CHAPTER 1
INTRODUCTION

In the last thirty years consumers have become used to comparative advertisements to such extent that the cola wars, the burger wars, and the long-distance wars are commonplace in the advertising landscape. However, comparative advertising does not enjoy universal appeal (Beller 1995; Donthu 1998). While comparative advertising has been legalized in many European countries (e.g., France, Great Britain, The Netherlands, Denmark), the levels of use and acceptance have varied significantly. The European Union just recently developed guidelines to deal uniformly with comparative advertisements across member states (Donthu 1998). Japan has also recently relaxed its stance against comparative advertising, where it has been legal but rarely used because it is considered taboo and impolite. Although the pressure of globalization is forcing China and Latin American countries to allow use of comparative advertising, some Asian countries like Hong Kong and Korea continue to treat comparative ads as illegal (Beller 1995; Donthu 1998).

Based on the premise that a function of advertising in an economic system is to inform consumers, in the early 1970s the Federal Trade Commission (hereafter FTC or the Commission) encouraged comparative advertising (Wilkie and Farris 1975). Until then, comparative advertising had rarely been used in the United States. The general attitude towards comparative advertising was negative; it was seen as unethical and not the practice of “self-respecting” businessmen (Beller 1995). Estimates indicate that