

An Empirical Research on Misleading Advertisements and Its Impact on Consumer Buying Behaviour

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Abstract

Existing research has documented that consumers can be highly vulnerable to misleading advertising claims that lead them to acquire false information, form misperceptions, and become involved in consumptive behaviors to their detriment. The experimental studies, in particular, explore the possible causal relationships between claims and consumer psychological or behavioral responses.

Key words: Advertising, Consumer Behaviour, Consumer Sentiment
JEL Classification: M 310

1. Introduction

“Good advertising not only tells the literal truth but also avoids possible deception through subtle implication or omission.” (Freer, 1949)

The main aim of marketing is to generate large volumes of sales & revenue for the firm. Advertisement is a tool available to the marketers to communicate with the prospective buyers and entice them to buy their products and make their products known to the people. In this effort, advertisements are filled with tall claims that are sometimes too hard to believe.

Fairness cream ads try to depict that only a fair person has a good chance to succeed in life. An American will call it downright racism, but it is perfectly fine in India. Energy drinks are depicted as if they give superhuman powers to the consumer. Some even suggest that their children will not grow up properly if they do not consume their chocolate-flavored milk powder or the addition of these powers help in absorbing more of calcium.

The worst culprits are celebrity endorsements. The celebrities never use the product, but they appear in the advertisements of products that promise consumers the same skin & hair of the celebrity. In all cases, the glow on the skin of the actress is due to the skills of the makeup artist.

Coming to the lower levels of print ads, many people would have observed the blatant lie in the “Before & After” ads for fat-loss, hair loss, tooth loss, etc. The use of computer graphics is obvious to create these ads. Then there are plays with words like “Up to 50% sale”, or “Just 3 flats remaining”, or “Free, but conditions apply”. Why are the applied conditions typed in so miniscule font?

We would be conducting an empirical research to test & evaluate the hypotheses and use a tool like questionnaires to quantify & qualify the responses. The questionnaire will contain both open-ended as well as close-ended questions. The responses would be coded for purpose of quantitative analysis. A chi-square test would be done to form a logical conclusion.

The research will aid marketers to understand the impact advertisements have on consumer buying decisions. It would give a suggestion, what actually entices a customer to choose a particular product. Do consumers have a good memory to recollect the claims that the advertisements have made or do they shop on impulse? What are the other factors that lead a customer to buy a product? And finally, can advertisers still sell their products based on pure facts, or do they need the added chutzpah of tall claims to push their products forward?

2. Literature Review

Many alleged deceptive claims nowadays are implicitly manipulative rather than outright false (Mazis, 2005; Shanahan & Hopkins, 2007). The literature has documented solid evidence of deception by implication. For example, in a study about attribute claims of ibuprofen based brands, Burke et al. (1988) examine four types of claims: no attribute

information, truth, expansion implications, and inconspicuous qualification implications. They find that expansion and inconspicuous qualification implications increase respondents' false attribute beliefs about headache pain relief, side effects, and speed of relief. In another study (Pechmann 1996), a company claims that it charges the lowest rate for a particular service but does not mention that it charges more than competitors for other required services. Due to erroneous inferences, respondents tend to believe that this company has the lowest overall price. Erroneous inferences can expand beyond the claimed attributes. Barone and Miniard (1999) expose respondents to a partially comparative advertisement containing a combination of comparative and non-comparative claims. They find a "copy x copy" interaction: the processing of one claim affects beliefs about other claims in the same advertisement. In this process, respondents acquire the belief that the advertised brand is better than the competitor, not only in terms of the attributes featured in the comparative claim, but also those in the non-comparative claims. Theoretically, erroneous inferences occur due to psychological mechanisms such as pragmatic implication, logical consistency, and informational influence (Hastak & Mazis, in press). In essence, consumers have certain default understandings about the proper usages of certain words, semantics, symbols, and expressions (Harris, 2009). Such lay theories are not perfectly accurate or logical, but consumers often rely on such easily accessible schemata to comprehend an advertising claim. Deceptive claims take advantage of such presuppositions without clarifying the exact meanings in specific contexts. For instance, a package label that claims "50% more recycled content than before" suggests an increase of recycled goods by one half; however, the manufacturer's total increase of recycled content has only improved from 2% to 3%. Although the message is technically true, the FTC rules this claim deceptive because the label can create false impressions (Federal Trade Commission, 2010).

3. Methodology

3.1 Research Questions

We have formulated two hypotheses that we will be testing in the research. The first hypothesis to test is there a relationship between misleading ads and consumer purchase. Second hypothesis that we will be testing is whether there is any relationship between age and gender difference and susceptibility to misleading ads.

3.2 Research Design

The type of study for this paper is descriptive (Under the descriptive study technique the statistical method has been used. Here the researcher must design their studies to give as much evidence as possible for reflecting the cause and effect relationships from the data collected through the 'survey' technique. The designs of such studies should be planned with the type of required analysis already in mind).

For our research we have tried to get a good representation of the sample by diversifying our sample collection. We did a stratified random sampling with a sample size of 100 respondents from the age 22 – 42 both male and female at various locations in Mumbai. We used a questionnaire for our data collection which consisted of both open and closed ended questions. The period of the study was from 1st January 2014 to 31st January 2014. Simple mathematical calculations and chi-square test were used for the purpose of data analysis and interpretation.

3.3 Limitations of the study

One of the major limitations faced by us was the time. Another constraint which we felt was the ignorance of the selected subjects. Lastly we cannot judge whether the respondents gave us a completely true reply.

4. Results and Discussion

From the responses received and by conducting a chi-square test on the first hypothesis, it was observed that there is a strong relationship between misleading ads and consumer purchase. This means that the misleading ads have a strong impact on the consumer buying behavior of the consumers and are major determinant for the purchase decision. The consumers accept the information being provided in the advertisement as true and the buyer suffer dissonance if the product do not function as advertised. From the responses received and by conducting a chi-square test on the second hypothesis, it can be inferred that misleading ad affects consumers mind differently based on the age and gender. The younger age group were more susceptible to the misleading ads and this was the same age group that indulge in impulsive purchases. It was also found out that females make a more informed decision prior to their purchase, but their source of information is usually the advertisements or word-of-mouth information from peers or other reference group.

5. Conclusions and Recommendations

False advertising, in the most blatant of contexts, is illegal in most countries. However, advertisers still find ways to deceive consumers in ways that are legal, or technically illegal but unenforceable. A classic example is that of the cigarette ad that shows a free-spirited confident cowboy on his horse galloping through the rough terrain, catching wild cattle without breaking a sweat. In reality, cigarette smoking is a purely wasteful habit, with no beneficial or nutritional value. It is highly addictive and a cause of various deadly illnesses. Marketers have just one aim in mind – sell as much as possible to as many as possible. They do not mind using unethical practices. For them, reaching the end is more important than the means.

Our research clearly shows that misleading advertisements that make tall claims do not make an impact on the buying behavior of the consumers. There are certain wise consumers

who go by the fact, but there is a huge group of consumers that falls for the claims presented in the advertisement.

But, as they, with age comes wisdom. Our second hypothesis shows that the aged group of consumers is able to identify the misleading claims in the advertisements and is not easily influenced. The younger generation is easily led in to believing the claims. Therefore, most of the products in these advertisements tend to target the youth.

There are laws against the misleading advertisements, but marketers will always find a way out. They know where the Achilles Heel of the consumer lies and they hit them with the right tone, emotions and claims in their advertisements.

Therefore, it is time for the governing agencies to enforce stronger laws to reprimand anyone involved in a proven misleading advertisement. There is also a call for watchdog agencies to scientifically study and analyze advertisements to validate their claims. Customers must be encouraged to come forth with products that did not deliver as promised and the results should be made known in public. Marketers should also realize that false information does not always stay hidden. They should thrive for ethical practices in advertisements and the same agencies should be awarded for being the beacon in providing true and accurate information to the consumers.

So, next time you pick a chips packet that claims zero cholesterol; think twice before falling for it. The seller has least concern for your health. He just wants to ensure that his chips are sold and the money keeps rolling in.

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