

Marketing Ethics and Social Responsibility

Chapter 20

Learning Goals

- 1. Know the major social criticisms of marketing.**
- 2. Be able to define consumerism and environmentalism and know how they affect marketing strategies.**
- 3. Learn the principles of socially responsible marketing.**
- 4. Learn the role of ethics in marketing.**

Case Study

Nike

- Nike has been criticized lately about NOT being socially responsible
 - Accusations of overseas sweatshops, child labor, and exploiting lower income U.S. families
- Nike took the charges seriously and commissioned a study of Nike factories abroad
 - Nike donates more than \$30 million in cash and products to sports programs and 3% of earnings to charity
 - CEO Knight – “not sure how we measure good performance in corporate responsibility”

Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- **High Prices**
 - **High costs of distribution**
 - **High advertising and promotion costs**
 - **Excessive markups**

Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- **Deceptive Practices**
 - **Pricing**
 - **Promotion**
 - **Packaging**
- **High-Pressure Selling**

Social Criticisms of Marketing

Marketing's Impact on Individual Consumers

- **Shoddy or unsafe products**
- **Planned obsolescence**
- **Poor service to disadvantaged consumers**

Social Criticisms of Marketing

Marketing's Impact on Society as a Whole

- **False wants and too much materialism**
- **Too few social goods**
- **Cultural pollution**
- **Too much political power**

Social Criticisms of Marketing

Marketing's Impact on Other Businesses

- **Acquisitions of competitors**
- **Marketing practices that create barriers to entry**
- **Unfair competitive marketing practices**

Citizen & Public Actions to Regulate Marketing

Consumerism

- **Traditional seller's rights**
- **Traditional buyer's rights**
- **Additional rights proposed by consumer advocates**
 - **Each proposed right has led to more specific proposals by consumerists**

Citizen & Public Actions to Regulate Marketing

Environmentalism

- **An organized movement of concerned citizens, businesses and government agencies to protect and improve people's living environment**
- **Environmental Sustainability**
 - **Pollution prevention**
 - **Product stewardship**
 - **New environmental technology**
 - **Sustainability vision**

Citizen & Public Actions to Regulate Marketing

Public Actions to Regulate Marketing

- **Major legal issues affect every area of marketing management, including:**
 - **Selling and advertising decisions**
 - **Channel decisions**
 - **Product decisions**
 - **Packaging decisions**
 - **Price decisions**
 - **Competitive reaction decisions**

Business Actions Toward Socially Responsible Marketing

Enlightened Marketing

- **Customer-Oriented Marketing:**
 - **Companies view and organize their marketing activities from the consumer's point of view.**
- **Innovative Marketing:**
 - **Companies seek real product and marketing improvements.**

Business Actions Toward Socially Responsible Marketing

Enlightened Marketing

- **Value Marketing:**
 - **Companies put most of their resources into value-building marketing investments.**
- **Sense-of-Mission Marketing:**
 - **Companies define their mission in broad social terms, rather than in narrow product terms.**

Business Actions Toward Socially Responsible Marketing

Enlightened Marketing

- **Societal Marketing:**
 - **Companies make marketing decisions by considering consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.**

Business Actions Toward Socially Responsible Marketing

Enlightened Marketing

- **Societal Classification of Products**
 - **Deficient products**
 - **Pleasing products**
 - **Salutary products**
 - **Desirable products**

Business Actions Toward Socially Responsible Marketing

Marketing Ethics

- **Corporate marketing ethics policies**
 - **Distributor relations, advertising standards, customer service, pricing, product development and general ethical standards.**
- **Guiding principle in policy determination**
 - **Free market and legal system**
 - **Individual companies and managers**
- **International ethical policies are a special challenge**