

Appendix A

(Specific) Endorser Training Instructions (used in Exp 1)

Many print ads use spokespeople or authority figures to help sell products. For instance, Michael Jordan was commonly included in magazine ads for Air Jordan basketball shoes. Sometimes Jordan would just appear in the ad, and sometimes the ad would include a quote or statement from Jordan himself.

However, at times, advertisers have been accused of unethical practices in the use of some of the spokespeople who appear in their ads. While many advertisers use legitimate spokespeople (like Michael Jordan in the above example), there are many instances in which advertisers have opted to use illegitimate spokespeople, who would not be considered real or true authorities on the product included in the ad.

The use of illegitimate spokespeople in advertisement has been deemed an unethical practice by government, business organizations such as *Advertising Standards Canada* and the *Better Business Bureau*, professional organizations such as the *American Marketing Association*, and by members of the academic community.

But how can you tell when an authority figure is being used ethically or unethically? What standards exist for determining whether a spokesperson is legitimate or illegitimate? The *American Marketing Association* has provided a number of standards for determining whether or not the use of a spokesperson is legitimate in its statement of ethical marketing practices.

Specifically, for an authority or spokesperson to be used ethically in an advertisement it must pass two tests:

1. The authority must be a real authority, and not just someone dressed up to look like an authority.
2. The authority must be an expert on the product he or she is trying to sell.

On the rest of the pages in this package, you will see a number of different ads that include different spokespeople. These examples will be used to show you how the above ethical criteria apply to each case. Pay careful attention as you look through each ad and read the description of whether it meets the ethical standards of the AMA or not. When you have read through this package, and are sure you understand the difference between the ethical and unethical use of spokespeople, you will be given a number of additional illustrative ads and be asked to rate these ads on a number of dimensions.


Read carefully through the rest of the package now. Be sure to look at each example and read the reasons that it meets or does not meet ethical standards. When you are done reading these examples, signal the lab assistant that you are ready for the next part of the study.

Ad 1: Charles Schwab Investment Services


The ad that appears on the next page is a good example of an ad that clearly meets the criteria set for the use of a legitimate spokesperson in an ethical way. In fact, the ad has two spokespeople in it. One is a real medical doctor and the other is a real investment analyst. The investment analyst meets both the criteria for a spokesperson to be legitimate. She is a real authority rather than an actress pretending to be an authority, and her qualifications as an investment specialist match the services she is advertising—namely investment services. The ad is also ethical in the sense that part of its message is that it is important for consumers to get advice on investments from the “right kind” of expert. The ad encourages consumers to talk to a real investment expert, not just anyone.

Both are seen as pillars of trust.
Only one can assess the health of your portfolio.

*Doctor Watson –
delivered three
generations of babies.*



*Kathleen Hastings
Schwab Investment Specialist,
McLean, VA*



Complimentary Initial Consultation. Okay, so we don't write prescriptions. But, at Charles Schwab, we do dispense helpful advice. Our Investment Specialists will sit down with you and discuss your financial goals, including determining if an Independent Investment Advisor, who works through Schwab, is right for you. And this one-on-one consultation offers just the expert advice you'd expect from us.


Objective. Uncomplicated. And not driven by commission.

And that advice covers everything from college and retirement planning to trust and estate issues. So during your consultation we can discuss a plan of action that:

- Assesses your current investment strategy
- Recommends changes to achieve your goals
- Suggests strategies to protect and preserve your assets
- Factors in how the new tax laws affect your retirement

But most importantly, you can rest assured that you're getting the kind of advice you can feel very comfortable with. And we promise it won't hurt a bit.

Call us to sign up for your complimentary initial consultation and you'll also receive our planning guide.



charles SCHWAB

Call 1-800-591-5555
Click schwab.com
Visit 402 locations nationwide

Canadian residents call Charles Schwab Canada Co. at 1-866-339-0399 or visit schwabcanada.com.
Advisors pay a fee to participate in Schwab AdvisorSource™ (U.S. Trust Corporation (an affiliate of Charles Schwab & Co., Inc.)) is a participant in the Schwab AdvisorSource program. ©2001 Charles Schwab & Co., Inc. All rights reserved. Member SIPC/NYSE (0991-14571).

Ad 2: Charles Schwab Stock Explorer

In contrast to the previous ad from Schwab, the ad on the next page for their *Stock Explorer* service does not meet the ethical standards required for a spokesperson to be considered a legitimate authority. The spokesperson is Sarah Ferguson, the Duchess of York, and she is not a qualified expert on investment. Specifically, the copy in the ad is written in such a way as to suggest that she is advising the reader to buy this financial service as part of a sound financial plan. In fact, she is simply a well-known celebrity, and a wealthy person who largely inherited her money, rather than someone who earned her fortune through investments. Celebrities who lack expertise are often used in ads because they attract attention, and advertisers know that endorsements from such celebrities are often highly persuasive to consumers, even though such celebrities lack real expertise.

Sarah Ferguson
Schwab Investor

SARAH FERGUSON would be the first to tell you that financial security doesn't have to be a fairytale. It's about knowing. And planning. And making smart decisions.

Charles Schwab Stock Explorer.
It's an approach that helps you carefully screen stocks. For potential investment ideas. Online or off. The featured strategies can be used as a starting point to select stocks. So you can explore the potential of your portfolio. And start planning for your own happily ever after. To sample the new Stock Explorer, visit schwab.com and click on 'welcome' or call 1-800-739-5544.

stock explorer

call
1-800-739-5544

click
www.schwab.com

welcome

visit
384 locations nationwide

Charles Schwab
creating a world of smarter solutions

Ad 3: Team Players (Players Cigarettes)

The following ad was placed by the Players Cigarette brand. When you first look at the ad, it is not very clear what it is about. Cigarette companies are not allowed to directly advertise their products in Canada anymore. However, in order to get around this advertising ban, many cigarette companies promote certain events or teams, and then use advertisements relating to these events/teams to subtly increase consumer awareness of their brand name.

The ad on the next page shows Josh Freund depicted as engaging in healthy, vigorous exercise. At first the ad may give the impression that Josh is a professional cyclist, or at least a serious enthusiast. In fact, he is a mechanic who works for the Players Car Racing Team. But what does this ad have to do with being a mechanic or racing cars? The answer is nothing. Cigarette companies use images of athletes and athletic events in their ads to help associate their products with a healthy lifestyle, despite the fact their product is known to be a major source of disease. This is an unethical use of the spokesperson because the source is not an athlete as the ad depicts. Even if he was a real athlete, it is unethical to use an athlete as a spokesperson to sell such an unhealthy product.



Appendix B

Example of Test Ad in Exp 1 (Illegitimate Endorser Condition Shown)

90-pc. Carbon steel tool kit



Tim Allen
 “This one has all the tools you need for fixing things up around the house. These high quality tools will last for years.”

Special Offer: Save 50%
You pay only: \$ 34.99*

DETAILS:

- Ratchet set with SAE/MET drive sockets and extension bar
- Wide variety of pliers, wrenches and screwdrivers
- Durable molded case
- High-grade chrome vanadium and steel tools
- Highly reliable
- Everything a handyman needs
- Lifetime warranty



* Price available to Ace Hardware Club Members only. Nonmembers pay full price (\$ 69.99).

Appendix C

General Training Procedure (Exp 2)

Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

Advertisers use a variety of tactics to help sell products. Many advertisers are quite conscientious about presenting an accurate picture to the consumer. However, at times, advertisers have been accused of certain unethical practices in their ads. Such tactics typically rely on the fact that consumers do not think about advertisements with a careful and critical mindset.

In a recent example of advertising deception, the Better Business Bureau (BBB) recommended that Aurora Foods, Inc. discontinue its claim that Duncan Hines Muffin Mix contains "50% more chocolate chips than Betty Crocker's muffin mix." While it was literally true that there were more chips in the Duncan Hines mix, the BBB determined that the size of the chips differed so much that there was actually more chocolate in the Betty Crocker version. Although this ad is misleading at first glance, when you read it more carefully, and think more about what it really means, you are less likely to be misled.

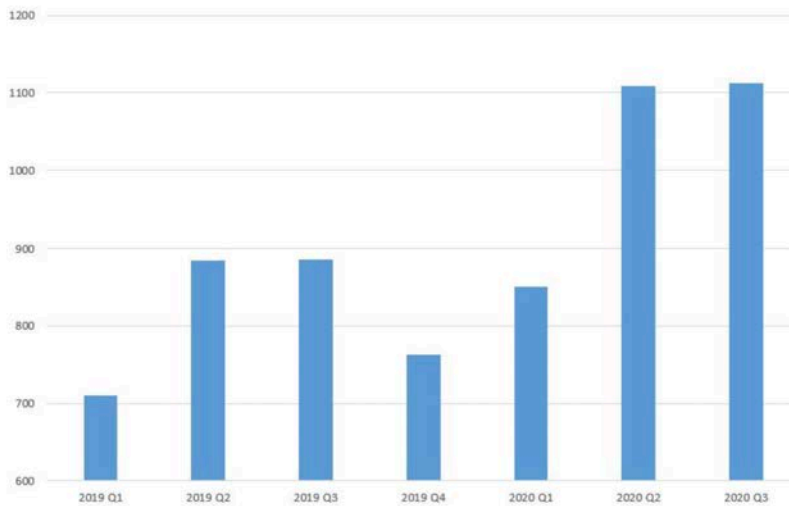
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Instructions: Please continue to carefully read the following screens of text. You may be asked questions later in the study about this text:

The use of such illegitimate advertising tactics – i.e., any tactic that tries to deceive or mislead the consumer in some fashion – has been deemed an unethical practice by government agencies such as the Federal Trade Commission (FTC), business organizations such as the Better Business Bureau, professional organizations such as the American Marketing Association, and by members of the academic community.

These groups caution that consumer scams are on the rise. This warning is backed by a recent FTC report suggesting an alarming increase in complaints of questionable advertising claims that have been made by consumers in recent years. Every year, FTC investigates thousands of complaints about advertising from consumers all across the country. Just since 2019, the number of complaints has increased by 57%, as you can see in the chart below. The number of complaints that are upheld following further investigation by the FTC has also increased dramatically over the recent period.

Number of Fraud Cases Reported to the FTC (in thousands)



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Instructions: Please continue to carefully read the following text*. You may be asked questions later in the study about this text:

Needless to say, some false advertising is the result of honest typographical errors and other mistakes in advertising copy. But FTC reports a growing tendency for advertisers to engage in more blatant attempts to deceive consumers by deliberately crafting ads that are misleading, vague, omit important details, or include statements that are factually false. Their files contain hundreds of cases that have been reviewed by the FTC and the BBB in the past few years.

Even more worryingly, while the reported number of "deception" cases might seem high, FTC estimates that the actual frequency of deception is much higher, because as many as 75% of consumers never even realize they've been misled. The good news is: recent research shows that smart consumers who think about advertisements carefully and rigorously are almost always able to spot deceptive tactics, and accordingly make better judgments about the ads they see.

The other side of this coin, of course, is that people who don't process ads carefully – which unfortunately describe most of us – are quite apt to be taken in by advertising deception. As P.T. Barnum, the famous 19th century circus promoter, once claimed, "there's a sucker born every minute." These days, many advertisers seem to be taking his credo to heart. Buyers beware!

Appendix D

Specific (Endorser) Training Procedure (used in Exp 2)

Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

Many print ads use spokespeople or authority figures to help sell products. For instance, Michael Jordan was commonly included in magazine ads for Air Jordan basketball shoes.

However, at times, advertisers have been accused of unethical practices in the use of some of the spokespeople who appear in their ads. While many advertisers use legitimate spokespeople, there are many instances in which advertisers have opted to use illegitimate spokespeople, which has been deemed an unethical practice by government such as *Federal Trade Commission*, business organizations such as the *Better Business Bureau*, professional organizations such as the *American Marketing Association*, and by members of the academic community.

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Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

But how can you tell when a spokesperson is being used ethically or unethically? The *American Marketing Association* has provided a number of standards for determining whether or not the use of a spokesperson is legitimate in its statement of ethical marketing practices.

Specifically, for an authority or spokesperson to be used ethically in an advertisement it must pass two tests:

1. The authority must be a real authority, and not just someone dressed up to look like an authority.
2. The authority must be an expert on the product he or she is trying to sell.

On the next few pages, you will see some different ads that include spokespeople. These examples will be used to show you how the above ethical criteria apply to each case. Pay careful attention as you look through each ad and read the description of whether it meets the ethical standards of the AMA or not.

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Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

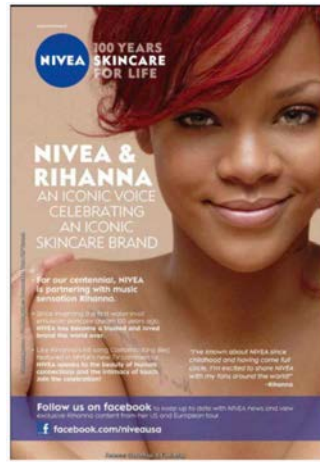
The ad below is a good example that clearly meets the criteria set for the use of a legitimate spokesperson in an ethical way. This is in an ad for skin care products endorsed by the dermatologist, Dr. Michelle Henry. As a dermatologist, Dr. Michelle Henry meets both the criteria for a spokesperson to be legitimate. She is a real authority rather than an actor pretending to be an authority, and her qualifications as a dermatologist match the products she is advertising—namely skin care products.



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Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

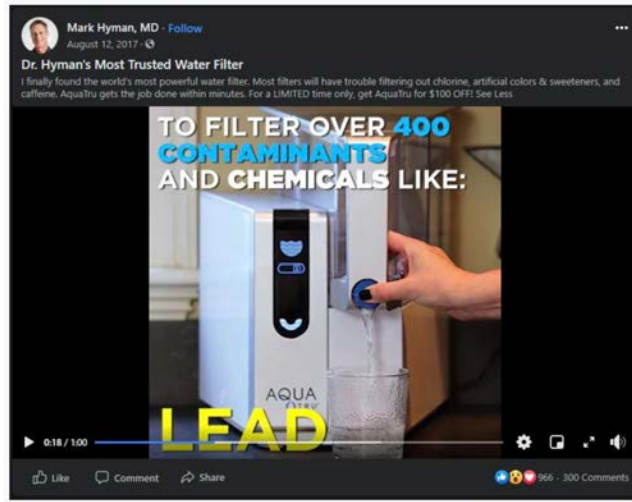
In contrast to the previous ad for skin care products, the ad below does not meet the ethical standards required for a spokesperson to be considered a legitimate authority. The spokesperson is Rihanna, the pop star, who is not a qualified expert on skin care. Specifically, the ad suggests a conceptual connection between the quality of Rihanna's voice and the quality of Nivea skincare products. In fact, she is simply a well-known celebrity, and an attractive person with good skin, rather than someone who is an expert on the medical details of skin care.



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Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

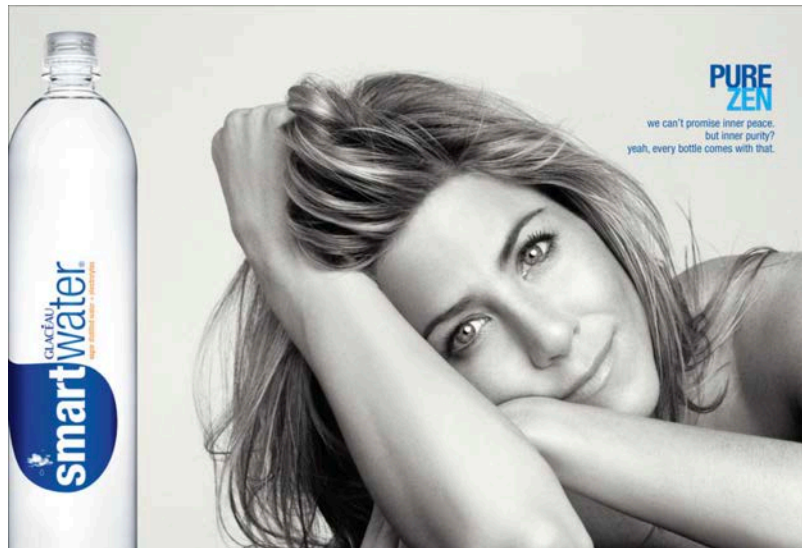
Below is another good example of an advertisement that meets the ethical standards required for a spokesperson to be considered a legitimate authority. The spokesperson is Dr. Mark Hyman, a family medicine doctor affiliated with the Cleveland Clinic. The subject of the advertisement is a water filter, and the claim is that the filter removes contaminants from tap water, making it healthier to drink. Dr. Hyman is an actual medical doctor, affiliated with a prestigious institution; and his area of expertise includes the product he is selling.



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Instructions: Please carefully read the following few screens of text. You may be asked questions later in the study about this text:

In contrast to the previous example, below is an example of an advertisement that does not meet the ethical standards required for a spokesperson to be considered a legitimate authority. The spokesperson is Jennifer Aniston, the very famous TV and movie star. The subject of the advertisement is a Smart Water, a popular brand of bottled water, owned by Coca-cola. Jennifer Aniston is not an expert about the health effects of drinking water purity. Rather, she is simply a famous person, who appears healthy and happy next to the product being advertised.



Appendix E

Test Ad Used in Exp 2



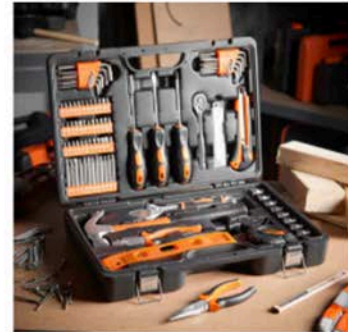
Nick Offerman

“This one has all the tools you need for fixing things up around the house. These high quality tools will last for years.”

Special Offer: Save 50%
You pay only: \$ 34.99*

DETAILS:

- Ratchet set with SAE/MET drive sockets and extension bar
- Wide variety of pliers, wrenches and screwdrivers
- Durable molded case
- High-grade chrome vanadium and steel tools
- Highly reliable
- Everything a handyman needs
- Lifetime warranty



* Price available to Home Hardware Club Members only. Nonmembers pay full price (\$ 69.99).