
IN THE MATTER OF
GENERAL MOTORS CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 8907. Complaint, Dec. 11, 1972 - Decision, Jan. 10, 1975

Consent order requiring a Detroit, Mich., automobile manufacturer, among other things to cease making unsubstantiated comparative claims as to the handling characteristics of automobiles. Further, the order dismisses the allegations of the complaint relating to the "Lubed-for-life chassis" claim for the Opel automobile. The complaint is dismissed as to respondent McCann-Erickson, Inc., G.M.'s New-York-City-based advertising agent.

Consent order requiring a Detroit, Mich., advertising agency, among other things to cease making unsubstantiated comparative claims as to the handling characteristics of automobiles.

Appearances

For the Commission: *Matthew Daynard* and *Edward D. Steinman*.

For the respondent: *Covington & Burling* and *Howrey, Simon, Baker & Murchison*, Washington, D.C. *Edwin A. Kiernan, Jr.*, N.Y., N.Y. *Hill, Lewis, Adams, Goodrich & Tait*, Detroit, Mich.

COMPLAINT*

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that General Motors Corp., Campbell-Ewald Co., and McCann-Erickson, Inc., corporations, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent General Motors Corporation is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 3044 W. Grand Blvd., Detroit, Mich.

PAR. 2. Respondent Campbell-Ewald Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 3044 W. Grand Blvd., Detroit, Mich.

PAR. 3. Respondent McCann-Erickson, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 485 Lexington Avenue, New York, N.Y.

PAR. 4. Respondent General Motors Corporation is now, and for some time last past has been, engaged in the manufacture, distribution, sale, and advertising of Chevrolet Vega and Buick Opel automobiles.

PAR. 5. Campbell-Ewald Co. is now, and for some time last past has been, an advertising agency of General Motors Corp., and now and for some time last past, has prepared and placed for publication and has caused dissemination of advertising material, including, but not limited to, the advertising referred to herein, to promote the sale of Chevrolet Vega automobiles.

PAR. 6. Respondent McCann-Erickson, Inc. is now, and for some time last past has been, an advertising agency of General Motors Corporation, and now and for some time last past, has prepared and placed for publication and has caused dissemination of advertising material, including, but not limited to, the advertising referred to herein, to promote the sale of Buick Opel automobiles.

PAR. 7. Respondent General Motors Corporation causes the said products, when sold, to be transported from its places of business in various States of the United States to purchasers located in various other States of the United States and in the District of Columbia. Respondent General Motors Corporation, maintains, and at all times

* Complaint published as amended by administrative law judge, Feb. 26, 1973, Mar. 14, 1973 and Mar. 19, 1973.

mentioned herein has maintained, a course of trade in said products in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 8. In the course and conduct of their businesses, respondents have disseminated, and caused the dissemination of, certain advertisements concerning the said automobiles in commerce, as "commerce" is defined in the Federal Trade Commission Act, by means of radio broadcasts transmitted by radio stations located in various States of the United States, and in the District of Columbia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said automobiles in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 9. Typical of the statements and representations in said advertisements, disseminated as aforesaid, but not all inclusive thereof, are the following:

(a) a radio commercial prepared for use by local dealers during the period Feb. 10, 1971 to Feb. 21, 1971, and May 1, 1971 to June 5, 1971, numbered C-V-1-1262-RT-60, entitled "DRIVE A VEGA," contains the following text:

ANNCR: There's only one way, really, to find out what a Chevy Vega is all about, and that's to drive one. Road and Track Magazine drove one and wound up saying * * * "Vega is beyond a doubt the best handling passenger car ever built in the U.S." Notice they didn't say the best handling *little* car * * * or the best handling *economy* car, but simply * * * the best handling passenger car. Now if you find that a little hard to swallow, we'll understand. After all, who'd expect an economical little car like Vega to be a hero on the highway? You'd expect it to be * * * well * * * economical. And Vega is. But Vega is *more*. Actually, it handles more like a sports car than an economy car. The steering is quick and easy yet nice and firm on straightaways. Acceleration is brisk, braking is excellent, the ride is smooth and quiet. (PAUSE) Vega. The little car that does everything well.

(b) a radio commercial broadcast on the CBS radio network on Feb. 12, 1971 at 6:00 P.M. Eastern Daylight Time, entitled "DON'T BUY" contains the following text:

The new Opel 1900 * * * lubed-for-life chassis.

PAR. 10. Through the use of said advertisement, identified in Paragraph Nine(a), and others similar thereto not specifically set out herein, disseminated as aforesaid, respondents General Motors Corporation and Campbell-Ewald Co. have represented, directly and by implication, that at the time that said respondents made the claims set forth in Paragraph Nine(a), said respondents had a reasonable basis from which to conclude that the Chevrolet Vega is the best handling passenger car ever built in the United States.

PAR. 11. In truth and in fact, at the time that respondents General