

## Marketing Minute ~ Comparative Advertising

From an article previously written for Rochester Business Magazine, October 1986

When I wrote this article, I was the owner of a marketing/PR firm in Rochester, NY. It was 1986, and recent (at the time) advertising campaigns had begun using very clever comparative advertising as a marketing/advertising 'gimmick'. Here is what I shared with the magazine's business readership, much of it is important to note in today's marketing activities, especially given the technological age, with social media and opinions flying in every direction every day. Let's take a look back in the mid 80's and see what type of comparative advertising was going on then, and then we will take a look at the trends today.

(Taken from my 1986 article) Some of the most productive recent advertising has been comparative advertising. Consider, for example, Avis' "We try harder." Or American Express' "What? You say they were not American Express?" Or Shell's 'Platformate' demonstration of the early 80's, in which the cars fueled by Shell broke through paper barriers far beyond the point where cars fueled on competitive gasolines had stopped. (That campaign was VERY successful.)

Once taboo, comparative advertising became a legitimate practice after the Federal Trade Commission began to advocate its use in 1972. The FTC reasoned that the direct comparison of brands provided more information to consumers and thereby increased competition among producers. And it maintained that those who discouraged or forbade direct brand comparisons inhibited free trade by restricting the flow of pertinent produce information. The television networks cooperated by lifting their long-standing bans on comparative ads. Advertisers who previously had to content themselves with labeling the competition "Beep" and "Brand X" could finally identify their competitors by name.

All effective advertising is necessarily competitive, because all products in a category tend to be compared before purchase—certainly prior to the establishment of deep brand loyalties.

Comparative advertising is an aggressive strategy, giving a "David" a chance to compare in advertising with a "Goliath". Comparative focuses are usually on price, service, and definitive qualities such as taste or smell. The brands that use comparative advertising most generally are the newer or smaller manufacturers, who want to increase their market share. These brands have much to gain by featuring a market leader in their ads. They create a brand association that diminishes the special one-of-a-kind image that market leaders so carefully cultivate. After viewing a comparative advertisement, some consumers may associate the two brands involved and believe that they are in some sense substitutes for each other. There is also the possibility that some consumers will believe the message and try the advertiser's brand. The viewers most susceptible to this effect are consumers of the market leader's product, the ones who see their regular brand 'lose' in the ad.

Thus comparative advertising gives the new or small brand an efficient way to tap into the market segment that the market leader has already carved out. Campaigns like Martinson Decaffeinated vs Sanka, Avis vs Hertz, American Motors vs GM, and Goodrich vs Goodyear are all sponsored by newer or smaller brands.

There are fewer benefits to the market leaders. A well-known manufacturer, who has invested much time and money developing a market-leading brand with an image all its own, is logically not going to jeopardize that image by featuring its competitors' products in its ads.

Market leaders instead try to distinguish their brands in the consumers' minds. Coke is not advertised as the best cola; Coke is "The Real Thing", or just plain "It". By implication, other colas are "unreal" or maybe "not It", and are challenging Coke with the "Pepsi Challenge". Similarly, the producers of Bayer do not merely claim that their brand is better than other aspirin. They state that "only Bayer is 100% pure aspirin", thus implying that all other aspirins are of some inferior grade not worthy of mention.

Sometimes American pride can be the impetus of a comparative ad campaign. Jim Larson's "It's Them or Us" campaign for Rochester's Sharrow Ford was based on "Buy American-made vs foreign-made cars," like their Fords. While respecting the freedom of choice in this country, Jim wanted to point out to the auto consumer (and others that pick up on his points) that it is not a matter of quality vs cost in cars anymore. We have already lost too much in the U.S., a trade deficit of \$150 billion (in 1986), shipping overseas 3-5 million jobs,

that Americans could have had in 1985. He wanted to remind Americans that we should take care of our own, both ways Sharrow took care of its customers (with American-made cars/service) and consumers take care of American jobs by buying those cars—and the history of America had proven to be. “As the automobile industry goes, so goes America”. So, Jim liked to point out, “Support your country and its economy.”

Not all advertisers have that respectable a reason to use comparative advertising. Comparative ads are now (in the 80s) common place, accounting for over 35% of all television advertising. The “victims” of these comparative ads many times suffer sales loss and image deterioration.

A comparative ad features a sacrificial “victim”...one of the market’s leading brands that is made to look inferior to the brand sponsoring the ad. Back in 1986, an appropriate victim response could mean doing nothing, or appealing to a counterclaim. Because the victim’s response depended on the quality of the data used to support the comparative claim, an important step in formulating a response is to evaluate the data substantiating the ad.

Comparative ads use one of two ways of data: objective data or subjective consumer product test results. Ads based on objective data are usually easy to verify or refute. A good example was the Saab vs Volvo advertisement comparing several features of the two cars, including trunk space, wheelbase and engine size. Anyone can see if the Saab’s rear seat actually folds down; there isn’t much room for interpretation.

Comparative ads based on subjective consumer product tests are another matter. These claims are of the form that “more people prefer Brand A to Brand B”, or “A is as good as B, but costs less.” Note Sprite vs 7-Up, Schlitz vs Michelob, Whopper vs Big Mac, Cookin’ Good vs Perdue, LaCour Pavillion vs Mouton Cadet, and Diet Pepsi vs Diet Coke, followed by Diet Coke vs Diet Pepsi.

What do “more people prefer” and “is as good as” mean? Probably as many things as there are advertisers. The question formats, the subject selection procedures, the sample sizes and the choice of language used in reporting test results all influence the comparative claims.

Product testing has been around for a long time, but it has usually been the province of researchers. Because comparative advertising now has serious managerial consequences, all people associated with developing comparative campaigns—brand managers, product-testing experts and advertising managers—need to know what can and cannot be said about the outcomes of product tests. On the victim’s side, the brand manager, the marketing research director, the corporation’s lawyers, and even on occasion the chief executive, get involved in trying to refute an offensive claim.

The next time you see a comparative ad, look closely. It’s all right—and natural—to compare before buying. But make sure you aren’t influenced on comparative data alone—it may not ‘wash’.

**UPDATE**—Today, a few of the companies and products mentioned in my 1986 article no longer exist. After all, it has been over 25 years since I wrote it.

But, the same challenges remain today. Comparative advertising has the potential to demonstrate to consumers the advantages and disadvantages of certain products. However, some comparison strategies push the boundaries and blatantly criticize competitors. Pepsi vs. Coke has held a longstanding battle against one another, launching ads that feature the other’s product, along with a reason for why consumers dislike its taste. Considering certain commercials by both Pepsi and Coke have been banned due to offensive content, comparative advertising is in need of a drastic makeover.

The Samsung Galaxy S3 ad is an excellent example of poking fun at a competitor, but it does so in a subtle manner. The ad features people from all over the world lining up for “the next big thing,” while certain people walk by using the Samsung Galaxy SIII. Certain features are shown off, such as its large screen and file sharing abilities, all while never blatantly comparing these qualities to Apple.

For brands looking to highlight their product's strengths in the marketplace using comparative advertising, take a note from Samsung's book and produce campaigns that are more subtle and have a positive, light mood. Blatant attacks from one competitor to another draws consumers away from your product and its unique selling points.

The usual comparative marketing is seen on sales product sheets, which compare your product to its closest competitor, many times in a table format with product features listed along the right with check marks showing which product holds which features. This usually occurs when either the company sees particular features they hold to be a competitive advantage, or simply because their name is not as strong as the other leading competitors.

So this brings up a few questions to consider.

1. Should I do comparative advertising? What are the pros and cons?
2. Are there any legal ramifications for using competitor names and what are the legal considerations for the claims you make about your competitor's product?

### **Why do Comparative Advertising?**

Comparative Advertising allows you to differentiate your product. If you have a competitor with a very strong brand name, one of the first questions in the minds of your consumers is..

- Why should I buy this brand that I am not familiar with over the name I know and can trust?
- How can I trust this site?

You have to be able to gain the consumer's trust and/or offer a product that is much better than your competitors so the consumer is enticed to take the perceived risk transacting with your company.

It is similar to purchasing an electronic device. If I am searching for an mp3 player I know I could get an ipod and be certain of its quality and certain of apple's reputation. If I search mp3s players and land on a page by company XYZ, the first thing that needs to catch my eye and make me even consider the product is the design. Apple's highly polished and simple design is hard to beat. Once the product catches my eye I'll scan the features. Luckily for me I know the features of an ipod so internally I am comparing the two products. For your product, you may need to spell out the differences if it isn't very clear. Why should I buy this product? Spell it out. Everything and anything you think the consumer is looking for where you know you are better, let it be known.

In this case of the mp3 player, since everyone knows an ipod, there isn't much risk in stating comparisons to the ipod. However you should carefully think about whether or not you want to mention competitors that consumers may not be aware of. Remember that comparison shoppers, like yours truly, are out there doing research when buying a product. If you start comparing your mp3 player to 5 other competitors that I've never heard of, you've now alerted me of these 5 other mp3 options. I'll probably go research those too and who knows how many of those competitors are doing their own comparative advertising claiming how their product is better. Also keep in mind that you may think particular competitors are well known simply because you live in the industry. This may not be the case for the average consumer. You are not the consumer!

### **What are the legal considerations for Comparative Advertising?**

The Federal Trade Commission promotes lawful comparative advertising because it is considered a great way of increasing competition and informing consumers of their product. So first of all it is legal. That was easy. Now the risk.

One question to ask though is whether it is worth the risk of being sued by your competitor. You can be as truthful and careful as you'd like but no one can stop someone from suing you especially when they have the money to back it up. I would first do an investigation in the competitors you want to mention.

- Are they doing comparative advertising? If they are, they are probably less likely to sue you for doing the same. Take some screenshots as a precautionary measure.
- What is their litigation history? Do they have a history of suing other companies especially over minute issues. Do they have an army of lawyers and unlimited budget to muscle their desires on smaller companies?

**The Law:** After your initial investigation, please do your research or consult your legal team in regards to all the advertising and trademark laws you should consider. Some key points are highlighted here:

- All of your claims about your competitor's product must be true.
- Comparative advertising must never be deceptive. Do not mislead consumers.
- If you make specific claims about your competitor's product, be sure and have a third party substantiate those claims in a reasonable and thorough manner prior to running the ad. Don't wait until you are sued to do the research that proves your claims. Document and substantiate your claims.
- Include a disclaimer indicating that you are not affiliated with your competitor in any way. I realize this is not intuitive. Why would people think you're affiliated with your competitor when you are criticizing their product? The answer is that some courts have ruled that consumers who take a cursory look at the advertisement may recognize your competitor's branding and then, without reading more, assume that you're affiliated. I realize that having a disclaimer doesn't really solve this quick association problem, but judges seem to think that it does, so follow their rules.
- Don't manipulate your competitor's trademark or logo in any way and always use the ® symbol if it is a registered trademark. "Don't manipulate" means do not alter the shape or color of the logo or create a parody of your competitor's trademark. Even if your product is bigger, faster, and stronger, you are still violating advertising laws if you alter your competitor's logo in any way. Respect the brand while you accurately point out the ways it is deficient to your product.

So, is it something you might want to consider in your advertising? Definitely, since it is a very strong marketing method. You just need to be fair, truthful, let the facts speak for themselves, and don't leave yourself open to mis-interpretation when you do comparative advertising/marketing.

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