



# Marketing Ethics and Social Responsibility



## Consumer Behavior

Leon G. Schiffman

Joseph Wisenblit

# Chapter 15 Learning Objectives



15.1 To understand the meaning and importance of marketing ethics and social responsibility.

15.2 To understand how marketers can exploit consumers by targeting children and encouraging overeating and other forms of irresponsible buying.

15.3 To understand ethically questionable practices such as covert marketing, manipulative exposure to advertising, and truth-in advertising issues.

# Chapter 15 Learning Objectives



15.4 To understand the nature and consequences of provocative advertisements.

15.5 To understand how marketers abuse consumers' privacy and the measures that can stop such practices.

15.6 To understand how marketers can advance society's interests by advocating socially beneficial conduct and discouraging adverse behavior.

# PETA (Non-Profit) Ads

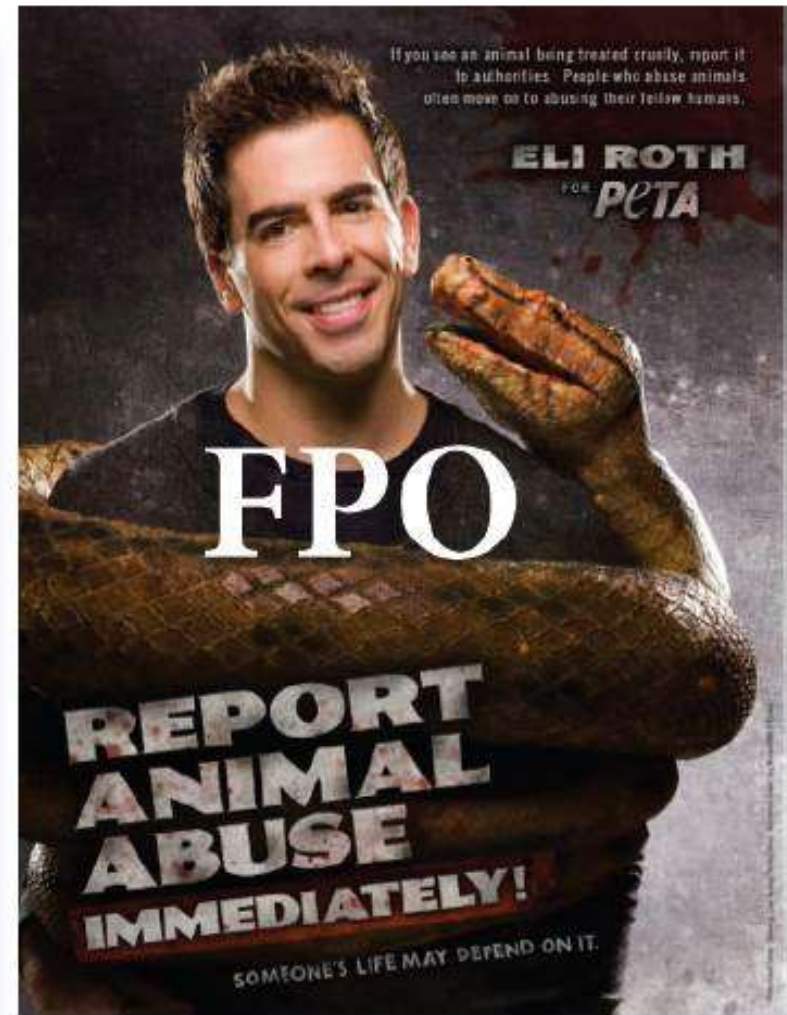
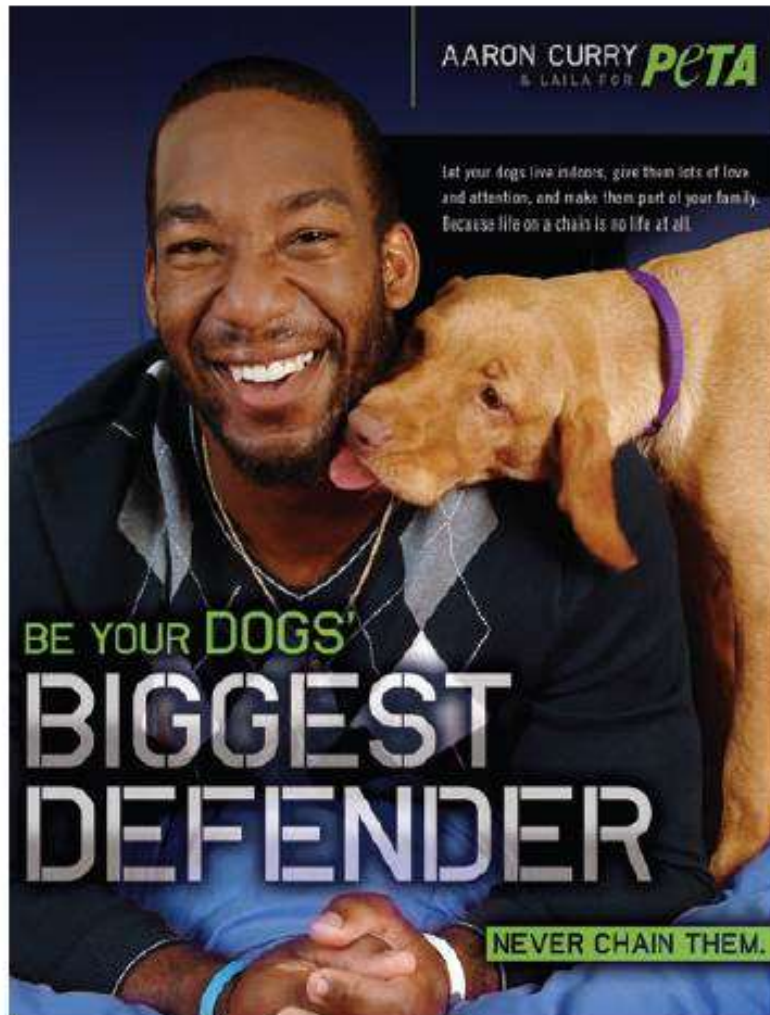


FIGURE 15.1 PETA Advocates Animals' Rights

# Learning Objective 15.1

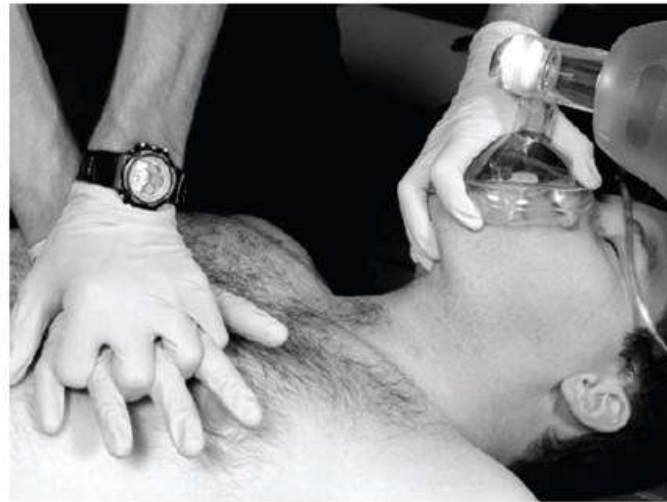
---

15.1 To understand the meaning and importance of marketing ethics and social responsibility.

# Societal Marketing Concept

Calls upon all marketers to satisfy the needs and wants of their target markets in ways that preserve and enhance the well-being of consumers and society as a whole, while also fulfilling the profit objectives of their organizations.

# Letter from Customer Advocacy Group



## A Broken McPromise

Trans fat causes tens of thousands of heart-disease deaths each year. So why did McDonald's break its promise to eliminate trans fat from its cooking oil?

AN OPEN LETTER TO McDONALD'S USA CEO MIKE ROBERTS

Dear Mr. Roberts:

McDonald's has done a lot of things right. You've recently added some healthier menu items, and you've stopped supplying fries and sodas.

But you broke an important promise you made in 2000 to your customers — a promise to eliminate trans fat from your cooking oil. You will fry in **partially hydrogenated vegetable oil**, making all of McDonald's fried foods unnecessarily high in trans fat — a potent promoter of heart disease.

According to Harvard professor Walter Willett, trans fat is a metabolic poison that increases the "bad" cholesterol and lowers the "good." It is responsible for tens of thousands of heart-attack deaths each year, and probably more cases than flu. The Institute of Medicine says that any amount of trans fat increases the risk of heart disease and should be kept to a minimum.

Some of your European restaurants have already switched to trans-free cooking oils. But your broken promise puts your American customers at greater risk for heart attacks and early death. **Please keep your promise.**



TransFreeAmerica.org is a project of the Center for Science in the Public Interest, the nonprofit nutrition and food safety watchdog group. The goal is to eliminate partially hydrogenated vegetable oil, the leading source of dietary trans fat, from the food supply.

Burger King, Wendy's, KFC, Krazy Kreme, Applebee's, and many other chains cook with this artificial triglyceride despite the scientific evidence linking trans fat to heart disease. And while many food manufacturers are reformulating their products to reduce levels of trans fat, most restaurant chains aren't changing them. We learn more about trans fat — and help this campaign — at:

[www.TransFreeAmerica.org](http://www.TransFreeAmerica.org)

**FIGURE 15.2** Irresponsible Marketing Can Damage a Company's Image



# Learning Objective 15.2

---

15.2 To understand how marketers can exploit consumers by targeting children and encouraging overeating and other forms of irresponsible buying.



# Consumer Socialization

---

- Perceptual stage (3-7 years old)
- Analytical stage (7-11 years old)
- Reflective stage (11-16 years old)

Discussion Question:

**At what point is it ethical for marketers to communicate with children? Does it depend on other factors besides age (e.g. socioeconomic status; product category)?**

# Marketing to Children

---

- Guidelines by Children's Advertising Review Unit (CARU)
- Guidelines include:
  - No misleading claims about product's performance or benefits
  - Must not exploit children's imagination
  - Can not create unrealistic expectations
  - Products must be shown in safe situation
  - No encouragement of inappropriate behavior
  - Avoid ads that
    - encourage children to pressure their parents to buy the products advertised
    - lead children to feel that ownership of a given product will make them more accepted by peers

# Marketing Foods to Children

---

- Concern over link with obesity
- Voluntary restrictions to avoid legislation
- Rules opposed by the Obama administration

# Promoting Physical Activity



FIGURE 15.3 Promoting Physical Activity for Children

# Inspiring Overeating and Irresponsible Spending

---

- Cold grocery stores
- Moving displays to encourage wandering
- Targeting online shoppers who have been drinking
- Designing foods that encourage overeating
- Granting easy credit

# Packaging to Increase Consumption

---

- Short, wide glasses
- Clear candy jars
- Transparent sandwich wrap
- Visible, aromatic food
- Organized food presentation
- Multiple offerings
- Minimal variations in serving bowl size
- Not tracking consumption
- Large inventories
- Bundling small packages

# Nutritional Labeling

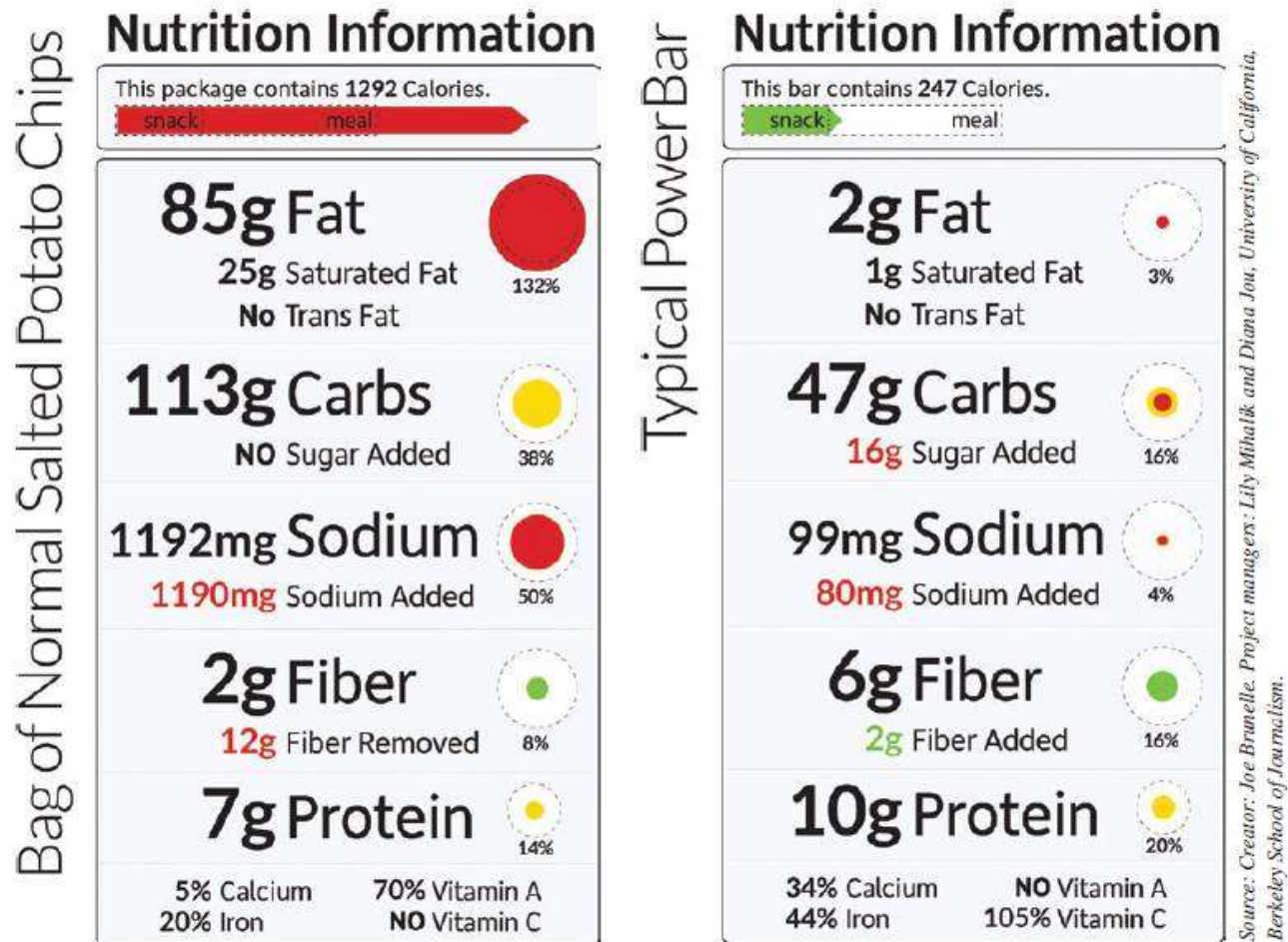


FIGURE 15.5 Total Instead of Serving Size Calories



# Pharmaceutical Advertising

---

- Voluntary restrictions – Direct-to-Consumer
- Two-year moratorium proposed in Senate
- Online search engine complications (risk information)
- Extending life of favorite products

Discussion Question:

**What are the advantages and disadvantages of marketing pharmaceuticals directly to consumers?**

# Learning Objective 15.3

---

15.3 To understand ethically questionable practices such as covert marketing, manipulative exposure to advertising, and truth-in advertising issues.

# Manipulating Products and Messages

---

- Context effects, JND
- Covert marketing
- Product placement, advertorials and infomercials

# Discussion Questions

---

- Do you think covert marketing is wrong?
- Why might others have a different opinion from you?



# False or Misleading Advertising

---

- Puffery
- Truth-in-advertising laws
- Deceptive advertising; FTC guidelines
- Corrective advertising
- Promotional violations in drug marketing
  - Unsubstantiated effectiveness claims
  - Omitted risk information
  - Unsubstantiated superiority claims

# Deceptive Claims

TABLE 15.2 Deceptive or False Promotional Claims		
PRODUCT	ISSUE	DESCRIPTION
Dannon Yogurt	Claimed health benefit	Growing demand for products containing certain strains of live bacteria. Dannon's promotions for its probiotic dairy drinks—Activia and DanActive—claimed that bacterial cultures will help prevent colds or alleviate digestive problems. The FTC forced Dannon to stop this. It cannot say that its product will relieve digestive issues unless it also mentions that you have to eat at least three servings daily to get this benefit. The agreement does allow the statements that Activia helps to regulate the digestive system and DanActive helps to support the immune system.
Nestlé	Claimed health benefit	The FTC stopped Nestlé's advertising claiming that its Boost Kids Essential beverages help kids avoid colds and reduce school absences.
Pom Wonderful	Claimed health benefit	The marketer of this pricy pomegranate juice advertised that the product reduces the risk of heart disease, prostate cancer, and impotence. The FTC charged the marketer with making false and unsubstantiated claims.
Procter & Gamble Nyquil	Forbidden product attributes	Procter and Gamble wanted to add Vitamin C to its Vicks cold formulas. The FDA does not allow the addition of dietary supplements to drugs, because that will give consumers the impression that these drugs were evaluated and approved by the FDA.
Skechers Toning Shoes	False claim	The company claimed that its shoes would help consumers tone muscles and lose weight. One of the taglines said: "Get in shape without setting a foot in the gym." The FTC fined the company \$50 million.
Ab Circle Pro	False claim	Ads for the Ab Circle Pro, a circular disk on which people swing back and forth, said that a 3-minute daily workout was equivalent to 100 sit-ups and would allow consumers to lose 10 pounds in 2 weeks. The FTC forced the company to give customers refunds.
Lancôme	Questionable claim	L'Oréal's Lancôme claimed that one of its products "boosts the activity of genes and stimulates the production of youth proteins." This implies that the product affects the way the human body works, a concept that is used to classify new drugs, not cosmetics. The FDA rebuked the company.
Twitter	Full disclosure	The FTC said that Twitter ads should include full disclosure, just like TV and print ads. For example, ads should include the average effectiveness of a weight-loss shake or note that a celebrity was paid to push a product. Making room for this kind of text in a 140-character tweet on Twitter is unrealistic, but other ways to include full disclosure are being considered.

# Learning Objective 15.4

---

15.4 To understand the nature and consequences of provocative advertisements.



# Provocative Marketing Examples

**TABLE 15.3** Examples of Provocative Marketing

PRODUCT	PROVOCATION	DESCRIPTION
Blast by Colt 45	Appealing to underage drinkers	Blast by Colt 45—a fruit-flavored beverage—was endorsed by the rapper Snoop Dogg, who also mentioned the brand in one of his songs. Sweetened alcoholic beverages are sometimes called “cocktails on training wheels” and young drinkers call them “alcopops.”
Four Loko	Deadly combination masked as “an energy drink”	A company marketing a fruit-flavored malt beverage with 12% alcohol content and caffeine targeted college students. Some drinkers ended up in hospitals. While under FDA investigation, the company took the caffeine out of the product.
Adidas	Selling the same product for different prices in two countries	The shirts of New Zealand’s premier rugby team—marketed by Adidas—were being sold online in the United States for approximately 50% less than their New Zealand price.
Nivea skincare	Despicable advertising	An ad for the product featured a black man holding a decapitated head with an afro and beard. The ad’s tagline was: “Re-civilize yourself.”
Groupon	Insensitive humor	One ad made fun of the people of Tibet, who are abused under Chinese rule; another ad made fun of endangered species.
A vodka named Wodka	Tasteless and negative stereotypical portrayals in advertising	An ad for Wodka—a very cheap vodka brand sold in Brooklyn, N.Y.—read: “Christmas quality, Hanukah pricing,” and also featured one dog wearing a yarmulke and another one wearing a Santa hat. Another ad read: “Escort quality, hooker prices.”
Benetton	Creative but objectionable	Benetton—made famous by creative but highly explicit advertising—came up with an “UNHATE” campaign featuring world leaders kissing other leaders whom they oppose, such as President Obama kissing Venezuela’s leader and the prime minister of Israel kissing a Palestinian leader.

# Learning Objective 15.5

---

15.5 To understand how marketers abuse consumers' privacy and the measures that can stop such practices.

# Privacy Issues

---

- Using Wi-Fi signals from smartphones to track consumers in stores
- E-Scores: undisclosed digital calculations of people's buying power and value as consumers
- FTC “do not track” mechanism
- Regulation of data brokers
- Opt-in for monitoring
- Turquoise triangle

# Discussion Questions

---

- Should online privacy be self-regulated or governed by legislation? Why or why not?
- Should stores be allowed to track your emotions and behavior using your smartphone? Why or why not?



# Learning Objective 15.6

---

15.6 To understand how marketers can advance society's interests by advocating socially beneficial conduct and discouraging adverse behavior.

# Advocating Beneficial Conduct



**FIGURE 15.7** New York City's Government Promotes Hurricane Preparedness



# Promotions of Socially Beneficial Causes

**TABLE 15.4** Promoting Socially Worthy Causes

ORGANIZATION	CAUSE	CAMPAIGN'S DESCRIPTION
Soprano's actor Joe Pantoliano	Mental illness awareness	Established a foundation and raised money by selling a DVD of a documentary he directed and fees from personal appearances.
Blood Center of Central Texas	Donating blood	Humorously suggest that the good deed of donating blood could offset everyday bad behavior.
United Methodist Church in Nashville	Eliminating Malaria	"A world of people united in the fight against a needless killer."
Keep California (not-for-profit group)	Keeping California's beaches clean	Uses a shot of the same beach where "beach blanket" movies were shot in the 1960s and satirizes the teenagers who appeared in those films.
The Advertising Council	Encouraging parents to read with their children	"Read to your child today and inspire a lifelong love of reading." The campaign features Curious George—an iconic monkey character—featured in a series of children's books.
American Heart Association	Using hands-only CPR	A "hands symphony" theme in TV spots. The campaign's website lets users create their own hand symphonies and an instructional application of the CPR is offered to users of smartphones.
Advertising Council	Greater involvement of fathers in their children's lives	Targeting American-Indian, Asian-American, and Hispanic fathers, the tagline is "Take time to be a dad today." Studies have shown that children of "absent fathers" do poorly in school and have lower levels of self-esteem.



# Cause-Related Marketing

Firms contribute a portion of the revenues they receive from selling certain products to causes that are socially desirable and supported by the American public.

# Cause-Related Marketing Example

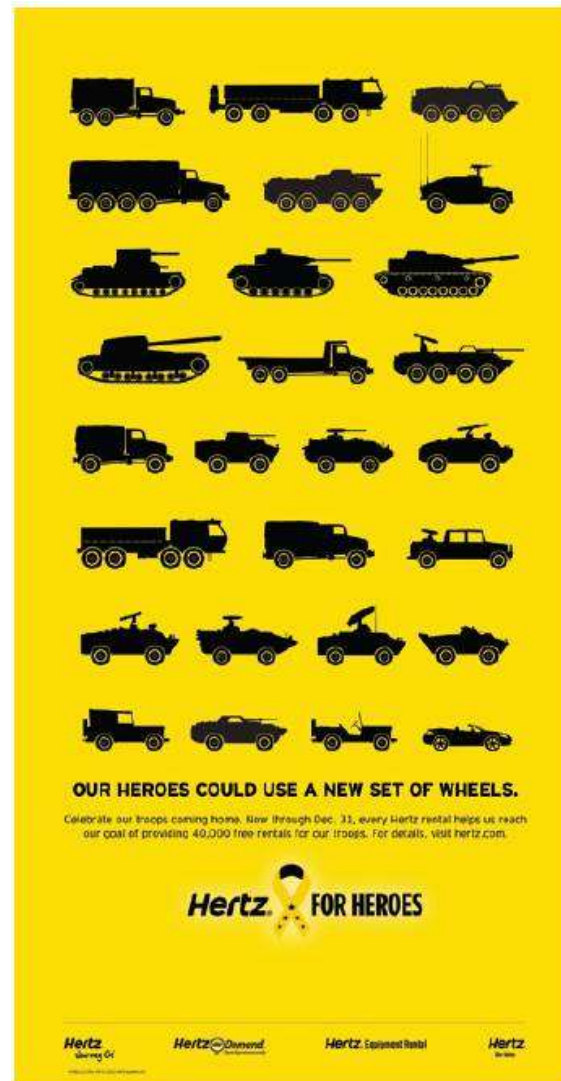


FIGURE 15.9 Hertz's Cause-Related Marketing

# Consumer Ethical Awareness

**TABLE 15.5** A Scale Measuring a Person's Ethical Awareness and Concerns

Respondents used a 7-point scale ranging from “strongly agree” to “strongly disagree.”

## PERSONAL POSITIVES

My friends are concerned with this issue

People who matter to me would respect me for being concerned about this issue

This is an issue that I like to be associated with

I feel better about myself if I take some form of action against firms that violate this issue

## SOCIAL POSITIVES

It would be better for everyone in the long run if people favoured products that address this issue

It would help if people bought from firms that address this issue

Society would benefit from the removal of products that violate this issue

People could make fairer choices if they were aware of which companies had high ethical principles regarding this issue

## PERSONAL NEGATIVES

It would be too much hassle to buy only from businesses that do not violate this issue

It is not my responsibility to punish firms that ignore this issue

It would take the pleasure out of shopping if I had to choose only from products that support this issue

It would make shopping less convenient if I had to choose only from products that support this issue

## SOCIAL NEGATIVES

People would be annoyed if they were pressured into being concerned with this issue

People are too busy today to be concerned with this issue

People might think it was a waste of time to try to influence big business over this issue

Having to take account of this issue would make shopping less convenient for people

## MONEY ISSUES

It does not cost me any more money to take this issue into account when shopping (*item reversed for these analyses*)

It costs more to take account of this issue when shopping

Source: Oliver M. Freestone and Peter J. McGoldrick, “Motivations of the Ethical Consumer,” *Journal of Business Ethics*, 79 (2008): Part A—463, Part B—455. Copyright © 2008, Springer Netherlands.

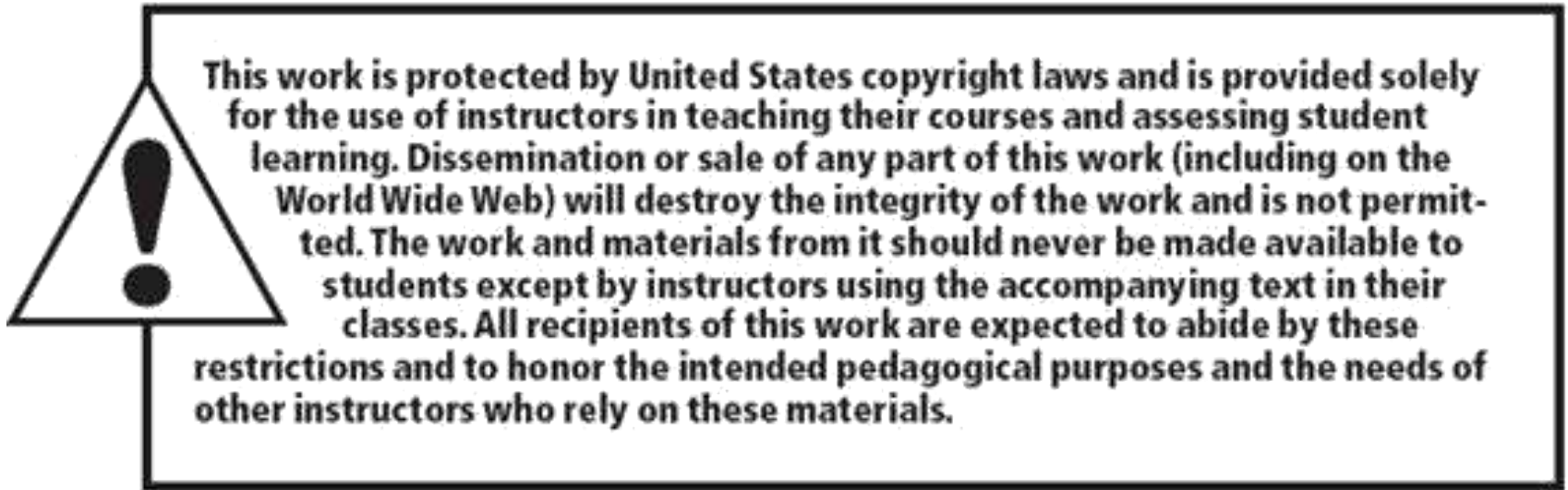
# Consumer Ethics

---

- Consumer returns
- Software piracy

Discussion Question:

**Do you think creative consumer practices that avoid baggage fees and charge airlines falsely are ethical? Why or why not?**



All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher. Printed in the United States of America.

Copyright © 2015 Pearson Education