
CHAPTER TEN

MARKETING WITH A CONSCIENCE: SALES AND ETHICS

In this chapter, we will address the topic of marketing with a conscience. Marketing products around the world, whether in person, on paper, or on the Internet, is an increasingly difficult task, and more than ever, subject to public opinion and **scrutiny**. Marketing professionals must make tough choices in this increasingly competitive business world.

The [Classroom Applications](#) in this chapter allow teachers and students to try out some of the concepts presented and to use these tasks in Web-based work. The list of [Useful Terms and Expressions](#) offers a beginning for those who may need review on some of the central concepts. The [Lesson Extensions](#) section offers ways in which teachers and students with particular interests in the ethics of marketing can explore specific issues in more depth. Finally, the [Internet Resources](#) list presents two types of information: information on ethics in marketing on the Web and a list of companies that use their Web sites in order to provide visitors with marketing information on their products or services.

The following information on Marketing Ethics will provide readers with a good foundation in the issues that face business professionals in the 21st century. Please note that the focus of this Background, and of the chapter, in general, is on the ethics of **online marketing**.



BACKGROUND INFORMATION

As you work through the readings and activities, you may want to explore Web sites in more depth from that required for the activity. Using the Web means making choices about what links to follow, and how to use the information you find.

What is Ethics in Marketing?

According to experts, marketing is viewed as human conduct and is subject to academic analysis and public scrutiny. Ethics is the study of the **moral** principles that guide that conduct. Historically, there have been two points of view on the study of ethics in marketing: The first is "Let the buyer beware." From this point of view, the rights of the seller are central. A company has little regard for consumers' needs and wants. The other point of view is "Let the seller beware." Here, customer satisfaction is taken to an extreme. No matter what the customer does, it is ok. Which position is correct? How do we resolve the **inevitable** conflicts brought by these competing viewpoints?

Nowadays, most ethicists believe that *Relationship Marketing* is a reasonable practice leading to positive relationships between buyers and sellers. Relationship marketing requires that rules are not necessarily contractual.

Relationship marketing allows buyers and sellers to work together. However, there are disadvantages to this approach – relationship marketing requires time to develop, and it may be difficult to develop a list of expected conduct or "rules of behavior." According to the American Marketing Association Code of Ethics, a shift in emphasis in marketing ethics -- toward buyers' interests and away from sellers' interests -- characterizes the new century. If this is true, new challenges are presented for marketing ethics and professionals in the field of marketing who want to conduct business in an ethical way.

<http://www.jimnovo.com/Relationship-Marketing-more.htm>

Visit this web site to learn more about "relationship marketing." Is it ethical to give your friend a better deal in business than you give a stranger? How do we address ethics when we enter into business deals with friends or family members? Learn more here!

What are the Challenges?

Marketers must be aware of ethical standards and acceptable behavior. This awareness means that marketers must recognize the viewpoints of three key players: the company, the industry, and society. Since these three groups almost always have different needs and wants, ethical conflicts are likely to arise.

Ethical conflicts in marketing arise in two contexts: First, when there is a difference among the needs of the three aforementioned groups (the company, the industry, and society) a conflict may arise. Second, an ethical conflict may arise when one's personal values conflict with the organization. In either case, a **conflict of interest** is a possible outcome.

An example of the first type of conflict is the tobacco industry. Cigarettes have for many decades been a lucrative business. Cigarette and tobacco marketing have been good for companies and good for the tobacco industry. Many thousands of people around the world are employed in the tobacco industry. So, the world economy has been somewhat dependent on cigarettes and tobacco. However, cigarettes are harmful to society. There is documented proof that cigarette smoking is harmful to health. This is an ethical conflict for cigarette marketers.

An example of the second type of conflict, when one's personal values conflict with the organization's, occurs when a leader in the company seeks personal gain (usually financial profit) from **false advertising**. "Cures" for fatal diseases are one type of product that falls into this category of ethical conflict: In their greed to make a profit, a marketer convinces those who may be dying from an incurable disease to buy a product that may not be a cure, but which a desperately ill person (or members of his or her family) may choose to purchase in an effort to save the dying family member suffering. Promoting and marketing such products violates rules of marketing ethics.

Ethical dilemmas facing marketing professionals today fall into one of three categories: tobacco and alcohol promotion, **consumer privacy**, and **green marketing**.

Standards for ethical marketing guide business in efforts to do the right thing. Such standards have four functions: to help identify acceptable practices, foster internal control, avoid confusion, and facilitate a basis for discussion.

What are the Rules for Ethical Marketing?

Professional associations and accrediting bodies have identified guidelines for ethics in marketing. According to one of those associations, the American Marketing Association, the following rules guide marketing behavior.

1. *Responsibility of the marketer*
Marketers must accept responsibility for the consequences of their activities and make every effort to ensure that their decisions, recommendations, and actions function to identify, serve, and satisfy all relevant publics: customers, organizations and society.
2. *Honesty and fairness*
Marketers shall uphold and advance the integrity, honor and dignity of the marketing profession.
3. *Rights and duties in the marketing exchange process*
Participants should be able to expect that products and services are safe and fit for intended uses; that communications about offered products and services are not **deceptive**; that all parties intend to discharge their obligations, financial and otherwise, in **good faith**; and that appropriate internal methods exist for equitable adjustment and/or redress of grievances concerning purchases.
4. *Organizational relationships*
Marketers should be aware of how their behavior influences the behavior of others in organizational relationships. They should not demand, encourage, or apply coercion to encourage unethical behavior in their relationships with others.

What next?

In order to effectively market, advertising is necessary. In the interest of providing an outline on advertising, the information below will be of interest and use to those interested in ethical marketing. According to Boone and Kurtz, 1999, advertising is guided by these five major promotional objectives (in both personal and non-personal selling): accentuate product value, provide information, stabilize sales, stimulate demand and differentiate product. It is easy to see how difficult it might be to balance all of these promotional objectives, to address the AMA criteria for ethical marketing (outlined above), and to make a profit. Marketers worldwide have their work "cut out for them" in the 21st century. For those who are interested, the information above will be helpful in order to address ethical marketing in professional and business settings.



CLASSROOM APPLICATIONS



PRELIMINARY LESSON PLANNING

Materials:

- Copies of the [Background](#) information;
- Copies of [Appendix A](#);
- Copies of [Appendix B](#) (one for each pair of students).

WARM UP ACTIVITY

(25-35 minutes)

Objectives:

- Introduce the topic and vocabulary
- Identify students who have background or knowledge about marketing and marketing ethics, as well as those who are newcomers
- Review content of the Background information
- Practice paraphrasing

Procedures:

1. Have students discuss the reading. Teacher may wish to provide them a template outline. Use the headings and go over each part, one at a time.
2. Ask a student to summarize. Have others paraphrase main points!
3. Some students may wish to offer examples to illustrate the various points.



ACTIVITY #1

(25-45 minutes)

Objectives:

- Identify and use three approaches for marketing:
Let the Buyer Beware, Let the Seller Beware, Relationship Marketing
- Introduce use of the Internet in seeking information about marketing;
- Evaluate web sites for approaches to marketing

Procedures:

1. Have students review the [Background](#) with particular reference to the section entitled, "What Is Ethics in Marketing?" Make sure that all students understand the content of this section.
2. Now, ask students to choose a partner to work on locating Internet sites. Tell them to go to the list of ten Web sites identified in this chapter at the end of the [Internet Resources](#) section, entitled "Examples of Companies Who Use the Web to Market Their Products". Tell them to visit each site and determine how each company approaches marketing: If it's "Let the Buyer Beware," put the name of the company in that column of [Appendix B](#) if it's "Let the Seller Beware," write the name of the company below the heading so labeled; if it is "Relationship Marketing," put it in that third column. *Note to the teacher:* You may wish to remind students that there may be evidence of more than one of these approaches on the site of one company. They should look carefully before moving on to the next company. Encourage students to find a minimum of three companies' sites for each category. Make certain that in the "Documentation" section of the handout that students write down what they found on the web that led them to believe that the site fits into that category (buyer, seller or relationship). Some students may wish to go beyond the list of ten companies' sites listed here and choose to visit another site or two -- or more! Encourage students to visit as many sites as they wish!
3. Ask them to complete [Appendix B](#) What Is Ethics in Marketing -- Buyer? Seller? Relationship?
4. Have students report back on their results.



ACTIVITY #2

(One 60-90 minute class or more in-depth treatment in several classes over a week or two)

Objectives

- Use concepts and vocabulary presented in the Background section;
- Engage in a real-world web search for use in an interesting project

Procedures

1. Put students in groups of 3-4, based on language proficiency.
2. Give students instructions on the activity.
3. First, the group must agree on a product that they want to market.
4. Second, using the criteria in the [Background](#), determine a strategy for marketing that product.
5. Check at least 3 of the Web sites listed in the [Internet Resources](#) section of this chapter to identify models of marketing used by several companies.
6. Prepare a visual of a marketing plan for the product.
7. Present the marketing plan to the class in a group presentation.
8. Class provides feedback on the plan.



COOL DOWN ACTIVITY

(about 25-60 minutes)

Have students summarize what they have learned from their visits to the Web sites of companies. They should now communicate a sense of basic understanding about the rules that guide marketing and they should have better judgment about application of those rules.



LESSON EXTENSIONS

- Pick any product (automobiles, sports equipment or clothing). Find several web sites selling the product. Evaluate the site in terms of the criteria for ethical marketing in the [Background](#) section of this chapter.
- Look at another company's web site and request information about the company's marketing and promotional plan.
- Have one student compare his/her assessment of a given company's marketing ethics with another student's assessment of the same site. Discuss.



INTERNET RESOURCES

Note: The Internet contains a great deal of useful information. However, it is important to keep in mind that there is also some misinformation on the internet. Almost anyone can put up a web page and include any information he or she chooses. Therefore, readers of web sites should use good judgment and evaluation skills. In evaluating web sites, ask yourself: Who is represented on the web page? What are their purposes for offering the information on their web sites?

Exploitable Content

<http://www.ama.org>

American Marketing Association

This web site links to pages with topics of interest: a Career Center, Publications, Chapters of the AMA around the U. S., a calendar of events, and a list of resources.

<http://sloanreview.mit.edu/the-magazine/1995-summer/3647/marketing-strategies-for-the-ethics-era/>

Marketing Strategies for the Ethics Era

At this web site of a faculty member in The Georgetown University School of Business find academic articles by the faculty member (N. Craig Smith) on the topic of ethical marketing.

<http://www-rohan.sdsu.edu/~renglish/370/notes/chapt04/index.htm>

The Nature of Marketing Ethics

Find out why ethics in marketing is often misunderstood.

<http://www.bized.co.uk/fme/4.htm>

Marketing Learning Centre, University of Ulster (in cooperation with Houghton-Mifflin publishers). Links to these will be of interest to all marketers: Introduction, Internet Exercises, MCQ's (multiple-choice questions), U. S. Marketing Center, Canadian Marketing Center, Lecturers Section and Glossary (see above). Useful exercises and information here for lecturers and teachers of marketing.

http://www.prenhall.com/books/be_0205136273.html

Ethical Marketing Decisions: The Higher Road

Offers detailed information on the book and on the issues in ethical marketing.

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APPENDIX A

Useful Terms and Expressions

Conflict of interest - a situation where a business decision may be influenced by the possibility of individual or personal benefit

Consumer privacy - protection of the anonymity of those who purchase goods and/or services. Some credit card companies, professional associations and other groups sell lists of names and addresses and phone numbers of their members to those seeking to contact markets. This is, as the [Background](#) describes, a new issue for ethics in marketing.

Deceptive - (adj.) false, tending to mislead
deception (noun); deceive (verb)

False advertising - paid, non-personal writing or speaking which intentionally misinforms or wrongly persuades a reader or listener to buy a product or service

Good faith - well-meaning, with honesty
(used as adj: "a good faith decision" or as noun: "a decision made in good faith")

Green marketing - marketing focused on the claim that the service or product benefits the environment

Inevitable - (adj) certain, unavoidable
inevitably (adv); inevitability (noun)

Moral - (adj) truthful, good, ethical
morality (noun); moralize (verb)

Online marketing - selling goods and services on the Internet; many web sites are designed with the primary purpose of marketing a company's goods and services

Scrutiny - (noun) inspection, examination
scrutinize (verb)

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APPENDIX B

What Is Ethics in Marketing -- Buyer? Seller? Relationship?			
Student Names: _____			
	Let the Buyer Beware	Let the Seller Beware	Relationship Marketing
Company #1:Name <i>Documentation</i>			
Company #2:Name <i>Documentation</i>			
Company #3:Name <i>Documentation</i>			

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