

## Classroom Exercise

# Kmart's Joe Boxer Controversy

An ethical issue is an identifiable problem, situation, or opportunity that requires a choice among several actions. In the advertising area, deciding if a specific ad is ethical or unethical can fall into a gray area. Some stakeholders might view the ad as acceptable, while others may be offended by the ad and consider it questionable. Many people assume that marketing ethics is black and white, right or wrong, and you just have to do the right thing. Unfortunately, there are many close calls. Kmart experienced an ethical issue concerning its advertising when it released its “Show Your Joe” advertisement around the holiday season.

Kmart has become known for its viral advertisements “Ship My Pants” and “Big Gas Saving” that uses wordplays to create humor. Toward the holiday season in 2013, Kmart released another video to advertise its Joe Boxer shorts. The ad achieved viral status—but also plenty of complaints. Developed by agency DraftFCB, the same company that made its previous two viral videos, the advertisement features six men whose lower halves are covered with a curtain. With only the top part of themselves visible, they start off ringing bells. Then the curtain is removed, and it is revealed that the men—wearing tuxedo jackets—are in their Joe Boxer shorts. They proceed to play out the song “Jingle Bells” by swiveling their hips. It is apparent that the music is coming from somewhere inside their shorts. The advertisement can be viewed at <http://www.youtube.com/watch?v=MZ4lnyHtBX8>.

The advertisement’s intent was to convince people to go shop at Kmart for the holidays. It came out amidst mixed reviews. According to the Advertising Benchmark Database, the ad scored “below average” in effectiveness. However, according to Ace Matrix, the advertisement scored above normal for retail advertisements. Consumer reviews were just as mixed. The ad scored highest in the “dislike” category. Many parents were not happy when trying to explain the “jingling” to their children. Yet it also scored second highest in the “like” category.

Many analysts view the advertisement—which have been described as “risqué,” “ballsy,” “naughty,” and “fun”—as an attempt by Kmart to instill new life into its tired brand. The Kmart brand has lost much market share, and these advertisements help portray the brand as hip and fun. On the other hand, some question how these commercials really fit into the brand. The name Kmart is not even mentioned until the end of the advertisement, and in one study only 8 percent of respondents who viewed the ad mentioned Kmart by name. Is this advertisement a fun and whimsical way for Kmart to instill its brand with new life? Or was this a tasteless advertisement meant merely to get viewers’ attention through sheer shock value?

## Questions:

**1. Some stakeholders were offended and viewed the ad as highly questionable. Should Kmart have voluntarily pulled the ad from national television to be socially responsible?**

- A. Yes
- B. No

**2. If Kmart embraces the principle of maintaining trust with stakeholders, will this affect the decision whether to use ads such as Joe Boxer?**

- A. Stakeholders are mainly concerned with profits and performance. Therefore, this will have no impact.

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- B. Trust is the glue that holds relationships together, and Kmart needs to listen to its stakeholders to make the most prudent decision.
- C. Kmart was hardly noticed as the advertiser. Therefore, the impact upon stakeholders is negligible
- D. Continuing to run the commercial will have a significant impact on all stakeholders.
- E. The ad just attempts to give Kmart a fun image, and most people should just enjoy the humor.

**3. How would you defend the decision to keep running the Joe Boxer ads?**

- A. The ads do not break any laws.
- B. The ad accomplished its objectives and went viral, generating additional exposure for the brand.
- C. Many established companies, such as Benetton International, use controversial ads that go viral to extend their advertising effectiveness.
- D. This ad really made Kmart look more contemporary and cool.
- E. All of the above.

**4. If you were the marketing manager that had to attend an internal meeting with the V.P. of Marketing, the Ethics Officer, and General Counsel, which of the following would be important to address?**

- A. The company's code of ethics as it relates to marketing and advertising
- B. Is anyone being materially harmed by the advertisement?
- C. What is the common practice in the retail industry with respect to controversial and viral advertising?
- D. If it can be assessed, what impact is the advertisement having on sales?
- E. All of the above.

**5. What is the best approach to avoid developing controversial ads like Joe Boxer that could damage the firm's relationship with stakeholders?**

- A. Rely on a competent advertising agency to make these types of decisions.
- B. Run the ads by the legal department to make sure there are no violations of law.
- C. Check with top management for their approval.
- D. Involve the ethics officer and V.P. of Marketing, as well as screen the ad with key stakeholders.
- E. Only air conservative, traditional ads with no controversial elements.

Sources:

Meredith Derby Berg, "Is Kmart's Risque Holiday Ad Ringing Hollow?" *Advertising Age*, November 25, 2013, <http://adage.com/article/news/kmart-s-risque-jingle-balls-holiday-ad-ringing-hollow/245403/> (accessed December 18, 2013).  
 Rheana Murray, "Kmart Holiday Commercial Sparks Outrage Online," *New York Daily News*, November 19, 2013, <http://www.nydailynews.com/life-style/kmart-joe-boxer-commercial-sexy-article-1.1522225> (accessed December 20, 2013).