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Industry Based Constraints

The Advertising Standards Authority (ASA) regulates the UK advertising industry. The advertising profession has adopted a code of practice which the ASA administers for all non-broadcast media. The code aims to ensure that advertisements provide a fair, honest and unambiguous representation of the product they promote, including through the use of words and impressions. The ASA gives guidance to advertisers on whether a proposed advertisement would be regarded as acceptable and deals with complaints from the general public about cases of allegedly untruthful, misleading or offensive advertisements.

The ASA is not an enforcement agency; it operates on a voluntary basis. Following an investigation, the ASA can request an advertiser to amend or withdraw an unsuitable advertisement. On the rare occasion an advertiser refuses, the ASA may seek to put pressure on the offending advertiser through the Code of Advertising Practice Committee (CAP), which is made up of organisations representing all areas of the media, including advertisers and advertising agency associations. The ASA can issue a warning to CAP members and, as they are not supposed to accept advertisements which breach the code, this would make it difficult for the offending advertiser to continue to buy space. However, if the advertisement is still being run, the ASA can fall back on the Control of Misleading Advertisements Regulations 1988, referring the advertisement to the Office of Fair Trading.

For television advertising, there are four groups that act as watchdogs over standards.

- The Broadcast Complaints Commission is a statutory body that deals with any complaints of unjust or unfair treatment. It has no disciplinary powers.

- The Broadcast Standards Council is a statutory body dealing with issues of sex, violence, taste or decency. It also has no disciplinary powers.

- The Independent Television Commission is a statuary body set up to regulate commercial television, which monitors the use of advertisements and can enforce action, where necessary.

- The Broadcast Advertising Clearance Centre is run by the ITV centre and vets all advertising copy before it is screened.

Ethical and Social Constraints

Business stakeholders and pressure groups can have a constraining effect upon an organisation's marketing activities. Organisations need to establish a balance between satisfying the demands of these two groups, while implementing a marketing strategy which increases overall development, profitability and sales.
Within an Organisation there are several business stakeholders, different groups of people with a personal interest in the future direction which the organisation takes. The shareholders want assurances of future profitability and high dividends, the managers want to maximise sales to reach their own personal targets, employees want better training and a fair level of pay. Suppliers and creditors also have direct influences upon the marketing strategy as do customers, society and the public. The marketing strategy needs to be formulated to satisfy these conflicting objectives.

Environment pressure groups like Greenpeace can limit and influence the marketing activities of a business by generating bad publicity which damages its image. For example, oil companies can be tarnished by publicising the impact of spillages from oil tankers. Organisations that are keen to avoid accusations of unethical behaviour might adopt a promotion campaign which focuses upon their environmental friendliness. To protect their own reputation, it is important that organisations recognise the power pressure groups have to influence public opinion.

Legal Constraints

The Trade Descriptions Act 1968 makes it illegal to give a false description of a product. This covers descriptions in writing, in advertisements or in anything which the seller say when discussing the goods and services with a customer. The Act also covers the way in which goods are priced. The seller cannot charge a higher price than the one marked on the product. It is also illegal to claim that the price of a product or service has been reduced, unless it was previously offered at a higher price for a period of at least 28 days in the last six months. The Act was strengthened in 1972, introducing provisions which make it illegal to sell goods that have been manufactured abroad by trying to give the customer the impression that they were made in the UK.

It can refer monopoly situations to the Monopolies and Mergers Commission, although the Secretary of State for Trade and Industry takes the final decision on whether a potential monopoly should be investigated to asses if it is against the public interest. The Monopolies and Mergers Commission can constrain or prevent a company from expending its market share through a takeover if it believes the company's actions might be detrimental to consumers.