Great State Wheat Flakes Can’t be Beat

Betty, who has been employed for three years as a copywriter for HK&M, a mid-size advertising agency specializing in consumer packaged goods, has been feverishly working for the past week on a new ad campaign for Great State's wheat flakes, a regional breakfast cereal. The account has been with the agency for several years. Although Charlie, the brand manager on this cereal, has been pleased with the agency's work over the years, the old positioning, which stressed taste attributes and fun-filled family breakfasts, has become tired and dated. Marketing research shows a high degree of consumer wearout—people are tired of the campaign, even annoyed with it, and are ready for something fresh. Betty's task was to rejuvenate the brand via repositioning it to take advantage of and tie into the health and well being trends, specifically the interest in eating "good-for-you" food as well as in physical fitness. The brand was to be pitched as an important part of an active, healthy lifestyle.

Betty thought she had come up with the perfect theme line: "Great State's wheat flakes will give a great start to your active day," and she had developed what she believed were some clever scenarios for TV and print ads featuring the product being consumed after workouts in health clubs, following a morning jog, after a snowboarding expedition, to power up before rollerblading, and even while zipping along on a scooter (“Look Ma, no hands!”). However, upon reviewing her proposals, Charlie said that while the vignettes were on target because health-conscious customers would relate well to them, the slogan was off base. He wanted something more specific and hard hitting, and so Charlie developed the theme line, "Great State Wheat flakes can't be beat. No other wheat flake offers you more vitamins and minerals and fewer calories."

Betty tried to kindly tell Charlie that this was misleading because it implies that Great State's brand is healthier than most, if not all, of the others, whereas actually all wheat flake cereals are parity products-- they are virtual photocopies of each other in terms of taste, texture, and, most important here, composition and therefore nutritional value. In fact, blind taste tests have shown that between 70 and 80 per cent of consumers cannot identify their favorite brand of wheat flakes and that loyalty levels are low -- with price incentives consumers will readily switch brands. Charlie, obviously irritated, explained that his tag line was an honest exaggeration, what the advertising trade termed "puffing," and that consumers are expected to see through it. He felt that it offered the point of difference needed to increase brand loyalty.

Betty, feeling uneasy, later that day approached her boss Steve, the copy chief at HK&M, asking his counsel. Steve explained that Charlie's suggested slogan is what is called an "implied superiority" claim.

Steve explained that such claims are commonly made for commodity brands. They stake out a parity position, which does not claim to be superior to, but only as good as, other brands, while using copy that suggests or implies superiority for the named brand. He cited several current and classical examples, such as "Nothing else cleans better," "The maximum fluoride protection in any toothpaste," "You can't beat the savings," "You can't buy a more effective pain reliever," and "Nothing is proven to work better or last longer."
In effect, these brands are claiming that they are unsurpassed. However, none claims to be truly better than their competitors. Betty, recalling several other such implied superiority claims she had recently seen, realized that it was, indeed, a popular technique.

Steve reminded Betty that there is a distinction between deceptive advertising, which creates false impressions and misleads a consumer acting reasonably, and "trade puffing," which is exaggerated praise of the product (e.g., Almost Home cookies are the “moistest, chewiest, most perfectly baked cookies” ever; “Nestle makes the very best chocolate”). Puffery is viewed as acceptable in a society of the superlative.

Consumers are assumed to see through the exaggeration or at least engage in a "willing suspension of disbelief." He explained to her that whereas deceptive advertising is illegal, the Federal Trade Commission (FTC), which monitors national advertising for accuracy and fairness in claims, views puffery as legitimate.

"What's more," Steve concluded somewhat sarcastically, "using your line of reasoning, Betty, we shouldn't at all advertise any parity products, since all brand advertising is designed to create a brand distinction in the buyer's mind. Advertising is necessary to differentiate yourself from the pack of imitators. And, it helps a small, underdog brand like Great State get a leg up on the big, deep-pocketed companies like our rivals."

Betty thought that, in fact, Steve's taunting comment might, indeed, have some merit. In fact, she feared that it might force Great State’s competitors to improve and differentiate their cereals, thereby benefiting consumers (but harming Great State). Nonetheless, she still felt uneasy. It seemed to her that the “implied superiority’ claim crossed the boundary from puffery over to deception.

QUESTIONS/EXERCISES

1. What from your reading this week applies to this case?
The FTC is in charge of checking commercial speech to make sure that it is not false or deceptive. False or deceptive commercial speech could be verbal or visual. Puffery is separate from false or deceptive speech, and it considered ok.

2. What role would the FTC play in this case?
The FTC would have to look at the case and decide if what the company was saying is actually puffery or falls into a different category like deceptive advertising. With puffery the audience or consumers are supposed to be able to tell that what is being said in the advertisement to be considered an obvious exaggeration of how good the product is.
3. Identify the ethical issues facing Betty regarding the nature of the proposed “Implied superiority” advertising claim. The first part of the advertising claim. “Great State Wheat flakes can't be beat.”, I think it is obvious that this part of the advertisement would be considered puffery or implied superiority, because every company would say that their product is the best. What tastes the best is up to an individual’s likes and dislikes. The second half of the claim “No other wheat flake offers you more vitamins and minerals and fewer calories.”, is something that may be false. It was said that most of these cereals hold the same nutritional values and are made of the same products. If all wheat flakes are made of the same products than this would be considered deceptive or false advertising.

4. What are the possible decision alternatives Betty could devise, and what are the ethics of each alternative?
Betty could tell the others that the first part of the claim sounds good, the second part may not be true and can be considered false advertising. If they send out something that is false advertising they could lose the client, have to pay money, and make a new claim for the cereal. Betty should tell them that it would be easier just to come up with something new. Betty could also tell them that puffery it ok to use for the advertisement, but the claim they use needs to be more obvious that it is puffery. Puffery works in the advertising business as long as the average person can find the claim to be obviously exaggerated.

5. Which alternative would you recommend to Betty and why?
I would recommend that Betty stand strong on her views of the claim being deceptive. It would be better for her and her coworkers to fix the claim now than it would be for the FTC to have to tell them that the claim is deceptive.