NAF Professional Ethics

Lesson 8

Ethics in Marketing

Teacher Resources

| Resource | Description |
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| Teacher Resource 8.1 | Interview Questions: Opinions on Ethical Marketing |
| Teacher Resource 8.2 | Presentation and Notes: The Four Ps of Marketing (includes separate PowerPoint file) |
| Teacher Resource 8.3 | Quiz: Ethics and the Four Ps of Marketing |
| Teacher Resource 8.4 | Answer Key: Ethics and the Four Ps of Marketing Quiz |
| Teacher Resource 8.5 | Rubric: Marketing Ethics Case Study |
| Teacher Resource 8.6 | Key Vocabulary: Ethics in Marketing |

Teacher Resource 8.1

Interview Questions: Opinions on Ethical Marketing

Make enough copies of the questions below so that each pair of students has one. Add other questions that are appropriate for your academy theme and that you think will prompt interesting discussion. Cut the questions apart and fold them so that they can’t be seen, and place them in a basket or other container.

Assign each pair one of the interview questions by having one member of the pair pick one out of the basket. Instruct students to go online and research background information to support their responses and write a summary of their findings in their notebooks.

Have each pair present their response to the question and their research results.

Section 1: Interview Questions

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Do you think companies that market prescriptions and over-the-counter drugs have to be truthful and factual in their ads and marketing materials?

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Hospitals and other institutions that provide cancer therapy publicize their services through marketing to patients. Do you think this type of marketing should be carefully controlled so that cancer patients are making their decisions based on facts such as risks and costs?

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You read a newspaper article about an environmentally responsible hotel that you like. The article exposes the hotel for deceptive marketing practices. Pesticides were found in the fruit placed in the rooms, and employees were forced to work double shifts without overtime pay. Would you boycott this hotel?

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The founder of Facebook, Mark Zuckerberg, has launched a free Internet service for poor areas of the world where people can’t afford Internet access. Using this Facebook-based smartphone app (called Internet.org), users get access to a limited number of websites, all of which must receive Facebook approval. If they want to download anything, however, they have to pay. Is this really serving poor people?

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Finance apps are making it possible to do things like track personal spending and prevent impulse shopping. The apps then link to sites with products that appeal to you as a consumer and encourage you to spend money. Is this ethical?

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Dietary supplements are marketed as providing specific health benefits. They often claim to be “100% natural” and safe. They have to include a disclaimer somewhere on the packaging noting that these benefits have not been scientifically proven, however. Do you think this marketing is ethical?

Teacher Resource 8.2

Presentation Notes: The Four Ps of Marketing

Before you show this presentation, use the text accompanying each slide to develop presentation notes. Writing the notes yourself enables you to approach the subject matter in a way that is comfortable to you and engaging for your students. Make this presentation as interactive as possible by stopping frequently to ask questions and encourage class discussion.

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| Slide1  Marketing, as you may already know, involves all aspects of creating a product or a service and bringing it to the marketplace where it can be bought, including promoting, selling, and distributing the product. Since marketing is one of the core disciplines of business, it makes sense that marketing ethics would become its own field of study within business. Today we are going to address some of the ethical issues that arise in marketing. | Presentation notes |
| Slide2  We often discuss marketing in terms of the marketing mix, or the Four Ps of product, price, promotion, and placement. | Presentation notes |
| Slide3  *Product* refers to the item being sold in the marketplace. Products can be goods, like shoes or food, or services, like car repair or banking. Even before a product is created, a producer considers who, if anyone, would be interested in buying it. The product is designed and made with this buyer in mind. This *P* in the marketing mix raises the question: What responsibility do producers have for the safety and quality of their products? Who is ultimately responsible if the product causes harm? Who is ultimately responsible if it falls apart, breaks, or must be replaced after a short amount of time? | Presentation notes |
| Slide4  As consumers, most of us consider price to be a primary factor when purchasing a product. In marketing ethics, we ask if a price is acceptable, reasonable, and fair. Is the customer’s willingness to pay a certain amount the only factor we should consider when setting a price? Should all customers pay the same price, or should producers be able to discriminate in favor of or against some buyers? What effects does price have on competitors? On the retailers?  Sometimes fair pricing is determined by circumstances. After Hurricane Katrina, a regular market in New Orleans disappeared because of the disaster. The ability to make ice plummeted, but the demand for it rose. Do you think this changes the idea of fair pricing? | Presentation notes |
| Slide5  We are probably most familiar with the third *P*, promotion through advertising. Indeed, advertising is one of the areas of marketing ethics that receives a lot of public attention and debate. Is it ethical to promote a product using misleading or deceptive ads? What is the difference between influencing consumers and manipulating them in the way you promote a product? What about highlighting the negative aspects of the competition in order to boost your own product?  Advertisers will often include images that have absolutely nothing to do with the product but that evoke positive associations. For example, wild scenic landscapes and cigarettes are often paired. Beautiful women and alcohol is another prime example. | Presentation notes |
| Slide6  *Placement* refers to the channel by which a product is sold: online, mail order catalogs, or stores. It also refers to which marketing segment: young adults, families, and businesspeople are examples. Is it ethical to gather market research on consumers? If so, through what means? How can producers market ethically to certain populations? Is it ethical to target vulnerable populations such as the elderly or children? What are the ethical issues around producers or advertisers paying to promote certain products or brand names in TV shows or movies? | Presentation notes |

Teacher Resource 8.3

Quiz: Ethics and the Four Ps of Marketing

Student Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_

Directions: Respond to the questions below in complete sentences.

1. What is one ethical concern related to products? Be specific.
2. Describe *fair price*.
3. Explain how a company might promote its product or service *unethically*.
4. Describe one example of *placement*.

Teacher Resource 8.4

Answer Key: Ethics and the Four Ps of Marketing Quiz

While student answers will vary, the following answer key contains the basic knowledge and concepts that should be included in their responses. Use your preferred scoring or point system to assess the quizzes.

1. What is one ethical concern related to products? Be specific.

The most common ethical concerns related to products are safety and information about the product (or quality).

1. Describe *fair price*.

A price is fair when both the seller and the buyer agree upon it.

1. Explain how a company might promote its product or service *unethically*.

A company promotes a product or service unethically when it deceives, manipulates, or coerces the consumer.

1. Describe one example of *placement*.

Examples of placement include the market channels through which a product or a service is advertised (e.g., online, retail stores). It can also refer to target marketing or “product placement,” which is the paid promotion of products/brand names in movies or television shows.

Teacher Resource 8.5

Rubric: Marketing Ethics Case Study

Student Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  | Exemplary | Solid | Developing | Needs Attention |
| --- | --- | --- | --- | --- |
| **Comprehension of Subject Matter** | All content is accurate and complete and communicates a complete understanding of the ethics involved in this marketing issue. | Most of the content is accurate and shows solid comprehension of the ethics involved in this marketing issue. | Content shows some flaws and omissions and illustrates only partial knowledge of the ethics involved in this marketing issue. | Much of the content is inaccurate and confusing and communicates very little understanding of the ethics involved in this marketing issue. |
| **Evidence, Examples, and Explanations** | All of the evidence and examples are specific and relevant. Explanations show how this evidence illustrates the marketing issue. | Many of the examples and pieces of evidence are specific and relevant. Explanations try to show how the evidence illustrates the marketing issue. | At least one piece of evidence or one example is relevant and has an explanation that shows how it illustrates the marketing issue. | Evidence and examples are not relevant and/or are not explained. |
| **Use of Thinking Strategies** | Uses a wide variety of thinking strategies to enhance communication, including but not limited to:   * Analyzing * Evaluating * Interpreting | Uses some thinking strategies to communicate ideas, including but not limited to:   * Analyzing * Evaluating * Interpreting | Uses one or two thinking strategies to communicate ideas, including but not limited to:   * Analyzing * Evaluating * Interpreting | Does not use thinking strategies to communicate ideas. |
| **Vocabulary** | Exhibits skillful use of new and vivid vocabulary that is precise and purposeful. | Exhibits proficient use of new vocabulary that is purposeful. | Exhibits minimal use of new or vivid vocabulary, and new vocabulary is not precise. | Lacks use of new vocabulary. Language is dull and tedious. |

Additional Comments:

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Teacher Resource 8.6

Key Vocabulary: Ethics in Marketing

| Term | Definition |
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| bait and switch | A form of marketing in which the retailer lures in customers by advertising a product or a service at an unprofitably low price; the retailer then reveals to potential customers that the advertised good is unavailable but that a substitute—often at a higher price or lower quality—is available instead. |
| caveat emptor | Latin term that means “let the buyer beware.” The marketing doctrine under which the buyer cannot recover damages from the seller for defects on the property that rendered the property unfit for ordinary purposes (unless defects were purposely concealed). |
| Consumer Product Safety Act | Enacted by Congress in 1972, it established the US Consumer Product Safety Commission (CPSC) to develop safety standards and pursue recalls for products that present unreasonable or substantial risks of injury or death to consumers. It also allows CPSC to ban a product if there is no feasible alternative. |
| consumer vulnerability | Susceptibility of consumers to target marketing that preys on the inexperience, disability, age, fears, anxieties, or whims of customers. |
| false advertising | The deliberate use of false statements or deception in advertising. |
| Four Ps | The marketing mix of product, price, promotion, and placement used as a framework for analysis. |
| greenwashing | A marketing strategy whereby consumers are misled about a company’s environmental practices or the environmental benefits of a product or a service. |
| marketing | The process or technique of promoting, selling, and distributing a product or a service to consumers. |
| marketing ethics | A field of study within business ethics that deals with the moral and ethical principles behind different marketing strategies. |
| negative advertising | The attempt to promote a product (or a political candidate) by referring to negative aspects of a competing product (or a competitor). Also known as *attack ads*. |
| planned obsolescence | When a producer creates a product that will become obsolete and/or nonfunctional after a certain period or amount of use. |
| predatory pricing | The practice of selling a product at a very low price with the intent of driving competitors out of the market, or of preventing new competitors from entering the market. |
| price-fixing | An agreement between business competitors to sell the same product or service at the same price, with the intention of ultimately pushing the price of a product as high as possible, leading to profits for all the sellers. |
| price gouging | When a seller’s asking price is much higher than what would be considered fair under the circumstances. |
| product liability | The marketing doctrine under which manufacturers, distributors, suppliers, retailers, and others who make products available to the public are held responsible for the injuries those products cause. |
| product placement | The process by which manufacturers or advertisers pay a fee to have branded products prominently displayed in a movie, TV show, or other media outlet. |
| target marketing | When the marketing of a good or a service is aimed at a certain demographic, usually determined by age, gender, geographic location, socioeconomic class, ethnicity, race, or other factor. |