A recent television ad for Alcatel, a French telecom equipment maker, opened with black-and-white film footage of Dr. Martin Luther King’s “I have a dream” speech. Special effects were used to show King speaking to a digitally depopulated Washington Mall. A voice-over then says that before you can inspire you must first connect, and the telecom company that can do that for you is Alcatel. Suddenly, the quarter of a million people who were actually present for the speech appear in the ad. Critics charge that Dr. King stood for civil rights and human dignity and that using his image and the civil rights movement to sell products cheapens King’s speech and the influence it had on society. The advertiser counters that permission was obtained from Dr. King’s family to use his image, and the advertiser was just trying to be creative and break through the clutter of other ads that compete for the attention of the consumer.

This opening vignette raises two important questions. Would consumers (as opposed to critics) view such an ad as unethical, and if so, what could an advertiser do to regain any lost goodwill that might result from airing an ad perceived to be unethical? These two questions are explored in this study. In part 1, five ads, each a possible violation of advertising ethics, are shown to a sample of adults and the ads are rated for their degree of ethical transgression. In part 2, the ad chosen by respondents as the most ethically offensive is presented to four additional groups of adults and different
Advertiser response strategies to an unethical ad are compared on their ability to recapture lost goodwill.

These two objectives are believed to be substantive. Although there is a growing body of literature on advertising ethics, relatively few studies present a spectrum of ads of varying ethical offensiveness and reproduce the same ad stimuli used in the investigation. This study will present such a spectrum and reproduce each stimulus in its entirety, allowing readers to easily compare and contrast their ethical judgment with that of others. Furthermore, there are no previous investigations comparing different advertiser response strategies to ads perceived to be unethical. The results of this investigation may help managers better understand what consumers perceive to be ethical and unethical in promotion practice; also, the study suggests ways to minimize the impact of an unethical ad on brand equity.

**BACKGROUND**

There is a large body of literature on advertising ethics. Among other topics, papers have addressed the ethicality of political attack ads,\(^3\) the use of sexual appeals in print advertising,\(^4\) the use of fear appeals in advertising,\(^5\) lottery advertising,\(^6\) the use of questionable environmental claims to sell products,\(^7\) the use of reference prices in advertising,\(^8\) the use of cookies and spamming in electronic media,\(^9\) advertising that targets children,\(^10\) advertising that stereotypes minorities,\(^11\) and alcohol advertising that specifically targets low-income minority populations.\(^12\)

In general, it has been found that consumers believe advertising often violates broad ethical norms.\(^13\) This summary statement is particularly disturbing because research has shown that perceiving an ad to be unethical significantly and negatively impacts attitude toward the ad, attitude toward the brand, and purchase intention.\(^14\) Thus, the ethicality of advertising is not just a moral issue; it may well impact corporate revenue and profit.

**Individual Ethical Judgment**

People may differ greatly in their ethical orientations. Later in the present study, ethical perceptions of advertisements or marketing
practices will be reported, but only as group means and standard deviations. No attempt was made to determine how or why subjects arrived at the ethical judgments they expressed, and the ethical orientation of individual subjects remains unknown. The remainder of this section will lay a conceptual foundation for how consumers, in general, form ethical evaluations of advertising.

Consumers are believed to judge ads using the principles of idealism, pragmatism, and relativism.\textsuperscript{15} Idealism (deontology) emphasizes universal statements of right and wrong. This belief system argues that actions may be judged on their inherent rightness or wrongness, and that actions are not justified by the consequences of the actions. Rather, the motives and character of the agent are more important than the consequences produced by the agent.\textsuperscript{16} This moral principle would appear to imply, in part, that advertising should be truthful, not exploitative of the lower inclinations of man (to lust, vanity, envy, or greed), and not targeted to vulnerable groups (such as children and the poor).

A second belief system, pragmatism (teleology), maintains that an action is right if it results in the greatest good for the greatest number of people. Here, the decision maker must consider all of the outcomes of an action or inaction and weigh one against the other to determine what is best for all concerned. Furthermore, pragmatism implies that the ends justify the means, even if the means are inherently wrong.\textsuperscript{17} As an example, pragmatism suggests that the use of a fear appeal (a scare tactic, an inherently wrong action) would be justified if the fear appeal were used for a noble cause (such as deterring drug abuse).

The third philosophy, relativism, states that ethical decisions are a function of time, place, and culture, and therefore no universal rules exist.\textsuperscript{18} From a relativistic perspective, a moral standard is simply a historically sanctioned custom and not a set of objectively justifiable principles. An example of the impact of relativism on advertising ethics might be the necessity to modify an ad containing the image of a scantily-clad woman when the ad is released in Islamic countries. That is, a photo image of a woman showing a lot of skin would not necessarily be unethical in many Western countries, but the same ad would likely be judged unethical (and probably illegal) in Islamic cultures.

A currently popular model of ethical decision making incorporates both idealism and pragmatism as well as a cultural norm influence.\textsuperscript{19} The model suggests that people evaluate actions from
both idealistic and pragmatic perspectives. That is, an action is not evaluated by using one set of principles exclusively. However, research suggests that consumers tend to rely more on idealistic principles rather than pragmatism in forming ethical judgments.  

**Organizational Codes of Ethics**

While the above section discussed how individuals might arrive at an ethical judgment, a number of organizations have developed written rules or standards of ethics to guide members in creating and evaluating advertising. Prominent among these is the American Advertising Federation’s (AAF) Advertising Principles of American Business and the American Marketing Association’s (AMA) code of ethics. An additional set of guidelines is the three moral principles for judging the ethics of advertising identified by the Vatican Pontifical Council for Social Communications. The first of these principles, truthfulness, states that advertising should not deliberately deceive, distort the truth, or withhold relevant facts. The second principle, human dignity, suggests that advertising should not pander to the base desires of man by appealing to lust, vanity, envy, or greed. Further, advertising should not exploitatively target vulnerable groups such as children, the poor, the elderly, and the culturally disadvantaged. The third principle, social responsibility, requires that advertising not promote a lavish lifestyle that contributes to the waste of resources and the despoiling of the natural environment. A reading of the AAF, AMA, and Vatican sets of guidelines suggests a number of similarities in proscribed behavior.

It may be noted that many businesses have their own written code of ethics and that some of these codes reference advertising practices. However, a survey of 198 large, U.S.-based companies found that only 25% of the firms included ethical guidelines for advertising in their codes. Attempting to explain this lack of attention to advertising ethics, the author speculates that it may be due to a diffusion of responsibility among the trinity of advertisers, advertising agencies, and the media. That is, each group is expecting the other to stand up and accept responsibility for raising ethical standards.

**Part 1 of This Study**

Now that a basis for ethical evaluation of ads has been laid, the two parts of this study may be described in more detail. In part 1, subjects
were given descriptions of five ads or promotion practices and were asked to rate them for degree of ethical transgression. To help the reader understand the hypotheses and what will follow later in this article, these five ads are briefly described.

**Low Price Guarantee.** This ad concerns a furniture store chain that promises they have the lowest price on a particular model of a well-known brand of mattress. In fact, they promise to refund the difference plus 10% if the buyer can find a lower advertised price on the same mattress within 30 days of purchase. However, because this chain has such a large sales volume, the mattress manufacturer produces a named version of their flagship model only for distribution to this retailer. Thus, it would be impossible to find the same mattress offered for sale in any other store. The alleged ethical impropriety is that the ad suggests competition on price when, in fact, there is no competition on price for this mattress. This ad may be a possible violation of the AAF truth principle, “Advertising shall tell the truth, and shall reveal significant facts, the omission of which would mislead the public.” Also, this ad might violate a tenet of the AMA Code of Ethics, “Communications about offered products and services are not deceptive.” The description of this ad is based on the author’s personal experience when purchasing a mattress, but the ad is not referenced by way of a publication citation.

**Using MLK to Sell a Product.** This ad, for the French telecom company Alcatel, was described in the introduction to this paper. Critics charge that using the image of a dead civil rights leader (Dr. Martin Luther King Jr.) to sell products cheapens the civil rights movement and the influence of Dr. King.\(^{25}\) On the surface, this ad appears relatively innocuous; it does not violate any particular AAF principle or tenet in the AMA Code of Ethics. However, the ad might be a violation of the Vatican principle of human dignity, in the sense that the right of Dr. King to make a voluntary decision to allow his image to be associated with a marketer’s product could not be accommodated.

**Marketing of Sunny Delight.** Sunny-D is an orange drink product formerly marketed by Procter & Gamble. Although positioned as a healthy alternative to soft drinks, Sunny-D is only 5% actual fruit juice. The remaining 95% is a blend of chemicals that imitate the
flavor, color, and texture of orange juice, including added vitamins and minerals. Critics charge that Sunny-D is little more than sugar water and food dye, and that its nutritional value is inconsistent with its positioning. Although Sunny-D is adequately labeled, it is possible that many purchasers are unaware of its true nutritional value. If that is the case, then the product might be in violation of a tenet of the AMA Code of Ethics, “Identification of any product substitution that might materially change the product or impact on the buyer’s decision.”

**Fake Film Critic.** The films “The Animal” and “A Knight’s Tale” from Sony Pictures were promoted with quotes from David Manning of *The Ridgefield Press*. The problem—this weekly newspaper does not have a film critic, and there is no David Manning. Under questioning from *Newsweek*, the studio admitted that its marketing department had invented a film critic to give their films positive reviews. Of the five ads to be considered here, this is probably the most egregious ethical transgression. It is a clear violation of the AAF principle of substantiation, “Advertising claims shall be substantiated by evidence in possession of the advertiser and advertising agency, prior to making such claims” as well as a tenet of the AMA Code of Ethics, “Avoidance of false and misleading advertising.” Indeed, this gaffe was selected as one of the ten lowest moments in advertising of the last decade.

**Frequent Gambler Card.** Certain segments of casino patrons are more profitable for the house than others. Harrah’s tries to lure profitable customers back with a loyalty program (a frequent gambler card) that entitles patrons to a free steak dinner, a hotel room, and other freebies based on the number of visits and the amount of money wagered. The ethical criticism of such a loyalty rewards program does not come from the AAF principles or AMA tenets, but from the Vatican principle on human dignity. That is, the promotion appeals to a vice, contributes to gambling addiction, and exploitatively targets a vulnerable group. There is an additional ethical question about the privacy and use of the consumer information gathered and maintained on these gamblers.

A comparison of the above five ads/promotions to the written ethical standards of the AAF, AMA, and the Vatican moral principles
suggests that consumers will judge the fake film critic ad to be the most ethically offensive, and that the ad using the image of Dr. Martin Luther King Jr. will be considered the least offensive. This is stated as hypothesis 1:

H1: Of the five ads in this study, respondents will judge the fake film critic ad to be the most severe ethical violation, and the ad using the image of Dr. Martin Luther King Jr. to sell a product will be considered the slightest ethical violation.

**Part 2 of This Study**

The second part of this study builds on part 1 by focusing on the ad rated most unethical and comparing four alternative advertiser communication strategies to recapture lost goodwill resulting from the release of the ad. To lay a theoretic foundation for this part of the investigation, the following will be discussed: the negativity effect, the fundamental attribution error, the discounting principle, and past research on corporate responses in the wake of a product-harm event.

**The Negativity Effect.** Social scientists have identified a general negativity bias, a tendency for people to weight negative information more than positive information in the evaluation of people, objects, and ideas.\(^3\)\(^0\) Within the context of this study, the negativity effect suggests that perceiving an ad as unethical would disproportionately and negatively impact the consumer’s attitude toward the advertiser. However, the negativity effect might be moderated by the context in which the perception of the unethical ad occurs. That is, a consumer with a strong preexisting favorable attitude toward the advertiser (a brand-loyal consumer) might be less affected by an unethical ad than a consumer with a preexisting neutral opinion toward the advertiser. Indeed, research on the effects of negative publicity has shown that customer loyalty moderates the negativity effect in just this way.\(^3\)\(^1\) This is good news for advertisers; it suggests that the damage from a negative event will be greatest among those consumers who were least likely to purchase the advertiser’s products.

**The Fundamental Attribution Error.** People have a tendency to attribute human actions to the actor’s internal disposition and discount the importance of situational factors. For example, suppose
you are standing in line at a bank. You notice a man speaking in an agitated manner to a teller. You may assume the man simply has a hot temper. However, it is possible that he is frustrated because the bank made an error on his statement, and he has made four phone calls, written a letter (including photocopy documentation), and visited the bank on a prior occasion all in order to resolve the dispute. Given the situation, the man’s behavior is more understandable. This tendency to regard behavior as reflective of personal rather than situational factors has been labeled the fundamental attribution error.\footnote{\textit{432}}

From a communications strategy standpoint, the fundamental attribution error suggests that an advertiser accused of an unethical ad must respond. A no-response would imply that the advertiser knowingly and willingly released an ad likely to be considered unethical by the public. To counter the fundamental attribution error and minimize the damage to its image, the advertiser must respond.

\textit{The Discounting Principle}. Related to the above, this corollary of attribution theory states that the role of a specific cause in producing a given effect is discounted when other plausible causes are also present.\footnote{\textit{33}} In the context of the present study, the discounting principle suggests that if the advertiser can offer an explanation for the unethical ad, one that presents the advertiser in the best light, then the damage resulting from the ad will be minimized. Thus, the discounting principle works in concert with the fundamental attribution error—by making a response and offering an explanation for the offensive action, the advertiser may minimize the negative results.

\textit{Corporate Response Literature}. There is a significant body of literature on how a corporation should respond after a negative event. Most of this work is in the form of case studies, drawing conclusion about what managers should and should not do. Benoit has taken the next step, conceptualizing a classification of response strategies that can be employed to manage the image of the affected organization.\footnote{\textit{34}} This typology includes five broad categories that are sometimes subdivided into distinct tactical variations. Because this classification was developed to address the universe of corporate crises that might occur, some categories and subcategories do not directly apply to a perceived unethical promotion. A brief discussion of how the typology might apply to an advertiser accused of an unethical as follows.
The strategy of evasion of responsibility suggests that the firm might blame its ad agency for the unethical ad. Or, if the ad was produced in-house, the company might say that the ad somehow escaped the usual pretesting, and the whole mishap is really an accident. The strategy of reduction of offensiveness suggests that the firm might compare the alleged unethical ad to the ads of other companies and say theirs is no worse. Or, the firm could say that the unethical ad draws attention to a controversial point, a larger issue in society, and that this is actually a good outcome. The strategy of corrective action implies that the firm will announce measures to prevent the future occurrence of such an unethical ad. Finally, the strategy of mortification suggests that the advertiser will express regret, apologize, and seek public forgiveness for the impropriety. In summary, these image restoration strategies address the issues of “blame,” “offensiveness,” and “remorse” central to any negative event.  

One of the very few studies to investigate corporate response to accusations of ethical impropriety from an experimental perspective is that of Bradford and Garrett. The alleged unethical action was the marketing of a new prescription drug with a developing history of product safety problems. These authors evaluated five different responses to the allegations under each of four different sets of prevailing conditions; the dependent variable was consumer perception of corporate image. The possible responses were: (a) no response, (b) deny that the firm is the cause of the event, (c) offer an excuse, (d) agree that the company is to blame but argue that the severity of the event is less than publicized, and (e) agree that the event is severe and accept responsibility. The possible conditions were: (a) the firm can provide evidence that they committed no unethical action, (b) the firm can provide evidence that they had no control over the event, (c) the firm can provide evidence that the event is less severe than suggested in the media, and (d) the firm has no evidence to minimize guilt. Across the different conditions, the accept responsibility response was found to be the optimal communication strategy.  

This study will test four advertiser response strategies to an unethical ad. They are: (a) no comment, (b) justification, (c) apology and corrective action, and (d) excuse. The context surrounding the responses and the exact wording of each will be presented later. However, based on attribution theory and the results of Bradford and Garrett, it may be hypothesized that the apology and corrective
action response will result in the most favorable consumer attitude toward the advertiser. This is stated as hypothesis 2:

H2: Among the four advertiser response strategies in this study to an unethical ad, the apology and corrective action response will result in the most favorable attitude toward the advertiser.

PART 1

In part 1, respondents were presented with a series of five ads or promotion practices and asked to rate them for degree of ethical transgression.

Sample

A convenience sample was drawn from students enrolled in an undergraduate Principles of Marketing course at a large public university in the southeast United States. Ad stimuli were presented to students individually in a paper questionnaire format during class, and quiet time was allowed for the completion of the questionnaires. A total of 83 questionnaires were distributed and 82 usable questionnaires were received. The sample consisted of 65 percent men and 35 percent women, and the mean age for total group was 21.09 years with a standard deviation of 1.83 years.

Stimuli

The ad stimuli are presented here in the same order in which respondents encountered them in the questionnaire. All ad stimuli were text descriptions of ads or promotion practices rather than images. The deceptive low price guarantee ad was worded as follows:

An ad from a furniture store chain promises that they have the lowest price on the brand X “Excalibur” mattress in the region. In fact, they promise to refund the difference plus 10% if you find a lower advertised price for the same mattress within 30 days of purchase. However, there is more to the story. This chain of stores has a large enough sales volume that brand X produces a special version of its best-selling mattress, the “Excalibur,” only for distribution to this company. Thus, it would be impossible to find an “Excalibur” mattress offered for sale by any other store.
Critics charge that the ad is misleading because it suggests competition on price when, in fact, there is no competition on price for this mattress. The advertiser says that they are just advertising a great price and they don’t see any harm done.

Note that this and all ad stimuli in this study conclude with “pro” and “con” statements about the ethical issue posed by the ad. This was done in an effort to focus respondent attention on the subject of ethics and prepare them for the scaled questions that immediately followed each stimulus. For each ad, an effort was made to realistically present the strongest arguments on both sides of the ethical issue. Also, brand names were removed from all ad stimuli in this study. This was done to prevent triggering brand associations and emotions that might bias subject responses. Brands are referred to as brand X, or they are not mentioned at all.

The ad using the image of Martin Luther King Jr. to sell a product was described as follows:

A recent advertisement for a telecommunications company opens with a black and white film footage of Dr. Martin Luther King Jr. (MLK) delivering his 1963 “I Have a Dream” speech. The theme of the ad is that before you can inspire, you must first connect, and the telecom company that can do that for you is the advertiser.

Critics charge that MLK stood for civil rights and human dignity, and that using his image and the civil rights movement to sell something cheapens Dr. King’s speech and the influence it had on society. The advertiser counters that permission was obtained from Dr. King’s family to use his image, and that the advertiser was just trying to be creative and break through the clutter of other ads that compete for the attention of the consumer.

The ad describing the marketing of Sunny Delight was presented as follows:

Advertisements for an orange drink product associate it with sunshine and the wholesomeness of orange juice. In fact, the drink product contains only 5% actual fruit juice. The remaining 95% is a blend of chemicals that imitate the flavor and color of orange juice, including added vitamins and minerals.

Consumer activists have criticized the advertiser for asking supermarkets to shelve the product next to 100% orange juice.
in the refrigerated section. They say consumers are deceived into thinking the orange drink has the nutritional value of orange juice when, in fact, it is little more than sugar water and food dye. The advertiser argues that it would be impossible to market an orange drink without associating it with oranges. Further, the drink does contain vitamins and minerals and these are beneficial for children.

The promotion practice regarding the fake film critic was described in the following way:

Ads for a new movie from a major Hollywood studio contain glowing reviews from film critic, David Manning of the Ridgefield Press. There’s just one problem. This weekly newspaper does not have a film critic, and there is no David Manning. Studio executives admitted to having “invented” a film critic to give their film positive reviews after the scheme was discovered by a Newsweek reporter.

Critics say that the studio intentionally deceived consumers, an action worthy of legal prosecution. The studio contends that it is industry practice to “bribe” film critics with airline flights, meals, and merchandise in an attempt to obtain positive reviews—what the studio did is no worse.

The frequent gambler card marketing tactic was presented as follows:

A casino has determined that gamblers losing between $100 and $499 per trip make up only 30% of gamblers but account for 80% of the company’s revenue. To lure this type of gambler back to the casino on a regular basis, the company offers them a sort of “frequent gambler’s card” entitling them to perks like a free steak dinner and hotel room, based on the number of visits to the casino.

Critics charge that the “frequent gambler” program contributes to gambling addiction, and that such action is morally reprehensible. The casino counters that their program is modeled after the frequent flyer program in the airline industry and they do not understand why they should not be allowed to promote their product in the same manner.

**Measures**

Immediately following each individual ad stimulus, on the same page, was a series of five scaled statements (−4 through +4) anchored
by strongly disagree and strongly agree. These items attempted to tap the construct of perceived unethicality of the ad or marketing practice. The complete wording of each scale stem appears in the Appendix. To avoid dealing with negative numbers, responses were recoded 1 through 9; a higher number indicates that the ad was perceived to be more unethical. The dependent variable was computed as the average of the five scale responses for each subject.

**Other Items**

The questionnaire contained an exercise asking subjects to rank the five ads they had just finished reading in order of severity of ethical transgression. The purpose of the ranking exercise was to force subjects to consider all ads together and compare them to each other. Results from the ranking exercise should be consistent with the rating exercise, in which respondents encountered each ad separately and rated it against (presumably) their own internal ethical standard.

**Results**

*Memes.* The scale items accompanying each ad were examined separately with principal components factor analysis and reliability coefficient determination (Cronbach’s $\alpha$).$^{37}$

The factor loadings and levels of explained variance and reliability for the construct of perceived unethicality of the ad were found to be within recommended guidelines.$^{38}$

*Rating and Ranking Exercises.* The results of respondent ratings of the ads for perceived unethicality are shown in Table 1. Listed in order of most to least unethical, the ads are: fake film critic, low-price guarantee, marketing of Sunny Delight, frequent gambler card, and the ad using the image of MLK to sell a product.

The rank sums for the five ads are also reported in Table 1. A lower sum indicates an ad perceived to be more unethical. The order of ads, from most to least unethical based on rank sums, is the same as that found in the rating exercise. The fact that the same ordering of ads was achieved by two different methods bolsters the validity of order found.

The rank sums may be used to determine if there are significant differences among the ads on the attribute of ethicality.$^{39}$ For the five ads, the critical rank sum difference at $\alpha = 0.05$ is 55.24.$^{40}$ This
suggests that the fake film critic is perceived as significantly less ethical than all other ads. The ad using the image of MLK to sell a product is perceived as significantly more ethical than the marketing of Sunny Delight, the low-price guarantee ad, and the fake film critic ad. The frequent gambler card promotion is perceived as significantly more ethical than the low-price guarantee ad and the fake film critic ad. The marketing of Sunny Delight is perceived to be significantly more ethical than the fake film critic ad, but significantly less ethical than the ad using the image of MLK to sell a product.

**Discussion of Part 1**

The objective of part 1, to present a group of ads or promotion tactics with varying degrees of ethicality, was generally achieved. The reader may read each ad or promotion stimulus and compare their judgment of the stimulus to that of respondents and note differences or similarities. Through a comparison of each ad or promotion practice with the published codes of ethics of the AAF and AMA, as well as the three moral principles of the Vatican Pontifical Council for Social Communication, it was hypothesized (H1) that the fake film critic would be perceived as the most unethical ad and that the ad using the image of MLK to sell a product would be perceived as the

**TABLE 1** Perceived Unethically of Five Questionable Ads and Promotion Practices (N = 82)

<table>
<thead>
<tr>
<th>Ad or Promotion</th>
<th>Rating Exercise Mean ± SD</th>
<th>Ranking Exercise Rank Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deceptive low price guarantee</td>
<td>5.92 ± 1.29</td>
<td>207</td>
</tr>
<tr>
<td>Ad using image of dead civil rights leader to sell a product</td>
<td>3.54 ± 1.59</td>
<td>322</td>
</tr>
<tr>
<td>Marketing of Sunny Delight</td>
<td>5.23 ± 1.83</td>
<td>255</td>
</tr>
<tr>
<td>Ad for movie using quote from fake film critic</td>
<td>7.05 ± 1.48</td>
<td>149</td>
</tr>
<tr>
<td>Luring patrons into a casino with frequent gambler’s card</td>
<td>4.07 ± 1.80</td>
<td>297</td>
</tr>
</tbody>
</table>

Notes: See text for a full description of each ad or promotion. A higher rating indicates greater perceived unethicality. A lower rank sum indicates greater perceived unethicality.
least unethical ad. The results of the rating and ranking exercises support H1.

**PART 2**

The ad rated the most ethically offensive in part 1 was selected as the scenario stimulus for part 2, and four alternative advertiser response strategies were compared for their ability to recapture goodwill.

**Sample**

A convenience sample of students was obtained from sections of an undergraduate Principles of Marketing course different than those used in part 1. Ad stimuli were presented to students individually in a paper questionnaire format during class, and quiet time was allowed for the completion of the questionnaires. A total of 120 questionnaires were distributed and 107 usable questionnaires were received. The respondents on the deleted questionnaires missed a multiple-choice manipulation check, asking them to recognize which of the four alternative advertiser responses they had been exposed to. The sample consisted of 55 percent men and 45 percent women, and the mean age for the total group was 21.30 years with a standard deviation of 2.32 years.

**The Questionnaire**

The fake film critic ad stimulus was presented to respondents first, and they filled out a series of scaled items on the same page addressing their attitude toward the advertiser (the movie studio). The next page presented a stimulus labeled “the studio response,” and this was immediately followed by the same series of attitude scales encountered on the previous page. The remainder of the questionnaire consisted of a manipulation check, in multiple-choice format, and items addressing gender and age.

**Stimuli**

The wording of the fake film critic stimulus was as presented in part 1, except that the last paragraph, summarizing the “pro” and “con”
arguments of the ethical issue did not appear. The truncated fake film critic stimulus reads as follows:

Ads for a new movie from a major Hollywood studio contain glowing reviews from film critic, David Manning of the *Ridgefield Press*. There’s just one problem. This weekly newspaper does not have a film critic, and there is no David Manning. Studio executives admitted to having “invented” a film critic to give their film positive reviews after the scheme was discovered by a *Newsweek* reporter.

One of four different studio responses appeared on the next page. The “no comment” response was worded as follows:

Following the *Newsweek* report, the movie studio issued a statement saying they had “no comment.”

The “excuse” response was presented as follows:

Following the *Newsweek* report, the movie studio issued a statement saying that severe competition in the movie industry forced them to use aggressive marketing tactics. The studio said that their actions were no worse than what other studios have done.

The “apology and corrective action” response appeared as follows:

Following the *Newsweek* report, the studio issued a public apology for the incident, announcing that two advertising executives have been reprimanded and suspended without pay for their part in the scheme. Further, the studio said it had created checks and balances in its advertising procedures to ensure that such an occurrence will not happen in the future.

Finally, the “justification” response was worded as follows:

Following the *Newsweek* report, the movie studio issued a statement saying that their movie went on to become one of the top-20 box office hits of the year. The studio feels that their aggressive marketing tactics should not be questioned since the movie was so popular. That is, the public acceptance of the movie suggests that the aggressive promotion of the film did no harm.

**Measures**

Scales measuring the construct of attitude toward the advertiser appeared on the same page as each stimulus, immediately following
the initial fake movie critic stimulus as well as the studio response. That is, the same measures were repeated. The construct was measured by a series of four scaled statements (−4 through +4) anchored by strongly disagree and strongly agree. The complete wording of each scale stem appears in the Appendix. To avoid dealing with negative numbers, responses were recorded 1 through 9; a higher number indicates a more favorable attitude toward the advertiser. The dependent variable was computed as the average of the four scale responses for each subject at time 1 and time 2.

**Results**

**Measures.** The scale items accompanying each stimulus were examined separately with principal components factor analysis and reliability coefficient determination (Cronbach’s $\alpha$). The factor loadings, levels of explained variance, and reliability for the measures are within recommended guidelines.

**Analysis of Variance.** Group means at both time 1 and time 2 are shown in Table 2. There were no significant differences among the groups at time 1 (after respondents had read the fake film critic stimulus but before the studio response). Since all four groups were responding to the same stimulus at time 1, no significant differences would be expected. Analysis of time 2 data revealed that the apology and corrective action response was significantly more effective than the other response options in enhancing attitude toward the advertiser.

**Other Analysis.** Since dependent variable measures were captured at both time 1 and time 2, paired $t$-tests may be performed to more finely examine the data. As shown in Table 2, this perspective suggests that both the excuse and apology and corrective action responses were able to significantly enhance attitude toward the advertiser.

**Discussion of Part 2**

The objective in part 2 was to compare alternative advertiser response strategies to an unethical ad for the ability to recapture lost goodwill. Attribution theory and past research suggested that the apology and corrective action response would be the most effective of the four, and this was stated as hypothesis 2. The results support H2,
<table>
<thead>
<tr>
<th>Response</th>
<th>n</th>
<th>Time 1</th>
<th>Time 2</th>
<th>Mean Paired Difference</th>
<th>t-value</th>
<th>Significance (P-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No comment</td>
<td>27</td>
<td>2.49 ± 1.67</td>
<td>2.31 ± 1.26</td>
<td>0.19</td>
<td>0.86</td>
<td>0.399</td>
</tr>
<tr>
<td>Excuse</td>
<td>29</td>
<td>2.07 ± 1.32</td>
<td>3.10 ± 1.84</td>
<td>1.03</td>
<td>4.18</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>Apology and corrective action</td>
<td>24</td>
<td>1.98 ± 0.97</td>
<td>5.19 ± 2.24</td>
<td>3.21</td>
<td>6.32</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>Justification</td>
<td>27</td>
<td>2.34 ± 1.41</td>
<td>2.70 ± 1.58</td>
<td>0.36</td>
<td>2.24</td>
<td>0.034</td>
</tr>
</tbody>
</table>

Note: Values in time columns are means plus or minus standard deviations. A higher rating in the time columns indicates a more favorable attitude.
but they also suggest that the “excuse” response was significantly effective in boosting attitude toward the advertiser. Interestingly, a “no comment” response resulted in a negligible loss in attitude toward the advertiser.

**GENERAL DISCUSSION**

The general objectives of this study appear to have been achieved. Part 1 presented a series of five ads or promotion practices of varying degrees of ethicality to respondents and asked them to rate each for ethical transgression. These stimuli were reproduced in their entirety to allow readers to review each stimulus and compare their ethical judgment against that of others. Respondent ratings of the ads generally paralleled the degree to which the ads violated the American Advertising Federation’s “Advertising Principles of American Business” and the American Marketing Association’s “Code of Ethics.”

In part 2 of this study, the ad chosen in part 1 as the most ethically offensive was used as an initial stimulus and four alternative communication strategies were compared for their ability to recapture goodwill toward the advertiser. The apology and corrective action response by the advertiser was hypothesized to be the most effective of the four strategies, and this hypothesis was supported by the results. Conceptually, the superiority of this response strategy is largely due to its ability to counter the fundamental attribution error. That is, it frames the unethical ad as an atypical event, occurring due to unforeseen circumstances, and it presents the company in a positive light by saying that the company will now install safeguards to prevent such an occurrence in the future. The latter corrective action part of the response presents positive information about the company that helps to counter the initial negative information and the resulting negativity effect.

The paired $t$-test analysis revealed that the excuse response also significantly enhanced attitude toward the advertiser after the unethical ad, although to a much less degree than the apology and corrective action response. Conceptually, the excuse response is a reduction in offensiveness strategy, pointing a finger at the movie industry as a whole, and saying that the advertising tactic was necessitated by severe competition. A corollary of attribution theory, the discounting principle, suggests that giving readers an alternative
explanation for the unethical ad (similar actions by the competition) allows readers to discount the idea that the company would normally have engaged in an unethical practice. The other responses tested (the “no comment” response and the “justification” response) have no real theoretic basis for enhancing attitude toward the advertiser, and it is not surprising that they were not effective.

Limitations

Perhaps the greatest limitation of this study is the fact that brand names were not mentioned in the ad stimuli. The rationale for not including brand names is the belief that they would have triggered brand associations and emotions and this could have biased the responses obtained. That is, the response would be a combination of attitude toward the brand and the perceived ethicality of the ad or marketing practice in question and not just the latter. Certainly, research has shown that brand commitment moderates consumer response to negative brand publicity.46 Brand commitment is an unexamined probable moderator of attitude toward the advertiser in this study. Another limitation is the rather narrow age spectrum represented by the sample and the fact that the ethnicity of respondents was not recorded. Especially with regard to the MLK ad in part 1, it cannot be assumed that the results would generalize to other populations.

Two additional limitations are worthy of mention. The first is the likely demand effect induced by the repeated measures in part 2. That is, subjects may have recognized that what intervened between the two sets of measures was intended to change their responses, and this may have biased their answers. This criticism is muted somewhat by the presence of four experimental groups and widely varying mean responses. The last limitation to be addressed is the capture of subject responses at only one point in time and immediately after reading a stimulus. Longitudinal measurement of attitudes may reveal different results.

Managerial Implications

As noted earlier, the ethicality of advertising is not just a moral issue. Research has shown that perceiving an ad to be unethical significantly and negatively impacts attitude toward the ad, attitude
toward the brand, and purchase intention. The results of the present study suggest that an advertiser accused of an unethical ad should respond and that the optimum response is one that will refute the fundamental attribution error and counter the negativity effect.

Given that a minority of firms that have organizational codes of ethics include guidelines for ethical advertising and that the ethical judgments of respondents in this study generally paralleled the guidelines outlined by the AAF and the AMA, companies may wish to consider incorporating the ethical guidelines of these two groups into their organizational codes of ethics.

Managers are also urged to pretest ads among a variety of groups before they are sent to the media. For example, the television ad used as the opening vignette for this paper (the ad using MLK to sell a product) was not pretested among minority groups prior to airing. The advertiser, Alcatel, believed that obtaining the consent of Dr. King’s estate to use his image subsumed any need for testing. The ad resulted in a number of protests, including one from Julian Bond, chairman of the National Association for the Advancement of Colored People and a professor of civil rights history.

The relationship among advertisers, advertising agencies, and the media is also worthy of note. A possible diffusion of responsibility for ethical standards among these three entities was mentioned earlier as a possible cause for unethical marketing practices. This conclusion is supported by a recent study that conducted detailed interviews with advertising agency personnel and asking how they deal with ethical issues. The authors report that many advertising agency employees have moral myopia (a distortion of moral vision) or moral muteness (a tendency to rarely talk about ethical issues). Indeed, they found that a strongly held view is that advertising practitioners are there to do the client’s bidding rather than raise a flag about the marketing tactics the client wishes to employ. The authors recommend that the conception of an advertising professional’s responsibility be reformulated to include a moral fiduciary duty. That is, the agency should express concern when they discover that the client’s marketing plans are ethically questionable and do not simply defer to the client.

**Future Research**

Additional research on the ethicality of advertising may wish to focus on responder factors such as level of brand commitment and
ethical orientation. The former has already been mentioned as a limitation. The latter implies that responders may vary in how liberal or strict they are in arriving at an ethical judgment. That is, consumers may cluster into strict, moderate, and liberal-minded groups on how they perceive an ethical issue. Ethical orientation was not measured or controlled in this study, but it is assumed that each of the groups had similar ethical orientation characteristics; this is inferred by the similar levels of the dependent variable at time 1 in part 2.

NOTES


17. Ibid.

18. Ibid.


37. For the low price guarantee ad data, factor analysis returned one component (lowest loading = .554) accounting for 46.61% of total variance and with $\alpha = 0.70$. Analysis of data for the ad using the image of MLK revealed one component (lowest loading = 0.643) accounting for 66.46% of variance and with $\alpha = 0.87$. For the Sunny Delight promotion data, factor analysis uncovered one component (lowest loading = 0.757) explaining 67.60% of variance and with $\alpha = 0.88$. Analysis of the fake film critic ad data revealed one component (lowest loading = 0.734) accounting for 66.20% of variance and with $\alpha = 0.87$. Finally, analysis of data for the frequent gambler card promotion found one component (lowest loading = 0.858) explaining 76.88% of variance and with $\alpha = 0.92$. It is interesting that there appears to be a general progressive increase in factor loadings, explained variance, and reliability with the data from successive ads. It is unclear
if this is due to scale items being differentially effective in measuring the ethicality of different types of ads and promotions or if the phenomenon is due to respondent learning or increased task attention as the exercise progressed.


39. The Friedman test, using rank-sums, is a nonparametric equivalent of one-way ANOVA. The Friedman test statistic for the five ads is 94.58, well above the critical value of 18.47 at $P = .001$ and d.f. = 4. This suggests that there are significant differences in ethical perception among the group of ads, but it does not tell us which ads differ. Similar to a post hoc multiple means comparison after ANOVA, there is a distribution-free multiple comparisons test based on Friedman rank sums.


41. For the initial fake film critic stimulus, factor analysis found one component (lowest loading = 0.898) accounting for 84.95% of total variance and with $\alpha = 0.94$. Analysis of studio response data revealed one component (lowest loading = 0.931) accounting for 90.95% of variance and with $\alpha = 0.96$.


43. ANOVA showed no significant differences ($F = 0.78$, d.f. = 3/103, $P = 0.506$).

44. ANOVA suggested a significant difference ($F = 13.33$, d.f. = 3/103, $P < 0.001$). A Student-Newman-Keuls post hoc multiple means comparison procedure revealed that the apology and corrective action response is significantly more effective than the other three response options in enhancing attitude toward the advertiser.

45. Following Bonferroni adjustment for multiple $t$-tests, this significance still holds.


**APPENDIX**

Scale for perceived unethicality of an advertisement or promotion practice (5 items)
The advertisement described above:

- violates a standard of conduct that advertisers should follow;
- exhibits a lack of respect for the rights of consumers;
- promotes the product in a way that is unacceptable in our society;
- suggests the motives of the advertiser are corrupt;
- is less ethical than most other ads.

Scale for attitude toward the advertiser (4 items)
Based on the ad described above, the (advertiser):

- is an honest company;
- is a trustworthy company;
- is concerned about doing business ethically;
- conducts business in a responsible manner.