

## Chapter 4: Marketing Ethics

### The Scope of Marketing Ethics

- Business Ethics:
  - Moral or ethical dilemmas that might arise in a business setting
- Marketing Ethics:
  - Examines those ethical problems that are specific to the domain of marketing

### Ethical Issues Associated with Marketing Decisions

- People in marketing interact directly with the public

### Creating an Ethical Climate in the Workplace

- Ethical climate
  - A set of values that guides decisions making and behavior
  - Everyone within a firm must share the same understanding of its ethical values and how they translate into the business activities of the firm
  - Once values are understood, the firms must develop explicit rules and implicit understandings that govern all the firm's transactions
  - Top management must commit to establishing an ethical climate, and employees throughout the firm must be dedicated to that climate, because the roots of ethical conflict often are the competing values of individuals
  - Each individual holds his/her own set of values, and sometimes those values result in inner turmoil or even conflicts between employee
  - Once the rules are in place, there must be a system of controls that helps resolve such dilemmas and rewards appropriate behavior
  - Behaviors consistent with the firm's values and punishes inappropriate behaviors
  - The most important controls is pricing potential violations of human rights and child labor laws.
  - Self-pricing allows companies to avoid painful public revelation

### The Influence of Personal Ethics

- Every firm is made up of individuals, each with his or her own needs and desires

### Ethics and Corporate Social Responsibility

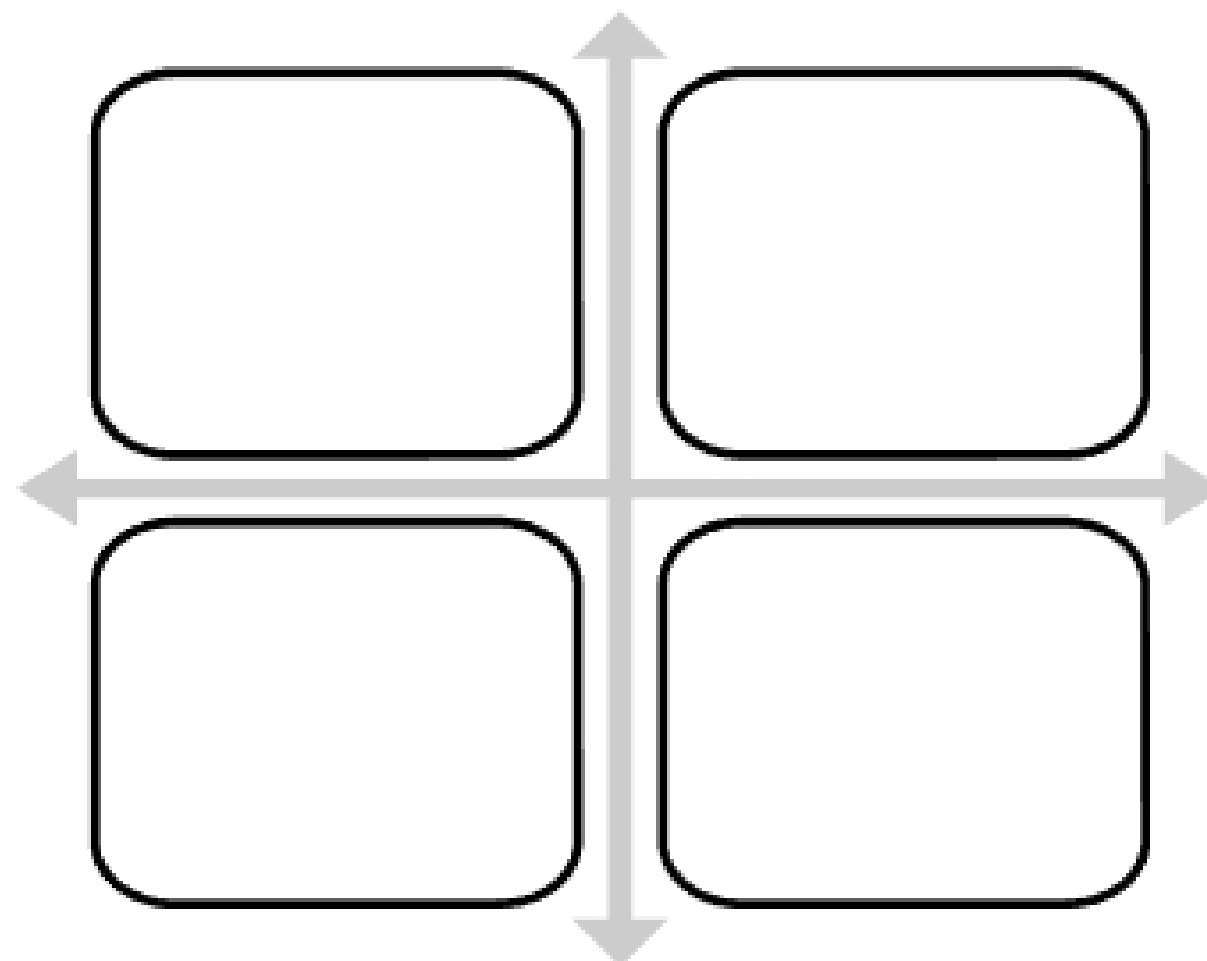
- **Corporate social responsibility:** generally entails voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders.
- Firms with strong ethical climates tends to be more socially responsible
- Firms should implement programs that are socially responsible, and its employees should act in an ethically responsible manner
- Being socially responsible generally means going above and beyond the norms of corporate ethical behaviors
- Consumers and investors increasingly appear to want to purchase products and services from and invest in companies that act in socially responsible ways.

### Ethics versus Social Responsibility



## Ethics and Laws

- Ethics
  - Moral principles and values that govern actions
  - Why important?
- Laws
  - Society's value which are enforceable in court



## A framework for Ethical Decision



### Step 1:

- Investigate the use (or misuse) of data collected from consumers by a marketing research firm
- Issue that may occur is how the data is collected
- Issue might be whether the results are going to be used in a way that might mislead or even harm the public, such as selling the information to a firm to use in soliciting the respondent

### Step 2:

- Firm focuses on gathering facts that are important to the ethical issues, including all relevant legal information
- Firm must identify all the individuals and groups that have a stake in how the issue is resolved.

- Stakeholders typically include the firm's employees and retired employees, suppliers, the government, customer groups, stockholders, and members of the community in which the firm operates.
- Many firms now also analyze the needs of the industry and the global community, as well as "one-off" stakeholders, such as future generations and the natural environment itself.

### Step 3:

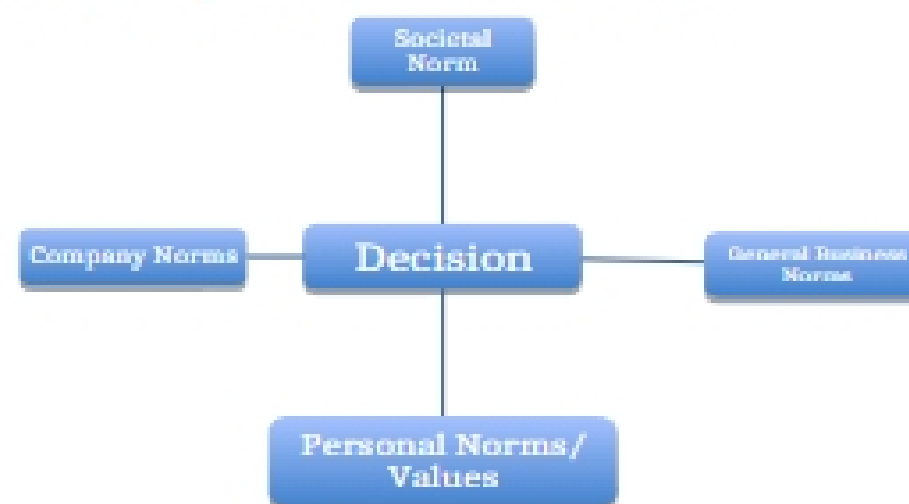
- After the marketing firm has identified the stakeholders and their issues and gathered the available data, all parties relevant to the decision should come together to brainstorm any alternative course of action
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### Step 4:

- Objective is to weigh the various alternatives and choose a course of action that generates the best solution for the stakeholders using ethical practices.
- Choose a course of action
  - How do you pick among alternatives?
  - How do you decide if something is ethical?

## Framework for Ethical Decisions

In making a decision, consider 4 sets of norms



- Societal culture and norms
  - Basic set of values of the society
  - Ethical decision making metric
    - Publicity test/transparency test
    - Moral mentor/admired observer test
- General business norms
  - What is the standard practice in business
    - Basic business values
      - Consumer has right to safety, to be informed, to choose, and to be heard
    - No longer *caveat emptor*
    - Industry standards

## American Marketing Association Code of Ethics