

Consumer Perception on Ethics of Using Children in Advertising

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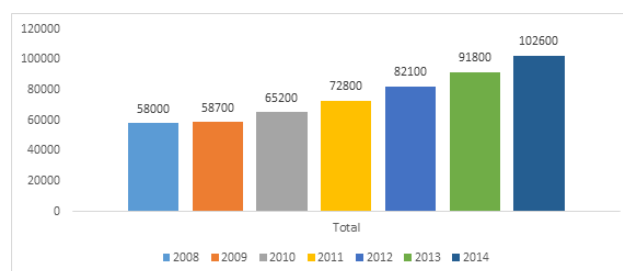
Abstract

Market is crowded place and the commercial organization need to work towards getting the attention of the consumers. This has led to a focus on the emotions of consumers in the marketing promotions and the route used is using children. This study is to look at the research problem of ethical issues in use of children in marketing promotion by commercial organization by looking at ethics from the benefit and cost factors perspectives. The study focused on advertising in print and television. The study approach is descriptive and the respondents have been taken from six administrative divisions towns of state of Maharashtra and are tax payers. The responses were taken through a questionnaire. **The Objectives of Study:** To understand the conceptual bases of marketing promotion ethics and study the benefit and cost of using children in marketing promotion. This was identified by conducting factor analysis, chi sq. test for comparing responses for benefit and cost and testing their independence. **Hypotheses for the Study:** There is no significant relationship between responses on benefit and cost of using children in marketing promotion. The findings indicated that respondents overall see more benefits of using children in marketing promotion with benefit responses being more in favor than cost. The finding identified benefit and cost factors for considerations by consumers and clearly indicated that there is no relationship between benefit and cost factor responses. Study identified that there is a need for strong regulatory mechanism. The study has direct benefit to marketers as it provides a template for creation of promotional campaigns using children.

Keywords: Children, Ethics, Marketing Promotion

1. Introduction

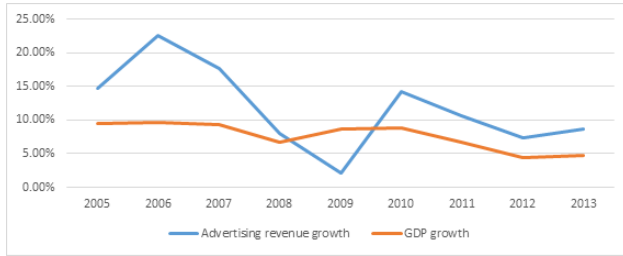
Marketers' need to inform, remind and persuade consumers to buy their products. One of the challenges faced by marketers is getting the message across to the consumer. For this, the commercial organisations use different routes and mediums to communicate. The focus now is on the soft side of the consumer. The Emotions for the same it is seen that the use of child in communicating is on the rise. The vehicle for mass persuasion is marketing promotion, which is done through various components of promotion. The most visible component is the advertising. Advertising plays multiple roles. From Passive role (information provisioning) to an Active role (persuasion) and a Dream creation role (attitudinal change).



Source: KPMG in India analysis IAMAI; Zenith Optimedia (All values in INR crores)

Figure 1. Magnitude of AD expenditure in India overall industry size (Rs. in Crores).

Of all these media used for advertising, television is highly pervasive. Television advertising is dominant medium in Indian economy, followed by newspaper.



Source: KPMG in India analysis IAMAI; Zenith Optimedia (All values in INR crores).

Figure 2. GDP and advertising growth.

The subject of children's involvement in advertisement often evokes a moral concern about the intensity of marketing towards children and ways to combat it rather than a curiosity about the subject's conceptual and analytic importance. This is an understandable impulse if we consider that perhaps nothing in our culture today garners the kind of guarded hyper moral intensity as when children and childhood are at issue. Marketers have been researching for the best tool to influence children. The promotional strategy has shifted from 'marketing for the children' to 'marketing by the children'.

Therefore there was a need for a comprehensive study defining the consumer perception on the ethical issues of using children in advertising by commercial organisations.

1.1 The Objectives of Study

To understand the conceptual bases of marketing promotion ethics and study the benefit and cost of using children in marketing promotion.

2. Literature Review

There is no universally accepted definition for the term ethics. One way to put it is: "*Philosophical reflections on how we should live, and thereby what is right or wrong, good or evil, should or should not be done, duty, and other conceptions of this kind.*"⁷ It is obvious that the concept is closely interlinked with morality. In fact it is suggest that ethics connotes "*standards of conduct and moral judgment*"¹⁰.

German philosopher Immanuel Kant (1724-1804) meant that ethics and morals are founded on human reason. Kant's formulated his famous categorical imperative: "Act only in accordance with principles that you would want to have as general laws"⁷.

At the beginning of 18th century, Francis Hutcheson

contributed with a famous principle, "*The action is the best which gives the greatest possible happiness to the greatest possible number of people*". Jeremy Bentham developed this principle to a moral philosophy, which stated that the question of the rightness or wrongness in an action should be judged only by its consequences. This meant that the motives were irrelevant. This philosophy became known as utilitarianism.

Another view is as, "*the study and emphasis on the determination of right and wrong*"³.

The research on advertising ethics has mainly moved on two streams: multi-discipline and multi-dimension. The studies initially have focused on the attitude towards advertising by studying the brand attitudes and behaviour. The underlying factor influencing the direction of research on attitude towards advertising has been the favorable or unfavorable belief¹.

Marketing promotion is a noticeable feature of commercial life. Promotion is often justified by researchers as a source of information about products and services. Promotion plays the role of providing information and does much more.

Promotion appeals to different values and a range of desires and fantasies, which are both emotional as well as rational. The majority of promotions that we experience carry their separate messages; still on a deeper level, they all share a common message – they are selling the joys of buying, promoting the idea that purchasing things is, in itself, a pleasurable activity." (Goodwin et al, 2008: 7-8).

Thus, promotion occupies a critical role in disseminating information and also in generating desire, want and demand amongst people for the products and services marketed. However, not all academics accept that advertising works in an informative-persuasive attitude-changing hierarchy. Author in⁴ pointed out that much of the content of TV advertising did not fit the traditional persuasion models prevalent at the time when he observed: "Does this suggest that if television bombards us with enough trivia about a product we may be persuaded to believe it?"

Two noteworthy studies by Singh and Vij⁹ and Nawathe, Gawande and Dethe⁸ have been made on advertising ethics from the Indian perspective.

The study by Singh and Vij⁹ considered the perceptions of 873 viewers from six states in North India. The study by Nawathe, Gawande and Dethe⁸ focused on the study of television advertising contents on purchase requests by children.

Both these studies suffer from an aggregate analysis as the variables are not cohesively arranged to draw important conclusions on different factors of advertising ethics on one side and an analysis of benefits and costs of advertising has not been made on the other.

Thus a there is need of study adopting an approach of cost and benefits analysis approach is needed. Cost-benefit analysis is often used by organizations to evaluate the attractiveness of a given policy. It is an analysis of the expected balance of benefits and costs. Cost benefit analysis helps predict whether the benefits of a policy outweigh its costs. Generally, accurate cost-benefit analysis identifies choices that increase welfare from a useful perspective.

2.1 Advertising Regulation

Advertising is the most widely regulated institution in the world. Advertising regulation mainly takes place through voluntary regulation by the industry and the government regulations. Regulation can be under, (i) Self-Regulation (ii) Government Regulation

2.2 Self-Regulation in India

In India, there is no central statutory agency or uniform legislation regulating the advertising. There are applicable laws, code and guidelines. Studies have shown that there is a need for stronger regulatory mechanism to be present in India for advertising regulation⁵.

In India, the Advertising Standards Council of India (ASCI), is the body for self-regulation in advertising. Violation of ASCI's Code is now violation of Government rules¹¹. The ASCI was created with the support of all four sectors connected with promotion and Advertising, viz. Advertisers, Advertising Agencies, Media organisations and others like PR Agencies, Market Research Companies etc. The main objective is to promote responsible advertising thus enhancing the public's confidence in Advertising. The ASCI is also represented in all committees of government of India working on advertising. ASCI's Code for Self-Regulation in Advertising is now part of ad code under Cable TV Act's Rules.

With recent amendments issued by government violation of ASCI's Code is now violation of Government rules. The ASCI has also established a Consumer Complaints Council (CCC) to examine the complaints received from the consumers. Code of the ASCI has listed

the following as codes¹¹:

- The basic goal of the Code is to ensure the truthfulness and honesty of representation and claims made and to safeguard against misleading advertisements.
- The advertisers should ensure that advertisements are not offensive to generally accepted standards of public decency; advertisements shall not contain anything indecent, vulgar or repulsive to cause grave or widespread offence.
- The advertisers are to safeguard against the indiscriminate use of advertising for promotion of products hazardous to society or individuals to such degree, which is unacceptable to society.

Advertisements should contain nothing in breach of law and shall not propagate products, the use of which is banned under the law.

However, from the evidence of actual advertising using children it appears that ethical practices in advertising have not improved, instead the commercial marketing and the media organisations have become immune to these regulations and have resorted to deeper unethical practices. There seems to be an inverse relationship between the regulatory level and advertising ethics. This situation prevails in both developed economies and emerging economies. It is also discouraging to note that no empirical study has been found by the author on the impact of regulation on promotion and advertising ethics. And there is a need for study the same.

2.3 Government Regulation in India

In India the apex regulation for employing child in any occupation is the Child Labour (Prohibition and Regulation) Amendment Act, 2016. It prohibits "the engagement of children in all occupations and of adolescents in hazardous occupations and processes" wherein adolescents refers to those under 18 years; children to those under 14. The Act also imposes a fine on anyone who employs or permits adolescents to work. However, it has slashed the list of hazardous occupations for children from 83 to include just mining, explosives, and occupations mentioned in the Factory Act. Also, Section 3 in Clause 5 allows child labor in "family or family enterprises" or allows the child to be "an artist in an audio-visual entertainment industry". Which is the media and advertising industry.

2.4 Media and Entertainment Industry in India

The growth of importance of marketing in business has given rise a very important sector of any economy. It is the media and entertainment industry which is the route for reaching out to the consumers by marketing organizations. The media and entertainment industry is also an indicator of the consumption trends in the market. This global industry is estimated to be US \$1.6 trillion in 2013 and is estimated to rise to a projected US \$2.1 trillion in 2018, a 6.4 percent increase compounded annually. (www.ficci-frames.com/). Television advertising is dominant medium in Indian economy and it is followed by newspaper advertising. As per ASCI the total TV advertising in the year 2012 in India was 1.04 billion seconds. Assuming a TV spot of 30 seconds this translates to about 4000 advertisements per hour being telecast on TV channels⁶.

3. Research Methodology

The study was conducted by extensively using the primary source of information.

The primary source of information was taken as responses from individuals through questionnaire and semi structured interviews in a mixed method approach. The Secondary data was taken from government publications and government websites were studied for getting the data on sale and advertising expenditure. Reports by KPMG, Industry Federations and associations and academic literature was used for getting data on industry trends. Census 2001 & 2011 data were referred for getting demographic data.

3.1 Operational Definitions

In carrying out the study, the following operational definitions were used for grouping of the sample respondents to study perception differences.

(a) Child: As per the Child Labour (Prohibition & Regulation) Act, 1986, as anyone who is “a person who has not completed his fourteenth year of age”².

The locale of the study was Maharashtra state. The basis taken as the administrative divisional towns of Maharashtra.

3.2 Hypotheses for the Study

There is no significant relationship between responses on

benefit and cost of using children in marketing promotion.

3.3 Data Collection and Analysis

The survey was conducted with a sample of 900 respondents. One hundred and fifty questionnaires were given to respondents of each town. Actual responses received were 548. A response percentage of 60.81%. The statistical tools used in the study were percentages, median values, and chi square test. The test were done using SPSS version 20.0. Factor analysis was done to identify the groups of components and the factors of marketing promotion ethics for benefit and cost. The responses were taken on 5-point Likert’ (1932) type scale with ‘1’ indicating ‘strongly agree,’ ‘2’ indicated ‘agree,’ ‘3’ indicating ‘Moderately agree,’ ‘4’ indicating ‘disagree,’ and ‘5’ indicating ‘strongly disagree.’ The opinion scale did not include ‘Don’t know’

4. Findings

The objective of the study was to understand the conceptual bases of marketing promotion ethics. The objective was analysed based on the of responses received by conducting factor analysis to identify the nine factors of benefit and cost and conducting chi square test for independence. The factor analysis result scree plot showed below helped in deciding the number of factors that should be retained. It is evident from the plot that the curve begins to even out after the extraction of ninth factor.

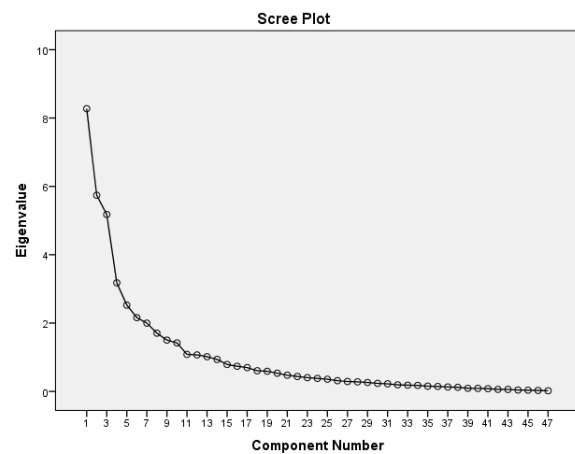


Figure 3. Factor analysis – scree plot.

The principal component analysis is a method of factor extraction used by SPSS software. The total

Extraction Method of Principal Component Analysis identified the first nine components having their Eigen values more than one. The factors were mapped to various components based on factor loadings as part of rotated component matrix.

So these components are taken for consideration. The factors were mapped to various components based on factor loadings as part of rotated component matrix.

The nine factors of benefit and cost for understanding the conceptual bases of marketing promotion ethics of using child in marketing promotion were, Benefit to marketer, Benefit to consumer, Benefit to child, Loss, Falsity, Exploitation, Degradation, Behavior and Regulation.

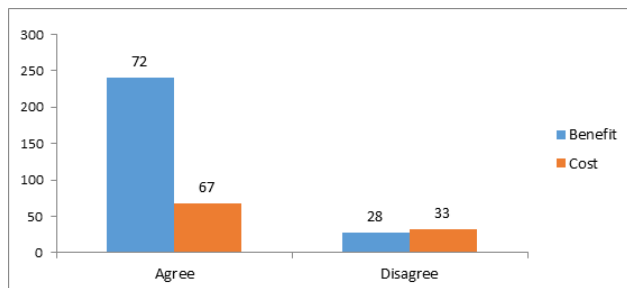


Figure 4. Comparative responses overall percentage for benefit and cost – Agree vs. Disagree (in percentages).

Table 1. A comparative of benefit and cost responses

Dimension of Marketing promotion ethics	Agree %	Disagree %
(A) Benefits:		
Benefit to marketer	75.41	24.59
Benefit to consumer	74.13	25.87
Benefit to child	65.92	34.08
Total Benefits (Average)	71.82	28.18
(B) Cost:		
Loss	64.97	35.03
Falsity	72.67	27.33
Exploitation of consumer psychology	62.39	37.61
Degradation	66.27	33.73
Behavior	52.67	47.33
Regulation	82.23	17.77
Total Benefits (Average)	66.87	33.13
Difference benefit and cost (A-B)	4.95	-4.95

Source: Survey data

Table 2. Chi square analysis

	actual frequency (o)			expected frequency (e)		0-e		(o-e) ²		(o-e) ² /e	
	Benefit	Cost	Total	Benefit	Cost	Benefit	Cost	Benefit	Cost	Benefit	Cost
Agree	394	368	762	381	381	12.56	-12.95	157.75	167.70	0.41	0.44
Disagree	154	180	335	167	167	-12.56	13.17	157.75	173.45	0.94	1.04
Total	548	548	1096					315.51	341.15	1.36	1.48

The degree of freedom being $(2-1) \times (2-1) = 1$
 The table for 1 degree of freedom = 3.841
 The calculated value being less than the table value.

Because the calculated value is less than the critical value, the responses on benefit and cost are independent.

On the whole, the percentage of responses for the factors of benefit and cost indicated that, the responses on benefit and cost factors are independent and the respondents do not see them as interdependent.

A comparison of percentages of responses indicate that the, cost factors are assigned with agree are less than the benefits response percentage. Nearly seventy two percent of respondents agreed that there was benefit of using children in promotion by commercial organisations. While about 67 percent of the responses agreed with the cost of using children for marketing promotion. This indicating 4.95 percent response more for benefits of using children for promotion clearly indicating that there the benefits are more than the cost of using children in advertising and marketing promotion.

5. Suggestions

1. A strong regulation on the issue of use of children for marketing promotion is urgently required. As per the Child labor (regulation and prohibition) amendment act 2016, the Section 3 in Clause 5 allows child Labour in
 - “family or family enterprises” or
 - allows the child to be
 - “an artist in an audio-visual entertainment industry”

There is a need to clearly define the words of audio video entertainment industry,

2. Presently there is no mention of marketing promotion in the list of prohibited occupations as per the said law. It is suggested that the present law should be modified to include marketing promotion in the list of occupations in the child labor act.
3. The word regulation should be removed for the child Labour (Prohibition and regulations) Amendment Act 2016. As it indicates the intent to regulate the child labor rather than eliminating it.

4. Responses of different population is suggested to test the validity of the results.

5. The study identified the factors to be considered by the marketer when using children in promotion and it is suggested that a framework that can be used by marketers should be developed and tested.

6. Conclusions

People perceive marketing promotion in general and use of children in advertising with mixed reactions. Broadly, these responses fall into benefits and costs. The findings indicated that the benefits were more than the cost of using children in promotion leading to the wider conclusion that the use of children in marketing promotion was not a waste and there no ethical issue in use of children for marketing promotion by commercial organisations.

The study identified there is a need for strong regulatory environment and its implementation. Personal interviews of executives marketing organization identified the common theme of the responses being regulations compliance. Which was also confirmed by the individual responses.

The study has identified the conceptual bases of marketing promotion ethics by identifying the nine factors of cost and benefit consumers consider in doing an ethical evaluation of using children in advertising and has also clearly identified that the consumer look at benefits and cost independently. The study provides for a framework that can be used by marketers.

The responses clearly indicate that the use of children is considered ethical if the benefits are more than the cost of using the children.

Annexure 1

Table 3. Factor analysis - total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.275	17.606	17.606	8.275	17.606	17.606	6.013	12.793	12.793
2	5.741	12.214	29.820	5.741	12.214	29.820	5.249	11.168	23.961
3	5.176	11.013	40.833	5.176	11.013	40.833	4.034	8.584	32.545
4	3.178	6.761	47.594	3.178	6.761	47.594	3.739	7.956	40.501
5	2.524	5.370	52.964	2.524	5.370	52.964	3.618	7.699	48.200
6	2.159	4.594	57.558	2.159	4.594	57.558	3.052	6.493	54.693
7	1.998	4.252	61.810	1.998	4.252	61.810	2.292	4.876	59.569
8	1.705	3.628	65.437	1.705	3.628	65.437	2.168	4.613	64.182
9	1.503	3.198	68.636	1.503	3.198	68.636	2.093	4.454	68.636

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 23 iterations.

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