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COMMENTS ON: CAN (AND SHOULD) ADVERTISING BE REGULATED?



Substantial Contributions

- An economic theory of non-economic advertising
 - Advertising doesn't just provide information on prices and product characteristics
 - Furthers a dialogue on how behavioral biology can drive economic decisions
 - Raises the question: what constitutes deception
 - Should regulation of ads more strictly define deceptive advertising especially in the realm of children

Specific Hypotheses

- Individuals face threshold effects in consumption
 - Crossing thresholds changes consumption tremendously
 - Advertisers may use advertisements to communicate about these thresholds
- Some support
 - Government standards for arsenic, or other toxins (Schulze)
 - Individual WTA steps around the threshold when informed
 - When not, WTA is essentially infinity



A Few Observations

- Not just about threshold effects
 - Kaiser's Mad Cow study
 - May also be a distraction, used to build culture or other behavioral impacts
- Can we separate the biochemistry from the cognitive and social
 - Chen, Lakshminarayanan and Santos and the capuchin monkeys
 - What about studies with mice?
 - Can we measure chemical effects of commercials?

More Observations

- Other psychological phenomena may be very important
 - Valerie Reyna's work on 'the gist'
 - Verbatim when you can concentrate
 - The gist when you can't
 - Truly informative advertising may be ineffective, only communicates verbatim
- Only short simple messages stick
 - People have a hard time remembering details of products (esp. foods)

Some Cautions

- Advertisers to kids must meet a double hurdle
 - Kid must want it
 - Parent must provide access
 - There is some important social aspect here (a game?)
- The deception argument works both ways
 - In the 40s, kids favorite foods were (1) Ice Cream and (2) Spinach
 - X-Ray carrots