NAF Professional Ethics

Lesson 8

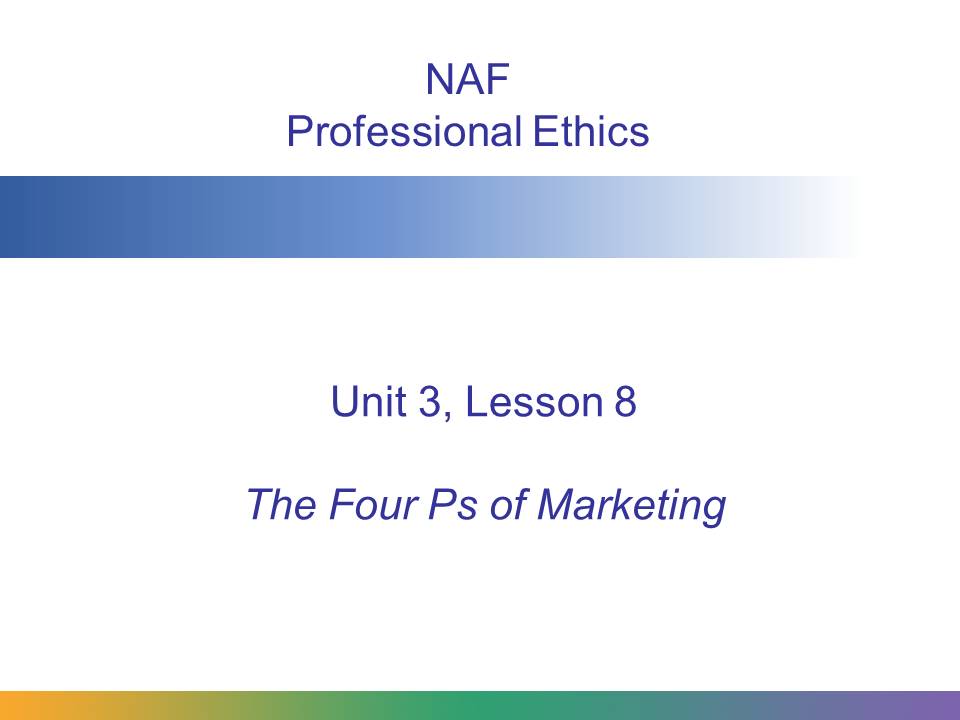
Ethics in Marketing

Student Resources

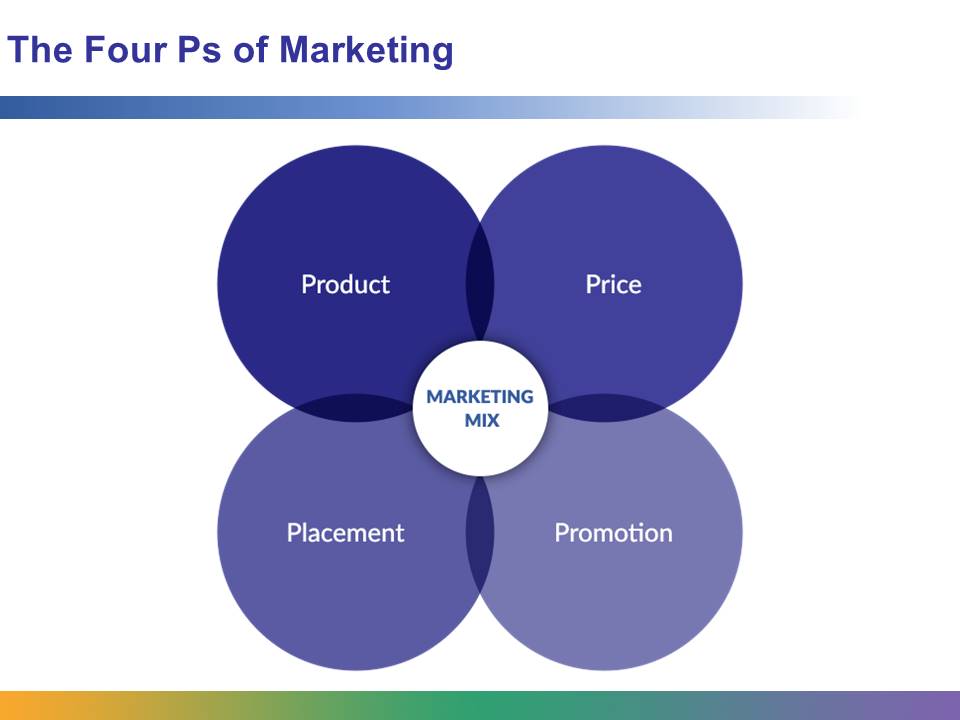
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| Resource | Description |
| Student Resource 8.1 | Reading: The Four Ps of Marketing |
| Student Resource 8.2 | Research: Marketing Ethics Case Study |
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Student Resource 8.1

Reading: The Four Ps of Marketing



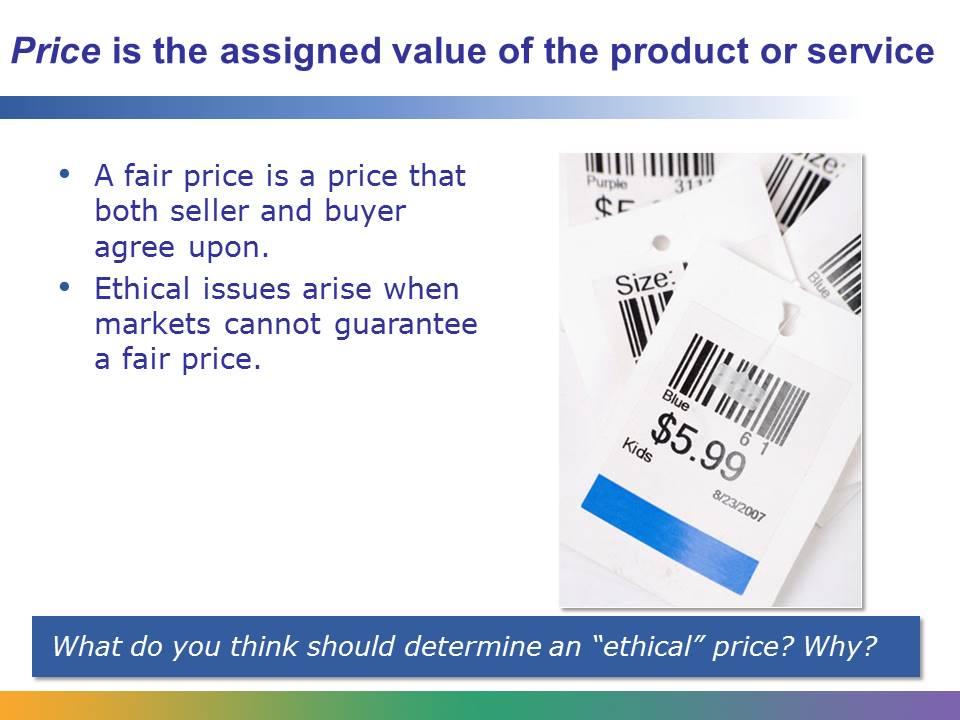
Marketing, as you may already know, involves all aspects of creating a product or a service and bringing it to the marketplace where it can be bought, including promoting, selling, and distributing the product. Since marketing is one of the core disciplines of business, it makes sense that marketing 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.



We often discuss marketing in terms of the marketing mix, or the Four Ps of product, price, promotion, and placement.



*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?



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?



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.



*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?

Student Resource 8.2

Research: Marketing Ethics Case Study

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

Directions: You will write a case study that demonstrates one form of unethical marketing. First, you need to conduct research to find out more about this form of marketing and to locate a good case study. Your research will help you find the following information, which you need for this assignment:

* A description of this type of unethical marketing strategy or issue
* An explanation of why this marketing strategy or issue is or could be considered an ethics issue
* A case study of this marketing strategy or issue. A case study is a real-life example of this marketing strategy or issue. It describes the circumstances, the people and organizations involved, what happened, and whether anything changed afterward. For example, did the organization change its marketing campaign? Did anyone go to jail? Was a new law created?

You must consult and cite at least two sources (from the Internet, books, magazines, etc.).

Resources

The following online resources may be helpful in your research:

* “Code of Advertising.” Better Business Bureau,   
  https://www.bbb.org/code-of-advertising
* “American Marketing Association, <https://www.ama.org/search/?s=ethics>

Notes

Take research notes and include your sources in the space below. Be as thorough as possible, as you will need your notes to complete Student Resource 8.3.

**MARKETING ETHICAL ISSUE:**

***Example:*** *Planned Obsolescence*

**DESCRIPTION:**

***Example:*** *Planned obsolescence is a strategy to force customers to buy a new product because the one they have has become obsolete, or nonfunctional after a certain period of time. Planned obsolescence means that the product is purposely designed to wear out or malfunction after a while, or that planned newer versions of this product will make older models difficult or impossible to use. In other words, the product could instead be designed to last much longer and still work well.*

**THE ETHICAL ISSUES INVOLVED WITH THIS MARKETING:**

***Example:*** *Sometimes products wear out, or better ones come along to replace them. But when a manufacturer purposely puts a product on the market knowing that it will fail so that a consumer will have to replace it (and doesn’t truthfully market the product as such by calling it short-term or disposable), it is unethical. People without a lot of money will spend what they have on something that could have lasted a lot longer.*

**CASE STUDY OF MARKETING ETHICS ISSUE:**

***Example****: Consumers have criticized Apple for planned obsolescence in their devices. Apple often introduces newer versions of devices, making consumers want to replace their products with the latest models. In 2018, French prosecutors sued Apple for intentionally shortening the lifespan of their iPhones. Apple paid out $27 million to resolve the lawsuit in France. They admitted that older iPhone models slowed down because of battery issues and significantly reduced the price for replacement batteries. Below is a CNN report on the controversy*

<https://www.youtube.com/watch?v=DVPgozqaN6E&t=28s>

Student Resource 8.3

Case Study: Marketing Ethics

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

Instructions: Referring to the notes you wrote in Student Resource 8.2, use this resource to gather and organize the information you need for your case study. What you write here will serve as a draft that you will be sharing with classmates to gather feedback on how to improve it.

# Marketing strategy or issue:

# Description of the issue:

# Which products, services, and/or industries are affected or involved?

# What is unethical about this issue?

# CASE STUDY DRAFT

Remember to include:

* Organization/people involved
* Dates when the ethical issue began and ended, if it ended
* Description of what happened

**Write draft here:**

**Citations: Remember to cite your sources!**

Student Resource 8.4

Tips: Becoming Invulnerable to Unethical Marketers

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

Directions: In the left column of the table below are methods that marketers use to get high school and college students to buy products or services. Some of the methods are ethical, and some are not. They can all be used to play on teen vulnerabilities. They get you to buy things that are harmful or unhealthy or that keep you focused on buying more and more stuff that you don’t need.

Work with your group to come up with ways to foil the marketing strategy or to counter its ability to work on you. Create a list of tips to make yourself and your friends invulnerable to unscrupulous marketing! Look at the example to see how to complete the table.

|  |  |
| --- | --- |
| Marketing Strategy or Ploy | How to Foil the Marketing Strategy or Ploy |
| Example: Creating alcoholic beverages that taste like soda pop to appeal to teens | Check the ingredients every time you buy a beverage. Alcopops are packaged to look like energy drinks.  Understand that the mission of the alcohol industry is to hook you on drinking when you’re young, even if drinking is really bad for you and can turn you into an alcoholic. They get you to think that drinking is cool, but it’s just about making more money for them. |
| Getting the fangirl demographic to retweet a meme and make it go viral, with the secret goal of manipulating the teen market or marketing a store or product |  |
| Making e-cigarettes appealing to teens by creating sweet flavors to create lifelong nicotine addicts |  |
| Making e-cigarettes appealing to teens through sports sponsorships and sponsoring music events |  |
| Apps that “improve” selfies, such as SkinneePix, Perfect365, and Facetune, prey upon teens’ insecurities about how they look and make teens think they have to look perfect, not real, 24/7 |  |
| Installing soda machines and fast-food companies in high schools in exchange for funding or supplies |  |
| Commercials depicting pot as cool, safe, and non-addicting so that teens will start smoking while they are most easily influenced |  |
| Pro-marijuana businesses controlling the conversation by controlling the definition: they say pot is a medicine, not a drug, so that it sounds safe and non-addicting |  |
| Creating cheap forms of narcotics, such as cheese heroin, that have teen-friendly packaging with cartoon characters on them |  |
| Creating virtual reality games with avatars to subconsciously promote products such as McDonald’s Big Macs |  |
| Enticing teens via social media platforms to vote on the look and taste of a new product, such as a new version of Mountain Dew: participating in the promotion creates brand loyalty |  |
| Marketers triggering subconscious responses in teens via online ad campaigns to get them to buy junk food such as Cheetos |  |