

Some consumers give phony personal information when they apply for rewards or loyalty cards at stores.

Others take it a step further by regularly exchanging their cards with those held by other people.

Are these people doing anything wrong?

Why or why not, and what ethical theories can be used in the analysis?

I think it depends on the expected contract that is created between the consumer and the company. If the two parties are agreeing to a contract, it should be honored. The point of rewards and loyalty cards is that they provide an expected price advantage. As Quinn (2017) claims, "Critics of grocery club cards say that the problem is not that card users pay less for their groceries but that those who don't use cards pay more." (241)

From the view of the social contract, where "people.... conditionally transfer some of their rights to the government in order to better ensure the stable, comfortable enjoyment of their lives, liberty, and property" (3), instead we are considering the forgoing of rights and privacy for cheaper prices (and thus, more enjoyment). The first question is whether we are breaking the contract. Some cards like Giant's, we can also use the store's card and save the same amount of money, giving us an option to use a card, but not a card tied to our identity. In Japan, I remember that there were discount cards that were similar, but many were not tied to a phone number (more like a gift card). So it depends on the card in question: if the cards are only collecting aggregate shopping information, and there is no implication that I am to provide my real identity, we are not breaking the contract.

However, on the consumer side, if customers are expected to provide real information, and are providing fake identification or credentials in either a fake identity or card swapping, this is unethical by social contract standards as it breaks the contract. In the case of providing fake identification or credentials at the state/national level, such actions are obviously illegal (1). I think there is some parallel drawn in that it is slightly unethical to knowingly be breaking a contract between company and consumer if the assumption is that you are signing up with your real identity. In this case, it should be fair that companies should be able to deny special prices of service for the card, just as a consumer may decide to forgo such services or prices if they feel that their privacy is more important.

One of the biggest issues is whether or not the consumer knows that their information is being used. If companies did a better job outlining what data was being collected to the consumer, making a decision about the ethical ramifications would be easier to assess. The clarity of the contract is what is in question. Safeway's loyalty program information page provides no details on data collection (3). If policies are not clear, this is also breaking the contract, as disclosure and understanding should be expected of a contract between both parties.

- (1) <https://www.law.cornell.edu/uscode/text/18/1038>
- (2) <https://www.bbc.com/news/technology-43483426>
- (3) <https://www.safeway.com/justforu/program-details.html>
- (4) <https://plato.stanford.edu/entries/locke-political/>