

## Ethics in Advertising and Costumers' Perception

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### **Abstract**

*This research was aimed at finding the ethic and perception of university students of celluler telecommunication companies. This study discusses consumer perceptions of ethics in advertising on telephone operator companies with respondents of this study is limited only to consumers who use telephone operator companies, because consumers who use telephone operator companies can prove that advertising is ethical or not based on facts.*

**Keywords:** *Ethics; telcom; advertisement; perception*

### **1. INTRODUCTION**

Along with the rapid development of the Indonesian economy, many emerging industries and new companies, one of which is the field of communication technology. Information communication technologies (ICT) at present are influencing every aspect of human life. They are playing salient roles in work places, business, education, and entertainment. ICT stands for "Information and communication technology". It refers to technologies that provide access to information through telecommunication (Ratheeswari, 2018). The world has become a global village in an information age because of the impact of information and communication technology. These ICT's continues to rapidly evolve, changing the way people communicate, industries produce and information flow (Ekwelem, 2019). The development of telecommunications technology that is very rapid to have a very big influence for telecommunications service companies in Indonesia. One of the developments in telecommunications technology is the development of cellular telecommunications. Mobility and the increasing need of people to communicate anywhere and at any time are the driving factors for the emergence of cellular-based technology.

The cellular industry in Indonesia is dominated by two large cellular operators based on GSM (Global System for Mobile Communication), namely PT. Telkomsel (Telekomunikasi Seluler Indonesia) and PT. Satelindo (Palapa Indonesia Satellite) or now known as Indosat Satelindo. A few years later, a cellular operator called PT. Exelcomindo Pratama, and then followed by the emergence of other operators such as Mobile-8, Bakrie, Lippo, and Hutchison CP Telecommunications (Hcp3). Some of the companies even issued more than one prepaid card products, both in GSM (General System Mobile) and CDMA (Code Division Multiple Access) networks, for example Telkomsel issued Simpati products, telephone operator companies, kartuHALO and the latest is hybrid HALO and Indosat Satelindo with IM3, Mentari and Matrix products.

The experiences of different countries show that entry regulation and access problems largely determine the strength of competition in telecommunications (Lapuerta et al. 2003). Operator competition is getting tougher among cellular operators in attracting consumers to be interested in using their products (Mesnard, 2010). One effective way to introduce a product to consumers is to advertise. In general, in every advertisement, it is always given uniqueness as a characteristic of the product being advertised. Distinctive features or uniqueness that is given to the adverts can be in the form of sentences, advertisement stars, music, and so on. Every consumer has different perceptions of various things, including the perception of advertisements in print media.

Advertisement is a way through which marketers sell their products to their perspective customers. The basic purpose of advertisement is to inform, persuade and remind customer about a product and play a significant role to achieve the objective associated different stages of product life cycle (Kamran & Siddiqui, 2019). Diverse advertisements in every media, both electronic media and print media, give rise to various perceptions about the appearance of advertisements on each media by consumers. This is influenced by media characteristics that have advantages and disadvantages. On television media, advertisements can be visualized with moving images, sound and music, but has a weakness that is the limited duration of exposure.

Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea (Shahid &

Bilal, 2016). Other than the print media, although it cannot be accompanied by sound or accompaniment music, print media advertising can provide more complete information about a product. Display advertising has now increased, both from in terms of quality as well as in terms of artistic. Advertisements are made in such a way that can attract the attention of consumers. But a product advertisement that is considered attractive by a demographic group may not necessarily be of interest to other consumers. The most important thing brands need to measure in order to know whether the advertising is effective or not is the positive response of the targeted customer. Advertising can be empirically considered as evaluative stimuli prior to the purchase decision (Melgar & Elsner, 2016).

In the current era of globalization, demand for cell phones is increasing. This can be seen from the number of cellular telephone products that are introduced to the public through print and electronic media. Therefore, there is a fairly tight competition between prepaid cards, each of which offers relatively low prices.

The telephone operator company is a prepaid card that is more economical and has a wide range that is supported by Telkomsel Strong Signal so that it can be used throughout Indonesia. Telkomsel continues to develop the Telefon operator company in an effort to meet the wants and needs of customers, along with the presence of similar products in the market. In addition to the low-cost first card, the SMS rate and the telephone tariff are also economical. Telephone operator companies have many useful features ranging from pulse transfer, MMS, GPRS (General Packet Radio Service). In addition, the telephone operator company is also able to conduct a conference call or a joint conversation between six people at once and provide 3G services.

Telephon operator companies run good marketing programs or not, it takes an analysis of consumer perceptions about the products offered. Customer expectation is an element that affects customers' perception of service quality and that the perception of service quality is antecedent of satisfaction (Najmah et al. 2019). Customer creates an image of that product based on the value of the product. Sometimes they say the value is low price; value is whatever customers want in a product; value is the quality customers get at the price paid, and value is what customer gets for what they give (Lekhanya & Dlamini, 2017). This consumer perception will form certain views on the products offered by PT. Telkomsel. Perception is the process by which people choose, organize, and interpret information to form a meaningful picture of the world. The process that exists in perception is formed from stimuli. A stimulus is a form of physical, visual or verbal communication that can affect individual responses (Dash & Tripathy, 2016). The stimulus-response model is associated with the assumption that the mass media has powerful effects. Also referred to as the "hypodermic needle theory," "transmission belt theory," or "magic bullet theory," it can be considered one of the first general conceptions describing mass media effects (Donsbach, 2008). Based on this, PT. Telkomsel, especially telephony operators, must make advertisements that comply with applicable ethics.

Ethics in advertising must be considered, because those who view and judge these ads are consumers through their perceptions. Most consumers are fed up with advertisements that are broadcasted and assume that the advertisements only make promises that are not in accordance with reality, because there is enough evidence to the manipulation of advertising. Advertisements that are broadcast on television often appear by presenting excessive products, thus encouraging consumers to try it. A life designed in such a way by advertisers solely to influence consumers, this is termed as a pseudo reality that is clearly evident warped.

## **2. RESEARCH METHODS**

This study uses explanatory techniques, assessed according to their level based on their goals and objects. The Technical Explanation is an official guide to the Convention. It reflects the policies behind particular Convention provisions, as well as understandings reached with respect to the application and interpretation of the Convention. References in the Technical Explanation to "he" or "his" should be read to mean "he or she" or "his or her." (Derksen & Gartrell, 2000). At the level of research explanation is included in associative research, namely research that connects two or more variables to see the effect, namely ethics in advertising Company operators Telefon (X) effect on consumer perception (Y).

The variables in this study are consumer perceptions and ethics in advertising. Each variable is defined as follows: Ethics in advertising (X) is an ethical action that must be carried out or applied to the advertisements of the Company telephone operator or a moral thought, values, and norms in regulating advertising activities. Consumer perception (Y) is the process by which people choose, organize, and interpret information to form a picture of the world. Consumer perceptions of ethics in advertising are measured using a Likert Scale to measure used to measure attitudes, opinions, perceptions of a person or group of people about social phenomena

Population is a complete group of elements, which are usually in the form of people, objects, transactions, or events in which we are interested in learning or being the object of research. The formula that can be used to determine the number of samples in a population that is difficult to know is as follows:

$$n = \frac{(Z\alpha)^2(p)(q)}{d^2}$$

Where:

n = total of sample

$Z\alpha$  = normal default value, the amount of which depends  $\alpha$

If  $\alpha=0,05 \rightarrow Z = 1,67$

If  $\alpha=0,01 \rightarrow Z = 1,96$

p = Population propotion estimate

q = 1-p

d = tolerated deviations

To get a large number of n (number of samples) and the value of p is unknown, p = 0.01 can be used. Thus, the numbers of samples representing the population in this study are:

$$n = \frac{(1,96)^2(0,5)(0,5)}{(0,1)^2}$$

n = 96.04 rounded up to 96 people

The sample can be taken as many as 96 people. Withdrawal of the sample is done using a purposive sampling technique, which is to take a number of consumers who have certain criteria to be respondents. The criteria set are the respondent who uses a telephone operator company for a minimum of 6 (six) months.

Questionnaire (Questionare) is data collection by asking questions through a list of questions to the respondents found namely Regular students

Testing the contribution of the influence of the independent variable (X) to the dependent variable (Y) can be seen from the determinant coefficient (R2) where  $0 < R2 < 1$ . If R2 gets closer to 1 then the effect of the independent variable (X) on the dependent variable (Y) gets stronger. Conversely, if R2 gets closer to 0 then the effect of the independent variable (X) on the dependent variable (Y) gets weaker.

### 3. RESULTS AND DISCUSSION

#### 3.1. Result

1. The results of the study indicate that there is a positive and significant influence between ethics in advertising by telephone operator companies on consumer perceptions of students. This has been proven based on the F test results obtained at a calculated F value of 262,316 with a significance level of 0,000. So  $F_{count} > F_{table}$  ( $262,316 > 3.94$  or the significance of  $F < 5\%$  ( $0,000 < 0.05$ ) means that the ethical variables in Ace card advertising to consumer perceptions. Based on the results of the study the authors suggest. So that the ethical variables in the Company's telephone operator advertising are maintained because these variables are

positive and significant. As for the duration of ad serving, it is slightly extended so that the public better understands the purpose and purpose of the advertisement, and the better the frequency of ad serving is shown more often so that the public sees the ad more often this will be a reference for future researchers.

2. The results show that ethical variables in advertising are indeed very dominant in influencing consumer perceptions. This is proven by obtaining research results of 16,196. In this case it is recommended that telephone operator companies pay more attention to ethics in advertising based on the provisions of the Indonesian Advertising Companies Association (PPPI). Where ethics in every advertisement must be dominated before the advertisement is aired to the public in order to get a positive image from the public about the advertisement. Consumer perception is very influential in making an ad, therefore, advertisements must be made in such a way that is easy for consumers to remember the advertisement. By creating attractive advertisements included supporting artists. Usually the top artists contained in an ad are quickly accepted by the public. Therefore, back to making interesting advertisements and certified famous artists must still not leave the applicable ethics.

The value ( $R^2$ ) or determinant coefficient is used to determine the amount of contribution of the independent variable that affects the dependent variable, and the rest is influenced by the independent variable entered in the model. The results of the study show that the value ( $R^2$ ) is 0.736 or 73%. That is, 73% of ethics in advertising by telephone operator companies can be explained by consumer perceptions. While the remaining 27% is explained by other causes not examined by the author.

### 3.2. Discussion

The results of this study states that there is an influence between ethical variables in advertising Company operators Telefon (X) on consumer perception variables (Y) Where can be seen from the Anova test which states that the Fcount test value of 262,316 with a significance level of 0,000. So  $F_{count} > F_{table}$  ( $262,316 > 3.94$  or significance  $F < 5\%$  ( $0,000 < 0.05$ ) means that the ethical variables in the advertising company Telefon operators significantly influence consumer perceptions which means that  $H_0$  is rejected  $H_a$  accepted. Then when viewed from the t value ethical variables in advertising Telefon operator company is 16,196 and t table is worth 0.67711 so  $t_{count} > t_{table}$  ( $16.196 > 0.67711$ ) so it can be concluded that the ethical variable in advertising on Telefon operator companies has a positive and partially significant effect on consumer perceptions of regular students S- 1 management department of the Faculty of Economics, University of North Sumatra Then from the analysis it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted Based on the Determinant coefficient shows that R is  $0.858 > 0.70$  which indicates that the degree of correlation or relationship between ethics in advertising ounce is a high relationship. Then the results showed that the value ( $R^2$ ) was 0.736 or 73%. That is, 73% of ethics in advertising by telephone operator companies can be explained by consumer perceptions. While the remaining 27% is explained by other causes not examined by the author.

From the results of the study indicate that there is a positive and significant influence between the ethical variables in the advertising company Telefon operators on consumer perception variables, because based on the results of this study it can be seen that consumers' views of these advertisements are positive (good). Respondents did not give a negative (bad) value for the ad. Respondents rated and viewed the Telephone operator Company's advertisements according to what was displayed in the Telephone operator's Company advertisements either through electronic or print media.

When compared with previous studies that discuss consumer perceptions with the same indicators as the research discussed. The indicator consists of selective attention (selective attention), selective distortion (selective interference), the last is selective retention (selective recall). In the first previous study the  $F_{count}$  value of 21,958  $> F_{table}$  of 2.45, the second previous study, the F value was  $62.219 > F_{table}$  2.70. Judging from the results of these two previous studies, it can be concluded that the research concerning ethics in advertising by telephone operator companies to consumers' perceptions has a higher influence.

This research is based on several theories that support one of them, namely the theory of the understanding of consumer perception, quoted from the understanding which states that consumer perception is any input that can be captured by the senses, such as products, packaging, brands,

advertisements, prices, etc. When participating in a service organization, customers' perception may be influenced not only by the nature of the product and its physical attributes but also by the attributes of the service-delivery process (Hsieh, 2016). Kotler and Armstrong (2008: 174) state that people can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. Advertising is defined as a form of non-personal communication that is paid where the sponsor or company is identified. This is a popular form of promotion, especially for consumer packaging products and services. The traditional role of packaging in consumer products has been to store and protect the content. Current consumer and industry trends, however, suggest an increasingly important role for packaging as a strategic tool as well as a marketing vehicle (Löfgren & Nilsson, 2005).

According to PPPI there are integrated Advertising Ethics Guidelines for:

#### 1. Code of conduct

Code of conduct consists of the word governance, which means custom, norm or rule. Code of conduct means manners or action, so manners are the norm that regulates manners, and are agreed upon by the environment. Advertising manners contained in telephone company operators must be adjusted based on the language of the advertisement in conveying advertising messages, in advertising may not use the only word before the advertisement can be accounted for. In advertising also may not use the word free if it turns out consumers have to pay other fees. If the price is included in the advertisement it must be clearly displayed, so that consumers know what they will get at that price. In advertising also may not show scenes of violence, denigrating competing products, after imitation.

#### 2. Code of practice

All forms of regulations that must exist in making an advertisement so as not to violate applicable ethics. As in making advertisements there must be a production permit before the advertisement is published. Imperfections of order results, ad display, or implementation of the agreement due to negligence of executing orders, must be replaced without being collected payment, or according to the agreement between the parties. Advertisers are required to provide an advertising brief (advertising brief) or correct and adequate information regarding the product to be advertised. Monitoring of advertisement broadcasting must be done by an advertising company as part of its business services. Substitution of advertisements that do not meet the quality of reproduction or broadcast, or do not fit into the schedule due to media negligence, must be broadcasted without charge, or completed according to prior agreement between the parties.

## 4. CONCLUSION

Based on the results of the analysis discussed in the previous chapter, the following conclusions can be drawn there is a positive and significant influence among ethics in advertising by telephone operator companies to consumer perceptions of students. Ethical variables in advertising by telephone operator companies are very dominant in influencing consumer perceptions of students.

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