

# 1. INTRODUCTION

## 1.1. Overview

This paper aims to explore unethical advertising from the perspective of companies and their customers. The objective of the thesis is to identify consumer attitudes towards unethical advertising. The paper considers, what is business ethics, marketing ethics and unethical advertising. Advertising is the biggest part of marketing. Advertisements are promoted to the public through television, radio, magazines, newspapers and internet. Today's technology enables new effective marketing ways. Ethics is still a considerable issue for businesses. Businesses do not follow the ethical standards of marketing ethics. Advertisers create unethical content to increase their sales of products and services.

This thesis focuses on unethical advertising. The reason for selecting the topic is that the author find ethics in advertising to be very interesting and current topic. The paper investigates what are people's views towards advertising, especially if it is considered unethical. Advertising has evolved lot over the years and people face it on daily basis. It is widely spread all over the world and it is almost impossible to avoid. Modern technology enables the spreading of advertisements through internet, faster than ever. Especially development of social media has make these changes possible. It has become more difficult for advertisers to get people's attention and for this reason companies are using more unethical ways to get noticed.

The research problem is that businesses create unethical advertising to get attention towards these companies but there are not enough information how unethical advertising affects customers. Unethical practices create negative image for the businesses. Corporates profitability will decrease, colleagues' relationships get affected and work satisfaction and performance might deteriorate. Every year advertisers publish controversial commercials and advertisements which get criticised for being inappropriate. Peoples tolerance is getting exceeded and companies should think more how to create ethical content. The study aims to find out people's attitudes towards unethical advertising and how does it affect them. It is important to study ethics in advertising to understand unethical advertisements.

The buying behavior is strongly influenced by image of the product which is built by the advertisers. With the advent of 21st century the online advertising has prevailed the world market and consumer community as well. Now the advertising has proved its effects and impact on consumers\_ buying behaviors and marketers needs all over the world. Advertisements shape the behaviors of the people through cognition. Cognition is the perception of a consumer towards the information given through advertisements. These cognitions are observed by the individual through his senses, memory, reasoning, Perception, language, etc.. Advertisement plays a constructive role in economic growth. —Good advertising not only tells the literal truth but also avoids possible deception through subtle implication or omission(Freer, 1949).it is very much clear that

advertisement met the needs and desires of the people but on the other hand the behavior of the customer are also influenced and manipulated indirectly by this. In India advertisement started in the 18th century with the birth of classified advertisements in — Bengal Gazattel- India's first newspaper. It's very difficult to draw a clear line between a true and untrue advertisement. A product must be able to satisfy the claims made by its advertisement. An advertisement must be decent and not of obscene. Celebrity endorsement plays a role of culprits in advertisement. Ethics in advertisement is a complex issue.

Main research questions are as follow:

- How unethical advertising affects consumer behavior?
- What kind of advertising is considered unethical by customers?
- How will people react to unethical advertising?

## **1.2. Objective Of The Study**

1. Understanding the ethics in Advertising
2. Analyzing different unethical advertisements in India.
3. Understand the various ASCI principles and CCC decisions on unethical practices
4. Challenges faced by the competitors and companies on their brand value
5. Consumers Trust on Advertising due to unethical practices.

## **1.3. Significance Of The Study**

The Focus of the study is on studying the ethical practices of the various advertisements in India at present and their relative effects. However, it is very difficult to distinguish a clear line of difference between what is true and what is untrue. Over the years advertising and marketing communication messages have created debatable ethical issues, due to the public belief, that advertisements deeply affect the way people perceive themselves and the world surrounding them, including crucial actions and behavior.

## **1.4. Introduction Of Ethics**

Ethics are the social and moral values and principles by which we live. These values tell us what is good or bad and right or wrong.

Business ethics is the branch of ethics that examines ethical rules and principles within a commercial context. The various moral or ethical problems that can arise in a business setting; and any special duties or obligations that applies to persons who are engaged in commerce. Those who are interested in business ethics examine various kinds of business activities and ask, "Is the conduct ethically right or wrong?" They can be applied to all aspects of business. Businesses the society for its resources and functioning, thereby obligating it to the welfare of the society.

Unethical practice on a grand scale is evidenced by the many serious infractions, both financial and environmental, that have occurred over time. Strategies such as code of conduct, code of ethics and policies and procedures developed by various international entities can guide corporate in an effort

While the objective of all business is to make profits, it should contribute to the interest of the society by ensuring fair practices. However, greed has led the present business towards unethical business practices, legal complications and general mistrust.

## **1.5. Business Ethics**

“Ethics (also moral philosophy) is the branch of philosophy that involves systemizing, defending, and recommending concepts of right and wrong conduct.” (Belch, Bech 2009 referenced in Huq et al. 2016,13) Ethics is setting moral principles and values of an individual or group. It is choice between right and wrong and good and bad. (Sidhu et al. 2015, 115)

“Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed.” (Crane, Matten 2010, 5) Business ethics covers commercial businesses, government organizations, charities and other organizations. It is critical for businesses to resolve ethical concerns. Businesses have impact on individuals and society. Businesses should seek ways to make positive contribution on society. If employees and stakeholders face challenges with ethical standards, business ethics will help them to compromise these issues. Business ethics also makes sure that companies leaders are truthful and able to make ethical decisions.

Business ethics also determines basic rules for employees and customers. Businesses have ethical expectations that should be followed on working days. Business ethics will help accept different professional behaviors, occupational identities and maturities. Companies should promote ambitious standards and the self-evaluation for employees

Managers are critical factors for businesses. Managers promote ethical behaviors in workplaces. Corporations ethics is based on economic, business and ethical behavior. Employees perceptions towards company can affect to employees’ behavior. (Chonko et. al 2002; Hunt, Chonko 1987 referenced in Keith et al. 2008, 83) Business ethics refers to moral rules and regulations of the company. Business ethics requires organizations to follow rules and moral philosophy. (Robin, Reidenbach 1987 referenced in Fan 2005, 346) Unethical issues in businesses have increased due to a risks, rewards and temptations of unethical behavior

Businesses suffer also from ethical issues with marketing. Companies are criticised for encouraging consumption of unnecessary products. Customers are sent messages over the internet, including voicemail, email, and SPAM. Businesses meddle into customers privacy by gathering information about them. Companies also set ambiguous pricing to products and enhance wasteful packaging. (Dennis, Harris 2005, 353) Marketing faces problems with globalization, competition and designing system in ethical way. Businesses faces problems on producing, monitoring and distributing goods. Marketers should focus on keeping ethical values and principles in businesses. (Brenkert 2008, vi-vii) Companies are being accused of treating their business customers badly, encouraging and manipulating consumers to buy products they do not necessarily need, and destroying local businesses. (Ibid., 2) Many companies want to be the biggest and

most profitable in the industry. If company is highly profitable, it can give message to people that company is ruthless and greedy

Since businesses have significant impact on how consumers understand the brand, companies should avoid unethical practises. Businesses use unethical marketing tools like exploitation and bad mouth competition. Companies should avoid using scare tactics and focus more of the value of the products rather than criticising their competitors. Businesses should be more humane, and not just pretend to be caring towards the society. (Anastasia 2015) Businesses should behave ethically towards their customers and investors since positive feedback can create positive outcomes for the company. Customers negative attitudes are hard to overcome. Companies will have financial issues, if investors won't invest in their savings. (Lantos 1999, Mantel 2005, Sales and Marketing Management 2006 referenced in Keith et al. 2008, 82) Business ethics is the study of situations and issues which may occur in business life. Businesses should follow rules to maintain ethical working environment. Companies should avoid exploitation, bad mouth competition and scare tactics.

## **1.6. Marketing Ethics**

Marketing is creating and delivering goods and services to customers through communication with clients and partners of the companies. (The American Marketing Association 2013) Marketing ethics is identifying and satisfying customers in profitable way. Marketers try to create and sustain customer preferences and achieve companies market goals. Marketing ethics faces problems with lack of knowing what is good and ethical. (Baumhart 1961 referenced in Carrigan et al. 2005, 481)

Marketers have six ethical values they should follow; honesty, respect, responsibility, fairness, transparency and citizenship. It is important for marketers to know the needs and wants of the consumers, so they can offer the best viable solutions to them. Communication and privacy should be maintained by following government standards and regulations. (Anastasia 2015) Ethical marketing is accordance with law and good practises. Marketers, advertising agencies and media are required to accept all common practices in business life. They should involve social and professional responsibilities in all their activities. According to the International Chamber of Commerce ICC, marketing should not undermine the trust towards it. (Paloranta 2014, 2)

“The American Marketing Association defines a brand as: name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors.” (Kapfefer 1997 referenced in Fan 2005, 342) Branding is focus of marketing communications. Ethical branding is defining moral principles of right and wrong in branding decisions. These decisions should help to promote public goods. Consumers ethical concerns do not have effect on peoples' buying behavior but these concerns can affect companies' success in the market. (Cryer, Ross 1997 referenced in Fan 2005, 347) Misleading advertising will lead to consumers to doubt the company's brand. (Anastasia 2015)

Consumer's basic rights are human rights ordered to protect consumers. Consumers have four basic rules: Right to safety, right to be informed, right to choose, and the right to be heard. (J. F. Kennedy 1962 referenced in Huq et al. 2016, 14) In the 1980s, four more basic consumer rights were added: Right to consumer education, right to a healthy environment, right to representation and right to redress. Consumers have right to be

protected against misleading and dishonest advertising. They should have right to choose from various products. The right for good living conditions and the right for knowledge and skills should be provided to consumers.

Consumers rights are being violated when they cost harm to consumers. These include violation of independence by control or manipulation, invasion of privacy and violation of the right to know. (Nebenzahl, Jaffe 1998 referenced in Nooh 2010, 34) Prices of products and services should be set at reasonable price. Consumers should have correct information of the product. There should be various offerings of products and right quantity and quality. People should be informed by value and purity of the product. Consumers should be protected against unsafe activities relating to products. Lastly people should be educated about consumers rights, education and violations what may occur during buying process. (Huq et al. 2016, 14) Marketing ethics should find ways to satisfy customers and partners. Ethical values that should be followed are: honesty, respect, responsibility, fairness, transparency and citizenship. Generally, marketers should follow consumers rights.

## **1.7. Unethical Advertising**

Advertising is promotion and presentation of products, services and ideas. Advertising is spread to consumers through television, radio, magazines, newspapers and internet. It is communication between seller and buyer through mass media channels. The idea is to make consumers to be aware of company's brand. As advertising is constantly changing area of marketing, there are rules that advertisers should follow. Advertisers produce even more morally wrong content, and do not care about the ethical issues or what consequences they may cause to people.

“Advertising is unethical when it refers to the distribution of societal values and norms established by the religious, governmental or political institutions to one which looks for moral and ethical guidance. It is also held to be deceptive if it has tendency to deceive a substantial number of customers in a material way. “(Srivastava, Nandan 2010, 61)

Unethical advertising is creating and misrepresenting morally wrong content to people through mass media channels. Advertising is unethical if it tries to damage competitors' products, gives false or misleading messages and information, makes exaggerated claims, is morally corrupted or effects people's lives damagingly. (Huq et al. 2016, 10) Unethical advertising causes negative emotions to viewers. Unethical advertisements get consumers confused about the product. Advertisements should be truthful and ethical since consumers are the one who are viewing them. (Vaux 2018) Advertisers are releasing even more misleading and exaggerated claims of their products, goods or services. Companies might lose their credibility and their competitive position in the market due to unethical advertising. (Sidhu 2015, 115)

Unethical advertising should not tell lies, cause harms, or violate moral disapprovals' and moral values. Advertising influences individuals and society's perceptions. Unethical advertising inserts wrong beliefs in people's mind and make them do unnecessary consumption of products. (Phillips 1997, 7) False promises and misguiding information promotes wrong values for the audience. People might get threaten by

unethical advertisements. (Bishopp 2000, 371, 376) False advertising is also known as bait and switch advertising. It is profitable strategy used by sellers to promote low-priced product, but then suddenly replacing it with a different, more expensive product. Customers will be disappointed when they see this product. In this way companies get more shoppers. (Lazear 1995, 813) 13

All businesses should follow advertising regulations and laws. These laws protect consumers from untruthful, misleading and unfair advertisements. States and governments also control advertising rules. If advertising laws are not followed, the results can be costly and damaging for the company. (Lubben 2016) Unethical and moral issues will always surround advertising due to an immoral behavior of advertisers. Advertisers want to take risks, break limits and create controversial advertisements. (Bush, Bush 1994, 40)

Unethical advertising consists many issues that should be avoided. The following practises are unethical (Huq et al. 2016, 13):

- 1) Pressure selling;
- 2) Exploitation;
- 3) Bribery;
- 4) Discrimination;
- 5) Fraud;
- 6) Deception;
- 7) No evidence;
- 8) Spying/surveillance;
- 9) Deception;
- 10) Failure of duty;
- 11) Unhealthy and unsafe product.

Unethical issues in advertising can be also economic, cultural, moral and religious issues. Unethical advertising uses rational motives when it should present differences in product quality and price. Economic harms are due to a consumption of unnecessary goods. Consumption can damage the environment. Cultural harms are due to intense competition in the market which makes advertisers to violate moral rules in advertising. Advertisers seek way to shock the audience by exploiting inappropriate content, exploiting religion or using pornographic nature. (Devi et al. 2010, 51-52)

A study by Drumwright and Murphy (2009) suggests that ethical issues in advertising have not changed much. Traditional issues are the same, but the development of technology have brought new ethical issues regarding message ethics and business ethics. Businesses have difficulties to create and deliver truthful advertising messages. Advertisers should be given critique regularly and public should be informed if unethical advertising appear.

### 1.7.1 Types Of Unethical Advertising

#### i. Exaggeration

Exaggeration is false claims or statements to attract people to buy company's products or services. Advertisers exaggerate the advertisements to improve the benefits of the products. They also use fake claims of the product's quality or popularity. Advertisers think they can give false claims without customers realizing this. (Munjal 2016, 239) Making false or misleading claims deliberately of the products and services is illegal. (Myers 2018) Misleading and false advertising generates negative consumers reactions. Consumers are suspicious when they do not understand claims about the product.

ii. Puffery

Puffery is giving false claims and statements about the product which cannot be proved or disproved. Companies use false claims to improve the image of their products and services. Puffery has subjective claims rather than objective claims. Compared to other unethical advertising types, puffery is still considered to be legal and accepted advertising technique.

iii. Unverified Claims

Unverified claims are false statements of the goods or services without proving any scientific evidence. Companies cannot prove these scientifically misleading claims. Unverified claims are mostly used by food, drink and beauty products companies.

iv. Comparative Advertising

Comparative advertising means companies comparing competitors' product to their own product. Company tries to convince customers that their product has better quality or the company tries to defame the compared product. (Chand 2015 referenced in Munjal 2016, 240) Comparative advertising causes customers to get confused which product have better features. (Vaux 2018) To avoid confusion between comparative products, mimetic products must be peculiar and differ from other products in the market. Advertisers must use their own commercial trademark and corporate name. It is not allowed to indicate negative or false accusations of other companies' products or despise competitors' products. (Paloranta 2014, 24, 40) Comparative advertising can lead to charges if companies compare their products against competitors' products without any scientific studies made.

v. Stereotyping Women

Unethical stereotyping of women or men uses sex and gender manipulation and exploitation. Various stereotypes are used to generate sales, including portraying women as sex objects or domestic servants. Unethical advertising shows men and women in unrealistic ways. Advertisers use strong sexual appeals concerning controversial issues and use erotic content to draw attention to their product. Advertisers should show double roles, role switching and blending to break these stereotypes. (Mayne 2000; Wee 1995; Latour, Henthorne 1994 referenced in Nooh 2010, 37) Proactive presentation of women and men enhances stereotypical gender roles. Also, using racial stereotypes is considered as unethical advertising. (Munjal 2016, 240) The biggest issues in stereotyping women

are underrepresentation of professional women and unrealistic representation of women only interacting with men and their families. Advertisements might be represented in pornography nature. Although some feel using sex appeals is offensive, some people are attracted or entertained by these advertisements

vi. Children In Advertising

Critics are concerned about children getting exposed to advertisements. Critics claim that advertising promotes unhealthy products that are harmful to children.

Advertisements manipulate children with false claims, influence children to try alcohol beverages and drugs, create conflicts between the parents and child over purchases and create confusion and dissatisfaction over a product. (1988 Kunkel;1989 Gore;1987 Atkin referenced in Treise et al.1994, 60) Using children in advertising is permitted if child is mediator of advertising message and is related to the advertisement. Advertising is considered unethical, if the child is put into a dangerous or reprehensible situation. Children are more susceptible to effects of advertising; violence, fear, sex and swearing are not appropriate advertising topics for children. (Paloranta 2014, 127-129) Children's unhealthy food consumption habits and obesity have increased due to advertising in television. Advertising can influence children at early age as they are exposed to advertising which is aimed for adults. Children are more exposed to violence through commercials which contain violent scenes. Television advertisements also manipulate children to demand unreasonable purchase requests from their parents. (Schmitt et al. 2007; O'Sullivan 2005; Mittal 94; Violent commercial in Television programs for Children 2003 referenced in Nooh 2010, 36) Unethical advertising types include surrogate advertising, exaggeration, puffery, unverified claims, false brand comparison, stereotyping women or men, and using children in advertising.

vii. Misleading Advertisements

These are the advertisements that deceive or are likely to deceive anyone who watches it. Misleading advertising may affect consumer's buying behavior. An advertisement is misleading if it creates increases or exploits a false belief about expected product performance. Misleading advertising occurs when an ad makes a false claim about the product, for the sake to increase the sales. Advertisements are also considered misleading if they create a false impression even if everything stated in the advertisement may be literally true. Misleading and false advertisements are not just unethical; they distort competition and of course, consumer choice. False and misleading advertisements in fact violate several basic rights of consumers: the right to information, the right to choice, the right to be protected against unsafe goods and services as well as unfair trade practices.

viii. Surrogate Advertising

Surrogate Advertising is telecasted for another brand or product. Surrogate advertising came into existence after the Government took initiative to ban advertisements of products that are injurious to health or body. After implementation of it the major



companies of liquor & tobacco were badly affected so they found other ways of advertise their products. They have found an alternative path of advertising which helped them to keep on reminding the people of their liquor/tobacco brands: they have introduced various other products with the same brand name in their product line. The advertisements for such new products are called or placed under the category of "Surrogate Advertisements". The main objective of this type of advertisement is to compensate the losses arising out of the ban on advertisements of one particular product (i.e. liquor). The companies always say that the order of the government is being implemented and advertisements of liquor are banned, but the objective of the Government imposing the ban is not fulfilled. It's a new weapon of Proxy War.

### **1.8. Unethical behavior and consumers attitudes**

“A commonly-accepted definition of unethical behavior is the following: acts that have harmful effects on others and either illegal or morally unacceptable to the larger community.” (Gino 2015, 107) People do not often notice unethical behavior. People do not want to disapprove others unethical behavior, especially if the outcome is bad. People decide not to see unethical actions and are likely to ignore the unethical behavior of other people. (Ibid., 109)

Consumers ` perceptions affect the advertising process. Misleading advertising can lead to use of unhealthy products. Fake advertising creates negative publicity for the company. False advertising creates negative thoughts and false impact on consumers. Manipulation affects to the values and environment in a negative way. Unethical behavior effects on consumer expectations and creates negative word of mouth of the company. (Nimrah, Shah 2015, 424-425)

The studies show that unethical advertising influences consumer buying behavior. Consumer attitudes are affected by socio-demographic and cultural factors. (Virvilaite, Matuleviciene 2013, 134) Moral principles and values have significant impact on consumer attitudes of unethical advertising. Age and culture also have effect on consumer attitudes. Old consumers are more shocked about unethical advertising than younger consumers. Women are more shocked than men, if advertising contains negative sexual content. Religious people notice unethical advertising better than less religious people. (Ibid., 138) Fan (2005) suggests that consumers are becoming more ethically conscious nowadays. Paloranta (2014) thinks that marketing is evaluated from what kind of image it gives to its target audience. Consumers look marketing from a reasonable, careful and observant point of view. They respond to advertising because of essential information they need and because it is available and visible for them. Advertising influences consumers behavior, attitudes and priorities. (Hunt et al. 1990; Dyer 1982; Cushman 1990 referenced in Srivastava, Nandan 2010, 61-62) Unethical behavior is destructive and immoral action which may harm other people. Unethical advertising causes negative consumer attitudes. Moral principles, values, age, gender and religion affect to consumer buying behavior.

## **1.9. The Advertising Standards Council of India**

- The Advertising Standards Council of India (ASCI) (1985) has adopted a Code for Self-Regulation in Advertising. It gives commitment to provide honest Advertising and fair competition in the market. It is there for the protection of the legitimate interests of consumers and all concerned with advertising i.e. Advertisers, Media, Advertising Agencies and others who help in the creation or successful placement of advertisements. ASCI have one underlying goal i.e. to maintain and enhance the public confidence in advertising. ASCI attempts to ensure that advertisements conform to its Code for Self-Regulation which requires advertisements to be:
  - Against Harmful Products/Situations-Not used indiscriminately for the promotion of products, hazardous or harmful to society or to individuals particularly minors, to a degree unacceptable to society at large.
  - Honest Representations-Truthful and Honest to consumers and competitors.
  - Non-Offensive to Public-Within the bounds of generally accepted standards of public decency and propriety.
  - Fair in Competition-Not derogatory to competition.
  - No plagiarism.

## 2. LITERATURE REVIEW

Consumers are faced with a very large numbers of advertisements every day in different media. This makes the job of the policy makers very difficult to judge the misleading nature of all such messages. The task can be made simpler if such questions are reserved only for critical case, the majority of the work should concern itself not with the questions whether an advertisement does mislead, but whether it has the capacity to mislead (Preston, 1977).

When consumers believe an advertisement to be true when it is actually false, consumers may be “harmed” (Attas, 1999). Individuals prefer their beliefs to be true, and if a consumer is misled by an advertisement, then the consumer may be misled and inconspicuous claims lead to significantly higher levels of false beliefs (e.g., lack of side effects, low price and speed of relief) than did the true or no information claims. The findings are consistent with a body of research, showing that consumers constantly misconstrue some types of advertisement claims and that the implication drawn from questionable claims are treated as factual (Preston, 1967).

In addition, false beliefs often persist even following the presentation of corrective information (Anderson, 1983). Also certain advertisements make claims that seem to be exaggerated on the face. It therefore is not in-genuine to understand that the possibility of such claims being called deceptive is very slim. Russo (1976) and his co-workers (Russo, Metcalf, and Stephens 1981) emphasized that holding a false belief after being exposed to the advertisement does not imply that the advertisement caused the belief.

Many alleged deceptive claims nowadays are implicitly manipulative rather than outright false (Mazis, 2005; Shanahan & Hopkins, 2007). The literature has documented solid evidence of deception by implication. For example, in a study about attribute claims of ibuprofen based brands, Burke et al. (1988) examine four types of claims: no attribute information, truth, expansion implications, and inconspicuous qualification implications. They find that expansion and inconspicuous qualification implications increase respondents’ false attribute beliefs about headache pain relief, side effects, and speed of relief.

In another study (Pechmann 1996), a company claims that it charges the lowest rate for a particular service but does not mention that it charges more than competitors for other required services. Due to erroneous inferences, respondents tend to believe that this company has the lowest overall price. Erroneous inferences can expand beyond the claimed attributes. Barone and Miniard (1999) expose respondents to a partially comparative advertisement containing a combination of comparative and non-comparative claims.

Deceptive claims take advantage of such presuppositions without clarifying the exact meanings in specific contexts. For instance, a package label that claims “50% more recycled content than before” suggests an increase of recycled goods by one half; however, the manufacturer’s total increase of recycled content has only improved from

2% to 3%. Although the message is technically true, the FTC rules this claim deceptive because the label can create false impressions (Federal Trade Commission, 2010).

The relationship marketing literature recognizes another potential element of customer loyalty, services relationship commitment (Bendapudi and Berry 1997; Morgan and Hunt 1994). Drawing on the organizational behavior literature (Meyer and Allen 1997), marketing scholars have variously defined commitment as ‘a desire to maintain a relationship’ (Moorman, Deshpand6, and Zaltman 1993; Morgan and Hunt 1994), a pledge of continuity between parties (Dwyer, Schurr, and Oh 1997), the sacrifice or potential for sacrifice if a relationship ends (Anderson and Weitz 1992), and the absence of competitive offerings (Gundlach, Achrol, and Mentzer 1995). These various sources create a “stickiness” that keeps customers loyal to a brand or company even when satisfaction may be low.

## **2.1. Deceptive Advertising**

Publicizing has constantly raised a considerable measure of feedback from people in general and various studies have been done for the most part on the ranges of effect of deceptive promoting towards buyers. Studies have demonstrated that the customers think promoting frequently abuses expansive moral standards (Treise, Weigold, Conna, & Garrison, 1994). A few people may contend that the issue of promoting morals is a confusing expression (Beltramini, 1999). Duplicity is characterized as a false or misdirecting claim in publicizing (Hyman M. , 1990). As indicated by Armstrong, Gurol and Russ (1979), there are three critical parts of striking trickiness, for example, conviction, deception and importance. From a deontological viewpoint, a publicizing case is conceivably beguiling in the event that it can be indicated to empower mixed up activities by buyers.

In the article, *The Lowest Moment in Advertising*, the writer contends that the most hostile and the most boring notices in the 90s territories from being sexually unequivocal in nature up until being harsh to a few sections of the general public particularly the minorities (Anonymous, 2003). A few researchers perspective publicizing as sustaining realism, narrow-mindedness, tension, sexual distraction and loss of self confidence (Pollay, 1986). Michael R. Hyman, Richard Tansey, and James W. Clark (1994) composed an article on the advancement and advancement of scrutinizes on promoting morals and the figured out that publicizing morals is still a standard point and it is not a depleted subject.

They suggested that more researches should be done on topics such as tobacco advertising and also proposed new researches on scales to measure advertisements ethicality. On the opposite side of the coin, Edward Spence and Brett Van Heekeren’s book on publicizing morals concentrates on distinguishing, looking at, and assessing moral issues that emerge in arranging and execution of *The Journal of promoting procedure* (Spence & Heekeren, 2005).

Their routines for understanding and contemplating promoting morals are centred on the publicizing procedures. So as to recognize deceiving and tricky publicizing, Russo, Metcalf and Stephens proposed three option perspectives, for example, extortion, deception and misleadingness on the grounds that they are parallel to the three parts of promoting correspondence; the sponsor, the message, and the customer convictions about the publicized item (Russo, Metcalf, & Stephens, 1981).

#### 2.1.1. What is deception?

The Need for a Definition Deception in advertising is far from a new concern. Claims made for remedies hundreds of years ago were often so deceitful that by today's standards they are humorous. While common law dealt with false advertising, the maxim of caveat emptor was in full sway for many years. Traditionally, courts have been quite lenient and have tended to hold that the consumer should have examined the goods in question more adequately or that the advertisements merely represented "matters of opinion" and should have been treated with scepticism. In 1914 the Federal Trade Commission was formed, and the FTC has been involved in the regulation of advertising from its very first complaint. Unfortunately, even though the commission has issued many rulings since 1914, it is not were "seen" as deceptive and the same advertisements being described as annoying, offensive, and insulting to the intelligence. Yet, Haefner also found that consumers' perceptions of deception did not agree with those of FTC attorneys for the same Products.

## **2.2. Definition of Misleadingness**

#### 2.2.1. Procedures for detection of Misleadingness

The test simply depicted gives the accompanying confirmation on which to base a judgment that a commercial is misdirecting false convictions held by purchasers who did and did not see an advertisement, furthermore by buyers who saw an adjusted rendition of the same notice. In view of this confirmation, by what means can a deceptive promotion be recognized?

#### 2.2.2. Consumer belief of a false claim

Is it adequate to exhibit that a case is false and that individuals accept the case? This is a case actuality error combined with direct proof that individuals accept the case. Numerous scientists would answer yes to this inquiry, with one capability. They would oblige that the rate of deceived customers surpass some base percent) expected to pronounce a promotion deluding (Gellhorn 1969; Jacoby and Small 1975). As has been contended somewhere else, the issue of discovering the best esteem, or even a few qualities, of n percent is insoluble (Russo 1976). For every advertisement the watched rate of misdirected shoppers must be judged against its own standard, not against some generally appropriate cut-off.

#### 2.2.3. Plan for detecting deception

What takes after is an endeavour to exchange the rationale displayed above into an arrangement of methodologies that can be utilized to screen promotions for conceivable misleading effect on buyers. At this phase of improvement, insufficient is thought about these ways to deal with propose that they can distinguish double dealing in promoting. Nonetheless, they ought to have the capacity to spot potential misuses that can be investigated in point of interest, utilizing behavioral examination techniques that loan themselves to the particular issue nearby.

Every one of the three of the methodology proposed here have as their establishment the accompanying two suppositions, If a useful quality has obtained a high likelihood of being connected with a particular brand when, indeed, target confirmation is actually or needs capability to be genuine, and this conviction is emphatically assessed, then, by both of the already specified definitions, misleading convictions exist. On the off chance that a non-functional trait is seen by buyers as a practical quality and decidedly assessed, misleading convictions exist.

#### 2.2.4. Increased belief in a false claim after exposure to an advertisement

A second approach portrays the principle blemish of the first by obliging a causal exhibition of misleadingness. An advertisement is distinguished as deceptive at whatever point presentation to that promotion builds the false conviction held by buyers. That is, the extent of purchasers holding a misleadingly false conviction is more noteworthy for the gathering that perspectives the advertisement than for the control bunch that does not see the commercial. We call this incremental Misleadingness.

#### 2.2.5. Less misleadingly false beliefs for corrected than for original advertisements

We believe that a properly corrected ad provides the desired comparison. For each of the ten original ads a corrected version was designed, to remove the original claim fact discrepancy, and to affect no other aspects of the ads. Prison condition should alter only the variable of interest and hold constant everything else. Because the corrected ad changes only the misleading component, it is better able than the no-ad condition to sense whether consumers are perceiving, and being exploited by, this misleading component. 10 The use of a corrected ad as the standard of comparison was proposed by Jacoby and Small (1975).

#### 2.2.6. Normative belief technique

This strategy is in light of the presumption that there is some “ideal” arrangement of utilitarian item traits for every item class. Ideal is characterized as that gathering of qualities that is vital and sufficient to characterize an item class and would speak to the agreement, of customers who were enough educated. Sufficiently educated customers are the individuals who have had the chance to gain broad data about the item class. A further supposition essential for this system is that there exists a “worthy” scope of probabilities connected with every trait. Satisfactory is characterized as the scope of probabilities for every trait connected with an item, landed at by an agreement of enough

educated customers. The standardizing conviction method would be made operational in the accompanying way. To begin with, item class standards for item qualities must be set up. This is a fragile procedure and one loaded with various issues.

The methodology taken by the specialists in the study was to comprehend which established theory<sup>1</sup> being utilized by promoting experts as a part of their responses towards publicizing morals by and large. Zinkhan, then again, recommended that so as to comprehend publicizing morals, scientists need to distinguish promoting practices which are possibly harming to the general public (Zinkhan, 1994). Maria Cecilia Countinho de Arruda and Marcelo Leme de Arruda directed a study with a reason for existing is to convince the people included in the promoting business to intercede about the qualities installed in the battles they created, directing them towards the general objective, helping them to locate a shrewd and judicious method for acting (Arruda & Arruda, 1999). Another study was finished by Hackley with the goal to investigate how morals in and of publicizing may be liable to examination inside of a comprehensively social constructionist point of view (Hackley, 1999). The social constructionist development in social brain science has formed into an extensive variety of exploration systems and methodologies. One of the components under social constructionist is its mutualist hypothesis of significance (Still, 1992).

### **2.3. Stereotyping Sex And Gender Stereotype**

Advertising does not portray men and women in realistic ways because the images we see daily reveal the class ideology of our society (Mayne, 2000). The advertisers need to reconsider the use of strong overt sexual appeals, especially given the controversial issue surrounding, such advertising stimuli and their fashionable use to crack through the media clutter (LaTour & Henthorne, 1994). Even though gender and sexual stereotypes are among the highly publicized unethical use and application of advertising, the industry itself is allegedly also guilty of perpetuating stereotypes and discrimination related to age (Carrigan & Szmigin, 2000). Apart from that, not only are older people not used very often in mainstream advertising, there are also a very limited number of products that old people are considered suitable to advertise (Carrigan & Szmigin, 2000b).of their advertisements (Szmigin & Carrigan, 2000).

This is supported by a research in the US in which it shows that in majority of the television commercials, the elderly are not casted as major roles (Swayne & Greco, 1987). Even though there are voluntary advertising codes that govern the issue of tobacco advertising, 17 percent of the models used in these advertisements are under the age of 25 because regardless of viewers' age, the younger models are considered to be more attractive than the older models (Mazis, Ringold, Perry, & Denman, 1992). Peterson, Milliman and Erefmeyer (1992; 1990) argue that advertisers are making a serious error for neglecting this segment of the population because the size and demand from this segment is growing.

Aside from subliminal promoting, another territory that has empowered exploration intrigues among researchers is in the zone of sex and sex control and misuse in

publicizing. Ladies have been the point of convergence of sexual publicizing in the past however the male partners are getting up to speed quickly (Blair, Stephenson, Hill, & Green, 2006). Cohan (2001) contends that promotions can be effective in creating deals without depicting ladies as things or sexual item, and without propagating different shortcoming generalizations. As advertisers battle to separate and attract consideration regarding their item offerings, the utilization of suggestive substance has turn out to be progressively visiting (Henthorne & LaTour, 1995).

## **2.4. Customer Satisfaction**

Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date (John- son and Fornell2001). This overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories; including telecommunication services (Fornell2002; Fornell et al. 1996).The concept of customer satisfaction has received much research attention in recent years. Satisfying customers is a business challenge in today's competitive marketplace. Today, firms have realized how important it is to understand, meet and predict customers' needs. Customers have also become increasingly conscious of their value to their service provider. Due to the highly competitive nature in the telecom sector, customers will be the key factor in determining the success of the enterprise. In short, under such intense competition, the service provider, that has the largest customer base and the highest customer retention rate will be a market leader in the industry. Hence, knowing customers' needs how they feel about the company and their expectations have become critically important for maximizing customer retention. Studies have shown that the long-term success of a firm is closely related to its ability to adapt to customer needs and changing preferences (Takala et al., 2006). Customer satisfaction is also considered as critical to the conduct of business in today's competitive marketplace and telecom companies are no exception (Ehigie, 2006). This possession and retention of customers depends upon the customer's perceived value. Customers' perceived value is the perception of customers about quality, social psychology, benefits, compensation and money related to the firm or services. So if the customer's perceived value is positive then it will generate the customer's satisfaction.

On the basis of these studies, we expect customer satisfaction to have a significant influence on customer retention that varies across customers. Customer satisfaction and customer loyalty can only be possible through effective first rated customer services that include commitments with the customers and fulfilment of those commitments through effective turnaround time. Research has shown that service satisfactions can significantly enhance customers' quality of life (Dagger & Sweeney, 2006) and enable service providers to determine specific problems of customers to take corrective action (Oja, Kouri, &Pakarinen, 2006). It has also been shown that dissatisfied customers tend to complain to the establishment or seek compensation from them more often to release cognitive dissonance and failed consumption experiences (Nyer, 1999). Our focus in this research is on customer satisfaction with complaint resolution



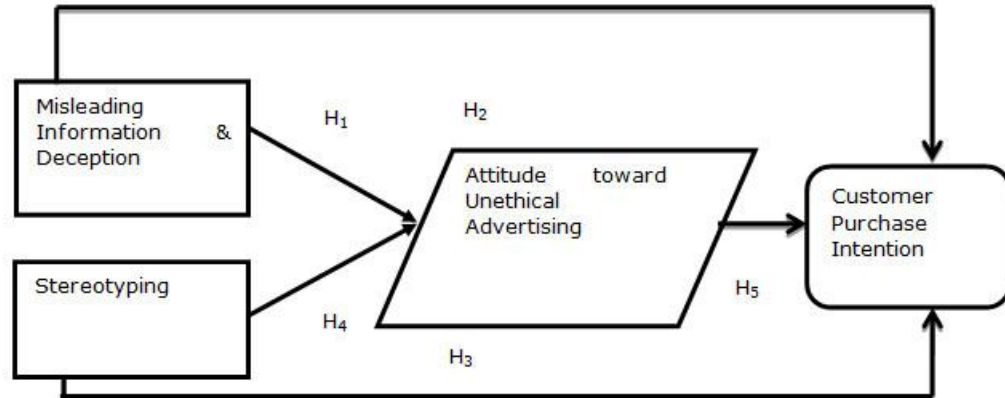
## 2.5. Word Of Mouth

WOM is one of the most powerful forces in the marketplace and is defined as informal conversations about the service or product between people who are independent of the company providing the product or the service, and in a medium independent of the company (Silverman, 1997). WOM marketing has been found to be particularly relevant to services (Silverman, 1997; Sweeney et al., 2008).

Defined as any communication about a service firm's offerings, word-of-mouth (WOM) communication is considered a key relational outcome (Freidenand Goldsmith, 1998; Hennig Thureau et al., 2002; Harrison-Walker, 2001). Consumers like to share their experiences with services through word of mouth. According to Keller (2007), the average American engages in 120 word of mouth conversations per week. These conversations are important sources of information for consumers and have a strong impact on product attitudes and sales (Brown and Reingen 1987; Chevalier and Mayzlin 2006; Herr, Kardes, and Kim 1991). In telecom sector, people use to share their experiences with others which some time becomes a strong perception in other's mind that may be converted in belief towards services. Customers do expect that they will get exceptional services from service provider therefore the resulted outcome compel them to express their opinion in front of others.

In a world that offers an excess of product information from a wealth of sources (Plummer, 2007), modern consumers have become less attentive to traditional advertising (McDonnell, 2005; Nielsen, 2007). Accordingly, many organizations have reduced expenditures on traditional advertising and re-visited WOM as a powerful marketing tool (Brand Science Institute, 2005; Kilby, 2007). Marketers, naturally, realise the importance of WOM, especially with regard to its implications for trust and associated outcomes (e.g. DeCarlo et al., 2007). Researchers have investigated the factors that motivate WOM because of its known credibility (e.g. Brown et al., 2005; Harrison-Walker, 2001).

### 3. RESEARCH METHODOLOGY



#### 3.1. Hypothesis

H1: The relationship between the perceived service commitments and customer satisfaction is positive.

H2: The relationship between Misleading Information and customer purchase intention is negative.

H3: The relationship between Deception and WOM with customer satisfaction is Negative.

H4: The relationship between Stereotyping and WOM with customer satisfaction is positive.

H5: The relationship between Stereotyping and Customer purchase intention is Negative.

#### 3.2. Data Collection Method

Data collection is a systematic process of gathering information pertinent to objectives and purpose of the study (Bums & Grove, 1999). Data can be divided into primary and secondary data. Primary data is original data gathered by the researcher from respondents and secondary data consisted of information gathered by others for same purpose or some other purpose and researcher will be using that data to support and strengthen his research. Sources of secondary data may be text books, internet, and financial reports of the company and already published articles. Secondary data saves time and avoid re-invention while primary data collection is quite time taking and basic data collection. The main disadvantage of using secondary data is the geographical difference and different researchers have already worked on it at different places, so sometimes it may not be as such useful for researcher and sometimes there may be a question of data validation and its responsibility of researcher to check the accuracy of

secondary data. Although secondary data is used initially for problem and hypothesis but even though primary data collection method has been used to gather the information by own and to relate our study with particular geographical area that elaborates the study in an appropriate way. Therefore, primary data through surveys, questionnaires and interviews can fit best to elaborate the study. Questionnaire based survey is easier to manage and less expensive, also privacy is assured (Leary, 1995). Primary data was collected through questionnaire. There were few items in demographic section for the descriptive and frequency testing and remaining items will be based on 5 point Likert scale. I have found few alarming situations while collecting data from respondents, in which customers had unsatisfied particular service provider many times but they time he remains unable to get the response and they use to give him another which creates confusion for the customers.

### **3.3. Methodological Part**

Methodological part gives information on how the data was designed, collected and analysed. The author describes what techniques has been used to identify the information and what research method was used to find out answers to the research questions. The chapter contains information about research design, sample procedure, participants, data collection and data analysis.

#### **3.3.1. Research design**

The study's methodological approach was quantitative method. This method was used because the study deals with substantial number of people and descriptive statistical approach is the best method to examine the results of the questionnaire. The author of this paper composed the questionnaire. First, the author decided the questionnaire topic and the needed information. The questionnaire was based on theory of the authors current thesis. Second, the study group was defined and divided into age groups for the questionnaire. The research was conducted by using a questionnaire design made by Google forms. The information was translated into a set of questions for the questionnaire. The questionnaires wording was in English, as this paper is written in English also. The questions were arranged in the right order. The questionnaire had two sections with 15 questions combined; seven multiple-choice questions, three dichotomous questions, three unstructured questions and two Likert-scale questions. Ten questions of the authors previous questionnaire (appendix 19.) were also used in the study. First section asked personal information and preferences towards advertising in general. The second section focused on questions about unethical advertising.

In question 13, six advertisements were taken to study their effect on customers. The point of view of the people were analyzed-

Advertisement 1 was chosen for this questionnaire because its visual targeted murders, which seems to be inappropriate and impacted negatively upon the consumer. Though the objective was to promote credibility in killing 99% of bacteria. But the visual seems to affect consumers negatively.

Advertisement 2 was chosen because it showcases 2 babies and their mom to try for Marlboro and chill for a while. I find children are very vulnerable and catch up everything they see. This ad positioned that smoking is not bad and promotes cigarettes among children. It doesn't show anything positive impacted among youth.

Advertisement 3 was chosen because it targeted a fat woman, whose "blubber" was spilling out of her swimsuit because of eating meat which created a huge fuss among the audience because this ad was unproved when a woman took a 30 day Pledge to be Vegetarian and sees if she loses her weight which proved the message of this ad was meaningless.

Advertisement 4 was chosen because it podcasted message which encourages racism and was misleading. Many on social media complained that the post was boosting racism; by showcasing a white colored woman and its caption – Keep it clean, keep it bright which empowers bright and white colored woman.

Advertisement 5 was chosen because the design and message of this ad was interpreted as subliminal to the society. "It'll blow your mind away" with the picture of a woman and sandwich was taken in a very wrong way. The ad portrays a sexual act to capture the audience attention which it does but in a negative manner.

Advertisement 6 was chosen as Dove showcased a long running racist trope in its soap advertising. A black person turned white after using Dove soap. This offended many black color people and encourages racism in the society. Later Dove deleted the ad and apologized for showcasing this advertisement.

The author wanted to see if the respondents considered these ads unethical. The commercial seemed to divide people's opinions and their point of view over the unethicalness.

Non-probability sampling technique was used in this study. The method was chosen because it does not involve random selection. The study was only available for people who could use the internet, so probability sampling was not possible to use. Also, the method was chosen because it was not expensive and was time-saving. Quota sampling was used to help determine correct proportions of the population. The population was divided into groups; gender and age. The questionnaire had 100 participants. The participants of this study were people aged between 18 and 55 and more. The age group were categorized into 18-24, 25-34, 35-44, 45-54, 50 and more.

### 3.3.2. Data collection and analysis

The data of the questionnaire was collected by using web-based questionnaire. First, the questionnaire was first tested on the authors friends to ensure that the survey was suitable. Second, the author spread the link to the questionnaire through social media (Facebook). The link was also send through an email to potential target group. The collection period for the questionnaire was approximately two weeks. The data for the analysis was gathered by the author. The results of the questionnaire were analyzed to

determine peoples' aged between 18 and 55 and more attitudes towards unethical advertising. The data analysis method was descriptive statistical analysis. Results of the questionnaire were analyzed in spreadsheet software program Microsoft Excel. First, the results were checked that there were no errors, and then data was input to the computer. Second, questionnaires research questions were categorized, and the most appropriate tables and charts were chosen to describe those questions. Images were used to help summarize the data.

### **3.4. Limitations Of The Study:**

- i. There are various ASCI codes and regulations which are not known to the general public.
- ii. Advertising is not control on a global level.
- iii. Lack of awareness on various unethical advertisement to the general public.
- iv. Only the people who have the access to the internet would be able to fill up the survey.
- v. The difference between the ethical and unethical is not easily predictable because of the unclear norms and shortage of consumer rights and benefits.
- vi. There should be more councils to defend ethical advertising and protect interest of consumers.

## 4. DATA ANALYSIS AND INTERPRETATION

Data analysis part includes analyses of the results and discussion for the study. The method that has been used is descriptive statistical analysis. Analyses of the results part shows the findings of the study based upon the methodology and data which was applied to gather information. Discussion sections describes the analysis of the results, various case studies, decisions ASCI had taken, recommendations to stop unethical advertising

### 4.1. Analysis Of The Results

Q2. What is your gender?

102 responses

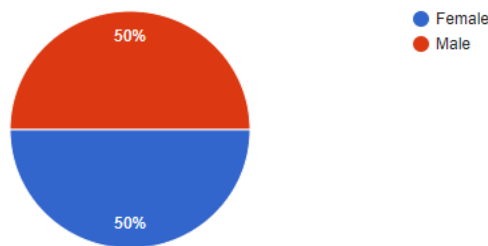


Figure1: Gender of the Respondent

Q3. How old are you?

102 responses

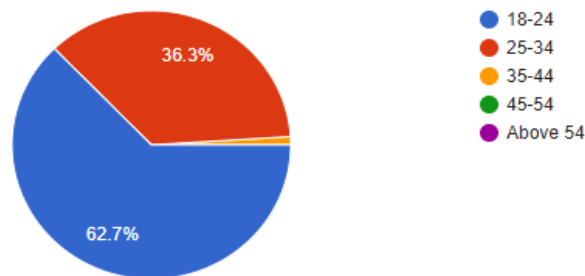


Figure2: Age of the Respondent

General questions tells us about the respondents age, gender and characterizes the sample size of study accordingly. The figure shows that 50% of respondents are male, and 50% of respondents are female. The respondents age lie between 18-24 years represents 62.7% of respondents, 36.3% of the respondents were 25-34 years, 1% of the respondents were of 35-44 years.

#### Q4. What kind of advertisements do you see frequently?

102 responses

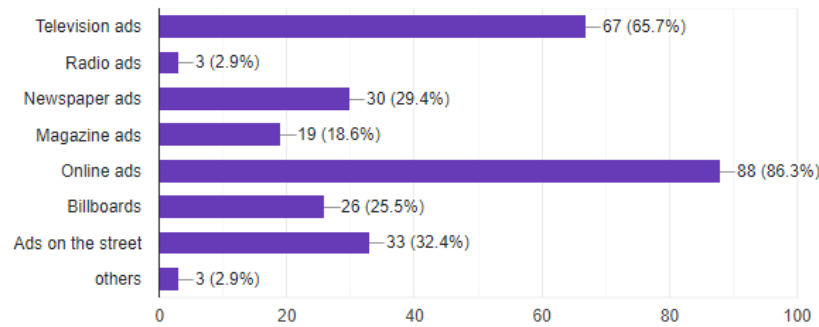


Figure 3: Advertisements that respondents see frequently

In the fourth question, 100 respondents were asked what kind of advertisements do they see frequently on a daily basis. Figure 2 shows that the majority of respondents see the ads on online media which represents 86.3% of the respondents. Television ads are seen by 65.7% of respondents, 32.4% respondents see ad on the street, 29.4% respondents see ads in the newspaper, 25.5% respondents see ads on the billboards and 18.6% of ads are seen in magazine.

#### Q5. What kind of advertisements do you like?

102 responses

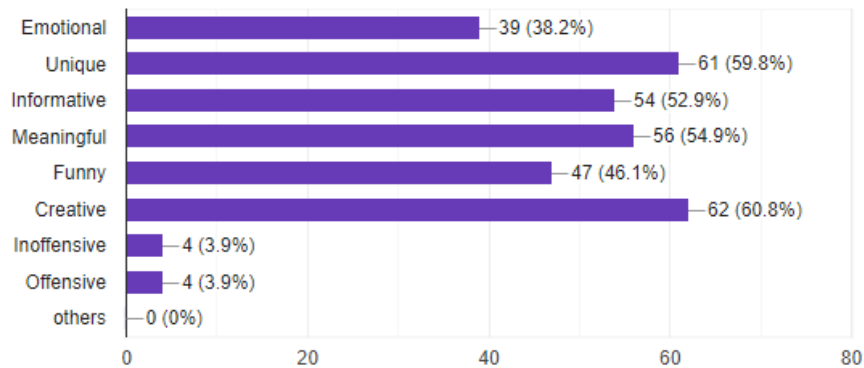


Figure 4: Advertisements liked by respondents

This question was asked to see the respondents liking on the type of advertisements. 60.8% of respondents want to see creative ads. 59.8% of respondents like unique ads. Followed by 54.9% of meaningful ads, 52.9% informative ads, 46.1% of respondents like funny ads and 38.2% like to watch emotional ads. The majority wants to see the advertisements which are more creative and unique. Thus companies should focus on such ads rather concentrating on offensive and funny ads.

## Q6. Why do you watch advertisements?



102 responses

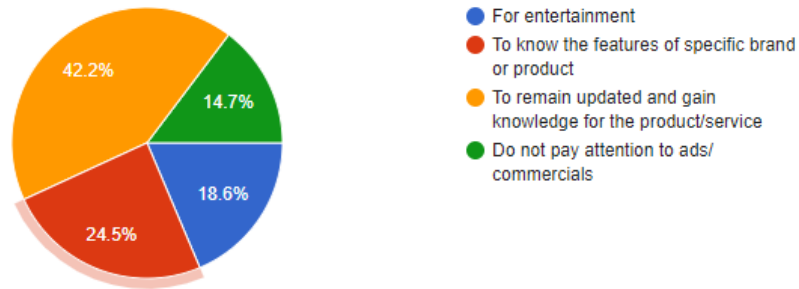


Figure 5: Reason of watching Advertisements

This question was asked to know the reason behind watching the advertisement. 42.2% people responded that they watch the ads to remain updated and to gain the knowledge for the product/services in the market. 24% respondents like to know more about the features of a certain brand or a product. 18.6% like to watch the advertisements for the entertainment and rest do not pay attention to ads/commercials.

## Q7. Have you ever bought product/service because you liked the advertising?



102 responses

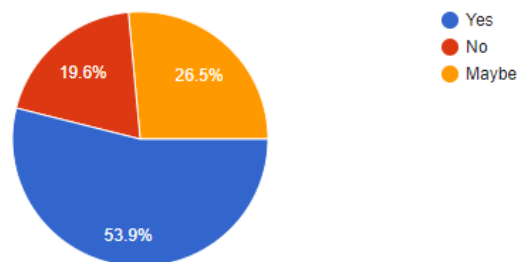


Figure 6: Buying decision based on the advertisements

In the seventh question, respondent were asked whether their buying decision is based on the advertisements or not. 53.9% of respondents answered yes, that they buy the product when they like the advertisements and rest were divided in no and maybe. Companies should focus on increasing these 53.9% by releasing informative and customer-friendly ads.



**Q8. Unethical advertisement has effect on me, do you agree with this statement?**

102 responses

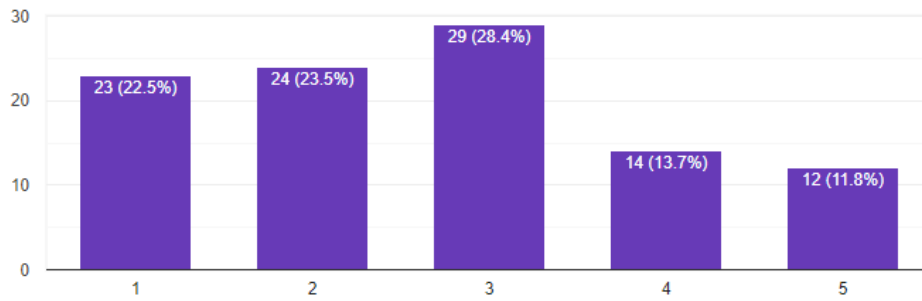


Figure 7: Effect of unethical advertisements on respondents

The eighth question was asked to know how much unethical advertisements affect the customers so that companies should be more aware in releasing any ad showcasing bad content. So, 22.5% strongly agree, that the unethical advertisements strongly affect them. Followed by 23.5% agree, 28.4% which is the majority which is neutral about this effect. 13.7% people disagree that they are not affected by unethical ads and 11.8% strongly disagree with this statement.

**Q9. What kind of advertising do you think is unethical?**

102 responses

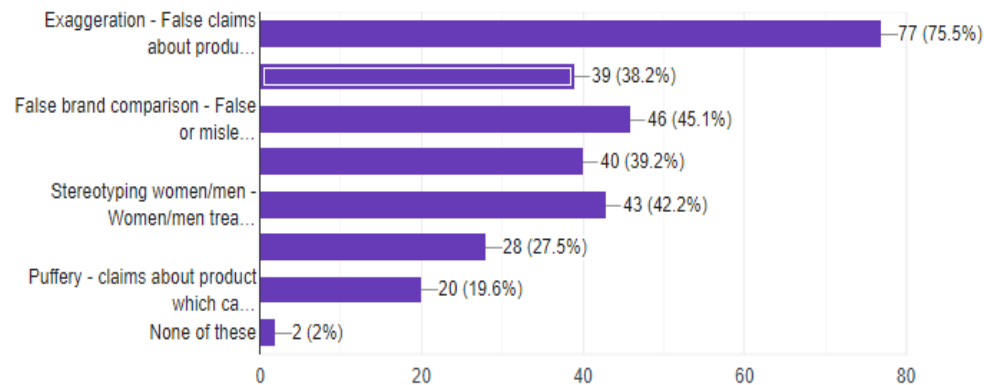


Figure 8: Types of advertisements considered unethical

Ninth question was asked to know the customers' opinion about the unethical ads. There are various types of unethical ads which are studied above. Of which 75.5% respondents say that ads which are exaggerating or make false claims are most unethical. Followed by 45.1% people, say that misleading ads are very unethical. 42.2% responded believes that ads which stereotype woman are unethical. These are then bifurcated in surrogate advertising 38.2%, unverified claims 39.2%, 27.5% children in advertising.

Q10. Have you ever decided not to buy a product/service due to an advertisements you perceived unethical?

102 responses

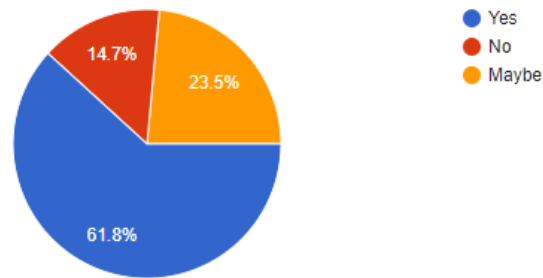


Figure 9: Buying decision based on Unethical Advertisement

Respondents were asked about their reaction after seeing unethical advertisements. Do they decide not to buy the product or they still prefer those products. Out of 102 responses 61.8% decide not to buy the product but 14.7% still buys the product. Companies should focus on those 61.8% that they should not shift toward other product.

Q11. If a company where you are a loyal customer, advertise unethical way, what could be your behavior after that ad?

102 responses

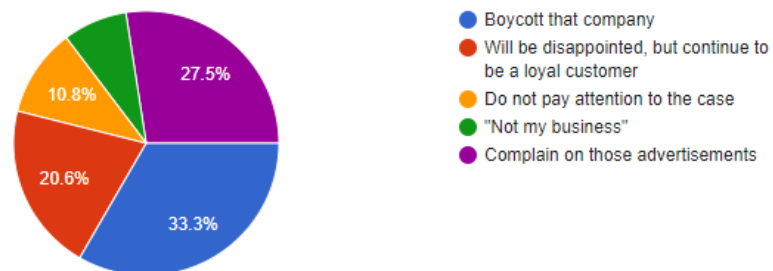


Figure 10: Buyers reaction after company advertise in unethical way

In this question, respondent were asked about their action they take after seeing unethical advertisements. Majority of people that were 33.3% said that they boycott the company and does not like to watch or buy their product. 20.6% said they will be disappointed, but still will continue to be a loyal customer. 27.5% respondents said that they will complain about the products and the advertisements. 10.5% respondents do not pay attention to the case.

### Q12. Companies are aware,if they advertise in an unethical way, do you agree?

102 responses

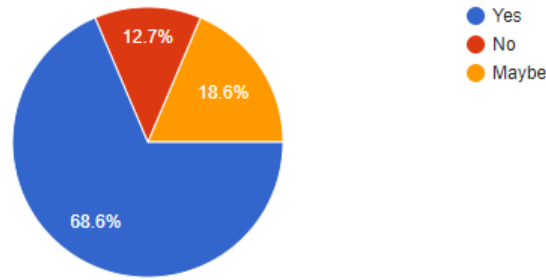


Figure 11: Companies are aware when they advertise unethically

In this question, people were asked to give their opinion on what they think that companies are aware if they advertise unethically or not. Out of 102 respondents 68.6% said that they believe 68.6% of the companies know that they are advertising unethically but still they follow this path. 12.7% respondents believe that companies are unaware if they follow an unethical path.

### Q13. Select ads you think are unethical?

102 responses

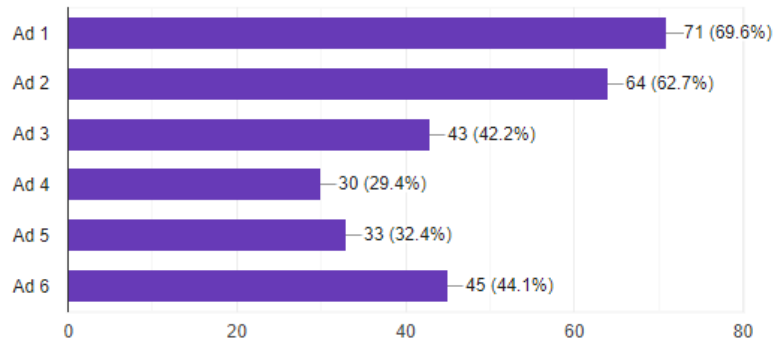


Figure 12: Ads considered unethical by respondents

Respondents were shown various ads and they were asked about their opinions. Ad 1 depicts Dettol ad that shows a murderer having stains of blood on his hands and claims that dettol can kill any kind of bacteria. 69.6% of people say this is the most unethical ad as it misleads people. Ad 2 shows the 2 babies trying to chill their mother by offering a malboro cigarette. 62.7% people say this ad to be unethical as it uses children in advertising. Ad 3 shows a fat lady and claims to lose the weight by avoiding non vegetarian, the ad stereotype the woman which was prove to be unethical by 42.2% of the respondents. Ad 4 and Ad 6 boost racism by showing a white women if uses nivea cream and turning of black woman to white after Dove wash. These ads were proved to be unethical by 29.4% and 44.1% of respondents. 32.4% of respondents say Ad 5 is

unethical which showcase a Burger King ad in which a woman is opening her mouth to eat burger whose shape seems to encourage sexual acts.

Q15. You are an Employee in the Marketing team of the Company who indulges in the unethical advertisements, how will you respond?

102 responses

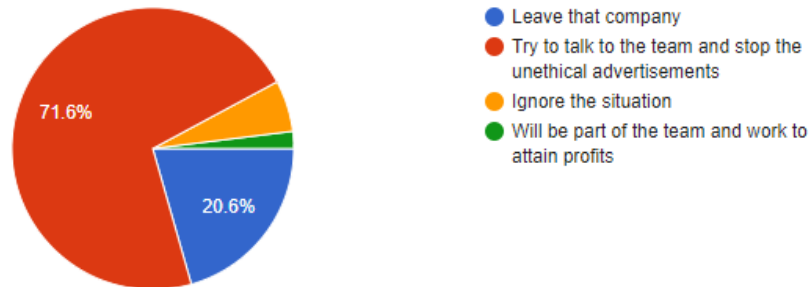


Figure 13: Response as an employee whose company indulges in unethical advertisements

This question was asked to know the response if the respondents are the employee in the marketing team of those company who indulge in the unethical practices. 71.6% of respondents said that they will try to talk to the team and stop these unethical ads, 20.6% of the respondents said that they will leave the company and others said that they will ignore the situation.

## 4.2. Discussion

Through this data, we analyzed that respondents like to watch advertisements on online media or through television. As technology is growing rapidly, people are spending most of their time on online media doing work, surfing, chatting etc. In such time, these ads may go unnoticed or are ignored by the respondents. So, there were few people who said that the ad go unnoticed by them. The frequency of seeing and listening radio ads and magazine ads are diminishing now. So companies' can focus more on television and online ads to attract more and more of viewers.

When respondent were asked about their liking towards the type of advertisements. Majority of them said that they like unique and creative ads. This was because viewers watch the advertisements to stay updated and to get as much knowledge about the products so that they can take the leverage of new updates. So firms should try to focus on providing some information in a creative manner which bring customer attention toward the ads.

Also some respondents said that they watch the advertisements just for the entertainment. They do not want to gain knowledge from these ads. So they believe the ads should be more creative and funny rather than informative and unique.

As seen, there were majority of people who take the buying decision on the basis of the advertisements. And only few who don't. So advertising can be said as a major factor in

the sales of the product. Agencies should take this seriously before launching any offensive ads.

People believe that unethical ads like exaggeration that make false claims are the most offensive ads as it effects on the customers loyalty. So they should not focus on false claims as this will bring temporary profits but they might lose their customers permanently. Ads which are misleading or stereotype women are also been said unethical by many customers.

Majority of the customers does not buy the product if their ads are unethical. They say they will boycott the company if the company went into any unethical forms. Some said they will complain on those advertisements first. While other said they will be very disappointed. So agencies should try that the customers should not shift to the other products. They should try to follow ethical paths and avoid such type of advertisements.

Respondents believe that companies are aware when they advertise in an unethical way. They do, so that they can lure the customers through such creative ads, so that they can capture the market shares better than the competitors. But they should not forget that this will hamper their brand image in the near future.

Employees were asked if there company goes into any unethical forms. How will they respond? Majority of them said that they will try to talk to the team and will try that they can find some better alternative. While the other majority said that they will leave the company.

### 4.3. Case Studies

#### 4.3.1. Rin v/s Tide – Unverified claims and Comparative Advertisements



Figure 14: Tide v/s Rin

Rin, the HUL product was launched as a bar in 1969 and its powder product in 1994 with the iconic lightning bolt. This tag was used to boost the brand image in the minds of the customer. On the other side, Tide was manufactured by Procter and Gamble and was launched with only two types of products namely Tide Detergent and Tide Bar. Tide wanted to change the consumer belief that white clothes can never look new again once they are stained or dirtied. For that Tide launched its Dirt magnet property.

### THE WAR

Initially Tide was running behind Rin but since 2007, its sales rose, and market share also went up which poses a threat to HUL whose share started decreasing.

In 2009, Tide captured 8% of the market share whereas 5.1% by Rin which shows the substantial gap.

The war began when Tide launched Tide Natural in lower rates than Rin to target rural segment. In response of which, HUL responded with aggressive price cuts of RIN products to sustain in the market.

HUL complained in the Madras High Court against P&G that their product Tide Naturals does not contain chandan and lemon in its product and still declaring it Natural by showing it in disclaimer will not prove it natural. The ad was considered to mislead the consumers when they promoted Tide Naturals as a natural detergent, whereas it proved to be a synthetic detergent. Later, P&G accepted that they only added fragrance of natural products and were instructed by court to clarify that their product does not contain natural ingredients in the product through their ads to the customers.

But later on February 26, 2010 Rin launched a bold commercial showing comparison between Rin and Tide by adding a line “Aunty, Chaunk kyu gaye?” which was a similar tagline of TIDE NATURALS. The ad claims that it provides better whiteness in the affordable price to the customers and directly showcasing a comparison with Tide.

P&G made a complaint against HUL’s Rin, for showcasing a comparative ad, But hul took advantage of this, as they knew that the case will take 3 weeks or more and in the meantime they displayed the ad most frequently to maximize the damage to the competitor’s product.

#### 4.3.2. Redbull – “gives you wings” – False claims and Exaggerating Ads



Figure 15: Redbull “gives you wings”

Redbull, an energy drink company was sued in 2014 for its slogan “gives you wings”. Beganin Caraethers , one of a regular consumer of Redbull who was inspired by its ad, consumed this energy drink on a daily basis to improve their speed and performance which was claimed by the company. He made a complaint when he realizes that the claim made by the company is false and nothing such happen.

The product was tested by European Food Safety Authority which proved that the product only contains caffeine as its only active ingredient. The ad was exaggerated and claimed false results in order to lure the customer to purchase the product which actually does not uphold what they claimed. The ad was not only deceptive but a false marketing strategy which misleads the customer.

The company settled the case by agreeing to pay a maximum sum of \$13 million which include \$10 to every US customer who purchased the drink since 2002.

The suit says of Red Bull's marketing:

“Such deceptive conduct and practices mean that [Redbull’s] Advertising and marketing is not just Puffery, but instead deceptive and fraudulent and is therefore actionable”

Redbull released the statement following the settlement:

“RedBull settled the lawsuit to avoid the cost and distraction of litigation. However, Redbull maintains that its marketing and labeling have always been truthful and accurate, and denies any and all wrongdoing or liability”

#### **4.4. Some Case Examples And Decision Taken By ASCI**

##### Case1

Decision was in favor of complainant



Figure 16: Bajaj Pulsar

Brand - Bajaj Pulsar Complaint- The Visual of the ad had bikers were doing extreme stunts and the disclaimer was almost invisible. So complaint was filed against the company keeping in consideration the increasing rate of bike stunt mishaps.

CCC said that- This shows that they are boosting stunts which are dangerous and do not have any regard for safety such as disclaimer and hence some action should be taken by the company.

Result- The company modified the ad with a clear disclaimer in the beginning itself.

## Case2

Decision was in favor of the complainant Brand-



Figure 17: Axe Dark Temptation



AXE Dark Temptation Deodorant Complaint- Ad is in bad taste and is indecent, as it shows the girls licking and biting the boy.

CCC said - The Visuals were obscene and likely to cause widespread outrage.

Result- Ad was modified by removing few scenes

### Case3

Decision was in favor of complainant Brand-



Figure 18: KFC unethical marketing

KFC Complaint- Car crashes after driver loses concentration while eating KFC product. The words "non stop khao, non stop khilao", in conjunction with the Ad being of KFC bucket size pack, is clear intention of advertiser promoting over/excessive consumption of KFC, which being fried chicken has high content of fat in it.

CCC said – The Visual depicting the “driver licking his finger” implied that he has been eating while driving, which could have a big harm to the driver/passengers. Ad shows a dangerous practice without justifiable reason

Result- Ad was modified

### Case4

Decision in favor of advertiser Brand-



Figure 19: Big Bazaar “isse sasta aur achha kahin nahi”

BIG BAZAAR Complaint- Print ad has the tagline- “Is se sasta aur achha kahin nahi!”. The Complainant says that there are many items which are cheaper than Big Bazaar available in the market.

CCC said - Claim misleading by overstating.

Result- The Advertiser showed comparative bills of Big Bazaar and other stores, which proved that on a basket of commodities, Big Bazaar is cheaper. So no change was made to the advertisement.

Company	Product	Complaint
Hindustan Unilever Ltd	Ponds Pure White Face Wash	“Pond”s pure white Face Wash contains Activated-Carbon”, “This goes in the depth of your skin and removes dirt and pollution and saves you from being affected by any skin problems, get instant glow on your skin”, “Picture indicating “premature aging, wrinkles”. These claims need to be substantiated with necessary support data
Reckitt Benckiser (India) Ltd	Veet Body Moisturiser	8 out of 10 women who tried Veet Body Moisturiser agree that only Veet Body Moisturisers give longer lasting smoothness”, “New Veet Moisturizer - its unique Pro Minimise formula delays hair regrowth which makes

		your skin feel touchably smooth for a longer time”, “Women agree that with Veet Body Moisturiser you need to remove hair less often” These claims need to be substantiated with necessary support data.
Hindustan Unilever Ltd(*)	Sun Silk Perfect Straight	Ad shows - a girl packing/selecting all her hair straightening equipment"s and another girl (her friend) tells her about a shampoo that can keep the hair perfectly straight after attending a gym session, party or even in other situations. After the use of the shampoo can every form of hair type/texture remain perfectly straight in any situation said?
Hindustan Unilever Ltd	Surf Excel Liquid Detergent	Ad depicts a child sprinkle ink on his white shirt and face & teeth. Ad is offensive and negative in nature and children with vulnerable minds could ape it with grievous results. Ink is toxic, is it safe to allow the ink to get into the child"s mouth and the ink even discolors his teeth?
Maruti Suzuki India Ltd	Maruti Swift	TVC shows a minor (boy wearing sun glasses) driving the Maruti Swift recklessly. Ad violates the guidelines on Ads for Automobile vehicles as well as the ASCI Code

*Table 1: Various unethical ads and decision taken by ASCI*

## 5. CONCLUSION & FINDINGS

### 5.1. Conclusion

The objective of this paper was to know about the unethical advertisements and its impact on consumers and stakeholders. As we discussed there are various types of unethical advertisements. Such ads are increasing on a rapid pace with the globalization. The companies are going towards aggressive marketing to face the growing competition. Their objective is to attract more and more customers because of which they sometimes cross the boundaries which they shouldn't. Consumers are being targeted who are persuaded from such type of advertisements.

Though there are some regulatory bodies which are formed for the customers. One of them is ASCI (Advertising Standard Council of India) who works to safeguard the consumers against these unethical advertisements. Federal Trade Commission at national level, Drug and Magic Remedies Act, Defamation Act, Monopolies and Restrictive Trade Practices Act, Consumer Protection Act, Competitors Act, laws governing ads, code of conduct, such regulations are made by the Council so that marketers should follow these at the time of launching the ads. Business ethics are being made so that firms should follow a right code of conduct and should not harm any customer belief and trust. The main motive of Marketing Ethics is to inform people about right and wrong in the advertisements. Advertisers should focus on providing more and more of information in the advertisements which are important for the consumers' knowledge. Firms should focus on Ethical branding because it makes customer loyal for a lifetime.

There are various cases of many big brands that went into unethical ways. The objective was to gain market share which led them to aggressive marketing in an unethical way. Brands like Pepsi, Coca Cola, HUL, P&G, Burger King, Starbucks, went into the unethical forms. The companies lost their shares and it took time to again capture their shares and retain the position.

Customers were asked about their reaction towards these ads. Majority of the customers take initiative and respond back to these advertisements through complaints or boycotting the company. While some customers still don't possess sufficient knowledge about these advertisements and regulatory bodies.

There is a lack of knowledge about the complaint sections and regulations that are being made in India. There is a lack of sufficient regulatory bodies. The norms are still not clear to draw the boundaries of ethicality to stop unethical means. Some companies are unaware of such rules and laws that are needed to display once they join to be a part of media. Building brand image takes a very long time, but one mistake may shift their loyal customers to their competitors very easily.

Customer reaction towards such ads is very clear. They do not like ads that mislead them, provide false claims, stereotype women or children, ads like puffery, surrogate advertising, there is a strict NO, NO, to these ads.

## **5.2. Findings And Recommendation**

The effect of unethical advertisement is very catastrophic. It results in a drastic shift of the loyal customers towards the competitor brand. Brand image is threatened which may result in loss of market share of the companies. Companies should therefore avoid any types of unethical advertisements.

There should be implementation of laws, regulatory bodies so that the cases can be cleared in a short time. Due to rising aggressive marketing, such cases are increasing day by day, the time taken to clear the cases are very prolonged which creates a huge impact in the society.

More knowledge regarding rules, laws should be informed to the general public. As still there is some percentage of people who are unaware about the unethical ads and they indulge in those practices. They should be made aware of these types of ads and the initiatives taken for them to respond and complain against those ads so as to stop them as soon as possible.

The boundaries should be clear. What seems unethical might seem ethical from some other angle. Some companies aren't able to distinguish between these two. They mistakenly move into an unethical way because of lack of clarity between what is unethical and what is ethical. So it is very necessary from the company as well as customers point of view, that such laws and regulations should be more specific and clear and unbiased.

Employees avoid working with those companies who indulge into Unethical ways. Employees try to talk with the team to stop the types of unethical advertisements as it will lead to temporary gains. Employees generally leave the company if they see companies to launch unethical ads.

Some companies are more conventional about their thoughts, ideas. They try to maintain long term relationships which are morally neutral. But they do not look for social benefit and may harm the society through unethical ways. While some companies follow those agency philosophy that believes in serving the society well. Make moral judgements about goodness and badness of products and also about values that are being communicated at the time of advertising the product.

There should be a new way of Thinking about advertising ethics which may build consumer Trust. A new way might lead to engage the company and customer in most ethical way and discard unethical forms.

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# 7. ANNEXURE

5/26/2019

Impact of Unethical Advertisements

## Impact of Unethical Advertisements

\* Required

1. Q1. Name \*

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2. Q2. What is your gender? \*

Mark only one oval.

Female

Male

3. Q3. How old are you? \*

Mark only one oval.

18-24

25-34

35-44

45-54

Above 54

4. Q4. What kind of advertisements do you see frequently? \*

Check all that apply.

Television ads

Radio ads

Newspaper ads

Magazine ads

Online ads

Billboards

Ads on the street

others

**5. Q5. What kind of advertisements do you like? \***

Check all that apply.

- Emotional
- Unique
- Informative
- Meaningful
- Funny
- Creative
- Inoffensive
- Offensive
- others

**6. Q6. Why do you watch advertisements? \***

Mark only one oval.

- For entertainment
- To know the features of specific brand or product
- To remain updated and gain knowledge for the product/service
- Do not pay attention to ads/commercials

**7. Q7. Have you ever bought product/service because you liked the advertising? \***

Mark only one oval.

- Yes
- No
- Maybe

**8. Q8. Unethical advertisement has effect on me, do you agree with this statement? \***

Mark only one oval.

- |                |                       |                       |                       |                       |                   |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| 1              | 2                     | 3                     | 4                     | 5                     |                   |
| Strongly agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Strongly disagree |

**9. Q9. What kind of advertising do you think is unethical? \***

Check all that apply.

- Exaggeration - False claims about product's quality or popularity
- Surrogate Advertising - Promoting banned products, like alcohol and cigarettes
- False brand comparison - False or misleading claims about competitors
- Unverified claims - Promise to deliver results without providing any scientific evidence
- Stereotyping women/men - Women/men treated as a sex objects or domestic servants
- Children in advertising - Using children as part of advertising
- Puffery - claims about product which cannot be proved or disproved
- None of these



10. **Q10. Have you ever decided not to buy a product/service due to an advertisements you perceived unethical? \***

Mark only one oval.

- Yes
- No
- Maybe

11. **Q11. If a company where you are a loyal customer, advertise unethical way, what could be your behavior after that ad? \***

Mark only one oval.

- Boycott that company
- Will be disappointed, but continue to be a loyal customer
- Do not pay attention to the case
- "Not my business"
- Complain on those advertisements

12. **Q12. Companies are aware,if they advertise in an unethical way, do you agree? \***

Mark only one oval.

- Yes
- No
- Maybe

15. **Q15. You are an Employee in the Marketing team of the Company who indulges in the unethical advertisements, how will you respond? \***

Mark only one oval.

- Leave that company
- Try to talk to the team and stop the unethical advertisements
- Ignore the situation
- Will be part of the team and work to attain profits

13. Q13. Select ads you think are unethical? \*  
Check all that apply.



Ad 1



Ad 2



Ad 3



Ad 4



Ad 5



Ad 6

14. Q14. Do you remember any advertisement that had affect on you or society? If yes, please answer. If no, just skip.

\_\_\_\_\_