

Chapter 4


Unethical Advertising Techniques and Their Impact on Consumer Shopping Habits

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ABSTRACT

Sellers and marketers use different strategies to maximise profits, focusing on personalised advertising experiences influencing customer behaviour. However, the advertising industry's varied approaches include unethical practices, such as deception, explored in this chapter. Through a two-part research study, the initial phase involved participants completing a survey. Findings indicated that consumer awareness of deceptive advertising can impact shopping habits. Follow-up interviews with 15 participants provided insights into how deception influenced their behaviour changes. The study, involving 284 individuals, revealed that consumers share negative experiences, potentially harming companies. Proposed implications based on the research include stricter oversight with legislative updates, promoting ethical advertising, redefining advertising literacy, and developing educational programs to address these issues.

INTRODUCTION

Consumer culture changes over time; we live in a consumerist era, surrounded by technologies that boost sales. The internet has changed the perception of marketing and the implementation of marketing strategies. Marketing 4.0 has emerged, characterised by the interplay of several technologies that enable a better understanding of consumers (Dash et al., 2021). Marketing 4.0 is based on online and offline technologies to reach consumers; the exact definition is difficult to pin down, as it evolves constantly

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due to the constant development of technologies (Polívka & Dvorakova, 2022). Deception, knowingly transmitting misleading messages, poses conflicts (Xie et al., 2022) between self-interest and moral values. Two critical perspectives emerge the deceivers and the targets. Perspective-taking, the ability to understand others' viewpoints, is vital in shaping attitudes toward marketplace deception. Moral self-awareness becomes crucial, influencing ethical tolerance. Low moral self-awareness increases tolerance through perceived self-other overlap, while high moral self-awareness leads to distancing from deceptive acts. This study provides nuanced insights into consumers' ethical judgments in the complex landscape of marketplace deception.

Unfortunately, advertising techniques can mislead consumers and change their shopping habits. Misleading advertising cannot be considered a marketing trend. It can be part of a trend, consciously or unconsciously, in marketing and the advertising industry.

Misleading information is a constant problem in business ethics and permeates all marketing communications. Regulators pressure consumers to spot misleading ad information (Wilson et al., 2021). This chapter will investigate consumer knowledge of unethical advertising practices and their effects on customer behaviour and purchasing patterns. This will give unfavourable evidence about deceptive advertising techniques. Based on adverse effects, we want to find out how they affect consumers. We aim to determine if consumers share their negative experiences with the product and the brand with other customers and if they change their shopping habits because of negative experiences with products or brands. Gupta (2023) classifies consumers into two categories: sophisticated and naive. Sophisticated consumers update their beliefs about a product's quality based on price and advertising messages.

In contrast, naive consumers, with an initial probability akin to sophisticated ones, unconditionally believe in high-quality product advertisements, disregarding price or other factors. Their beliefs remain unchanged if no advertising message is observed. He believes that more attention should be paid to advertising spin. It therefore proposes to educate consumers about being paid to advertising spin. Janssen and Roy (2022) explore how regulations impacting firms' communication costs about product attributes can unintentionally affect market outcomes. Analysing competition and signalling in markets, the research finds that penalising false claims improves credibility but alters pricing and may lead to excessive disclosure. The welfare impact depends on communication costs, with minor costs favouring fines for false claims. In contrast, more significant costs suggest no regulation is optimal due to competition and potential overcommunication. The study underscores the need to consider competitive dynamics and the risk of excessive communication when formulating policy conclusions. This study is significant as it indicates that consumers have become aware of deception and altered their shopping habits. They communicate their negative experiences with a product to other consumers in various ways, potentially influencing them to change their shopping habits. The first part of the chapter will present unethical practices and awareness of deception among consumers. In this part, we also present deceptive strategies with their consequences. We present unfair practices, such as false, covert, native advertising, and greenwashing. In the chapter's second part, we present our research results, which we prepared in two parts. We prepared a survey for the first part of the research; in the second part, we prepared in-depth interviews 291 people completed the survey, and 15 people participated in the in-depth interview, having previously completed the questionnaire. Existing research focuses only on analysing misleading advertising practices in depth without exploring the consequences of such practices on consumers and their purchasing habits. This research determines whether consumers are aware of misleading practices and their reactions. Customers often need help recognising false advertising, even after purchase, because some product properties are difficult to verify (Pignataro, 2019). Consumption has become a central

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