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MBA Management Ethics:

Marketing “never give the suckers an even break” or “sensitively investigate consumer needs and try to satisfy them”?

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What Is Marketing?

Read Stephen Brown (1995) Life Begins at 40?, Marketing Intelligence and Planning, 13, (1), 4-17

You will note that there is a vast difference of opinion even in academic circles about what the discipline is all about. He also in this and other articles says that marketing is the management discipline which most displays a conflict between academics and practitioners.

Therefore you have huge discretionary possibilities for taking your favourite view (so long as you argue for the other side).

THE MARKETING MIX

- PRODUCT
- PRICE
- PLACE
- PROMOTION
- PEOPLE
- PHYSICAL EVIDENCE
- PROCESS

Think of ways which each element could be compromised ethically. Try to anticipate the "ethical risk" factor. NB losing a good or acquiring a bad reputation is difficult to turn around.

A short bibliography.

Check out the ethics chapter in your favourite text.

Check out the CIM website and download their ethical codes. Similarly the Advertising Standards authority and other professional "policing" agencies.

Crane, A. (1997)

The Dynamics of Marketing Ethical Products: A Cultural perspective, Journal of Marketing Management, 13, 561-577

Crane, A. & Matten, D. (2004) Business Ethics, Oxford, OUP (Chapter 8)

Schlegelmilch, B. (1998) Marketing Ethics, London, Thomson

McDonagh, P. & Prothero, A. (2000) Green Management, London, Dryden

Peattie, K. (2001) Environmental Marketing, London, Pitman

Social Criticism of Marketing- Kotler (2003)

- 1. High Prices**
- 2. High Distribution Costs**
- 3. High Advertising and Promotion Costs**
- 4. Excessive mark-up**
- 5. Deceptive Practices**
- 6. High Pressure Selling**
- 7. Unsafe Products**
- 8. Planned Obsolescence**
- 9. Poor service to disadvantaged customers**

Marketing's Impact on Society- Kotler (2003)

- 1. False Wants-emphasis on materialism**
- 2. Too few social goods**
- 3. Cultural Pollution**
- 4. Too much political power**
- 5. Barriers to Entry / Restrictions on Trade**

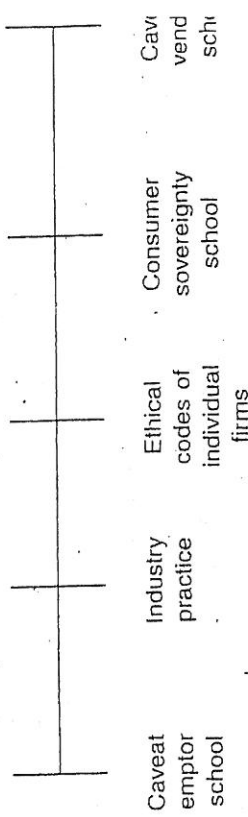
Two experts on marketing ethics recently devised an ethical model to show the behavior of marketers can be placed along a continuum from caveat (let the buyer beware) to caveat vendor (let the seller beware):

A Marketing Ethics Continuum

- Seller interests favored.
- Consumer interests less favored.

Where Do You Fall on the Ethical Spectrum?

- Producer interests favored.
- Consumer interests favored.



Drinking and Driving: Can Young Adults' Attitudes Be Changed?

In October 1989, a study was conducted on the perceptions of the risks associated with alcohol consumption by U.S. adults aged 16 to 24. This project was conducted before warning labels on all alcoholic beverages became required by federal law in November 1989.

Two specific alcohol-related risks were examined: drinking while driving and alcohol consumption during pregnancy. These were the major findings:

- Although women attributed somewhat higher risk to drinking while driving and drinking during pregnancy than males, the differences were not statistically significant.
- Respondents who consumed small quantities of alcohol (on a per-week basis) associated greater risk with drinking and driving than those who were heavier drinkers.
- All respondents (regardless of gender, ethnicity, or alcohol consumption levels) thought that drinking during pregnancy was risky. Light drinkers attributed higher risk than heavy drinkers.

Research projects conducted since the new labeling regulations have gone into effect have determined that the overall public's perception of risk has gone up somewhat and that young frequent drinkers of alcoholic beverages consider the new warning labels as less believable and less favorable than do occasional and nondrinkers.

These findings are of great concern for three reasons. One, the consumption of alcoholic beverages among some young adults appears to be increasing. Two, heavy drinkers, the group with the highest level of real risk (even if not perceived), appear to be least concerned about the dangers of drinking and driving and of drinking during pregnancy. Third, fetal alcohol syndrome (FAS) is now a leading cause of death in the United States.

If current warning labels are not effective in communicating health risks to many young drinkers, do manufacturers have an ethical responsibility to use stronger or more graphic warning labels? Why or why not?

Source: Based on material in Larry T. Patterson, Garland G. Hunnicutt, and Mary Ann Sluts, "Young Adults' Perceptions of Warnings and Risks Associated with Alcohol Consumption," *Journal of Public Policy & Marketing*, Vol. 11 (Spring 1992), pp. 96

The caveat employer school is characterized by firms seeking maximum profit to the limits of the law. The industry practice position is the stage that represents the "average" position of the companies in an industry. Ethical codes represent the standards of conduct to which firms and individual managers aspire. With the caveat vendor school, a measure of responsibility is placed upon the consumer. Marketing practices depend on consumer capabilities, information availability choice. The caveat vendor school is characterized by firms assessing their strategies on the basis of consumer satisfaction. Overall, the model suggests conflicting interests between buyers and sellers form the basis for different positions on marketing ethics.

When you get a management position at a firm, where do you expect to be on the ethical spectrum? Why?

Source: Based on material in N. Craig Smith and John A. Quelch, *Ethics in Marketing* (Homewood, 1993), pp. 20-32. Reprinted by permission.

Exercises

1. Why should Marketers be ethical?
2. Do you think Marketers should be seen to lead the way in addressing 'ethical' issues rather than waiting until consumer concern reaches a level where the organisation is prompted to react?
3. Select each element of the marketing mix and produce a list of areas where a socially responsible approach would be relevant.
4. Should marketers set 'fair prices'?
5. Does 'planned obsolescence' have ethical implications as a marketing practice?
6. Distinguish between 'process-related' and 'product-related' ethical issues.
7. Distinguish between 'consumerism' and 'social responsibility'.
8. Why is a special ethical integrity demanded in the marketing research process?
9. How have environmental issues affected organisations' approaches to marketing?
10. Discuss the different roles of the ASA and ITC. Why should there be different enforcement powers?
11. Should advertising be banned on ethical grounds?
12. Which technological opportunities create new ethical dilemmas in marketing? Why?
13. Why does the expansion of satellite and cable TV cause ethical concern in some quarters?
14. Where does the ethical dimension intrude on the marketing planning process?

Cost of a killer image

Benetton's 'death row' adverts may prove a shock too far. With stores cancelling contracts and US authorities suing for millions, the firm is now being hit in the pocket. **Tim Adams** reports

FIFTEEN YEARS AGO James Froemsdorf, a Missouri state highway patrolman, was shot and killed by 26-year-old Jerome Mallett. Froemsdorf left a widow, Sarah, and three young children; a court in St Louis sentenced Mallett to death by lethal injection.

Mallett has since lived through appeal after appeal and remains on death row. And Sarah Froemsdorf has tried to rebuild her life - a process made impossible in recent weeks because the face of her husband's killer is suddenly everywhere she looks. It features in magazines and on posters nationwide.

The face comes with a wistful quote from the murderer - 'I was looking for a perfect world back then' - and is attended by a familiar bright green logo. Mallett is the latest, unlikely model selected to sell Benetton sweaters.

When Sarah saw these posters she, and the families of other victims of murderers

featured in Benetton's international 'We, on death row' campaign, asked Jeremiah Nixon, Missouri's state Attorney-General, how the Italian clothing company had been allowed access to the state prisons to make an advert.

Nixon alleges that the prison authority believed that the journalist and photographer allowed in were working on a serious project for *Newsweek* magazine. No commercial use of the photographs was mentioned.

Nixon says: 'We would never have allowed access if we had thought these pictures would be on a billboard. We don't allow guards to take pictures of prisoners. We certainly don't allow Italian knitwear manufacturers to.'

Nixon is now suing Benetton, alleging 'trespass by deceit and trespass by exceeding the scope of consent'. He wants punitive compensation which could amount to several million dollars.

The lawsuit is part of a backlash against the company which in the past week has seen pickets outside its New York megastore. In the face of these protests, the American retail giant Sears, the major US stockist of Benetton clothing, has cancelled its contract, and removed its wares from 400 stores. Perhaps the Italian firm's global shock tactics have finally gone too far.

THE DEATH ROW adverts are the latest in a series of issued stunts inspired by Benetton's maverick ad chief Oliviero Toscani. They took two years and \$10 million to make. The campaign comprises interviews with 26 of the 3,600 people awaiting death by electrocution or injection in US prisons. They were conducted by journalist Ken Shulman - who has worked for *Newsweek* - and involve romanticised question-and-answer sessions. 'Do

you have a hero in sports?', Shulman asks Mallett. 'Yes, my hero is O.J. Simpson.')

The photographs are shot in the photo-journalist style of Toscani, who has masterminded Benetton's branding for two decades. Speaking from the family-run company's base in Treviso, Toscani says: 'I don't have to justify myself. Controversy is very useful. It's up to the other side to justify the shit they do. It is almost a Third Reich vision in these prisons.'

He insists that misleading the authorities to get into the prison would have been impossible. 'They knew exactly what we were doing; then the thing comes out and the whole world is up in arms and they think: "We better do something about this".'

Toscani has made a career of such tactics. The son of an Italian photojournalist who took a famous picture of the dead Mussolini hanging upside down from a meat hook, over the years his ads have included a double-page spread of multinational genitalia, and a man dying from Aids in front of his family.

'Today's culture is images and I don't draw any distinction between them,' he argues. His campaigns, he suggests, are all based on the same premise: 'We are all equal. There is no reason to slaughter each other, to fight, not even to hate each other.'

'We can wear whatever we want, whatever colours we want - just live.'

Does he sympathise, then, with the desires of the widow of James Froemsdorf to get on with her life? 'Of course I feel sympathy. I just want the killing to stop.'

And does he really think that jumper advertising is the

best medium to debate this issue? 'It is a far better medium for discussing it now than journalism,' he says. 'People respond to advertising these days in a more direct way.'

Modern companies, of course, want to convince us of their social politics - to show they are not faceless conglomerates but 'ethical' enhancers of our lifestyle.

Benetton - which pioneered the idea of global brand advertising - is simply at the extreme end of this trend, persuading us it would like to teach the world to sing in the hope that we might buy its cardigans - thereby enhancing the fortune of the Benetton family dynasty.

Advertising expert Naomi Klein, in her recent book about corporate imperialism, *NoLogo*, calls this process 'brand bombing', arguing that 'the branded multinationals may talk diversity, but the visible result of their actions is an army of teen clones marching into the global mall.'

ONE THING ON which you cannot fault Toscani and Benetton, however, is timing. The death row campaign, which is endorsed by the National Association of Criminal Defence Lawyers, was launched to coincide with the opening of the presidential race, in which capital punishment is a key issue.

George W. Bush, favourite for the Republican nomination, has overseen the execution of 120 people in his five years of running Texas, more than any governor in modern times. The debate was heightened with last month's decision by the Governor of Illinois to order a moratorium on executions after a number of death row convictions in the state were overturned.

Benetton's official spokesman, Federico Sartur, claims the timing of Nixon's suit is politically motivated. 'The States is starting an election campaign. There is bound to be a reaction,' Sartur points to the fact that the issue of the Benetton posters has been



The mothers of two murder victims protest against the advertising campaign outside the Benetton store on New York's Fifth Avenue. AP



'Of course I sympathise. I just want the killings to stop'

— Oliviero Toscani



UNITED COLORS
OF BENETTON.

www.benetton.com/deathrow

SENTENCED TO DEATH

JEROME MALLET
BORN: 1/1/1958, ST. LOUIS, MISSOURI
CRIME: FIRST DEGREE MURDER
SENTENCE: DEATH BY LETHAL INJECTION

A poster of police killer Jerome Mallett upset his victim's widow, who protested that it made her efforts to rebuild her life impossible.

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raised elsewhere – 'in North Carolina, for example, by the Republicans' – as evidence that this is simply electioneering. And he wearily rejects the suggestion that his company is simply trading on human misery.

'We did not do this to cause controversy. It is more and more difficult to understand the difference between jour-

nalism and advertising' – a line which Benetton has a mission to blur. 'This campaign,' he says grandly, 'is part of the evolution of Toscani's work. These images demonstrate that Benetton is a company with ethical values. This campaign is aimed at people who are never likely to buy our sweaters.'

Like Toscani, he points to

previous 'altruistic' Benetton ventures: the firm's commitment in the Balkans, which involved distribution of second-hand clothing and, bizarrely, keeping open the Benetton store in Sarajevo – 'a beacon of hope' – at the height of the conflict.

Like Toscani, Sartur seeks to separate this kind of campaign from the selling of

Benetton clothes, saying it is impossible to quantify what effect it has on profits.

If Nixon has his way, however, Benetton may be forced to make exactly that audit. Any punitive damages would be based on an assessment of the worldwide profits made through the exploitation of death row. 'No way should they profit from this,' he says.

Benetton faces other difficulties, too. The US Advertising Standards Agency has already received 50 complaints about the campaign, and is deciding whether to investigate. If they proceed and withdraw the death row ads, Benetton would be liable under new rules to 'pre-submit' advertising to be vetted by the ASA for two years.

There is also the more abstract problem of finding new ways to shock. Naomi Klein quotes one advertising executive describing the effect of such campaigns on consumers as 'like spraying roaches – you spray them and spray them and they get immune after a while'.

But if Toscani is running out of taboos to break in the name of knitwear, he won't admit it. 'There are always new issues,' he says. 'The work that we do is much more arresting than that of most advertisers ...' You can't blame the family of James Froemsdorf for disagreeing.

QUESTIONS

1. Make an ethical case for and against the latest Benetton advertising campaign.
2. Using models of social responsibility you have studied, locate your analysis into this analytical framework.
3. Is this campaign effective marketing practice?
4. Investigate academic, professional and trade opinion.
NB trade journals such as Marketing, Marketing Week etc will be quicker in responding to the story, academic journals such as Journal of Marketing, Strategic Marketing etc, will have a more considered analytical focus.
5. Is Naomi Klein (2000), postulating a conspiracy theory re "Brand Bombing"?
(See following extract).

Nacmi Klein (2000) No Logo
CHAPTER SIX
London

BRAND BOMBING

Franchises in the Age of the Superbrand

MTV is associated with the forces of freedom and democracy around the world.

— Viacom CEO Sumner Redstone, owner of MTV, October 1994

There isn't a lot of angst, it's just unbridled consumerism.

— MTV CEO Tom Freston describes the content on MTV India, June 1997

The branded multinationals may talk diversity, but the visible result of their actions is an army of teen clones marching — in “uniform,” as the marketers say — into the global mall. Despite the embrace of polyethnic imagery, market-driven globalization doesn’t want diversity; quite the opposite. Its enemies are national habits, local brands and distinctive regional tastes. Fewer interests control ever more of the landscape.

Dazzled by the array of consumer choices, we may at first fail to notice the tremendous consolidation taking place in the boardrooms of the entertainment, media and retail industries. Advertising floods us with the kaleidoscopic soothing images of United Streets of Diversity and Microsoft’s wide-open “Where do you want to go today?” enticements. But in the pages of the business section, the world goes monochromatic and doors slam shut from all sides: every other story — whether the announcements of a new buyout, an untimely bankruptcy, a colossal merger — points directly to a loss of meaningful choices. The real question is not “Where do you want to go today?” but “How best can I steer you into the synergized maze of where I want you to go today?”

This assault on choice is taking place on a societal level, not just on a personal level. It is happening structurally, with mergers, buyouts and corporate synergies. It is happening locally, with a handful of superbrands using their huge cash reserves to force out small and independent businesses. And it is happening on the legal front, with entertainment and consumer-goods companies using libel and trademark suits to hound anyone who puts an unwanted spin on a pop-cultural product. And so we live in a double world: carnival on the surface, consolidation underneath, where it counts.

Everyone has, in one form or another, witnessed the odd double vision of vast consumer choice coupled with Orwellian new restrictions on cultural production and public space. We see it when a small community watches its lively downtown hollow out, as big-box discount stores with 70,000 items on their shelves set up on their periphery, exerting their gravitational pull to what James Howard Kunstler describes as “the geography of nowhere.” It is there on the trendy downtown main street as yet another favorite café, hardware store, independent bookstore or art video house is cleared away and replaced by one of the Pac-Man chains: Starbucks, Home Depot, the Gap, Chapters, Borders, Blockbuster. It is there inside the big-box retail outlets each time a magazine is taken off a shelf by a manager mindful of his bosses’ corporate definition of “family values.” You can see it in the messy bedroom of a fourteen-year-old Web master who has just had her fan page shut down by Viacom or EMI, unimpressed by her attempts to create her own little pocket of culture with borrowed snippets of trademarked song lyrics and images. It is there again when protesters are thrown out of shopping malls for handing out political leaflets, told by the security guards that although the edifice may have replaced the public square in their town, it is, in fact, private property.

A decade ago, any attempt to connect the dots among this mess of trends would have seemed strange indeed: what does synergy have to do with the chain-store craze? What does copyright and trademark law have to do with personal fan culture? Or corporate consolidation with freedom of speech? But today, a clear pattern is emerging: as more and more companies seek to be the one overarching brand under which we consume, make art, even build our homes, the entire concept of public space is being redefined. And within

these real and virtual branded edifices, options for unbranded alternatives, for open debate, criticism and uncensored art — for real choice — are facing new and ominous restrictions. If the erosion of noncorporate space explored in the last section is feeding a kind of globo-claustrophobia that longs for release, then it is these restrictions on choice — restricted by the same companies that promised a new age of freedom and diversity — that are slowly focusing that potentially explosive longing on the multinational brands, creating the conditions for the anticorporate activism that will be explored later on in the book.