

Public hearing
Advertising for modern, responsible consumption

Audition
**La publicité au service d'une consommation
moderne et responsable**

21/06/2021 | 10.00 - 13.00 | EESC | Online/En ligne



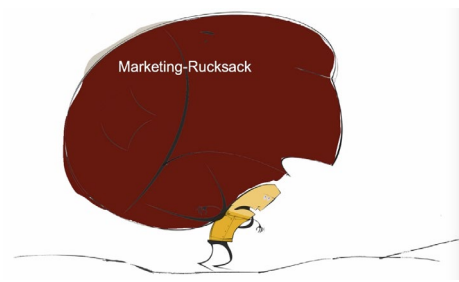
Advertising: Some Economic and Social Impacts

Professor Dr Christian Kreiß

1. Advertising and the marketing rucksack
2. The arms race in advertising (advertising and the prisoner's dilemma)
3. Consequences of the advertising glut: planned obsolescence, rising CO2 and greenwashing
4. How to stop the arms race and reap the peace dividend: political consequences

The marketing rucksack

The more advertising, the more expensive the products →
glossy pictures and cool slogans in return



Studies Consumer Agency Stiftung Warentest:

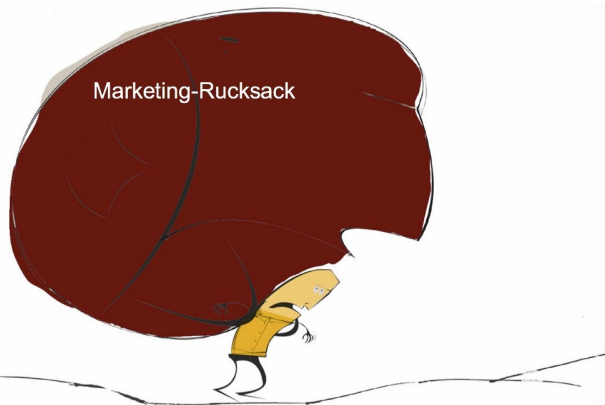
No name products for
cosmetics are of
slightly higher quality
than brand products
(5/2019)

MARKETING RUCKSACK NIVEA

(calculated according to German retail prices)

COSTS / PRICES PER LITER CREAM

MARKETING RUCKSACK NIVEA



Who pays? We all

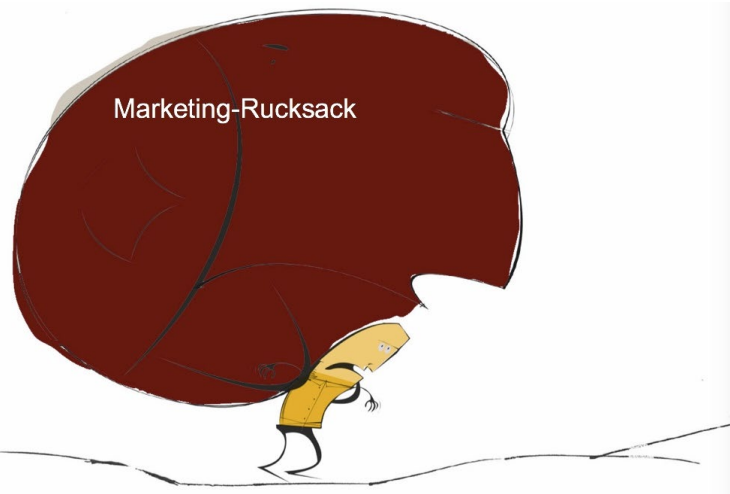
MARKETING RUCKSACK COCA-COLA

(calculated according to Annual Report 2019)

IN % OF PRODUCTION COSTS

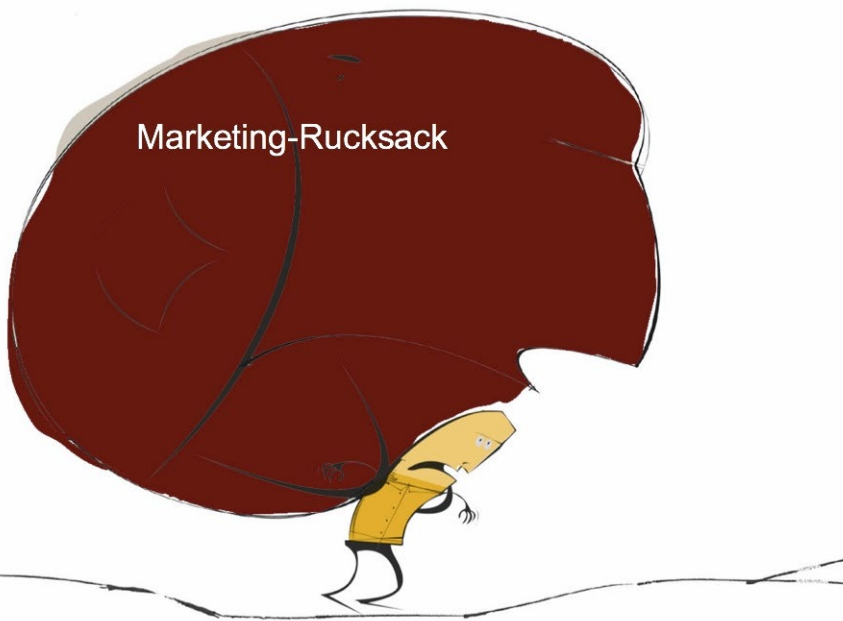


Marketing-Rucksack



Who pays? The consumer: all of us

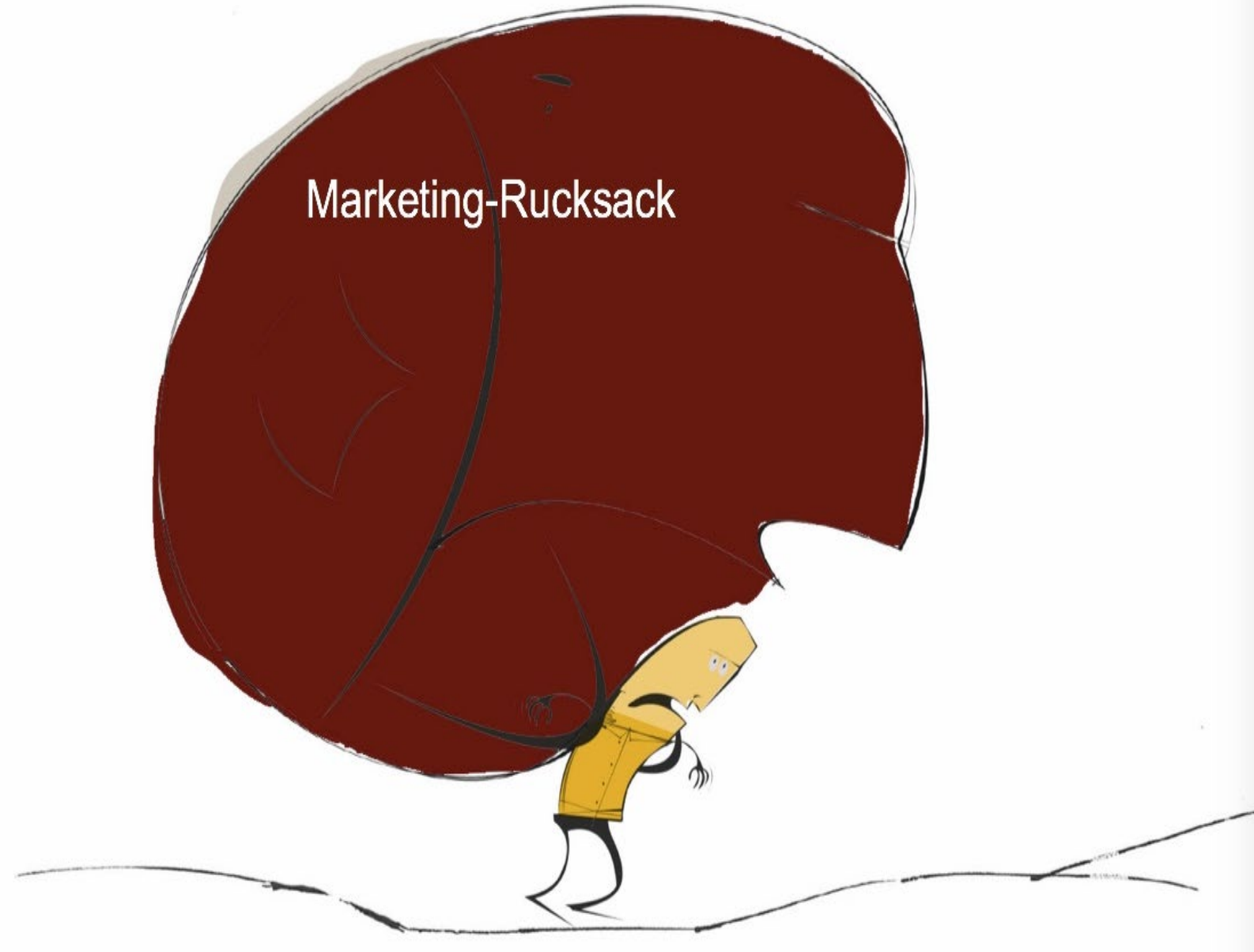
Consumer Agency Stiftung
Warentest studies:
No name products for food
are of slightly higher quality
than brand products



The more advertising, the more expensive the products →

glossy pictures and cool slogans in return

We pay dear for it



Arms race in combative Advertising: Self-regulation does not work



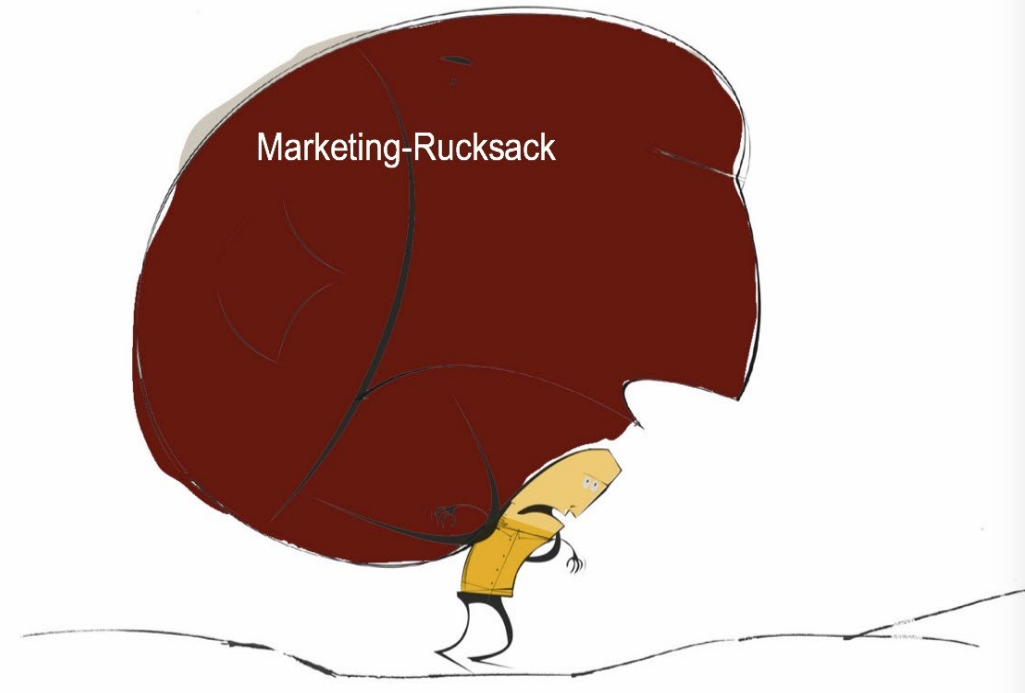
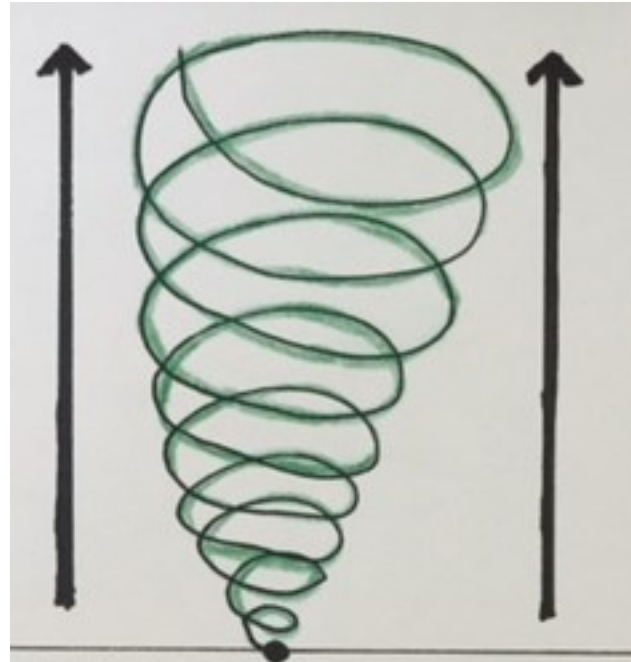
Prisoner's Dilemma	Mercedes Advertising	Mercedes <u>Not</u> Advertising
BMW Advertising	BMW 6 Mrd. € Mercedes 6 Mrd. €	BMW 12 Mrd. € Mercedes 2 Mrd. €
BMW <u>Not</u> Advertising	BMW 2 Mrd. € Mercedes 12 Mrd. €	BMW 9 Mrd. € Mercedes 9 Mrd. €

Share of combative advertising > 90%

Arms Race: Spiralling Advertising

**Arms race in
glossy pictures
and cool slogans**

We pay dear for it

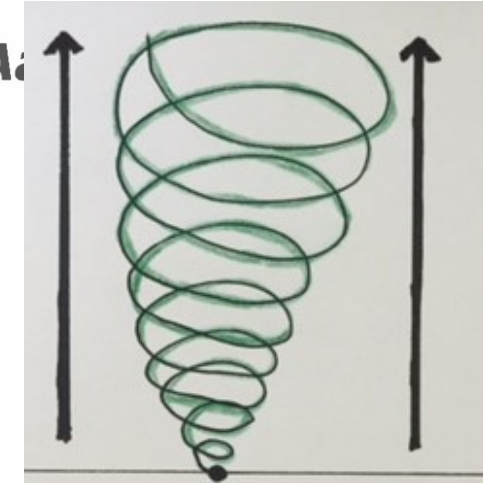


The Result: Advertising Glut

**3,000 to 13,000 ad-
spots per day**



**1 million
people
employed in
Germany**



**2 m TV Ads in our lifetime =
8 hours every day,
7 days per week,
for 6 years (Lindstrom p.47)**



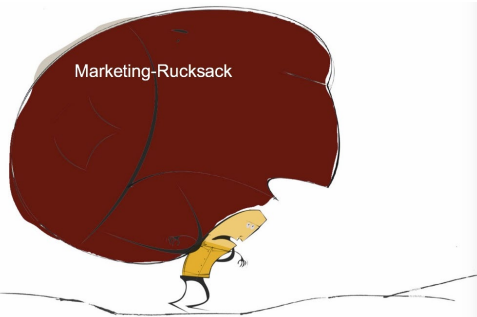
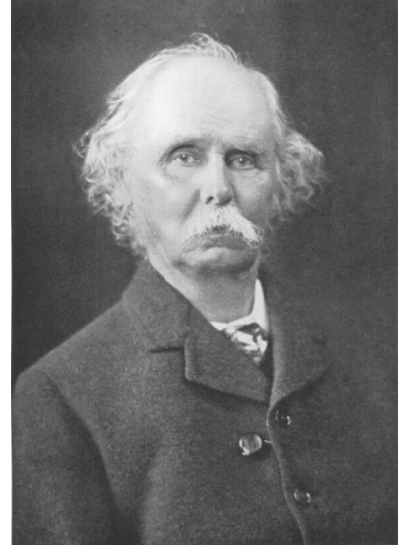
€ 80 bn per year

Alfred Marshall (1842-1924): Combative advertising is “social waste” → useless

Arthur Pigou (1877-1959): Combative advertising is waste

→ Tax it or ban it

Combative advertising today: > 90%



Consequences

Environment, Germany:

- Huge waste of paper:
- 2.7 million trees cut down p.a.
→ CO₂ like 840,000 cars
- 1,157 million kWh electricity
- Polluting 4.62 billion litres of water



Advertising: Main driver for planned obsolescence



Why so many new models each year?
→ short life cycles are artificially and intentionally generated and promoted by advertising campaigns



The more advertising the more planned obsolescence

Consequences: Greenwashing

Today nearly everything is proclaimed „sustainable“:

Flying

Chemistry

Car Industry

Private Equity etc. etc.

CSR today is mostly greenwashing

Main driver in misleading the great public:
Advertising

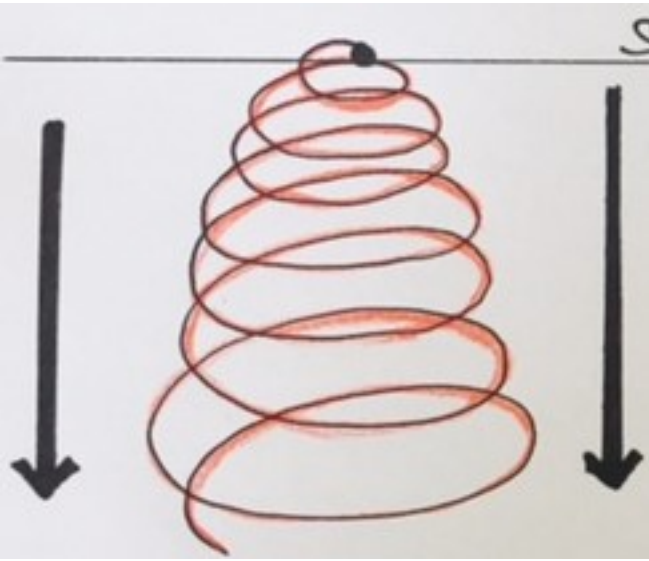


Perfect professional greenwashing campaigns
Everything becomes sustainable and green
Main tool: Advertising



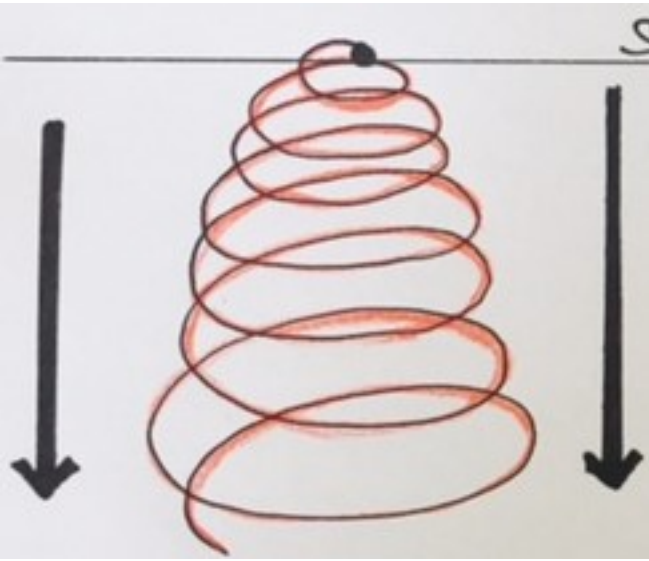
Huge Peace Dividend Looming

**End the arms race
in glossy pictures
and cool slogans**



How to End the Arms Race and Reap the Peace Dividend?

Very easy →



Political Consequences

Prisoner's dilemma- problem: Collective solution must be found, self-regulation does not work:

Reduce advertising on all levels

1. Ban on advertising like in Scandinavia, France, Sao Paulo
2. Remove tax deductibility for advertising expenses
3. Increase the price of advertising: raise VAT on advertising expenses in several steps, to 25%, 35% ... 100% within 10 years

The less advertising the less CO2
Only chance to remove greenwashing



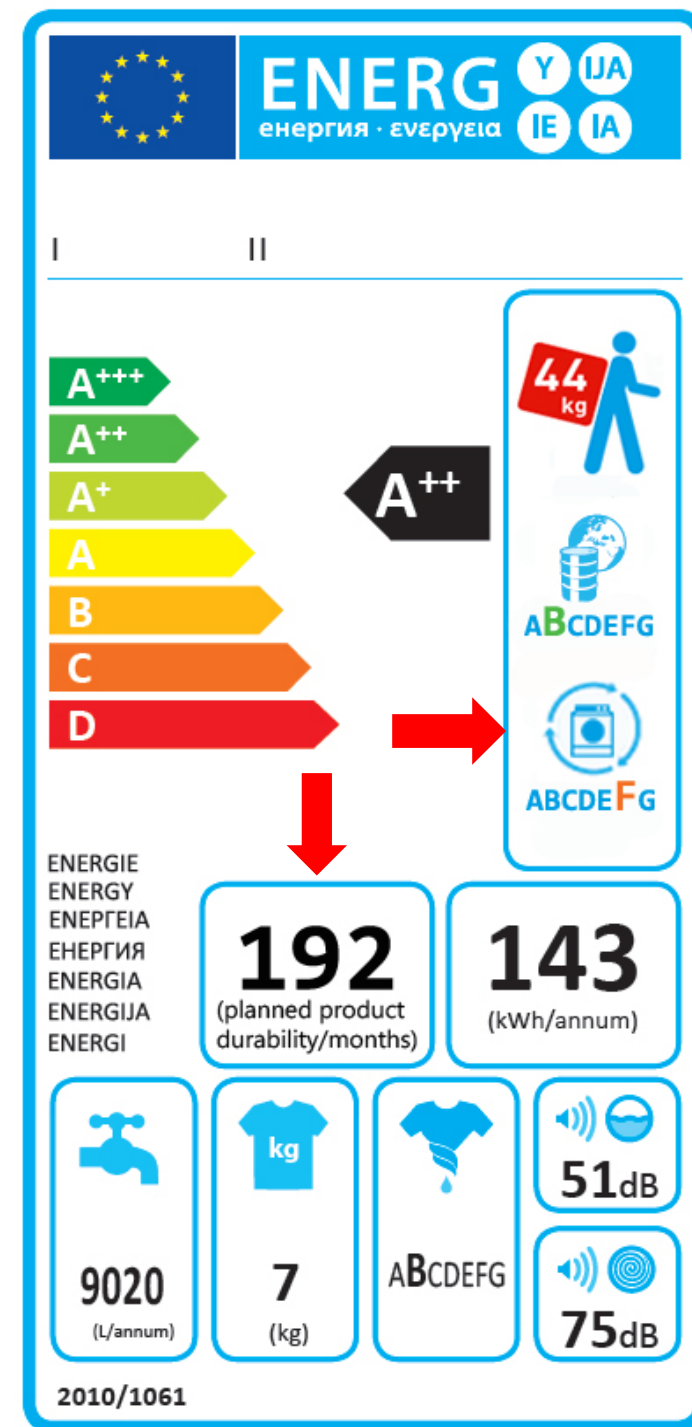
Political Consequences

Consumerfriendly regulations:

More transparent labeling

a) Lifespan: how many kilometers running? How many washing/using cycles? How many hours lifespan? How long is the planned product durability?

b) How easy/ costly to repair?



Der teure Schein

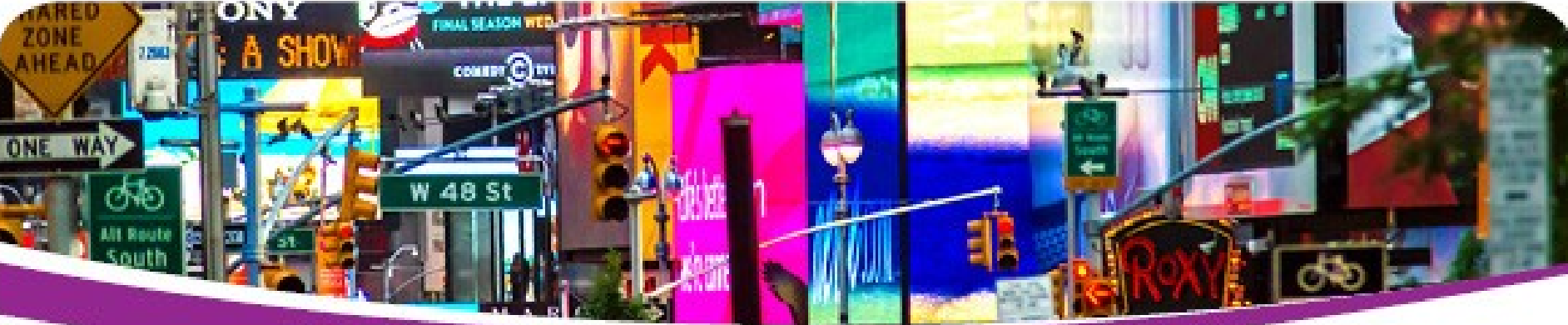
VERÖFFENTLICHT AM 5. JUNI 2021 VON BARBARA MATTER



Ökologischer Wirtschaft ohne heiße Marketing-Luft –
eine Studie der Stiftung Entrepreneurship

Detlev Görtler/
Christian Kreiß
June 5th 2021

<https://www.entrepreneurship.de/artikel/der-teure-schein/>



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European Economic
and Social Committee | Comité économique
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Thank You For Your Attention!