

BUSINESS INSIDER

14 False Advertising Scandals That Cost Brands Millions

KARLEE WEINMANN AND KIM BHASIN

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In



ExtenZe infomercial via YouTube

advertising, there's a big difference between pushing the truth and making false claims. Is a product really "scientifically proven," and are "results guaranteed"?

For companies that cross the line, it can cost millions. Major brands have had to pay up, facing scrutiny from competitors and the FDA.

Most of us have been victims of false advertising. The question is, will companies change their marketing policies, or continue to prioritize profits over the consumer's right to know?

We found 14 major brands that have faced false advertising scandals -- some are still ongoing, and not all companies have had to pay up, but each has dealt with a fair amount of negative publicity.

Activia yogurt

Dannon's popular Activia brand yogurt lured consumers into paying more for its purported nutritional benefits -- when it was actually pretty much the same as every other kind of yogurt.

Falsely touting the "clinically" and "scientifically" proven nutritional benefits of the product, Dannon even got a famous spokesperson, Jamie Lee Curtis, for the supposed digestion-regulator. But after a while, some customers didn't buy it.



[Flickr](#)

A class action settlement last year forced Dannon to pay up to \$45 million in damages to the consumers that filed the lawsuit and others who said they'd been bamboozled. The company also had to limit its health claims on its products strictly to factual ones.

Source: [ABC News](#)

Taco Bell's seasoned beef

When consumers raised questions about what was actually seasoning Taco Bell's seasoned beef, the company didn't know how to respond.

It was simply using oat filler -- which means the meat isn't seasoned beef at all, according to USDA standards. The franchise had been tricking its consumers into thinking its products were of a higher grade than they actually were.

Taco Bell took the opportunity to poke fun at itself, hoping to mitigate the PR disaster. The company even took out a full-page newspaper ad thanking complainants for suing. So far, so good. Taco Bell's proactivity and willingness to address the controversy have restored some faith in the fast food giant.

The woman who started all the hullabaloo ultimately dismissed her lawsuit.

Source: [Ad Age](#)



www.flickr.com

Definity eye cream

In 2009, an Olay ad for its Definity eye cream showed former model Twiggy looking wrinkle-free -- and a whole lot younger than her years (she turns 62 next week). Turns out the ads were retouched.

British lawmakers yanked digitally altered spots, citing not only a gross misrepresentation of products, but the ad's potentially negative impact on people's body images.

Source: [Yahoo! Shine](#)



Olay

Hyundai and KIA vehicles' horsepower

Hundreds of car owners were extremely disappointed to find out that Hyundai and Kia overstated the horsepower in some of their vehicles.

In 2001, the Korean Ministry of Construction and Transportation uncovered the misrepresentation, which for some models was as much as 9.6 percent more horsepower than the cars actually had.

A class action lawsuit in southern California claimed the companies were able to sell more cars and charge more per vehicle because of the false claims. In the end, the auto powerhouses had to pay customers -- the settlement was estimated to be between \$75 million and \$125 million.

Source: GirardGibbs.com



Screengrab from AmsterdamAdBlog on YouTube

Groupon's tourism ads

Groupon was sued by a San Francisco-based tour company earlier this year for allegedly running misleading ads on Google. Groupon's accused of using keywords related to certain tourist attractions to trigger ads, while not actually offering coupons related to any of those attractions.

The class-action suit is currently ongoing -- it was approved by a judge in August after Groupon tried to get it dismissed.

Sources: [MediaPost](#), [AdWeek](#)

The screenshot shows a Groupon MyCityDeal advertisement. At the top, it says "GROUPON MyCityDeal" and "Choose Your City: National Deal". Below this, there's a navigation bar with "Today's Deal", "Previous Deals", "How it works", and "MyGroupon". A "Recommend this deal" section includes links for Facebook, Twitter, and email. The main offer is "Today's deal: Get a 32GB iPad for £49 (Worth up to £229) when you sign a 24 month Data Contract with T-Mobile (£27 per month)". A "Buy Now!" button is prominent. Below the button, it shows "Amount: £49.00", "Discount 79%", and "You save £180.00". There's also a "Buy it for a friend!" option. A countdown timer indicates "This deal can be bought over the next: 33 Hrs. 19 Min. 56 Sec.". To the right of the iPad image is the T-Mobile logo. At the bottom, there are links for "Highlights" and "Fine Print". On the right side of the ad, there's a "More Deals" section with three other offers: "£17.00 Instead of £50.00: Celebrity-Inspired Fashion at Spoiledbrat.co.uk", "£10.00 Instead of £30.00: Ethical Clothing from Rapanui", and "£9.00 Instead of £25.00: Red or Dead Hosiery at Tightsplease.co.uk".

[Groupon](#)

Rice Krispies & Frosted Mini-Wheats

Kellogg's popular Rice Krispies cereal had a crisis in 2010 when it was accused of misleading consumers about its immunity boosting properties. The Federal Trade Commission ordered Kellogg to halt all advertising that claimed that the cereal improved a child's immunity with "25 percent Daily Value of Antioxidants and Nutrients -- Vitamins A, B, C and E," stating the the claims were "dubious."

Just a year prior, the company settled with the FTC over charges that its Frosted Mini-Wheats cereal didn't live up to its ads. The campaign claimed that the cereal improved kids' attentiveness by nearly 20%, and was shot down when the FTC found out that the clinical studies showed that only 1-in-9 kids had that kind of improvement -- and half the kids weren't affected at all.

Source: [CNN](#)



Ben+Sam on Flickr

Airborne

Herbal supplement Airborne was a national hit throughout the 1990s. Marketing of the product claimed that it helped ward off harmful bacteria and germs, preventing everyday ailments like the flu and common cold. But did Airborne actually have these benefits?

Apparently not, which sparked a huge false advertising scandal. There were no studies to support Airborne's effectiveness that met scientific standards -- so the Center for Science in the Public Interest (CSPI) got involved.



By welivefast on Flickr

The high-profile scandal ended with a huge settlement, with Airborne having to pay \$23.3 million in the class-action lawsuit, and an additional \$7 million settlement later. The exact benefits to users of Airborne remain unestablished.

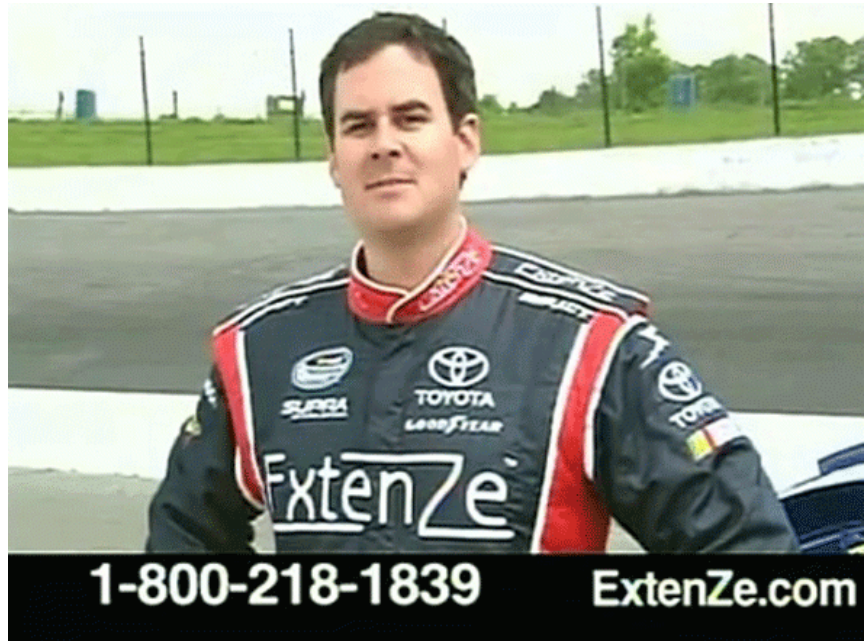
Source: [NPR](#)

Extenze

Extenze has claimed to be "scientifically proven to increase the size of a certain part of the male body."

But in 2010, the company had to pay a [\\$6 million settlement](#) to disappointed, less-endowed men everywhere.

Source: BNET



ExtenZe infomercial via YouTube

Splenda

The Sugar Association says Splenda's "Made from Sugar" slogan is misleading, and that the sweetener is nothing more than "highly processed chemical compound made in a factory," [reports CBS](#).

In 2008, the association first filed a suit against Johnson & Johnson subsidiary McNeil Nutritionals, which then countersued the association engaging in a "malicious smear campaign." The two parties [reached a confidential settlement](#) before going to trial.

Equal [also took its rival](#) to court in 2007, accusing "the makers of Splenda of confusing consumers into thinking its product was healthier and more natural than other artificial sweeteners." The two parties [also reached a confidential settlement](#).



By GoodNCrazy on Flickr

Pennzoil

Pennzoil was ordered to pull ads that showed their oil performing better than their competitors after a New Jersey judge called them "false and misleading" and "repugnant." Houston-based Pennzoil was claiming superiority over four different brands, including New Jersey-based Castrol. Pennzoil is no longer allowed to claim that their oil is better at protecting car engines than Castrol.



By eflon on Flickr

Brett Favre is shown in the television and internet ads, using Pennzoil as face paint before the big game.

Source: [Houston Chronicle](#)

New Balance

A New Balance sneaker that reportedly helped users burn calories were called out when studies [did not find any boosted health benefits](#) from wearing the shoe.

The toning sneaker, claimed to use hidden board technology, were advertised as calorie burners that activated the glutes, quads, hamstrings and calves. Plaintiffs discovered that the shoe was instead an injury hazard, without any secret technology, and are seeking \$5 million in compensation. The sneakers cost about \$100.



By [sling@flickr](#) on Flickr

Source: [Reuters](#)

Kashi

Despite claims to the contrary, Kashi Company's "All Natural" products were chock full of "almost entirely synthetic and unnaturally processed ingredients," according to the class action lawsuit filed against them. In fact, ingredients that are considered prescription drugs and federally-classified hazardous substances were found to be the primary ingredients in the so called "natural" foods.

The lawsuit, on behalf a proposed class of all U.S. consumers, says that Kashi put the all-natural labels on their foods even though they knew the claim to be false. For example, Kashi GoLean shakes are composed almost entirely of unnatural processed ingredients.

Source: *Top Class Actions*



By alexstaubo on Flickr

Eclipse gum

Eclipse gum claimed that its new ingredient, magnolia bark extract, had germ-killing properties. [Businessweek reports](#):

Consumers sued Wrigley [in 2009] in federal court arguing the subsidiary of privately held Mars Inc. made misleading advertising claims about the germ-killing properties of Eclipse.

As part of the settlement, Wrigley will change how it markets and labels its gum. It agreed to pay \$6 million to \$7 million to a fund that will reimburse consumers up to \$10 each for the product and cover other costs of the settlement, according to the law firms Blood Hurst & O'Reardon and Robbins Geller Rudman & Dowd.

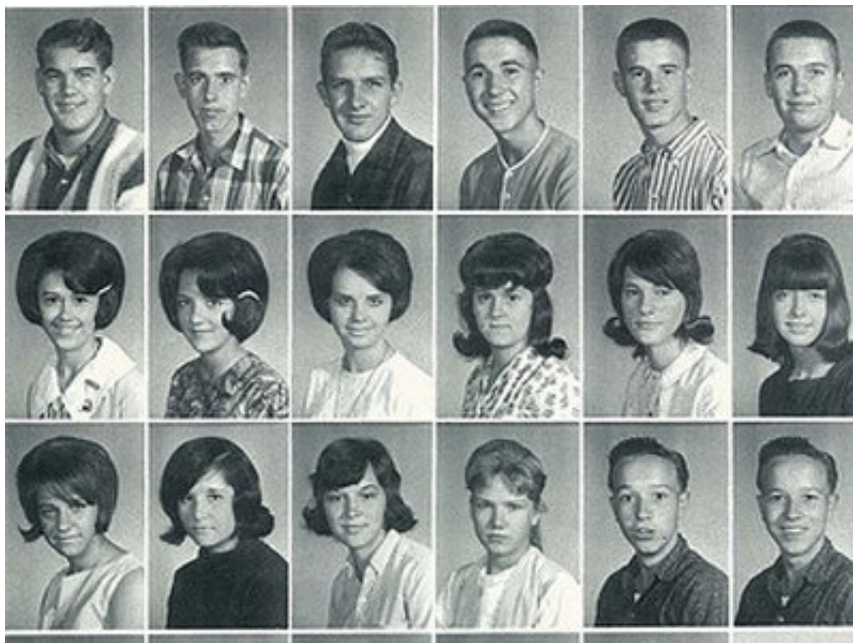


the impulsivebuy via flickr

Classmates.com

Millions of people lit up when [Classmates.com](#) sent them an email saying old friends were trying to contact them, promising to rekindle old friendships and flames if subscribers upgraded to a "Gold" membership.

But even with an upgrade, the expected reunions never came. Turns out the social networking site used the ploy to get users to pony up extra dollars. In 2008, one miffed user filed suit alleging the "deceptive" emails were false advertising.



By Small Town OK on Flickr

He eventually bested the website, which agreed to pay out a \$9.5 million settlement -- \$3 for every subscriber who fell for the dirty trick -- to resolve the case.

Source: [Mashable](#)

Companies spend tons of money to market their products

Check out the 12 companies that spend the most on advertising >



Screengrab from BleedingRose2727 YouTube

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