



Switching on to Business

EXTRA!

Chapter 12

MARKETING YOUR BUSINESS HANDOUT 1

Tobacco companies sued for false advertising



America's largest tobacco companies are accused of lying about the effects of smoking over a 50-year period, as a US government lawsuit gets under way.

According to the US Justice Department, the case "is about a 50-year pattern of misrepresentation, half-truths and lies". The \$280bn lawsuit - which was initiated by the Clinton administration in 1999 - is expected to take over six months. Prosecutors want the cigarette firms to surrender \$280bn in profits accumulated over the past 50 years and impose tougher rules on **marketing** their products. "The government's case against the tobacco industry is an important effort to prevent fraudulent activity and uphold corporate integrity," says the US Attorney General

In its lawsuit, the government claims that tobacco firms manipulated nicotine levels to increase addiction, targeted teenagers with multi-billion dollar **advertising campaigns**, lied about the dangers of smoking and ignored research to the contrary.

The tobacco firms, which deny any wrongdoing, say claims made by manufacturers about the risks attached to smoking had been done so honestly. "They may have been wrong and in some cases they might admit it but that isn't fraud," he said. More than 300 witnesses are expected to be called during the course of the trial.

McDonalds fights off film attack



The Australian arm of fast food giant McDonald's has started an advertising blitz to counter criticism of its products in a hit documentary film.

"Seen that movie?" shouts the firm's website, as part of an **advertising campaign** that offers to separate "fact from fiction". The documentary, entitled *Super Size Me*, depicts the descent into ill health of film director Morgan Spurlock, who attempts to eat nothing but McDonald's food for an entire month. As the month progressed, he put on weight and developed depression, palpitations and sugar cravings.

Upon its release, it broke box office records for a documentary in Australia. Having initially tried to ignore the film, McDonald's then decided to attack it, according to a **public relations** spokeswoman - "Our customers were dismayed and shocked that we had not responded and took it as some sort of admission of guilt." The company is countering *Super Size Me* with a two-week **advertising campaign** being screened on television and in cinemas.

1. What effect might the case against the tobacco industry have on marketing mix of a cigarette company?
2. If the case against the tobacco industry is successful, observers are suggesting fast food firms such as McDonalds might be sued next for promoting unhealthy eating habits. If you were running a fast food business, how might this affect your marketing mix?
3. How important do you think it is to be honest and truthful when developing and marketing products to the public?