

***Marketing and Society:
Social Responsibility and
Marketing Ethics***

Chapter 20

Objectives

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

Case Study

Ben & Jerry's ... The Body Shop

- Only used organic fruits and hormone-free milk
- Bought from socially disadvantaged and minority suppliers
- Donated 7.5% of pretax profits to good causes
- Natural-ingredient based cosmetics formulated without animal testing
- Donated a percentage of profits to animal-rights groups and homeless shelters

Case Study

Ben & Jerry's ... The Body Shop

- **Growth and profits flattened for both firms in the 1990's**
- **2000: Ben & Jerry's was acquired by Unilever; profit driven management is now in charge of the Body Shop.**
- **Lessons learned:**
 - **What you sell is important**
 - **Be proud to be in business**
 - **Make a solid commitment to change**
 - **Focus on two bottom lines**
 - **Forget the hype**

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
 - Creating Barriers to Entry

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**
 - 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

- **Consumer-Oriented Marketing**
- **Innovative Marketing**
- **Value Marketing**
- **Societal Marketing**
- **Sense-of-Mission Marketing**

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
 - Guiding Principle in Policy Determination
 - ❖ *Free market and legal system*
 - ❖ *Individual companies and managers*
 - International Ethical Policies are a Special Challenge