Chapter 10

Marketing and Advertising

CHAPTER SUMMARY

The ethics of marketing is concerned chiefly with how producers treat their customers. What goods to produce and how to sell them are among the most basic decisions that businesses make, and the impacts of these decisions on the well-being of consumers are many and varied. However, the interactions between producers and consumers take place primarily in a market, and so much of the ethics of marketing is the ethics of the buyer–seller relationship, in which honesty and fair dealing are the main moral requirements. Much of this chapter deals with marketing practices in which sales techniques and the pricing, labeling, and advertising of products are manipulative, deceptive, or otherwise unfair to consumers. In addition, marketing, especially advertising, has social consequences that producers must handle responsibly.

CHAPTER OBJECTIVES

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary
10.2: Analyze unethical sales practices, the difficulties sales personnel face in avoiding them, and issues with the sufficiency of information on product labels
10.3: Evaluate the nature and effects of unethical pricing and distribution practices on consumers and the fairness of markets
10.4: Identify the ethical issues with product development and market research and how companies can conduct these essential marketing tasks responsibly
10.5: Describe the difficulties in defining what constitutes deceptive advertising and how it interferes with consumers’ ability to make rational choices
10.6: Recognize how different advertising practices use irrational persuasion techniques to influence consumers’ choices and the ethical arguments against these practices
10.7: Assess the potential harm advertising poses to individuals and society and the responsibility of companies to consider the consequences of their marketing efforts
10.8: Examine how Internet advertising and the online collection and use of personal information challenge the rights of individuals to privacy, autonomy, and fair treatment
10.9: Summarize the significance of social advertising and the ethical issues associated with it

SUGGESTED DISCUSSION PROMPTS

1. Are there any other cardinal marketing values besides well-being, fairness, and freedom? Or do other values fall under one of those three?
2. What specific ethical issues arise from the point of view of the salesperson?
3. Are prices ever really unfair? Why or why not?
4. Is the FTC correct to hold truth in advertising to a standard of an “ignorant” consumer?
5. What is wrong with subliminal persuasion that is not an issue with other forms of persuasion?

ASSESSMENT FOR IN-CLASS USE

Multiple Choice Questions

Choose the BEST possible answer for each of the following.

1. The need for fairness in marketing arises from the need for _______.
   A. transactions to be beneficial to everyone
   B. transactions to not harm anyone
   C. information to be freely available to anyone
   D. consumers to get what they want

   Correct Answer: A

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary
Topic/Concept: 10.1: Marketing Ethics Framework
Difficulty Level: Easy
Skill Level: Understanding

2. Identify a poor description of effective social advertisement.
   A. Creators of social advertisement must aim for outcomes that are aligned with the overall advertisement message.
   B. Social advertisement topics are those of importance to the public at large.
   C. Creators of social advertisement realize the limits of social advertisement because social problems sometimes require a political remedy.
   D. Social advertisement must manipulate individuals to engage them.

   Correct Answer: D

10.9: Summarize the significance of social advertising and the ethical issues associated with it
Topic/Concept: Social Advertising
Difficulty Level: Easy
Skill Level: Understanding

3. Truthful labeling is essential to the ethical marketing concept of _______.
   A. well-being
   B. fairness
   C. freedom
   D. health
Correct Answer: B
10.2: Analyze unethical sales practices, the difficulties sales personnel face in avoiding them, and issues with the sufficiency of information on product labels
Topic/Concept: Sales Practices and Labeling
Difficulty Level: Moderate
Skill Level: Analyze

4. Pricing has to remain competitive so that _______.
   A. companies can maximize their profits
   B. workers get paid fair wages
   C. consumers are free to choose the best exchange
   D. consumers get as high-quality products as possible

Correct Answer: C

5. Full-line forcing by a manufacturer to a retailer is ethically questionable because _______.
   A. it drives prices higher
   B. it limits consumer choice
   C. it makes consumers dependent on one brand
   D. it prevents consumers from obtaining adequate information

Correct Answer: B

6. Advertising is considered to be unethical if it is _______.
   A. untruthful
   B. expensive
   C. harmful
   D. tacky

Correct Answer: A
10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary
Topic/Concept: Marketing Ethics Framework
Difficulty Level: Easy
7. By what measure is it determined whether an ad causes a false belief?
   A. if it deceives an ignorant consumer
   B. if it substantially interferes with a decision to buy
   C. whether it contains any factually incorrect information
   D. whether it is a product a reasonable person would want to buy

   Correct Answer: A

10.5: Describe the difficulties in defining what constitutes deceptive advertising and how it interferes with consumers’ ability to make rational choices
Topic/Concept: Deceptive Advertising
Difficulty Level: Easy
Skill Level: Understanding

8. The dependence effect is an ethical danger zone because ________.
   A. prices may end up artificially high
   B. wants are created by the producer instead of the consumer
   C. there is insufficient competition between producers
   D. products may end up being marketed to the wrong people

   Correct Answer: B

10.6: Recognize how different advertising practices use irrational persuasion techniques to influence consumers’ choices and the ethical arguments against these practices
Topic/Concept: Irrational Persuasion
Difficulty Level: Easy
Skill Level: Understanding

9. A strong argument in defense of advertisement is that it ________.
   A. does not negatively affect cognitive development
   B. has little impact on children’s emotional development
   C. is not solely responsible for marketing orientation
   D. does not create negative self-image

   Correct Answer: C

10.7: Assess the potential harm advertising poses to individuals and society and the responsibility of companies to consider the consequences of their marketing efforts
Topic/Concept: Impact of Advertising
Difficulty Level: Moderate
Skill Level: Evaluate

10. A significant ethical issue facing Internet consumers is the inability to ________.
   A. sell personal ads
   B. track other consumers' information
   C. create online accounts

   Correct Answer: B
D. identify how personal data are collected and used

Correct Answer: D

10.8: Examine how Internet advertising and the online collection and use of personal information challenge the rights of individuals to privacy, autonomy, and fair treatment
Topic/Concept: Internet Advertising
Difficulty Level: Easy
Skill Level: Understanding

Essay Questions

1. Why is freedom an important ethical issue in marketing? Describe how the consumer’s freedom may be transgressed by marketing.

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary
Topic/Concept: Marketing Ethics Framework
Difficulty Level: Easy
Skill Level: Understanding

2. What kinds of laws have been passed to protect the consumer from unethical marketing and sales practices?

10.3: Evaluate the nature and effects of unethical pricing and distribution practices on consumers and the fairness of markets
Topic/Concept: Pricing and Distribution
Difficulty Level: Easy
Skill Level: Understanding

3. Identify the ethical issues with product development and market research and how companies can conduct these essential marketing tasks responsibly.

10.4: Identify the ethical issues with product development and market research and how companies can conduct these essential marketing tasks responsibly
Topic/Concept: Development and Research
Difficulty Level: Easy
Skill Level: Understanding