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Marketing Ethics: A Review of the Field

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# Marketing Ethics: A Review of the Field

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Simply put, marketing ethics refers to what is morally right and wrong, good and bad in marketing, and particularly the moral challenges of marketing practitioners as they engage in marketing practice.<sup>1</sup> Ethical judgments might be made across the entire gamut of marketing activity, be it marketing research, market segmentation or in relation to marketing mix elements such as pricing or product policy. Thus, questions about the ethics of marketing practice commonly arise, for example, in regard to fairness in pricing, truth in advertising and other marketing communications, and product safety. Increasingly, media attention focuses on ethical issues in relation to marketing practices online (e.g., privacy in marketing through social networks) and marketing and sustainability (e.g., where marketing is seen to promote increased consumption and a disposable society).

More formally, marketing ethics can be defined in two ways: 1) as a discipline that involves the systematic study of the moral evaluation of marketing decisions, practices and institutions; 2) as the standards or norms applied in the judgment of marketing activities as morally right and wrong. It is a subset of the applied ethics branch of business ethics, though it has developed as a field in its own right, with detailed examinations of commonly arising ethical issues in marketing, frameworks specific to the evaluation of marketing practices, and empirical research of ethical decision making in marketing. The theoretical foundation is

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<sup>1</sup> Marketing is defined by the American Marketing Association (as of October 2007) as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” Source: <http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx> (accessed 30th May 2012).

often viewed as coming primarily from moral philosophy, but other disciplines associated with ethics are law, psychology and theology. The development and diversity of the field are reflected in the articles that are included in this compilation of major works in marketing ethics, from some of the earliest foundational writings on the topic in this volume through to articles on new and emerging ethical issues in Volume V.

The field of marketing ethics may be said to have matured in recent years. If one were to apply the product life cycle concept to it, the introductory stage would be the 1960s and 1970s, while the growth period occurred during the 1980s and 1990s, and the time since the turn of the century could be labeled as the maturity stage. The earliest work appeared in the 1950s and 1960s, most notably with articles published in the *Journal of Marketing*. The 1970s and 1980s saw marketing ethics topics beginning to be published with some regularity in other academic journals. In many respects, marketing ethics came of age in the 1990s. At that time, substantial attention was devoted to it in the academic literature and the business press. Marketing ethics moved from being regarded as an oxymoron in some quarters to a position of relative academic legitimacy. Since the turn of the 21<sup>st</sup> century, more scholarship has been devoted to this topic but most of it is now being published in specialty journals rather than the broader-based top journals in the field (especially *Journal of Business Ethics*; see Schlegelmilch and Oberseder, Chapter 18, Figure 3, at 18: 318, and Nill and Schibrowsky, Chapter 14, Tables 7 and 8 at 14: 240-243). That said, as we later discuss, articles on marketing ethics topics increasingly are found within the leading journals but without being explicitly

labeled as such. These articles reflect ethical concerns arising in relation to topics such as honesty and deception addressed from a consumer psychology perspective (see Volume V).

One indication that any subfield has standing within the overall discipline is articles appearing in major research anthologies on a topic. In recent years, marketing ethics, societal marketing and corporate social responsibility have chapters devoted to them in several important handbooks, including Bloom and Gundlach (2001), Gundlach, Block and Wilkie (2007), Katobe and Helsen (2009) and Baker and Saren (2010). Marketing ethics textbooks have also appeared. Seven texts (excluding anthologies or casebooks) have been published to date on marketing ethics. The first two appeared in 1993 (Laczniak and Murphy; Smith and Quelch). Two followed later that decade (Chonko, 1995; Schlegelmich, 1998). (For a brief description of these four books, see Murphy 2002.) Since 2000, only three new books have been published. Murphy et al. (2005) introduced an updated version of the Laczniak and Murphy book and changed the title to *Ethical Marketing* to reflect a more positive approach to the subject. Brenkert (2008) wrote a new text on marketing ethics from a more philosophical perspective. Most recently, Murphy, Laczniak and Prothero (2012) published a new book of text and cases. The text uses the typology introduced by Laczniak and Murphy in their 2006 *Journal of Macromarketing* article (Chapter 44) as an organizing framework. Extracts from some of these books are included in this compilation. However, the fact that most of these books have not been revised is a signal that relatively few courses on

marketing ethics are offered in business curricula, even though research interest continues to grow.

Another indication that a field is maturing and gaining a substantial literature base is the publication of review articles on the topic. During the last thirty years, a number of such articles have been written on marketing ethics, four of which are included in this volume, taking various perspectives.<sup>2</sup> The first was Murphy and Laczniak's review piece in 1981 where they characterized the marketing ethics literature at that time as being mostly philosophical essays (Chapter 13). They examined research conducted on ethical issues in marketing research, purchasing, each of the 4P's (both selling and advertising), international marketing as well as emerging marketing ethics issues.

More recently, Whysall, in 2000, focused primarily on work undertaken in Europe (Chapter 21). He, like Murphy and Laczniak, spent considerable time on ethics codes for marketing and asked the question: an ethic for marketing? Nill and Schibrowsky in 2007 emphasized some of the more recent work in the field (Chapter 14). The authors examined the positive/normative and the micro/macro dichotomies within the scope of marketing. They observed that there was a major overlap between ethics and corporate social responsibility articles and drew five major conclusions from their review.

Oberseder and Schlegelmich, in 2009, developed a categorization scheme that identified almost 550 articles on marketing ethics (published in the last 50

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<sup>2</sup> Also see Tsalikis and Fritzsche (1989).

years) according to eighteen categories and drew several conclusions about the state of the field (Chapter 18). Although they identified many articles, they found that only seven had more than 100 citations (five, in order of citations, are reprinted in these volumes—Chapters 6, 24, 29, 7, and 17—see Table 4 at 18: 323). While not a formal literature review of marketing ethics, in 2007 Ferrell provided an excellent overview of the field, including an account of its historical development and future directions (Chapter 5). He also identified key issues in marketing ethics and proposed a framework for examining ethical decision making in marketing and then applied it to issues such as childhood obesity and counterfeit goods.

Our review focuses primarily on the articles assembled for this compilation, offering observations on how they came to be included as well as their contribution.<sup>3</sup> It follows the organization of the volumes, starting with the foundations of marketing ethics. Consistent with Volume I, we discuss some of the earliest writings on marketing ethics and what these foundational articles say in response to the central question of this volume: what is marketing ethics?

Next we consider positive (or descriptive) marketing ethics, consistent with Volume II. These are primarily articles reporting empirical research on marketing ethics, including research on ethical decision making in marketing—especially how marketers make decisions with ethical content—as well as surveys of marketer and others' perceptions of ethical issues. The central question of this volume is: how does empirical research inform our understanding of marketing ethics?

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<sup>3</sup> Note that volumes are organized alphabetically by author, not in the order discussed in this review.

Our review then turns to normative marketing ethics, consistent with Volume III. These articles are primarily concerned with the prescriptive considerations of how marketers *should* make decisions with ethical content. This literature ranges from the anecdotal through to articles based on ethical theory from moral philosophy. The central question of this volume is: what constitutes ethical marketing practice?

Finally, we discuss articles on specific issues in marketing, from classic articles on truth in advertising found in Volumes IV through to the articles on new and emerging issues in Volume V. The central question of these two volumes is: what are the effects and possible solutions to the major ethical issues arising in the practice of marketing? We conclude our review with some observations on future directions in the field, drawing in particular on some of the more recent literature included in Volume V as well as the other recent reviews of the field referenced above (included in Volume I).

## **FOUNDATIONS OF MARKETING ETHICS**

Some of the earliest writing on marketing ethics dates back more than fifty years. We begin with several that focus on the negative aspects of marketing. Best known is Packard's *The Hidden Persuaders*, first published in 1957. His opening chapter—and the oldest reading in this five-volume compilation—is included here (Chapter 15). The book characterized marketing as manipulative, describing “the large-scale efforts being made, often with impressive success, to channel our unthinking habits, our purchasing decisions, and our thought processes by the use

of insights gleaned from psychiatry and the social sciences” and noting that “many of us are being influenced and manipulated, far more than we realize, in the patterns of our everyday lives” (15: 255). Millions of copies of the book were sold and the term “hidden persuaders” became synonymous with the practice of marketing. Marketers rejected the charge of manipulation suggesting that the motivation research Packard described simply provided marketers with a better understanding of their customers and that consumers were just not as gullible as he claimed. Nonetheless, while Packard was said to have misunderstood how marketing works and some of the book’s assertions were found to be inaccurate (e.g., claims for the effectiveness of subliminal advertising), much of the book’s content has long been taken for granted if not accepted by consumers (e.g., the use of symbolism in advertising).

Marketing guru Levitt is best known for his seminal articles in *Harvard Business Review* on “Marketing Myopia” (1960) and “The Globalization of Markets” (1983). However, he also wrote insightfully and critically on ethics and social responsibility and we include two of his papers in this compilation. In Volume I, we include Levitt’s 1958 critique of social responsibility in business (Chapter 11). His view was that welfare and society are not the corporation’s business and he rejected a business morality that went beyond obeying “the elementary canons of everyday face-to-face civility (honesty, good faith...)” (11: 175). His concern was with the profit motive being compromised, suggesting that long-run profit maximization was the one dominant objective for business. He wrote: “The governing rule in industry should be that *something is good only if it pays*. Otherwise it is alien and

impermissible. This is the rule of capitalism” (11: 173; emphasis in original). His views were largely consistent with his contemporary, Milton Friedman (e.g., Friedman’s 1962 book, *Capitalism and Freedom*), but at odds with those of another management guru and contemporary, Peter Drucker (e.g., Drucker’s 1955 book, *The Practice of Management*). They are also at odds with the views expressed by many of the other contributors to this compilation for whom, implicitly if not explicitly, there are other more compelling reasons for something to be judged “good” than whether it pays.

First published in 1937, the *Journal of Marketing* is the oldest journal in the field of marketing and the highest ranked by impact factor (according to Journal Citation Reports for 2010, the latest year available). While articles referencing ethics can be found as far back as 1938, significant attention to the topic came in the 1960s. Articles appeared on advertising practices, addressing deception and the promotion of questionable social values (Lazo 1961; Petit and Zakon 1962) and on the dilemmas in marketing research (Bogart 1962; Twedt 1963). Included in this volume are five articles from that period, four of which appeared in *Journal of Marketing*. All address marketing in general, rather than any specific part of marketing practice, and primarily from the perspective of the marketing executive.

In 1967, in the first of three similarly themed articles published at ten-year intervals, Farmer asked provocatively: “Would you want your daughter to marry a marketing man?” (Chapter 4). His critique of marketing ethics did not simply point to specific bad practices, he claimed that marketing *per se* is unethical: “For the past

6,000 years the field of marketing has been thought of as made up of fast-buck artists, con-men, wheeler-dealers, and shoddy-goods distributors. Too many of us have been 'taken' by the tout or con-man; and all of us at times have been prodded into buying all sorts of 'things' we really did not need, and which we found later on we did not even want." (4: 48). He suggested marketing need not be unethical, but did not hold out much hope of change in this article or later (Farmer 1977; 1987).

In the same issue of *Journal of Marketing*, Bartels, a scholar of marketing thought, offered a positive (descriptive) as well as a normative conception of marketing ethics (Chapter 1). His model identified "the manner in which 'rightness' of action is determined in a given society" (1: 12) and proposed self-interest, the law, voluntary codes, and balancing of (stakeholder) claims as sources of normative guidance, subject to economic constraints. As he observed, "ethical decision under private capitalism is a moral decision impelled by social sanction but modified by economic exigency" (1: 12).

The previous year, Patterson (Chapter 16) had suggested that philosophical ethics, law and political theory could be used to inform difficult decisions of marketing ethics. While not attempting to offer a definitive framework for ethical decision-making in marketing, he included tests in the form of questions drawing on utilitarianism and moral idealism. His interest in the law was not so much to suggest guidance from specific laws as to utilize the sense of injustice that law is often intended to address.

While best-known for his work with Steiner (1961) on models of advertising effectiveness, Lavidge, a former President of the American Marketing Association, predicted in 1970 that there would be an increase in marketer attention to social responsibilities (Chapter 10). Coming on the back of the social upheavals of the late 1960s, he called for marketers to give greater attention to their social responsibilities in regard to a broad range of marketing abuses, as well as poverty, pollution, and even world peace.

Westing, in an American Marketing Association (AMA) conference presentation at the height of the sixties upheavals and published in 1968, wrote similarly about a need for greater attention to ethics by marketing academics as well as practitioners (Chapter 20). He suggested that marketing scholars should “define ethics in a way that will gain intellectual acceptance for it, and to induce its practice by the business community” (20: 336). Martin also called for greater attention to ethics by marketing academics (Chapter 12). In a book chapter published in Laczniak and Murphy’s *Marketing Ethics* (1985) almost twenty years later, Martin writes specifically about the need for greater research, while at the same time is positive about some of the progress made, combined with the increased teaching of business ethics in business schools.

In contrast to the early writing on marketing ethics, articles from the 1980s onward reflected a more scholarly approach to marketing ethics, consistent with a maturing of marketing scholarship more generally. In 1985, Ferrell and Gresham proposed a contingency framework for analysis of ethical decision-making in

marketing, comprising the individual's cognitive structure (knowledge, values, beliefs, attitudes, and intentions), the influence of significant others in the organizational setting, and the opportunity for action (Chapter 6). The following year, Hunt and Vitell developed an account of ethical decision-making drawing directly on two major normative theories of ethics to suggest that an individual's ethical judgments are a function of the individual's deontological and teleological evaluations (Chapter 8). The Hunt-Vitell model proved highly influential and was subsequently widely-tested in empirical research on marketing ethics, as Smith recounted in a retrospective review of Hunt's work on marketing ethics (Chapter 19).

Soon to follow was Robin and Reidenbach's 1987 *Journal of Marketing* article. This work provided a rich conceptualization of social responsibility and ethics as they relate to marketing, consistent with earlier accounts by arguing for greater attention to ethics and social responsibility (Chapter 17). However, Robin and Reidenbach also turned to the challenge of how social responsibility can be incorporated within marketing strategy formulation by proposing a parallel planning process that takes account of social responsibility and ethical considerations (see Fig. 1 at 17: 294). Gundlach and Murphy, in a 1993 *Journal of Marketing* paper, also addressed the integration of ethics within marketing, but from a more conceptual perspective (Chapter 7). Exchange is at the core of marketing thought and central to most definitions of marketing. As Gundlach and Murphy showed, ethical (and legal) foundations underlie exchange. These foundations are essential to the development of exchange relationships and even

more so as marketing activity moves from transactional to relational exchanges (see Figure 1 at 7: 102). As they observed: “Building trust, establishing equity, developing responsibility, and solidifying commitment appear to be important exchange dimensions” (7: 110).

Laczniak and Murphy’s 1991 *Journal of Business Ethics* paper returned to the challenge of identifying guidelines for decision-making by the individual marketing manager, as well as exploring more generally how to foster ethical marketing decisions (Chapter 9). This article (which was also a pivotal chapter in the authors’ 1993 book) built on some of the earlier contributions discussed above to provide specific criteria in the form of eight questions by which managers can strengthen their ethical reasoning. Anecdotally, at least, we know that these criteria were widely adopted in marketing ethics teaching at this time.

Two other contributions focus on the marketing manager in the context of corporate culture. Corey’s account of the pressures experienced by marketing managers in practice highlights that they are often “caught in the middle” (Chapter 3). As he observed in this 2003 chapter from Smith and Quelch’s *Ethics in Marketing*, marketing’s boundary-spanning nature, its agency role, and its capacity for the exercise of economic power may lead to severe ethical and illegal abuses. His solution was to focus on creating an organizational climate supportive of ethical behavior. Brinkmann’s 2002 article in *Journal of Business Ethics* also emphasized the importance of moral climate as one of four approaches to marketing from the perspective of professional ethics, along with moral conflict, professional code, and

professional role morality approaches (Chapter 2). However, as Brinkmann acknowledged, it may not be so easy to claim that marketing is a profession, at least as compared to law or medicine. It seems doubtful that Farmer, for instance, would have viewed it that way.

Our review has thus far highlighted several key ideas about the nature and scope of marketing ethics to be found in the selection of foundational articles included in Volume I of this compilation. We have shown how marketing scholars from at least the 1960s onwards were keen to convey the importance of practitioner and academic attention to marketing ethics, albeit challenging for both. We have also illustrated the historical development of the field, at least in its early years, and pointed to some of its central concerns, from understanding how marketing decisions with ethical content get made through to developing guidance for ethical decision-making in marketing. We return to its historical development in looking at future prospects at the end of this review. Now, we turn to positive marketing ethics based on our compilation of research in Volume II.

### **POSITIVE MARKETING ETHICS**

It is useful to differentiate between positive and normative ethics, as our discussion of the foundational marketing ethics literature in Volume I indicates. Positive or descriptive ethics is morally neutral, generally attempting to describe the ethics that might be found within a society or a subset (e.g., salespeople) or explain how ethical judgments and decisions are made. Normative ethics is prescriptive, identifying moral principles and methods of moral reasoning that justify rules and

judgments of what is right and wrong. Put simply, the former is concerned with what is or could be while the latter is concerned with what should be (for further illustration of the differences, see Nill and Schibrowsky, Chapter 14 in Volume 1, especially Table 1 at 14: 227). There are ways by which positive and normative ethics can be brought together as we discuss below, in relation to normative ethics.

In this part of our review, consistent with Volume II, we focus primarily on empirical research in marketing ethics. Accompanying the maturing of the field of marketing ethics has been a substantial increase in empirical research (see Table 5 at 14: 237 in Volume I). It was thus particularly difficult to decide which articles to include in Volume II of the compilation. While attention was given to the better known and more important contributions (guided by citation counts), we also selected on the basis of coverage of key topics and methodologies. There is also an emphasis on research conducted during the 1980s and 1990s, the growth period of the field (note that volumes IV and V also include empirical research but generally with more recent articles that focus on particular ethical issues). Our discussion will start with research on the ethical issues in marketing, followed by: the ethical issues found in particular marketing roles (marketing research, advertising and sales) and on variables that might influence ethical decision-making (e.g., Machiavellianism). We conclude with research on ethical consumerism.

Empirical research clearly lends itself to improving understanding of the ethical issues faced by marketing practitioners. A major contributor in this regard was the 1985 *Journal of Business Research* paper by Chonko and Hunt (Chapter 24).

Based on a survey of 450 marketing professionals, Chonko and Hunt identified the ten most difficult ethical issues faced by marketers, with bribery being the most frequently identified followed by fairness, honesty, price and product issues (see Table 1 at 24: 49). They found that the primary ethical conflict reported by marketing managers involved balancing the demands of the corporation against customer needs.

Hunt, Chonko and Wilcox looked more specifically at the ethical issues of marketing researchers in a paper published in 1984 in *Journal of Marketing Research* (Chapter 28). Based on a survey of 460 marketing researchers, Hunt et al. identified the twelve most difficult ethical issues respondents faced. Research integrity was identified the most frequently followed by treating outside clients fairly and research confidentiality (see Table 2 at 28: 141). They also found that a relatively large proportion of marketing researchers believed that successful managers engaged in certain specific forms of unethical behavior. The actions of top management in reprimanding unethical behavior were said to be effective in reducing the ethical problems of marketing researchers. These findings on perceptions of the frequency of unethical behavior and of the effectiveness of management interventions were also replicated in the broader study of marketing managers reported above (Chapter 24).

Akaah and Riordan's 1989 *Journal of Marketing Research* paper also surveyed marketing researchers (Chapter 22). However, they did not ask about the most difficult ethical problems, but studied the ethical judgments of their participants in

response to common ethical issues in marketing research, such as confidentiality, research integrity and conflicts of interest (see Table 2 at 22: 8-9). They replicated and extended a study by Crawford (1970) and thus were able to identify changes over time and the influence of organizational factors on those ethical judgments. They suggested that three organizational factors underlie differences in ethical judgments—the extent of ethical problems within the organization, top management actions on ethics, and organizational role of participant (researcher or executive).

While research with marketing researchers suggested they were relatively attuned to the ethical issues arising in their work, this was less evident in research with advertising practitioners reported by Drumwright and Murphy in the *Journal of Advertising* in 2004 (Chapter 25). Using in-depth interviews (with 51 informants) rather than surveys, they explored how advertising agency personnel perceive, process, and consider ethical issues. While some participants exhibited “moral imagination”, in many cases, they found “moral myopia” (distorted moral vision; e.g., ‘what is legal is moral’) and “moral muteness” (failure to communicate moral concerns; e.g., because ‘the client is always right’). The authors discussed how ethical sensitivity in organizations can be developed and offered a number of directions for further research that today remain fruitful avenues of potential inquiry (see 25: 90-93).

Bellizi and Hite, in a 1989 *Journal of Marketing* article, reported a national survey of sales executives examining how sales managers responded to four

scenario descriptions of unethical behavior by salespeople (all were deceptive practices with various consequences, such as doubling an order to reach sales quota) (Chapter 23). They found that sales managers were more likely to use a harsher form of disciplinary action when poor performers, negative consequences, and salesmen (rather than women) were involved in unethical behavior.

Research on variables influencing ethical behavior in marketing has explored both individual characteristics and situational factors. Hunt and Chonko, in a 1984 paper published in *Journal of Marketing*, explored the personality construct of Machiavellianism (Chapter 27). Echoing Farmer (Chapter 4), they wrote: “Marketing is often considered abusive because it is filled with ‘hucksters, cheats, and frauds’ who unethically manipulate consumers into purchasing products they do not really need or want” (27: 114). However, using a well-established Machiavellianism scale in a study of over 1,000 professional marketers, they found that these AMA members were no more Machiavellian than other members of society.

The Hunt-Vitell model of ethical decision-making (Chapter 8) has been tested in multiple studies. Mayo and Marks reported an early empirical investigation of the model with a sample of market research practitioners in the *Journal of the Academy of Marketing Science* in 1990 and found substantial support for a core portion of the model (Chapter 30). They also reported that ethical judgments to resolve the dilemma were found to be jointly determined by deontological and teleological evaluations. This support for the Hunt-Vitell model and its broader impact on

marketing ethics research notwithstanding, it is worth noting that Reidenbach, Robin and Dawson, in a paper published in the *Journal of the Academy of Marketing Science* in 1991, drew on multiple theories of ethics to develop a multidimensional ethics scale (Chapter 32). Development of this eight-item scale for measuring ethical judgments incorporated deontology and utilitarianism (teleology) as found in Hunt-Vitell, but also justice, relativism and egoism.

Singhapakdi, Vitell, and Franke's paper published in the *Journal of the Academy of Marketing Science* in 1999 combined individual and situational factors in ethical decision-making by examining perceived moral intensity and personal moral philosophies (idealism and relativism) (Chapter 35). Perceived moral intensity (PMI) of an ethical issue was proposed by Jones (1991) as a key potential influence on ethical decision-making. In the reported study, idealism was found to increase PMI and relativism was found to decrease it, while PMI increased the likelihood of the perception of an ethical problem and reduced intentions to act unethically. Structural equation modeling was used to identify direct and indirect effects.

Ferrell and Skinner's research, published in *Journal of Marketing Research* in 1988, focused on organizational factors as influences on ethical behavior, specifically the bureaucratic structures and policies (codes of ethics) of the organizations that participate in marketing research (research firms, corporate research departments and data subcontractors) (Chapter 26). They investigated the relationship between three facets of bureaucracy (formalization, centralization, and controls) and perceived ethical behavior, and found that bureaucratic structure

explained variance in ethical behavior across the three major types of marketing research organizations. They concluded that the existence and enforcement of codes of ethics were associated with higher levels of ethical behavior, but were not being utilized sufficiently.

Robertson and Anderson, in a paper published in *Organization Science* in 1993, examined the effects of a firm's control system and dimensions of the work task environment upon ethical judgments made by a sample of industrial salespeople (Chapter 33). They found that salespeople operating under a more bureaucratic, input-based control system advocated more ethical behavior than salespeople operating under a more output-based, laissez-faire control system. However, the proportion of salary versus commission in the salesperson's compensation system did not have an effect on response. Salespeople who perceived the market to be competitive recommended less ethical behavior. Furthermore, age and seniority were positively correlated with ethical behavior.

Singhapakdi and Vitell, in an article published in 2007 in the *Journal of the Academy of Marketing Science*, explored the effectiveness of efforts by business to control ethical problems by institutionalizing ethics (e.g., creating new ethics positions, formulating codes of ethics) (Chapter 34). They developed a scale for measuring the institutionalization of ethics in organizations (see Appendix A at 34: 281-282) and applied it in the context of two studies of marketing practitioners, finding that implicit institutionalization had a significant direct affect on the perceived importance of ethics, job satisfaction, esprit de corps and organizational

commitment. However, explicit institutionalization only had a significant influence on the perceived importance of ethics. As the authors explained, “implicitly incorporating ethics means that ethical behavior is implied, or not directly expressed, and is understood to be crucial; explicitly incorporating ethics means that ethical behavior is formally expressed without vagueness” (34: 270). The institutionalization of ethics was shown to be vital to an employee’s perception of the importance of ethics, in turn increasing the likelihood of more ethical behavior.

Consistent with Levitt’s early critique of social responsibility as being contrary to the primary corporate goal of profit maximization (Chapter 11), an extensive body of research has developed examining whether there is a business case for attention to ethics and social responsibility (Margolis and Walsh 2003). In a 1989 *Journal of Marketing* article, Hunt, Wood and Chonko also examined the institutionalization of ethics and provided strong evidence of a positive association between corporate ethical values and a (marketing) employee’s organizational commitment, supportive of a business case (Chapter 29). However, this apparent “win-win” outcome may not be so easy to realize, as Hunt et al. conclude: “A foremost implication of our study for marketing managers is that a distinct style of leadership may be *required* if having committed marketing employees is *desired*... In essence, top managers should define, refine, evaluate, communicate, and thus institutionalize the ethical principles underlying their policies, practices, and goals” (29: 181; italics in original).

A final set of positive marketing ethics articles in Volume II examine ethical consumerism and also relate to the “business case” for promoting ethical behavior. Miller and Sturdivant’s 1977 *Journal of Consumer Research* article was an early assessment of whether consumers would penalize questionable corporate conduct (Chapter 31). They found evidence of consumers boycotting a large fast food restaurant chain because of harm caused to workers at a related company.

Smith and Cooper-Martin, in a 1997 *Journal of Marketing* article, examined target marketing, a core marketing technique that nevertheless had been criticized as unethical (Chapter 37). The project originated in controversy over the targeting of Uptown, a brand of cigarettes, and PowerMaster, a high alcohol malt liquor, to blacks in the US (also see Chapter 57). Two studies using an experimental design showed how ethical concern can arise from marketer targeting of consumers perceived as vulnerable with perceived harmful products and how, in turn, this could result in consumer activism, including boycotts. It demonstrated that targeting itself could be judged unethical, not simply the marketing of harmful products, and identified alternative strategies.

Finally, Sen and Bhattacharya, in a *Journal of Marketing Research* article published in 2001, utilized the high degree of control possible in laboratory studies to go beyond demonstrating that ethical consumerism exists to examine when, why, and how consumers respond to corporate social initiatives and corporate responsibility more generally (Chapter 36). They found that positive and negative CSR information had an effect on company evaluations and on purchase intentions,

with consumers' company evaluations more sensitive to negative than positive information. However, this effect of CSR information on company evaluations was mediated by consumer perceptions of self-company congruence (i.e. the overlap consumers perceived between the company's character, as revealed by its CSR efforts, and their own) and moderated by their support of the CSR domain (the issue itself).

### **NORMATIVE MARKETING ETHICS**

While the articles discussed in the preceding section of our review (and thus the content of Volume II) are entirely empirical, the articles to be discussed regarding normative ethics (and thus the content of Volume III) are almost entirely conceptual. Our interest in this section is in moral reasoning and particularly in normative theories of ethics that can inform ethical judgment in marketing. Generally speaking, as we will further discuss, empirical research has little if any place in this endeavor.

An appropriate place to start is with the oldest article in Volume III and one of the oldest in the entire compilation, a 1961 AMA conference proceedings paper by Clarence Walton, a former President of the Catholic University of America and a long-time champion of business ethics education (Chapter 54). Walton, noting recent sustained attacks on business and marketing and citing Packard's *Hidden Persuaders* (extract in Chapter 15) among others, suggested three questions required attention: What ought and ought not to be done by the market? What should we like the market to do beyond the ethical imperatives; and what is the

market actually doing? More fundamentally, his concern was with how to understand and achieve “the social good”. He identified three sources of guidance: theological norms, philosophical ethics, and the business ethos, arguing that “philosophical ethics has much to offer” (54: 400), at least pertaining to questions of marketing practices.

Indeed, it is to philosophical ethics that many writers on normative marketing ethics turn (and thus philosophical ethics informs most of the articles in Volume III). A classic illustration of the potential of philosophical ethics to inform marketing ethics is Crisp’s 1987 *Journal of Business Ethics* paper on how advertising threatens autonomy (Chapter 39). Crisp argued that persuasive advertising overrides the autonomy of consumers, manipulating them without their knowledge or good reason.

One of the earliest contributions to the marketing literature that examined in detail the potential of ethical theory to inform marketing decision-making was Laczniak’s 1983 *Journal of Macromarketing* article (Chapter 43). Laczniak (who cited Walton) eschewed simple heuristics (e.g., the Golden Rule) in favor of ethical frameworks based on the work of Ross (prima facie duties), Garrett (proportionality) and Rawls (social justice). Laczniak used these theories to derive some “tough questions” that marketers can ask about the ethics of their actions (43: 131). Building in part on this work, a later article by Laczniak and Murphy published in the *Journal of Macromarketing* in 2006, presented a normative set of recommendations for the practice of marketing ethics (Chapter 44). These

recommendations were grounded in seven essential “basic perspectives” for evaluating and improving marketing ethics, such as “BP 1: Ethical marketing puts people first” and “BP6: Adoption of a stakeholder orientation is essential to ethical marketing decisions” (44: 140). They stated that this combination of BPs addresses some of the major factors marketing managers should consider in conducting their practices with the highest levels of ethics and social responsibility.

Social contract theory—which is often informed by Rawls’ theory of justice—has been identified as especially promising in regard to issues of marketing ethics. Dunfee, Smith and Ross, in a paper published in *Journal of Marketing* in 1999, introduced Integrative Social Contracts Theory (ISCT) as a normative framework for marketing, illustrated by application to commercial bribery (Chapter 40). Social contract theory was said to be particularly appropriate because of the exchange relationships at the heart of marketing, while the specific formulation of ISCT allowed for the challenges posed by the boundary-spanning activities of marketers across multiple communities. Thus, for example, Dunfee et al. showed how ISCT applied to bribery provides for appropriate treatment of gift-giving relative to the different norms of local communities. This acknowledgement of the importance of incorporating the norms of communities within ISCT illustrates how empirical research (e.g., of these norms) can become relevant in normative marketing ethics.

An earlier, explicitly managerial contribution by Smith was published in *MIT Sloan Management Review* in 1995 (Chapter 52). It provided pragmatic guidance to marketers with the “Consumer Sovereignty Test”, a tool based loosely on social

contract theory and reflective of the marketer's obligation to ensure consumers are capable of exercising informed choice. This, in turn, requires an assessment of consumer capability, information provision, and ability to switch providers.

Laczniak and Murphy highlighted the promise of Rawlsian analysis in a 2008 paper published in a special issue of the *Journal of Macromarketing* focused on distributive justice (Chapter 45). Distributive justice applied to marketing “deals with how the marketing system, in terms of its structure, policies, or practices, fairly apportions rewards and penalties among the various parties affected by the market exchange process” (45: 183). Rawls' theory of justice was suggested as a way of establishing what is fair within such a distribution.

An earlier paper by Murphy, published in 1999 in the *Journal of Business Ethics*, turned to virtue ethics (Chapter 47). Relatively little attention had been given to virtue ethics in marketing up to that point and yet Murphy suggested it might be particularly relevant, especially in international marketing, claiming that certain virtues and character traits appeared to be universal across cultures. He presented an historical overview of virtue and character ethics and then reviewed its key dimensions. Five core virtues—integrity, fairness, trust, respect and empathy—were defined and discussed with examples as well as implications drawn for marketing managers and researchers in a multicultural and multinational context.

International or global marketing is also the focus of the two following chapters. Rallapalli examined what would be needed to develop a global code of

marketing ethics in a 1999 paper in *Journal of Business Ethics* (Chapter 49). He suggested that a global code of ethics would be very useful: “The code will provide a greater consistency in ethical decisions made by marketers around the world, and in so doing, enhance the reputation of marketing as a profession” (49: 282). Its feasibility, however, might be keenly contested.

An entirely different view was offered by Nill, in a 2003 *Journal of Macromarketing* paper, drawing on the work of Habermas and dialogic idealism more generally (Chapter 48). Dialogic idealism “combines moral universalism with moral relativism by suggesting universally valid rules that prescribe how an ideal dialogue is to be conducted without imposing moral core values or hypernorms” (48: 275). Unlike Rallipalli (Chapter 49) or Murphy (Chapter 47) and others who have advanced a reliance on core values or virtues, Nill proposed a communicative approach for dealing with ethical conflicts in cross-cultural settings. Consistent with dialogic idealism, he argued that “moral values can be found and justified in an open dialogue” (48: 262). Illustrations from the alcoholic beverage and automobile industries were provided.

While not embracing dialogic idealism, Robin and Reidenbach, like Nill, also sought to develop a workable ethical philosophy for marketing in a paper published ten years earlier in the *Journal of Public Policy and Marketing* (Chapter 50). Unlike some of the authors on normative marketing ethics discussed already, they rejected adoption of the “grand narratives” from moral philosophy and instead suggested marketing should develop its own ethical philosophy. This would have three

characteristics: (1) a form of moral relativism, (2) that is bounded or constrained, and (3) relies heavily on descriptive ethics.

Thompson, in a 1995 paper in *Journal of Public Policy & Marketing*, criticized marketing ethics for insufficient attention to the context of marketing decisions (Chapter 53). He drew on the debate between Kohlberg and Gilligan concerning the development of moral reasoning during the course of life to present an analysis of the philosophical assumptions that underlie their competing theoretical accounts and identify the relevance of these assumptions to models of marketing ethics.

Kohlberg's hierarchical model of cognitive moral development (CMD) was keenly disputed by Gilligan, who argued in contrast to its Kantian foundations for an alternative, contextualized view of moral reasoning. As Thompson summarized, "Kohlberg emphasizes the fairness of impartial principle-based moral reasoning, whereas Gilligan emphasizes the importance of recognizing the interdependencies and social bonds that exist among people" (53: 371). Nonetheless, Thompson's critique was that it was the former view that informed much prior work in marketing ethics. This is clearly evident in Goolsby and Hunt's 1992 *Journal of Marketing* paper that is an empirical test of Kohlberg's CMD model (yet also to some extent acknowledging Gilligan's critique) (Chapter 42). While empirical (and thus as appropriate to Volume II in this compilation as Volume III), this paper is referenced here because of its illustration of one, arguably dominant 20<sup>th</sup> century view of moral reasoning (and it is an interesting companion piece to include in the same volume as the Thompson chapter). In terms of their survey research findings, Goolsby and

Hunt found that the CMD level of professional marketing practitioners compared favorably with that of other groups in society and that successful marketers did not have a low level of CMD. They also found a gender difference, with women reportedly having a higher level of CMD.

Ferrell, Gresham and Fraedrich's 1989 *Journal of Macromarketing* paper presented a synthesis of ethical decision models for marketing (Chapter 41). Ferrell et al. provided an account of moral reasoning in marketing based on Kohlberg and drawing on the earlier discussed Ferrell-Gresham (Chapter 6) and Hunt-Vitell (Chapter 8) models to propose an integrative model (see Figure 3 at 41: 85). Again, while this article could be characterized as positive marketing ethics, it illustrates Thompson's point about the assumptions of marketing ethics, not least in its explicit reference to Kohlberg; the Ferrell-Gresham model is cited by Thompson to that end. Thompson has illustrated the neo-Kantian reasoning of marketing ethics models in his Figure 1 (53: 367) and proposed in contrast a contextualist model of marketing ethics in Figure 2 (53: 372).

Gaski (1999) offered a simple critique of marketing ethics, asking: "Does Marketing Ethics Really Have Anything to Say?" He suggested that marketing ethics should "concede that it has nothing to say beyond 'obey the law' and 'act in your own commercial interest'... [and that] the subject of marketing ethics appears to be completely undistinguished, feckless, jejune, and vacant operationally, offering not an iota of content distinct from other established normative concepts" (1999: 328–330). Smith, in a reply published in the *Journal of Business Ethics* in 2001,

summarized Gaski's argument and offered observations on the role and challenges of normative marketing ethics (Chapter 51). He acknowledged the importance of basic ethical prescriptions—including obey the law and consider your enlightened self-interest—but also showed that marketing ethics has a more extensive domain. Smith concluded by summarizing the following counters to Gaski's critique:

First, while obey the law and act in your enlightened self-interest have some merit as guidelines to marketing managers, they merely point to a moral minimum – and even thus treated, have exceptions, where ethics might point to decisions inconsistent with the law or self-interest. Second, most societies expect their members to make decisions that go beyond the law and self-interest and to include ethical considerations. Third, marketing managers are mature adult members of society and sophisticated decision-makers who are surely capable of some moral deliberation and this is often called for in marketing. Fourth, in terms of informing practice, it is more important for normative marketing ethics to enable decision-makers to make better moral judgments applicable to the specific and often complex situation they face than to offer an inevitably limited list of general ethical prescriptions. Fifth, practice will be better informed through ethical theory" (51: 337).

Critical of marketing, if not marketing ethics, Crane and Desmond, in a 2002 *European Journal of Marketing* paper, highlighted the failure to make explicit the moral basis of the widely promulgated societal marketing concept (Chapter 38). Originating with Kotler's 1972 *Harvard Business Review* paper (included as Chapter 65 in Volume IV of this compilation), the societal marketing concept called for marketers to provide long-run consumer welfare in addition to the basic elements of the marketing concept, customer satisfaction and profitability. While sympathetic to the societal marketing concept, Crane and Desmond suggested that, "rather than attempting to articulate what societal marketing "should" be (and why), academics would be better advised to research decision-making processes in relation to the production/consumption contexts in order to understand the different moral bases

which are drawn on in enacting and rationalizing real marketing decision making” (38: 2).

Finally, Mascarenhas, in a somewhat different vein, provided a diagnostic framework for identifying when marketing executives could be judged morally blameworthy for their actions (Chapter 46). In an article published in the *Journal of Marketing* in 1995, he identified major factors that exonerate executive responsibility and those that enhance (e.g., decisions under ignorance or duress). Thus, the focus in this paper was less on what is the right thing to do and more on evaluating whether the marketing practitioner did the right thing under the circumstances.

Taken as a group, these articles on the normative aspects of marketing ethics draw from major authors such as Aristotle (47), Donaldson and Dunfee (40), Habermas (48), Kohlberg (42, 53), and Rawls (45). The foundation for these works indicate that normative marketing ethics spans a wide range of theoretical sources. Several additional articles draw on multiple philosophical theories (41, 44 and 53), while other contributions to Volume III utilized theological (54) and practical (46, 48, 50 and 52) normative foundations. In all instances, these writers focused on how marketing *should* be practiced.

## **ETHICAL ISSUES IN MARKETING**

Marketing is an essential feature of a market society, as Brenkert observed in the opening chapter of his 2008 book, *Marketing Ethics* (extracted here as Chapter 56). In meeting consumer needs marketing provides immense benefits, but it also

contributes directly or indirectly to a variety of problematic outcomes and thus has long raised issues of ethics. These questions of ethics are the focus of this section of our review and of Volume IV and Volume V in the compilation. We look first at some long-established ethical issues and then turn to new and emerging ones (consistent with the split between the content in Volumes IV and V respectively).

Brenkert offered a marketing ethics framework (56: 29-39) and thus his chapter could well have been discussed in the previous section on normative marketing ethics (and potentially included in Volume III). However, it is an appropriate starting point for our treatment of ethical issues in marketing because of its detailed examination and characterization of marketing activity. Brenkert not only conveyed the pervasiveness of marketing but also showed in what ways it is appropriate to consider the ethical issues raised by marketing practice. More specifically, he identified four basic features of marketing: goal-oriented action, capacity for responsible choice, instrumental relatedness, and competition. Thus, for example, he explained how competition might give rise to a view of marketing as analogous to war or a game such as poker, but these analogies do not provide a justification for competitive espionage or deceptive practices.

In examining some well-established ethical issues in marketing, we start first with market segmentation and targeting. We then turn to marketing research; advertising; privacy; sales; strategy formulation; and then assorted other topics. (Readers looking for coverage of ethical issues in other key elements of marketing

strategy will find them in other volumes, such as pricing fairness addressed in Chapter 78.)

### ***Market Segmentation and Targeting***

Brenkert is also the author of a 1998 *Business Ethics Quarterly* article that examined the ethical issues associated with targeting potentially harmful products to particular segments (Chapter 57). Specifically, Brenkert used the story of PowerMaster to explore the nature and extent of marketer moral responsibilities. G. Heileman Brewing Company failed in its efforts to market PowerMaster, a malt liquor, to inner-city blacks (this story was also in part the inspiration for Chapter 37). Brenkert argued against individual moral responsibility in this instance, but instead that those companies who target this particular market segment constitute a group of marketers collectively responsible for the harms imposed by their products on inner-city blacks.

More recently, Santos and Laczniak, in a 2009 *Journal of Public Policy & Marketing* article examined marketing to the poor (Chapter 72). The authors propose an “integrative justice model” (IJM) that outlines how to market to disadvantaged consumers in both developed and developing countries (see Table 2 at 72: 376). Characteristics of this model are: a stakeholder perspective, a triple bottom line approach, socially responsible investing and a sustainability perspective. They characterize the IJM model as a normative theory (and thus it is closely allied to the theme of Volume III).

### ***Marketing Research***

There is an extensive literature on ethical issues in marketing research, some of which is discussed above under positive marketing ethics (and see Volume II). One reason being, perhaps, that there are often similarities if not overlaps in methods and issues faced in academic research with those of commercial research. An early contribution was the 1974 *Journal of Marketing Research* paper by Tybout and Zaltman (Chapter 74). They identified rights of research participants (to choose, to safety, to be informed) and the possible implications of how those rights may be violated in research. As well as identifying possible solutions, Tybout and Zaltman highlighted how undermining participant rights might result in poorer quality research data.

Kimmel and Smith, in a 2001 *Psychology and Marketing* article (Chapter 64), focused more directly on academic marketing research and the ethical, methodological and disciplinary implications of the use of deception. They showed how and why deception is used and then presented a normative ethical analysis of deception in research from both a consequentialist and a deontological perspective. Later work has applied a social contract perspective (see Kimmel, Smith and Klein 2011; Smith, Kimmel and Klein 2009).

### ***Advertising***

Deception is also a particularly relevant consideration when it comes to advertising. Becker's 1970 *Journal of Marketing* article (Chapter 55) took issue with Kottman (1969), who suggested that concerns over truthfulness in advertising were overstated. Kottman used the analogy of advertising as a game. In contrast,

Becker's reply rejected that analogy (the limitations of which are also noted by Brenkert in Chapter 56) and highlighted many of the concerns about advertising that were being voiced forty years ago and remain current today. Levitt also wrote in 1970 about a heightened criticism of advertising in a *Harvard Business Review* article (Chapter 66). He suggested Americans were most concerned about distortions, exaggerations and deceptions found in contemporary advertising. However, while he argued against duplicity he made a case for embellishment, observing that the consumer "wants 'truth,' but he also wants and needs the alleviating imagery and tantalizing promises of the advertiser and designer" (66: 246).

Fast forward sixteen years, and Pollay, in a 1986 *Journal of Marketing* article, provided a comprehensive overview of scholarly literature from outside marketing examining the cultural effects of advertising (Chapter 70). In "The Distorted Mirror: Reflections on the Unintended Consequences of Advertising," Pollay drew upon sources as varied as Daniel Bell, John Kenneth Galbraith, Robert Heilbroner, Marshall McLuhan, and Margaret Mead, to offer a major indictment of advertising's unintended consequences. He concluded that, on the basis of their critiques, advertising reinforces materialism, cynicism, irrationality, selfishness, anxiety, social competitiveness, sexual preoccupation, powerlessness, and/or a loss of self-respect. Pollay advocated research by marketing scholars to explore advertising's role in society.

Quick to respond was Holbrook, who took issue with Pollay's assessment of advertising, in a reply published in the *Journal of Marketing* in 1987 (Chapter 63). In the aptly-titled, "Mirror, Mirror on the Wall, What's Unfair in the Reflections on Advertising?" Holbrook questioned the logic of Pollay's arguments and the fairness of the critiques upon which he drew. For example, Holbrook argued that Pollay's account of advertising treated it as monolithic and aimed at mass audiences, rather than pluralistic and targeted at market segments, and as manipulative of values rather than reflective, which it must be given the difficulties advertisers would face in attempting to change values.

Holbrook also called for empirical research, causing Pollay and Mittal to respond with in a 1993 *Journal of Marketing* article entitled, "Here's the Beef: Factors, Determinants, and Segments in Consumer Criticism of Advertising" (Chapter 69). Their research set out to build and test a more comprehensive model of beliefs and attitudes toward advertising than the classical measure of advertising's perceived effects (Bauer and Greyser 1968), to identify the latent factors in consumers' belief structures about advertising, and to estimate the relative importance of belief factors in relation to global attitudes towards advertising. The authors also more indirectly examined whether the intellectual criticisms of advertising earlier summarized by Pollay (Chapter 70) were shared by the general public and whether there were differences in beliefs and attitudes across consumer segments. They found support for their seven-factor model of attitudes toward advertising, which comprised three personal utility factors (product information, social image information, and hedonic amusement) and four

socioeconomic factors (good for economy, fostering materialism, corrupting values, and falsity/no-sense) (see Figure 1 at 69: 305). They concluded that, for most segments, “the intellectual criticisms of advertising’s unintended consequences are apparently echoed in the public’s perceptions” (69: 318).

Duke et al., in a 1993 *Journal of Public Policy & Marketing* article, examined the specific criticism of advertisers’ use of fear appeals (Chapter 60). This type of advertising appeal has been heavily used by marketers over the years. Rather than reject the use of fear appeals outright, however, they suggested that their use could be appropriate. They drew on multiple perspectives to propose an ethical effects reasoning matrix by which the potential use of fear appeals can be evaluated (see example in Figure 2, 60: 138-139).

While the preceding discussion illustrates that advertising has been criticized for harmful social effects, Drumwright’s 1996 *Journal of Marketing* article examined advertising with a pro-social dimension (Chapter 59). Her research with advertisers explored whether noneconomic criteria influenced their decisions with regard to the use of what has been variously described as: cause marketing, cause-related marketing, corporate issue promotion, corporate social marketing, social issues marketing, mission marketing, and passion branding. She compared advertising campaigns with social dimensions against standard, nonsocial campaigns and found that most of the social campaigns had mixed objectives, both economic and social. While these campaigns were not as effective relative to traditional economic objectives such as increasing sales, they could be particularly effective in achieving

company-oriented objectives, such as motivating the work force or communicating the company's mission. A theoretical explanation was offered based in research on organizational identification.

### ***Privacy***

Advertising and other marketing communications are increasingly online. This has given rise to heightened concerns around privacy. Caudill and Murphy examined the legal and ethical issues in consumer online privacy in an article published in the *Journal of Public Policy & Marketing* in 2000 (Chapter 58). These authors initially examined Federal Privacy regulation that began in the 1970s (see Table 1 at 58: 64). Online privacy at that time was evolving into a major ethical and public policy issue. An ethical responsibility continuum was suggested using the major ethical theories in evaluation of corporate business and ethical policies and public policies (see Figure 3 at 58: 80). It is safe to say that online privacy issues have grown in importance since the early 2000s. Their concluding comment in the article holds true today: “Our aspirations for consumer privacy suggest an integration of business, ethical and public policy standards to mitigate what some see to be an inevitable erosion of privacy” (58: 83).

### ***Personal Selling and Sales Management***

Ethical problems that arise from the selling process are an ongoing ethical concern in marketing. Two articles in Volume IV examined this issue. McClaren, in a 2000 *Journal of Business Ethics* article (Chapter 67), developed a literature review similar to the reviews of marketing ethics earlier discussed (and included in Volume

1). He examined individual factors that influenced the ethical posture of salespeople: gender, age, education and training, personal values and ethical perspectives and Machiavellianism. The organizational factors he identified that influence sales ethics are: selling role and organizational offering; income and competition; supervision, discipline, rewards and punishments; and codes of ethics, climate and culture. McClaren concluded his review by proposing a model with several components that influence ethical decision making (see Figure 1 at 67: 262).

Ferrell, Johnston and Ferrell, in a 2007 article in *Journal of Personal Selling and Sales Management* (Chapter 61), proposed a framework for personal selling and sales management ethical decision making. Similar to McClaren, they also examined both individual and organizational factors influencing ethical decision making in a selling context. Their model highlighted the central role that corporate culture plays in establishing an ethical environment in any organization. The article concluded with several suggestions for future research directions.

### ***Marketing Strategy***

Quelch and Smith, in a chapter from their 1993 book, *Ethics in Marketing*, provided an overview of the ethical issues in marketing strategy formulation and implementation (Chapter 71). They argued that ethical issues should be considered in the process of formulating marketing strategy to reduce the chances of unforeseen ethical dilemmas surfacing during the design and implementation of marketing programs. They gave particular attention to how ethical issues can arise

in the interacting, allocating, organizing, and evaluating areas of marketing implementation.

### ***Other Topics***

While ethical issues in regard to targeting, marketing research, advertising, sales, marketing strategy, and privacy are notably common, there are other areas of ethical concern with marketing practices. Coverage of all the various ethical issues in marketing discussed in the literature is beyond the scope of this review and compilation. However, summaries can be found in the various marketing ethics literature reviews earlier noted and included in Volume 1 (Chapters 13, 14, 18, and 21). We conclude this section with a discussion of a variety of other topics in relation to marketing ethics issues, ranging from quality of life perspectives to relationship marketing.

Kotler's Societal Marketing Concept was introduced in 1972 in a *Harvard Business Review* article on the implications of consumerism for marketers (Chapter 65). This article appeared during the height of the consumer movement during the early 1970s. It should be noted that consumerism was defined somewhat differently then than it is generally conceived today. He defined it as: "*a social movement seeking to augment the rights and power of buyers in relation to sellers*" (65: 220, italics in original). He began the article by stipulating that consumerism: was inevitable, will be enduring, will be beneficial, is pro-marketing and can be profitable. Kotler identified six factors contributing to the rise of consumerism in the 1960s (see Figure 1 at 65: 223). Probably the most significant outcome of this

article was Kotler's definition of the societal marketing concept that is still heavily cited and used in his textbooks: "The societal marketing concept calls for a *customer orientation* backed by *integrated marketing* aimed at generating *customer satisfaction* and *long-run consumer welfare* as the key to attaining long-run profitable volume" (65: 229, italics in original).

In a related vein, Sirgy explored the ethical and public policy implications of research on consumer well-being in a 2008 *Journal of Public Policy & Marketing* article (Chapter 73). Sirgy identified the public policy implications affecting consumer well being that were drawn from several major ethical principles: ethics of consumer sovereignty; ethics of nonmaleficence; ethics of stakeholder theory; ethics of social justice; and, ethics of human development/quality of life. In each of these areas, major research programs potentially influencing consumer well being were said to be ongoing (see Figure 1 at 73: 398).

Gibbs also examined well-being in a 2004 article in *Business Ethics: A European Review* (Chapter 62). He began by discussing satisfaction and how it is tied to well being. Gibbs identified three major theories of individual well being: hedonism, desire fulfillment and list theory. With this background, the notion of consumer well-being was examined. A prudential marketing program that places well-being as its core has five characteristics: accomplishment, human existence, understanding, enjoyment and deep personal relations (for an explanation, see Table 1 at 62: 172).

The 1990s saw the development of relationship marketing and its increased attention within marketing practice and the marketing literature. In contrast to transaction marketing, relationship marketing recognizes the longer-term scope of firm relationships with customers. Murphy, Laczniak and Wood, in a 2007 *European Journal of Marketing* article proposed an ethical basis for relationship marketing through the application of virtue ethics (Chapter 68). They examined both American and European perspectives on relationship marketing. The article proposed a model with three steps of relationship marketing paired with three ethical actions: establishing (trust), sustaining (commitment) and reinforcing (diligence). Surrounding this process in the model were five virtues that facilitate ethical relationship marketing. They were: integrity, empathy, trust, respect and transparency (see Figure 1 at 68: 282). Each of these virtues were explained and implications were drawn for managers and researchers.

While most attention in this review and compilation has been given to the ethics of marketers, the scope of marketing ethics also extends to consumer ethics. This topic is given consideration under the new and emerging ethical issues section below (and in Volume V in the compilation), particularly in regard to ethical consumerism. In this section, we include specific attention to the role of religiosity in consumer ethics. Vitell reviewed the research literature in a 2009 *Journal of Business Ethics* article (Chapter 75). He began by discussing religiosity and morals and then moved to the measurement of religiosity. His review went on to examine the impact of religiosity on moral philosophies, norms and moral intensity. Subsequently, he identified the impact of religiosity on ethical judgments, intentions

and behavior. The article concluded with a synthesis and directions for future research in this area.

## **NEW AND EMERGING ETHICAL ISSUES IN MARKETING**

In this section, we examine both new and emerging ethical issues in marketing practice and new approaches to marketing ethics, particularly those coming out of mainstream consumer psychology. First, however, we discuss in more detail the growing interest in ethical consumerism.

### ***Ethical Consumerism***

Ethical consumerism occurs where consumers are influenced in purchase and consumption by ethical considerations, as they perceive them. (Note that this is a definition of “ethical consumerism” with a different albeit related meaning to the Kotler definition of “consumerism” noted above in regard to his chapter in Volume IV.) With negative ethical consumerism, consumers might choose not to buy a product because it is perceived to be unethical in itself or in the processes by which it was produced, or because it is coming from a company or country regarded as unethical in some way. This refusal to purchase can be an individual response or part of an organized consumer boycott. By contrast, positive ethical consumerism is where consumers choose to give preference to products or companies perceived to be more ethical than alternatives. This purchase preference is often the other side of the same coin.

Klein, Smith and John examined motivations for participation in a consumer boycott in an article in *Journal of Marketing* in 2004 (Chapter 83). They tested a cost-benefit framework derived from the helping behavior literature in psychology. In a field study, four factors were found to predict boycott participation: the desire to make a difference, the scope for self-enhancement, counterarguments that inhibit boycotting, and the cost to the boycotter of constrained consumption. Self-enhancement and constrained consumption were also found to be significant moderators of the relationship between the perceived egregiousness of the firm's actions and boycott participation.

Irwin and Naylor, in a 2009 *Journal of Marketing Research* article, proposed that there may be contextual elements of a purchase decision that guide consumers toward (or away from) considering the ethical possibilities (Chapter 82). More specifically, across four studies, they demonstrated that forming a product consideration set by excluding versus including alternatives induces consumers to place more weight on ethical attributes, such as company labor practices and animal testing. This approach shields consumers from having to make trade-offs between ethical and other product attributes. Thus marketing of ethical products should encourage exclusion modes (e.g., salespeople could guide customers toward eliminating alternatives).

Bhattacharya and Sen provided an overview of consumer responses to corporate social initiatives in a 2004 *California Management Review* article (Chapter 77). Key to their analysis was recognition that consumer responses are contingent

upon factors pertaining to the company, consumer and competition, and that they encompass much more than an immediate sales response (e.g., consumer loyalty, resilience, positive word-of-mouth, consumer well-being, and support for an issue or cause).

Again looking at what one might consider the inverse of ethical consumerism, Vitell provided a review of the literature on consumer ethics in a 2003 article in *Journal of Business Ethics* (Chapter 90). Vitell pointed out that he and colleagues conducted the earliest consumer ethics research in the early 1980s. He discussed several aspects of research on consumer ethics, including the development of consumer ethics scales tested on different demographic and cross-cultural groups. He characterized the research on consumer ethics to be “eclectic.” Vitell provided a synthesis of the past research in this area (see Table 1 at 90: 376-378) and also provided a table of suggested future research (see Table 2 at 90: 380).

### ***Different Strokes for Different Folks***

While perhaps not so easy to discern, ethical concerns are seemingly becoming more widely addressed in the mainstream marketing literature. The authors might not think of their work as being primarily focused on marketing ethics and, in many cases, these articles would not even be generated in a keyword search on marketing ethics or even using ethics as a general search term (e.g., Chapters 78, 79, 80, 88). Nonetheless, these articles most definitely address ethical issues that arise in marketing, be it fairness in pricing (Chapter 78) or misleading practices (Chapters 79, 80, 88).

Chandon and Wansink, for example, in a 2007 *Journal of Consumer Research* article, examined the biasing health halos of fast food restaurant health claims, showing how such claims might contribute to obesity (Chapter 79). Across four studies they found that people were more likely to underestimate the caloric content of main dishes and to choose higher-calorie side dishes, drinks, or desserts when fast-food restaurants made health claims (e.g., Subway) compared to when they did not (e.g., McDonald's). However, they also showed that the halo effect was attenuated when participants were asked to consider whether the food item was typical of the restaurant providing it. This has major implications because, as they explain, "reducing biases in calorie estimation is important because even small calorie underestimations can lead to substantial weight gain over the course of a year" (79: 92).

Goldstein et al. also examined unconscious biases in consumer decision-making, by exploring how, from a consumer welfare perspective, consumers can be "nudged" to make better choices (Chapter 80). Published in *Harvard Business Review* in 2008, this article reviewed research on consumer responses to default effects. The authors build more generally on recent interest in applying behavioral decision theory to issues of consumer welfare, popularized in the book, *Nudge* by Thaler and Sunstein (2009).

Shiv, Carmon and Ariely, in a 2005 *Journal of Marketing Research* article, examined how unconscious influences of marketing actions can create placebo effects, such as pricing decisions that affect the efficacy of a product (Chapter 88).

Akin to placebo effects in medicine, the authors demonstrated across three studies how the actual performance of participants in puzzle-solving tasks was influenced by whether a mental acuity enhancing energy drink was discounted or not. The effect was shown to be mediated by expectations. More generally, while illustrative of the saying “you get what you pay for”, it provides an interesting twist to our understanding of deceptive marketing practices.

Fairness in pricing, clearly an issue of marketing ethics, needs to be understood from a consumer psychology perspective. Thus, Campbell, in a 2007 *Journal of Marketing Research* article, showed how judgments of price (un)fairness are influenced by affect and the source of price change information (Chapter 78). She showed across three studies how if a source is human (e.g., salesperson) as opposed to nonhuman (e.g., price tag), this can influence the effect of a price change on (un)fairness perceptions, even though the source is incidental to the price decision.

Moral identity is a key construct and growing area of interest in various ways in consumer research. Reed, Aquino and Levy, in a 2007 *Journal of Marketing* article, examined how charitable behaviors are influenced by moral identity (Chapter 87). Building on earlier work, they defined moral identity as “a mental representation (i.e., a self-image) that a consumer *may* hold about his or her moral character” (87: 284, emphasis in original). This relates to charitable giving of time or money with implications for companies associated with charities (e.g., in cause-related marketing) as well as the charities themselves. Reed et al. found that even when

opportunity costs were equivalent (subjectively or economically), consumers who also had a highly self-important moral identity perceived the act of giving time versus money as more moral and self-expressive.

Mazar, Amir and Ariely's article in the *Journal of Marketing Research* in 2008, explored dishonesty through a theory of self-concept maintenance (Chapters 86). While people generally value honesty and a positive moral identity, many are also still prepared to benefit from the gains to be had from dishonesty, at least to a limited extent. Across Mazar et al.'s six studies, only 5 of 791 participants cheated to the maximal amount, with most cheating only a little and in doing so engaging in "a limited dishonesty that flies under the self-concept radar" (86: 275). More specifically, the authors theorized that participants avoided confronting their dishonesty through inattention to their own moral standards and by how they categorized the behavior ("categorization malleability"). This has profound implications for how we address dishonesty in marketing and business more generally. Efforts to curb dishonesty should thus be directed at drawing attention to the moral standards of the affected individuals and to reducing scope for categorization malleability.

### ***More Recent Research Themes***

One of the most significant developments in marketing thought during the last ten years has been the growth and evolution of the "service-dominant logic" (Vargo and Lusch 2004). Abela and Murphy examined its implications for marketing ethics in a 2008 article in the *Journal of the Academy of Marketing Science*

(Chapter 76). They argued that one of the reasons for the persistence of ethical issues in marketing was the problem of compartmentalization (i.e., the separation of marketing issues from ethical ones). Abela and Murphy described seven ethical tensions in marketing and proposed that the service-dominant logic thinking would help in resolving these tensions (see Table 1 at 76: 17-18). They advocated an integrated marketing ethics that is based on intangibles and multiple success metrics that are grounded in financial, ethical and managerial foundations.

Among the most recent articles we discuss (and included in Volume V) are a selection that are particularly indicative of new and emerging trends in marketing ethics research. Martin and Smith, examined the increasingly prevalent practice of stealth marketing in an article published in *Journal of Public Policy & Marketing* in 2008 (Chapter 84). They defined stealth marketing as “the use of surreptitious marketing practices that fail to disclose or reveal the true relationship with the company that produces or sponsors the marketing message” (84: 204). This potentially deceptive marketing technique, used by Procter and Gamble and Wal-Mart among others, often takes the form of “buzz marketing” or “peer-to-peer marketing”—new ways by which marketers are increasingly attempting to break through the clutter to get their messages heard, especially online. As the authors show, in addition to deception, stealth marketing also can involve intrusion and exploitation of social relationships as means of achieving effectiveness. They combined research on consumer skepticism with ethical analysis, drawing on theories of moral philosophy and prior marketing ethics research to illuminate the

potential for ethical concern, generate ethical guidance for marketers, and provide public policy recommendations.

Martin and Johnson also explored an emerging area of research interest in a paper published in *Journal of Public Policy & Marketing* in 2010 (Chapter 85). This was one of eight articles published by *JPP&M* in a special issue on stakeholder marketing. Here the focus was on ethical beliefs and information asymmetries in supplier relationships. The authors provided a number of corporate examples of where firms did or did not invest in ethics (see Table 1 at 85: 231). Their empirical study found that high ethical-beliefs managers invested positively in ethical product attributes with a known supplier while low ethical-belief managers did not. They concluded their article by stressing the importance of ethics: “Given the increasing tendency for consumers to seek products with ethical attributes and affiliations, firms will likely continue to pursue marketing initiatives that involve ethics to meet customers’ needs and gain competitive advantage in the marketplace” (85: 245).

Smith, Palazzo and Bhattacharya also examined supply chain issues in a 2010 *Business Ethics Quarterly* article that appeared as part of a 20<sup>th</sup> anniversary issue of the journal focused on trends in business ethics research (Chapter 89). As many of the articles in this review indicate, considerable attention has been given to the harm done *to* consumers by marketing, but much less attention has been given to the harm done *by* consumers as an indirect effect of marketing activities, particularly in regard to supply chains. The recent development of dramatically expanded global supply chains has given rise to social and environmental problems

upstream (e.g., labor rights issues) that are attributable at least in part to downstream marketers and consumers (e.g., problems of Gap and other apparel brands, Apple). Using a critical theory perspective, Smith et al. showed how marketers have adopted CSR as a marketing strategy and examined why this has resulted in a consumer backlash, not least in regard to supply chain issues. They introduce “stakeholder marketing” as an alternative approach and suggested that labor rights issues and environmental impacts in supply chains will become increasingly important, showing how stakeholder marketing offers a possible solution to the problems posed.

Finally, Henry, in a 2010 *Journal of Consumer Research* article, examined consumer perceptions of their rights and responsibilities (Chapter 81). He undertook a qualitative research study examining consumer views toward credit cards. Based on these interviews, he proposed a model of four overlapping political myths: individual autonomy, social equity, consumer sovereignty and corporate dominance with methods to reconcile them. He contrasted two dominant political philosophies of his respondents, classifying them as libertarianism or liberalism.

## **FUTURE DIRECTIONS AND CONCLUSIONS**

This review of the field of marketing ethics has inevitably been selective and somewhat idiosyncratic. It is selective because even when based on a compilation of the literature running to ninety articles in five volumes, many other articles could have been included. It is idiosyncratic because while our coverage has been guided in part by relatively objective measures of impact such as citation counts, it is also

reflective of our preferences—in short, it includes many of our favorites. Nonetheless, we feel it demonstrates well the scope of the field and the range of contributions to understanding morally right and wrong conduct in marketing.

The historical development of the field is also apparent. Our discussion in this introductory essay has often been organized in a loosely chronological order to show how marketing thought and research has progressed over time. For example, the early articles focused on the foundations of marketing ethics (in Volume I). They show how marketing academics and practitioners were struggling with some of the inherent contradictions of marketing thought and practice some fifty years ago. While of historical interest, these articles often contain insights relevant today, notwithstanding the many changes that have taken place in the interim. Relative to the papers published earlier, articles from the eighties and nineties show how marketing ethics (and marketing more generally) became more scholarly and rigorous in its approach to research.

Some of the most recent articles (in Volume V) reveal how leading marketing scholars publishing in the top journals in marketing are addressing marketing ethics topics such as deception but with a consumer psychology rather than a marketing ethics starting point. This is encouraging because it can be seen as reflective of increased academic attention to issues of values. Moreover, healthy streams of research on marketing ethics are emerging in more specialized journals, such as *Journal of Business Ethics*. At the same time, however, it is apparent that the

increased emphasis on empirical research appears to have been accompanied by a relatively diminished output of work in normative marketing ethics.

We anticipate that this focus on positive marketing ethics is likely to continue for the foreseeable future. In some ways, this trend is unfortunate because normative ethics theory can inform positive marketing ethics. Writing a few years ago about normative and positive approaches to business ethics, Weaver and Trevino (1994: 140) predicted “business and the public will expect normative theorists to be concerned with the vicissitudes of application, and empirical theorists to be self-conscious about the moral purposes of their work.” While integration of normative and positive approaches might be difficult to achieve (Trevino and Weaver 1994), researchers in positive marketing ethics would benefit from a closer familiarity with normative ethics. Conceivably, scholars outside marketing with a philosophical training might increasingly examine marketing ethics issues from a normative perspective. This work might then find its way into marketing journals or ethics journals such as *Business Ethics Quarterly*.

### ***Marketing Ethics Issues***

A decade ago, Murphy (2002) speculated on important research topics in marketing ethics, specifically: 1) online privacy and security, 2) power and responsibility in marketing channels, 3) environmental marketing, 4) core values for global marketing, and 5) marketing’s role in promoting societal issues/causes. They remain key issues today and going forward.

Online privacy seems to be as 'hot' a topic as it was then, not least given the subsequent appearance of Facebook, Twitter and social media marketing. Although the heaviest users online (i.e., young people) do not seem to be overly concerned about privacy, regulators like the FTC and EU Privacy Commission remain quite skeptical of not only tracking technology but covert marketing messages that bombard consumers. Both conceptual and empirical research is needed to better understand this complex issue (also see Chapter 58).

Power and responsibility in marketing channels is also an ongoing ethical concern. It is not only the absolute size of the largest marketers throughout the world, but the disparity of the power of the largest firms that are largely located in the global North with the many smaller businesses found in the global South. This is notwithstanding the rapid growth of Indian, Chinese and Brazilian multinationals. The supply chain issues discussed by Smith et al. (Chapter 89) also need further research and the authors provided an extensive list of research questions (89: 356-358). Another related direction of inquiry is ethical beliefs and information asymmetries in supply chains, as Martin and Johnson suggested (see Chapter 85).

Research on climate change, pollution, and sustainable business practices has mushroomed in the last decade. Attention to environmentalism has also occurred to some extent within marketing, with journals such as the *Journal of the Academy of Marketing Science* and the *Journal of Macromarketing* devoting special issues to the topic. While a number of articles in this review touch upon environmental issues (e.g., as a basis for ethical consumerism), we did not attempt to include

sustainability, seeing it as beyond the scope of this compilation (Sage also has published a compilation in its “Major Works” series on corporate environmentalism and has a forthcoming compilation on corporate sustainability).

As globalization continues apace, core values for global marketing remain a key issue (see, for example, Chapters 40 and 48). It is interesting to note that none of the nine principles of the UN Global Compact deals directly with marketing or product issues (though three are devoted to the environment). However, one of the GRI’s (Global Reporting Initiative) Performance Indicators is product responsibility.<sup>4</sup> To our knowledge, no academic research to date has examined the GRI guidelines in depth from a marketing perspective. Another possible research project is to examine the codes of ethics of major multinationals/transnationals to investigate from an objective academic standpoint the extent to which they cover truly global topics and the variables giving rise to a more global orientation. We would speculate that these codes are generally reflective of the values of the company’s country of origin, with more globally oriented codes coming from companies that are truly transnational, operating in many countries round the world and with an internationally diverse management.

The final trend identified above is marketing’s contribution to social causes. Frankly, this cuts both ways. Marketing techniques have been utilized to advance action on social causes such as AIDS and drug abuse. However, marketing can be abused to oversell and deceive consumers who are vulnerable to the messages of

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<sup>4</sup> See <https://www.globalreporting.org/Pages/default.aspx> (accessed 24 July 2012).

social marketers. One example is the extensive use of “negative advertising” by political candidates, especially in the US, an application fraught with ethical questions. Marketing scholars have long been interested in marketing’s application to the non-profit sector and we would hope that researchers can be of assistance in promoting positive use of marketing in this realm.

As well as supply chain issues, the section above on new and emerging ethical issues in marketing, also discussed articles (included in Volume V) on ethical consumerism, issues of deception associated with unconscious biases in consumer decision-making, dishonesty, moral identity, stealth marketing, stakeholder marketing, marketing ethics and the service-dominant logic of marketing, and on how political ideologies inform consumer perceptions of their rights and responsibilities. Of these, improved understanding of how unconscious biases give rise to consumer choice without awareness is likely to be a particularly promising avenue of inquiry from a marketing ethics and public policy standpoint. Overall, we see these issues as likely to demand further research attention, while research on more established topics such as ethical issues in market research, market segmentation, and advertising (see Volume IV) is likely to continue.

In conclusion, we would draw attention to the prospects and need for further research on health and safety issues and base of the pyramid questions (Murphy 2010). The health and safety issues are multi-faceted. Selling products that are unsafe has long been an ethical and legal issue. However, recent incidents of toy safety because of lead-based paint and the seemingly diminishing safety of food

products, at least in certain markets, mean that consumers and regulators must remain vigilant. Compounding the problem is the dramatically increased sourcing of products from markets with less well-established safety regimes and more fragmented sourcing.

A related aspect of health and safety is the growing obesity epidemic in the U.S. and elsewhere, as Chandon and Wansink highlight (see Chapter 79). This issue seems to demand an urgent effort by scholars in marketing ethics. Popular marketers in the fast food, beverage and packaged food industries remain under fire despite efforts to offer healthier versions of existing products. A special issue of *Journal of Public Policy & Marketing* was devoted to this topic (see Moore 2007 for a discussion of the scope of the problem).

Poverty and the “base of the pyramid” has received considerable attention in light of the Millennium Development Goals as well as a burgeoning literature since the publication of Prahalad’s (2005) book. However, at least some of the discussion is focused around how companies can make more money in serving these consumers. One such example is Casas Bahia (cited in the Prahalad book) which sells to middle and lower class consumers with a time payment plan. However, the interest being charged is over 30% per year and this is thought to be an ethical issue (for a case on this company, see Murphy et al. 2012).

The Santos and Laczniak article (Chapter 62) advocated a marketing system that justly and fairly serves the poor. Similarly, Vachani and Smith (2008) identified several precepts that should be followed in “socially responsible distribution” to the

BOP market. Future researchers can expand on this and other published work by examining such marketing topics as pricing and communications within a base of the pyramid context. Furthermore, we would be remiss not to draw explicit attention to the need for continued research on bribery, a major factor in the continued poverty of millions of people in emerging and developing economies. Research opportunities in relation to bribery range from ethical decision making in bribery contexts, as discussed by Dunfee et al. (see Chapter 40), to organizational control systems designed to prevent the giving and taking of bribes, through to improved understanding of the effectiveness of anti-bribery movements, such as those currently active in India.<sup>5</sup>

In conclusion, this overview of the five volumes—Foundations of Marketing Ethics, Positive Marketing Ethics, Normative Marketing Ethics, Ethical Issues in Marketing and New and Emerging Ethical Issues in Marketing—provides a brief synopsis of these major works. We invite readers to examine many, if not all, of these significant articles dealing with marketing ethics. We believe that these volumes represent an impressive collection of contributions to this important field. Our overview has not done justice to many of these articles. Thus, we encourage readers to draw their own insights from these substantial works.

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<sup>5</sup> Ishaan Thooroor, “Anna Hazare’s Hunger Fasts Rock India,” *Time*, 7 Dec., 2011.

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