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### Abstract

This article assesses the impact of corrective advertising on consumer images of the company involved and the FTC. A specially prepared FTC-source corrective ad was found to have a negative impact on company image while improving the image of the FTC. A company-source ad, however, improved company image without affecting FTC image.

### Introduction

In the early 1970's the Federal Trade Commission began using corrective advertising as a major weapon in its continuing crusade against deceptive advertising. Several firms whose advertisements were found to be deceptive have agreed to use corrective statements to erase residual misinformation caused by the ads. The increased use of corrective advertising has raised several issues concerning its purpose, effectiveness, and possible side effects.

One issue of concern to advertisers involves the impact of corrective advertising on the image and credibility of the company required to run corrective messages. Many advertisers have expressed the opinion that corrective advertising has a detrimental effect on company image, damaging the firm's credibility to the point that it can no longer compete effectively. As such, corrective advertising could be considered cruel and unusual punishment.

"The FTC's expressed goal in requiring corrective advertising is to provide information to consumers, not to punish advertisers by harming their images and credibility. Robert Pitofsky, then Director of the Bureau of Consumer Protection at the FTC, stated that the purpose was "not to embarrass or disgrace corporations, but to dissipate misleading impressions with a solid dose of accurate information. We also believe this remedy will help restore competition to the situation that prevailed before the fraud or deception improperly influenced preexisting market shares [Wark, 1971]." Thus, the FTC's objectives in requiring corrective advertising are to correct consumer misimpressions and to restore competition. The Commission, however, has not shown concern for possible side effects such as damage to a company's image.

The current corrective advertising campaign for Listerine highlights these issues [Warner-Lambert 1975, 1978a, 1978b]. An FTC order requiring that \$10,000,000 of Listerine television ads carry a corrective message was upheld by the courts in the fall of 1977. The corrective ads, containing wording specified by the FTC\* began appearing in the media in the fall of 1978. The FTC has a major study underway to assess the effectiveness of the corrective advertising in eradicating the deception and restoring the competitive situation. The study, however, does not attempt to assess the effects of the corrective ads on various components of company image.

### Purpose

This article reports some of the results of a study undertaken prior to the start of the Listerine corrective campaign [Gurol, 1977]. The purpose of the com-

plete study was to measure the level of deception in the Listerine ads investigated by the FTC, assess the effectiveness of specially designed corrective ads in reducing residual deception, and provide additional information about the impact of the corrective advertisements on company and FTC images. This article discusses the procedures and results which are relevant to the image issue. Other results are reported elsewhere [Armstrong, Gurol, and Russ, 1979].

### Literature Review

Source credibility is very important in persuasive communication. As one writer summarizes, "people seem to place greater confidence in a trustworthy source and hence are more receptive to what is said [Sternthal, 1972]." A corrective advertising requirement would indeed be punitive if the result were to tarnish the offending company's credibility and damage its image. If in fact, the FTC wishes to avoid punishment, it must find a way to accomplish its corrective advertising goals while minimizing the damage done to the company's image.

"The communication literature provides two clues. First, Walster and others [1966] have pointed out that "even a communicator with every low credibility may be quite influential if he argues contrary to his self-interest." Koeske and Crano [1968] obtained similar results. Second, studies in noncommercial contexts found that the use of two-sided appeals may have a positive effect on perceived source credibility. Walster and other [1966], for example, showed that presentation of both pro and con arguments seemed to increase source credibility. Faison's research suggests that two-sided appeals may be more effective in influencing consumers [1961].

Combined, these two groups of findings indicate that corrective advertising may have some unintended effects. When manufacturers make negative admissions publicly in their advertising, "the result...may be to enhance the credibility of the advertiser in the consumers' eyes and hence increase his promotional effectiveness.

This, of course, would be contrary to the result intended by the FTC [Engel, Kollat, and Blackwell, 1973]."

The marketing literature related specifically to remedial advertising and its effect on company and FTC images consists of three sets of experiments. Hunt [1972a, 1972b], while investigating the effects on counter ads from various sources on attitudes toward a product [Standard Oil of California's Chevron F-310], also measured their effect on company and source repu-

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\*The original order [see Warner-Lambert 1975] was: "Contrary to prior advertising, Listerine will not help prevent colds or sore throats or lessen severity." The appeals court ordered [see Warner-Lambert 1978a] the deletion of the phrase "contrary to prior advertising" because it felt that it was not needed to call attention to the corrective message that was to follow and this case was not egregious enough to warrant its use for humiliating the advertiser [p. 763]. In a footnote the court stated: "We express no view on the question whether an order intended to humiliate the wrongdoer would be so punitive as to be outside the Commission's proper authority [p.768, note 69]."

tations. Hunt found that "perceived truthfulness of the sources was about the same before and after exposure to the counter ad except for the corrective ad situation. Being required to admit in one's own ad that previous ad claims had been false caused a substantial drop in perceived truthfulness of the corrective advertiser [1972b, p. 336]." This finding seems contrary to the predictions of the general literature on source credibility.

Dyer and Kuehl [1972, 1974] studied the effects of both print and radio corrective ads about a diet soft drink and a suntan lotion on the company image. In the print version only, an FTC-source, high-strength message resulted in a more unscrupulous company image while company-source, high-strength treatments brought a more trustworthy image. This last finding is similar to the findings in communication research.

Kassarjian, Carlson, and Rosen [1975] examined the effects of corrective advertising on the retailer carrying the product (a motorcycle safety device). They "used a local newspaper advertisement for a brand of product not nationally recognized and attempted to assess the impact of corrective advertisement about his own name." After seeing the corrective ad, the subjects perceived the product as significantly less desirable but the image of the retailer did not change significantly. That is, "negative effects created by a corrective advertisement do not generalize to the local retailer who placed the ad, in this case for an item not identified by a nationally known brand name."

Although each of these studies was a significant step toward understanding the impact of corrective advertising on corporate and agency images, their inconsistent results and the lack of realism of the corrective ads used makes additional study worthwhile.

## Methodology

### Experimental Procedure

In the study reported here, the corrective message ordered for Listerine by the FTC was imbedded in a filmed commercial and evaluated in an experimental setting. The purpose was to determine, among other things, the impact of the corrective ad on company and FTC images.

134 subjects assigned randomly to three groups were shown a deceptive Listerine ad film chosen from a reel of 29 ads held by the FTC as evidence in the Warner-Lambert case.\*\* They were then asked to complete semantic differential scales measuring their images of Warner-Lambert and the FTC. Throughout the study, ads of interest were mixed with ads for irrelevant products in order to disguise the purpose of the research. Next, the first group was shown a company-source corrective ad, the second group was shown an FTC-source corrective ad, and the third group was shown an irrelevant ad. All subjects were then requested to complete the semantic differential scale again.

### Subjects

The subjects of the study were students enrolled at a large state university who responded to solicitations for volunteers and a small monetary inducement to participate. A sample consisting of student and non-

student subject might have been more representative of relevant consumers. But students do represent a segment of relevant consumers (61% were using Listerine or had used it previously). And there may not be that much difference between student consumers and non-student consumers. The SBT results for the food product and finance company ads in this study (using students) were similar to the results of a previous study using the same ads with a sample consisting of non-student adults with a wide range of ages [Armstrong, Kendall and Russ 1975].

### Treatments

Two corrective ads were professionally filmed for this experiment. The two ads were identical except for the introductory sentences which identified the message source. In one ad, the company (Warner-Lambert) was identified as the source, while in the other ad the FTC was identified as the source. Exhibit 1 provides the text of the corrective message used. Throughout each corrective ad, relevant props were used to identify the message source visually.

### EXHIBIT 1 TEXT OF THE CORRECTIVE ADVERTISEMENT

Hello, I am Walter Hughes (fictitious name), representing (Warner-Lambert or the Federal Trade Commission).

Contrary to prior advertising of Listerine, Listerine will not prevent or cure colds or sore throats, and Listerine will not be beneficial in the treatment of cold symptoms or sore throats.

Listerine is an antiseptic which kills germs on contact. It is effective for general oral hygiene, bad breath, minor cuts, scratches, insect bites and infectious dandruff. But it is not effective against colds and cold symptoms, because colds are caused by viruses and Listerine does not kill viruses.

The first paragraph of the message identifies the source. The second paragraph specifies the negative attributes of the product as required in the final order of the FTC. The first two sentences of the final paragraph specify positive attributes as they are stated on the Listerine label. The final sentence explains the reasoning behind the negative attributes mentioned in the second paragraph.

In both ads, the message is read by an actor in a straightforward narrative. The message is objective in that both the positive and negative claims have been supported by medical evidence. The message is two-sided, containing three negative and six positive claims.

### Measures

The semantic differential scales used the following pairs of adjectives: powerful/weak, warm/cold, deliberate/careless, modern/old-fashioned, successful/failure, outgoing/withdrawn, and trustworthy/unscrupulous. The first four pairs were taken from Green and Tull [1975, p. 194], and the last three from Dyer [1972, p. 143]. Scores were assigned to the scale such that the positive extreme received a "7" and the negative extreme received a "1".

### Analysis of the Data

The semantic differential scales were analyzed in two ways. First, in order to determine the effects of the corrective message on overall company and FTC images, a vector was formed by subtracting the second scores

\*\*The film we have used (Exhibit No. CXID-34) was duplicated from the FTC files by a professional motion picture company and it is almost impossible for a nonprofessional to differentiate it from the original.

of each bipolar scale from the first scores of the same scale. This vector was tested against a vector of "0"s to see if there was a significant change in overall image. Second, to determine the effects of the corrective message on company and FTC images with respect to the individual attributes represented by each scale, the scales were evaluated individually. The difference between the first and second measurement for each scale was tested against "0" to determine if there was a significant change in company or FTC image on that scale.

### Results

Results for the portion of the study dealing with levels of deception caused by the Listerine advertisement, and the effectiveness of the corrective ads in reducing deception, are reported in detail elsewhere [Armstrong, Gurol, and Russ 1979]. Briefly, it was found that deception levels did increase significantly as a result of exposure to the deceptive Listerine ad, and that both corrective advertisements used in the study caused significant reductions in deception levels. In addition, with respect to reducing deception, no source effect was found. The company-source and FTC-source corrective ads appeared to be equally effective in reducing deception levels.

With regard to company and FTC images, however, the two corrective ads produced differing results. The results of the study pertaining to the impact of the corrective advertisement on company and FTC images are reported below.

#### Effect on Company Image

The changes in company image resulting from exposure to the corrective advertisements are reported in table 1 and represented visually in figure 1.

TABLE 1  
COMPANY IMAGE BEFORE AND AFTER EXPOSURE TO  
COMPANY-SOURCE AND FTC SOURCE CORRECTIVE  
ADVERTISEMENTS

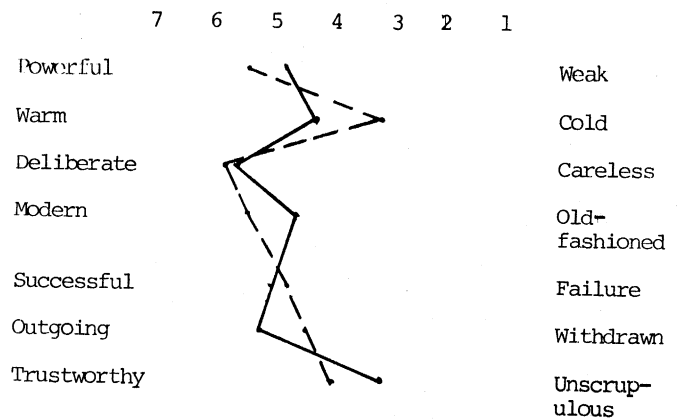
#### A. Company-Source Corrective Advertisement (Overall: $p < .009$ )

	Before	After	Difference	$p <$
Powerful-Weak.....	4.78	5.25	0.47	.09
Warm-Cold.....	4.34	3.28	-1.06	.002
Deliberate-Careless....	5.50	5.66	0.16	.68
Modern-Old-Fashioned...	4.62	5.38	0.75	.03
Successful-Failure.....	4.91	5.06	0.16	.59
Outgoing-Withdrawn....	5.25	4.69	-0.56	.06
Trustworthy-Unscrupulous	3.31	4.34	1.03	.02

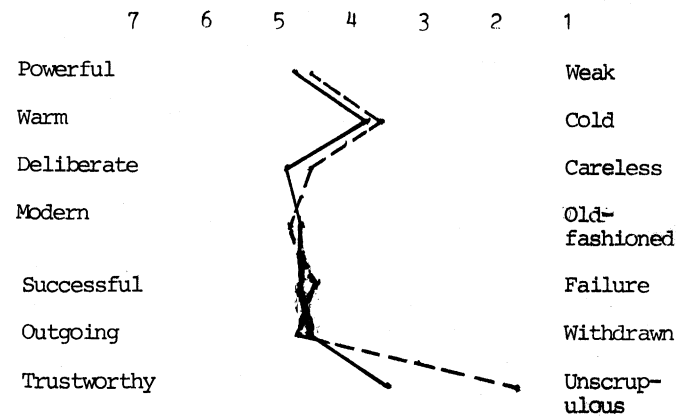
#### B. FTC-Source Corrective Advertisement (Overall: $p < .001$ )

	Before	After	Difference	$p <$
Powerful-Weak.....	4.81	4.53	-0.28	.36
Warm-Cold.....	3.94	3.66	-0.28	.26
Deliberate-Careless....	5.00	4.59	-0.41	.21
Modern-Old-Fashioned...	4.72	4.84	0.13	.59
Successful-Failure.....	5.00	4.72	-0.28	.17
Outgoing-Withdrawn....	4.56	4.69	0.12	.44
Trustworthy-Unscrupulous	3.69	1.78	-1.91	.001

FIGURE 1  
CHANGES IN COMPANY IMAGE  
A. COMPANY-SOURCE CORRECTIVE AD



B. FTC-SOURCE CORRECTIVE AD



————— First Measure  
----- Second Measure

The company-source corrective ad caused a significant ( $p < .009$ ) change in the overall company image [table 1A, figure 1A]. Two scales contributed most significantly to this overall image change. The company was seen as less warm ( $p < .002$ ) but more trustworthy ( $p < .019$ ). Furthermore the company was viewed as less outgoing ( $p < .059$ ), but more modern ( $p < .030$ ) and powerful ( $p < .092$ ). On the whole, therefore the admission by the company that it had been making some unsubstantiated claims appears to have a positive impact on the company's overall image. While the company is perceived as less warm and outgoing, it is also perceived as more trustworthy, modern, and powerful. Its credibility and competitive posture may well have been enhanced by the corrective advertisement.

The change in overall company image caused by the FTC-source corrective ad was also highly significant ( $p < .001$ , table 1B and figure 1B). The nature of the image change, however, was considerably different from that produced by the company-source advertisement. Only one image component changed significantly. As a result of the FTC-source ad, the company was seen as significantly less trustworthy ( $p < .001$ ). Thus, while the seemingly willful disclosure by the company appears

to have enhanced the company's credibility, the same disclosure by the FTC appears to have greatly reduced that credibility.

Effects on the FTC Image

The changes in FTC image caused by the corrective ads are reported in table 2 and figure 2.

TABLE 2

FTC IMAGE BEFORE AND AFTER EXPOSURE TO COMPANY-SOURCE AND FTC-SOURCE CORRECTIVE ADVERTISEMENTS

A. Company-Source Corrective Advertisement (Overall:  $p < .040$ )

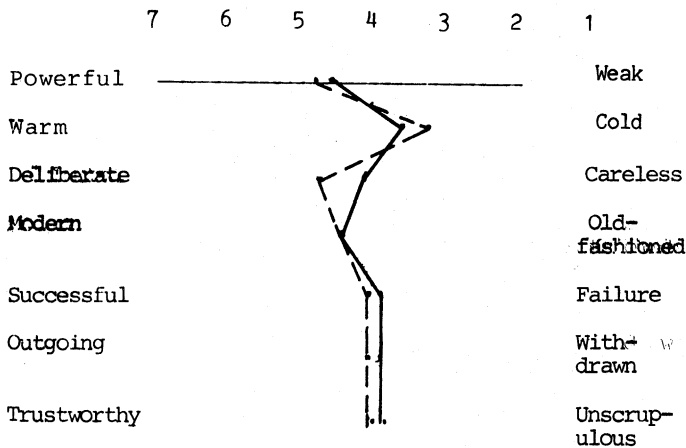
	Before	After	Difference	P<
Powerful-Weak.....	4.59	4.69	0.09	.65
Warm-Cold.....	3.56	3.22	-0.34	.09
Deliberate-Careless.....	4.16	4.75	0.59	.02
Modern-Old-Fashioned....	4.38	4.38	-0.00	1.00
Successful-Failure.....	3.91	4.03	0.13	.57
Outgoing-Withdrawn.....	3.91	4.00	0.09	.62
Trustworthy-Unscrupulous	3.88	4.00	0.13	.46

B. FTC-Source Corrective Advertisement (Overall:  $p < .001$ )

	Before	After	Difference	p<
Powerful-Weak.....	5.00	5.44	0.44	.02
Warm-Cold.....	3.25	3.50	0.25	.48
Deliberate-Careless.....	4.22	5.50	1.28	.00
Modern-Old-Fashioned....	4.41	4.81	0.41	.17
Successful-Failure.....	4.13	5.13	1.00	.001
Outgoing-Withdrawn.....	3.91	4.25	0.34	.23
Trustworthy-Unscrupulous	4.28	4.94	0.66	.009

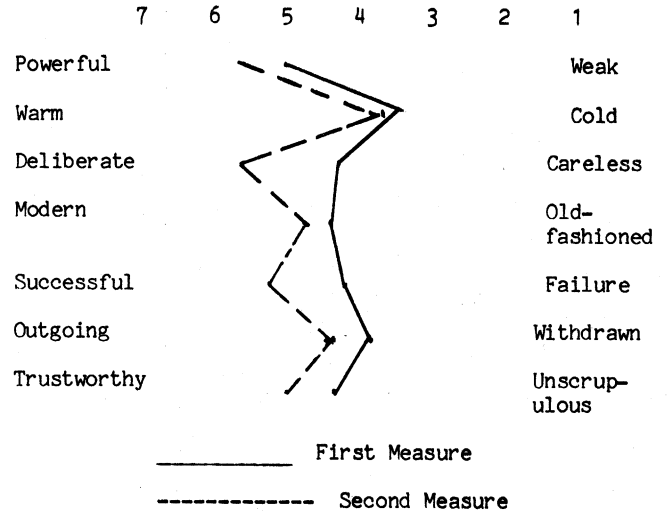
FIGURE 2

A. CHANGES IN FTC IMAGE COMPANY-SOURCE



The company-source corrective advertisement caused a significant change in the overall FTC image ( $p < .040$ , see table 2A and figure 2A). The FTC was perceived as more deliberate ( $p < .022$ ) but somewhat less warm ( $p < .086$ ). On the whole, the image change is neither strongly positive nor strongly negative.

B. FTC-SOURCE



The FTC-source corrective ad caused a highly significant ( $p < .001$ ) change in the overall FTC image (see table 2B and figure 2B). Furthermore, the image change is heavily positive. After making the disclosure of the company's prior misdeeds, the FTC was perceived as more successful ( $p < .001$ ) trustworthy ( $p < .009$ ), and powerful ( $p < .024$ ).

Analysis of the results for the control group, which received the deceptive but not the remedial messages suggested significant changes on only two scales. (see table 3). The company was seen as less outgoing, while the FTC was perceived as more powerful (although the overall change in FTC image was insignificant).

TABLE 3  
COMPANY AND FTC IMAGES IN CONTROL GROUP

A. Company Image (Overall:  $p < .010$ )

	Before	After	Difference	p<
Powerful-Weak.....	5.15	5.27	0.12	.54
Warm-Cold.....	4.55	4.33	0.21	.28
Deliberate-Careless.....	5.30	5.46	0.15	.26
Modern-Old-Fashioned....	4.39	4.67	0.24	.19
Successful-Failure.....	5.76	5.64	-0.12	.25
Outgoing-Withdrawn.....	5.27	4.85	-0.42	.001
Trustworthy-Unscrupulous	3.73	3.85	0.12	.57

B. FTC Image (Overall:  $p < .307$ )

	Before	After	Difference	p<
Powerful-Weak.....	4.848	5.242	0.393	.017
Warm-Cold.....	3.485	3.545	0.061	.712
Deliberate-Careless.....	4.545	4.727	0.182	.184
Modern-Old-Fashioned....	4.545	4.636	0.091	.521
Successful-Failure.....	4.212	4.455	0.242	.147
Outgoing-Withdrawn.....	4.121	4.061	-0.061	.773
Trustworthy-Unscrupulous	3.879	3.697	-0.182	.311

Discussion

The FTC-source and company-source corrective advertisements produced dramatically different effects on FTC and company images. While the FTC-source ad was no more effective in reducing levels of deception, it had a

substantial negative effect on the company's image, especially its trustworthiness. At the same time, the advertisement served to substantially improve the FTC's image.

The company-source corrective advertisement, on the other hand, had a somewhat positive effect on company image. This was true even though the ad took the form of a direct and objective narrative which indicated, in no uncertain terms, that the company had misinformed consumers in its previous advertising. It did not, however, affect the FTC's image in a substantially positive or negative direction.

#### Conclusions

The increasing use of corrective advertising as a remedy in cases where deception in advertising is found adds importance to issues of its purpose and effects. While some information has been obtained concerning the effectiveness of corrective advertising in reducing or eliminating deception, there is little information available concerning its side effects.

Most studies so far have indicated that corrective advertising can be effective in reducing the level of misinformation caused by previous advertising. The results of this study suggest several interesting conclusions regarding an important side-effect of corrective advertising--its effect on company and FTC images.

It appears that corrective advertising does significantly affect the image of the offending company, and the image of the FTC as well. The nature of the effect, however, may be beneficial or punitive to the company depending on whether the corrective message is provided by the company or the FTC. Thus, a dilemma is generated. While the FTC has stated that it does not intend harm to a company's image through the corrective advertising requirement, it seems unlikely that the intent is to improve the offending company's image and credibility. The question arises as to whether the company should be punished or allowed to benefit with respect to image. The answer depends almost entirely on the point of view.

On the other hand, it could be argued that the offending company unfairly enhanced its image in the past through deceptive means, and that the harm done by FTC-source corrective advertisement would help to restore competition to its previous levels. On the other hand, it could be argued that the Commission's expressed objectives are accomplished when the message is delivered by either source, and that the damage done to the company's image by an FTC-sponsored message is too extreme. Furthermore, in a company-sponsored corrective ad, the company is confessing its prior wrongdoing (whether willfully or not) and it, therefore, acting in a manner which warrants more trust.

Before attempting to answer questions about the acceptability of the effects of corrective advertising, we must have a better understanding of just what these effects are. While much research attention is being given to the effectiveness of corrective advertising in reducing residual deception, too little is being given to possible side effects. While there are many points of view and opinions concerning the nature and extent image and other side effects, there is little evidence to support these opinions.

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