	21	58.3	31	45.6	52	26.9
<u>Business in General</u>						
Mostly beneficial	14	40.0	13	19.1	27	26.2
Neutral	18	51.4	33	48.5	51	49.5
Mostly detrimental	3	8.6	22	32.4	25	24.3

Most of the respondents who indicated they were neutral concerning the value of comparative advertising to consumers suggested that the success of the advertising depends on the execution. "Comparative advertising is a time-honored tool in the practice of competitive selling. If appropriately and factually used in a specific case the consumer could benefit."

Those who thought the value to consumers was mostly detrimental focused on the "false sense of truth" and confusion of comparative advertising. "Advertising is a marketing tool that utilizes selected facts to present a particular product in the best possible light. Comparative advertising sometimes focuses or features unimportant differences." Several advertising managers indicated consumers get a false sense or "pseudo truth." Conflicting use of figures or test results causes confusion, and confusion results in loss of credibility and lack of ability to correctly identify the sponsor. Thus comparative advertising is seen as providing "free" advertising for the competitor.

The Firm

Seventy-five per cent of the users felt that comparative advertising was mostly beneficial to their firm. Those respondents who thought the firm could benefit from comparative advertising can best be summarized by the advertising manager who stated, "If I am better than the other guy and

can prove it, it should help my sales picture." Several mentioned that to them the benefit was that their firm became more aware of competitor's advantages and disadvantages in relation to their own product. Another respondent mentioned that it caused his firm to select brands with meaningful product differences.

Only about 16 per cent of the non-users considered comparative advertising beneficial to their firm. An advertising manager for household cleaning aids and a non-user of comparative advertising stated that comparative advertising usage in that industry had caused them to increase the quality of their own products. Half of the non-users were neutral. A neutral respondent, a leader in his industry, wrote, "The top guy doesn't act this way." Over a third considered comparative advertising to be detrimental to their firm. Not one respondent indicating "mostly detrimental" for their firm made a comment as to why they felt that way. Probably it is difficult to admit that sales have been hurt or inferior product characteristics have been brought out by comparative advertising.

The Industry

Fifteen per cent of users rated the value of comparative advertising to be mostly detrimental for their industry. That percentage is the highest negative figure by users for all categories listed. No negative comments were noted,

however. Non-users, similarly, had the highest percentage of respondents indicating mostly detrimental for this category.

A user of comparative advertising in the automobile industry felt that "legitimate comparative advertising should long-term help the industry by driving out sub-par products."

Advertising Industry

Considerably over one-half of the advertising/marketing managers were neutral as to the value of comparative advertising to the advertising industry. One respondent indicated that he felt comparative advertising "creates skepticism that can carry over to all advertising. The consumer will consider all advertising is false and exaggerated." Several warned that the concept must be applied with care in order not to sacrifice the credibility of all advertising.

An automobile manufacturer suggested that comparative advertising should help the advertising business by focusing attention on facts. But on the whole, respondents seem to be withholding judgment on the advertising industry. "It's too soon to tell." "Depends on how it's done over the long run."

Business in General

For the Business in General category respondents generally indicated they were neutral. The remaining

respondents were almost evenly split between "mostly beneficial" and "mostly detrimental."

Ethics

Table XXXVI presents the data on comparative advertising ethics by users and non-users of comparative advertising. Ninety-five per cent of the users consider comparative advertising to be ethical. Only 5 per cent were unsure and none of the users consider the practice to be unethical. However, most user respondents qualified their response with a comment concerning execution: "When done fairly and accurately." "Properly supported." "If comparisons are truly valid and can be replicated across a broad range of conditions." "As long as the advertising is truthful and communicates only substantiated claims, then consumers have a right to be exposed to product differences which benefit them." "If the presentation and logic are fair-- independent testing labs, not company research." Approximately 75 per cent of all comments concerned fair execution.

The two user respondents that indicated comparative advertising may or may not be ethical cited situations where they considered advertising to be unethically practiced. One considered derogatory comparisons to be unethical. The other undecided respondent was concerned with comparative advertising

being the kind of tactic that can be used by these people (Fast buck con artists) with a

great deal of success on a hit-and-run basis. By the time the prospect finds out that the comparisons are not legitimate, the advertiser has moved on to other fields leaving an unhappy customer who now doubts advertising even more, plus at least one legitimate businessman whose reputation may have been tarnished forever by an unethical comparative claim.

TABLE XXXVI
ETHICS OF COMPARATIVE ADVERTISING

Is Comparative Advertising Ethical	Users		Non-Users		Total	
	Freq.	%	Freq.	%	Freq.	%
Yes	37	94.9	58	59.2	95	69.3
No	0	----	31	31.6	31	22.6
Maybe	2	5.1	9	9.2	11	8.0

Almost 60 per cent of the non-users considered comparative advertising to be ethical. Similar to the users, non-users also qualified their opinion with comments concerning the manner in which the advertising was presented in approximately 75 per cent of the cases.

Non-users of comparative advertising who consider the practice ethical often commented that while it was ethical they did not consider it effective. Other comments by non-users who consider the practice to be ethical include: "It's the spirit of open competition--the basis of American business!" "If differences are real and meaningful comparisons may be morally required." "It helps to keep retail selling prices low. Consumers benefit directly from this type of advertising."

Of course it is ethical. Advertising is simply a way of disseminating information. Comparative advertising is only effective if it informs the consumer of meaningful benefits. Other companies then are forced to develop products with meaningful benefits. As a consequence the consumer continues to get better products for the money and that's what our system is all about.

Approximately one-third of the non-users consider comparative advertising to be unethical. Over 60 per cent in that group checked NO and made no comment as to why they considered comparative advertising to be unethical.

One respondent indicated that in the brewing business it is a violation of federal law to make derogatory statements about other beers, therefore for his industry he considered comparative advertising to be unethical.¹

Another respondent in the over-the-counter drug industry stated,

with the recent FDA publication of the monograph panels, all category products on the market are deemed 'safe and effective.' Therefore there is no 'ethical' reason why a particular manufacturer should advertise his product in terms of superiority.

Several respondents considered comparative advertising unethical because comparisons generally cover only the characteristics of the product that are positive and does not portray a true picture of either product. "Comparisons are selective, thus all facts cannot be put forth."

¹This position was supported by one other brewer, or two out of 14 respondents in the brewing industry. Four have used comparative advertising and in no way indicated any legal problems.

"Comparative advertising borders on overstatement of product claims by disparagement and by exception of a competitor's product feature considered most vulnerable."

Five respondents considered comparative advertising to be unethical because it knocks or disparages competitors and they prefer to advertise and sell products on positive merits. "If one cannot sell on the basis of the quality of one's own product, certainly knocking a competitor will in the long run do no good." "Comparative advertising tells a one-sided story. Rebuttals can be very expensive and only confuse the consumer. I believe an advertiser should sell the merits of his products. You can't ignore competition but you can use their product weaknesses to formulate your own positive copy strategy." "Nothing good in this world was ever built by demeaning the other person or his product. The best advertising sells the benefits of your own product."

One respondent considered comparative advertising to be unethical because it benefits competition. "Placing the competitive product on the media is equivalent to granting advertising dollars to your competitor."

Several interesting comments were written by managers who were not sure whether comparative advertising was ethical. One respondent stated he did not feel it was ethical for companies to compare their best (top-of-the-line) product to a second line product of competition in

order to claim superiority. Another respondent felt "some consumer product markets exploit subjective differences in comparisons, and I personally feel that such advertising is unethical. Obscuring the issues is not the way to 'sell' your product."

A household laundry manufacturer was very articulate about his opinion:

Comparative advertising is used for only one purpose-- to show that one product is better than another. Unfortunately this can become very unethical by using trick photography, confusing statements and untrue implications. Today's educated consumers know that it is impossible for an advertiser to make his product look inferior whether it is or not. In my opinion it would be most difficult to be completely ethical with comparative advertising, since I would have to compare it with a debate between a university professor and a mute.

CHAPTER IV

PRIMARY DATA RELATED TO EVALUATION OF COMPARATIVE ADVERTISING BY ADVERTISING AGENCY EXECUTIVES

The following information has been gathered from the questionnaire responses of advertising agency executives. The data are divided into six sections: (1) Usage of comparative advertising (2) Success of comparative advertising (3) Agency recommendations concerning comparative advertising (4) Comparative advertising and the media (5) Comparative advertising retaliation and (6) Comparative advertising and society.

Usage of Comparative Advertising

The results of the survey of advertising agencies indicate that 64 of the 191 agencies (34 per cent) responding to the questionnaire have employed comparative advertising for their clients. One hundred twenty-seven agencies (66 per cent) have not used comparative advertising.

Those agencies who have used comparative advertising for their clients were asked to list the products that had used that type advertising in the past two years, and to indicate whether the product was still using comparative advertising. Space was provided for the agency executive

to list the five brands most extensively using comparative advertising. A subsequent question asked the total number of brands using the concept. Only one agency had more than five brands using comparisons. They reported a total of eleven brands using comparative advertising. In the past two years, only 23 out of the 64 agencies (35.9 per cent) have more than one brand using comparative advertising, and only 18.8 per cent have more than two brands using comparative advertising.

To maintain anonymity, and for ease of tabulation and reporting, brands were grouped into thirteen categories. Auto, paper, health and beauty aids, over-the-counter drugs, and household cleaners are the same categories previously used in the business executives study presented in Chapter III. In this study cereals have been included in the broader food category and the beer and soft drinks category has been expanded to include wine, alcoholic beverages and fruit drinks.

Several additional industries were delineated from the responses by advertising agency executives. The transportation industry includes mainly airlines; however, all forms of transportation were included except automobile. The pet supplies category included pet foods, pet grooming aids, and cat hygiene materials. The appliances/equipment category included household major and small appliances, and stereo, CB and copying equipment.

The retailing category has diverse users of comparative advertising: a governmental service, several banks and bank services, such as a bank person-less cash machine and a bank charge card, several restaurants, supermarkets, dry goods stores and a resort. Political candidates, automobile motor oil and parts, a newspaper, a magazine, books, television shows and paints comprise the "other" category. Table XXXVII presents the data by category.

TABLE XXXVII

PRODUCT CATEGORY FREQUENCY OF COMPARATIVE ADVERTISING IN THE PAST TWO YEARS BY RESPONDING AGENCIES

Product Category	Brands	
	Frequency	Per Cent
Appliance/equipment	12	11.8
Auto	9	8.8
Beverage	11	10.8
Clothing	2	2.0
Drugs	6	5.9
Food	7	6.9
Health and Beauty Aids	6	5.9
Household Cleaners	6	5.9
Paper Products	1	.9
Pet Supplies	2	2.0
Transportation	7	6.9
Other	24	23.5

*Five agencies have used comparative advertising but not in the past two years.

Approximately one-third (34) of the advertising agency respondents' brands that have used the concept in the past two years are not doing so at the present time. Table XXXVIII presents the current data for products that have used comparative advertising.

TABLE XXXVIII
BRANDS USING COMPARATIVE ADVERTISING BY PRODUCT CATEGORY

	Current User Brands		Current Non-User Brands	
	Frequency	%	Frequency	%
Appliance/equipment	9	75.0	3	25.0
Auto	4	44.4	5	55.5
Beverage	8	72.7	3	27.3
Clothing	2	100.0	0	----
Drugs	6	100.0	0	----
Food	5	71.4	2	28.6
HBA	5	83.3	1	16.7
Household Cleaners	1	16.7	5	83.3
Paper Products	1	100.0	0	----
Pet Supplies	2	100.0	0	----
Transportation	3	42.9	4	57.1
Other	17	74.0	6	26.0
Total	67	66.3	34	33.7

The automobile, household cleaners and transportation categories show the highest percentages of those brands that have used comparative advertising in the past two years but are not currently employing the concept.

Future Use of Comparative Advertising

As an indicator of their satisfaction or dissatisfaction with comparative advertising, respondents were asked if they intended to use the concept for their clients in the future. Sixty-seven agencies (36 per cent) indicated they did expect to recommend comparative advertising in the future. Eighty-seven (47 per cent) said they would not and 32 (17 per cent) said they may recommend it. Table XXXIX indicates the agencies' intended future use.

TABLE XXXIX

EXPECTED FUTURE USE OF COMPARATIVE ADVERTISING BY PRESENT
USERS AND NON-USERS OF COMPARATIVE ADVERTISING

Expected Future Use	Current Situation			
	User of Comparative Advertising		Non-User of Comparative Advertising	
	Frequency	Per Cent	Frequency	Per Cent
Yes	43	70.5	24	19.2
No	6	9.8	81	64.8
Maybe	12	19.7	20	16.0

As anticipated, most agencies who have employed comparative advertising for their clients expect to continue using the concept. However, nearly 20 per cent of those who have not used comparative advertising in the past expect to recommend it in the future. It appears that the use of comparative advertising may increase slightly.

Future Use by Current Users.--Seventy per cent of the users of comparative advertising reported they will continue to recommend comparative advertising in the future. "People make judgments when they buy." "When the situation is right, it works." The situation was considered "right" when the client's product had a significant competitive advantage that could be recognized by the target audience. "Especially when your product has a low market share and is factually superior to the leading brand, it can jar loose some extra attention and hopefully sales." "It is hard-hitting and lets the consumer know the truth about products." Most agencies view comparative advertising as a selective tool to be used with great discretion, where appropriate and credible.

About ten per cent (6) of the agencies who have used comparative advertising in the past do not expect to recommend it in the future. One agency respondent indicated that most of their clients were industry leaders making it unnecessary to use comparative advertising in most cases.

One respondent stated "basically it's not a sound advertising concept." Another said they would not recommend it again except to retaliate against false or misleading claims if they felt that was necessary. Finally, one respondent indicated that in most cases comparative advertising had not worked. "Consumers reacted negatively when we mentioned our competitor's name."

Future Use by Non-Users.---The most frequently expressed reason by non-users for not using comparative advertising in the future was that it is not applicable to their clients. Either the clients were leaders in their field or the clients were simply not interested in using the approach. One agency, handling several Japanese products, said their Japanese clients did not approve of comparative advertising against other Japanese companies but it was "alright to use it against American companies."

The next most frequently mentioned consideration by agencies and their clients was that they prefer to sell the advantages or merits of their own products. "We believe in stressing the virtues of our own products." "We've had good results from focusing on our own products and promoting their advantages." "More creative ways to promote a product are available."

The third most frequently mentioned reason was that comparative advertising is counter-productive. "It advertises the competition at the client's expense. There are too many other good creative approaches." "We question the effectiveness and wisdom of using the client's dollars to advertise the competition."

Several agencies indicated that the risk of legal damages and the extent of substantiation kept them from recommending comparative advertising. "The potential gain is not worth the inherent risk and the extra effort to substantiate claims." "It is difficult to clear copy through networks and stations. It leaves you open to suits." One agency executive reported: "I have known others who have used it and admitted that they deliberately slanted the comparison toward only one product benefit, the one product benefit in which their client excelled. You can have monstrous problems with the media."

Two agency respondents mentioned that research had indicated that comparative advertising does not work. Another respondent was concerned that the copy could be invalidated by simple product changes on the part of the competitor. Finally, one agency executive felt that comparative advertising was used "only by companies wishing to attack the leader(s)--why tell the world you're a poor runner?"

The responses from non-users who indicated they might use comparative advertising in the future centered around the reasoning that if it served the client's needs, or if the market conditions called for it, they would recommend comparative advertising. "It depends upon the client, the competition and the parity of products." In addition, one respondent commented that he felt comparative advertising is "seldom a premeditated strategy or objective."

Success of Comparative Advertising

Of the responding agencies, approximately 86 per cent consider comparative advertising to be at least somewhat successful. Data is presented in Table IV for success ratings by responding advertising executives who have employed comparative advertising.

The very unsuccessful campaign was for one of the new low-calorie "light" beers. Because none of the sales or consumer awareness goals were met, the campaign was withdrawn. One of the somewhat unsuccessful comparative advertising campaigns was stopped because of "product problems." In reference to the other somewhat unsuccessful campaign, the agency executive commented that the comparative format caused "confusion with client brand/goals."

TABLE XL
COMPARATIVE ADVERTISING SUCCESS RATINGS BY BRANDS USING
COMPARATIVE ADVERTISING

Degree of Success	Brands	
	Frequency	Per Cent
Very successful	66	62.9
Somewhat successful	23	21.9
Undecided	13	12.4
Somewhat unsuccessful	2	1.9
Very unsuccessful	1	.9

*One advertiser did not indicate an opinion of success because the ad had not yet broken. Another respondent gave no reason for not selecting a degree of success for his brand using comparatives, but simply did not answer the question. Finally, one agency executive ripped off the front page of the questionnaire considering the information requested to be confidential (brand names using comparatives and media use for each brand). However, he did rate the success of the two unknown brands using comparative advertising.

Several agencies were "undecided" about the success of the comparative advertising because the campaigns were recently initiated, and they felt it was too soon to judge success.

Success Criteria

Success was judged by per cent change in sales for 73 per cent of the responding agencies using comparative advertising. Table XLI indicates the success criteria for each brand using this type of advertising.

TABLE XLI
 CRITERIA EMPLOYED BY RESPONDING AGENCIES TO EVALUATE
 COMPARATIVE ADVERTISEMENTS

Criteria	Frequency	Per Cent
Per Cent Change in Sales	73	73.0
Change in Consumer Attitude or awareness	50	50.0
BURKE or other similar advertising recall tests	19	19.0
Other	17	17.0

*Five respondents did not identify success criteria.

"Other" criteria used to judge comparative advertising success were dealer opinions, competitors' reactions, coupon response and, for a political candidate client, winning the election.

Success Related to Future Use

An attempt was made to determine if those who consider comparative advertising to be very effective expected to use it in the future. The results of the cross tabulation appear in Table XLII.

The "very unsuccessful" comparative advertising campaign was for one of three such campaigns created by the agency respondent. The agency employed the comparative concept successfully in the other two comparisons and the

TABLE XLII
 AGENCY RATINGS OF COMPARATIVE ADVERTISING SUCCESS COMPARED WITH AGENCY INTENT
 TO USE COMPARATIVE ADVERTISING IN THE FUTURE

Degree of Success	Expect to Recommend Comparative Advertising					
	Yes		No		Maybe	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Very successful	50	79.4	4	6.3	9	14.3
Somewhat successful	20	87.0	0	----	3	13.0
Undecided	6	46.2	2	15.4	5	38.5
Somewhat unsuccessful	0	----	1	50.0	1	50.0
Very unsuccessful	1	100.0	0	----	0	----

agency plans to continue naming names. One of the agencies reporting a somewhat unsuccessful comparative campaign will not recommend the concept again, however the other agency reporting a somewhat unsuccessful campaign indicated they might employ the concept if the situation dictated using a comparison.

Even when agencies were undecided about the success of the comparative advertising, nearly one-half said they expect to use it in the future. Only two agencies stated they would not employ comparisons and the remaining agencies indicated they may recommend comparative advertising in the future.

A greater proportion of those agencies that indicated their campaigns were somewhat successful were in favor of recommending comparative advertising in the future relative to those who claimed their comparisons were very successful. All of the agencies "somewhat successful" indicated either they would use it in the future (87 per cent) or they may use it in the future (13 per cent). None indicated they would not use this type of advertising.

Nearly 80 per cent of the agencies that indicated their campaigns were very successful intend to recommend comparative advertising in the future. Slightly over 6 per cent said they would not. These were the agencies that had used

comparative advertising on an exceptional, one-time basis and did not expect to use it again.

Agency Recommendations Concerning Comparative Advertising

Agencies are very influential in recommending strategies to their clients. In order to better understand their reasons for recommending comparative advertising or recommending against it, two open-ended questions were asked on this subject.

Recommendations for Comparative Advertising

The comments written by users and non-users stating they would recommend comparative advertising are summarized in Table XLIII. Those advertisers who use comparative advertising mentioned demonstrating product advantages in 38.2 per cent of the responses. They stressed that the product must be superior in a major respect, with meaningful differences to the consumer. "When there is a clear, demonstratable, documentable product advantage that is meaningful to the consumer, we recommend it." "The consumer and client benefit when product advantages are clear cut and demonstratable. Differences must be honest, based on truthful comparisons that are relevant to product use." Two user respondents included conditions: "Don't let the comparison execution obscure the message" and "Comparative advertising

TABLE XLIII
RECOMMENDATIONS FOR COMPARATIVE ADVERTISING BY USER
AND NON-USER AGENCIES

Reason for Recommending Comparative Advertising	Users		Non-Users	
	Frequency	%	Frequency	%
Demonstrate Product Advantage	21	38.2	35	31.0
Compare with leader benefit by association	11	20.0	6	5.3
Product positioning	10	18.2	11	9.7
Effective Way to sell	5	9.1	10	8.8
Marketing Strategy requires it	5	9.1	1	.8
Only way to make the point	0	----	5	4.4
Would not	0	----	38	33.6
Others	3	5.5	8	7.1
No response	9	14.1	14	11.0

should be used when a highly demonstratable product difference exists that can't be effectively highlighted by other means."

Thirty-one per cent of the non-users of comparative advertising indicated similar responses. They did, in several answers, state the product with a price advantage could use

comparatives, they wished to be fairly certain there would be no "backlash" opportunities, and they wanted unbiased test results to verify the product superiority. One non-user respondent indicated he would use comparative advertising "only if all other brands were clearly inferior and it was necessary to segregate the client from the generally accepted inferior brands."

Twenty per cent of the users considered it beneficial to compare a small market share or lesser known brand to the category leader. "By comparing my client's product to the leader with a well-known brand, my client's image can be raised toward the higher image of the leading brand." Another called comparative advertising "an effective technique to go after the market leader. It strengthens the product's perception by associating with the leader and therefore can increase trial, usage and awareness." Five per cent of the non-users indicated this reason for recommending comparative advertising but with a slightly negative tone. "If it's the only way to go against the leader in a market." "If you're at the bottom of the category with nothing to lose by comparing with the leader."

Product positioning was mentioned in just slightly over 19 per cent of the comments made by user agencies. In this situation, positioning means to establish a product's worth versus the competition. This was considered to be

especially beneficial for a new product. "Comparative advertising is ideal for introducing a new product or for a brand with low awareness when the consumer perception is unclear on the brand's identity." "For a lead campaign it makes the client known to the public."

Non-users in nearly 10 per cent of the responses indicated that comparative advertising could provide a frame of reference for new product positioning. "When there is an obviously superior product where features have been under communicated or improperly communicated and the comparisons would be beneficial to product positioning." "Rub-off by comparing with the best quickly establishes the market calibre."

About 9 per cent of both users and non-users indicated that comparative advertising is an effective way to sell. Another 9 per cent of the users indicated they will recommend comparative advertising when the marketing strategy requires it. Only one non-user indicated a similar response.

"Other" reasons provided by users include conditions that respondents felt should be met in recommending the concept. "As long as comparisons are within the media guidelines." "Use it tactically, but not strategically, as it doesn't allow the development of long term positioning." "It's valuable only to offset poor competitive positioning."

Five non-users specified they would recommend comparative advertising if it was the only way to make a point. The response with the highest percentage for non-users was that they would not recommend comparative advertising. This position was taken by one-third of the responding agencies. "Other" reasons provided by non-users included: if the client demands it, if there is nothing else to say, and if a product advantage can't be highlighted by any other means.

Recommendations Against Comparative Advertising

Table XLIV contains a summary of the reasons agencies recommend against comparative advertising.

Approximately one-fourth of the users would recommend against using comparative advertising if the claims involved were not completely believable, true, meaningful or relevant. "When competition is better don't use comparatives--it's risky." Less than 10 per cent of the non-users provided similar responses. "Don't use it when no actual basis for comparison exists, or when differences are insignificant or petty. Then deception is intended or implied." "When it's hard to prove benefits over competition, you'll get into trouble using comparative advertising."

Twenty-one per cent of the users and nine per cent of the non-users recommend against comparative advertising for the market leader because it elevates competition. "There

TABLE XLIV
RECOMMENDATIONS AGAINST COMPARATIVE ADVERTISING BY USER AND NON-USER AGENCIES

Reasons for Recommending Against Comparative Advertising	Users		Non-Users	
	Frequency	Per Cent	Frequency	Per Cent
When claims are not believable or are irrelevant	7	12.2	38	29.9
Market leader should not use	14	24.6	12	9.44
Advertises competition	12	21.1	12	9.44
No clearcut product advantage	7	12.2	2	.8
When retaliation is likely to occur	5	8.8	13	10.2
Depends on the situation	4	7.0	3	2.4
Detrimental to image	0	-----	7	5.5
Not effective advertising	3	5.3	11	8.6
Confusing to consumer	0	-----	7	5.5
Negative marketing	0	-----	5	3.9
Others	5	8.8	17	13.4
No response	7	10.9	0	-----

is no need to identify competitors and give them any free publicity if you're #1." "It hurts the leader and builds recognition for the competition."

If not correctly done, users are concerned with free advertising for the competition in 12 per cent of the responses. "When product differences are not significant to the target audience, you end up selling the competition." "If not done correctly, you're providing free advertising space or time to one's competitors."

For non-users, advertising the competition is the most important consideration for recommending against comparative advertising. Thirty per cent, the highest percentage for any reason mentioned, feared that the target audience would remember the competition's product rather than the client's product. Most non-users are opposed to spending the client's money to advertise competition. "We see no advantage in using our client's budget to mention a competitor--it builds recognition for the competitor." "When an ad features competition, no matter how unfavorable the light, if it doesn't 'take' in the mind of consumers it really benefits the competition." "If the client's product has a clear cut advantage, why mention competition? Comparisons are self-evident."

Twelve per cent of the users and less than 1 per cent of the non-users mentioned no clear-cut product advantage as a reason to recommend against comparative advertising. "If

you're not a winner in most comparisons--avoid it!" "When the message is only of interest to the client and contains no consumer benefit." "If there is a slight product difference which requires 'special research' to be created to find a promotable difference, watch out!"

Likely retaliation is a reason given by 9 per cent of the users and 10 per cent of the non-users for recommending against the concept. For the users it is the result of the retaliation that concerns them, not the retaliation itself. "It can lead to a dog-fight between products where the public becomes confused and the end result is a decrease in both brand's sales." "It can get into a company versus company battle and ignore consumers." Non-users are concerned about the risk of retaliation, cost of unused or unusable production and lawsuits.

Seven per cent of the users and 2.4 per cent of the non-users stated that their recommendations for a client depend on the specific product and market situation. Another five per cent of the users and eight per cent of the non-users recommend against comparisons when they think it will be detrimental to the image of their client's firm.

Non-users had several reasons not mentioned by users for recommending against direct comparisons. Five per cent considered it ineffective advertising. Several respondents

referred to the Ogilvy and Mather research on comparative advertising. One claimed: "It is ineffective, unproductive, unethical and not in the best interests of the consumer or advertiser." Another 5 per cent considered it to be confusing to the consumer. "Consumer recall is confused and often it's the competitor's name that sticks in the mind of the consumer." Four per cent consider comparatives to be negative marketing. "We would prefer to promote our client's positive features to solve problems of the consumer rather than attack others."

"Other" considerations by users of comparative advertising included "knocking" competition, unique, breakthrough products and using comparisons as a tactic rather than a strategy. "Other" considerations by non-users of comparative advertising were the client was not interested, when done in desperation, it's too sophisticated for the Spanish-American market, there are better ways to sell products, and it's unethical.

It is interesting to note that 11 per cent of the non-users did not respond to the open-ended question asking for the reasons they would recommend comparative advertising but every non-user responded to the question asking for the reasons they would recommend against comparative advertising.

Comparative Advertising and the Media

The results from the study of the advertising agencies' opinions of media effectiveness/media usage are similar to the results from the businesses in the selected industries (Refer to Table XX). All the major media are used by the agencies for comparisons, although by varying rates. Magazines are used by the greatest percentage of the brands agencies represent, followed by television and newspaper. However, radio was used almost three times more in the agency study compared to the business study, while the business study reported slightly higher usage rate for direct mail and POS media. The data from responding agencies is presented in Table XLV.

Advertising agency respondents reported that sixty-two per cent of the brands that use the direct mail medium use it almost exclusively with comparisons. Of all brands promoted by the television medium, 55 per cent used comparisons exclusively, followed by magazines with 43 per cent. All of the media in the 80-100 per cent category had higher percentages in the agency study compared to the business study.

Media Effectiveness

Table XLV presents the use of the media by the brands using comparative advertising that agencies represent. Table XLVI displays the opinions of advertising agencies

TABLE XLV

PER CENT OF RESPONDENTS' ADVERTISING EXPENDITURES WITH EACH MEDIUM ALLOCATED TO COMPARATIVE ADVERTISING FOR EACH BRAND

Media	No. of Respondents	Per Cent of Advertising Expenditure											
		0%		1-19%		20-39%		40-59%		60-79%		80-100%	
		No. Brands	Per Cent	No. Brands	Per Cent	No. Brands	Per Cent	No. Brands	Per Cent	No. Brands	Per Cent	No. Brands	Per Cent
Newspaper	40.6	4	9.8	9	22.0	10	24.4	7	17.0	3	7.3	8	19.5
Magazine	57.4	2	3.4	7	12.1	7	12.1	8	13.8	9	15.5	25	43.1
Billboard	6.9	0	----	2	28.5	0	----	3	42.8	0	----	2	28.5
Direct Mail	20.8	0	----	3	14.3	1	4.8	3	14.3	1	4.8	13	61.9
POS	21.8	2	9.1	8	36.4	4	18.2	3	18.2	3	13.6	4	18.2
Radio	28.7	1	3.4	5	17.2	11	37.9	4	13.8	1	3.4	7	24.1
Television	54.5	0	----	4	7.3	6	10.9	6	10.9	9	16.4	30	54.5

TABLE XLVI

EFFECTIVENESS RATINGS OF MAGAZINE, NEWSPAPER, DIRECT MAIL, POINT-OF-SALE AND
BILLBOARD MEDIA BY AGENCIES THAT USE AND DO NOT USE
COMPARATIVE ADVERTISING

Degree of Effectiveness	User of Comparative Advertising		Non-User of Comparative Advertising		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
<u>Magazine</u>						
Very effective	31	66.0	43	48.3	74	54.4
Somewhat effective	10	21.3	30	33.7	40	29.4
Undecided	4	8.5	7	7.9	11	8.1
Somewhat ineffective	0	---	2	2.2	2	1.5
Very ineffective	2	4.3	7	7.9	9	6.6
<u>Newspaper</u>						
Very effective	32	68.1	34	38.2	66	48.5
Somewhat effective	10	21.3	33	37.1	43	31.6
Undecided	4	8.5	8	9.0	12	8.8
Somewhat ineffective	0	---	5	5.6	5	3.7
Very ineffective	1	2.1	9	10.1	10	7.4
<u>Direct Mail</u>						
Very effective	25	56.8	27	32.1	52	40.6
Somewhat effective	6	13.6	22	26.2	28	21.9
Undecided	7	15.9	17	20.2	24	18.8
Somewhat ineffective	4	9.1	5	6.0	9	7.0
Very ineffective	2	4.5	13	15.5	15	11.7

TABLE XLVI (Cont.)

Degree of Effectiveness	User of Comparative Advertising		Non-User of Comparative Advertising		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Point-of-Sale						
Very effective	18	41.9	20	23.0	38	29.2
Somewhat effective	3	7.0	13	14.9	16	12.3
Undecided	11	25.6	16	18.4	27	20.8
Somewhat ineffective	6	14.0	14	16.1	20	15.4
Very ineffective	5	11.6	24	27.6	29	22.3
Billboard						
Very effective	3	7.0	3	3.6	6	4.7
Somewhat effective	4	9.3	5	6.0	9	7.1
Undecided	12	27.9	10	11.9	22	17.3
Somewhat ineffective	6	14.0	15	17.9	21	16.5
Very ineffective	18	41.9	51	60.7	69	54.3

concerning the effectiveness of the various media. Again, for the print media, magazines had the highest percentage of responding agencies selecting the very effective category and billboards had the highest percentage of respondents indicating the very ineffective category.

As in the study with business executives, agency users of comparative advertising considered all print media to be more effective than non-users. When combining the data for the effective criteria (see Table XLVII), newspapers received a slightly higher percentage of agencies considering it an effective medium than magazines. The reverse was true for the business study.

TABLE XLVII
PER CENT OF USER VERSUS NON-USER AGENCIES RATING
THE MEDIA AS EFFECTIVE

Media	Very Effective Combined with Somewhat Effective	
	User Per Cent	Non-User Per Cent
Magazine	87.3	82.0
Newspaper	89.4	75.3
Direct Mail	70.4	58.3
Point-of-Sale	48.9	37.9
Billboard	16.3	9.6

Agencies rated magazine and point-of-sale media slightly lower than the business executives. All other printed media were considered to be effective by a greater percentage of agency executives than business respondents.

The data for the broadcast media is presented in Table XLVIII. Users of comparative advertising consider television and radio more effective than non-users. Television has the highest per cent of agency respondents rating very effective for the medium, however, business executives considered TV very effective with greater frequency. Agencies considered radio very effective with greater frequency than respondents from the selected industries.

The results comparing the print media and the broadcast media are approximately the same for both the agency and business areas of study (Table XLIX). Less than 2 percentage points difference exists between the "effective" category totals based on the responses of the business executives and the agency executives. (Refer to Table XXV, Chapter III, p. 22).

The print media has a higher percentage of respondents rating the media effective than the broadcast media but the same caveat applies. If by the broadcast media, marketers are really referring to television, the print media is not more effective. Television has a substantially

TABLE XLVIII
EFFECTIVENESS RATINGS FOR RADIO AND TELEVISION MEDIA BY AGENCY USERS AND
NON-USERS OF COMPARATIVE ADVERTISING

Degree of Effectiveness	Users		Non-Users		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
<u>Television</u>						
Very effective	37	77.1	58	63.7	95	68.3
Somewhat effective	7	14.6	15	16.5	22	15.8
Undecided	1	2.1	4	4.4	5	3.6
Somewhat ineffective	2	4.2	4	4.4	6	4.3
Very ineffective	1	2.1	10	11.0	11	7.9
<u>Radio</u>						
Very effective	12	26.7	9	10.6	21	16.2
Somewhat effective	21	46.7	22	25.9	43	33.1
Undecided	6	13.3	16	18.8	22	16.9
Somewhat ineffective	4	8.9	18	21.2	22	16.9
Very ineffective	2	4.4	20	23.5	22	16.9

TABLE XLIX
EFFECTIVENESS RATINGS FOR PRINT MEDIA VERSUS BROADCAST MEDIA
BY AGENCY USERS AND NON-USERS

Media Effectiveness	User		Non-User		Total	
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
<u>Print Media</u>						
Very Effective	63.7	39.7	48.0			
Somewhat effective	18.8	32.4	27.8			75.8
Undecided	10.8	12.2	11.7			
Somewhat ineffective	2.9	4.6	4.0			
Very ineffective	3.6	11.1	8.5			
<u>Broadcast Media</u>						
Very effective	52.7	38.1	43.1			
Somewhat effective	30.1	21.0	24.1			67.2
Undecided	7.5	11.4	10.0			
Somewhat ineffective	6.5	12.5	10.4			
Very ineffective	3.2	17.0	12.3			

Total Effective - Television Only

84.1

higher percentage of agency respondents considering it to be an effective medium for comparative advertising.

Retaliation

Agencies were asked if any of their clients had been named by a competitor in comparative advertising. Fifty-four agencies (30 per cent) responded that one or more of their clients had been named while 126 (70 per cent) responded that none of their clients had been named by competitors. Five agencies did not know if their clients brands had been named. Data by user and non-user appears in Table L.

For the clients that had been named, agencies were asked to indicate the brand and the retaliatory action taken. Product type categories, as previously discussed, were used. Table LI presents data on the number of times that product types have been named in comparative ads based on agency respondent answers.

The "other" category consisted of automobile parts and accessories (tires, oil, filters, etc.), fine china, a piano, a magazine and swimming pool chemicals.

Retailers, appliances/equipment, household cleaners, and food items were the most frequently named in competitors' comparative advertising.

TABLE I
 CLIENT'S NAMED IN COMPETITORS' COMPARATIVE ADVERTISING

Clients Named By Competitors	User		Non-User		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Yes	24	37.5	30	23.6	54	30.0
No	35	54.7	91	71.7	126	70.0

TABLE LI

FREQUENCY BY WHICH AGENCY CLIENTS HAVE BEEN NAMED
BY COMPETITORS IN COMPARATIVE ADVERTISEMENTS*

Product Type	Frequency	Per Cent
Auto	4	8.3
Food	5	10.4
Beverage	2	4.2
Transportation	2	4.2
Paper	0	----
Appliances/equipment	7	14.6
Drug	1	2.1
Pet Supplies	0	----
HBA	3	6.6
Clothing	0	----
Retailer	8	16.7
Household Cleaners	5	10.4
Other	11	22.9

*Seven agencies were unwilling to list the brands that had been named.

Retaliatory Actions

The kind of retaliatory action taken most often was no action. Eighty-five per cent (41 clients) took no action when named by a competitor (Table LII). Several agencies reported the comparative advertising naming their client had increased the client's sales or that the competitor's sales were off.

The lawsuit (Table LII) was initiated by a leading fast food retailer and dropped when the misleading comparisons were stopped. This was the only case reported where the industry and/or the industry self-regulatory system was not handling comparative advertising.

TABLE LII
KIND OF RETALIATION BY CLIENTS NAMED IN COMPARATIVE
ADVERTISING

Kind of Retaliation	Frequency	Per Cent
No Action	41	85.4
Counter Comparative Ads	5	10.4
Complain to Competitor	6	12.5
Complain to media	2	4.2
Complain to NAD/NARB	3	6.3
Lawsuit	1	2.1

An open-ended question was asked to discern when agencies recommend that their clients take retaliatory action. A summary of the answers is provided in Table LIII.

TABLE LIII
ADVERTISING AGENCY RECOMMENDATIONS ON RETALIATORY ACTIONS

When Retaliatory Action Should be Taken	Frequency	Per Cent
When comparisons are unfair, misleading, false	38	70.4
Depends on situation	6	11.1
Should not take action	6	11.1
When hurts your market share	4	7.4
Other	2	3.7

Most agencies recommend retaliatory action only when the comparatives are intentionally or unintentionally misleading, false, deceptive or damaging to a client's brand. Defamatory and derogatory comparisons were included. "We recommend retaliation when our product's function, name, image, quality, etc. is presented in a false or misleading way." "When a commercial compares only some features where they excel and not those where you excel--that's misleading!"

Some agencies cautiously replied that retaliation depends on the situation. "It depends on the comparison, the copy, our position in the market and a host of other factors."

The "other" situations described where retaliation is recommended included when a product has new advantages (reformulations) that cancel the competitor's claims and when the client holds a weaker position in the market thereby gaining publicity from the retaliation.

Based on the experience of the clients' retaliatory actions, agencies were asked to indicate the action they considered to be most successful. Twenty-six of the fifty-four agencies (48.1 per cent) that have had clients named in comparative advertising responded to this question. Many agencies indicated they had little experience with retaliation since they had advised their clients to take no

action. Table LIV presents the data concerning the forms of retaliation agencies consider to be most successful.

TABLE LIV
RETALIATORY ACTIONS CONSIDERED MOST SUCCESSFUL BY
ADVERTISING AGENCIES

Action	Frequency	Per Cent
Contact Competitor	7	26.9
Complaint to NAD/NARB	7	26.9
No Action	6	23.1
Lawsuit	3	11.5
Emphasize Client's Product Advantages	2	7.7
Counter Comparative Advertising	1	3.8

The form of counter comparative advertising considered successful was to have the claims refuted by an independent third party--independent research or useable government statistics. By contacting the competitor, either by phone or letter, agencies experienced success with most cases. "Present the offending advertiser with the 'facts' and have your lawyer 'chat' with them. Usually works."

About 27 per cent of the agencies recommend taking cases to the self-regulatory system as being the most

successful retaliatory action. The self-regulatory groups do have considerable "clout" and have satisfactorily handled most comparative advertising cases.¹

The comparative advertising developed by the responding agencies has caused overt retaliation in 24 instances. Just one agency had two brands that were the target of competitors' retaliations. Twenty-three agencies had one brand and 34 agencies had no overt retaliation. A summary of the kinds of retaliation against responding agencies' clients are listed in Table LV.

TABLE LV
RETALIATORY ACTIONS AGAINST COMPARATIVE ADVERTISING
DEVELOPED BY RESPONDING AGENCIES

Type Action	Frequency	Per Cent
No Action	34	58.6
Complaint letter	8	13.8
Complaint to media	9	15.5
Complaint to NAD/NARB	5	8.6
Counter comparative advertising	6	10.3
Lawsuit	2	3.4
Other	5	8.6

¹See NAD/NARB Decisions for case situations and rulings.

Aside from the no action response, the most common retaliation was to complain to the media through the broadcast standards or commercial clearing committees. If the agency could provide support data, which they did in several instances, the complaint was dropped. If the competitor was still dissatisfied with the results, the complaint was taken to the NAD.

Complaint letters were written to the agency, the client's advertising manager, president and/or chairman of the Board. The lawsuits were in the food industry and the paint industry. The "other" actions reported were a complaint to the CAB by an airline, cease and desist orders and new product improvements that negated the comparative advertising claim.

Comparative Advertising and Society

Advertising agency viewpoints concerning the value of comparative advertising to various groups are listed below in Table LVI. The data are divided by user versus non-user of the concept.

As expected, the users considered comparative advertising to be of greater value to all groups than non-users. Both considered the consumer to have mostly beneficial results from comparative advertising. The advertising industry category had the lowest percentage indicating it was mostly

TABLE LVI

VALUE OF COMPARATIVE ADVERTISING FOR THE CONSUMER, CLIENT, FIRM, INDUSTRY
AND BUSINESS IN GENERAL

Value Ascribed	User		Non-User		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
<u>Consumer</u>						
Mostly beneficial	36	70.6	33	40.2	69	52.0
Neutral	11	21.6	29	35.4	40	30.0
Mostly detrimental	4	7.8	20	24.4	24	18.0
<u>Your Client</u>						
Mostly beneficial	32	64.0	23	28.0	55	42.0
Neutral	13	26.0	23	28.0	36	27.0
Mostly detrimental	5	10.0	36	44.0	41	31.0
<u>Your Firm</u>						
Mostly beneficial	19	38.0	10	12.5	29	22.0
Neutral	26	52.0	31	38.7	57	44.0
Mostly detrimental	5	10	39	48.8	44	34.0
<u>Advertising Industry</u>						
Mostly beneficial	16	32.0	12	14.6	28	21.0
Neutral	25	50.0	26	31.7	51	39.0
Mostly detrimental	9	18.0	44	53.6	53	40.0
<u>Business in General</u>						
Mostly beneficial	22	44.9	12	16.6	34	26.0
Neutral	19	38.8	34	47.2	53	40.0
Mostly detrimental	8	16.3	36	50.0	44	34.0

beneficial and the highest percentage indicating it was mostly detrimental. Respondents were most frequently neutral on the value of comparative advertising for their own agency.

Ethics

Of the 191 responding advertising agencies, 71 per cent considered comparative advertising an ethical practice. Twenty-eight agencies (15 per cent) consider it to be unethical and 26 agencies (14 per cent) were unsure. Data is presented in Table LVII by user and non-user.

As expected, most of the users of comparative advertising consider it ethical. Non-users, more than six times as often as users, considered comparative advertising to be unethical.

Many comments were written to accompany the objective response to the question of whether comparative advertising is an ethical practice. However, those agencies indicating comparative advertising is unethical seldom commented on that belief. One comment stated, "The old rule still holds-- don't name your competitor in advertising." Another claimed, "When you belittle somebody else, you tend to belittle yourself, too." Another claimed that because the federal government considers it ethical is a good reason to consider it unethical. Finally, "Name calling confuses the public,

TABLE LVII
ETHICS OF COMPARATIVE ADVERTISING BY USER AND NON-USER

Comparative Advertising Is Ethical	User		Non-User		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Yes	56	91.8	76	60.8	132	71.0
No	2	3.2	26	20.8	28	15.0
Maybe	3	4.9	23	18.4	26	14.0

causes mistrust (are they telling the truth or setting up a smoke screen?). When the product mentioned retaliates with 'facts' of its own, public confidence is further decreased." The comments are summarized in Table LVIII.

Over thirty-eight per cent of the users and 29 per cent of the non-users considered comparative advertising to be ethical as long as it is truthful, claims are valid and can be substantiated honestly. From a non-user of comparative advertising:

If done honestly and in good taste, it is a service to the consumer. A wise buying decision must be based on information concerning all alternative choices. A good, honest comparison of major product or services choices can help the buyer decide.

Another 31 per cent considered the practice ethical when it is properly done. The advertising must be in good taste, fairly presented, relevant to the consumer and factual. "Any advertising can be done unethically, advertisers shouldn't spoil a good tool by abusing it." "Comparative advertising is a technique that can be used well or badly, help or confuse customers, clarify or confuse a product's market position, be used ethically or unethically." Respondents indicated that comparatives should be based on meaningful attributes and unquestionable facts, not "copy-writer's semantics," and stay within the industry and media guidelines.

TABLE LVIII
ADVERTISING AGENCY COMMENTS ON COMPARATIVE ADVERTISING ETHICS

Comment on Comparative Advertising Ethics	User		Non-User		Total	
	Frequency	Per Cent	Frequency	Per Cent	Frequency	Per Cent
Must be truthful	10	38.5	18	29.0	28	31.8
When properly done	8	30.8	20	32.3	28	31.8
Provides information	3	11.5	4	6.5	7	7.9
Ethical, but foolish	2	7.7	9	14.5	11	12.5
Each case is different	0	----	3	4.8	3	3.4
Not unethical	0	----	3	4.8	3	3.4
Other	3	11.5	5	8.1	8	9.1

Another comment made by 11 per cent of the users and 7 per cent of the non-users, supporting the ethics of comparative advertising, is that it provides information to consumers to make better buying judgments. "It's information and consumers have a right to the facts--provided they get all the facts. They benefit and that's what it's all about." "Consumers have a right to know which brand is better for the meaningful attributes--saves them time, money, etc. The consumer gets a better value."

Eight per cent of the users and 14 per cent of the non-users agreed that comparative advertising is ethical but not very effective. "It's ethical but dumb." "It is a substitute for creative problem solving--a cop out!" "Ethics isn't the question--effectiveness and profit is."

Three per cent of the non-users of comparisons indicated each case was different and an additional three per cent stated "It's not unethical."

"Other" comments made by a user respondent were very positive "It reflects a 'go for the throat' marketing style--your product has to be better and you have to support your claims, but most #2 or #3 companies are not aggressive enough promotionally. Clients keep telling us their product is better than #1's--well, don't just tell your ad agency, tell your market!"

CHAPTER V

CONCLUSIONS

The study was designed to examine the evaluation of comparative advertising by business executives in seven selected industries and by advertising agency executives. The findings were based on an analysis of 138 responses from business executives and 191 responses from advertising agency executives. All firms in the key, selected industries that advertise to consumers, as listed in the Standard Directory of Advertisers, were included in the survey. All advertising agencies with billings of \$5 million or more were obtained from the Standard Directory of Advertising Agencies.

Based on a knowledge of comparative advertising certain conclusions were anticipated before beginning the study. The following suppositions have been either confirmed, rejected or modified by the study findings.

Hypothesis I. Smaller firms or new entrants to an industry will be more likely to use comparative advertising than large firms with dominant market position.

Hypothesis II. When selected, comparative advertising will be the dominant tactic in a firm's marketing strategy.

Hypothesis III. Comparative advertising is and will continue to be more effective in the promotion of convenience goods than shopping or specialty goods.

Hypothesis IV. Comparative advertising is more likely used in the market maturity stage of the product life cycle.

Hypothesis V. Large firms with dominant market positions will be less likely to retaliate when competitors name them in comparative advertising.

Hypothesis VI. The majority of manufacturers and advertising agencies using comparative advertising view it as being effective and plan to continue its use.

Hypothesis VII. The majority of manufacturers and advertising agencies consider comparative advertising to be an ethical marketing practice.

Hypothesis VIII. Within the advertising industry, comparative advertising is considered to enhance the image of advertising.

Consistent with the purposes of this study and based on the analysis of the findings, certain conclusions are presented.

1. Firms with smaller market share are more likely to use comparative advertising than large firms with dominant market position. However, the smallest firms in terms of dollar sales volume, are less likely to use comparative advertising. This finding modifies Hypothesis I.

2. Comparative advertising is not the dominant tactic in most firms' advertising strategy. This finding conflicts with Hypothesis II.

3. Shopping goods, by specific product, use comparative advertising more effectively than convenience goods. However, by product classification, convenience goods were considered more effective than shopping goods. Both shopping and convenience goods were more effective than specialty goods. This modifies Hypothesis III.

4. Most brands using comparative advertising are in the market maturity stage of the product life cycle, although the approach is employed in all stages of the product life cycle. This is consistent with Hypothesis IV.

5. Large firms were named most often in comparative advertising and were least likely to retaliate. This is consistent with Hypothesis V.

6. Most firms and agencies using comparative advertising consider it to be successful and plan to continue using the concept. This is consistent with Hypothesis VI.

7. Most agencies and manufacturers consider comparative advertising to be an ethical advertising practice. This is consistent with Hypothesis VII.

8. Most advertising agencies consider comparative advertising to be mostly detrimental to the advertising

industry or they are neutral in their opinion of its effectiveness. This conflicts with Hypothesis VIII.

9. Agencies and marketers will continue to recommend comparative advertising in the future approximately to the same extent that they have in the past. Although the frequency of comparisons in the automobile industry are expected to decline slightly, the over-the-counter drug industry usage of comparative advertising may increase slightly. The smallest firms (under \$100 million) have used comparative advertising the least, but based on expectations, they will increase their use in the future.

10. Most firms only promote one brand by comparing against a competitor, but companies in the automobile, health and beauty aids and over-the-counter drugs are most likely to have more than two brands using comparatives. Few agencies have more than one brand using a comparative approach indicating that they use comparative advertising selectively.

11. The industry leader does not use comparative advertising, except in the over-the-counter drug industry. The greatest frequency of usage of comparative advertising occurs in the firms that are fourth or smaller in market share.

12. Most firms and agencies using comparative advertising consider it to be successful, and plan to continue using the concept.

13. Per cent of change in sales is used most frequently as an indicator of success in all industries except the automobile industry, where change in consumer attitude/awareness is used as an indicator of success. The largest firms (over \$1 billion) use per cent change in sales, change in consumer attitude/awareness and BURKE or other similar advertising recall tests more than smaller firms to judge comparative advertising success. Advertising agencies use per cent change in sales as an indicator of success most frequently.

14. One-third of all non-users do not consider comparative advertising to be effective in any circumstances. New entrants to the industry, smaller firms/brands in the industry and convenience goods with significant differences from competition were considered to be the situations where comparative advertising could be used most effectively. But unexpectedly, smaller firms were least likely to consider smaller firms/brands to be a situation for effective comparisons. Convenience goods with little difference from competition and specialty goods were considered to be least effective situations for comparative advertising by all industry respondents.

15. Air conditioners, major appliances and automobiles were the products considered to be using or be able to use comparatives effectively. Business suits, home

builders and Chivas Regal were the products considered least able to use comparative advertising effectively. Non-users considered business suits, beer, Chivas Regal and ice cream to be able to use comparative advertising effectively more frequently than users of comparatives.

16. Comparative advertising may be dominant on a regional basis but not in the total advertising strategy for most brands.

17. Business and agency respondents indicated that television is the most extensively employed advertising medium. When comparative formats are employed, such formats are the dominant method of promoting a given brand by the television medium. Billboards are the least used and considered the least effective by both groups. Agencies utilize radio for comparatives to a greater degree than reported in the business executives study.

18. The larger the firm the more likely a competitor will name it in comparative advertising. A client that has used comparatives is more likely to be named than a non-user. Retailers, appliances/equipment, foods and household cleaners were most frequently named.

19. Most firms take no action to being named by a competitor. The overt actions most frequently selected by business executives are to complain to the media or the NAD/NARB. The action selection least often is lawsuits.

Over-the-counter drugs and health and beauty aids were more likely to take other kinds of retaliatory actions. Non-users were more satisfied than users with the retaliatory action taken.

20. Agencies recommend comparative advertising when it is necessary to demonstrate the product's advantage, to benefit by association with the industry leader and for product positioning. Agencies recommend against comparative advertising when claims are not believable or are irrelevant, when the client is an industry leader, or when there is no clear cut product advantage,

21. Retaliation is recommended by advertising agencies when comparisons are misleading, false or unfair. The actions considered most successful by agency executives are contacting the competitor, contacting the NAD/NARB, and no action. Complaints to the media or to the competitor are most frequently the overt actions against the comparative advertising developed by the responding agency.

22. In both areas of the study, the consumer is considered to receive mostly beneficial results from comparative advertising. Mostly detrimental results were seen in the respondent's industry and the advertising industry.

23. Comparative advertising is considered an ethical advertising practice by most respondents when it is truthful and properly done. Almost all respondents who consider

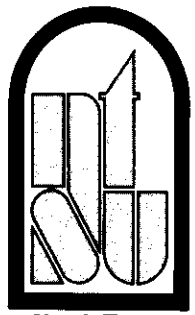
naming names to be unethical are not users of comparative advertising.

As in every marketing situation the advertiser must know the firm's product, customer and competition. It is especially important that these factors and their relationships be understood by marketing and advertising managers before considering comparative advertising. When used in the wrong situation it can be damaging to the brand, the firm and the image of advertising. However, when the situation warrants use of the concept, comparative advertising can increase sales, position a new product, or cause consumers to change their attitudes or awareness toward a new or existing product.

With approximately one-third of the advertising agency respondents indicating they would recommend comparative advertising to their clients, this recently revived advertising concept is certainly worthy of further study.

APPENDIX A

LETTERS TO BUSINESS EXECUTIVES IN SELECTED KEY
INDUSTRIES AND ADVERTISING AGENCY EXECUTIVES



North Texas
State
University

Denton, Texas
76203

College of
Business
Administration

Dear Sir:

Have you considered naming a competitor in your advertising? Or, has a competitor named your brand or company in their ads? As a doctoral candidate at North Texas State University, I am conducting a nationwide survey among business executives in several key, consumer products industries. This research is designed to provide insights from yourself and other experts into the effectiveness, acceptability, and use of comparative advertising.

It will take only a few minutes to fill out the enclosed questionnaire and return it in the stamped reply envelope.

Of course, all answers are confidential and will be tabulated into general categories with no reference to individual companies or brands by name. If you are interested in receiving a report on the findings of this research, just write your name and address at the end of this questionnaire. I will be glad to send you a copy.

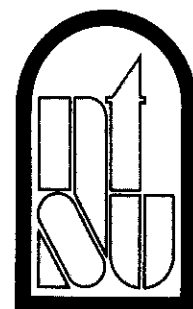
Only a limited number of executives in key industries will receive questionnaires making it critical that each survey be returned. I appreciate your time and your help in contributing to the success of this research.

Sincerely,

Linda E. Swayne

LES:gz

Enclosures



North Texas
State
University

Denton, Texas
76203

College of
Business
Administration

Dear Sir:

I am conducting a survey to gather information from advertising agency executives concerning comparative advertising. As a doctoral candidate at North Texas State University, I am attempting to investigate the industry view by those like yourself who make recommendations for and against comparative advertising to their clients.

It will take only a few minutes to fill out the enclosed questionnaire and return it in the stamped reply envelope.

Of course all answers are confidential and will be tabulated into general categories with no reference to individual agencies, clients or specific brands by name. If you are interested in receiving a report on the findings of this research, just write your name and address on the back of this questionnaire. I will be glad to send you a copy.

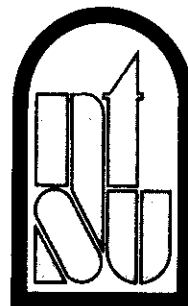
As an advertising executive I am sure you know the importance of each and every questionnaire being returned. I appreciate your time and your help in contributing to the success of this research.

Sincerely,

Linda E. Swayne

LES:gz

Enclosures



**North Texas
State
University**

**Denton, Texas
76203**

**College of
Business
Administration**

Dear Sir:

Recently I sent you a short questionnaire asking your views on comparative advertising. As only a limited number were sent, your response is critical to the accuracy of my survey.

It will take only a few minutes to fill out the enclosed questionnaire and return it in the stamped reply envelope. If you have already done so, thank you. If you have not had the opportunity to fill out the questionnaire, I would be most appreciative if you would do so now. Your answers will be in strict confidence, of course.

Thank you for your assistance.

Sincerely,

Linda E. Swayne

LES:gz

Enclosures

APPENDIX B

QUESTIONNAIRES FOR BUSINESS EXECUTIVES AND
ADVERTISING AGENCY EXECUTIVES

EVALUATION OF COMPARATIVE ADVERTISING
BY BUSINESS EXECUTIVES

Name of Firm: _____

Location: _____

PROFILE OF USAGE

I. Has your division/firm ever used comparative advertising**that names or otherwise specifically identifies a competitor?

_____ YES _____ NO (If NO, skip to Question VII.)

II. For those products promoted by use of comparative advertising, please list brand names, type of product, and year first offered for sale by your firm. (Use the back of this paper if more space is required.)

<u>Brand</u>	<u>Product</u>	<u>Year</u>
A _____	_____	_____
B _____	_____	_____
C _____	_____	_____
D _____	_____	_____

III. For each brand listed in Question II above, please circle the number that most closely corresponds to your opinion of the brand's stage in the product life cycle. (Use the back of this paper if more space is required.)

<u>Brand</u>	<u>Introductory Stage</u>	<u>Market Growth</u>	<u>Market Maturity</u>	<u>Market Saturation</u>
A _____	1	2	3	4
B _____	1	2	3	4
C _____	1	2	3	4
D _____	1	2	3	4

** For the purpose of this study comparative advertising is defined as advertising that:

Compares two or more specifically named or recognizably presented brands in terms of one or more specific product attributes.

IV. For each brand listed in Question II, please check the appropriate spaces to further describe the extent and nature of comparative advertising employed. (Use the back of this paper if more space is required.)

1) Please check all media used in promoting each listed brand:

	BRANDS			
	A	B	C	D
Newspaper				
Magazine				
Billboard				
Direct Mail				
Point-of-Sale				
Radio				
Television				

2) For each medium that is used for a brand please indicate the per cent of the ad budget spent on comparative advertising. (If half of all newspaper advertising were comparative, enter 50%.)

	BRANDS			
	A	B	C	D
Newspaper				
Magazine				
Billboard				
Direct Mail				
Point-of-Sale				
Radio				
Television				

V. For each brand listed in Question II, please circle the number that corresponds to your opinion of the success of the comparative advertising.

<u>Brand</u>	<u>Very Successful</u>	<u>Somewhat Successful</u>	<u>Undecided</u>	<u>Somewhat Un-successful</u>	<u>Very Un-successful</u>	<u>Comment</u>
A _____	1	2	3	4	5	_____
B _____	1	2	3	4	5	_____
C _____	1	2	3	4	5	_____
D _____	1	2	3	4	5	_____

VI. On what do you base your opinion concerning the success or lack of success of the comparative advertising? (Check as many responses as appropriate.)

Brands

A	B	C	D

- % change in sales
- Change in consumer attitude or awareness
- BURKE or other similar advertising recall tests
- Other (Please specify) _____

VII. Do you expect your firm to use comparative advertising in the future?
 YES NO Why or Why Not? _____

VIII. Has a competitor named your company or brand in their comparative ad?
 YES NO (If NO, skip to Question XI.)

IX. What retaliatory action did your firm take?

<input type="checkbox"/> No Action	<input type="checkbox"/> Lawsuit
<input type="checkbox"/> Complaint to Media	<input type="checkbox"/> Counter Comparative Advertising
<input type="checkbox"/> Complaint to NAD/NARB	<input type="checkbox"/> Other (Please Specify) _____

X. Do you consider that action to be successful?
 YES NO Somewhat Please explain _____

XI. What is your approximate company size in sales dollar volume for consumer products division(s)?

- Less than \$10 million
- \$11 - 100 million
- \$101 - 500 million
- \$501 - 1 billion
- Over \$1 billion

XII. Your firm considers itself to be in what industry? _____

XIII. Considering the competition in your firm's industry, which company and/or brand do you consider to be the industry leader? Please complete for the second and third position in the industry also.

<u>Company</u>	<u>Brand</u>	<u>Industry Position</u>	<u>Approximate Share of the Market</u>
_____	_____	Leader	_____
_____	_____	2nd	_____
_____	_____	3rd	_____

XIV. Please check all the circumstances in which you consider the use of comparative advertising to be effective.

- | | |
|---|--|
| <input type="checkbox"/> New entrant to the industry | <input type="checkbox"/> Convenience goods with significant differences from competition |
| <input type="checkbox"/> Mature brand in the industry | <input type="checkbox"/> Shopping goods where product information gathering and retail store visits are common |
| <input type="checkbox"/> Smaller firms/brands in the industry | <input type="checkbox"/> Specialty items not everywhere available |
| <input type="checkbox"/> Large firms/brands in the industry | <input type="checkbox"/> Other (Please specify) _____ |
| <input type="checkbox"/> Convenience goods with little difference from competing products | |
| | <input type="checkbox"/> Under no circumstances do I consider comparative advertising to be effective |

XV. In your opinion, which of the following products have used or could use comparative advertising successfully? (Check as many as appropriate.)

- | | | |
|---|--|--------------------------------------|
| <input type="checkbox"/> Air Conditioners | <input type="checkbox"/> Beer | <input type="checkbox"/> Ice Cream |
| <input type="checkbox"/> Major Appliances | <input type="checkbox"/> Home Builders | <input type="checkbox"/> Rolex |
| <input type="checkbox"/> Automobiles | <input type="checkbox"/> Chivas Regal | <input type="checkbox"/> Vitamins |
| <input type="checkbox"/> Business Suits | <input type="checkbox"/> Hair Spray | <input type="checkbox"/> Other _____ |

XVI. For each of the following media, please circle the number that corresponds to your opinion of the media's general effectiveness for comparative advertising.

<u>MEDIA</u>	<u>Very Effective</u>	<u>Somewhat Effective</u>	<u>Undecided</u>	<u>Somewhat Ineffective</u>	<u>Very Ineffective</u>
Television	1	2	3	4	5
Radio	1	2	3	4	5
Newspaper	1	2	3	4	5
Magazine	1	2	3	4	5
Direct Mail	1	2	3	4	5
Billboard	1	2	3	4	5
Point-of-Sale	1	2	3	4	5
Other _____	1	2	3	4	5

XVII. For each group listed below, what is your opinion of the value that can be derived from comparative advertising?

	Mostly Beneficial	Neutral	Mostly Detrimental	Comment
Consumer	1	2	3	_____
Your Firm	1	2	3	_____
Your Industry	1	2	3	_____
Advertising Industry	1	2	3	_____
Business in General	1	2	3	_____
Other:				
_____	1	2	3	_____
(Please specify)				

XVIII. In your opinion is comparative advertising an ethical advertising practice?

YES NO Comments: _____

EVALUATION OF COMPARATIVE ADVERTISING
BY ADVERTISING AGENCY EXECUTIVES

AGENCY NAME _____

LOCATION _____

PROFILE OF USAGE

I. In representing a client, has your agency ever used comparative advertising** that names or otherwise specifically identifies a competitor?

_____ YES _____ NO (If NO, skip to Question VII.)

II. Of your clients, please list the five brands most extensively promoted by comparative advertising in the past two years.

<u>BRAND</u>	<u>TYPE OF PRODUCT</u>	<u>IS THIS BRAND STILL USING COMPARATIVE ADVERTISING?</u>	
		_____ YES	_____ NO
A _____	_____	_____ YES	_____ NO
B _____	_____	_____ YES	_____ NO
C _____	_____	_____ YES	_____ NO
D _____	_____	_____ YES	_____ NO
E _____	_____	_____ YES	_____ NO

III. If your agency represents more than five brands that use comparative advertising, please indicate the total number including those listed above in Question II.

_____ BRANDS

IV. For each brand listed in Question II above, please check the appropriate spaces to further describe the extent and nature of comparative advertising employed.

_____ BRANDS
(As identified by letter in Question II)

1) Please check all media used in promoting each brand:

	A	B	C	D	E
Newspaper					
Magazine					
Billboard					
Direct Mail					
Point-of-Sale					
Radio					
Television					

**For the purpose of this study comparative advertising is defined as advertising that compares two or more specifically named or recognizably presented brands in terms of one or more specific product attributes.

IV. Continued

2) For each medium that is used for a brand please indicate the approximate percent of the ad budget spent on comparative advertising. (If half of all newspaper advertising were comparative, enter 50%.)

(As identified by BRANDS letter in Question II)

	A	B	C	D	E
Newspaper					
Magazine					
Billboard					
Direct Mail					
Point-of-Sale					
Radio					
Television					

V. For each brand listed in Question II, please circle the number that corresponds to your opinion of the success of the comparative advertising.

<u>BRAND</u>	Very Successful	Somewhat Successful	Undecided	Somewhat Unsuccessful	Very Unsuccessful	<u>COMMENT</u>
A _____	1	2	3	4	5	_____
B _____	1	2	3	4	5	_____
C _____	1	2	3	4	5	_____
D _____	1	2	3	4	5	_____
E _____	1	2	3	4	5	_____

VI. On what do you base your opinion concerning the success or lack of success of the comparative advertising? (Check as many responses as appropriate.)

Brands					
A	B	C	D	E	
					% change in sales
					Change in consumer attitude or awareness
					BURKE or other similar advertising recall tests
					Other (Please specify) _____

VII. Do you expect your agency to recommend comparative advertising in the future?
_____ YES _____ NO Why or why not? _____

VIII. For what reasons would you recommend comparative advertising to a client? _____

IX. For what reasons would you recommend against comparative advertising? _____

X. Have any of your clients been named by a competitor in a comparative advertisement?
_____ YES _____ NO (If NO, skip to Question XIV.)

XI. For your clients that have been named by a competitor in comparative advertising, please indicate the retaliatory action. (Use the back if more space is needed.)

<u>BRAND</u>	<u>RETALIATORY ACTION</u> (No action, complaints to media, NAD, NARB, counter comparative advertising, lawsuit, etc.)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

XII. In your opinion, when should clients take retaliatory action to comparative advertising? _____

XIII. Based on the experience of your clients' retaliatory actions, please indicate your opinion as to the action(s) you consider to be most successful _____

XIV. Has the comparative advertising developed by your agency ever caused retaliation by any of your clients' competitors?

_____ YES _____ NO (If NO, skip to Question XVI.)

IV. Please indicate the retaliation against your client's comparative advertising.

<u>Client's Brand</u>	<u>Brand of Competitor Retaliating</u>	<u>Retaliation</u> (Complaints to media, lawsuits, etc.)
_____	_____	_____
_____	_____	_____
_____	_____	_____

XVI. For each of the following media, please circle the number that corresponds to your opinion of the media's general effectiveness for comparative advertising.

<u>MEDIA</u>	<u>Very Effective</u>	<u>Somewhat Effective</u>	<u>Undecided</u>	<u>Somewhat Ineffective</u>	<u>Very Ineffective</u>
Television	1	2	3	4	5
Radio	1	2	3	4	5
Newspaper	1	2	3	4	5
Magazine	1	2	3	4	5
Direct Mail	1	2	3	4	5
Billboard	1	2	3	4	5
Point-of-Sale	1	2	3	4	5
Other _____	1	2	3	4	5

XVII. For each group listed below, what is your opinion of the value that can be derived from comparative advertising?

	<u>Mostly Beneficial</u>	<u>Neutral</u>	<u>Mostly Detrimental</u>	<u>COMMENT</u>
Consumer	1	2	3	_____
Your Client	1	2	3	_____
Your Firm	1	2	3	_____
Advertising Industry	1	2	3	_____
Business in General	1	2	3	_____
Other: _____	1	2	3	_____

XVIII. In your opinion, is comparative advertising an ethical advertising practice?

_____ YES _____ NO COMMENTS: _____

APPENDIX C

COMPARATIVE ADVERTISING GUIDELINES

American Association of Advertising Agencies

**POLICY STATEMENT AND
GUIDELINES FOR COMPARATIVE ADVERTISING**

The Board of Directors of the American Association of Advertising Agencies recognizes that when used truthfully and fairly, comparative advertising provides the consumer with needed and useful information.

However, extreme caution should be exercised. The use of comparative advertising, by its very nature, can distort facts and, by implication, convey to the consumer information that misrepresents the truth.

Therefore, the Board believes that comparative advertising should follow certain guidelines:

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

The Code Authority believes that comparative advertising only when used truthfully and fairly can provide the consumer with useful information and be of some aid in making an informed choice between/among competitive products and services.

The following Guidelines are, therefore, intended to assist advertisers and broadcasters, respectively, in their preparation and evaluation of commercials which name or otherwise directly identify competitive products and services.

1) Identification

The identification of competitors shall be in accordance with the following Guidelines:

A. Competitors shall be accurately and clearly identified.

B. Identification shall be for comparison purposes only. It shall not be used solely to upgrade the advertised product(s) by association with the competitor(s).

C. Disparagement of competitors, competing products or services shall not be used.

D. When aspects of products/services are compared they must be significant and meaningful to the overall performance of the product.

2) Claims

A. Comparisons and demonstrations thereof shall be based on specified product/service differences directly related to the product's use comparing similar properties or ingredients, dimension to dimension, feature to feature.

B. Comparative or superlative claims based solely on consumer or professional preference or on sales data shall not be made in a manner which implies universally superior effectiveness or performance. Such claims may be made provided they are supportable by adequate substantiation.

C. Claims, demonstrations and other representations shall include all information necessary for their proper understanding by the average consumer. Inadequately qualified language, "dangling comparatives" and similar references shall not be permitted.

D. The overall impression created by advertising shall be accurate.

3) Support of Claims

A. Product testing and survey evaluation germane to the comparative claims shall be conducted in accord with generally accepted scientific and technical procedures.

B. The advertiser shall have the burden of establishing that he/she has exercised diligence to determine that the test used in support of any superiority claimed over competitors is fair and accurate.

C. Where applicable, government, industry or other established standards shall be used to determine the appropriateness of material used as substantiation.

D. Competitive tests or surveys should be conducted by an objective source, preferably an independent one.

E. For claims based upon differences in performance, substantiation shall demonstrate that these differences provide material benefit to the consumer.

F. Material used as substantiation shall take into account: 1) the purpose for which products/services are intended; 2) the manner in which they are normally used by the consumer; and 3) individual label instructions.

G. Where applicable, test findings shall be based on statistical tests of significance in accordance with recognized standards of statistical validity.

**NATIONAL BROADCASTING COMPANY
DEPARTMENT OF BROADCAST STANDARDS**

COMPARATIVE ADVERTISING GUIDELINES

As a result of increased interest in the use of comparative advertising, the Department of Broadcast Standards has reexamined its long-standing policies governing advertising in which a competitor is named or otherwise identified. In the future all such advertising will be reviewed subject to the following general guidelines:

1. *The products identified in the advertising must actually be in competition with one another.*
2. *Competitors shall be fairly and properly identified.*
3. *Advertisers shall refrain from discrediting, disparaging or unfairly attacking competitors, competing products or other industries.*
4. *The identification must be for comparison purposes and not simply to upgrade by association.*
5. *The advertising should compare related or similar properties or ingredients of the product, dimension to dimension, feature to feature, or wherever possible be a side-by-side demonstration.*
6. *The property being compared must be significant in terms of value or usefulness of the product to the consumer.*
7. *The difference in properties must be measurable and significant.*
8. *Comparisons of retail pricing may raise special problems that would tend to mislead rather than enlighten viewers. For certain classifications of products, retail prices may be extremely volatile, may be fixed by the retailer rather than the product advertiser, and may not only differ from outlet to outlet but from week to week within the same outlet. Where these circumstances might apply, NBC will accept commercials containing retail price comparisons only on a clear showing that the comparative claims accurately, fairly and substantially reflect the actual price differentials at retail outlets throughout the broadcast area, and that these price differentials are not likely to change during the period the commercial is broadcast.*
9. *When a commercial claim involves market relationships, other than price, which are subject to fluctuation (such as but not limited to sales position or exclusivity) the substantiation for the claim will be considered valid only as long as the market conditions on which the claim is based continue to prevail.*
10. *Whenever necessary NBC may require substantiation to be updated from time to time.*

COMPARATIVE ADVERTISING PROCEDURES

■ NBC accepts comparative advertising identifying a competing product because it believes that such advertising can provide the consumer with useful information to make an informed choice in the market place. NBC was the first network to accept comparative advertising and was also the first to publish comparative advertising guidelines.

■ The NBC guidelines, as well as the other guidelines or standards since issued by the other networks, the NAB and the AAAA, recognize not only the great potential of comparative advertising for the dissemination of meaningful information to the consumer, but also the responsibility which sponsors, advertising agencies and broadcasters must assume to insure that such advertising satisfies all prevailing standards of accuracy and fairness. Because comparative advertising can give an advertiser strategic advantages vis-a-vis its competitors, advertisers may reasonably expect close competitive scrutiny and possible challenge as a result of using this type of commercial. Consequently, comparative advertising places special conditions and responsibilities upon both the advertiser and the broadcaster.

■ To meet these responsibilities, NBC intends to implement these procedures as follows:

Each substantive claim in a comparative commercial must be fully substantiated and satisfy the guidelines and standards for comparative advertising established by both NBC and NAB.

Where appropriate, review of such commercials by the Broadcast Standards Department of NBC will include a review by the NBC Law Department in order to make certain that:

- (a) the commercial does not disparage competitors or competitive products or services; and*
- (b) the commercial otherwise satisfies existing legal requirements.*

If the manufacturer of a compared product elects to challenge the advertising, he should present his challenge and supporting data to NBC in a form available for transmittal to the challenged advertiser. The challenged advertiser will then have an opportunity to respond directly to the challenger. NBC will maintain the confidentiality of the advertiser's original supporting data which was submitted for substantiation of the claims made in the commercial. However, NBC will ask the advertiser to provide it with a copy of its response to the challenger.

Where NBC personnel do not have the expertise to make a judgment on technical issues raised by a challenge, NBC will take whatever steps are necessary to assist the advertiser and challenger to resolve their differences on their own, including cooperating with them in obtaining a determination from an agency which is better equipped to make the necessary judgments.

Where NBC concludes that it lacks the expertise to make a judgment concerning a challenged comparative ad already accepted for broadcast, NBC will not withdraw the ad from the broadcast schedule unless:

- (a) it is directed to do so by the advertiser;*
- (b) the advertiser refuses to submit the controversy for review by some appropriate agency;*
- (c) a decision is rendered by such reviewing agency against the advertisers; or*
- (d) the challenged advertiser, when requested, refuses to cooperate in some other substantive area.*

American Broadcasting Company
Department of Broadcast Standards and Practices

PRINCIPLES FOR COMPARATIVE ADVERTISING

Based upon its experience with comparative advertising and its evaluation of the activities of various regulatory agencies and organizations regarding such advertising, the American Broadcasting Company, Department of Broadcast Standards and Practices, issues the following amendment and restatement of the principles it shall apply to such advertisements.

PRINCIPLES

- A. Product testing and survey evaluation germane to the comparative claims shall be conducted in accord with generally accepted scientific and technical procedures and must be determined by this Department as adequate for the purposes of the comparison.
- B. Test findings shall be proven significant in accordance with recognized standards of statistical validity.
- C. The Advertiser shall have the burden of establishing that it has exercised diligence to determine the best possible test as proof of any superiority claimed over competitors.
- D. Conclusions drawn from test results shall be about properties which are meaningful in terms of value and usefulness to the consumer.

- E. The nature and limitations of the tests relied upon shall be clearly disclosed.
- F. Demonstrations, graphic techniques and reproductions of research tests shall not cause the consumer to reach an erroneous conclusion about the respective merits of the products compared.
- G. Advertising copy claims must fairly and accurately reflect the empirical data upon which they are predicated.
- H. Regardless of technical compliance with the foregoing PRINCIPLES, if, in the judgment of the Department of Broadcast Standards and Practices, the net impression of the commercial announcement is misleading, deceptive, vague, equivocal or disparaging, it shall be deemed unacceptable for broadcast.
- I. Any objections to a comparative advertisement by the competitor named therein must be substantive and based on data responsive to these principles. Upon notice of an objection by this Department, the challenged advertiser shall respond adequately within the time limit specified or the challenged advertisement may be suspended forthwith.

IMPORTANT NOTE: ALTHOUGH THE FOREGOING PRINCIPLES WERE DESIGNED PRIMARILY FOR COMPARATIVE ADVERTISING THEY WILL BE APPLIED BY ABC TO ALL ADVERTISING FORMATS WHERE APPROPRIATE.

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