

CHAPTER 1: The Field Of Advertising

Lesson 5: Comparative Advertising**Objective:**

- You will understand the relevance of comparative advertising
- It will give you an idea as to why it is resorted to?
- You will understand the issues in the case study taking into consideration two strong players viz, Pepsi and Coca Cola.
- The second case study focuses on the negative usage of the concept.

Comparative advertising, as the name suggests, is advertising where a party (the advertiser) advertises his goods or services by comparing them with the goods or services of another party. Such other party is usually his competitor and is often the market leader in the particular trade. The comparison is made with a view towards increasing the sales of the advertiser. This is typically done by either suggesting that the advertiser's product is of the same or a superior quality to that of the compared product or by denigrating the quality of the compared product.



The more blatant form of comparative advertising refers to the product by name and this is generally known as **comparative brand advertising**. However using or referring to a specific trademark or brand name does not always do this. Comparative advertising can, however, also occur without any use of the trademark at all, for

example, a motorcar manufacturer might compare his product with the "luxury German cars" on the market. Captain Cook for example when it first launched on the Indian market used an advertisement that made an overt reference to Tata Salt by showing a package that looked exactly like it. As such advertising does not contain any trademarks it is not relevant to the law of trademarks (it may, however, constitute a breach of the code of ethics of the ASA (the Advertising Standards Agency)).

Comparative brand advertising does not have to be limited to the use of the identical trademark, as imaginative advertisers will often rely on a play of words.

There is also the possibility that comparative advertising could constitute infringement where the registered trademark is well known. A more classic example of comparative advertising constituting dilution would be "XYZ shoes, the Rolls Royce of shoes". Accepting that Rolls Royce is a well-known trademark, the fact that there is no similarity between shoes and motor vehicles would not preclude the proprietor of the trademark Rolls Royce from objecting to the use of its well-known trademark in this context.

In conclusion, virtually any misuse of a person's registered trademark in advertising can constitute trademark infringement and advertisers are advised to be well aware of this fact.

Although the ASA now has many laws governing advertising codes, a simple benchmark that has often been held up in a court of law is that a business would be permitted to use the name of a competitor and describe the competitor's products in an ad, even though the comparison will likely point out the competing product's or service's inferiority, as long as there is no likelihood that a consumer would believe the advertiser is also selling the competing product or service and as long as the statements made are **accurate**.

In a landmark case where a famous art critic stated that a particular painting was a forgery and the sale of that painting fell through, the critic was sued successfully for the painting owner's lost profits. It should be noted that for a disparaging remark to be

actionable, it must be both untrue and believed by a reasonable person. If the statement made was so outlandish as to be unbelievable, it is unlikely the owner whose product was disparaged will be able to prove any injury. Thus, if a car manufacturer claimed its competitor's vehicle was so poorly constructed that it literally fell apart within the first week of use, the likelihood is that this gross exaggeration would not be believed and, therefore, would not be actionable. Disparaging of existing products is common in the Indian context especially in the case of FMCG products where a crowded market forces manufacturers to use comparative advertising to distinguish and differentiate their product from others. Ariel used its launch advertisement to portray a modern "bahu" who preferred a pinch of Ariel vs. a traditional mother-in-law who preferred the "older" method of scrubbing with a cake of soap that no consumer had any difficulty recognizing as Rin.

Is it really all that bad?

But all this does not mean that comparative advertising is not without its advantages. What is the case for comparative advertising?

One of the most effective methods for advertising a product is to compare it with competitive offerings. Side-by-side or "A-B" comparisons can provide prospective customers with compelling reasons to buy from the company. They can also help build credibility for its product. Subconsciously, the prospective customer says: "Who would risk making a direct comparison if they didn't have something truly superior?" Johnson and Johnson found this out the hard way when Proctor and Gamble introduced *Whisper* with a direct comparison of the various features that were new in their product as opposed to *Carefree* without once naming *Carefree* directly.

Comparative advertising is especially effective when the company concentrates on unassailable and meaningful points of difference. Suppose, for example, a product is fabricated with heavy gauge steel while a competitor uses aluminum or thinner gauge steel. If durability and strength are important sales issues, by all means the company should show the difference and spell out the benefits. The facts speak for themselves.

Comparison advertising gets tricky when the issues aren't quite as matter of fact. For example, if a company displays its product along side a competitors and claims it to be 35% faster based on independent laboratory tests, it could be headed for a false advertising suit under federal law. There have been hundreds of cases in which the courts have found a claim to be invalid based on some seemingly minor technicality such as a flaw in a comparative testing. Intangible cases are harder to defend as well. Pepsi and Coke bear testimony to many legal battles – the latest a controversy about a Pepsi spoof on the current Coke model, Hrithik Roshan. An angry Roshan has sued by Coke as well as Pepsi!

In one such interesting example, an oven manufacturer tried to prove its product cooked faster than a competitor's comparably priced brand. Independent tests were conducted and the results confirmed the claim. Yet, the opposing manufacturer won a suit that included significant damages. Why? Because, a cherry pie with a lattice type crust was used to test the claimant's oven while a solid-crust cherry pie was used in the competitor's oven!

Let us understand some basic points regarding Comparative Advertising.

1. Comparative advertising is a form of advertising in which two or more named or recognizable brands of the same product class are compared and the comparison is made in terms of one or more product attributes
2. The comparisons can be *implicit* (brands implied but not named), or *explicit* (brands named); the comparisons can be verbal or visual; and the claims can be of complete superiority, of superiority on some attributes but not on others, or of parity; and the advertised brand can have a market share smaller than, roughly equal to, or greater than the comparison brand.
3. Regulations and norms about comparative advertising vary around the world, however, and such ads are still not allowed in several countries

Effectiveness of Comparative Ads

Is a comparative advertisement more effective than a noncomparative one? Much research has focused on this question, and the evidence on greater effectiveness is often equivocal. The results seem to vary not only upon the specific kind of comparative ad used and the brands involved, but also on the measure of effectiveness used (attention/recall, perceived similarity, or persuasion) and even the specific questionnaire scales used to measure effectiveness.

The effectiveness of comparative ads sometimes lies not in raising the preference ratings of the advertised brand, but in lowering the preference ratings of the comparison brands, or even in simply increasing the perceived similarity of the advertised and comparison brands without affecting any preference measures at all. It is thus important, in copy testing or tracking the effectiveness of comparative ads; to measure beliefs and preferences not only toward the advertised brand but also toward competition, as well as measure perceived similarities among these brands.

If attention and recall are used as the measures of ad effectiveness, various studies have shown that comparative ads do usually get more attention and higher recall than non-comparative ads. Pontiac used comparative advertising for its Grand Am in 1992, comparing it to the Toyota Camry and Honda Accord, because they found focus groups reacted more strongly to comparisons with specific competitors than to unnamed imports. Naveen Donthu found the gain in recall was highest if the comparisons being made were more "intense" (naming explicit competitors, making comparisons on specific attributes, and only making a one-sided claim).

Some areas of comparative advertising

The increased information in comparative ads should be beneficial to consumers and increase the chances for better decision making, so it is opined. Many researchers have, however, found that comparative advertising that names competitors can lead to greater consumer confusion about which brand is sponsoring the ad (thus creating awareness and preference for the compared-to brand), especially if the ad is being run on TV or radio, where more confusion is likely.

Indeed, the frequent occurrence of such "**sponsor misidentification**" is one the

major criticisms against "direct" comparative advertising (where the comparison brand is explicitly named). It is one reason why many companies prefer to run *indirect comparative ads*, in which they do not name comparison brands directly but imply them by showing packaging colors or shapes (such as Coke & Pepsi).

Leaders versus Followers

Interestingly, research supports the logic that a direct comparative ad from a small-share market follower is least likely to lead to higher awareness for the compared-to market leader (because the market leader already has high awareness), whereas a market-leading high-share brand has the most to lose from a direct comparative ad (by creating "free" awareness for the compared-to smaller brand). This leads to the conclusion that while low-share brands ought to use direct comparative ads; market leaders perhaps ought to use noncomparative or indirectly comparative ads (those that don't name competitors).

Smaller-share market follower brands also stand to gain more from direct comparative ads in another way: such ads have the effect of getting consumers to put both the advertised and the comparison brand in the same "consideration set," by increasing the degree to which they are perceived as similar to each other. A study found that comparative advertising was much more effective than noncomparative advertising in increasing the perceived similarity of the challenger and leader brands, particularly when the leading brand was explicitly named in the ad.

However while a comparative did bridge the perceived "distance" between the "leader" and the "challenger" brand, it did not significantly raise the attitude toward the advertised brand. Many other studies have also failed to find such attitude-enhancing effects. These failures could be due, in part, to the fact that these studies often failed to measure (and could not therefore find) possible decreases in consumers' attitudes toward the *comparison* brand. It has also been shown, however, that comparative ads often fail to sway attitudes and preferences because, while people may indeed notice them more, they nonetheless may consider a comparative

ad offensive, less credible and less informative (especially if they happen to like the brand being shown in a negative light.) The consumers' liking for a brand does go up due to comparative advertising but only upto a certain point.

Two-Sided versus One-Sided Comparative Ads

It is argued that there is more counter arguing if the message is one-sided instead of two sided. (A message is *one-sided* if it presents only positive arguments or attributes and *two-sided* if a few qualifications, usually about relatively minor attributes, are presented.) Two-sided ads are seen as more credible, because they admit that the advertised brands have some shortcomings.

However, not all two-sided ads beat one-sided ads in credibility: research has shown that two-sided ads are especially credible when the attribute on which the weakness is admitted is

- (a) Relatively unimportant, but not trivial, to consumers;
- (b) Perceived to be negatively correlated with the attribute on which superiority is claimed (e.g., "we are more expensive (weakness), but only because we give you higher quality");
- (c) One that would not otherwise be known to consumer's prior to purchase, so that the advertiser gains some "brownie points" for honesty.

Other research has also shown the general superiority of two-sided appeals, especially with more educated audiences, and with those consumers initially opposed to the brand making the claims, and on attitudes rather than purchase intentions. These results suggest that comparative ads are more likely to be persuasive in changing brand attitudes if they are two-sided rather than one-sided.

Open-Ended versus Close-Ended Comparisons

Another relevant issue is whether conclusions and arguments should be spelled out explicitly in a comparative advertisement or whether the receiver should be left to draw his or her own conclusions about the superiority of the brand sponsoring the comparison. It is often advantageous to leave something out of a message. Leaving

something out can stimulate curiosity and motivation to seek additional information about the brand and lead to a consumer-generated belief that is relatively more powerful than a belief created by an explicit statement in the ad. This would argue for not making explicit claims of the sponsoring brand's superiority.

However, there is some risk in assuming that a receiver will "draw his own conclusions." Research suggests that conclusions should be stated explicitly when there is a significant chance that the audience will not be motivated or unable to draw their own conclusions, or when there are real risks of having them draw the wrong conclusions. It was found that if the audience is involved in the message, and if the message is one where a conclusion can be easily drawn, an open-ended message (where no explicit conclusion was drawn) led to greater brand attitudes, intentions, and choice than a close-ended message (there was no difference for an uninvolved audience).

It was also found that comparative ads gain in relative effectiveness when aimed at more expert consumers and when they make comparison with specific, well known brands, because the comparative ad can be interpreted more ambiguously under these conditions.

Attempt the following case study on the cola war, which had defined the concept of comparative advertising.

Case Study 1

The proper study of war is the study of history focusing on why things happened rather than what happened. One way to test the validity of marketing warfare principles is to look at the history of an industry and then analyze key competitive moves in terms of those principles. And what better example than the cola war that has raged for decades between the Coca-Cola armies of Atlanta; and the Pepsi-Cola battalions of Purchase, New York.

A fresh start

Coca-Cola is a 100-year-old soft drink that started out as anything but soft. Invented by a pharmacist and former confederate officer, John Styth Pemberton.

It was, first and foremost, a medicine. "A delicious, exhilarating, refreshing, invigorating beverage in addition to being a cure for all nervous afflictions, sick headaches, neuralgia, hysteria, melancholy," said an early advertisement.

By 1902, with an ad budget of \$120,000, Coca-Cola had become the best-known product in America. Fanned by advertising and the temperance movement, Coca-Cola grew rapidly. By 1907 some 825 of the 994 counties of the ex-Confederate states had gone dry. "Great National Temperance Drink," said the ads. In 1915, a designer from Terre Haute, Indiana, came up with a new 6 ½ ounce bottle that captured the uniqueness of Coca-Cola.

The new bottle design arrived just in time. Imitators were springing up all over the country. In 1916 alone, the courts struck down 155 imposters, including Fig Cola, Candy Cola, Cold Cola, Cay Ola, and Koca Nola. In the twenties, Coca-Cola had no real competition.

The company's only problem was to increase the consumption of soft drinks, which rose slowly from 2.4 gallons per capita in 1919 to 3.3 gallons in 1929. (Compared with more than 40 gallons today.) Coca-Cola advertising tried to stimulate consumption. "Thirst knows no season" (1922) and "The pause that refreshes" (1929) are the best examples.

Twice as much for a nickel, too

The depression of the thirties helped Coca-Cola's competition, especially Pepsi-Cola and Royal Crown, get off the ground. The key concept was the 12-ounce bottle that would sell for the same nickel that would buy only 6 ½ ounces of Coca-Cola. Pepsi-Cola hit on the idea in 1934, but it wasn't until 1939 (and the arrival of Waiter Mack) that the idea was brought to life.

It was brilliant strategy executed in a spectacular way. It hit the mark, especially with the young. In candy and cola, kids went for quantity rather than quality.

And it was done with a limited advertising budget. In 1939 Coca-Cola spent \$15 million on advertising, Pepsi-Cola just \$600,000. Now Coca-Cola was on the spot. They couldn't increase the quantity unless they were willing to scrap a billion or so 6 ½ ounce bottles.

They couldn't cut the price because of the hundreds of thousands of nickel soft drink machines on the market. Pepsi-Cola had launched a classic flanking attack at the low end. But it was more than that.

Pepsi turned a successful flanking move into an offensive attack against the heart of Coca-Cola's strength. Offensive principle No. 2: Find a weakness in the leader's strength and attack at that point.

The folks in Atlanta obviously felt that the Coke bottle itself was their greatest strength. They used it in every ad and even trademarked it. Raymond Loewy dubbed it "the most perfectly designed package in use." Pepsi-Cola promotion turned that strength into a weakness.

That perfectly designed 6 ½ ounce bottles that fit the hand couldn't be scaled up to 12 ounces. Not unless you had the hand of a 7 foot center for the New York Knicks.

During World War II, Pepsi-Cola passed both Royal Crown and Dr. Pepper to become No. 2 to Coca-Cola itself.

What Coke could have done?

Defensive principle No. 2: The best defensive strategy is the courage to attack yourself. Coca-Cola should have attacked themselves with a second brand long before Pepsi did it to them.

And the ideal time to launch a second brand with a low cost Pepsi type theme would have been early in the thirties when the depression was just getting started. (Double Cola, a brand on the market today, would have been a good name to use.)

Coke started the decade of the fifties 5 to 1 ahead of Pepsi.

As 1960 rolled around, Pepsi had cut that lead in half. How long could Coca-Cola hold out against the larger size containers! The moment of truth was the year 1954. Coke's sales fell 3 percent and Pepsi's rose 12 percent.

The following year, Coca-Cola launched a bottle blitz kreig: 10, 12, and 26 ounces. As supplies were used up, the 6-½ ounce Coke trademark slowly disappeared into the history books.

Besides this, there were definite signs of confusion down in Atlanta with Coke's advertising theme changing every year as the company grappled with ways to counteract the Pepsi push. 1956: "Coca-Cola makes good things taste better." 1957: "Sign of good taste." 1958: "The cold, crisp taste of Coke." 1959: "Be really refreshed."

The Pepsi generation

The larger container was the "one" and the Pepsi generation was the "two" in Pepsi's one two punch, which put Coke on the ropes. Finding weakness in the leader's strength is the key offensive principle of a marketing war.

Where is Coca-Cola strong! It was the first cola drink. It had been on the market much longer than Pepsi. This authenticity was an obvious strength of Coke, but it had another less obvious result.

Older people were more likely to drink Coke. Younger people were more likely to drink Pepsi. Furthermore, the larger size containers also held youth appeal. What adult could swig down a 12 ounce bottle the way a teenager could!

The first expression of this concept was 1961's "Now it's Pepsi for those who think young." By 1964 this idea found wings with the classic "Come alive, you're in the Pepsi generation." The intent of Pepsi's new strategy was to reposition the competition as "out of step, out of touch, and out of date."

Which it did, but it also had another psychological benefit of equal value. It took advantage of natural sibling rivalry among the target audience.

Since more people drank Coca-Cola than Pepsi, older siblings were also more likely to drink Coke. Pepsi also wisely used music, a traditional form of teenage rebellion, as a key component in its strategy.

The current Pepsi theme, "The choice of a new generation," is another expression of its youth strategy, which is the key point of attack against the "older" Coca-Cola product. The overall effect of Pepsi's efforts was to steadily erode Coke's leadership. From 2.5 to 1 in 1960 to 1.15 to 1 in 1985.

Coca-Cola's comeback attempt

Over the years, Coca-Cola had missed the opportunity to block Pepsi by not introducing a second brand in a larger bottle. "Twice as much for a nickel, too" would have worked just as well for a Coke brand as it did for Pepsi.

Coca-Cola sold soft drinks while Pepsi sold Pepsi. "The pause that refreshes" being a typical example. "Things go better with Coke" being another. But in 1970 Coca-Cola finally found the best defensive strategy for a leader.

That is, leadership itself. "It's the real thing." By implication, everything else is an imitation of Coca-Cola. Which, of course, is exactly what the other colas are. But the real thing didn't last long. 1975: "Look up, America." 1976: "Coke adds life." 1979: "Have a Coke and a smile."

By 1982 Coke had hit bottom in insipidness with the slogan: "Coke is it." Even though Coke deep sixed "the real thing" years ago, they can't kill the idea. Mention "the real thing" and most people will say Coca-Cola. Ask them "Who's it" and see how many people say "Coke is it."

The Pepsi challenge

One other Pepsi strategic move in the mid seventies deserves comment. Called the "Pepsi challenge," it involved blind taste tests between two unnamed colas. In the tests, tasters preferred Pepsi 3 to 2 over Coke, a fact which was trumpeted in television commercials. Good strategy?

Perhaps, because it exploits a weak point in the competitive product. Since Pepsi is about 9 percent sweeter than Coke, the first taste favors Pepsi.

But not good strategy, as a second front to the major Pepsi effort. A No. 2 product can't afford two campaigns. But then Coca-Cola did the one thing a leader should never do.

After years of fighting the Pepsi challenge, Coca-Cola suddenly and publicly changed their formula to match the sweetness of Pepsi-Cola.

Now the real thing was no longer the real thing anymore. In one stroke Coca-Cola had undermined their own position. The issue was not whether to change the formula or not. The issue was whether or not to announce the change.

To many companies "new, improved" is a marketing way of life. What makes the Coca-Cola situation different is its "real thing" position.

In a rapidly changing world, the taste of Coca-Cola was a constant that reassured consumers that they weren't getting older. The loss of the Coke bottle was bad enough. Now the formula is gone too.

The idea is to use as many of the weapons as are feasible for your business and affordable to your budget.

My average client uses forty-seven of them. In the true spirit of guerrilla marketing, many of the weapons require time, energy and imagination rather than the brute force of a mega budget.

With small businesses starting up at the rate of 800,000 per year in America, you're going to need all the weaponry you can possibly use.

To surpass the stiffest and most sophisticated competition you've ever seen, you're going to have to know your beans about such weapons as word of mouth marketing, sales training, electronic brochures, catalogs, telemarketing scripts and testimonials.

You're going to be forced to learn the truth about public relations, the power of fusion marketing and the way that neatness is part of marketing.

The need for guerrilla marketing can be seen in the light of three facts: Because of big business downsizing, decentralization, relaxation of government regulations, affordable technology, and a revolution in consciousness, people around the world are gravitating to small business in record numbers.

Small business failures are also establishing record numbers and one of the main reasons for the failures is a failure to understand marketing. Guerrilla marketing has been proven in action to work for small businesses around the world.

It works because it's simple to understand, easy to implement and outrageously inexpensive. Guerrilla marketing is needed because it gives small businesses a delightfully unfair advantage: certainty in an uncertain world, economy in a high priced world, and simplicity in a complicated world, marketing awareness in a clueless world. "

You're going to have to knock yourself out making your company one that is "easy to do business with" a reputation that few companies enjoy, but one that is crucial for your financial survival. Many weapons of guerrilla marketing are designed to give you that kind of reputation.

Some people think that marketing means advertising. But guerrillas know that advertising is only one of the one hundred marketing weapons, and not even the most effective one at that. I urge you to call for a free list of the one hundred guerrilla marketing weapons. Then, do as much as you can about as many as you can. Guerrillas do. That's why guerrillas succeed.

Case Study 2

The car war is intensifying. Manufacturers and their dealers fight this time the battle through media campaigns --at times going beyond limits of corporate values --.

While comparative advertising and playing with words like "Santro ends Ikon's Josh" are not new, what has stirred the hornet's nest is the series of advertisements released by some Hyundai Motors northern dealers questioning the future of its close competitor, Daewoo Motors India Ltd. "Car at your homes, company on the roads", screamed the ads released by Hyundai Motors dealers some time back in some Hindi publications. With the Korean conglomerate Daewoo in dire straits back home and in the process of restructuring its operations, even scouting for partners for its automobile business, there are no prizes for guessing whom the dealers of Hyundai Motors are referring to here.

"Such an action is highly deplorable. It didn't happen in Korea nor anywhere in the world," fumes S. G. Awasthi, chairman, Daewoo Motors. "And the Hyundai Motors' dealers wouldn't have released such ads without the consent of their principal." Welcoming healthy competition in the market place, he says, "It is for the first time in India that the car market is witnessing real change and competition, and we are positive towards that." But others, according to him, don't seem to share his views;

they resort to unethical media campaigns. "It is unethical on two counts: the values of Indian corporate systems are thrown out and in fair competition, no one would woo a buyer by levelling the charge of a competing company going bankrupt. And remember, it will boomerang in the long run. Awasthi is not against comparative advertising per se. As a matter of fact, it was Daewoo Motors, which introduced the concept in the Indian automobile industry. His advocacy is that such campaigns should be based on relevant facts and authentic facts. "One should not hit below the belt, as Hyundai Motors did to us," he says.

"The strange thing is that Hyundai Motors, Korea, is said to be a serious contender for acquiring Daewoo Motors back home. At this juncture, questioning our future in India makes one wonder about how serious the Hyundai group is about its bid for our parent company," wonders Awasthi. According to him, Hyundai Motors, in its ads, has been giving out wrong information about Matiz. "The engine for Matiz was actually developed at Daewoo's German technical center in 1997, contrary to what Hyundai Motors claims: that Matiz's engine is of 1980 vintage." Byung Soh Min, deputy managing director, communications & services division, adds, "Hyundai Motors is yet to try out 40 per cent of set crash test and 50 kilometers per hour (kph) side impact test on its Santro in Europe. Whereas we have done the above successfully. Similarly, Matiz scores over Santro in terms of engine power, average fuel efficiency, fuel flow system..." What such ads clearly show is the car makers' desperation. A look at the March 2000 sales figures of the small car segment will explain the intense and interesting competition that rages in the segment. While Tata's Indica clocked a sales figure of 7,270 units during March, Hyundai Motors' Santro and Daewoo's Matiz registered a sales figure of 6,418 and 6,064 units respectively. On the other hand, Maruti Udyog sold 7,510 units of Zen and 4,838 units of Wagon R. Except for Maruti Udyog's Zen and Tata's Indica, all other models are in the 4,000-6,000 unit sales band."In this scenario, our sales graph has been steadily going up, unlike others whose graph goes up and down every month," says Awasthi. Given the market trend that Maruti is no longer the first choice of the car buyers, the fight amongst the new manufacturers to gain market share is understandable