

MARKETING PLOY OR STRATEGIC INITIATIVE?  
AN INVESTIGATION OF  
DECEPTIVE ADVERTISING

by

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## ABSTRACT

### MARKETING PLOY OR STRATEGIC INITIATIVE? AN INVESTIGATION OF DECEPTIVE ADVERTISING

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The number of commercial messages that consumers are exposed to on a daily bases is unknown, although some experts estimate it is at least 500 ads per day. Most pundits in the field of advertising agree that it is ubiquitous. For advertisers and marketers, it is critical for them to create advertising messages that break through the clutter and capture the attention of today's consumers—who are distracted and overwhelmed. One tactic that practitioners employ to capture consumers' attention in this challenging environment is *deceptive advertising*, which exaggerates—or even lies—about the attributes of a promoted product. This dissertation explores this topic using methodological triangulation, examining deceptive advertising from the perspective of those who create it (e.g., advertising practitioners), assessing the overall impact of deceptive advertising on consumer evaluations, and empirically investigating the most effective crisis response strategies that should be issued following allegations of deceptive advertising.

In the first essay, in-depth, semi-structured, qualitative interviews are conducted with advertising practitioners to better understand deceptive advertising and its impact on the advertising profession. Deceptive advertising does not seem to be a concern for advertising practitioners, as most rely upon their corporate and moral values to navigate the ethical

landscape of the advertising world. These professionals also indicate that, because consumers have access to more product information than even before, misleading consumers with false advertising claims is less impactful. In the second essay, a meta-analysis is conducted to synthesize over 40 years of research on the relationship between deceptive advertising and consumer evaluations (i.e., purchase intentions and attitude toward the ad). Findings suggest that deceptive advertising positively affects consumer evaluations, but this relationship is moderated by the content of the advertising message (i.e., whether the ad features a real brand and contains pictures and/or words and which type of product is being promoted). The third essay builds on the first two essays, empirically testing the appropriate crisis response strategies advertisers should enact following accusations of deceptive advertising. The moderating impact of skepticism toward advertising is also explored. Findings indicate that consumers are able to detect differences in deceptive ads, depending on how deceptive the message is. And, importantly, consumers appear to be more forgiving when product attributes are embellished than when advertisers blatantly lie.

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## ESSAY 1:

### A QUALITATIVE INVESTIGATION OF DECEPTIVE ADVERTISING: INSIGHTS FROM INDUSTRY PROFESSIONALS

#### **Abstract**

In this study, qualitative methods are employed to examine the domain of deceptive advertising from the perspective of individuals who create and disseminate it. The findings indicate that advertising practitioners are aware of, and understand the nature of, deceptive advertising, but do not consider it to be a central issue. Advertising practitioners imply that today's consumers are savvy and better able to recognize and properly interpret advertising messages, thus shielding them from serious harm. To reduce the incidence of deceptive advertising, it is recommended that ethics be incorporated into college curriculums, company training programs, and continuing education classes in the industry.

#### **Keywords**

Deceptive advertising, deception, advertising practitioners, qualitative research, ethics in advertising

Advertising is a ubiquitous element of today's culture that pervades the work, social, and home environments of consumers (Pollay 1986). On any given day, a typical consumer is exposed to advertising while drinking their morning coffee, watching the sponsored weather report during the morning news, or reviewing emails in their inbox. In fact, over the last 40 years, the number of advertisements targeting a typical consumer has increased from about 500 to as many as 5,000 a day (Walker-Smith 2014). Advertising experts agree that today's media environment is extremely cluttered, with a growing number of advertisers attempting to reach a target audience that is overwhelmed by a barrage of commercial messages (Campbell 1995). Advertising expenditures are also increasing—reaching approximately \$207 billion in the U.S. in 2017, up from \$185 billion in 2016 (eMarketing 2016). Taken together, these factors have contributed to a situation in which the ability to cut through the clutter and capture consumers' attention has become both critical and challenging (Campbell 1995).

In the face of this challenge, marketers have become more resourceful at developing more effective promotional strategies for increasing sales volume (Strutton, Hamilton, and

Lumpkin 1997), enhancing the attractiveness of their marketplace offerings (Romani 2006), and stimulating interest in their products or services (Zhou 2012). A variety of attention-getting tactics are also being employed to create points of differentiation between competing brands (Campbell 1995)—as when ads feature more subjective and evaluative claims to distinguish their brand from competitors (Burke et al. 1988). While advertising is intended to inform, persuade, or remind consumers about a product, service, organization, or idea—the increasing use of more manipulative executional tactics highlights the potential for consumers to fall prey to deceptive advertising (Amyx and Amyx 2011).

Deception in advertising occurs when a message depicts a product's attributes and benefits in a way that creates unrealistic expectations for that product's performance (Held and Germelmann 2014). For deception to occur, consumers need not know exactly how they were misled; rather, the mere perception of a discrepancy between the impression that the message generates and the performance of the promoted product for deception is sufficient (Darke and Ritchie 2007). A profusion of scholarly studies has explored deceptive advertising in terms of its effect on long-term relationships between companies and their customers (Vanhamme and Lindgreen 2001), consumer perceptions of deceptive advertising (Schultz and Casey 1981), attitudes toward blurring practices (Dix and Phau 2009), and the desirability of deceptively advertised products (Zulkifly and Firdaus 2014). While these studies provide valuable insights from the vantage point of consumers, no research has been conducted among the advertising practitioners who create deceptive messages to influence consumers.

A dialogue with advertising professionals has the potential to shed light on how they view deceptive advertising and its impact, as well as their objectives, motivations, and responsibility in crafting effective—but truthful—promotional appeals. Interestingly, a number

of studies have employed qualitative research methods to examine important topics and issues in advertising with practitioners (c.f., Drumwright and Murphy 2004), exploring their understanding of advertising creativity (Nyilasy, Canniford, and Kreshel 2013), the social comparison process among consumers (Coleman and Zayer 2013), ethical challenges (Rotzoll and Christians 1980; Hunt and Chonko 1987; Hunt, Wood, and Chonko 1989; Chen and Liu 1998; Drumwright and Murphy 2004), the creative strategy process (Taylor, Hoy, and Haley 1996), and decision-making factors related to advertising content and policy (Davis 1994). In the current research, we employ a similar approach to comprehensively explore deceptive advertising from the point of view of those tasked with creating and disseminating promotional messages—advertising and public relations practitioners. We conduct a series of in-depth interviews with industry professionals to learn more about how they conceptualize deceptive advertising and its influence on target audience members, agency-client relations, and the profession. We also delve into their perception of accountability and beliefs about response strategies that should be employed when allegations of deceptive advertising are levied against an agency or its clients. We share insights gained through this qualitative research, highlighting disparities between practitioners and consumers on deceptive advertising, and offering prescriptive advice for avoiding violations—and how to respond appropriately when infractions occur.

## **BACKGROUND**

### *Overview of Deceptive Advertising*

Advertising scholars and practitioners have long debated how advertising influences society, with research on this topic bifurcating along two paths: (1) a legal discussion among lawyers and policy makers that focuses on the rights of advertisers and the creative liberties they

take in their messaging; and (2) a moral discussion among philosophers, social critics, and ethicists that concentrates more on the rights of consumers and the societal effects of advertising (Jeong and Yoo 2011). Similarly, what, *exactly*, constitutes deceptive advertising also varies considerably, and is characterized differently depending on the perspective of the evaluator.

Various regulatory agencies, industry associations, and legal bodies offer definitions for deceptive advertising. According to the Federal Trade Commission's (FTC) Deceptive Policy Statement, an ad is judged as "deceptive" if there is a representation, omission, act, or practice conducted by a corporation that will, or is likely to, mislead a consumer. Any ad under evaluation must be examined from the perspective of a consumer acting reasonably in the circumstances. Additionally, the representation, omission, act, or practice must be a "material" one (Moutinho and Nisel 1989), meaning that it is likely to affect a consumer's behavior or decision-making ability with respect to a product or service (Estrada 2006).

The American Marketing Association (AMA) characterizes deceptive advertising as a message that is intended to mislead consumers by falsely making claims, failing to provide full disclosure, or both. Importantly, both of these definitions include the omission of particular information to be deceptive, since consumers can develop false or inaccurate beliefs towards products or services without complete information (Nagar 2010).

Additionally, researchers in the area of marketing offer their own definitions of deceptive advertising. Aaker (1974) suggests that deceptive advertising occurs when the interpretation of an ad's message differs from reality and affects consumers' buying behavior, while Gardner (1975) indicates that deceptive advertising is a message containing misleading information that causes reasonable consumers to form impressions or beliefs different from normal expectations. Advertising that causes consumers to make decisions they would not normally make or that

fosters inaccurate beliefs about a product may be deemed deceptive (Aditya 2001), as well as any exaggeration of a product's attributes (Kennett and Matthews 2008). While no one definition of deceptive advertising is universally accepted (Armstrong, Gurol, and Russ 1980), most definitions specify that—in order for an ad to be deemed deceptive—it must feature an assertion or implication that is “objectively false” (e.g., Shimp and Preston 1981; Nagar 2010).

### *Degrees of Deception*

Early taxonomies classify various instances of deceptive advertising as an unconscionable lie, a claim-fact discrepancy, or a claim-belief interaction (Gardner 1975; Hasan, Subhani, and Mateen 2011). An advertisement is considered to be an *unconscionable lie* if it makes a claim that is completely false and could not be true, even if properly qualified (Gardner 1975). For example, in a 2008 advertising campaign for its iPhone 3G phone, Apple® claimed that the phone was “twice as fast” and “half the price” compared to competitive phones. Following consumer complaints, Apple was forced to admit that the claims not accurate. A *claim-fact discrepancy* occurs when there is falsity in an ad. So, when a retailer's advertisements do not disclose *all* conditions necessary to receive a promotional discount, a claim-fact discrepancy occurs. A *claim-belief interaction* is an advertisement that interacts with pre-existing attitudes and beliefs of the consumer, in such a manner as to create a deceptive belief about the product or service being advertised (Gardner 1975). For example, when Red Bull® advertised its slogan, “Red Bull Gives You Wings,” relatively few people believed this claim; however, the effects of its products are undeniable. Red Bull's claim that its products enhance consumers' overall physical and mental performance, more than coffee or other caffeinated products, ignited concern from consumers and regulatory organizations. In addition to these types of deceptive advertising, other tactics that advertisers and marketers have used to offer manipulative messages

to increase the attractiveness of products include *puffery*, *implied superiority*, *evaluative advertising*, *covert marketing*, *undercover marketing*, *greenwashing*, *half-truths*, and *hybrid messages*.

*Puffery claims.* Puffery is a commonly used tactic in advertising (Gao and Scorpio 2011), involving a harmless exaggeration that is an expression of opinion rather than a claim of objective quality or characteristic of the product (Amyx and Amyx 2011). Examples of puffery in advertisements include descriptors such as *new and improved*, *great*, and *last longer* to describe attributes of products (Haan and Berkey 2006). Papa John's famous tagline, "*Better Ingredients. Better Pizza.*" is a prime example of puffery. However, to the extent that puffery causes consumers to overestimate a product's attributes and enhances their affect towards that product, puffery may be harmful (Oliver 1979; Gao and Scorpio 2011). Interestingly, because regulators assume that puffery is based on opinions that reasonable consumers do not believe, it is legal in the U.S. (Gao and Scorpio 2011).

*Implied superiority claims.* Implied superiority claims are a hybrid of puffery—where superiority is implied, but not directly stated—and comparative advertising, as they may state that "no brand is better than brand A" for a specific attribute of a product or service (Wyckham 1987). For example, "superior protection and comfort" was touted in a Tampax® Pearl tampon advertising campaign, which suggests superiority. The comparison that exists within implied superiority claims—where no competitors are explicitly identified—may impact consumers differently than a direct (named) comparison (Snyder 1989).

*Evaluative advertising claims.* Evaluative advertising claims are also a form of comparative advertising that provide inaccurate, imprecise, or unverifiable indications of how a brand performs on a particular attribute. They tend to use *hype* words like *super* or *phenomenal*

(Gardial and Biehal 1991) in their communication. An example of an evaluative advertising claim is a McDonald's advertisement that stated, "*Creamy. Dreamy. Icy. Chocolatey. Mochas.*" to promote its chocolate iced mocha product. While such claims lack practical value, their novelty is thought to generate interest among consumers (Shimp and Preston 1981). In order for an evaluative claim to deceive a particular consumer, it must: (1) be attended to by the consumer; (2) affect the consumer's beliefs; (3) become represented in the consumer's long term memory; (4) be objectively false; or (5) influence the consumer's behavior (Shimp and Preston 1981). Unlike puffery, evaluative advertising claims do not convey overblown opinions or exaggerations of a product that reasonable consumers would not believe (Wyckham 1987).

*Covert marketing.* Because today's consumers are resilient against advertising messages and exhibit ad-avoiding behavior, new, more aggressive tactics are emerging that enable advertising messages to stand out in the marketing environment (Speck and Elliot 1997; Petersson and Svensson 2010)—including covert marketing (Campbell, Mohr, and Verlegh 2012). Covert marketing occurs when consumers do not recognize that an advertisement is sponsored by a firm (Liljander, Gummerus, and Söderlund 2015). Marketers use covert marketing tactics to overcome consumer suspicion and ad avoidance because consumers are more accepting of messages that do not appear to come from commercial sources (Campbell, Mohr, and Verlegh 2012). Furthermore, companies are able to reach a target audience without being perceived as an advertisement (Roy and Chattopadhyay 2010). An example of covert marketing is the use of viral marketing by Lee Jeans<sup>®</sup>, which distributed amateur-produced video clips to 200,000 web surfers. The video producers were actually characters from an online videogame. Approximately 100,000 consumers viewed the video in order to receive a promotional code, resulting in a 20% sales increase for Lee Jeans (Petty and Andrews 2008).

While covert marketing can be effective, accusations of deceit arise when the true intent of the advertiser—to persuade—is hidden from the consumer. Consumers may feel that they are being taken advantage of due to their stronger levels of trust in non-advertising messages and interactions (Campbell and Marks 2015).

*Undercover marketing.* Undercover marketing shifts deception from the *content* of the message to the *context* of its delivery, in that the agent carrying the message constitutes the deceptive element (Kennett and Matthews 2008). A notorious example of undercover marketing occurred when Sony Ericsson<sup>®</sup> hired the marketing firm Interference, Inc., to launch its "fake tourist" advertising campaign. Actors pretending to be tourists, paid by Sony Ericsson, visited crowded tourist destinations (e.g., New York's Times Square and Seattle's Space Needle) and asked passersby to take pictures of them with the new, recently-launched Sony camera cell phone. During the brief interaction between the actors and the passersby, conversations about the phone arose—leading to a rehearsed promotional pitch from the actors about the product's cool features. The actors never revealed that they were Sony Ericsson employees, hired to sell the new camera phone (Crescenti 2005). Accordingly, this omission of employment status induced sentiments of deception for the innocent passersby.

*Greenwashing.* According to Delmas and Burbano (2011), greenwashing is the act of misleading consumers regarding the environmental practices of a company (firm-level greenwashing) or the environmental benefits of a product or service (product-level greenwashing). Similarly, Parguel, Benoît-Morea, and Larceneux (2011; Chen and Chang 2013) indicate that greenwashing entails the dishonest and misleading claim of a company's products or services as being green, environmentally-friendly, or sustainable when they are really not. The "Ecomagination" advertising campaign, by General Electric<sup>®</sup> (GE) illustrates greenwashing. In



the campaign's messaging, GE advertised its environmental work; however, the company did not divulge that it was simultaneously lobbying to fight new clean air Environmental Protection Agency (EPA) requirements (Delmas and Burbano 2011).

*Half-truth claims.* Half-truths are messages that do not convey the complete truth. They contain technically correct, truthful information but omit key information (Devin 2016). An Australian bank was accused of employing a half-truth claim when it stated that it was “one of the leading banks supporting the Australian resources sector” (Devin 2016, p. 2). In its shareholder review report, the bank did not disclose the fact that it was the largest financier of coal mining in the country nor the amount of funds invested in coal mining. While the bank did not lie about its contribution to renewable energy, it omitted information concerning its investment in coal mining.

*Hybrid messages.* While advertising refers to communications that are paid for and that clearly identify the message sponsor, publicity refers to messages that are not paid for and do not identify the sponsor (Balasubramanian 1994). Hybrid messages combine key elements of both advertising and publicity, in that they are paid for but do not identify the sponsor (Balasubramanian 1994). Hybrid messages may be categorized as established or emergent. Established hybrid messages includes *product placements*, *program tie-ins*, and *infomercials*, and have attracted some regulatory attention in the past. *Product placements* are paid forms of advertising where a branded product is placed or referenced in media channels (e.g., movies and online games) (Brown et al. 2017). A memorable example of product placement is the Wilson<sup>®</sup> volleyball in the movie, *Castaway*, starring Tom Hanks, where the volleyball became an integral element within the film. *Product tie-ins* are arrangements between program sources (e.g., television network) and a corporate sponsor. For instance, CBS Television once featured a

Coke<sup>®</sup> vending machine in its *TV 101* program and, in return, Coke increased its advertising spend during the program (Balasubramanian 1994). Program length commercials—also known as *infomercials*—mirror typical TV programs in content and length but are promotional in nature. OxiClean<sup>™</sup> is well-known for its program length commercials, featuring the late icon, Billy Mays.

Emergent hybrid messages include *masked-art*, a *masked spokesperson*, or a *masked-celebrity* (Balasubramanian 1994), and have attracted minimal regulatory attention. *Masked-art* occurs when a brand is placed in an artistic product without the audience realizing that the artist has been compensated (Capelli et al. 2016), as when the heroine's hair color in a series of romance novels was described as a shade in a new line of hair dye manufactured by Clairol<sup>®</sup> (Balasubramanian 1994). *Masked-spokesperson* messages feature either a *masked-expert* or a *masked-celebrity*. In *masked-expert* messages, a paid expert delivers the promotional information in the message, collaborating with the sponsor to influence audience members (Balasubramanian 1994). For instance, the pharmaceutical company, Roche<sup>®</sup>, paid doctors \$1,200 when they wrote 20 prescriptions for a new antibiotic marketed by the company; however, the doctors did not reveal their role as a paid medical expert for the company.

A profusion of empirical studies exploring the impact of these various types of deceptive advertising on consumers has produced a potpourri of findings. Many forms of deceptive advertising are associated with mixed effects. For example, while *puffery* elicits strong brand attitudes and increases purchase intentions (Kamins and Marks 1987), it lowers evaluations of ad truthfulness (Gao and Scorpio 2011) and decreases consumers' trust in salespeople (Haan and Berkey 2006). Similarly, *evaluative advertising claims* enhance attitudes toward the ad and brand attitudes, but reduce claim believability (Andrews, Burton, & Netemeyer 2000). And,

*greenwashing* may strengthen brand imagery (Parguel, Benoit-Moreau, and Larceneux 2011), but confuses consumers, increases their uncertainty about buying green products (Chen and Chang 2013), and heightens consumer skepticism toward corporations, as many firms profess to protect the environment but fail to do so in their actions and performance (Nyilasy, Gangadharbatla, and Paladino 2014).

Other types of deceptive advertising yield less equivocal results. For instance, *implied superiority claims* reduce perceptions of claim believability (Snyder 1989), while *covert marketing* is associated with lower attitudes toward the company/product, purchase intentions, and perceptions of credibility (Boyer et al. 2015; Liljander, Gummerus, and Soderlund 2015; Nelson and Park 2015). *Hybrid messages*, on the other hand, augment brand attitudes (Verhellen et al. 2014).

Taken together, these findings highlight how little researchers can definitively conclude about the effects of deceptive advertising. The current work attempts to improve insights about deceptive advertising by employing a different—qualitative—research approach and considering an additional perspective—that of advertising practitioners.

## **METHODOLOGY**

Given that the objective of the current study is to delve deep into a single phenomenon—deceptive advertising—we deemed qualitative research to be an appropriate approach (Thomas and Magilvy 2011). A frequently used field-based qualitative tool for data collection is the in-depth interview (DiCicco-Bloom and Crabtree 2006). In-depth interviews are especially effective for understanding “tacit perceptions, beliefs, and values,” when it is not clear at the outset of the project “what interpretation, code, norms, affect, or rules guide subjects” (Drumwright and Murphy 2004, p. 8). In-depth interviews enable researchers to more deeply explore attitudes and

beliefs that cannot be directly observed (DiCicco-Bloom and Crabtree 2006), to compare responses across multiple respondents (because the researcher can ensure all questions are answered by each participant), and to provide assistance or clarification to participants as needed during data collection (Louise Barriball and While 1994). In light of these benefits, and based on the focus and objective of this research, we elected to employ in-depth, semi-structured interviews to explore deceptive advertising.

### **Interview Protocol**

Advertising practitioners constituted participants for this research, as they create and disseminate advertising messages that target and influence consumers (Drumwright and Murphy 2004). The interviews focused exclusively on deceptive advertising, which was explained both verbally and in writing to potential participants when requesting interviews. Each interview lasted between one to two hours, was recorded, and was later transcribed. To encourage open communication with advertising practitioners, we guaranteed anonymity. Thus, though we provide data about the experience and job roles of all participants, we do not reveal the identities of individuals, the agencies, or their clients (Bilby et al. 2016). Anonymity is important because it increases respondents' willingness to participate and helps mitigate biases and demand effects related to social desirability (Drumwright and Murphy 2004). Following established practices (Harvey 2011), we initially posed open-ended questions about deceptive advertising that allowed participants to respond in their own words, followed by a series of closed-ended questions. This "guided introspection" (Wallendorf and Brucks 1993) enabled us to capture the "richness and complexity of the respondents' narratives, while allowing the depth, detail, vividness, and nuance [to] provide insights which facilitate interpretation of those narratives" (Nyilasy et al. 2013, p. 152).

## **Data Collection and Analysis**

A total of 34 interviews were conducted—either face-to-face, by phone, or via Skype—during the Summer/Fall 2017. Participants were currently working in an advertising agency (e.g., an account manager), had previous work experience in an agency environment (e.g., in an advertising or public relations department), or were otherwise employed in the advertising industry (e.g., a marketing manager). Table 1 details the demographic profiles of participants, while Table 2 provides information about the agencies at which they work(ed). While our sample was comprised of individuals with diverse backgrounds, a substantial proportion of participants worked in account services (47%) and had more than 20 years of advertising experience (41%). The size of agencies where participants worked ranged from small, boutique agencies with less than \$20 million in annual billings and fewer than 25 employees, to multi-conglomerate agencies with more than 500 employees and over \$1 billion in annual billings.

Our data analysis of participants' comments and observations entailed a multi-phase approach. First, the transcript of each interview was closely reviewed, question by question, to identify key themes and categorize responses. Then, the interview transcripts were scrutinized across participants to identify recurring connections between themes and categories (Drumwright and Murphy 2004; Bilby et al. 2016). Once main findings were refined and finalized, the transcripts of each interview were re-examined to identify supporting quotes, diverging opinions, and examples of key take-aways (Bilby et al. 2016).

## **FINDINGS**

Our objective was to better understand deceptive advertising from the perspective of advertising professionals, including their perceptions about ethical issues in the advertising industry, the content of deceptive advertising, its prevalence and impact, the responsibility of

clients and advertising agencies, and effective response strategies for accused agencies/clients. Participants' beliefs and recommendations relating to these topics are described here.

### **Ethical Concerns in Advertising**

When asked about ethical issues facing advertising practitioners, respondents expressed concerns about societal issues, cultural sensitivity in messaging, personal conflicts with products or services being promoted, and transparency in client relations. One agency principle stated that “it is important to take into account whatever is going on in today’s society and ensure that your client’s messaging is not against what is currently happening.” A creative director indicated “there is a softer side of advertising—including the misrepresentation of members of different genders and ethnic groups, or people with different lifestyles.” Interestingly, some practitioners invoked their own moral codes and personal value systems on the job, opting not to work on certain accounts. “I had the chance to work on the Navy and the Army accounts, during wartimes. For me, it went against my professional code of ethics to use advertising as a recruiting tactic to send young men and women into war. I felt like I would have blood on my hands,” stated one seasoned advertising veteran. Other practitioners have known “colleagues who chose not to work on oil and tobacco accounts.” Working in an environment that encourages open communication and transparency is regarded as rare, but desirable. One account manager shared, “sometimes you have to ask, ‘how do I communicate [this] with the client’—especially if there is something that needs to be fixed or addressed quickly. Because I do not want to alarm the client, it is simply a matter of transparency that we have with [them], which I feel is always the best approach.”

More than half of respondents also expressed concern about “deceptive advertising” as a problem in the advertising industry. The factual representation of promoted products is regarded

as crucial. “I think an important ethical issue is ensuring that ads are based on facts and not opinions,” stated one practitioner. Another stated “for me, it is ensuring that we stay on top of the claims made by our client because we have the responsibility of guiding—especially when there legal representation is not present to review and approve the advertisements.” A junior account manager explained “often, we have to push stories and craft them in a manner that is appealing to our client’s audience. We have to convince consumers that they want the product and that they need to pay attention. In some instances, we have to cautiously remind our clients that the advertising message we are being pushed to develop is taking creative liberties with the attributes of the product and may need to be revised to manage consumer expectations.” Similarly, a creative services manager conceded that, “sometimes we are asked to communicate things that are inaccurate. However, we should hold ourselves to a high standard of ethics and honesty. As communication professionals, we have an obligation to ensure that we are on the right side of the line.” Saying “no” to a client is difficult, but “sometimes you have a client asking you to portray a product a certain way, that is not accurate and honest. What do you do? Do you put your head down and do what they ask? Do you keep doing your job and collect your paycheck? Or do you say, ‘No, I’m not going to do it. I’m not okay with this’,” stated another practitioner. Upholding integrity in the development of promotional messages and having the courage to discuss such uncomfortable topics with clients are clearly challenges confronting today’s advertising professionals.

Despite these concerns about deceptive advertising, none of the advertising practitioners interviewed for this study have received any formal training or education about deceptive advertising or its consequences. Perhaps because of this, practitioners seem particularly concerned about factually representing products—especially when not doing so has severe

consequences. Interestingly, respondents *did* indicate that through their increasing experience and involvement in advertising, they developed a level of expertise that helped them to detect potential deception in advertising. One account manager stated, “I did not receive any training about deceptive advertising. I was told what I could and could not say about a client’s product during the creative development process, namely for those in industries like pharmaceutical, healthcare, or financial services.” Another account manager added that, “while I understand that there is a fine line between facts and opinions, no one has ever provided me with the standards that govern the advertising industry.” Sadly, a practitioner stated that she had “not been trained to recognize deceptive advertising on-the-job”. She actually “stumbled onto [it] during my MBA coursework, when discussing ethics in the workplace.”

Perhaps because of the potentially serious ramifications of deceptive advertising—and a dearth of training to recognize it—practitioners indicate legal staff are often utilized to “check” messages. At large corporations advertising messages are screened by legal representatives, including in-house or external legal consultants, as well as through clients’ legal departments. Practitioners at smaller organizations rely more on clients to obtain legal approval of their advertising. Typically, “there are two routes to legal review—internally, we obtain feedback on proposed client copy that serves as guidance for us to ensure that the messaging is not going against our client’s products. The second route is for the client to obtain feedback from its legal team.” One account manager acknowledged that, “almost every organization I have worked with has had some sort of internal legal counsel. External firms may even have been brought on to work on specific projects.” A creative director explained, “it is never our message. So, we rely on the client’s legal team to review and approve [the advertising message] because we are typically using data and research that they have in order to create and deliver the message to the



public. The client always runs everything we present to them by their legal department before it the message is released.”

### **Deceptive Advertising Defined**

There was considerable convergence about what constitutes deceptive advertising, with most practitioners defining deceptive advertising as not being truthful, omitting key product information, or providing information that is misleading. As the managing partner of an agency explained, “deceptive advertising misleads consumers with certain statements or demonstrations, and causes consumers to want to buy the product. It utilizes false or exaggerated information to motivate consumers to do something that they would not ordinarily do, in the absence of misleading information.” A strategic planning manager went further, stating that deceptive advertising “is flat out lying. When companies say that their product or service can do something when it clearly cannot—that it is deception. Whether the advertising message hides the truth, stretches the truth, or flat out does not tell the truth—it is an illicit attempt to pull the wool over the eyes of the consumer to benefit the company.” Similarly, a media services manager believed that “deceptive advertising . . . is designed to position a product or service in a way that is untrue to its nature or misrepresents its capabilities. It is advertising that is *knowingly* misleading or incomplete.” Others indicated that deceptive advertising “keeps certain elements of the content hidden or withheld,” “seeks to deceive the intended target with false information,” or “falsely represents a product, either through a direct statement or implication.” One respondent explained that, “the presence of fine print or other information that is not easily understood may lead consumers to believe one thing when, in fact, another thing is the bigger concern.”

Seeing the Federal Trade Commission’s (FTC) official (legal) definition of deceptive advertising prompted recollections of violations across product categories among the

practitioners. As one account manager noted, “I always think of [deceptive advertising] mostly as it relates to the food industry; especially in terms of emphasizing certain attributes that are not necessarily material. For instance, claims for all-natural and organic foods seem fuzzy to me. There is a lot of confusion among consumers about what is ‘all-natural’ and ‘organic’. When you say a product is ‘organic,’ what exactly does that mean? I feel that deceptive advertising messages hide information that may be bad or emphasizes aspects of the product that are good, but unimportant.” Another practitioner believed that “deception occurs quite often in the weight loss category, cures for baldness, and any other category that shows a before and after picture.” Another expressed that she had “encountered claims that were questionable, perhaps even deceptive” within the pharmaceutical industry. Interestingly, one practitioner felt that “bottled water manufacturers blatantly omit the level of acidity in their products. Their bottled water products are communicated in a way that promotes healthier lifestyles, but no one wants high acidity in their drinks.”

When asked about deceptive advertising from the consumer’s point of view, practitioners focus on a product’s failure to deliver on claims made in promotional messages. One practitioner stated that advertising is viewed as deceptive by consumers when it, “is misleading, exaggerating, or untruthful.” “An ad is deceptive if it tells me something about a product or service that makes me buy it when I should not buy it,” stated a marketing manager. Another respondent suggested that consumers may feel deceptive advertising “means lying —saying something that is untrue, trying to make your product [appear] more attractive for me to buy, or even lying to get me to buy it.” Even further, “from a consumer’s point of view, deceptive advertising is anything that misrepresents the facts. An attempt to trick me into buying something.”

Interestingly, practitioners acknowledged that those involved in creating promotional messages view deceptive advertising differently from those who are the intended audience. One creative director felt that “consumers have higher emotions attached to deceptive advertising, where they may express feelings of hurt or anger whereas practitioners may shrug it off or insert disclaimers into advertising messages.” Similarly, an account services manager added, “professionals in advertising generally try to get away with more and try to distract consumers. Our job is to show the product in its best light. But today’s consumers have a high sensitivity meter about things like that.” Respondents viewed consumers as sensitive, guarded, and skeptical of advertising. “As consumers, our attitude toward advertising is like our attitude toward salespeople. There is always something hidden in the message; something we need to discover on our own. Consumers know advertisers are trying to sell them something and do not always tell them exactly what they need to know,” explained one practitioner.

### **Prevalence of Deceptive Advertising**

Although respondents identified deceptive advertising as an ethical issue facing advertising professionals today, most are not overly concerned about it. This is primarily because they believe advertising professionals naturally apply a filter to thwart such violations, and—perhaps more importantly—that contemporary consumers are very savvy and discerning. One managing partner commented that “there are internal checks and balances—in our agency, it is our founder. When you have someone, who is well-regarded in the industry for 50 years, with his name on the door and his reputation is on the line—he is not going to jeopardize all of that. So if [an advertising message] gets his attention in a cautionary manner—that is the first red flag. Then, if necessary, we take it to either our lawyer or the client’s lawyer to evaluate.” Other practitioners mentioned consumers’ ability to decipher advertising messages. A relationship

marketer pointed out that “consumers today are more educated and aware of the messages they see. They understand things. That is why puffery is not all that bad, because people understand it for what it is...that it is part of the world we live in.” Another added that, “people are not dumb these days. They have Twitter and Facebook, and if you step over the line, they will jump all over you. There is rampant policing by consumers out there now that can embarrass you. Agencies do not want to say or do something that makes the client look bad.”

However, practitioners acknowledged that today’s media environment is also populated by busy, distracted consumers who are vulnerable to information overload. Hence, even though consumers are more sophisticated, they may not always evaluate the veracity of advertising claims as thoroughly as they could or should. An account services practitioner expressed that “consumers are being offered a lot more [advertising] in many different places than ever before. When I got into advertising, if you were not watching TV, reading a magazine, or driving down the highway looking at billboards, advertisers could not reach you. But the digital age has opened that up and now advertisers can reach consumers at every touch point.” “I think consumers rush through things a lot more and do not pay close attention to qualifiers as they should, [and] if more time was given to evaluate the message, they would not be misled,” explained an account services manager. Moreover, a seasoned industry veteran noted that, “some consumers are not doing enough research on, or thinking critically about, advertising messages. They make knee-jerk decisions and accept advertising messages at face-value.”

Those who express a greater concern about deceptive advertising suggested that it is a problem because of pressures to stand out competitively and succeed financially—which may motivate advertisers and their clients to take shortcuts. One account executive revealed that “there is an enormous amount of pressure on us to make an ad that will lead to more sales, more

market share, or a better position relative to the competition. When that is the case, people will take shortcuts to succeed, including making claims that are not 100%, objectively accurate.”

All respondents denied having ever engaged in deceptive advertising, but recount numerous cautionary tales and examples of missteps by others. Many shared anecdotes of clients who have pressured them to stretch the truth. One practitioner recalled, “I remember a video company in Florida was touting that they were doing this great video series in a certain industry. They would recruit potential clients and say how it would be a valuable opportunity to have their CEO as a spokesperson within the video series. But, the recruiting company neglected to inform potential clients that the footage would air on random channels at 2:00 a.m. when viewership is extremely low. The recruiting company hooked potential clients by promising a great deal of exposure to television audiences for a low price of \$50,000. Many companies signed up for this promotional opportunity because they thought it was a quick way to build brand awareness.” Another practitioner shared that he “came close to stepping over the line because [he] took the client’s word at face value without double-checking to ensure they were telling the truth.” Some practitioners even acknowledged that there have been “situations where clients asked for something that was over the line and they had to counsel the client about why a certain advertisement was not a good idea.” Because of the covert, subjective nature of deceptive advertising, one respondent’s agency adhered to, “basic principles for conducting business which includes authenticity. We refuse to work with clients who try to skirt the edge of legalities or ethical issues.”

Generally speaking, advertising professionals believed deceptive advertising is more rife for certain products, including fast-food, beauty, and fashion. A creative director expressed that, “the entire health market is guilty of deception—whether it is powders, potions, vitamins, or gym

memberships. In these categories, brands have more creative freedom. However, in industries such as alcohol, telecom, or automotive, creative liberties are limited and not undertaken because the legal ramifications are highly scrutinized.” Other industries such as food and beverage were characterized as, “full of repeat offenders, in terms of the words used to communicate about the products, and even how the products are portrayed and represented.” For instance, “you may see an ad that says, ‘Buy a Big Mac’ and it will be a beautiful image. But when you actually purchase a Big Mac, it looks like somebody stepped on it in the parking lot.”

### **Impact of Deceptive Advertising**

When probed further about the potentially adverse impact of deceptive advertising, the practitioners had mixed reactions. Some believed deceptive advertising is not that impactful, and that consumers must take responsibility for their decisions and actions. One managing partner stated, “I do not think advertising can singularly have [a huge] effect. It is one domino in a line of dominos that create a pop culture and can collectively have an impact. If you think about the most memorable ad you have ever seen and then compare that to the hundreds or thousands of ads you cannot remember—that shows that advertising does not have the effect we think it does.” Another practitioner felt that, “it is up to the consumer to make his/her own decision and to understand that advertising is a sales method. Advertising does not dictate how people should act.” Other practitioners believed that deceptive advertising damages the industry and society as a whole. “I think deceptive advertising increases levels of skepticism and forces consumers to pay more attention to their purchases,” voiced one media planner.

Respondents generally agreed that being accused of deceptive advertising can have a negative impact on a company legally, in terms of profits, and with respect to public image. One practitioner expressed, “if a company is not caught being deceptive, they can be very successful

and make a lot of money. If they are caught, it can look really bad and even put them out of business.” Another practitioner shared, “I worked for a major non-profit organization that made poor decisions and told lies. To this day, it has not recovered.” One senior practitioner further explained that, “from a public relations perspective, deceptive advertising can have a negative impact on a brand and its equity. Companies spend millions of dollars trying to build a particular image for themselves, and when they engage in deceptive marketing practices and it becomes public knowledge—it can tarnish their brand forever.” “Integrity is an important attribute for a person and for a company. If a company strays outside of honesty and integrity, then it is likely to face negative ramifications in some way, shape, or form in terms of consumer actions or even litigation,” shared another industry veteran.

Further, advertising professionals unanimously concur that—when consumers learn a company has engaged in deceptive advertising—they are resentful and punitive toward the offending brand, and become more distrustful of marketers and advertisers in general. “If the product does not live up to what was promised, consumers will not use it again; they will tell their friends about that experience, and they may share their experience on social media. Today, everyone’s voice can be heard, so companies have to be more careful,” expressed a creative services manager. One senior executive asserted that, “if the consumer is unaware that an advertisement is deceptive, then it does not matter. However, if consumers learn that an ad was deceptive—touted a half-truth, featured puffery, or a superiority claim that was unfounded—it could leave a really sour taste in their mouths, which could destroy the relationship and trust between consumers and the company.” Another account manager expressed the effect of such transgressions in more personal terms stating that, “brands are just like people. If you lie to me and I find out about it, then it will take a long time for me to trust you again.” Still others pointed

out the broader impact of deceptive advertising, as illustrated by the following comment of an account executive: “Learning about deceptive advertising makes people more skeptical towards products, in general; it makes them pay more attention to what they buy and more resistant to all types of advertising.”

Many respondents cautioned that advertising professionals should keep in mind these unintended consequences of deceptive advertising when developing promotional messages on behalf of their clients, and offer preemptive strategies for avoiding these pitfalls—including rigorous pretesting of ads and sound marketing research. “Companies do need to consider how their message might come across to someone who sees it and uses their product. That is why you have to conduct research. At my company, we thoroughly research ads with consumers during the development process. I think that is really important to help safeguard against unintended consequences,” shared an account manager. “Another respondent stated that, “this is something that advertisers and clients need to keep in mind. Companies live in their own world and can lose a certain level of external objectivity. Companies want to sell their product and they try to show aspirational people using it in a fantasy world. Part of the role of the agency is to bring objectivity into the mix and say ‘let’s think of these larger consequences.’ A good example is Dove and its ‘Real Beauty’ campaign that presents more realistic images and models—even though, at the end of the day—they have to sell the product as well.”

Still, others advocated for more in-depth knowledge about the brands they promote, which would diminish the creation of unclear or potentially misleading advertising messages. One creative director stated, “as an advertising professional, in order to feel comfortable selling products, I need to get a sense of the brand—how it interacts with its customers and how the



company conducts business. I need to have more than a working knowledge of the brand in order to do my job very well.”

## **Responsibility**

Advertising professionals generally agreed that insisting on truth in advertising can have a deleterious impact on agency-client relationships. “It can be a strain to the relationship. What we try to do is preach our gospel up front and be clear about our standards. From our standpoint, it is in the client’s best interest to be as forthright as possible,” said one practitioner. Most respondents believe the client is ultimately responsible for ensuring messages about their products are not deceptive. “The agency should not take the blame. The agency may have come up with the idea, but the client is responsible to ensure the idea is accurate before the green light is given for approval,” stated an account manager. Another respondent added that “the agency is merely the organization that uses its creativity to express an idea or share information. It is the client who has to ensure that the information [in the ad] is accurate and true, and to ensure what the agency conveys is accurate.” A creative services manager explained that “the client should always sign off on any advertisement because they know their brand much better than we do. The agency may not know the technical details of a product.” “The client is on the hook because they have to approve every single thing about the ad. They are more knowledgeable about the ins and outs of their particular product and industry, and they have legal staff on retainer to review everything,” said an account manager. Another practitioner expressed that “clients need to take extra care knowing that they are going to be attached to the message that is shared with the public. The party that signs the check is responsible.”

It is important to note that some diverging opinions arose on the issue of blame. While no one places ultimate responsibility on the advertising agency, some respondents indicated both

clients and their advertising agencies should share accountability. “It is very hard to put responsibility on just one party. I think anyone involved has some level of responsibility—the agency, the client, and on the client-side, both the legal and marketing departments. It is a team effort and all parties need to work together to ensure the public perception of the client is positive,” commented one respondent. Still another declared, “it is hard to point the finger at either the client or the agency. Everybody will have seen the advertisement before it goes public; to pinpoint where it went wrong is tough. Everybody is equally responsible.” A senior executive added, “both have a role to play. I think it is the agency’s responsibility to guide the client in their messaging. At the same time, the clients have the responsibility to ensure that we make claims that are truthful and deceptive.”

Opinions about how to reduce deceptive advertising centered around monitoring and sanctions imposed by the FTC, although some practitioners advocated for self-policing. One agency owner stressed that, “[agencies] have to be familiar with the regulatory agencies in the industry. For advertising, it is the U.S. Department of Agriculture (USDA) and the FTC for consumer products—you do not want to run afoul of those agencies. This means you have to ensure you are only saying things that are true.” Another practitioner added, “there are standards in place that professionals in the industry are familiar with. We have ethical standards that are set by national agencies that professional groups must comply with.” Other respondents believe that stricter internal standards make violations less likely, as illustrated by the following comment: “Agencies should have a moral stance. Above and beyond the FTC’s rules, the advertising industry should police itself and hold each other to higher ethical standards.”

Alluding to deceptive advertising allegations recently levied against companies such as Volkswagen<sup>®</sup> and Uber<sup>®</sup>, one respondent noted that, “irresponsible marketers are always going

to try to game the system, but if brought to the attention of authorities, the FTC will get involved. It has shown a willingness to go after companies who are deceptive in their advertising messaging.” Although respondents acknowledged the occurrence of some serious violations, one managing partner stated that, most “reputable agencies will adhere to the ethical standards set forth by national agencies like the FTC and do the right thing.” “Responsible marketers also follow self-regulatory guidelines and do not participate in the creation of any campaigns that they know is untruthful.”

While practitioners resoundingly believed that clients should take the lead in responding to charges of deceptive advertising, some acknowledged that the agency should assist in defending the brand/company and developing appropriate corrective measures and crisis response strategies. An industry veteran expressed that, “the client needs to be the face to the public—which includes the investors, the consumers, and the industry. The client needs to diffuse the situation.” An account manager added that, “you are obviously going to go into a PR crisis mode zone—whether a press release is disseminated or a press conference is held—an explanation of what went wrong and how the situation will be handled, going forward, must be provided.” Another practitioner acknowledged that, “I personally believe the agency and lawyers should help come up with some type of statement about [the deceptive advertising allegations]. The client leans on the agency that it pays to market [its products] because the agency also has something to lose if an ad is pulled.” This sentiment is echoed by another respondent, who indicated that, “the agency should demonstrate its due diligence to remedy the situation. For instance, agencies should share the information that was provided to them and the justifications for creating the advertising message. In addition, a document should be developed that articulates what changed between the decision to proceed and the final outcome.”

An overwhelming majority of respondents believed that—when a company is charged with engaging in deceptive advertising—honesty and transparency on the part of that company are critical. Most recommended that the client admit the wrongdoing, apologize, and explain how the company will address the mistake and avoid repeating it in the future. Some recommended that guilty firms engage in corrective advertising initiatives, and believed that consumers are typically responsive to such tactics. Stated one practitioner, “because people are generally forgiving as long as the company is authentic and honest, it should acknowledge the mistake, apologize, and promise not to do it again. It can repair the relationship and ask for another chance.” Another added, “I think it is important to be forthright and scrupulously honest, and admit fault. You can usually get a reset with honesty.” A seasoned veteran with more than 15 years in the business asserted that, “when consumers find out you have been deceptive, you have to go ahead and say you are wrong. When you do come out and say you did wrong, and how you are going to make it better, consumers generally accept that and respond favorably.” An agency principle explained that his agency “tells [our] clients to ‘be transparent’; be an open book about everything.” He stressed that companies should, “apologize, admit what [it] initially thought, and where it went wrong.” Most importantly, the company needs to demonstrate that it is “willing to do the right thing by acknowledging the mistake and correcting it.”

## **DISCUSSION**

An impressive body of scholarly work has accumulated on deceptive advertising over the past four decades. Extant research defines deceptive advertising (Aaker 1974; Gardner 1975), empirically demonstrates its impact on consumer perceptions of product packaging (Held and Germelmann 2014), consumer loyalty (Hasan, Subhani, and Mateen 2011), and

ad believability (Rotfeld and Rotzoll 1980), and documents the ethical issues deceptive advertising presents in the workplace (Chen and Liu 1998; Drumwright and Murphy 2004). While these academic explorations provide valuable insights into what constitutes deceptive advertising and how it affects consumer judgments and behaviors, the opinions of the professionals who create and disseminate deceptive ads have not been considered heretofore. The current research attempts to address this shortcoming and add the voice of advertising practitioners to the dialogue. The takeaways we offer here elucidate the attitudes and opinions of professionals in the advertising industry, who have experience on the front lines, where advertising—both truthful and deceptive—is developed. We discuss the noteworthy findings emanating from our investigation here, from the perspective of advertising practitioners, and contribute to this literature stream by providing a more comprehensive understanding of deceptive advertising.

Our research indicates that advertising professionals frequently encounter ethical dilemmas on the job, and must reconcile their personal value systems and priorities with professional codes of conduct and expectations. They do not mention deceptive advertising as an ethical issue they face without prompting, indicating it is not on their top-of-mind awareness or a major concern. Despite this lack of concern among advertisers, accusations of deceptive advertising continue to rise. From 2001 to 2007, consumer protection lawsuits alleging deceptive advertising increased in federal courts 150%, according to the *2007 Federal Judicial Center Report* (Strafford 2009). And, the financial repercussions of deceptive advertising are often substantial. If found guilty of deceptive advertising practices, companies may face severe fines, risk losing market share, and erode consumer trust. In addition, companies must pay steep legal fees to defend against such allegations, and incur other expenses related to a guilty judgment. To

illustrate, in 2006, BASF<sup>®</sup> was found guilty of deceptive advertising when it marketed the same product under different names, at different price points. The *Plus* version of its herbicide product was priced significantly higher than the *Regular* version, which was virtually indistinguishable. The company was fined \$45 million and its legal fees totaled approximately \$7 million (Strafford 2009). Similarly, Bayer<sup>®</sup> Healthcare was ordered to spend \$20 million on a corrective advertising campaign to publicly amend previous messaging that overstated the benefits of its birth control pill, Yaz<sup>®</sup> (NY Times 2009). In early advertising campaigns, Bayer gave consumers the impression that Yaz was a drug for acne and mood problems; however, these ads violated federal laws prohibiting the promotion of unapproved uses. The Food & Drug Administration (FDA) approved Yaz as a birth control pill with side benefits of treating mood-related problems and improving moderate cases of acne. Given the increasing incidence of deceptive advertising—and the serious ramifications of engaging in it—a disconnect appears to exist between what advertising professionals consider to be a challenge and what is deemed to be problematic among those in the legal community and marketplace.

We also observed that deceptive advertising is not a high priority at advertising agencies, as evidenced by the fact that *not one* of our respondents had received any training about it on the job and only one respondent was exposed to it in an academic setting. Interestingly, in a 2013 *AdAge* poll, 45% of respondents viewed fake information as simply “pushing the boundaries of creative culture,” did not regard fake ads as “bad business,” and believed agencies should support it. Such perceptions are troubling, and may be attributed to the lack of ethics training in college curriculums and within agencies. In response to the lack of such ethical training among executives and students, Coupe (2006) questioned business professors about their business programs. One professor indicated that, “you cannot teach ethics to college students. When

parents teach ethical behaviors, children develop an ethical compass that enables more ethical behavior to be taught and learned, at an older age. Hence, to be ethical, one should possess a conscious and a backbone” (Coupe 2006, p. 37). Programs at many of the universities represented in this study do not offer specific courses in business ethics to its students; however, others are attempting to fill this void. Advertising and public relations programs at Virginia Commonwealth University, Georgetown University, Penn State University, and Pepperdine University now require their students to complete at least one business ethics course. Taking a page from these well-known advertising and public relations programs, some advertising agencies are now even providing their own ethical training. For instance, in 2004, Wieden + Kennedy, an advertising agency based in Portland, Oregon, launched its own advertising school, *12*—which offers courses in advertising history and advertising ethics to its students (Anderson 2003). While these organizations are in the minority, they offer an aspirational example for other universities and agencies to follow in educating future and current advertisers about the perils of deceptive advertising.

Indeed, companies in the broader business world, are now beginning to realize the benefits of implementing ethics programs in the workplace. According to the *2013 Ethics & Compliance Initiative Report*, companies that provide ethics training “rose from 74% in 2011 to 81% in 2013 (Ethics 2013).” Further, the *National Business Ethics Survey of Fortune 500<sup>®</sup> Employee* survey reported that when companies promote an ethical workplace they help “reinforce employees’ commitment to the company—and employee engagement increased with the strength of a company’s ethics culture, from 15% in weak ethical cultures to 99% in strong cultures.” Agencies that do not currently offer ethics training for their employees may seek assistance from external organizations like the American Advertising Federation (AAF). In

partnership with the Institute for Advertising Ethics (IAE), the AAF created a professional ethics certificate program for professionals in advertising, public relations and communications, and marketing (AAFSWVA 2014), which agencies can encourage their employees to complete.

Despite a lack of training about deceptive advertising, advertising professionals seem to understand what makes an ad deceptive. However, they are unfamiliar with the Federal Trade Commission's (FTC) definitions, even though this is the governing agency for the advertising industry. In many companies, posters communicating legal rights of employees protected by government entities like the Occupational Safety and Health Administration (OSHA) and the Equal Employment Opportunity Commission (EEOC) are displayed in Human Resources offices or in break rooms across the country. The FTC is a government agency that "protects consumers by stopping unfair, deceptive or fraudulent practices in the marketplace. The FTC investigates allegations of deceptive advertising and sues companies, and people, that violate its deceptive advertising laws. It also educates consumers and companies about their rights and responsibilities" (FTC). Requiring advertising agencies to display a poster communicating the FTC's stance on deceptive advertising, along with examples of what constitutes deceptive advertising, may increase awareness among advertising professionals, as may brochures and supporting literature that could be made available to practitioners.

Interestingly, we observed that respondents are aware that their perceptions (the potential perpetrators of violations) about deceptive advertising differ from those of consumers (the potential victims of violations). The job of advertising professionals is to present clients' products or services in the most appealing light to influence consumer behavior. However, advertising practitioners believe today's consumers are skeptical of advertising and savvy enough to recognize when a message is not entirely truthful—and seem to insinuate that this assuages



their responsibility. They do acknowledge, though, that consumers are also overwhelmed and distracted, which means that some deceptive ads may slip through their perceptual defense system and hit the mark. According to Media Dynamics, daily media usage and advertising exposure has increased by 48% since 1945, to 590 minutes in 2014. Despite this, the number of ads that are processed by consumers has remained relatively stable (i.e., 340 in 1945, 296 in 1985, and 362 in 2014). Further, only 153 ads in 2014 held consumers' attention for more than a few seconds, as compared to 124 ads in 1985 (SJInsights 2014). These results suggest that—despite exposure to a daily barrage of ads—consumers' capability or willingness to process these ads has not changed. These findings depict an environment in which consumers are bombarded with more promotional messages than ever before, when they have less time to evaluate the veracity of each one. Presenting deceptive ads under such conditions exploits the vulnerability of consumers, and highlights a need for clear ethical standards and greater accountability in the advertising industry.

We noted repeated mentions of tension in agency-client relations by respondents who intimate that deceptive advertising occurs because of pressure placed on agencies (by clients) to deliver advertising that makes a difference and achieves results. Ideally, a relationship between an agency and its client should elicit sentiments of envy, similar to that evoked by a great-looking couple at a cocktail party, “who may argue and fight, on occasion—but by their public demeanor, appear to be in complete love and awe of one another” (Jensen 2005, p. 16). But all too often, this is not the image induced by most alliances between clients and their agencies. Agency-client relationships may sour for a number of reasons including, client dissatisfaction with an agency's performance, a lack of agency responsiveness, and “perceived arrogance among top managers” (McMains 2010, p. 6). Problems between agencies and clients may be

further exacerbated by employees who are fearful of losing their jobs. Avi (2005) asserts that those in top management are under a tremendous amount of pressure to perform and achieve profitable results—noting that their tenure is typically between 22 months and five years. Further “throwing the agency under the bus” when a brand’s performance is lackluster is “a fact of life” in this industry (Avi 2005, p. 21). Given this, it is not surprising that ad agencies acquiesce to clients—even when it means stretching the truth in their promotional messages—to salvage the relationship and retain the business. Such dysfunction in agency-client relations underscores the need to develop internal policies and guidelines for truth in advertising that are clearly articulated to clients, perhaps during initial client consultations, or early on when negotiations about the messaging, services, and pricing for a campaign occur.

Not a single respondent we interviewed has engaged in deceptive advertising, but all have observed it—especially for certain products. In a survey conducted by *Finances Online* (n.d.), 34% of respondents indicated that messaging for diet products is the most deceptive, followed by the financial insurance industries (26%). However, deceptive advertising allegations can be leveled against any type of client. For example, Petapixel (2016) states that food photographers are often guilty of “using hairspray to make fruits and vegetables shine more, creating soda fizz with antacids, using shoe polish to make red meat look darker, and using shaving cream to depict icing on a cake.” Industry experts advocate for “more regulation,” as companies devise innovative tactics for deception that exploit consumers, and produce cloudy illusions about their products” (Finances Online n.d.).

Our research suggests practitioners have mixed reactions about how impactful deceptive advertising is, with some indicating it does affect consumer behavior. However, respondents acknowledge that when a client is found to be guilty of deceptively advertising its products, the

fallout—legally, financially, and image-wise—can be very deleterious. Many referred to the FTC as “the police” when it came to deceptive advertising; however, penalties imposed by the FTC are clearly not enough to deter advertisers from employing deceptive advertising tactics.

Currently, according to the FTC’s Deceptive Policy Statement, an ad is judged as “deceptive” if there is a representation, omission, act, or practice conducted by a corporation that will, or is likely to, mislead a consumer” (Moutinho and Nisel 1989). However, a company currently only faces financial penalties if it continues to broadcast a deceptive advertising claim *after* a court judgment, an offense called a “double violation.” A change in the FTC’s policy is supported by some industry pundits, wherein fines would “apply for all ads after one violation” (Roosevelt Institute 2012).

An actionable recommendation offered by some respondents emphasizes more widespread use of marketing research as a preemptive tool for deterring ads that may be viewed as deceptive by consumers *before* they are broadcast or published and the damage is done.

Advertising routinely employs research before an ad is produced, during ad production, and after an ad is produced (O’Barr 2006). While research conducted before an ad is produced is generally used as a “communication check” to ensure the message’s persuasiveness, the potential for an ad to mislead or deceive consumers could also be assessed at this stage, simply by asking researching participants if anything about the ad does not ring true or seems dishonest or false.

We were surprised to learn that *no* respondents place blame on agencies when deceptive advertising occurs, and many insist that the client is ultimately responsible for ensuring promotional messages about their brands are accurate and true. However, some concede that responsibility should be shared with the client, and that the agency should assist the client when corrective measures become necessary. Research has shown that how a company responds to a

brand crisis—as when an organization is caught engaging in deceptive advertising—impacts its reputation and image (An, Gower, and Cho 2011; Kiambi and Shafer 2016). Once a company understands how consumers may react to learning about such an offense, it can begin to evaluate appropriate response strategies (Laufer and Coombs 2006). However, clients may need help in evaluating the situation and creating a strategic communication plan that delivers accurate information to the public during brand crises (Marra 1998).

Crisis response strategies serve to protect corporate reputations by framing facts surrounding a crisis, changing the perceptions of the company in crisis, and reducing the negative affect generated by the crisis (Coombs 2007). While embattled advertisers could employ a number of response strategies on a deny-apology continuum—where the involved brand accepts responsibility or not (Li and Wei 2016)—respondents in our study recommend acknowledging culpability and apologizing for distributing deceptive information about a company's brand. This approach finds ample support in the crisis response literature. Claeys, Cauberghe, and Vyncke (2010) warn that preventable crises—like attempts to deceive consumers with promotional messages—are particularly injurious to a client's reputation, and Souiden and Pons (2009) demonstrate a negative impact on a company's image following a denial. This suggests advertisers seeking to defuse the fallout associated with being accused or found guilty of deceptive advertising might be well-served by adopting a "rebuilding" strategy (Claeys, Cauberghe, and Vyncke 2010), and should consider issuing an apology, taking responsibility, and asking for forgiveness (Claeys and Cauberghe 2014). However, no empirical work currently investigates the effectiveness of this—or any—crisis response strategies in the context of deceptive advertising specifically, so we leave this to future research.

## **Limitations**

As with any research, results must be couched within certain limitations. First, although a random probability sample might be advantageous for investigating deceptive advertising—due to negative connotations associated with deceptive advertising and difficulty in enlisting cooperation among practitioners—convenience sampling was employed (Chen and Liu 1998). Further, common biases associated with the qualitative methodology we employed to collect and interpret the data may be present, including interviewer subjectivity in recording the interviews and interpreting responses, and respondents’ reluctance to admit professional violations (Vanhamme and Lindgreen 2001). Although a systematic approach was used to review transcribed interviews to identify key themes and insights, conclusions were subject to the researchers’ interpretations. And, despite assurances of anonymity, practitioners still may have been reticent to divulge details about their clients or employers on record. Finally, while the 34 practitioners comprising our sample were carefully selected based on their knowledge and experience in the realm of advertising, this group is not necessarily representative of the broader population of advertising professionals and the generalizability of the results is not guaranteed (Chen and Liu 1998).

Regardless of these limitations, the authors believe that this research serves as an important first step in expanding our understanding of deceptive advertising—from the unique point of view of advertising practitioners (Chen and Liu 1998)—and generating insights meant to reduce the incidence of deceptive advertising (Vanhamme and Lindgreen 2001).

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**TABLE 1**  
**PARTICIPANT DEMOGRAPHICS**

Agency position	Number of Respondents
Senior Management/Administration (e.g., Chairman, President, Executive Vice President, Owner, Managing Partner)	14
Creative	3
Account services	8
Media	3
Interactive	2
Other	1
Years of experience in advertising	
1 - 4 years	3
5 - 9 years	4
10 - 14 years	7
15 - 19 years	4
More than 20 years	13
Gender	
Male	18
Female	13
Age of responents	
Less than 25 years of age	0
25 - 30 years of age	5
31 - 35 years of age	2
36 - 40 years of age	5
41 - 45 years of age	5
46 - 50 years of age	5
51 - 55 years of age	4
56 - 60 years of age	1
61 years of age or older	4

*\*Three participants did not complete demographics.*

**TABLE 2**  
**AGENCY OVERVIEW**

Agencies' annual billings	Number of agencies
Less than \$20 million	8
\$21 million to \$100 million	2
\$101 million to \$500 million	1
\$501 million to \$1 billion	3
More than \$1 billion	5
Prefer not to disclose	5
Don't know	2
N/A	5
Number of agency employees	
Less than 25	9
25 - 100	5
101 - 500	3
More than 500	14

*\*Three participants did not complete demographics.*

## ESSAY 2:

### WHEN ADVERTISERS PRACTICE TO DECEIVE: A META-ANALYSIS EXAMINING THE IMPACT OF DECEPTIVE ADVERTISING ON CONSUMER EVALUATIONS

#### **Abstract**

This meta-analysis synthesizes over 40 years of research examining the relationship between deceptive advertising and consumer evaluations (i.e., purchase intentions, attitudes toward the brand, and trustworthiness). Our research indicates that deceptive advertising has a significant, positive influence on consumer evaluations; however, we also show that the deceptive advertising-consumer evaluations relationship is moderated by whether a deceptive ad features a real brand and/or pictures and other variables. We discuss when the effects of deceptive advertising are likely to be more pronounced in an effort to highlight the severity of the problem, and to dissuade advertisers from employing such tactics---which could result in hefty penalties and damage to a company's image and the promoted brand's equity.

#### **Keywords**

Deceptive advertising, Advertising, Meta-analysis, Deception

In 2015, business could not have been better for the Volkswagen Group. The company had surpassed Toyota Motor Corporation to become the largest automobile manufacturer in the world, and was poised to meet its performance forecasts for 2018—including the sale of ten million vehicles worldwide, a pre-tax profit margin of 8%, and the most satisfied employees and customers in the entire automobile industry. In addition, the World Forum for Ethics in Business honored Volkswagen with an “Outstanding Corporation” award and chose the firm as a recipient of the “Ethics in Business Award” in 2012 (Rhodes 2016). For years, the company’s highly acclaimed “clean diesel” cars were the focus of its worldwide advertising campaign that featured the acclaimed “Golden Sisters”—a pair of elderly women who comically debunked myths about diesel vehicles (Isidore 2016).

Volkswagen’s success and favorable reputation took a major hit when accusations were made by the U.S. Environmental Protection Agency, that Volkswagen had violated the Clean Air Act. In March 2016, the Federal Trade Commission (FTC) charged Volkswagen with deceptive

advertising for its “clean diesel” ad campaign (Cars.com 2016). Despite its continued (public) emphasis on resource conservation, climate protection, and emission reduction, Volkswagen was vilified for behaving so inconsistently with its stated values (Rhodes 2016). Ultimately, Volkswagen acknowledged guilt and agreed to pay \$1.2 billion to owners of the cars that were rigged to cheat the emissions testing (McHugh 2017).

Volkswagen’s deceptive business practices and promotional strategies—and subsequent fall from grace—are hardly unique. For instance, Uber<sup>®</sup> was accused of misleading consumers about the methods it utilizes to screen potential drivers (Issac and Dougherty 2014). Information on Uber’s website led consumers to believe that its screening process ensures “the safest ride on the road,” that its drivers are screened via a background checking process “more rigorous than what is required to become a taxi driver” (Truth in Advertising 2016), and that the “Safe Rides Fee” Uber charged passengers (up to \$2.30 per trip) supports its “industry leading background check process.” However, when it came to light that Uber did not require job applicants to provide fingerprints (Risbergap 2016), the company had to pay \$28.5 million to settle litigation brought by customers who alleged its ride hailing service misrepresented the quality of its screening methods and fraudulently charged fees to passengers (Risbergap 2016).

Similarly, an advertising campaign for 5-hour Energy<sup>®</sup> was deemed deceptive for claiming its energy shots are superior to caffeinated-coffee drinks and are highly recommended by doctors. The company also stated consumers would enjoy hours of energy, alertness, and focus due to the formula of its products (Associated Press 2017)—an assertion 5-hour Energy promoted in press releases, digital materials, and print and broadcast ads (Lewis 2017). Consequently, a judge ordered the company to pay nearly \$4.3 million for its multiple violations of deceptive advertising under the Consumer Protection Act (Lewis 2017).

Although the industries differ in these examples, the nature of the companies' offenses and the associated consequences are quite similar. Each of these companies experienced public embarrassment and suffered negative financial repercussions following verdicts of deceptive advertising. Previous research shows that deceptive advertising—whether intentional or unintentional—may lead to false consumer evaluations that would not occur in the absence of the deception (Xie, Madrigal, and Boush 2015). Interestingly, the number of federal lawsuits filed involving deceptive advertising claims has increased substantially over the past several decades. In 2017, 1,437 federal lawsuits involving deceptive advertising were filed in the U.S., compared to just 19 in 1941. As shown in Figure 1, an even sharper spike has occurred in federal lawsuits filed for specific types of deceptive advertising, including misleading advertising (a claim-belief interaction) and false advertising (a claim-fact discrepancy).

#### **INSERT FIGURE 1 ABOUT HERE**

Scholarly research examining deceptive advertising is also on the rise (Nagar 2010). Most studies explore the impact of deceptive advertising in terms of outcomes in the consumer domain, including purchase intentions (Wilkins, Beckenuyte, and Butt 2016), attitudes toward packaging (Held and Germelmann 2014), likelihood of recommendation (Boyer et al. 2015), perceptions of trustworthiness (Haan 2006; Shahzad and Kausar 2016), claim recall (Nagar 2010), memory (Gaeth and Heath 1987), consumer loyalty (Hasan, Subhani, and Mateen 2011), and ad believeability (Oehler 1944; Rotfeld and Rotzell 1980). Researchers have also investigated how deceptive advertising affects organizational outcomes such as firm value (Tipton, Bharadwaj, and Robertson 2009), corporate sales (Estrada 2006), and stock returns (Jeong and Yoo 2011). Other research in this area examines how deceptive advertising affects environmental concerns (Raska, Nichols, and Shaw 2015), perceptions of competence (Liljander,

Gummerus, and Soderlund 2015), intentions to donate (Shanahan and Hopkins 2007), and likeability (Panic, Cauberghe, and De Pelsmacker 2013).

Deceptive advertising has been researched in the context of marketing, business, psychology, economics, law, public policy, health, food, and communications. Many studies document a negative relationship between deceptive advertising and consumer evaluations. For instance, Cowley (2006) found that puffery claims are perceived as less credible by consumers than factual claims, Boyer et al. (2015) discovered that covert marketing elicits more negative attitudes toward a product than overt marketing, and Craig et al. (2012) showed that highly deceptive ads are associated with lower purchase intentions than are factual ads. However, some forms of deceptive advertising are not associated with adverse effects. For example, Xu and Wyer (2010) found that puffery was actually related to more favorable consumer product evaluations. Further, misleading claims have been shown to evoke more positive consumer attitudes toward ads and brands (Newell et al. 1998), and greenwashing is believed to have a positive impact on brand imagery (Parguel et al. 2015). The current study seeks to summarize this seemingly inconclusive literature stream by conducting a meta-analysis of deceptive advertising research conducted over a 40-year period. Meta-analysis is a practical methodological approach that quantitatively assesses the generalizability of relationships more objectively than narrative reviews and can identify relationships and boundary conditions that have not been—and could not be—assessed in a single empirical study (Brown, Homer, and Inman 1998). Specifically, we employ meta-analysis to examine the effects of deceptive advertising on consumer evaluations and identify important moderators of this relationship including the type of deception, the type of advertisement (e.g., print, TV commercial), the nature of focal products being evaluated, and study design features. Our aim is to synthesize

extant research findings concerning deceptive advertising and consumer evaluations, especially in terms of the relevant moderators identified above (Jaramillo, Mulki, and Marshall 2005).

In the sections that follow, we define the scope of our study and discuss the development of our meta-analytic database. We then present the meta-analytic methodology employed and describe in detail the variables coded for our analyses. Following this, we report the analysis and results of our meta-analysis, concluding with a discussion of the implications of our research.

## **METHODOLOGY**

### **Database Development**

Relevant empirical work for the meta-analysis was identified using various methods. First, we searched for published articles using JSTOR, EBSCOhost, Emerald, PsychInfo, and Google Scholar, and for unpublished papers on SSRN Elsevier and ProQuest Digital Dissertations. Our search spanned almost four decades (1974 to 2016) and included the following keywords: *deceptive advertising, false advertising, undercover advertising, stealth marketing, covert marketing, exaggerated advertising claims, deceptive communication, deceptive labeling, unconscionable lie, and manipulated advertising*. These efforts allowed us to identify several papers, including seminal articles exploring the effects of deceptive advertising (c.f., Haefner, Permut, and Surlin 1974; Gardner 1975; Armstrong, Gurol, and Russ 1980; Rotfeld and Rotzoll 1980). Employing an ancestry approach, we reviewed the references of articles identified in the preceding searches and key conceptual articles. Finally, in an attempt to avoid publication bias (Rust, Lehmann, and Farley 1990; Floyd et al. 2014), we contacted authors who have published in this area to request relevant unpublished studies, working papers, conference papers, and dissertations examining the impact of deceptive advertising. Collectively,

these efforts initially yielded 188 articles, which were then evaluated in terms of our inclusion criteria.

### **Domain Specification**

We included papers that: (1) investigated the effect of deceptive advertising on consumer evaluations; and, (2) contained empirics that allowed us to calculate a common effect size (see Glass, McGaw, and Smith, 1984; Janiszewski, Noel, and Sawyer, 2003). Further, we required that papers in our meta-analysis utilize a research design that compares deceptive advertising to a neutral (control) condition. Non-empirical papers (Oliver 1979; Milne, Rohm, and Bahl 2009; Toncar and Fetscherin 2012; Chen and Chang 2013; Rao and Wang 2015) and qualitative papers (Schutz and Casey 1981; Wilkinson, Hausknecht, and Prough 1995; Vanhamme and Lindgreen 2001) were eliminated. Ultimately, 34 papers from 1974 to 2016 (31 published articles and three unpublished manuscripts) comprised our meta-analytic database and coded for analysis.

### **Coding Scheme**

We coded 12 variables that could potentially influence consumer evaluations of messages featuring deceptive advertising. Table 1 presents our coding scheme and provides an overview of the moderators, which were either theoretical (e.g., *prior experience with the product* and *presence of a real brand*) or methodological (i.e., *sample composition* and *manuscript status*) in nature. Two members of the research team independently coded all potential moderating variables, which are described in more detail in the section that follows. Inter-coder agreement was high (96.2%) and discrepancies were rectified through discussion and the involvement of a third independent referee.

*Real brand.* Because of previously stored brand associations (e.g., brand familiarity), messages that feature real brands may be more easily identified and understood by consumers



than fictitious brands (Dahlen et al. 2009). Consumers may react negatively to advertising for a familiar brand because they already possess some knowledge about that brand and may view such ads as uninteresting or boring (Campbell and Keller 2003). Conversely, ads for an unfamiliar or fictitious brand may spark a need for learning and the development of new representations for that brand (Sujan 1985; Campbell and Keller 2003). While the impact of brand familiarity on consumer evaluations in the context of deceptive advertising is unclear, we attempt to account for the impact of this variable by coding whether the stimulus advertisements each study featured in each of the original studies was a real brand.

*Prior experience with the product.* Research suggests prior product experiences determine product choice (Wallace 2013), contribute to differences in beliefs about the benefits of a product (Mason, Scammon, and Fang 2007), and provide more vivid and concrete information for consumers to possess. All of these effects may enhance consumers' memory of the product/brand (Hoch and Deighton 1989). Although subjects' prior experience with stimulus products is not typically manipulated in studies investigating deceptive advertising, we seek to measure variance associated with this variable by coding whether participants would likely have had prior experience with the stimulus product in each study.

*Content.* Studies exploring the impact of advertising content on consumer evaluations produce mixed findings. Some suggest that advertisements with pictures are labeled faster than those with only words (Paivio 1971) and elicit more positive feelings (Mukherjee 2000), and that featuring both pictures and verbal information in an ad leads to greater persuasion. Other research shows weak product attitudes for ads with visual images relative to those that contain only words (Kisielius and Sternthal 1984). The original studies vary considerably in terms of whether they feature stimulus ads with words, pictures, or both. We reorganize this could affect

how deceptive advertising influences consumer evaluations and thus code whether stimulus materials present both visual and textual information.

*Product type.* Products can be characterized in terms of whether they provide hedonic or utilitarian benefits (Huettl and Gierl 2012). Consumers purchase and consume utilitarian products for functional purposes, while hedonic products are linked to experiential consumption (Baltas, Kokkinaki, and Loukopoulous 2016). Interestingly, the manner in which consumers evaluate hedonic versus utilitarian products also varies. More specifically, consumers analyze utilitarian products more cognitively, and focus predominantly on objective, tangible product attributes. The evaluation process for hedonic products, on the other hand, is more subjective and affective, and often incorporates the preference and recommendations of others to reduce the inherent ambiguity of such products (Ryu et al. 2006). We attempted to account for variance associated with these differences by coding the type of product promoted in the stimulus ads.

*Level of deception.* The level of deception in deceptive advertising varies considerably, from *puffery*—which some researchers refer to as “harmless exaggerations, rather than a claim of objective product quality” (Amyx and Amyx 2011)—to *masked-expert messages*—where “a sponsor (e.g., pharmaceutical company) and an expert (e.g., medical doctor) collaborate for mutual gain to influence an unsuspecting recipient (e.g., doctor’s patient)” (Balasubramanian 1994, p. 32). In fact, at least, seven types of deceptive advertising have been identified in the literature including: *puffery* (Gao and Scorpio 2011), *implied superiority claims* (Snyder 1989), *evaluative advertising claims* (Shimp and Preston 1981), *covert marketing* (Campbell, Mohr, and Verlegh 2012), *undercover marketing* (Kennett and Matthews 2008), *greenwashing* (Delmas and Burbano 2011), *half-truth claims* (Devin 2016), and *hybrid messages* (Balasubramanian 1994).

Because previous research examining the effects of deceptive advertising shows that a higher level of deception decreases credibility (Liljander, Gummerus, and Söderlund 2015), increases consumer skepticism (Nyilasy, Gangadharbatla, and Paladino 2014), and lowers believability (Snyder 1989), we sought to capture differences in the level of deception characterizing stimulus ads in the original studies. Specifically, we had 34 advertising practitioners rate the seven types of deceptive advertising using a seven-point Likert scale, (where 1 = *not at all deceptive* and 7 = *completely deceptive*) and then assigned the mean rating for each respective type of deceptive advertising featured in the studies comprising our meta-analytic database.

*Claim-belief interaction.* According to Gardner (1975), a claim-belief interaction form of deception occurs when an advertisement interacts with “accumulated attitudes and beliefs of the consumer in such a manner that leaves a deceptive belief or attitude about the product or service being advertised, without making either explicit or implied deceptive claims” (Barbour and Gardner 1982, p. 21). Hence, ad claims do not necessarily make a message deceptive—rather, the interaction between the ad itself and a consumer’s beliefs and attitudes does (Shahzad and Kausar 2016). An example of a claim-belief interaction leading to deception can be found in Red Bull’s<sup>®</sup> slogan, “Red Bull Gives You Wings.” Consumers did not believe this claim, but were aware of the effects of Red Bull’s products. The ad claim that drinking Red Bull would enhance consumers’ physical and mental performance compared to coffee and other caffeinated products elicited negative reactions from consumers and regulatory agencies. Because some—but not all—stimulus ads in the original studies feature a claim-belief interaction, we acknowledge that this maybe a source of variation in the deceptive advertising-consumer evaluations relationship, and thus coded the presence (absence) of this advertising element.

*Sample composition.* Prior research suggests samples differ from populations at large in terms of their breadth of experience and cognitive capabilities (Gordon et al. 1986; Peterson 2001). Given the potential impact that using student samples could exert on research findings, we coded whether each paper's study participants were students.

*Manuscript status.* The publication status of each paper was coded, because published manuscripts are more likely to depict studies with significant findings. Because non-significant findings may lead to publication bias (i.e., reduced interstudy variability and upwardly biased mean estimates) and influence consumer evaluations (Dickersin 2005; Ferguson and Brannick 2012; Floyd et al. 2014), we captured this potential source of variance in the deceptive advertising—consumer evaluations relationship as well.

As in often the case with meta-analysis, our coding scheme initially included many additional variables that were ultimately not included in our final analyses. Specifically, we captured the domain of journal publications, experimental design of the original studies, types of data collected by the researchers, and geographic setting of each sample. However, these variables were not significant moderators in the overall model, so we dropped them and focused our analysis on more interesting theoretical variables.

## **OVERVIEW OF META-ANALYTIC PROCEDURES**

We employed meta-analytic techniques prescribed by Hunter and Schmidt (2004). *Comprehensive Meta-analysis* (CMA) software was used to transform reported statistics such as means, standard deviations,  $t$  tests, and  $F$  tests into correlations ( $r$ ). We adjusted for unreliability in observed correlations due to measurement error in outcome variables and imputed sample-weighted means of corrected correlations ( $r_w$ ). Results were averaged across all studies to ensure that sampling error was accounted for. From this, we calculated the average study variance ( $var_t$ )

and an estimate of the heterogeneity (i.e., Chi-square statistic) across observed effect sizes within our dataset to ascertain the amount of variance within our observed effects that is explained by sampling error and study artifacts (Hunter and Schmidt 2004).

To help in the interpretation of the significance of the correlation, 95% bootstrapped confidence interval ( $CI_{BS}$ ) for each relationship were computed. Since collective data often violate the distributional assumptions of parametric tests, the use of bootstrapped confidence intervals that are based on a non-parametric distribution provides a more powerful estimate than traditional confidence intervals (Rosenberg, Adams, and Gurevitch 2000). Finally, the fail-safe sample size ( $N_{FS}$ ) was calculated to assess the possibility of publication bias or the “file-drawer” problem (Rosenthal 1979). This statistic estimates the number of unpublished studies with an effect size of zero that would have to exist to render the observed effects non-significant at the  $\alpha = .05$  level (Janiszewski et al. 2003). A larger ( $N_{FS}$ ) value conveys greater confidence in the robustness of obtained results.

### **Moderator Analyses**

A generalized linear model (GLM) as specified in Equation 1 was used to explore the collective influence of moderators on the relationship between deceptive advertising and consumer evaluations.

$$\beta^* = (X' \Sigma^{-1} X)^{-1} X' \Sigma^{-1} r \quad \text{Eqn. 1}$$

Where  $r$  is the correlation associated with the effect of deceptive advertising on consumer evaluation (Raudenbush, Becker, and Kalaian 1988);  $X$  is the matrix of moderators hypothesized to influence these effects (including both theoretical and methodological moderators), and  $\Sigma$  is a diagonal matrix of weights (based on sample size) associated with each observation (Hedges and

Olkin 1985).  $\beta$  is vector containing the coefficient estimates of the GLM, representing the impact of the moderators on the effect size in the presence of each other. Comprehensive Meta Analysis Version 3.0 was used to conduct analyses, with results presented in the following section.

## **Results**

*Main Effects.* In the following section, we present the meta-analytic results for the overall effect of deceptive advertising on consumer evaluations. The mean correlation across studies in our database is  $r = 0.137$  ( $p < .01$ ). This is a small- to medium-sized effect (Rosnow and Rosenthal 2008), but significant—as indicated by the 95% bootstrapped confidence interval around the mean ( $CI_{BS} = .1239$  to  $.1509$ ). This result suggests that overall, there is a significant, positive relationship between deceptive advertising and consumer evaluations. Rosenthal’s fail-safe sample size ( $N_{FS} = 3,513$ ) indicates that these results are robust, and that publication bias is unlikely to be a problem. Finally, significant heterogeneity ( $\chi^2 = 2,898.694$ ) suggests that a moderator analysis is warranted.

*Moderating Effects.* Both theoretical variables (e.g., prior experience with the product and the presence of a real brand) and methodological variables (i.e., sample composition and manuscript status) were included as independent variables in the GLM. The correlation between deceptive advertising and consumer evaluations (i.e., the effect size for each study) served as the dependent variable in the GLM. Consistent with our expectations, the meta-regression analysis reveals significant results for several moderating variables (see Table 2). We also conducted univariate analyses for each moderator to better understand the nature of its impact on the deceptive advertising—consumer evaluation relationship (see Tables 3 and 4).

## INSERT TABLES 2, 3, & 4 ABOUT HERE

*Real brand.* The stimulus product was a real brand in 31% ( $k = 56$ ) of the studies comprising our meta-analytic database. The presence of a real brand in experimental stimuli led to a significantly weaker relationship between deceptive advertising and consumer evaluations ( $\beta_{RealBrand} = -.2454, p < .0000$ ). Consistent with this finding, the univariate analyses reveal that studies featuring deceptive advertising for real brands ( $r = .055, p < .01$ ) were associated with significantly weaker consumer evaluations than those featuring fictitious brands ( $r = .181, p < .01; \chi^2(1) = 75.583, p < .01$ ).

*Prior experience with the product.* In 72% ( $k = 131$ ) of the studies comprising our meta-analytic database, participants were likely to have had prior experience with the stimulus product. Prior experience moderated the relationship between deceptive advertising and consumer evaluations ( $\beta_{PriorExp} = 0.0523, p = 0.0018$ ). Specifically, in the presence of the other moderators, prior experience significantly increased effect sizes. This result contrasts with the univariate findings, which suggest—when examined in isolation—that prior experience with products featured in a deceptive ad ( $r = .133, p < .01$ ) were associated with weaker effects than when subjects had limited or no prior experience with the stimulus product ( $r = .140, p < .01; \chi^2(1) = 0.254, p > .05$ ).

*Content.* Seventy-two percent of the studies in our meta-analytic database ( $k = 132$ ) presented only words in their stimulus ads, while the remaining 28% presented ads with both pictures and words. Stimuli content that included both pictures and words significantly diminished the effect of deceptive advertising on consumer evaluations ( $\beta_{Content} = -0.1257, p < 0.0000$ ). Further, univariate analyses suggest that consumer evaluations of deceptive ads with

both pictures and words ( $r = .093, p < .01$ ) are significantly weaker than those for ads with only words ( $r = .154, p < .01; \chi^2(1) = 15.206, p < .01$ ).

*Product type.* Twenty-three percent of stimulus ads ( $k = 43$ ) in the original studies depicted a predominantly hedonic product, while 77% were categorized as a more utilitarian product. Product type ( $\beta_{ProdType} = 0.1944, p < 0.0000$ ) significantly moderated the relationship between deceptive advertising and consumer evaluations, with studies featuring deceptive ads for hedonic products ( $r = .249, p < .01$ ) producing stronger consumer evaluations than those promoting utilitarian products ( $r = .095, p < .01; \chi^2(1) = 100.436, p < .01$ ).

*Level of deception.* Forty-nine percent of stimulus ads ( $k = 89$ ) in studies comprising our meta-analytic database featured a relatively high level of deception, while 51% were deemed to have a relatively low level of deception. Level of deception was included as a continuous variable in the meta-regression, but did not significantly moderate the deceptive advertising-consumer evaluations relationship ( $\beta_{DecLevel} = 0.0085, p = 0.3725$ ). To conduct a univariate analysis of the level of deception variable, practitioner ratings were matched to the type of experimental stimuli used in the original studies, and a median split was applied to designate each ad as having a relatively “high” or “low” level of deception. Although level of deception was not a significant moderator in the presence of other variables, univariate analyses indicate that consumer evaluations were significantly stronger when a higher level of deception was present in the stimulus ad ( $r = .173, p < .01$ ), as compared to a lower level of deception ( $r = .089, p < .01; \chi^2(1) = 36.248, p < .05$ ).

*Claim-belief interaction.* In 59% ( $k = 108$ ) of the stimulus ads evaluated by participants in the original studies, a claim-belief interaction was present. This variable was found to be a



significant moderator to the relationship between deceptive advertising and consumer evaluations ( $\beta_{ClaimBelief} = -0.0625, p = 0.0003$ ). When participants were likely to utilize accumulated attitudes and beliefs to evaluate the stimulus products, deceptive advertising had a significantly weaker impact on evaluations ( $r = .092, p < .01$ ) than when a claim-belief interaction was not likely ( $r = .207, p < .01; \chi^2(1) = 67.836, p > .01$ ).

*Manuscript status.* Eighty-seven percent ( $k = 159$ ) of the studies comprising our meta-analytic database were published in reputable journals. Manuscript status ( $\beta_{ManuscriptStatus} = -.2482, p < 0.0000$ ) significantly moderated the deceptive advertising-consumer evaluations relationship, as published studies ( $r = .153, p < .01$ ) produced stronger consumer evaluations than unpublished studies ( $r = -.005, p < .01; \chi^2(1) = 45.747, p < .01$ ).

*Sample composition.* Students participated in 64% ( $k = 118$ ) of the studies comprising our meta-analytic database. This variable did not significantly moderate the deceptive advertising—consumer evaluations relationship ( $\beta_{Student} = .007, p < 0.7037$ ), however, the univariate analysis indicates that consumer evaluations were significantly stronger when students participated in research on deceptive advertising ( $r = .155, p < .01$ ), as compared to non-students ( $r = .107, p < .01; \chi^2(1) = 11.738, p < .01$ ).

## **DISCUSSION**

### **Key Findings and Theoretical Insights**

Over the past several decades, numerous companies have been accused of employing deceptive advertising practices, as evidenced by the skyrocketing number of such cases filed in the U.S. Federal court system. Volkswagen, Uber, and 5 Hour Energy are a few examples of companies that have been found guilty of engaging in deceptive advertising. A corresponding

increase in scholarly investigations of deceptive advertising has also occurred in recent years, indicating that concern about its use exists among both academicians and practitioners. Given this burgeoning interest in deceptive advertising, we conducted a meta-analysis of studies investigating its effects, quantitatively summarizing the impact of deceptive advertising on consumer evaluations across 34 papers, featuring 183 studies and 38,532 subjects, and covering a span of more than 40 years.

Our results indicate that, overall, deceptive advertising has a significant, positive impact on consumer evaluations. That is, when a company's products or services are falsely portrayed in a more favorable light through deceptive advertising, consumers evaluate the promoted products/services more favorably. This result is consistent with Truth-Default Theory (TDT), which asserts that two parties in a communication setting naturally presume the other is being honest and do not actively consider the possibility of deceit when "sufficient affirmative evidence for deception" (Levine 2014, p. 380) is not observed. The positive relationship between deceptive advertising and consumer evaluations suggests that consumers intuitively trust companies to be honest about their products and services as a default, in the absence of evidence to the contrary. This finding is troubling, because it could motivate companies and their advertising agencies to engage in unethical practices and deceive target consumers in promoting their offerings in the marketplace.

Interestingly, our analyses also show that the overall effect of deceptive advertising is qualified by characteristics of the message and the promoted product. That is, several variables moderate the size of the effect that deceptive advertising exerts on consumer evaluations. Specifically, deceptive advertising is more impactful when promoting hedonic products, fictitious brands, and products with which consumers are less familiar, and less effective when it

features both images and words, and a claim-belief interaction is present. Our investigation also found that when considered independently, higher levels of deceptive advertising are related to more favorable consumer evaluations; however, level of deception does not moderate this relationship in the presence of other moderators.

Taken together, these moderator results indicate that consumers are particularly vulnerable to deceptive advertising when validating the veracity of a claim is challenging—as would be the case among less experienced/knowledgeable consumers, for products characterized by less objective and evaluable attributes, and for brands that are new or less established in the marketplace. Consistent with Truth-Default Theory (Levine 2014; Van Swol 2014; Verschuere and Shalvi 2014), these findings suggest that when consumers lack the knowledge and expertise to properly assess promotional information about a given product—and in the absence of conflicting evidence—they will assume the “default” position and accept deceptive claims as true. However, possessing a more well-developed knowledge structure for a promoted product (Campbell et al. 2003), may arm consumers with the information needed to properly evaluate an ad claim and serve as a defense mechanism against deceptive advertising.

### **Persuasive Limitations of Deceptive Advertising**

Our moderator analysis also sheds light on when deceptive advertising is *not* likely to work. For instance, our research indicates that deceptive advertising will be less effective when promoting real brands. Because consumers already possess attitudes towards real brands, they are less susceptible to misleading appeals (Mitchell and Olson 2000; Nelson et al. 2006).

Deceptive advertising is more persuasive when promoting fictitious brands, which are unfamiliar, novel, and distinctive to consumers—and more difficult to evaluate than an established brand (Nelson et al. 2006). Similarly, deceptive advertising is less likely to work

when consumers have prior experience with the promoted product. Such consumers “possess superior knowledge about existing products and have developed a set of expectations about the product category” (Zhou and Nakamoto 2007, p. 55), and “possess a greater ability to process more complex information” (Gill et al. 1998, p. 37)—and are arguably more capable of identifying a misleading or false claim.

Consumers are also less responsive to deceptive advertising that promotes utilitarian products. Compared to hedonic products—which are relatively subjective, discretionary, and difficult to evaluate—utilitarian products are associated with more objective, concrete functional benefits and purposes. So consumers typically process advertising for utilitarian products more deeply, focusing on more diagnostic information that relates to their consumption goal and disregarding contradictory or irrelevant information (Klein and Melnyk 2016). Because consumers more carefully scrutinize promotional messages for utilitarian products (as compared to hedonic products), they may be less apt to succumb to the effects of deceptive advertising.

Beyond these product-related characteristics that appear to mitigate the persuasive impact of deceptive advertising, our moderator analysis also identifies message elements that diminish its effectiveness. For example, deceptive advertising claims that feature both images and words are less persuasive. Research suggests that pictures are coded as imaginary elements in consumer memory, while words are coded as verbal elements, with the former regarded as a superior processing cue (Mukherjee 2002). It appears as though deceptive ads that provide information to consumers in both a visual and textual format may better equip them to evaluate the claim’s validity.

We also document lower consumer evaluations of deceptive ads featuring a claim-belief interaction. Recall that a claim-belief interaction is “the way in which an ad interacts with

consumers' pre-existing beliefs and attitudes" to deceive them (Shahzad and Kausar 2016, p.14). To illustrate, Held and Germelmann (2014) found that naming a tea product "north German mixture"—a misleading verbal statement—resulted in lower attitudes towards the packaging than explaining that "north German mixture" meant 20% of the fruits in the tea product originated from Germany. In this case, popular consumer beliefs and attitudes concerning the origins of teas (e.g., China or Japan) may have interacted with the evaluation of the featured advertisement. Our research suggests that when a deceptive ad contains a claim-belief interaction its persuasive impact declines due to consumers' existing familiarity with, and knowledge of, the product.

### **Implications for Practice and Policy**

Some interesting insights for advertising practitioners may be derived from our meta-analysis. First, it is important to note that the level of deception does not significantly moderate the impact of deceptive advertising on consumer evaluations. So, more subtle forms of deceptive advertising like *puffery*—which is legal, commonplace in the advertising industry, and somewhat expected and palatable to consumers (Haan 2006; Gao and Scorpio 2011; Aiken et al. 2015)—elicit reactions that are just as favorable as those evoked by more extreme forms of deceptive advertising—like *covert marketing*. This suggests that advertisers should not squander resources or imperil their reputation by attempting to promote their products with more deceptive tactics. It is our hope that this research will disincentivize practitioners from employing duplicitous, illegal promotional strategies that could mislead and alienate consumers, and result in harsh penalties, steep legal fees, and negative publicity.

Second, our moderator results for prior experience and real brand yield prescriptive implications for when deceptive advertising might be most effectively utilized. Specifically,

puffery and other subdued (legal) forms of deceptive advertising could be appropriate for promoting new or less familiar brands, and to reach less experienced consumers. In terms of Ansoff's product-market expansion matrix, such tactics might facilitate *diversification* (i.e., increasing market share by introducing new product offerings in new markets) or *market development* (i.e., increasing market share by expanding into new markets using existing offerings) (Ansoff 1957). However, growth strategies focusing on *market penetration* (i.e., increasing market share in the current market scenario) or *product development* (i.e., targeting existing markets with new products or services)—which involve existing products and/or mature markets—are not likely to benefit from the use of deceptive advertising.

Interestingly, adopting the perspective of a public policy maker or a consumer advocacy group implies a different response to these same research findings. Such stakeholders would likely support the protection of inexperienced consumers, who appear to be more susceptible to false or misleading ad claims due to their lack of knowledge and expertise in a particular product category. Possible initiatives might include special restrictions on the content and amount of advertising targeting such vulnerable segments of the population, and more severe penalties for advertisers who prey upon them. Measures like this have some precedence in the advertising industry, as when the A.C.T. (Action for Children's Television) petitioned the Federal Communications Commission to limit the amount of time broadcasters and cable operators could devote to ads during children's programs—a campaign that eventually led to the Children's Television Act of 1990.

More generally, understanding how deceptive advertising is exposed and what happens to offending advertisers is important. When deceptive advertising tactics are employed, the actual deception remains unknown until or unless the Federal Trade Commission or another watchdog

agency brings the offense to light and issues a public warning about it. However, due to their scant resources, these organizations cannot possibly police *all* instances of deceptive advertising. So many companies gamble that their deceptive advertising will go undetected in the marketplace and continue providing consumers with inaccurate/misleading information about their products and services. The evidence we provide here—that deceptive advertising positively influences attitudes and behaviors of consumers—along with a relatively low risk of getting caught, elucidate why such tactics persist.

Policymakers could address this problem by leveraging our findings to call for stricter standards and regulations, and the development of literacy programs (Segev et al. 2016). Since watchdog organizations such as the National Advertising Division (NAD) and National Advertising Review Board (NARB) have no legal authority and limited power, it is our hope that they would unite with governmental agencies such as the Federal Trade Commission (FTC) to “review and reformulate” (Segev et al. 2016, p. 92) policies meant to limit deceptive advertising. Additionally, providing more opportunities for educating the professionals who create and disseminate deceptive advertising are needed. Such initiatives might include the institution of an ethical code of conduct for the advertising industry that is widely publicized among advertising professionals. Companies in other industries are required to display posters in Human Resources offices and elsewhere, communicating the legal rights of employees protected by government entities like the Occupational Safety and Health Administration (OSHA) and the Equal Employment Opportunity Commission (EEOC). Requiring advertising agencies to display a similar poster outlining the industry’s code of conduct and the FTC’s stance on deceptive advertising may increase awareness and concern among advertising professionals. Workshops and continuing education classes on ethics in advertising might further enlighten practitioners on

what constitutes deceptive advertising, and its negative consequences. Finally, as previously mentioned, deceptive advertising may be particularly injurious to vulnerable populations (e.g., children) who do not have enough experience and product knowledge to evaluate or refute misleading promotional claims. Policymakers should consider mandating that certain products be strategically shelved out of the sight (or reach) of children in retail stores and prohibited from airing advertising messages during children's shows.

### **Limitations and Suggestions for Future Research**

This meta-analysis improves our understanding of deceptive advertising by summarizing findings over the past 40 years, across a wide array of samples, products, and ad types. However, the research approach we employed is not without limitations. Although a concerted effort was exercised to reduce selection bias by searching for all relevant articles exploring deceptive advertising, some studies may have been inadvertently overlooked. We also faced constraints imposed by the data available in the primary studies, in that, in some instances, data needed to transform statistics into a metric for inclusion in our analyses were not reported. Further, while we examined the moderating effect of many variables that could be coded in the original studies, we could not include every variable of interest. For example, it would be interesting to examine the moderating effect of cognitive load—the effort used in working memory during problem solving (Sweller 1988). It is likely that consumers experiencing heavy cognitive load—as when they are inundated with a deluge of competing ads—would be less equipped to carefully assess ad claims and may thus be more impressionable audience members who are easily influenced by deceptive advertising (Drolet and Luce 2004; Pantoja, Rossi, and Borges 2016). However, cognitive load would be difficult to systematically code based on the information provided by authors of the papers comprising our meta-analytic dataset. Thus, our research would best be



described as a summary of the most commonly studied variables affecting deceptive advertising, rather than a comprehensive analysis of moderators and theoretical propositions. Finally, while our results indicate that deceptive advertising is associated with more favorable consumer evaluations, meta-analysis is a correlational approach and we make no claim of causality.

Several avenues for future research arise from our work. An opportunity to extend Truth-Default Theory in an advertising context exists. TDT asserts that when trust is compromised through deception, an increased level of scrutiny and skepticism results. So, although deceptive advertising may initially bring about desirable outcomes for the offending company, it is a short-sighted strategy in that consumers eventually become more skeptical and punitive when a violation occurs. However, in the overwhelming majority of studies comprising our meta-analytic database, participants were not aware of the deception in the messaging prior to viewing the stimulus ads and responding to outcome measures. In fact, only two of these studies (Boyer et al. 2015; Xie, Boush, and Liu 2015) featured a disclosure informing participants that deception was present in the messaging prior to measuring dependent variables. In a study conducted by Boyer et al. (2015), participants were presented with a marketing scenario, then behavioral and attitude measures, followed by another scenario depicting trial experience. Participants in the “covert” marketing condition were informed that the salesperson received an incentive from a company for his endorsement of its brand—a blatant illustration of deception. Xie, Boush, and Liu (2015) conducted similar research on covert marketing. Participants in their study were asked to imagine shopping for a jacket, and encountering a couple who recommends purchasing a higher-priced option. A friend subsequently informs the participants that the couple were salespeople, not just ordinary shoppers. After reading the “covert selling” scenario, participants responded to behavioral and attitude measures. In these two studies, results for deceptive

advertising were lower—suggesting that when consumers know advertisers are being deceptive, they are more critical of the promoted brand. Future research should examine the impact of *known* deception on consumer evaluations and explore whether—as TDT implies—a breach of trust via deceptive advertising undermines a company’s relationship with its consumers and negatively impacts future interactions.

Exploring how a company recovers when found guilty of engaging in deceptive advertising represents another interesting topic for future research. We limited the scope of our inquiry to the impact of deceptive advertising on consumer attitudes, and did not examine how consumers may feel towards a promoted product and the company when they learn of its deception—or how they are likely to react to a company’s response strategy for combating or explaining allegations of deceptive advertising. In most instances, deceptive advertising is unknown until the Federal Trade Commission or other regulatory agencies (such as the National Advertising Division) issue public warnings to a company citing its deceptive advertising practices. Once the deception is exposed, it is imperative for the offending company to deliver effective and timely communications that address the allegations (Laufer and Coombs 2006). Scholarly researchers refer to this type of communication as a *crisis response strategy*—“what a company says and does after a crisis hit” (Coombs 2006, p. 245).

The prevailing theory for prescribing effective crisis response strategies is the Situational Crisis Communication Theory (SCCT), which provides a framework that details three crisis types (i.e., *victim cluster*, *accidental cluster*, and *preventable cluster*) and four crisis response strategies (i.e., *deny*, *diminish*, *rebuild*, and *reinforce*) for organizations to consider in interpreting and reacting to a crisis situation—as when a company is accused of deceptive advertising (Coombs and Holladay 2002). The type of crisis determines the level of

responsibility that a company should accept (Coombs 2004) and sets the appropriate tone for the most effective response strategy. If a company considers itself a victim of the crisis, it falls into the *victim cluster* (e.g., natural disaster); if a company's actions prior to the crisis were unintentional, the crisis is considered to be an *accidental cluster* (e.g., technological service failure); and, if the company intentionally put consumers at risk, demonstrated inappropriate actions, or broke the law, the crisis is regarded as a *preventable cluster* (e.g., product malfunction caused by human error) (Coombs 2007). When considering an appropriate crisis response strategy, a company should make a well-informed decision and be conscious of the message it will send to the public (Coombs and Holladay 2005; Coombs 2006). A *deny* response suggests the organization believes the crisis does not exist or that it was beyond the organization's control. With a *diminish* response, a company attempts to minimize the impact of the crisis, while a *rebuild* response entails the company attempting to regain consumer trust. An organization embracing a *reinforce* response attempts to remind consumers of its accomplishments and sound company management (Coombs and Holladay 2008; Liu, Austin and Jin 2011).

Company's crisis response strategies have been shown to differentially impact consumers' attitudes and behaviors, based on the type of crisis response. For example, Souiden and Pons (2009) found that a denial response negatively affected a company's image, while Dutta and Pullig (2011) found that a corrective action was effective in restoring brand attitude and brand consideration. And, Kiambi and Shafer (2016) found that issuing an apology following a brand transgression promoted a stronger post-crisis reputation evaluation and less public anger than providing financial compensation to those affected by the transgression. These results illustrate the importance in strategically assessing each crisis situation before developing the appropriate response strategy. It is interesting to ponder which crisis response strategy would

be most effective for a company found guilty of deceptive advertising—a crisis which is at best *unintentional*, but in most cases entirely *preventable*. According to SCCT, in such a situation the optimal corrective course of action would likely be a *rebuild* and/or *reinforce* strategy, along with an acknowledgement of responsibility. However, SCCT has not been empirically validated in a deceptive advertising context—where the crisis is a self-inflicted wound brought on by advertisers that are remiss and/or dishonest in their attempts to appeal to consumers. We call for further experimental work that investigates the effectiveness of crisis response strategies employed by companies accused of deceptive advertising.

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**TABLE 1**  
**VARIABLES USED IN ANALYSIS**

<b>Variables</b>	<b>Variable Description</b>	<b>Coding Scheme</b>
<i>Theoretical</i>		
1	<i>Real brand</i> captures whether the study features an existing brand	1 = <i>Real brand evaluated</i> , 0 = <i>Fictitious brand evaluated</i>
2	<i>Prior experience</i> captures whether or not study participants were likely to have prior experience with the stimulus product	1 = <i>Yes</i> , 0 = <i>No</i>
3	<i>Content</i> captures whether or not there was a combination of product imagery and copy featured in the stimulus materials	1 = <i>Yes</i> , 0 = <i>No</i>
4	<i>Product type</i> captures whether the stimulus product was hedonic or utilitarian	1 = <i>Hedonic</i> , 0 = <i>Utilitarian</i>
5	<i>Level of deception</i> captures whether the level of deception was relatively high or low	1 = <i>High</i> ( $\geq 4.0$ ), 0 = <i>Low</i> ( $< 4.0$ )
6	<i>Claim-belief interaction</i> captures whether a disclaimer/qualification needed to exist for subjects to understand the advertising message	1 = <i>Yes</i> , 0 = <i>No</i>
<i>Methodological</i>		
7	<i>Manuscript status</i> captures whether or not the paper was published in a peer-reviewed journal	1 = <i>Published manuscript</i> , 0 = <i>Unpublished manuscript</i>
8	<i>Advertising journal</i> captures whether the paper appeared in an advertising journal	1 = <i>Published in advertising journal</i> , 0 = <i>Not published in advertising journal</i>
9	<i>Sample composition</i> captures whether or not the sample was comprised of students	1 = <i>Student sample</i> , 0 = <i>Nonstudent sample</i>
10	<i>Control group</i> captures whether or not a control group was featured in the experiment	1 = <i>Control group included</i> , 0 = <i>No control group included</i>
11	<i>Type of data</i> captures whether the data was cross-sectional or longitudinal	1 = <i>Cross-sectional data</i> , 0 = <i>Longitudinal data</i>
12	<i>Geographic setting</i> captures whether or not the sample was comprised of American subjects	1 = <i>Data collected in U.S.</i> , 0 = <i>Data collected outside U.S.</i>

**TABLE 2**  
**GLM MODERATOR RESULTS**

<b>Factor</b>	<b>Beta</b>	<b>Standard error</b>	<b><i>p</i>-value</b>
Intercept	-0.0577	0.0536	0.2816
Real brand	-0.2454	0.0168	0.0000
Prior experience	0.0523	0.0168	0.0018
Content	-0.1257	0.0191	0.0000
Product type	0.1944	0.0201	0.0000
Level of deception	0.0085	0.0095	0.3725
Claim-belief interaction	-0.0625	0.0172	0.0003
Manuscript status	0.2482	0.0266	0.0000
Sample composition	0.007	0.0184	0.7037
	<b>Q</b>	<b>df</b>	<b><i>p</i>-value</b>
Model	414.8	8	0.0000
Residual	2483.9	175	0.0000
Total	2898.7	182	0.0000

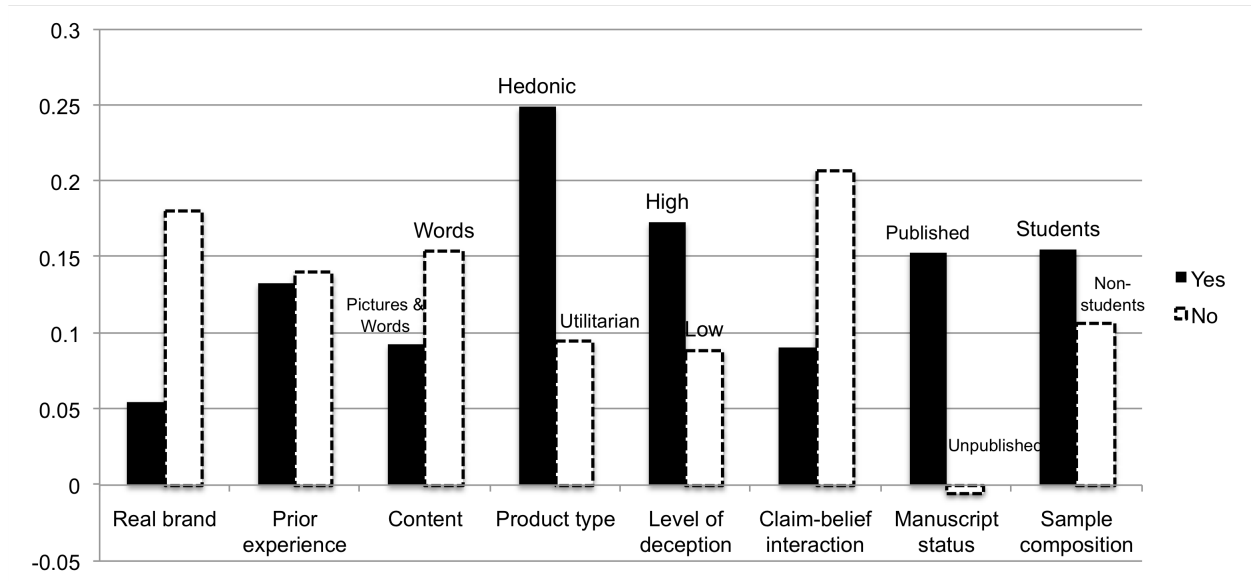
**TABLE 3**  
**SUMMARY OF UNIVARIATE RESULTS**

<b>Moderators</b>	<b>Number of Samples (<i>k</i>)</b>	<b>Number of Observations</b>	<b>Mean effect size</b>	<b>Weighted Variance</b>	<b>Standard Error</b>
Real Brand					
<i>Yes (1)</i>	56	11,990	0.055	0.000	0.016
<i>No (0)</i>	127	26,593	0.181	0.001	0.027
Prior experience					
<i>Yes (1)</i>	131	26,541	0.133	0.000	0.015
<i>No (0)</i>	52	12,042	0.140	0.001	0.028
Content					
<i>Pictures &amp; words (1)</i>	51	9,959	0.093	0.000	0.012
<i>Words only (0)</i>	132	28,624	0.154	0.001	0.025
Product type					
<i>Hedonic (1)</i>	43	9,180	0.249	0.003	0.059
<i>Utilitarian (0)</i>	140	29,403	0.095	0.000	0.016
Level of deception					
<i>High (1)</i>	89	18,710	0.173	0.001	0.025
<i>Low (0)</i>	94	19,873	0.089	0.001	0.025
Claim-belief interaction					
<i>Yes (1)</i>	108	23,891	0.091	0.000	0.021
<i>No (0)</i>	75	4,959	0.207	0.001	0.027
Manuscript status					
<i>Published (1)</i>	159	33,407	0.153	0.000	0.021
<i>Unpublished (0)</i>	24	5,176	-0.005	0.000	0.004
Sample composition					
<i>Students (1)</i>	118	23,586	0.155	0.000	0.029
<i>Nonstudents (0)</i>	65	14,997	0.107	0.000	0.011



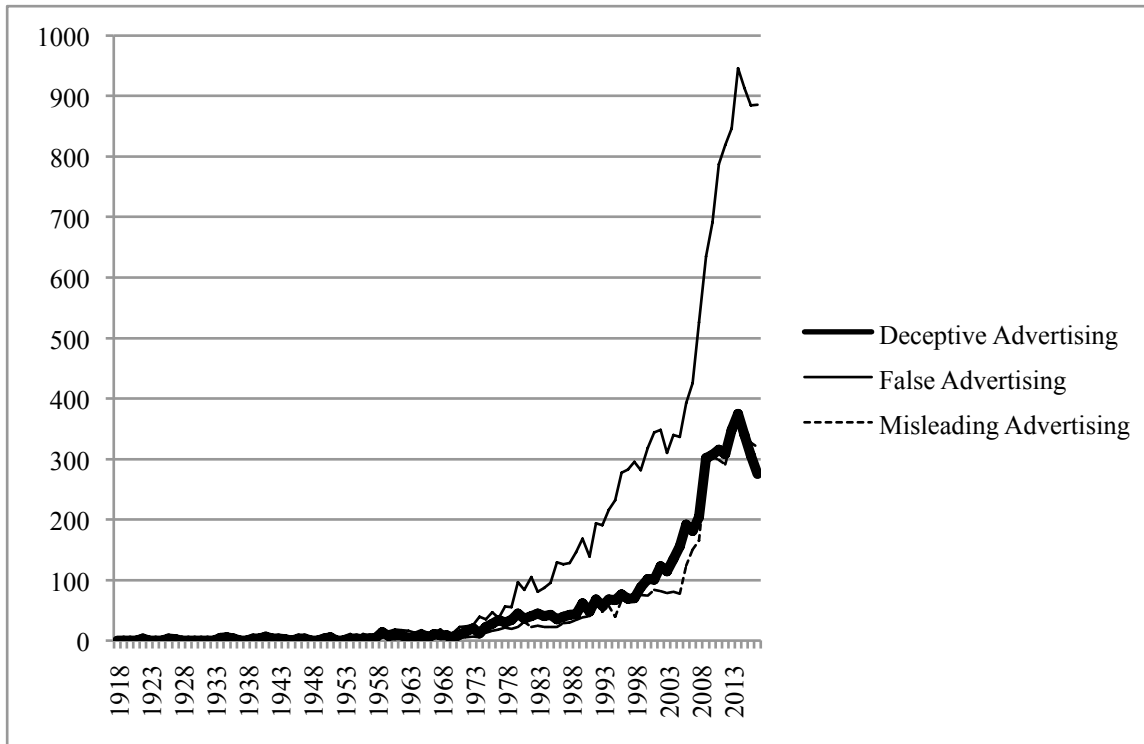
**TABLE 4**

**GRAPH OF UNIVARIATE RESULTS**



**FIGURE 1**

**NUMBER OF FEDERAL LAWSUITS FILED IN U.S.**



Source: University of Texas at Arlington Nexis Uni database, <https://advance-lexis-com.ezproxy.uta.edu/bisacademicresearchhome?crd=6dc991da-fd8f-43cf-8c2d-e12757433ec4&pdmfid=1516831&pdisurlapi=true>

## ESSAY 3:

### ADDRESSING THE DAMAGE OF DECEPTION: DETERMINING EFFECTIVE CRISIS RESPONSE STRATEGIES FOLLOWING ALLEGATIONS OF DECEPTIVE ADVERTISING

#### **Abstract**

Governmental agencies (e.g. the Federal Trade Commission) and other watchdog organizations (e.g., the National Advertising Review Board) are tasked with detecting deceptive advertising and punishing those who employ it. Because the finances and image of a company found to be guilty of engaging in deceptive advertising are at risk, it is important to understand the most effective response to such allegations. Drawing on the Situational Crisis Communication Theory (SCCT) framework, this essay examines the impact of different types of deceptive advertising on consumer behavior, and explores which response strategies are most appropriate for companies accused of engaging in deceptive advertising. The moderating influence of consumers' skepticism toward advertising is also investigated. We conclude with prescriptive recommendations for advertisers, who seek to restore public trust following a violation.

#### **Keywords**

Deceptive advertising, Advertising, Deception, Crisis response strategy, Situational Crisis Communication Theory, Skepticism, Skepticism toward advertising, Crisis, Response strategy

Marketers are constantly seeking new executions of persuasive communications in an effort to differentiate their products and services from those of competitors and to influence the buying behavior of consumers (Shapiro 1995). However, in today's competitive and frenetic environment, it is becoming increasingly difficult to ensure their messages are seen or heard (Martin and Smith 2008), and that their products stand out in the crowd. Given that the average person is exposed to thousands of marketing messages daily (Boyer et al. 2015), how do advertisers grab consumers' attention? Unfortunately, one tactic employed by advertising and marketing practitioners is *deceptive advertising*.

A deceptive advertisement is a message that generally establishes a (false) consumer belief that would not exist in the absence of that ad (Nagar 2010). While a survey conducted by Finances Online (n.d.) indicates that consumers are most distrustful of messages for product categories such as diet pills, financial insurance, and prescription drugs, companies in numerous

industries have faced allegations of deceptive advertising. To illustrate, in 2017 Goop<sup>®</sup>, a company founded by Oscar-winning actress Gwyneth Paltrow, was accused of making false health and disease-treatment claims to market its line of products (Helmore 2017). Similarly, Gillette<sup>®</sup> came under fire for its “Made in the USA” advertising campaign, when it came to light that the majority of its razors and blades were manufactured primarily in foreign countries (Truth In Advertising 2017<sup>a</sup>). And J. Crew<sup>®</sup> Outlet, Skechers<sup>®</sup>, and Coach<sup>®</sup> were recently accused of employing fictitious pricing comparisons in their outlet stores, and advertising limited-time sales promotions for products bearing the full price (Truth In Advertising 2017<sup>b</sup>).

Such cases have motivated a welter of scholarly studies examining how deceptive claims influence consumer beliefs (Darke and Ritchie 2007). Some research suggests that deceptive advertising elicits positive effects on product evaluations (Xu and Wyer 2010), attitudes towards ads and brands (Newell et al. 1998), and brand imagery (Parguel et al. 2011), whereas other studies show that it impairs credibility (Cowley 2006), attitudes towards products (Boyer et al. 2015), and purchase intentions (Craig et al. 2012). In addition to these mixed findings on the impact of deceptive advertising on consumer attitudes and behavior, little—if any—research explores how a company’s response to allegations of deceptive advertising impacts consumers’ behaviors and attitudes.

The purpose of the current research is to address these issues by comparing the impact of different types of deceptive advertising on consumer evaluations and investigating which response strategies are appropriate for companies accused of deceptive advertising. In an effort to provide insight into how companies should respond to such allegations, several research questions are proposed. First, does puffery or an outright lie in an advertisement affect consumers’ purchase intentions more? Second, once consumers are aware of deception in an ad,

which company response strategy best combats such a transgression? Third, how does consumer skepticism toward advertising interact with the type of deceptive advertising and response strategy to influence purchase intentions? We seek answers to these questions by first exploring the literature on deceptive advertising and crisis response strategies, drawing on the Situational Crisis Communication Theory (SCCT) as a framework to guide our theorizing (Claeys and Cauberghe 2014). We then conduct two experiments to test our hypotheses, concluding with a discussion of how our findings can be used to guide recovery efforts of companies that have been denounced for engaging in deceptive advertising.

## **Literature Review**

### *Consequences of Deceptive Advertising*

The Federal Trade Commission (FTC)—the governing agency for the advertising industry—states that its duty is to “protect consumers by stopping unfair, deceptive, or fraudulent practices in the marketplace” (FTC n.d.). According to the FTC’s Deceptive Policy Statement, an ad is judged to be “deceptive” if there is a representation, omission, act, or practice conducted by a corporation that will, or is likely to, mislead a consumer. Any ad under evaluation must be examined from the perspective of a consumer acting reasonably in the circumstances. Additionally, the representation, omission, act, or practice must be a “material” one (Moutinho and Nisel 1989)—meaning that it is likely to affect a consumer’s behavior or decision-making ability in regard to a product or service (Estrada 2006).

When allegations of deceptive advertising are made against a company, the FTC investigates, takes legal action against those who break the law, and provides information to victims about their rights (FTC n.d.). If the company under investigation is found guilty of

deceptive advertising, the FTC may: (1) issue a cease and desist order that forces the company to remove the claim in question from future advertising, but does not mention prior misrepresentations; (2) mandate a corrective advertising campaign that discloses only the misrepresentation(s) of previous message(s) and excludes any additional persuasive material; (3) mandate a corrective advertising campaign that discloses the misrepresentation(s) and includes a positive persuasive message (with the persuasive message preceding the corrective messages); or, (4) mandate a corrective advertising campaign that discloses the misrepresentation(s) and includes a positive persuasive messages (with the persuasive message following the corrective message) (Seminik 1980). As evidence of the FTC's authority, Bayer<sup>®</sup> Healthcare was required to launch a \$20 million corrective advertising campaign after determining the company had misled consumers on the benefits of its birth control pill—Yaz<sup>®</sup>. Bayer erroneously promoted Yaz as being able to treat acne and mood problems; however, the Food & Drug Administration (FDA) never approved the product for those uses. Instead, the product was approved as a birth control pill with side benefits of treating mood problems and mild cases of acne (Singer 2009). Similarly, DeVry University was required to pay \$100 million to settle a lawsuit filed by the FTC for misleading consumers about employment opportunities and starting salaries following graduation when the company claimed that 90% of students would obtain jobs in their respective fields within six months of graduating, and that they would earn 15% more than students from other institutions (White 2016).

Other watchdog agencies that seek to protect consumers from deceptive advertising include the Truth in Advertising (TINA) online organization, the National Advertising Division (NAD), the Interactive Advertising Bureau (IAB), and the Advertising Self-Regulation Council (ASRC)—formerly the National Advertising Review Board (NARB). These organizations are

not governmental entities and thus have no legal authority to punish offending companies; however, they can issue warnings and impose remedies to companies suspected of engaging in deceptive advertising. To illustrate, recently Sherwin Williams<sup>®</sup> challenged Behr<sup>®</sup> (one of its competitors), disputing that company's "Number 1" ranking claim without substantiation. Upon review, the NAD recommended that Behr discontinue the usage of this advertising claim for its paint products (HBS Dealer 2018). If such a warning is not heeded, the matter would then be referred to the FTC.

Similarly, last year, TINA issued over 60 letters during a nine-month period to multi-level marketing companies asking them to remove all unsubstantiated health claims from marketing materials and communication (Truth in Advertising 2017<sup>c</sup>). One such company was Jusuru International<sup>®</sup>—a multi-level marketing company that sells and markets supplements and skin care products. TINA sent warning letters to Jusuru International charging that its advertising claims to alleviate symptoms of rheumatoid arthritis and diabetes were misleading. Upon receipt, Jusuru International immediately addressed the issue requiring its distributors to remove inaccurate these product health claims from all communication materials (Truth in Advertising 2017<sup>d</sup>).

Offenses like this have received increasingly more attention over the past few decades from these regulatory and watchdog agencies, as evidenced by the growing number of cases filed in federal courts. In 1941, only 19 federal cases for deceptive advertising were filed; however, by 2017, this number had escalated to 1,437 federal cases (Nexis Unis 2018). This surge in the number of lawsuits has been accompanied by a proliferation of innovative approaches to persuading—and misleading—consumers. Advertising and marketing practitioners today

frequently utilize more subtle deceptive advertising tactics like *puffery*—just an exaggerated advertising claim (Rotfeld and Rotzoll 1980; Toncar and Fetscherin 2012)—as when Papa John’s uses the tagline of “*Better Ingredients. Better Pizza.*” Another commonly employed type of deceptive advertising is the *implied superiority claim*—where superiority is implied, but not directly stated (Wyckham 1987). For example, Tampax<sup>®</sup> communicated implied superiority in using “superior protection and comfort” in an advertising campaign—even though any brand of tampon constitutes an FDA-approved, medicinal product that is required to absorb the same amount of fluid (Leagle 2009). More recently, hybrid *masked messages*, have emerged that blend traditional elements of advertising (i.e., they are paid for) with publicity (i.e., they do not identify the sponsor) (Balasubramanian 1994). Kim Kardashian is one of many celebrities to whom the FTC has issued warnings, for failure to divulge paid sponsorship when promoting brands on social media platforms (Roberts 2017).

Deceptive advertising tactics like these are monitored and policed because their impact on consumer attitudes and behaviors is unclear. Boyer et al. (2015) show that more negative attitudes towards a product are elicited by covert marketing tactics than strategies involving overt marketing, and Craig et al. (2012) document lower purchase intentions for products promoted using highly deceptive ads—as compared to factual ads. However, some forms of deceptive advertising are associated with positive effects. For example, puffery sometimes leads to more favorable consumer product evaluations (Xu and Wyer 2010), and misleading claims may evoke more positive consumer attitudes toward ads and brands (Newell et al. 1998). Similarly, greenwashing may positively impact brand imagery (Parguel et al. 2015). One reason for these equivocal research findings may be that studies examining the effects of deceptive advertising



vary considerably in terms of the degree of perceived deception in the deceptive advertising claims they investigate.

Carson et al. (1985) and Nebenzahl and Jaffe (1998) assert that the degree of perceived deception in an ad depends on the “extent to which it causes consumer harm” (Xie, Madrigal, and Boush 2015, p. 282). Lies are considered to be a more extreme form of deceptive advertising because they are regarded as intentional acts of deceit (Lindskold and Walters 1983) that have greater potential to cause harm to consumers. For example, false or inaccurate nutritional claims for food products may cause harm to consumers by projecting a healthier image; as such, nutrition and health claims are highly regulated in order to protect consumers (Orquin and Scholderer 2015). Research suggests that presenting a false imagery on the front of a product’s package lowers consumers’ purchase intentions (Orquin and Scholderer 2015).

In stark contrast to lies and blatant misrepresentations in advertising, puffery merely presents “subjective opinions, superlatives, or exaggerations that state no specific facts” (Gao and Scorpio 2011, p. 249), and thus is regarded as less harmful than outright false statements (Gao and Scorpio 2011). Research indicates that puffery is not typically believed, and thus has less potential to harm consumers or affect their purchase intentions (Haan and Berkey 2002).

Based on this, we predict that:

**H1:** A higher level of (known) deception will be associated with lower purchase intentions for the promoted product, as compared to a lower level of (known) deception.

### *The Impact of Crisis Response Strategies*

When a company is confronted with a potentially damaging situation, it typically enacts a crisis response strategy. A crisis response strategy—“what an organization says and does after a crisis” (Coombs and Holladay 2008, p. 253)—serves to protect an embattled company’s

reputation after a crisis. Situational Crisis Communication Theory (SCCT)—a framework used for examining crisis response strategies (Coombs and Holladay 2008; Liu, Austin and Jin 2011)—suggests that the most appropriate reaction depends on characteristics of the crisis situation facing an organization (Coombs 2006). SCCT identifies three types of crises (i.e., *victim cluster*, *accidental cluster*, and *preventable cluster*) and four crisis response strategies (i.e., *deny*, *diminish*, *rebuild*, and *reinforce*). A *victim cluster* crisis (e.g., product tampering) positions the offending company as a victim of the crisis, while an *accidental cluster* crisis (e.g., an accident caused by a technical breakdown) results because of an unintentional action of a company. A *preventable cluster* crisis (e.g., management misconduct) results when the company knowingly places people at risk or breaks the law (Coombs 2006).

According to SCCT, a firm accused of employing deceptive advertising—a preventable cluster crisis—may initiate a *deny*, *diminish*, *rebuild*, or *reinforce* (Liu, Austin and Jin 2011) response in an effort to diffuse the situation and salvage its image. A company enacting a *deny* response strategy would deny that they engaged in deceptive advertising, attack the organization or person that issued the allegations, or blame someone else (e.g., its advertising agency) for the violation (Coombs and Holladay 2008; Liu, Austin and Jin 2011).

A company could also respond to allegations of deceptive advertising by employing a *diminish* response strategy. This might entail providing an excuse for the offense to minimize the company's involvement or responsibility, or justifying the infraction by offering a reasonable explanation for why it used deceptive advertising. The company might also attempt to discontinue relationships with other individuals or firms that may be associated with employing deceptive advertising tactics (Coombs and Holladay 2008; Liu, Austin and Jin 2011).

A *rebuild* response strategy may involve the company providing monetary support to those impacted by its deceptive messaging or accepting full responsibility for its actions and asking for forgiveness with an apology. The company could also attempt to deflect attention away from its use of deceptive advertising by reframing the problem as a larger industry issue—a tactic called *transcendence* (Coombs and Holladay 2008; Liu, Austin and Jin 2011).

Finally, a company responding to allegations of deceptive advertising using a *reinforce* response strategy might rely on its historical accomplishments and downplay the crisis at hand—a tactic called *bolstering*—or strengthen its position by applauding stockholders for their service and commitment (i.e., *ingratiation*). The company could also depict itself as a victim of deception, or praise third-party support of those impacted by the deceptive message via *endorsement* (Coombs and Holladay 2008; Liu, Austin and Jin 2011).

Previous research investigating the impact of crisis responses on consumer attitudes and behaviors has produced conflicting results. Some crisis response strategies have been found to have a positive impact on attitude toward an organization (Claeys and Cauberghe 2014), while other strategies do not mitigate the negative impact of the original offense. In general, issuing an apology results in more favorable attitudes towards companies and purchase intentions than does a defensive response (Lyon and Cameron 2004), such as justification or victimage. An apologetic response uses remorseful language and acknowledges *full* responsibility of a brand crisis (Tsarenko and Tojib 2015). The literature on interpersonal relationships suggests that individuals are more likely to forgive another's misstep if that person seems penitent and does not offer a blasé, "insincere, or self-protective response (apologia)" (Tsarenko and Tojib 2015, p. 1857). Given this, we expect to find a main effect for type of crisis strategy.

**H2:** A more defensive/reactive crisis response strategy will be associated with lower purchase intentions as compared to a more offensive/proactive crisis response strategy.

However, according to SCCT, the interplay between the type of crisis and the type of crisis response strategy determines how consumers will react to a company's corrective action. For performance-related crises, such as the detection of lead in Mattel's<sup>®</sup> toys, issuing an apology and increasing safety checks during production (CNN.com 2015), have been shown to be particularly effective in restoring brand confidence, brand attitudes, and brand consideration. Similarly, for values-related crises—such as Nike's<sup>®</sup> alleged use of child labor—being honest and transparent about the labor issues, raising minimum wages, and improving labor practices (Lutz 2015) were found to effectively impact brand attitudes and brand consideration (Dutta and Pullig 2011). Conversely, research has shown that denying involvement or responsibility for a crisis negatively impacts a company's image (Souiden and Pons 2009), as does issuing an ambiguous response following a product-harm crisis (Dawar and Pillutla 2000). While these studies provide valuable insights into the effects of crisis response strategies, no previous research has been conducted to investigate the most appropriate course of action to take following allegations of deceptive advertising. This is an important oversight because deceptive advertising represents a different context than most of the infringements explored in the crisis response literature. That is, deceptive advertising does not involve a physical threat or undermine consumers' values, but rather seeks to present a product in a more flattering light. On the one hand, deceptive advertising might be a less severe crisis; however, on the other hand, it is often intentional. According to SCCT, a denial response strategy (e.g., scapegoating) may be issued when there is minimal attribution for a crisis, while a rebuilding response strategy (e.g., an

apology) is recommended for most preventable crises (Kim et al. 2009). As such, we derive the following research hypotheses:

**H3:** The level of deception in the ad will interact with the type of crisis response strategy, such that when an ad claim features a lie, issuing an apology (e.g., offensive/proactive) will lead to higher purchase intentions.

## **STUDY 1**

### **Method**

The objective of this study was to evaluate how different types of deceptive advertising and company responses to allegations of deceptive advertising influence purchase intentions. A 2 (Level of deception: puffery versus lie) x 2 (Company response type: apology versus scapegoat) between-subjects experimental design was used. A total of 167 undergraduate students enrolled in an Advertising course participated in the study (49% female; 68% aged between 18 and 24). A link to the online survey was provided to the course instructor for distribution to students, who earned extra credit for participation.

*Materials, Procedure, and Measures.* Participants first read a consent form explaining the nature of the study, informing them that they would be providing input on advertisements. Those who agreed to participate in the survey were randomly assigned to one of two conditions manipulating the type of deceptive advertising claim. The *puffery* scenario (a lower level of deception) stated that “With PeakFresh avocados, you get the best avocados on the planet,” while the *lie* scenario (a higher level of deception) stated that “With PeakFresh avocados, you get a great product for weight loss.” Each advertisement remained on the screen for 10 seconds to allow ample time for participants to read and evaluate the ad. Both advertisements were the same, except for the level of deception experimental manipulation (see Appendix A).

Next, participants indicated their intentions to purchase the product featured in the ad by responding to three items on a 7-point Likert scale (1 = *Strongly disagree*, 7 = *Strongly agree*) including “Given the chance, I intend to purchase a PeakFresh avocado,” “It is likely I will buy a PeakFresh avocado in the near future,” and “I expect to purchase a PeakFresh avocado in the near future.” The items were averaged to form a composite scale ( $\alpha = .95$ ), with higher values indicating stronger purchase intentions.

Participants were then presented with one of two news releases manipulating the type of crisis response strategy by depicting a company issuing an *apology* or enacting a *scapegoat* strategy in response to alleged deceptive advertising practices (see Appendix B). In the *apology* condition, the company accepted full responsibility for employing deceptive advertising claims in an ad and apologized. In the *scapegoat* scenario, the company did not accept any responsibility, and instead attributed blame to another party for the offense. Afterwards, participants (again) indicated their intentions to purchase the product using the same scale ( $\alpha = .96$ ). The difference in responses to the first and second administration of our purchase intentions measure constitutes the primary dependent variable. Finally, participants provided their demographic information (e.g., age, education level, race, and ethnicity) before being debriefed and dismissed.

## **Results**

*Manipulation checks.* Manipulation checks were performed to ensure that the participants perceived the type of ad as either a puffery ad or an ad featuring a lie, and perceived the type of company response as either an apology or a scapegoat response. Responses suggested that our stimuli successfully manipulated the type of deception in the ad and type of company response.

Participants rated the *puffery* ad as more of an exaggeration ( $M = 3.99, SD = 1.60$ ) than the ad featuring a *lie* ( $M = 3.39, SD = 1.34; t = 2.61, p < .01$ ), and the *lie* ad was perceived as more untruthful ( $M = 5.61, SD = 1.16$ ) than the ad containing *puffery* claims ( $M = 2.07, SD = 1.56; t = -16.62, p < .01$ ). Participants rated the *apology* response as more apologetic ( $M = 4.11, SD = 1.87$ ) than the *scapegoat* response ( $M = 3.21; SD = 1.75; t = 3.19, p < .01$ ), while the *scapegoat* response appeared to attribute blame more to others ( $M = 5.21, SD = 1.81$ ) than the *apology* response ( $M = 3.89, SD = 2.14; t = -4.31, p < .01$ ).

*Purchase intentions.* The main purpose of this study was to examine how the interaction between deceptive advertising and a company's response to allegations of deceptive advertising influences purchase intentions. In particular, our hypotheses sought to investigate whether an apology or a scapegoat response should be disseminated to the public when a company faces allegations of having used puffery claims or a lie in its advertising.

The first measure of purchase intentions occurred after participants were exposed to the ad manipulation (T1), while the second measure occurred after exposure to the company's response to allegations of deceptive advertising (T2). We then calculated the change in purchase intentions (T2-T1) once participants learned of the company's offense and reaction. H1 predicted that a higher level of (known) deception in advertising would be associated with lower purchase intentions than ads with a lower level of (known) deception. This hypothesis was not supported; however, results indicated a non-significant trend in the hypothesized direction for change in purchase intentions. Ads that *lie* ( $M = -0.85, SD = 1.28$ ) negatively impacted changes in purchase intentions more than ads with *puffery* claims ( $M = -0.67, SD = 1.30, t = 0.90, p = 0.37$ ).

Our results supported H2, which predicted that a more offensive/proactive crisis response strategy would be associated with higher purchase intentions. As predicted, when a company

engaged in *scapegoating*, purchase intentions decreased ( $M = -0.87, SD = 1.18$ ); however, when a company issued an *apology*, purchase intentions increased ( $M = -0.64, SD = 1.38$ );  $t = 1.14, p = 0.26$ ). While this result is not significant, it is directionally consistent with our expectations.

Table 1 presents the main effects for level of ad deception and company response.

#### **PLACE TABLE 1 ABOUT HERE**

H3 predicted that the level of deception would interact with different crisis response strategies, such that an apology for lying in an ad was expected to evoke higher purchase intentions. This hypothesis was not supported. ANOVA results revealed a non-significant interaction effect between the level of deception in an ad and the type of company response on purchase intentions ( $F(1,166) = 0.90, p = 0.34$ ). No statistical differences were observed in the change in purchase intentions for companies responding to allegations of lying with an apology ( $M = -0.83, SD = 1.38$ ) versus with a scapegoat response ( $M = -0.87, SD = 1.18$ ;  $t = .14, p = 0.89$ ). Table 2 presents the main effect and interaction results.

#### **PLACE TABLE 2 ABOUT HERE**

### **Discussion**

In our meta-analysis (Essay 1), deceptive advertising was found to have a positive impact on consumer evaluations. However, in those studies, respondents were not made aware of the deception. Importantly, though, consumers are often alerted to such offenses by consumer advocacy groups such as the National Advertising Division (NAD) or the Federal Trade Commission (FTC), when they issue public warnings alleging the use of deceptive advertising tactics. In this study, we not only increase the realism and external validity of our approach by revealing the deception, but we also examine which response strategies are most effective at diffusing the situation. Participants in this study indicated their purchase intentions for a food



product based on an advertisement that contained puffery or and a lie. After reading the company's response to allegations of deceptive advertising, the company's deceptive tactics were revealed. Then, participants indicated their purchase intentions for the promoted product with full knowledge of the deception in the ad. Our results show that deceptive advertising directionally (but not statistically) influences purchase intentions. We found that purchase intentions were lower for ads with a higher level of deception, which is somewhat intuitive—as lies are intentional and—when delivered by credible and reputable sources—are regarded as more reprehensible (Lindskold and Walters 1983). Additionally, our results directionally (but not statistically) indicate that lower purchase intentions result when scapegoating is used as compared to an apology. This finding suggests that consumers are reluctant to forgive a company when it does not acknowledge responsibility and attributes blame to another party for employing deceptive advertising.

Our results also yield a non-significant interaction effect between the level of deception in the ad and the type of company response, following allegations of deceptive advertising. Interestingly, when a company employs puffery in advertising, much lower purchase intentions are evoked when that company responds by scapegoating instead of issuing an apology. Since puffery is seen as a harmless exaggeration (i.e., an expression of an opinion rather than a claim about the objective quality of a product) (Amyx and Amyx 2011), consumers may be more forgiving of such claims that they can reasonably evaluate as an embellishment, especially when the company takes responsibility. When a company issues an apology or a scapegoating response to allegations of lying in an ad, purchase intentions are more negative once consumers become aware of the deceptive advertising. However, the impact is not statistically different. This suggests that consumers are much less forgiving when companies attempt to persuade them with

an outright lie. In the next study, we build on these findings, taking into account individual differences in advertising skepticism.

### *The Impact of Skepticism toward Advertising*

The impact of deceptive advertising and a company's attempts to counteract the ensuing fallout may be affected by consumers' *skepticism toward advertising*—"the general tendency toward disbelief of advertising claims" (Obermiller and Spangenburg 1998, p. 160). Obermiller and Spangenburg's skepticism toward advertising (SKEP) scale is comprised of nine items that address belief/disbelief of advertising messages, where individuals scoring higher on the measure are regarded as relatively more skeptical toward advertising. Such consumers generally believe that advertisers are motivated to persuade consumers, and that their messages may be biased and untruthful (Bailey 2007).

Researchers treat skepticism as a mechanism that consumers use to increase the accuracy of their evaluations (Göbel et al. 2017) and to cope with advertising messages (Mangleburg and Bristol 1998; Bailey 2007). In fact, Koslow (2000) asserts that consumers are skeptical of advertising, not simply because advertisers sometimes lie or present arguments that lack credibility, but also because they approach ads with caution enabling them to more effectively manage messages that are likely "trying to sell them rather than to inform them" (p. 265). Consumer skepticism, then, can be regarded as "a defensive coping and reactance response to pervasive advertising attempts" (Bailey 2007, p. 94), because it motivates consumers to more carefully process advertising messages and strengthens their decision-making abilities when evaluating advertised products (Tian and Pasadeos 2012).

The use of deceptive advertising tactics is likely to increase consumers' level of skepticism toward advertising (Amyx and Lumpkin 2016), because more skeptical consumers

are more likely to use their own knowledge and experiences as well as that of others for protection and as a defense mechanism against efforts of influence (Boyer et al. 2015). So, whereas less skeptical consumers are not likely to recognize deceptive advertising, more skeptical consumers will recognize such a tactic and reframe the message with this untoward intent in mind (Koslow 2000). Thus:

**H4:** Highly skeptical consumers will have lower purchase intentions toward products promoted using deceptive advertising than less skeptical consumers.

When companies are under fire, it is imperative for them to affectively communicate with the public. As previously mentioned, the Situational Crisis Communication Theory (SCCT) provides a framework to help companies determine an appropriate crisis response strategy given the nature of the offense (Claeys, Cauberghe, and Vyncke 2010; Park 2017). Deceptive advertising constitutes a preventable cluster crisis, given that a company is totally responsible for its messaging and must approve all content before disseminating it to target audience members. Claeys et al. (2010) suggest that choosing a crisis response strategy that “matches” the type of crisis is critical to protecting a company’s reputation. Interestingly, they demonstrate that preventable crises are the most damaging to a company’s reputation, and that rebuilding crisis response strategies (e.g., apology) are significantly more effective than denial response strategies (e.g., scapegoating). In essence, when a company accepts responsibility for a crisis, its reputation is viewed more positively than when it redirects blame (Claeys, Cauberghe, and Vyncke 2010). Given that an accusation is the most serious type of crisis (i.e., a preventable crisis), and thus likely requires the most aggressively offensive/proactive crisis response strategy, we predict:

**H5a:** When an ad is relatively more deceptive (e.g. lie), the purchase intentions of highly skeptical consumers will be stronger when a more offensive/proactive crisis response strategy (e.g., apology) is employed.

**H5b:** When an ad is relatively less deceptive (e.g., puffery), the purchase intentions of highly skeptical consumers will be stronger when a more defensive/reactive crisis response strategy (e.g., scapegoat) is employed.

**H6:** Regardless of the level of deception in an ad, the purchase intentions of less skeptical consumers will not be affected when a more offensive/proactive crisis response strategy (e.g., apology) or a more defensive/reactive crisis response strategy (e.g., scapegoat) is employed.

## STUDY 2

Study 2 was designed to examine whether skepticism toward advertising moderates the impact of deceptive advertising and a company's response to allegations of deceptive advertising on consumers' purchase intentions. In this study, two levels of skepticism toward advertising were manipulated to evoke situational ad skepticism by having participants read an advertisement for a fictitious furniture company. Except for the manipulation of skepticism toward advertising, Study 2 emulated the setting, procedures, measures, and stimulus materials of Study 1.

*Participants and Design.* A 2 (Level of deception: puffery versus lie) x 2 (Company response type: apology versus scapegoat) x 2 (Level of skepticism toward advertising: high versus low) between-subjects experimental design was used. A total of 202 individuals participated in the study, 86 undergraduate students (31.4% female;  $M_{\text{age}} = 21.57$ ,  $SD = 4.80$ ) and 114 participants from Amazon MTurk (57% female;  $M_{\text{age}} = 42.77$ ,  $SD = 12.60$ ). Extra credit was awarded to students, while Amazon MTurk participants were compensated monetarily.

We conducted a pre-test of two scenarios to assess stimulus conditions for high and low levels of skepticism toward advertising (see Appendix C). In the "high" skepticism condition,

participants read an advertisement promoting the availability of an eight-piece furniture set for \$200. In the “low” skepticism condition, participants read a similar advertisement; however, the price depicted was \$2,000. Sixty-three respondents (60% women; 35% aged between 25 and 34) were randomly assigned to one of the two conditions and asked to rate the following three items about the ad they saw on a scale from 1 (*strongly disagree*) to 7 (*strongly agree*): “This offer seems untruthful,” “This offer seems too good to be true,” and “I have doubts about the truthfulness of this offer”. Participants in the “high” condition expressed significantly greater skepticism ( $M_{\text{high}} = 5.82$ ) than those in the “low” condition ( $M_{\text{low}} = 3.72$ ;  $t = 6.69$ ,  $p < .01$ ).

### **Materials, Procedure, and Measures**

Participants first read a consent form explaining the nature of the study, informing them that they would be evaluating an advertising message. Participants were then exposed to either the high or low condition of the skepticism manipulation and rated their level of skepticism toward advertising by responding to Obermiller and Spangenburg’s (1998) scale. Next, participants were exposed to one of the same two stimulus ads from Study 1 for 10 seconds before responding to our purchase intentions scale ( $\alpha = .96$ ). Next, participants saw one of the same two company responses—scapegoating or an apology—and, once again, indicated their purchase intentions ( $\alpha = .98$ ). Lastly, participants provided their demographic information (e.g., age, education level, race, and ethnicity) before being debriefed and dismissed.

### **Results**

*Manipulation checks.* Manipulation checks were conducted to ensure that participants perceived differences in the level of deception in the ads and types of company responses. An ANOVA on the manipulation check for level of deception suggested participants viewed the

*puffery* ad as more of an exaggeration ( $M = 3.82, SD = 1.49$ ) than the ad featuring a *lie* ( $M = 3.68, SD = 1.57; t = 0.65, p = 0.52$ ). This difference was not statistically significant, but provided directional validation of our manipulation. Further, the *lie* ad was rated as significantly more untruthful ( $M = 5.59, SD = 1.23$ ) than the ad containing *puffery* claims ( $M = 1.97, SD = 1.43; t = -19.27, p < .01$ ). ANOVA results on the crisis response strategy manipulation check suggested that we successfully manipulated this variable as well. Participants rated the *apology* response as significantly more apologetic ( $M = 5.28, SD = 1.58$ ) than *scapegoating* ( $M = 3.50; SD = 1.85; t = 7.38, p < .01$ ), while the *scapegoating* appeared to place more blame on others ( $M = 5.50, SD = 1.56$ ) than the *apology* response ( $M = 2.25, SD = 1.43; t = -15.46, p < .01$ ). Finally, participants were categorized as “high skeptics” or “low skeptics” based on random assignment to one of two skepticism toward advertising conditions. Skeptics ( $M = 3.97, SD = 1.16$ ) were significantly more skeptical about the ad stimuli than less skeptical participants ( $M = 3.56, SD = 1.09; t = 2.62, p < .01$ ).

*Purchase intentions.* ANOVA results indicate a significant main effect of level of deceptive advertising, where a *lie* ( $M = -0.57, SD = 0.11$ ) is associated with significantly lower purchase intentions than ads that contain *puffery* claims ( $M = -0.27, SD = 0.11, F(1, 199) = 4.00, p < 0.05$ ). ANOVA results for company response type reveal a non-significant difference between a *scapegoat* response ( $M = -0.51, SD = 0.11$ ) and an *apology* response ( $M = -0.33, SD = 0.11; F(1, 199) = 1.46, p = 0.23$ ). None of the following interaction results achieved statistical significance: Level of deceptive advertising X company response type ( $F(1, 199) = 0.85, p = 0.36$ ); level of deceptive advertising X level of skepticism ( $F(1, 199) = 0.25, p = 0.62$ ); company response type X level of skepticism ( $F(1, 199) = 0.004, p = 0.95$ ); level of deceptive advertising X company response type X level of skepticism ( $F(1, 199) = 1.78, p = 0.18$ ).

H4 predicted that purchase intentions for highly skeptical consumers would be lower than those of less skeptical consumers. This hypothesis was not supported; however, results indicated a non-significant trend in the hypothesized direction for change in purchase intentions. The change in purchase intentions for high skeptics ( $M = -0.50$ ,  $SD = 0.11$ ) was lower than that of less skeptical consumers ( $M = -0.34$ ,  $SD = 0.11$ ;  $F(1, 199) = 1.13$ ,  $p = 0.29$ ). These results are presented in Table 3.

**PLACE TABLE 3 ABOUT HERE**

H5 predicted there would be a significant interaction effect between level of deceptive advertising and company response type among more skeptical consumers. Our findings did not support H5a, but directionally supported H5b. Among skeptics, a more offensive/proactive crisis response strategy (i.e., an apology) following a relatively more deceptive ad (i.e., a lie) ( $M = -0.42$ ,  $SD = 0.86$ ) did not significantly influence the change in purchase intentions. However, a more defensive/reactive crisis response strategy (i.e., scapegoating) following a less deceptive ad (i.e., puffery) was found to evoke higher purchase intentions ( $M = -0.24$ ,  $SD = 1.01$ ). These findings may suggest that skeptics are more punitive when a company lies to them, despite the company's acknowledgement of responsibility. Interestingly, scapegoating was more effective in countering allegations of puffery ( $M = -0.24$ ,  $SD = 1.01$ ) than allegations of lying ( $M = -0.95$ ,  $SD = 1.32$ ). Table 4 presents these results.

**PLACE TABLE 4 ABOUT HERE**

H6 predicted that there would not be a statistical difference in the change in purchase intentions for the level of deceptive advertising X company response type among less skeptical consumers, following allegations of either a lie or puffery in advertising. We predicted that low

skeptics would be indifferent to deceptive advertising practices and company responses to allegations of deceptive advertising because of their lack of interest and naiveté. The natural tendency for less skeptical consumers to believe in the truthfulness of such messages may blur their ability to detect and process deception cues (Forgas and East 2008). Our results support these predictions. Among low skeptics, results indicate a non-significant interaction effect between level of deceptive advertising and company response type ( $F(1, 103) = 0.09, p = 0.76$ ). There was a marginal significant difference between an offensive/proactive response strategy (i.e., an apology) ( $M = -0.11, SD = 1.31$ ) and a defensive/reactive response strategy (i.e., scapegoating) ( $M = -0.34, SD = 0.85; F(1, 58) = 2.98, p = 0.09$ ) in response to allegations of a relatively low level of deceptive advertising (i.e., puffery). Our results indicate that issuing an offensive/proactive response strategy (i.e., an apology) to allegations of a relatively high level of deceptive advertising (i.e., a lie) ( $M = -0.40, SD = 0.88$ ) produces a directionally stronger change in purchase intentions than does scapegoating ( $M = -0.51, SD = 0.98; F(1, 49) = 1.15, p = 0.29$ ). These results are presented in Table 4.

## **Discussion**

Study 2 revealed a statistical difference in purchase intentions following exposure to an advertisement that employs puffery versus an advertisement that states a lie. This suggests consumers are generally aware that the purpose of marketers and advertisers is to persuade consumers with (potentially) biased messaging (Mangleburg and Bristol 1998), and that they are able to identify and process embellished claims. Although there are no statistically significant interaction results, directionally, including skepticism toward advertising yields some interesting findings. When companies respond to allegations of using puffery claims in an ad, low skeptics are less forgiving when a scapegoat response addresses the transgression. This suggests that less



skeptical consumers may feel that companies need to accept more responsibility for their actions and not attribute blame to others or deflect. Low skeptics may be incapable of detecting puffery in advertising as a source of potential deception. High skeptics tend to be less tolerant when companies respond to allegations that they lied by scapegoating. Their defensive postures and critical assessment of advertising messages seem to evoke skeptics to more accurately process deceit in promotional messages than less skeptical consumers.

## **GENERAL DISCUSSION**

The present research investigates the interplay among the level of deceptive advertising, a company's response to allegations of deceptive advertising, and consumers' skepticism on purchase intentions. Findings from two experiments suggest that consumers may be able to discern differences in ads with varying levels of deception. When deception in an advertisement is exposed, the persuasive impact of that message diminishes, and consumers' attitudes and behaviors are negatively affected (Boyer et al. 2015). Our research indicates an apologetic crisis response strategy yields higher purchase intentions (as compared to a scapegoating crisis response strategy) when responding to both allegations of puffery and lying in an advertisement. Further, we find that highly skeptical consumers exhibit more negative purchase intentions when a company lies in advertising messages, while less skeptical consumers are more critical of puffery claims. Highly skeptical consumers are less forgiving when a company lies to them, as their purchase intentions are lower when companies apologize for lying in its advertising versus when companies scapegoat in response to employing puffery.

### **Theoretical and Practical Implications**

We draw upon the Situational Crisis Communication Theory (SCCT), which suggests that developing appropriate crisis response strategies requires consideration of the situation.

Until now, no research examined which crisis response strategy should be implemented following allegations of deceptive advertising practices. We addressed this gap by exploring the effectiveness of two crisis response strategies in conjunction with two types of deceptive ads and varying levels of consumer skepticism, to better understand resulting consumer perceptions and behaviors.

This exploration is motivated by today's media environment, in which advertisers and marketers frequently "push the envelope" to breakthrough the clutter and stand out amid the torrent of advertisements targeting consumers. However, the use of deception in advertising is morally and legally wrong, and—as we demonstrate here—may have a detrimental impact on consumers, when they become aware of the deception. The negative consequences associated with such a crisis vary greatly—from being forced to initiate a corrective advertising campaign, to having to pay financial penalties, to experiencing damage to the company's reputation and the brand's equity (Xie, Madrigal, and Boush 2015). Our research seeks to offer prescriptive advice to embattled advertisers about how to avoid such repercussions by utilizing appropriate response strategies in dealing with advertising crises.

Our findings suggest that consumers are more tolerant and forgiving of advertising claims that merely exaggerate product attributes, primarily because such claims lack credibility and often ignored altogether (Cowley 2006). For example, most consumers can identify and acknowledge that Allstate's tagline of "*You're in good hands with Allstate*" is a harmless exaggeration created to sell more insurance. Regardless of whether a company apologizes or blames another party for this exaggeration in an advertising message, consumers are less retributive in response to such an offense. However, when consumers learn that a company blatantly lied to them, their reactions are often more draconian because lies are viewed as

intentional (Lindsfold and Walters 1983) and evoke feelings of mistrust and deception (Englehardt and Evans 1994). Altogether this suggests advertisers should strive to eliminate the use of deception in advertising and develop other creative mechanisms to attract and retain their consumer base.

Our research indicates that scapegoating in response to allegations of deceptive advertising affects purchase intentions more negatively than issuing an apology, regardless of whether the accused company used puffery or a lie in their advertising. Consumers seem to find companies attributing blame to others and not accepting responsibility for a crisis to be off-putting, and may even view scapegoating as shifty and inappropriate (Coombs 2000). Regardless of the type of deceptive advertising a company employs, issuing an apology and acknowledging responsibility and remorse for the mistake was more effective in positively influencing consumers' purchase intentions.

Consumer reactions to a company's use of deceptive advertising *and* subsequent crisis response strategy are affected by their level of skepticism toward advertising. The purchase intentions of consumers with low levels of skepticism toward advertising are more favorably influenced by an apology, irrespective of whether the company is guilty of employing puffery or stating a lie in an advertisement. The lower involvement and naiveté of consumers with low levels of skepticism toward advertising may prohibit them from accurately assessing advertising messages; however, when they learn of an ad's deception, less skeptical consumers expect a company to fully acknowledge responsibility for providing false product information. In contrast to these less critical consumers, for individuals with higher skepticism, the level of deception in an ad determines how persuasive a crisis response strategy will be. When a company is accused of employing puffery in an ad, the purchase intentions of skeptics are more positively influenced

by a defensive/reactive crisis response strategy (e.g., scapegoating). Conversely, when responding to allegations of lying in an ad, the purchase intentions of skeptics are more favorably influenced by an offensive/proactive response strategy (e.g., an apology).

### **Limitations and Future Research**

In this research, purchase intentions were measured to determine the impact of two very different types of company responses to allegations of two very different types of deceptive advertising. Puffery claims are considered to be harmless exaggerations, whereas lies are viewed as a more harmful, intentional form of deception. A company response in the form of an apology involves accepting full responsibility for its actions, while scapegoating involves placing blame on another party. Further research might investigate the impact of various levels of deceptive advertising and company responses that are not as divergent—such as a half-truth advertisement and a justification company response.

Furthermore, future research needs to evaluate the impact of deceptive advertising on additional outcomes such as consumer attitudes and behaviors, as well as the moderating impact of other variables such as familiarity. Given the stimulus product featured in our advertising manipulation (i.e., avocados), research participants may not have been fully engaged with the study or have possessed enough knowledge to meaningfully evaluate the ad claims. In addition to purchase intentions, measures such as attitudes toward the ad, brand, and/or product, word-of-mouth referral intentions, and trustworthiness should also be evaluated.

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## Appendix A

### LEVEL OF DECEPTION MANIPULATION

Puffery	Lie
PeakFresh™ Avocados—picked at the peak of freshness!	PeakFresh™ Avocados—picked at the peak of freshness!
With PeakFresh avocados, you get the best avocados on the planet!	With PeakFresh avocados, you get a great product for weight loss!
Keep them on hand to add to your favorite dishes.	Keep them on hand to add to your favorite dishes.

## Appendix B

### COMPANY RESPONSE TYPE MANIPULATION

Apology	Scapegoat
<p><b>***BREAKING NEWS***</b></p> <p>Truth in Advertising (TINA), an online resource dedicated to protecting consumers against deceptive advertising practices, alleges in a statement issued today that The PeakFresh Company deceived consumers by stating a lie in its advertisement.</p> <p>In its ad, the company states that its “avocados are good products for weight loss.” In reality, due to the high fat content in avocados, they are not recommended for weight loss initiatives. In response to these deceptive advertising allegations, The PeakFresh Company admitted that this claim is a lie and that no data is available to support it.</p> <p>The company accepted full responsibility for not disclosing all the facts and vowed that such an incident would not happen again.</p>	<p><b>***BREAKING NEWS***</b></p> <p>Truth in Advertising (TINA), an online resource dedicated to protecting consumers against deceptive advertising practices, alleges in a statement issued today that The PeakFresh Company deceived consumers by stating a lie in its advertisement.</p> <p>In its ad, the company states that its “avocados are good products for weight loss.” In reality, due to the high fat content in avocados, they are not recommended for weight loss initiatives. In response to these deceptive advertising allegations, The PeakFresh Company blamed its creative agency, Culture Theory, for launching an unapproved version of the ad.</p> <p>The company indicated that its internal creative review process is currently being re-evaluated and vowed that such an incident would not happen again.</p>

## Appendix C

### SKEPTICISM TOWARD ADVERTISING MANIPULATION

High skepticism	Low skepticism
As you're watching a favorite TV show, a commercial for a local furniture store airs that a living room set (including a sofa, love seat, recliner, 2 end tables with lamps, and a coffee table) is available for the low price of \$200, while supplies last.	As you're watching a favorite TV show, a commercial for a local furniture store airs that a living room set (including a sofa, love seat, recliner, 2 end tables with lamps, and a coffee table) is available for the low price of \$2000, while supplies last.

**Table 1**

**MAIN EFFECTS FOR TYPE OF AD AND TYPE OF COMPANY RESPONSE  
CHANGE IN PURCHASE INTENTIONS (T2 – T1)**

<b>Variable</b>	<b>N</b>	<b>M</b>	<b>SD</b>	<b><i>t</i></b>	<b><i>p</i></b>
<i>Type of Ad</i>				0.90	0.37
Puffery	83	-0.67	1.30		
Lie	84	-0.85	1.28		
<i>Type of Company Response</i>				1.14	0.26
Apology	83	-0.64	1.38		
Scapegoat	84	-0.87	1.18		

**Table 2**

**INTERACTION EFFECTS BETWEEN TYPE OF AD AND TYPE OF COMPANY  
RESPONSE  
CHANGE IN PURCHASE INTENTIONS (T2 – T1)**

<b>Independent variables</b>	<b><i>F</i></b>	<b><i>p</i></b>	<b><i>df</i></b>
<i>Interaction effects</i>			
Ad type X Company response type	0.90	0.34	1
<i>Main effects</i>			
Ad type	0.83	0.36	1
Response type	1.32	0.25	1



**Table 3****CHANGE IN PURCHASE INTENTIONS (T2 – T1)**

<b>Variable</b>	<b><i>M</i></b>	<b><i>SE</i></b>	<b><i>F</i></b>	<b><i>p</i></b>	<b><i>df</i></b>
<i>Step 1</i>					
Ad type			4.00	0.05	1
Puffery	-0.27	0.11			
Lie	-0.57	0.11			
Response type			1.46	0.23	1
Apology	-0.33	0.11			
Scapegoat	-0.51	0.11			
Skepticism toward advertising			1.13	0.29	1
High	-0.50	0.11			
Low	-0.34	0.11			
<i>Step 2</i>					
Ad type X Skepticism			0.25	0.62	1
Ad type X Response type			0.85	0.36	1
Response type X Skepticism			0.00	0.95	1
<i>Step 3</i>					
Ad type X Response type X Skepticism			1.78	0.18	1

**Table 4**

**HIGH AND LOW SKEPTICS  
CHANGE IN PURCHASE INTENTIONS (T2 – T1)**

<b>High Skeptics</b>				
		<i>Apology</i>	<i>Scapegoat</i>	
<i>Puffery</i>	M	-0.39	-0.24	$F(1, 38) = 0.000; p = 0.99$
	SD	(0.97)	(1.01)	
	N	19	21	
<i>Lie</i>	M	-0.42	-0.95	$F(1, 52) = 7.73; p = .008$
	SD	(0.86)	(1.32)	
	N	26	28	
		$F(1, 43) = 0.25, p = 0.62$	$F(1,47) = 3.81, p = 0.06$	
<b>Low Skeptics</b>				
		<i>Apology</i>	<i>Scapegoat</i>	
<i>Puffery</i>	M	-0.11	-0.34	$F(1, 58) = 2.98; p = 0.09$
	SD	(1.31)	(0.85)	
	N	30	30	
<i>Lie</i>	M	-0.40	-0.51	$F(1, 45) = 0.86; p = 0.36$
	SD	(0.88)	(0.98)	
	N	26	21	
		$F(1, 54) = 2.38, p = 0.13$	$F(1, 49) = 1.15, p = 0.29$	