CHAPTER 16

Ethics, social responsibility and sustainability

AFTER STUDYING THIS CHAPTER, YOU SHOULD BE ABLE TO

- identify the major social criticisms of marketing
- define *consumerism* and *environmentalism* and explain how they affect marketing strategies
- describe the principles of socially responsible marketing
- explain the role of ethics in marketing

THE WAY AHEAD Previewing the concepts

You've almost completed your introductory marketing travels. In this final chapter, we'll focus on marketing as a social institution. First, we'll look at some common criticisms of marketing as it affects individual consumers, other businesses and society as a whole. Then, we'll examine consumerism, environmentalism, sustainability and other citizen and public actions to keep marketing in check. Finally, we'll see how companies themselves can benefit from actively pursuing socially responsible, sustainable and ethical practices that bring value not just to individual customers, but to society as a whole. You'll see that social responsibility, sustainable and ethical actions are more than just the right thing to do; many people claim they are also good for business.

Before travelling on, let's take a look at one of the longest running issues in ethics, social responsibility and business, namely the marketing of tobacco products. Today everybody knows that smoking is really bad for your health, but that was not always the case. Did the tobacco companies ever deceive customers about the risks to their health from smoking? Is it morally right to make a profit from selling a product that has well-known health risks? What has the EU been doing to try to persuade people to give up smoking? Read on.

CHAPTER CONTENTS

HELP – For a life without tobacco

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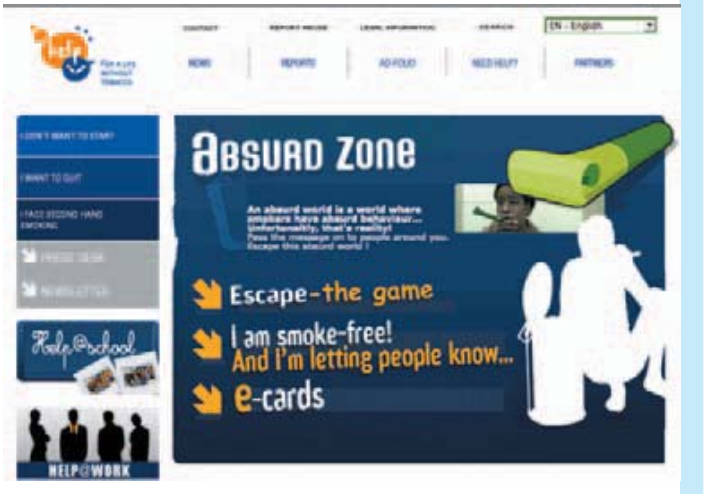
Consumers engage in a lot of risky behaviour with potentially damaging consequences for themselves, which also can have a serious impact on the health of others, and on the social and financial well-being of society at large. Most of this risky behaviour (such as binge drinking, speeding and gambling) carries an immediate risk; smoking, on the other hand, is aptly called the secret killer. Smoking is now known to be one of the most hazardous forms of behaviour that a consumer can engage in. Despite this, many young people still take up the habit. Research has shown that taking up smoking is one of the most negative lifestyle choices that an individual can make, with 50 per cent of lifelong smokers dying prematurely because of their habit. Medical data shows that smokers on average live ten years fewer than non-smokers. In fact smoking is thought to be the cause of 30 per cent of all cancer deaths in developed countries. Many illnesses can also be caused by smoking, for instance smoking is known to cause impotence and blindness. Given these stark facts, national governments, the European Commission and health organisations such as the World Health Organization (WHO) continue to work separately and in partnership to reduce the harm caused by tobacco. Indeed the first ever public health treaty, called the Framework Convention on Tobacco Control, is a global effort to tackle the burden of tobacco across the world by providing guidelines on implementable tobacco control policies. So far over 160 countries have signed up to this treaty, with over 130 countries ratifying and implementing its guidelines.

Most countries have targets to reduce smoking, while some countries aim to be entirely smoke-free within the next 50 years. However, there is a lack of consensus on the use of tobacco by consumers and the role of marketing by tobacco companies. Separately, many societies are exploring how marketing, in the form of social marketing, can help to turn the tide and reduce tobacco consumption.

There are various perspectives on the role of tobacco companies in our society. Some people argue that growing tobacco provides jobs and helps a country's economy, others argue that smoking is a personal choice and that in a free society tobacco companies should be allowed to advertise their products and to use other marketing tools, such as price promotions, to increase sales, market share and the size of the overall market. Many countries, such as the USA, Germany and Switzerland, still allow limited tobacco advertising (in newspapers and on hoardings). However, a substantial amount of research into the marketing practices of tobacco companies has demonstrated that legitimate criticisms can be made against them.

First, the tobacco industry did use deceitful practices to encourage young people to take up smoking and worried smokers to switch to so-called 'light' cigarettes through brand imagery and advertising. Other promotional activities took place in bars where marketing representatives of the tobacco companies distributed branded goods, such as branded lighters, matches and bar mats. In a recent court judgment in the USA, Judge Kessler concluded that the tobacco industry had deceived the general public concerning the health risks of smoking over the last 50 years. For these reasons the tobacco companies have been widely criticised, with some consumers now viewing tobacco companies as illegitimate and deceitful. This has been reinforced by public campaigns such as the Truth Campaign in the USA resulting in increased anti-smoking attitudes among young people.

Source: http://en.help-eu.com/pages/index-abzone_choix-ABSURD_ZONE.html



Second, it is known that advertising tobacco products increases tobacco consumption and that only a complete ban on all forms of tobacco promotion is effective. Other elements of the marketing mix have also been found to be effective in reducing tobacco consumptions. Increasing the price of tobacco products decreases the likelihood of young people taking up the habit; tobacco branding can lead to greater intention to smoke. Governments therefore have a key legislative role in the control of tobacco products and tobacco marketing practices in order to protect public health. One aspect of the government's role is to demarket tobacco. Demarketing can be defined as the aspect of marketing that deals with discouraging customers in general or a certain class of customers in particular on either a temporary or permanent basis. In terms of demarketing tobacco many measures can be used, such as smoking bans in public places, a reduction in the number of outlets allowed to sell tobacco, higher taxation on tobacco, free comprehensive smoking cessation support as well as informative and targeted anti-smoking social advertising campaigns.

Within the EU the European Commission (EC) has been taking steps to reduce tobacco consumption. An important EC tobacco control initiative is the 'HELP – for a life without tobacco' campaign which was launched in 2005. This is a four-year, large-scale anti-smoking advertising campaign across the 25 EU Member States (at January 2007: when Bulgaria and Romania joined, the most recent wave of advertisements was also screened in these two new Member States). The HELP campaign's main component is a series of television advertisements using identical visual content with equivalent voice-over messages in the native language of each Member State. The overall aims of the HELP campaign are to highlight the harmful effects of both active and passive smoking, encourage smokers to think more responsibly about their habit (such as the harm it can do to non-smokers) and to consider quitting. Although smokers are a key target group for anti-smoking campaigns (indeed, around 27 per cent of the EU's population are smokers), non-smokers are an increasingly important group given the emphasis across the EU and the world on the harms caused by passive or second-hand smoking. Young people are also a key target group because most experimentation with smoking occurs during adolescence so that anti-smoking advertisements need to promote not only cessation but also prevention. Accordingly the HELP campaign is aimed at adolescents and young adults, typically those aged 15 to 34.

Targeting such a large, varied and multicultural audience with a uniform advertising campaign is a challenge for any marketer, even with a large budget. The budget for the HELP campaign of around €72 million, although one of the largest budgets for a social marketing campaign, is still modest compared with the expenditure on advertising of large multinational corporations. In order to ensure that such a campaign works effectively across countries, extensive pre-testing of advertising concepts is required. The style or persuasive approach of the adverts must also be considered. In the past, different approaches have been used to tackle social problems through advertising. Some authors have found that exposure to an anti-smoking fear appeal can reduce smoking behaviour, others criticise the use of fear as inappropriate. Humour is also used, but humour varies from culture to culture.

Given these observations, the EC and the advertising agency in charge of the development of the HELP campaign used the concept of the 'absurdity of smoking' as a general theme for the campaign. In order to highlight the absurdity of smoking a 'party whistle' was adopted as the substitute for cigarettes in each of the four adverts developed for the campaign. This also reinforces the common creative element of the campaign across each of the advertisements. The adverts used throughout the campaign covered the three themes of prevention, cessation and passive smoking (in social situations and in the home). Over the course of the campaign different lengths of adverts were used. Initially, longer 30-second adverts were produced and aired, with reinforcement spots of 10-second and 20-second adverts. January and February were chosen as the main advertising periods, partly because advertising space is less expensive during these months but additionally because the New Year period is often a time for reflection with many smokers making resolutions to quit. Advertising national quit-line telephone numbers and the HELP campaign website (which contains tips on avoiding smoking, on stopping, and advice about passive smoking) is very important in assisting those wishing to find out more. It is also important to place advertisements on multiple (national and pan-European) channels and at times when the target audience is likely to be watching television, such as during popular soap operas or dramas.

But in today's multichannel era, is television advertising enough to engage a young target audience? Obviously not, since young people

spend more time surfing the Internet than watching television. Therefore the HELP campaign has pioneered a multichannel approach to engage its target group, using Internet advertising, an 'absurd zone' on the campaign website with games and an email coaching cessation programme as well as a linked viral marketing campaign (**www.nicomarket.com**). Additionally, interactive and entertaining national events and roadshows took place in many EU capitals. Another key aspect of the HELP campaign is the annual post-exposure evaluation. This allows an independent assessment across each Member State of the level of awareness of the televised campaign, as well as consumers' attitude and liking for the campaign, comprehension of the campaign message and thinking about smoking as a result of the campaign. The results of the evaluation show that awareness of the campaign has increased year on year, with 60 per cent of the target group aware of the campaign. More importantly, message comprehension and liking of the campaign across the Member States is consistently very high. Furthermore, over 55,000 people across the EU took part in the email coaching programme in 2007 alone, while 200,000 have taken part in carbon dioxide testing and over 3 million people have viewed the first viral marketing campaign. Together with the significant press coverage and over 46,000 advertising TV spots as well as 4.2 million hits on the campaign website, these results show that the diverse nature of the campaign generated a huge overall response from the target audience.

Drawing together these findings, the HELP campaign provides a model example of a successful social advertising campaign in terms of engaging with consumers. However, time will tell whether or not smoking uptake or prevalence has been reduced across the EU. Governments require a multifaceted approach to social advertising which allows people to examine their behaviour in a constructive and non-judgemental way. In order to reach a diverse target group multiple approaches such as Internet advertising and viral marketing are required. Today's social marketer cannot simply rely on television advertising as the only way to tackle social problems.[1]

Sources: The author would like to thank the European Commission and all those involved in the development and management of the HELP campaign. For full source details see note 1 at the end of this chapter.

Responsible marketers discover what consumers want and respond with market offerings that create value for buyers in order to capture value in return. The *marketing concept* is a philosophy of customer value and mutual gain. Its practice leads the economy by an invisible hand to satisfy the many and changing needs of millions of consumers.

Not all marketers follow the marketing concept, however. In fact, some companies use questionable marketing practices, and some marketing actions that seem innocent in themselves strongly affect the larger society. Not so long ago the consensus was that tobacco companies should be free to sell cigarettes and smokers should be free to buy them. But, as we saw above, this private transaction involves larger questions of public policy. For example, the smokers are harming their health and may be shortening their own lives. Smoking places a financial burden on the smoker's family and on society at large. Other people around smokers may suffer discomfort and harm from second-hand smoke. Marketing cigarettes to adults might also influence young people to begin smoking. That's why the marketing of tobacco products has sparked substantial debate and negotiation in recent years.[2] In Europe, as the 'HELP – for a life without tobacco' example showed, governments are taking increasingly strong measures to reduce tobacco consumption.

This chapter examines the social effects of private marketing practices. We examine several questions: What are the most frequent social criticisms of marketing? What steps have private citizens taken to curb marketing ills? What steps have legislators and government agencies taken to curb marketing ills? What steps have enlightened companies taken to carry out socially responsible and ethical marketing that creates value for both individual customers and society as a whole?

SOCIAL CRITICISMS OF MARKETING

Marketing receives much criticism. Some of this criticism is justified; much is not. Social critics claim that certain marketing practices hurt individual consumers, society as a whole and other business firms.

Marketing's impact on individual consumers

Consumers have many concerns about how well the Western marketing system serves their interests. Surveys usually show that consumers hold mixed or even slightly unfavourable attitudes toward marketing practices. Consumer advocates, government agencies and other critics have accused marketing of harming consumers through high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence and poor service to disadvantaged consumers.

High prices

Many critics charge that the Western marketing system causes prices to be higher than they would be under more 'sensible' systems. They point to three factors – *high costs of distribution*, *high advertising and promotion costs* and *excessive mark-ups*.

High costs of distribution A long-standing charge is that greedy intermediaries mark up prices beyond the value of their services. Critics charge that there are too many intermediaries, that intermediaries are inefficient, or that they provide unnecessary or duplicate services. As a result, distribution costs too much and consumers pay for these excessive costs in the form of higher prices.

How do resellers answer these charges? They argue that intermediaries do work that would otherwise have to be done by manufacturers or consumers. Mark-ups reflect services that consumers themselves want – more convenience, larger stores and assortments, more service, longer store hours, opportunities to return unwanted goods, and others. In fact, they argue, retail competition is so intense that margins are actually quite low. For example, after taxes, supermarket chains are typically left with barely 1 per cent profit on their sales. If some resellers try to charge too much relative to the value they add, other resellers will step in with lower prices. Low-price stores such as Aldi, Lidl and other discounters pressure their competitors to operate efficiently and keep their prices down.

High advertising and promotion costs Modern marketing is also accused of pushing up prices to finance heavy advertising and sales promotion. For example, a few dozen tablets of a heavily promoted brand of pain reliever sell for the same price as 100 tablets of less promoted brands. Differentiated products – cosmetics, detergents, toiletries – include promotion and packaging costs that can amount to 40 per cent or more of the manufacturer's price to the retailer. Critics charge that much of the packaging and promotion adds only psychological value to the product rather than functional value.

Marketers respond that advertising does add to product costs, but it also adds value by informing potential buyers of the availability and merits of a brand. Brand-name products may cost more, but branding gives buyers assurances of consistent quality. Moreover, consumers can usually buy functional versions of products at lower prices. However, they *want* and are willing to pay more for products that also provide psychological benefits – that make them feel wealthy, attractive or special. Also, heavy advertising and promotion may be necessary for a firm to match competitors' efforts – the business would lose 'share of mind' if it did not match competitive spending. At the same time, companies are cost-conscious about promotion and try to spend their money wisely.

Excessive mark-ups Critics also charge that some companies mark up goods excessively. They point to the drug industry, where a pill costing 5 cents to make may cost the consumer €2 to buy. They point to the high rates of interest charged by lending companies on loans made to some of the poorest members of society, and to the high charges for car repair and other services.

Marketers respond that most businesses try to deal fairly with consumers because they want to build customer relationships and repeat business. Most consumer abuses are unintentional. When shady marketers do take advantage of consumers, they should be reported to consumer associations and to government agencies. Marketers also respond that consumers often don't understand the reasons for high mark-ups. For example, the prices of successful new medicines must cover their own development and operating costs *plus* the high research and development costs of formulating and testing many experimental drugs that never make it to market because they turn out to be ineffective or dangerous.

Deceptive practices

Marketers are sometimes accused of deceptive practices that lead consumers to believe they will get more value than they actually do. Deceptive practices fall into three groups: pricing, promotion and packaging. *Deceptive pricing* includes practices such as falsely advertising 'factory' or 'wholesale' prices or a large price reduction from an unrealistically high retail list price. *Deceptive promotion* includes practices such as misrepresenting the product's features or performance or luring the customers to the shop for a bargain that is out of stock. *Deceptive packaging* includes exaggerating the package contents through subtle design, using misleading labelling or describing size in misleading terms.

The toughest problem is defining what is 'deceptive'. For instance, an advertiser's claim that its stimulant drink 'gives you wings', showing cartoon people sprouting wings and flying away, isn't intended to be taken literally. Instead, the advertiser might claim, it is 'puffery' – innocent exaggeration for effect. One noted marketing thinker, Theodore Levitt, once claimed that advertising puffery and alluring imagery are bound to occur – and that they may even be desirable: 'There is hardly a company that would not go down in ruin if it refused to provide fluff, because nobody will buy pure functionality . . . Worse, it denies . . . people's honest needs and values. Without distortion, embellishment, and elaboration, life would be drab, dull, anguished, and at its existential worst.'[3]

However, others claim that puffery and alluring imagery can harm consumers in subtle ways, and that consumers must be protected through education:

> The real danger to the public . . . comes not from outright lies – in most cases facts can ultimately be proven and mistakes corrected. But . . . advertising uses [the power of images and] emotional appeals to shift the viewer's focus away from facts. Viewers who do not take the trouble to distinguish between provable claims and pleasant but meaningless wordplay end up buying 'the sizzle, not the steak' and often paying high. The best defense against misleading ads . . . is not tighter controls on [advertisers], but more education and more critical judgment among . . . consumers. Just as we train children to be wary of strangers offering candy, to count change at a store, and to kick the tires before buying a used car, we must make the effort to step back and judge the value of . . . advertisements, and then master the skills required to separate spin from substance.[4]

Marketers argue that most companies avoid deceptive practices because such practices harm their business in the long run. Profitable customer relationships are built upon a foundation of value and trust. If consumers do not get what they expect, they will switch to more reliable products. In addition, consumers usually protect themselves from deception. Most consumers recognise a marketer's selling intent and are careful when they buy, sometimes to the point of not believing completely true product claims.

High-pressure selling

Salespeople are sometimes accused of high-pressure selling that persuades people to buy goods they had no thought of buying. It is often said that insurance, property and cars are *sold*, not *bought*. Salespeople are trained to deliver smooth, fully prepared talks to entice purchase. They sell hard because sales contests promise big prizes to those who sell the most.

But in most cases, marketers have little to gain from high-pressure selling. Such tactics may work in one-off selling situations for short-term gain. However, increasingly marketers have become convinced that the route to long-term business profitability is through building long-term relationships with customers in order to keep customers coming back (customer retention) because they believe that they receive excellent value. High-pressure or deceptive selling can do serious damage to such relationships. For example, imagine a Procter & Gamble account manager trying to pressure a Carrefour buyer, or an IBM salesperson trying to browbeat a Siemens information technology manager. It simply wouldn't work.

Shoddy, harmful or unsafe products

Another criticism concerns poor product quality or function. One complaint is that, too often, products are not made well and services are not performed well. A second complaint is that many products deliver little benefit, or that they might even be harmful. For example, many critics have pointed out the dangers of today's fat-laden fast food. In fact, McDonald's recently faced a class-action lawsuit charging that its fare has contributed to the nationwide obesity epidemic:

> [Four years ago,] the parody newspaper *The Onion* ran a joke article under the headline 'Hershey's Ordered to Pay Obese Americans $135 Billion'. The hypothesised class-action lawsuit said that Hershey 'knowingly and willfully' marketed to children 'rich, fatty candy bars containing chocolate and other ingredients of negligible nutritional value', while 'spiking' them with 'peanuts, crisped rice, and caramel to increase consumer appeal'. Some joke. [In 2002] New York City attorney Sam Hirsch filed a strikingly similar suit – against McDonald's – on behalf of a class of obese and overweight children. He alleged that the fast-food chain 'negligently, recklessly, carelessly and/or intentionally' markets to children food products that are 'high in fat, salt, sugar, and cholesterol' while failing to warn of those ingredients' links to 'obesity, diabetes, coronary heart disease, high blood pressure, strokes, elevated cholesterol intake, related cancers', and other conditions. Industry defenders decried the suit as frivolous. It is ridiculous, they claimed, to blame the fast-food industry for consumers' 'own nutritional ignorance, lack of willpower, genetic predispositions, failure to exercise, or whatever else may play a role in [their] obesity'. A federal judge agreed and dismissed the suit, explaining that 'it is not the place of the law to protect them from their own excess'.[5]

Who's to blame for the nation's obesity problem? And what should responsible food companies do about it? As with most social responsibility issues, there are no easy answers. McDonald's has worked to improve its products and make its menu and its customers healthier. It cut its 'supersize' option, introduced healthier options such as salads and now offers all-white-meat chicken McNuggets, low-fat 'milk jugs', yogurt, fruit and other healthier choices. However, the McDonald's menu board is still packed with some pretty less-than-healthy selections. And other fast-feeders seem to be going the other way. Hardee's, for example, recently introduced a 1,420 calorie Monster Thickburger, and Burger King launched its Enormous Omelette breakfast sandwich, packing an unapologetic 47 grams of fat. Are these companies being socially irresponsible? Or are they simply serving customers choices they want?[6] (See Marketing at Work 16.1.)

MARKETING AT WORK 16.1

The international obesity debate: Who's to blame?

As you've no doubt heard, many countries in the Western world are facing an obesity epidemic. Everyone seems to agree on the problem. But still unresolved is another weighty issue: who's to blame? Is it the fault of self-indulgent consumers who just can't say no to sticky buns, fat burgers and other tempting treats? Or is it the fault of greedy food marketers who are cashing in on vulnerable consumers, turning us into a nation of overeaters?

Around 10 per cent of British children are classified as 'obese', and 31,000 premature deaths in Britain each year are attributed to poor diet combined with insufficient exercise. The British government has concluded that this is a major social problem and is committed to a public health strategy to minimise the long-term harm. In the United States the 'obesity epidemic' is even more severe, with 31.1 per cent of adults and 15.8 per cent of children aged 6–11 being classified as obese, based on data for the period 1999–2002. Meanwhile, the European Consumers' Organisation, BEUC, claims that in some European countries more than half the adult population is overweight and that one child in five is obese (**www.beuc.eu**).

So, here's that weighty question again. If we know that we're overweight and that it's bad for us, why do we keep putting on the pounds? Who's to blame? The answer, of course, depends on who you ask. However, these days, lots of people are blaming food marketers. In the obesity debate, food marketers have become a favourite target of almost everyone, from politicians, public policy makers and the press to overweight consumers themselves. And some food marketers are looking pretty much guilty as charged.

Take the American burger chain Hardee's, for example. At a time when other fast-food chains such as McDonald's, Wendy's and Subway were getting 'leaner', Hardee's introduced the decadent Thickburger, featuring one-third of a pound of Angus beef. It followed up with the *Monster* Thickburger: two one-third of a pound Angus beef patties, four strips of bacon and three slices of American cheese, all nestled in a buttered sesame-seed bun slathered with mayonnaise! The Monster Thickburger weighs in at a whopping 1,420 calories and 108 grams of fat, far greater than the government's recommended fat intake for an entire day (they conveniently provide a nutritional calculator at **www.hardees.com/nutrition** so you can work this out for yourself).

Surely, you say, Hardee's made a colossal blunder here. Not so! At least, not from a profit viewpoint. Sales at Hardee's 2,050 outlets have climbed 20 per cent since it introduced the Thickburger line, resulting in fatter profits and a tripling of Hardee's stock price. It seems that some consumers, especially in Hardee's target market of young men aged 18–34, just love fat burgers. A reporter asked a 27-year-old construction worker who was downing a Monster Thickburger if he'd thought about its effect on his health. 'I've never even thought about it,' he replied, 'and to be honest, I don't really care. It just tastes good.'

Hardee's certainly isn't hiding the nutritional facts. Here's how it describes Thickburgers on its website:

There's only one thing that can slay the hunger of a young guy on the move: the Thinkburger line at Hardee's. With nine cravable varieties, including the classic Original Thickburger and the monument to decadence, the Monster Thickburger, quick-service goes premium with 100% Angus beef and all the fixings . . . If you want to indulge in a big, delicious, juicy burger, look no further than Hardee's.

So, should Hardee's hang its head in shame? Is it being socially irresponsible by aggressively promoting over-indulgence to ill-informed or unwary consumers? Or is it simply practising good marketing, creating more value for its customers by offering a big juicy burger that clearly satisfies their taste buds, and letting them make their own choices? Critics claim the former; industry defenders claim the latter.

The question of blame gets even murkier when it comes to child obesity. The debate rages over the marketing of everything from fast food and soft drinks in school cafeterias to cereal, biscuits, cakes and other 'not-so-good-for-you' products targeted toward kids and teens, who are seen as especially vulnerable to seductive or misleading marketing pitches. Once again, many public and private advocacy groups point the finger at food marketers. They worry that a 5-year-old watching cute characters and fun ads for a sugary breakfast cereal or chocolate confectionery during a Saturday morning cartoon show probably understands little about good nutrition. These critics have called on food marketers to adopt voluntarily more responsible children's marketing practices. In the UK this issue really

hit the headlines when one of the country's leading celebrity chefs, Jamie Oliver, weighed into the argument about the nutritional quality of school meals. After hosting a popular TV show, *Jamie's School Dinners*, the chef was invited to meet influential politicians to promote his argument that the nutritional quality of school meals was dreadful, and that it undermined the ability of children to concentrate in school while putting their long-term health at risk. At first everyone seemed to agree with Jamie that something had to be done to provide schoolchildren with nutritious, freshly cooked lunches made from wholesome ingredients. Government ministers rapidly aligned themselves with Jamie's good food agenda. Then the debate became more acrimonious, with some people even calling the likeable Jamie a 'food fascist'; newspapers and TV stations gave coverage to 'angry mums' who gathered at school gates during the lunch break to provide their offspring with the sugary and fatty products that were now prohibited from the school premises.

So, back to that big question: who's to blame for the obesity epidemic? Is it the marketers who promote unhealthy but irresistible fare to vulnerable consumers? Or is it the fault of consumers themselves for failing to take personal responsibility for their own health and well-being? It's a weighty decision for many food marketers. And, as is the case with most social responsibility issues, finding the answer to that question is even harder than trying to take off some of those extra pounds.

Celebrity chef Jamie Oliver has made a determined effort to improve the nutritional quality of the lunches provided in British schools.
Source: http://www.channel4.com/life/microsites/J/jamies_school_dinners/do_something/campaign.html

Sources: Sarah Ellison, 'Kraft Limits on Kid's Ads May Cheese Off Rivals', *Wall Street Journal*, 13 January 2005, p. B3; Steven Gray, 'At Fast-Food Chains, Era of the Giant Burger (Plus Bacon) Is Here', *Wall Street Journal*, 27 January 2005, p. B1; 'Obesity Research Ignites Calls for Food Ad Curbs', *Marketing Week*, 5 May 2005, p. 8; http://www.jamieoliver.com/schooldinners/.

A third complaint concerns product safety. Product safety has been a problem for several reasons, including company indifference, increased product complexity and poor quality control. For years, consumers' associations across Europe, such as BEUC – The European Consumers' Organisation, CAI – The Consumers' Association of Ireland and 'Which?' in the UK, have reported various hazards in tested products: electrical dangers in appliances, carbon monoxide poisoning from room heaters, injury risks from lawn mowers and faults in car design among many others. The organisations' testing and other activities have helped consumers make better buying decisions and encouraged businesses to eliminate product flaws.

However, most manufacturers *want* to produce high quality goods. The way a company deals with product quality and safety problems can damage or help its reputation. Companies selling poor quality or unsafe products risk damaging conflicts with consumer groups and regulators. Moreover, unsafe products can result in product liability suits and large awards for damages. More fundamentally, consumers who are unhappy with a firm's products may avoid future purchases and talk other consumers into doing the same. Thus, quality errors can have severe consequences. Today's marketers know

that customer-driven quality results in customer value and satisfaction, which in turn creates profitable customer relationships.

Planned obsolescence

Critics have also argued that some producers follow a programme of planned obsolescence, causing their products to become obsolete before they actually should need replacement. For example, consider printer companies and their toner cartridges:

> Refilled printer cartridges offer the same or improved performance for about half the price of a new one. A number of businesses now offer toner cartridge refill services to businesses. You can refill most cartridges 8–10 times – if you can find the right parts. However, printer companies would prefer to sell their cartridges for €50 or more, rather than allow someone to refill an exhausted one for half the price. So they make it hard for refill operations by continually introducing new models and tweaking inkjet cartridges and laser toner containers. Refill parts manufacturers struggle to keep up, jockeying with the printer companies that are working to thwart refill-enabling rollers, ribbons and other pieces. 'You've got planned obsolescence,' says the owner of a small cartridge refilling company, as he disassembles a cartridge to inspect its drum unit, wiper blade, clips, springs and other mechanisms for signs of wear. 'It's kind of like a 'Mission Impossible': At the end of this tape, the toner cartridge will self-destruct.'[7]

Planned obsolescence: printer companies continually introduce new cartridge models and tweak designs. 'You've got planned obsolescence,' says the owner of Laser Logic, a small cartridge refilling company. 'It's kind of like a *Mission Impossible*: at the end of this tape, the toner cartridge will self-destruct.'

Critics charge that some producers continually change consumer concepts of acceptable styles to encourage more and earlier buying. An obvious example is constantly changing clothing fashions. A particular example is the case of replica football shirts for national teams and famous football clubs; it is alleged that teams issue new shirts too frequently, and that the prices charged for them are too high for many fans to afford. In 2003 the UK Office of Fair Trading fined several businesses, including Manchester United Football Club, for illegally fixing the price of replica shirts.[8] Other producers are accused of holding back attractive functional features, then introducing them later to make older models obsolete. Critics claim that this occurs in the consumer electronics and computer industries. For example, Intel and Microsoft have been accused over the years of holding back their next-generation computer chips and software until demand is exhausted for the current generation.

Marketers respond that consumers *like* style changes; they get tired of the old goods and want a new look in fashion or a new design in cars. No one has to buy the new look, and if too few people like it, it will simply fail. For most technical products, customers *want* the latest innovations, even if older models still work. Companies that withhold new features

run the risk that competitors will introduce the new feature first and steal the market. For example, consider personal computers. Some consumers grumble that the consumer electronics industry's constant push to produce 'faster, smaller, cheaper' models means that they must continually buy new machines just to keep up. Others, however, can hardly wait for the latest model to arrive.

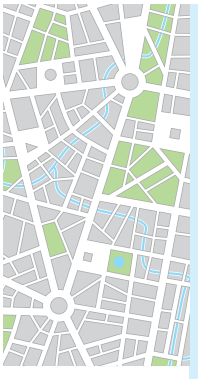
> There was a time not so long ago when planned obsolescence was a troubling ghost in the machine. A half a century ago, consumer advocates described engineers at General Electric who intentionally shortened the life of light bulbs and automotive engineers who proposed limiting the lifespans of cars. That was then. In today's topsy-turvy world of personal computers, obsolescence is not only planned, it is extolled by marketers as a virtue. Moreover, there has been hardly a peep from consumers, who dutifully line up to buy each new generation of faster, more powerful machines, eager to embrace the promise of simpler, happier, and more productive lives. Today's computer chips are no longer designed to wear out; in fact, they will last for decades or longer. Even so, hapless consumers now rush back to the store ever more quickly, not to replace broken parts but to purchase new computers that will allow them to work faster, see more vivid colours, or play cooler games.[9]

Thus, most companies do not design their products to break down earlier, because they do not want to lose customers to other brands. Instead, they seek constant improvement to ensure that products will consistently meet or exceed customer expectations. Much of so-called planned obsolescence is the working of the competitive and technological forces in a free society – forces that lead to ever-improving goods and services.

Poor service to disadvantaged consumers

Finally, the Western marketing system has been accused of serving disadvantaged consumers poorly. For example, critics claim that the urban poor often have to shop in smaller stores that carry inferior goods and charge higher prices. The presence of large national chain stores in low-income neighbourhoods would help to keep prices down. However, the critics accuse major chain retailers of 'red-lining', drawing a red line around disadvantaged neighbourhoods and avoiding placing stores there.

Similar red-lining charges have been levelled at the insurance, consumer lending, banking and health-care industries. Home and car insurers have been accused of assigning higher premiums to people with poor credit ratings. The insurers claim that individuals with bad credit tend to make more insurance claims, and that this justifies charging them higher premiums. However, critics and consumer advocates have accused the insurers of a new form of red-lining. Says one writer, 'This is a new excuse for denying coverage to the poor, elderly, and minorities.'[10]



MAKING CONNECTIONS Linking the concepts

Time to take a few moments for reflection. Few marketers *want* to abuse or anger consumers – it's simply not good business. Instead, as you know well by now, most marketers work to build long-term, profitable relationships with customers based on real value and caring. Still, some marketing abuses do occur.

- Think back over the past three months or so and list the instances in which you've suffered a marketing abuse such as those just discussed. Analyse your list. What kinds of companies were involved? Were the abuses intentional? What did the situations have in common?
- Pick one of the instances you listed and describe it in detail. How might you go about righting this wrong? Write out an action plan and then do something to remedy the abuse. If we all took such actions when wronged, there would be far fewer wrongs to right!

Marketing's impact on society as a whole

The Western marketing system has been accused of adding to several 'evils' in society at large. Advertising has been a special target.

False wants and too much materialism

Critics have argued that the marketing system encourages too much interest in material possessions. People are judged by what they *own* rather than by who they *are*. This drive for wealth and possessions hit new highs in the 1980s and 1990s, when phrases such as 'greed is good' and 'shop till you drop' seemed to characterise the times.

In the last decade, many social scientists have noted a reaction against the opulence and waste of the previous decades and a return to more basic values and social commitment. However, our infatuation with material things continues. This is causing widespread concern, in particular, about the materialistic attitudes of children. Research undertaken in Britain for the Children's Society in 2007 revealed that 89 per cent of adults believed that today's children were more materialistic than previous generations. The chief executive of the society, Bob Reitemeier, said: 'A crucial question raised by the inquiry is whether childhood should be a space where developing minds are free from concentrated sales techniques', and the Archbishop of Canterbury (head of the Church of England), Dr Rowan Williams, said: 'The selling of lifestyles to children creates a culture of material competitiveness and promotes acquisitive individualism at the expense of the principles of community and cooperation.' Clearly there are influential figures in society who believe that marketing activities are responsible for creating an unhealthy obsession with material things.[11]

The critics do not view this interest in material things as a natural state of mind but rather as a matter of false wants created by marketing. Businesses hire top advertising agencies to stimulate people's desires for goods and advertisers use the mass media to create materialistic models of the good life. People work harder to earn the necessary money. Their purchases increase the output of industry and industry in turn uses advertising to stimulate more desire for the industrial output. Thus, marketing is seen as creating false wants that benefit industry more than they benefit consumers.

Many marketers would say that these criticisms overstate the power of business to create needs. People are quite sceptical of advertising material. Marketers are most effective when they appeal to existing wants rather than when they attempt to create new ones. Furthermore, people seek information when making important purchases and often do not rely on single sources. Even minor purchases that may be affected by advertising messages lead to repeat purchases only if the product delivers the promised customer value. Finally, the high failure rate of new products shows that companies are not able to control demand.

On a deeper level, our wants and values are influenced by many factors including family, peer groups, religion, ethnic background and education. If Europeans are highly materialistic, these values arise out of basic socialisation processes that go much deeper than business and mass media could produce alone.

Too few social goods

Business has been accused of overselling private goods at the expense of public goods. As private goods increase, they often require more public services that may not be available. For example, an increase in car ownership (private good) requires more roads, traffic control, parking spaces and police services (public goods). The overselling of private goods results in 'social costs'. For cars, the social costs include traffic congestion, air pollution, fuel shortages, and deaths and injuries from car accidents.

A way must be found to restore a balance between private and public goods. One option is to make producers bear the full social costs of their operations. The government

could require car manufacturers to build cars with even more safety features, more efficient engines and better pollution control systems. The car companies would then raise their prices to cover extra costs. If buyers found the price of some cars too high, however, the producers of these cars would disappear. Demand would then move to those producers that could support the sum of the private and social costs.

A second option is to make consumers pay the social costs. For example, many cities around the world are starting to impose 'congestion charges' in an effort to reduce traffic congestion. To try to unclog its streets, the City of London introduced a congestion charge in 2003. By 2008 the charge was £8.00 per day per car to drive into the congestion charging area, approximately 8 square miles in the very heart of the city. Various plans were under consideration to alter the charging structure and, in particular to increase the charge sharply for the most polluting cars, but with a change of London mayor in May 2008 (with Boris Johnson replacing Ken Livingstone) the future of these changes was put in doubt. Nevertheless, the principle of charging a substantial amount of money to virtually all cars driven into the centre of London was well established. The charge has not only reduced the number of cars entering the zone by 21 per cent, it also raises money to invest in London's public transport system.[12] Other cities in Europe and elsewhere have developed schemes with the same aims as the London congestion charge, although the methods of implementation vary. For example, Stockholm has a very similar congestion charge, while Singapore has a more comprehensive 'electronic road pricing' scheme with charges that vary depending on time and location. Several other major cities are actively considering the introduction of such schemes.

Cultural pollution

Critics charge the marketing system with creating *cultural pollution*. Our senses are being constantly assaulted by marketing and advertising. Advertisements interrupt serious programmes; pages of advertisements obscure magazines; posters obscure beautiful scenery; spam fills our emailboxes. These interruptions continually pollute people's minds with messages of materialism, sex, power or status.

Many people would see these as powerful criticisms, but marketers can try to answer the charges of 'commercial noise' with these arguments: First, they hope that their advertisements reach primarily the target audience. Because of mass-communication channels, some of them are bound to reach people who have no interest in the product and are therefore bored or annoyed. People who buy magazines addressed to their interests rarely complain about the ads because the magazines advertise products of interest; if you buy the motorcycle magazine *Irish Racer* or the magazine for lovers of audio equipment *Hi-Fi World* then you probably look forward to reading the advertisements as well as the articles.

Second, advertisements make much of television and radio free to users and keep down the costs of magazines and newspapers. Many people think this is a small price to pay for these benefits. For example, in many large cities you can pick up one or more free newspapers during the rush hour, paid for completely out of advertising revenue; and judging by the number of people reading such newspapers on the train home, they seem to be popular! Finally, today's consumers have alternatives. For example, they can dodge TV advertisements by using their remote control, or avoid them altogether on many cable or satellite channels. Thus, to hold consumer attention, advertisers are making their work more entertaining and informative.

Too much political power

Another criticism is that business wields too much political power. Large companies in a wide range of industry sectors, including oil, tobacco, pharmaceuticals and alcohol, spend money on public relations material and on specialist PR consultants who lobby (that is, try to influence) people in positions of political power. Advertisers are accused

of holding too much power over the mass media, limiting media freedom to report independently and objectively. The critics ask: how can magazines afford to tell the truth about the low nutritional value of packaged foods when these magazines are being subsidised by advertisers who produce high sugar, high fat food products low in nutritional content? How can the major TV companies criticise the practices of the large car companies when such companies invest billions of euros a year in broadcast advertising?

This debate has run for years, and will continue to run for a long time to come. European industries, in fact industries worldwide, do promote and protect their own interests. They have a right to put their views to politicians and to use the mass media. However, their influence can become too great because they wield so much economic power and have so much money to spend on promoting their own point of view. Nevertheless, there are organisations – notably some of the consumer associations that we mentioned earlier in the chapter – that consistently call big business to account and, in their turn, lobby politicians to ensure that there is a counterbalance to the power of big businesses.

Marketing's impact on other businesses

Critics also argue that a company's marketing practices can harm other companies and reduce competition. Three problems are involved: acquisitions of competitors, marketing practices that create barriers to entry and unfair competitive marketing practices.

Critics claim that firms are harmed and competition reduced when companies expand by acquiring competitors rather than by developing their own new products. The large number of acquisitions and rapid pace of industry consolidation over the past several decades have caused concern that vigorous young competitors will be absorbed and that competition will be reduced. In virtually every major industry – retailing, entertainment, financial services, utilities, transportation, vehicles, telecommunications, health care – the number of major competitors is shrinking.

Business acquisition is a complex subject. Acquisitions can sometimes be good for society. The acquiring company may gain economies of scale that lead to lower costs and lower prices. A well-managed company may take over a poorly-managed company and improve its efficiency. An industry that was not very competitive might become more competitive after the acquisition. But acquisitions can also reduce competition and, therefore, are closely regulated by governments.

Critics have also charged that marketing practices prevent new companies from entering an industry. Large marketing companies can use patents and heavy promotional spending, and can tie up suppliers or dealers to keep out or drive out competitors. Those concerned with the regulation of anti-competitive behaviour recognise that some barriers are the natural result of the economic advantages of doing business on a large scale. There are some industries, like aircraft manufacturing, that can only be done efficiently if they are done on a massive scale.

Finally, some firms have actually used unfair competitive marketing practices with the intention of hurting or destroying other firms. They may set their prices below costs, threaten to cut off business with suppliers, or discourage the buying of a competitor's products. Various laws work to prevent such predatory competition. It is difficult, however, to prove that the intent or action was really predatory. Probably the most famous example of anti-competitive allegations in history concerns Microsoft and the Windows operating system:

> Competitors and regulators in both the United States and Europe have accused giant Microsoft of predatory 'bundling' practices. That's the term used to describe Microsoft's practice of continually adding new features to Windows, the operating system installed on more than 90 per cent of desktop computers. Because customers are essentially

locked in to Windows, it's easy for the company to get them to use its other software – even if competitors make better products. That dampens competition, reduces choice and could retard innovation. Since 2000, Microsoft has paid nearly $6 billion to resolve anti-trust suits with other companies for damages caused by its past business practices. For example, it recently paid out more than $775 million to IBM for bullying the company in past years by withholding marketing dollars for selling machines bundled with Netscape instead of Microsoft's browser, Internet Explorer. In another action, the European Commission took dramatic steps to stop what it saw as predatory bundling by Microsoft. It ordered Microsoft to offer a version of Windows with its media-playing software stripped out. The Commission also fined Microsoft more than $600 million for using its 'near monopoly' in the Windows operating system to squeeze out rivals in other types of software.[13]

Although competitors and the government charge that Microsoft's actions are predatory, the question is whether this is unfair competition or the healthy competition of a more efficient company against less efficient ones.

CITIZEN AND PUBLIC ACTIONS TO REGULATE MARKETING

Because some people view business as the cause of many economic and social ills, grass-roots movements have arisen from time to time to keep business in line. The two major movements have been *consumerism* and *environmentalism*.

Consumerism

Businesses have been the target of organised consumer movements on three occasions. The first consumer movement took place in the early 1900s. It was fuelled by rising prices, revelations about conditions in the meat industry and scandals in the drug industry. The second consumer movement, in the mid-1930s, was sparked by an upturn in consumer prices during the Great Depression and another drugs scandal.

The third movement began in the 1960s. Consumers had become better educated, products had become more complex and potentially hazardous, and people were unhappy with American institutions. A prominent champion of consumer rights called Ralph Nader appeared on the scene to force many issues, and other well-known writers, such as the Canadian economist John Kenneth Galbraith, accused big business of wasteful and unethical practices. Since then, many consumer groups have been organised and several consumer protection laws have been passed. The consumer movement has spread internationally and is particularly strong in Europe.

But what is the consumer movement? **Consumerism** is an organised movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers. Traditional *sellers' rights* include:

- The right to introduce any product in any size and style, provided it is not hazardous to personal health or safety; or, if it is, to include proper warnings and controls.
- The right to charge any price for the product provided no discrimination exists among similar kinds of buyers.
- The right to spend any amount to promote the product provided it is not defined as unfair competition.
- The right to use any product message provided it is not misleading or dishonest in content or execution.
- The right to use any buying incentive programmes provided they are not unfair or misleading.

Traditional *buyers' rights* include:

- The right not to buy a product that is offered for sale.
- The right to expect the product to be safe.
- The right to expect the product to perform as claimed.

Comparing these rights, many believe that the balance of power lies on the seller's side. True, the buyer can refuse to buy. But critics feel that the buyer has too little information, education and protection to make wise decisions when facing sophisticated sellers. Consumer advocates call for the following additional consumer rights:

- The right to be well informed about important aspects of the product.
- The right to be protected against questionable products and marketing practices.
- The right to influence products and marketing practices in ways that will improve the 'quality of life'.

Each proposed right has led to more specific proposals by consumerists. The right to be informed includes the right to know the true interest on a loan (truth in lending), the true cost per unit of a brand (unit pricing), the ingredients in a product (ingredient labelling), the nutritional value of foods (nutritional labelling), product freshness (open dating) and the true benefits of a product (truth in advertising). Proposals related to consumer protection include strengthening consumer rights in cases of business fraud, requiring greater product safety and giving more power to government agencies. Proposals relating to quality of life include controlling the ingredients that go into certain products and packaging, reducing the level of advertising 'noise' and putting consumer representatives on company boards to protect consumer interests.

Consumers not only have the *right* but also the *responsibility* to protect themselves instead of leaving this function to someone else. Consumers who believe they got a bad deal have several remedies available, including contacting the company or the media, contacting European, national or local agencies, and going to small-claims courts.

Sustainability

Whereas consumerists consider whether the marketing system is efficiently serving consumer wants, environmentalists are concerned with marketing's effects on the environment and with the costs of serving consumer needs and wants. **Environmentalism** is an organised movement of concerned citizens, businesses and government agencies to protect and improve people's living environment.

Environmentalists are not against marketing and consumption; they simply want people and organisations to operate with more care for the environment. The marketing system's goal, they assert, should not be to maximise consumption, consumer choice or consumer satisfaction, but rather to maximise life quality. And 'life quality' means not only the quantity and quality of consumer goods and services, but also the quality of the environment. Environmentalists want environmental costs included in both producer and consumer decision-making.

The first wave of modern environmentalism was driven by environmental groups and concerned consumers in the 1960s and 1970s. They were concerned with damage to the ecosystem caused by strip-mining, forest depletion, acid rain, loss of the atmosphere's ozone layer, toxic wastes and litter. They also were concerned with the loss of recreational areas and with the increase in health problems caused by bad air, polluted water and chemically-treated food.

The second environmentalism wave was driven by government, which passed laws and regulations during the 1970s and 1980s governing industrial practices affecting the environment. This wave hit some industries hard. Steel companies and utilities had to invest billions in pollution control equipment and costlier fuels. The car industry had

to introduce expensive emission controls in cars. The packaging industry had to find ways to reduce litter. These industries and others have often resented and resisted environmental regulations, especially when they have been imposed too rapidly to allow companies to make proper adjustments. Many of these companies claim they have had to absorb large costs that have made them less competitive.

The first two environmentalism waves have now merged into a third and stronger wave in which companies are accepting responsibility for doing no harm to the environment. They are shifting from protest to prevention, and from regulation to responsibility. More and more companies are adopting policies of **environmental sustainability** – developing strategies that both sustain the environment *and* produce profits for the company. According to one strategist, 'The challenge is to develop a *sustainable global economy*: an economy that the planet is capable of supporting indefinitely . . . [It's] an enormous challenge – and an enormous opportunity.'[14] One company that has been striving to be at the forefront of sustainability is the retailer Marks & Spencer. To find out more about how they have been pursuing the sustainability agenda, take a look at Marketing at Work 16.2.

Figure 16.1 shows a grid that companies can use to gauge their progress towards environmental sustainability. At the most basic level, a company can practise *pollution prevention*. This involves more than pollution control – cleaning up waste after it has been created. Pollution prevention means eliminating or minimising waste before it is created. Companies emphasising prevention have responded with 'green marketing' programmes – developing ecologically safer products, recyclable and biodegradable packaging, better pollution controls and more energy-efficient operations.

For example, French transport company Norbert Dentressangle has taken steps to improve fuel efficiency and reduce the emissions from its large fleet of trucks. This includes specific, tough targets for the annual reduction of greenhouse gas emissions, which will be achieved by operating more efficient trucks, reducing the distances that trucks have to cover when empty and optimising vehicle loading to reduce unnecessary miles travelled.

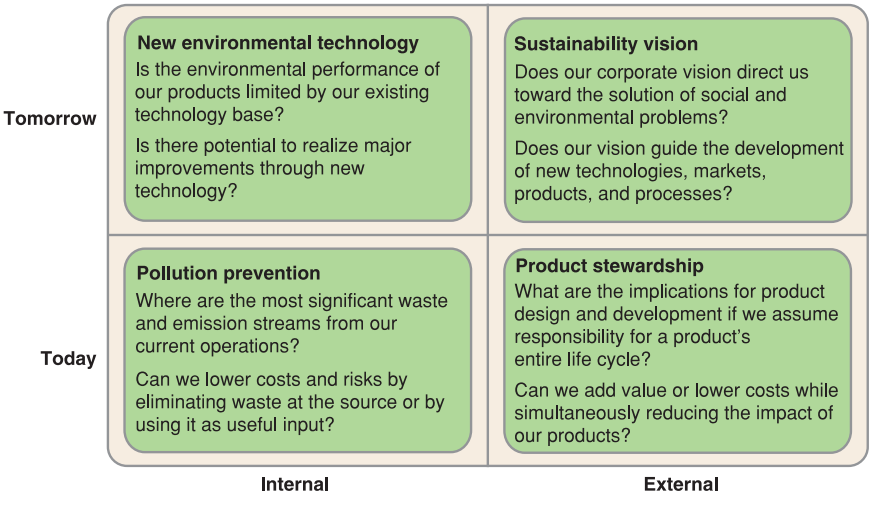


FIGURE 16.1

The environmental sustainability grid

Source: Reprinted by permission of *Harvard Business Review*. From 'Beyond Greening: Strategies for a Sustainable World', by Stuart L. Hart, January–February 1997, p. 74. Copyright © 1997 by the President and Fellows of Harvard College; all rights reserved.

MARKETING AT WORK 16.2

The Marks & Spencer and Oxfam Clothes Exchange

Professor Ken Peattie,
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During the twenty-first century the most significant challenges faced by marketers, and the products, brands and companies they represent, will be linked to aspects of the sustainable development agenda. The relatively unconstrained economic growth of the twentieth century had social and environmental consequences that now threaten the future stability of our society and our economy, and the environmental systems on which we depend. Governments, businesses and many non-governmental organisations (NGOs) are increasingly seeking to address growing concerns about the sustainability of future economic development by taking more account of issues such as climate change, global poverty, resource depletion, waste, biodiversity and population growth.

Marks & Spencer's 'Plan A'

In January 2007 Marks & Spencer launched its £200 million eco-plan 'Plan A', one of the most ambitious strategies to address sustainability concerns to be developed by a leading company. The 100-point plan sought to address the key sustainability challenges that the business faced, grouped under five headings:

- *Climate change*: with the aim of making the business carbon neutral by 2012.
- *Waste*: with the aim of eliminating waste to landfill from its operations by 2012.
- *Sustainable sourcing*: particularly to extend M&S's use of organic and free-range produce.
- *Ethical trading standards*: to use the power of M&S as an own brand retailer to improve the livelihoods of their suppliers and supplier communities worldwide.
- *Helping customers and employees to live a healthier lifestyle*.

In unveiling the plan, M&S Chief Executive, Stuart Rose commented:

> *Every business and individual needs to do their bit to tackle the enormous challenges of climate change and waste. While M&S will continue to sell great quality, stylish and innovative products, our customers, employees and shareholders now expect us to take bold steps and do business differently and responsibly. We believe a responsible business can be a profitable business. We are calling this 'Plan A' because there is no 'Plan B' . . . This is a deliberately ambitious and, in some areas, difficult plan. We don't have all the answers but we are determined to work with our suppliers, partners and government to make this happen. Doing anything less is not an option.*

Honouring Pledge 44

One reason why Plan A was so ambitious was that many of its pledges represented a bold public commitment to change made before the company had fully worked out how that commitment might be met. This was the case for Pledge 44 about helping customers to reduce their waste clothing by 'making sure that, within five years, you need throw none of our clothing away as waste after you've finished with it. We will start by researching alternatives into clothing disposal, including donation, composting and recycling.' In doing so, M&S would help to address the problem of the estimated 1 million tonnes of clothing annually going into landfill in the UK, much of it suitable for reuse or recycling. The obvious solution for Pledge 44 might have been an in-house clothes reclamation and recycling scheme, but this posed a significant reverse logistics challenge for a retail operation geared towards providing rather than re-acquiring products. Instead, it was the emphasis on partnership that was central to the Plan A project that inspired a solution.

Oxfam is one of the UK's best-known charities with a campaigning and disaster relief remit that seeks to tackle poverty and promote development globally. Many of the issues that Oxfam campaign on, including climate change, fairer trade and the emerging global food crisis, are also central to the strategic agenda for a major food and clothing retailer such as M&S. Since the company sought to maintain good relationships with campaigning charities and other NGOs, it was natural for them to enter into a dialogue with Oxfam on a range of Plan A issues linked to its ethical trading and sustainable sourcing responsibilities and commitments. During this dialogue the realisation grew that there was an opportunity for the two organisations to go beyond talking together, and instead to work together on a mutually beneficial project. With a network of over 750 high-street shops throughout the UK, Oxfam represented the most extensive retail

network involved in recycling second-hand goods, particularly clothes. They were also the only UK charity with their own textile sorting operation, Wastesaver, based in Huddersfield. This meant that even the clothes they handled that were unsuitable for resale in the UK could be reused in other countries or recycled in other ways. For M&S they represented the perfect partner for a scheme to recycle customers' used and excess clothing. For Oxfam, the quality of M&S items made them strong sellers within their shops, and an increased flow of M&S items represented a potentially valuable income boost with which to fund their development and disaster relief campaigns. From this opportunity the 'M&S and Oxfam Clothes Exchange' cause-related marketing campaign was born.

The strategic fit between the priorities, needs and capabilities of the two organisations was obvious. There was also a good strategic fit between the strengths of the two brands within their respective worlds, the geographical locations of their stores, and in the nature of their loyal core groups of customers/supporters. Culturally, tactically and operationally, however, there were a number of issues to resolve. For Oxfam a cause-related marketing partnership with a commercial retailer, even one with the strong ethical credentials of M&S, was a new departure. It carried with it an element of reputational risk should M&S find themselves involved in any ethical controversies linked to another aspect of their operations, particularly those close to the heart of Oxfam's agenda such as the treatment of workers in poorer countries. For M&S, it meant an operational link with an organisation that was a social enterprise and not a conventional commercial business, and which depended to a large extent on volunteer workers. So the partnership dialogue to establish the scheme included an operational audit of the Huddersfield Wastesaver facilities to ensure that any operational risks for M&S were addressed, and a review of all elements of the ethical agenda for M&S to ensure that any reputational risks for Oxfam were addressed.

There were some other unusual aspects to the scheme. Although it was a strategically important campaign, it was developed without specific performance targets. Since it was considered central to honouring Pledge 44, and was also a relatively unique campaign for which no obvious precedents or benchmarks existed, it was established on a 'try it and see' basis. The scheme was also developed in considerable secrecy to prevent competitors becoming aware of what was planned. Therefore instead of the normal regional trial to assess the success of such a scheme, a national launch was planned. The nationwide scope and emphasis on secrecy together posed a challenge given that the scheme's success depended on informing and training (and gaining the support of) 23,000 Oxfam staff and volunteers in 790 shops and 65,000 M&S employees across its 375 stores. This was tackled by holding back informing and training people until two weeks before the launch, at which point the Oxfam store managers who had been brought together in London ostensibly for a national 'training day' instead found themselves being briefed and trained on the new joint venture with M&S.

Launching the Clothes Exchange

The scheme was announced, on a six-month trial basis, in January 2008 to mark the first anniversary of Plan A. To add impetus to the campaign launch, the two organisations commissioned market research into the nation's wardrobes from YouGov. This showed that an estimated 2.4 billion items (representing 46 per cent of people's clothes) had sat in a wardrobe without being worn once in the past year. Consumers in the 25–34 age group had the most expensive unworn clothes collection, worth an average of £228. As unworn clothes they were providing no value to the consumer, yet represented a store of value that could be converted into clothes that Oxfam could use to fund their work tackling poverty and which other consumers could purchase and benefit from.

As Oxfam director Barbara Stocking said:

> *This partnership is an enormous opportunity and Oxfam is very excited to be working with M&S to help make a real difference to global poverty. Recycling and reusing clothes – and anything else we can sell – has always been central to Oxfam's fund-raising, as well as being good for the environment. Through our unique textile sorting facility and the resourcefulness and skills of our specialist staff, Oxfam is able to make the most from all the clothes we receive. People's unwanted clothes really will raise much needed money to help people living in poverty.*

The offer to M&S customers was that if they made a donation to Oxfam containing at least one piece of M&S labelled clothing or accessory (excluding underwear and swimwear) they would be given a special M&S and Oxfam Clothes Exchange voucher. The voucher was valid for one month, and provided a £5 discount at M&S if customers

spent more than £35 on clothing, beauty or products for the home. The deal was structured to reward people through the discount voucher, rather than simply to appeal to their ethical instincts by asking for surplus M&S clothes to be donated to Oxfam. The one-month expiry date on the coupon also acted as a motivator to encourage people to follow through on obtaining the personal benefits from making their clothes donation.

The details of the scheme were communicated to customers through several channels. The launch, backed by a national press advertising campaign, attracted widespread media coverage. Point-of-sale material was developed for use within both M&S stores and Oxfam shops in the UK and Republic of Ireland; it was featured in the M&S customer magazine and through both organisations' websites. The communications campaign generated considerable public interest and follow-up research showed it reached an audience of approximately 45 million people and generated public relations benefits valued at £4.5 million.

The results

The success of the scheme was obvious after only seven weeks when progress was first reviewed. In those seven weeks, Oxfam had issued 140,884 vouchers in exchange for an average of 4.85 items per donation. A total of 683,287 items were donated, representing a 40 per cent increase on normal donations and equating to an estimated 341 tonnes of clothing which might otherwise have ended up in landfill. By the end of the first six months of the scheme, the forecast additional income for Oxfam would represent around £1.5 million (on an annual basis) to invest in their campaigns. Frontline feedback also suggested that the scheme had attracted thousands of people into an Oxfam shop for the first time, and as the scheme progressed it became clear that its stakeholders approved.

From the M&S perspective, of the vouchers issued during those first seven weeks, over 48 per cent were redeemed (which compares to a typical redemption rate for such vouchers of only 2 per cent). The average value of the basket of goods purchased by customers redeeming vouchers was also just over double the average customer basket, and by the end of the first six months the scheme was generating an average of around £1 million per month in additional sales. The scheme was exemplary in delivering the 'triple bottom line' benefits sought by commercial sustainability strategies. It generated valuable funds for Oxfam to spend on social causes in poorer countries. On an annual basis it would benefit the environment by diverting 2 million items of clothing away from landfill. Commercially it benefited M&S through additional sales volume and it benefited consumers by delivering wardrobe space to some and new (to them) clothing to others, and an ethical 'glow' from supporting Oxfam to all of them.

Source: The author would like to thank Mike Barry, Head of Corporate Responsibility, Marks & Spencer, and David McCullough, Trading Director Oxfam, and Fee Gilfeather, Trading Communications & Marketing Manager Oxfam, for their help in developing this case study.

The M&S and Oxfam Clothes Exchange

Oxfam MARKS & SPENCER

The Clothes Exchange, jointly organised with the global charity Oxfam, is one mecahnism by which Marks & Spencer are implementing their 'Plan A' commitment to tackle climate change and waste.
Source: http://www.fashioncapital.co.uk/content/view/8732/97/ThisisNotJustFood/

At the next level, companies can pratise *product stewardship* – minimising not just pollution from production but all environmental impacts throughout the full product life cycle and all the while reducing costs. Many companies are adopting *design for environment (DFE)* practices, which involve thinking ahead to design products that are easier to recover reuse or recycle. DFE not only helps to sustain the environment, it can be highly profitable for the company. The Commission for Architecture and the Built Environment (CABE) has produced a briefing paper for builders, architects and

government organisations offering them advice on how to 'design in' environmental sustainability to construction projects. The aim is to address environmental matters at the very earliest stage in a construction project, for example, at the point where the urban planners start to think about where a new housing development should be built.[15]

At the third level, companies look to the future and plan for *new environmental technologies*. Many organisations that have made good sustainability headway are still limited by existing technologies. To develop fully sustainable strategies, they will need to develop new technologies. For example, in 2005 the Korean car company Hyundai opened its New Environmental Technology R&D Centre in Seoul. The building itself was developed according to environmental standards (including a vacuum toilet system that uses one-tenth as much water as conventional toilets), while the purpose of the R&D facility is to develop the next generation of vehicles and environmental technologies that will cause far less environmental damage than today's cars. This includes projects looking at fuel-cell cars, increasing the recyclability of the materials used in cars, and reducing the use of ferrous (iron-based) materials in car manufacturing.

Finally, companies can develop a *sustainability vision*, which serves as a guide to the future. It shows how the company's products and services, processes and policies must develop and what new technologies must be established to get there. This vision of sustainability provides a framework for pollution control, product stewardship and environmental technology.

Most companies today focus on the lower-left quadrant of the grid in Figure 16.1, investing most heavily in pollution prevention. Some forward-looking companies practise product stewardship and are developing new environmental technologies. Few companies have well-defined sustainability visions. Emphasising only one or a few quadrants in the environmental sustainability grid can be short-sighted. Investing only in the bottom half of the grid puts a company in a good position today but leaves it vulnerable in the future. In contrast, a heavy emphasis on the top half suggests that a company has good environmental vision but lacks the skills needed to implement it. Thus, companies should work at developing all four dimensions of environmental sustainability. The European Commission has created a scheme called the European Business Awards for the Environment to promote just this kind of corporate behaviour. Every two years, a number of European companies are selected as the award winners because of their efforts to promote environmentally-conscious business. In 2006, the winners of these awards came from Spain (two winners, Sotral SpA, a logistics company and DTS-Oabe SL, an insecticide manufacturer), the UK (Windsave Ltd, a wind turbine manufacturer), the Netherlands (iD-L inspired innovations, producer of 'ragbag' fashion products) and Finland (YIT Rakennus Oy, part of the YIT Group which provides a wide range of industrial services).

Environmentalism creates some special challenges for global marketers. As international trade barriers come down and global markets expand, environmental issues are having an ever-greater impact on international trade. Countries in Western Europe, North America and other developed regions are evolving strict environmental standards. The European Union recently passed 'end-of-life' regulations affecting vehicles and consumer electronics products. And the EU's Eco-Management and Audit Scheme provides guidelines for environmental self-regulation.[16]

However, environmental policies still vary widely from country to country. Countries such as Denmark, Germany, Japan, the UK and the United States have fully developed environmental policies and high public expectations. But major countries such as China, India, Brazil and Russia are in only the early stages of developing such policies. Moreover, environmental factors that motivate consumers in one country may have no impact on consumers in another. For example, PVC soft drink bottles cannot be used in Switzerland or Germany. However, they are preferred in France, which has an extensive recycling process for them. Thus, international companies have found it difficult to develop standard environmental practices that work around the world.

FIGURE 16.2

Major marketing decision areas that may be called into question under the law

Instead, they are creating general policies and then translating these policies into tailored programmes that meet local regulations and expectations.

Public actions to regulate marketing

Concerns among the general public about marketing practices will usually lead to government attention and possibly to legislative proposals. Ideas for new laws will be debated – many will be defeated, others will be modified and a few will become workable laws.

Many of the laws that affect marketing were discussed in Chapter 3. The task is to translate these laws into the language that marketing executives understand as they make decisions about competitive relations, products, price, promotion and channels of distribution. Figure 16.2 illustrates the major legal issues facing marketing management.

BUSINESS ACTIONS TOWARDS SOCIALLY RESPONSIBLE MARKETING

At first, many companies opposed consumerism and environmentalism. They thought the criticisms were either unfair or unimportant. But by now most companies have accepted the new consumer rights, at least in principle. They might oppose certain pieces of legislation as inappropriate ways to solve specific consumer problems, but they recognise the consumer's right to information and protection. Many of these companies have

responded positively to consumerism and environmentalism as a way to create greater customer value and to strengthen customer relationships.

Enlightened marketing

The philosophy of **enlightened marketing** holds that a company's marketing should support the best long-term performance of the marketing system. Enlightened marketing consists of five principles: *consumer-oriented marketing*, *innovative marketing value marketing*, *sense-of-mission marketing* and *societal marketing*.

Consumer-oriented marketing

Consumer-oriented marketing means that the company should view and organise its marketing activities from the consumer's point of view. It should work hard to sense, serve and satisfy the needs of a defined group of customers. Every good marketing company that we've discussed in this text has had this in common: an all-consuming passion for delivering superior value to carefully chosen customers. Only by seeing the world through its customers' eyes can the company build lasting and profitable customer relationships. By creating value *for* consumers, the company can capture value *from* consumers in return.

Innovative marketing

The principle of **innovative marketing** requires the company always to be seeking real product and marketing improvements. The company that overlooks new and better ways to do things will eventually lose customers to another company that has found a better way. An excellent example of an innovative marketer is Samsung Electronics:

> A decade ago, Samsung was a copycat consumer electronics brand you bought off a shipping pallet at Costco if you couldn't afford a Sony. But today, the brand holds a high-end, cutting-edge aura. In 1996, Samsung Electronics made an inspired decision. It turned its back on cheap knock-offs and set out to overtake rival Sony. The company hired a crop of fresh, young designers, who unleashed a torrent of new products – not humdrum, me-too products, but innovative and stylish products, targeted to high-end users. Samsung called them 'lifestyle works of art' – from brightly colored cell phones and elegantly thin DVD players to flat-panel TV monitors that hung on walls like paintings. Every new product had to pass the 'Wow!' test: If it didn't get a 'Wow!' reaction during market testing, it went straight back to the design studio.[17]

Samsung supported this worldwide goal with substantial advertising expenditure, and reconsidered its distribution strategy so that Samsung products were to be found in upmarket retail outlets where consumers are prepared to pay above-average prices for premium quality products with innovative features. Over the last decade Samsung has successfully repositioned itself as a producer of innovative, high-quality electronics products.

Customer value marketing

According to the principle of **customer value marketing**, the company should put most of its resources into customer value-building marketing investments. Many things marketers do – one-shot sales promotions, minor packaging changes, direct-response advertising – may raise sales in the short term but add less *value* than would fundamental improvements in the product's quality, features or convenience. Enlightened marketing calls for building long-term consumer loyalty and relationships by continually improving the value consumers receive from the firm's market offering.

Sense-of-mission marketing

Sense-of-mission marketing means that the company should define its mission in broad *social* terms rather than narrow *product* terms. When a company defines a social mission, employees feel better about their work and have a clearer sense of direction. For example, Ben & Jerry's ice cream brand is known all over the world (since 2000 Ben & Jerry's has been a business unit of the Anglo-Dutch consumer good giant Unilever), and defined in narrow terms the mission of Ben & Jerry's might be 'to sell ice cream'. However, Ben & Jerry's states its mission more broadly, as one of 'linked prosperity,' including product, economic and social missions (see **www.benjerrys.com/our_company/our_mission/**). Founders Ben Cohen and Jerry Greenfield pioneered the concept of 'values-led business' or 'caring capitalism'. Their mission was to use business to make the world a better place:

> From its beginnings in 1978, Ben & Jerry's bought only hormone-free milk and cream and used only organic fruits and nuts to make its ice cream, which it sold in environmentally-friendly containers. It went to great lengths to buy from minority and disadvantaged suppliers. From its early Rainforest Crunch to its more recent One Sweet Whirled flavours and awareness campaigns, Ben & Jerry's championed a host of social and environmental causes over the years. And from the start, Ben & Jerry's donated a whopping 7.5 per cent of pre-tax profits to support projects that exhibited 'creative problem-solving and hopefulness . . . relating to children and families, disadvantaged groups, and the environment'. By the mid-1990s, Ben & Jerry's had become [America's] number-two super-premium ice cream brand.
>
> However, having a 'double bottom line' of values and profits is no easy proposition. Through the 1990s, as competitors not shackled by their 'principles before profits' missions invaded its markets, Ben & Jerry's growth and profits flattened. Perhaps this was why in 2000, after several years of disappointing financial returns, Ben & Jerry's was acquired by Unilever. Looking back, the company appears to have focused too much on social issues at the expense of sound business management. Cohen once commented, 'There came a time when I had to admit 'I'm a businessman.' And I had a hard time mouthing those words.'[18]

Many entrepreneurial businesses today, like Innocent Drinks, strive to make both profits and a wider contribution to society.

Such experiences taught the socially responsible business movement some hard lessons. The result is a new generation of activist entrepreneurs – not social activists with big hearts who hate capitalism, but well-trained business managers and company builders with a passion for a cause. Innocent Smoothies is a good example of this new kind of caring company with a highly professional approach to business and marketing. They say: 'we want to leave things a little bit better than we find them. We strive to do business in a more enlightened way, where we take responsibility for the impact of our business on society and the environment, and move these impacts from negative to neutral, or better still, positive' – this from a company that started up in 1999 and was approaching an annual turnover of £100 million by 2007, with an estimated 72 per cent of the UK smoothie market.[19]

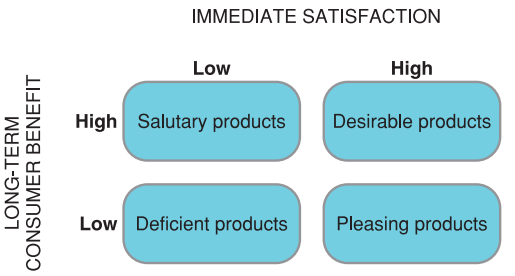


FIGURE 16.3

Societal classification of products

Societal marketing

Following the principle of **societal marketing**, an enlightened company makes marketing decisions by considering consumers' wants and interests, the company's requirements and society's long-term interests. The company is aware that neglecting consumer and societal long-term interests is a disservice to consumers and society. Alert companies view societal problems as opportunities.

A societally-oriented marketer wants to design products that are not only pleasing but also beneficial. The difference is shown in Figure 16.3. Products can be classified according to their degree of immediate consumer satisfaction and long-term consumer benefit. **Deficient products**, such as bad-tasting and ineffective medicine, have neither immediate appeal nor long-term benefits. **Pleasing products** give high immediate satisfaction but may hurt consumers in the long run. Examples include cigarettes and junk food. **Salutary products** have low appeal but may benefit consumers in the long run; for instance, seat belts and air bags. **Desirable products** give both high immediate satisfaction and high long-term benefits, such as a tasty *and* nutritious breakfast food.

Examples of desirable products abound. Low-energy consumption long-life light bulbs are a well-known example, and they are widely available through the biggest retailers (such as Tesco and Carrefour) who stock major brands such as Philips and GE. Toyota's hybrid Prius family car gives both a quiet ride and fuel efficiency. Miele's range of washing machines and dishwashers are recommended by consumer organisations for their excellent performance, and also deliver better energy efficiency and lower water consumption than standard brands.

Companies should try to turn all of their products into desirable products. The challenge posed by pleasing products is that they sell very well but may end up hurting the consumer. The product opportunity, therefore, is to add long-term benefits without reducing the product's pleasing qualities. The challenge posed by salutary products is to add some pleasing qualities so that they will become more desirable in consumers' minds.

MAKING CONNECTIONS Linking the concepts

Pause here, hold your place with your finger, and go back and take another look at the Societal marketing concept section in Chapter 1.

- How does Figure 1.4 apply to the Enlightened marketing section in this chapter?
- Use the five principles to assess the actions of a company that you believe exemplifies socially responsible marketing. (If you can't think of one, use Unilever or one of the other companies discussed in this chapter.)
- Use the principles of enlightened marketing to assess the actions of a company that you believe falls short of socially responsible marketing.

Marketing ethics

Conscientious marketers face many moral dilemmas. The best thing to do is often unclear. Because not all managers have fine moral sensitivity, companies need to develop *corporate marketing ethics policies* – broad guidelines that everyone in the organisation must follow. These policies should cover distributor relations, advertising standards, customer service, pricing, product development and general ethical standards.

The finest guidelines cannot resolve all the difficult ethical situations the marketer faces. Exhibit 16.1 lists some difficult ethical situations marketers could face during their careers. If marketers choose immediate sales-producing actions in all these cases, their marketing behaviour might well be described as immoral or even amoral. If they refuse to go along with *any* of the actions, they might be ineffective as marketing managers and unhappy because of the constant moral tension. Managers need a set of principles that will help them work out the moral importance of each situation and decide how far they can go in good conscience.

Exhibit 16.1 Some morally difficult situations in marketing

1. You work for a cigarette company. Public policy debates over the past few years now leave no doubt in your mind that cigarette smoking and cancer are closely linked. Although your company currently runs an 'if you don't smoke, don't start' promotion campaign, you believe that other company promotions might encourage young (although legal age) non-smokers to pick up the habit. What would you do?
2. Your R&D department has changed one of your products slightly. It is not really 'new and improved', but you know that putting this statement on the package and in advertising will increase sales. What would you do?
3. You have been asked to add a stripped-down model to your line that could be advertised to pull customers into the store. The product won't be very good, but salespeople will be able to switch buyers up to higher-priced units. You are asked to give the green light for the stripped-down version. What would you do?
4. You are thinking of hiring a product manager who has just left a competitor's company. She would be more than happy to tell you all the competitor's plans for the coming year. What would you do?
5. One of your top dealers in an important territory has recently had family troubles and his sales have slipped. It looks like it will take him a while to straighten out his family trouble. Meanwhile you are losing many sales. Legally, you can terminate the dealer's franchise and replace him. What would you do?
6. You have a chance to win a big account that will mean a lot to you and your company. The purchasing agent hints that a 'gift' would influence the decision. Your assistant recommends sending a fine high-definition colour television set to the buyer's home. What would you do?
7. You have heard that a competitor has a new product feature that will make a big difference in sales. The competitor will demonstrate the feature in a private dealer meeting at the annual trade show. You can easily send a spy to this meeting to learn about the new feature. What would you do?
8. You have to choose between three advertising campaigns outlined by your agency. The first (a) is a soft-sell, honest, straight-information campaign. The second (b) uses sex-loaded emotional appeals and exaggerates the product's benefits. The third (c) involves a noisy, somewhat irritating commercial that is sure to gain audience attention. Pre-tests show that the campaigns are effective in the following order: c, b, and a. What would you do?
9. You are interviewing a capable female applicant for a job as salesperson. She is better qualified than the men just interviewed. Nevertheless, you know that some of your important customers prefer dealing with men and you will lose some sales if you hire her. What would you do?

But *what* principle should guide companies and marketing managers on issues of ethics and social responsibility? One philosophy is that such issues are decided by the free market and legal system. Under this principle, companies and their managers are not responsible for making moral judgements. Companies can, according to this principle, in good conscience do whatever the market and legal systems allow.

A second philosophy puts responsibility not on the system but in the hands of individual companies and managers. This more enlightened philosophy suggests that a company should have a 'social conscience'. Companies and managers should apply high standards of ethics and morality when making corporate decisions, regardless of 'what the system allows'. History provides an endless list of examples of company actions that were legal but highly irresponsible. Consider the following amusing, and amazing, example from the USA:

> Prior to the Pure Food and Drug Act, the advertising for a diet pill promised that a person taking this pill could eat virtually anything at any time and still lose weight. Too good to be true? Actually the claim was quite true; the product lived up to its billing with frightening efficiency. It seems that the primary active ingredient in this 'diet supplement' was tapeworm larvae. These larvae would develop in the intestinal tract and, of course, be well fed; the pill taker would in time, quite literally, starve to death.[20]

Each company and marketing manager must work out a philosophy of socially responsible and ethical behaviour. Under the societal marketing concept, each manager must look beyond what is legal and allowed and develop standards based on personal integrity, corporate conscience and long-term consumer welfare.

As with environmentalism, the issue of ethics provides special challenges for international marketers. Business standards and practices vary a great deal from one country to the next. For example, whereas bribes and kickbacks are illegal for EU firms, they are common business practice in many South American countries. One recent study found that companies from some nations were much more likely to use bribes when seeking contracts in emerging-market nations. The most flagrant bribe-paying firms were from Russia and China, with Taiwan and South Korea close behind. Other countries where corruption is common include India, Pakistan and Bangladesh. The least corrupt were companies from Australia, Sweden, Switzerland, Austria and Canada.[21]

The question arises as to whether a company must lower its ethical standards to compete effectively in countries with lower standards. The answer? No. Companies should make a commitment to a common set of shared standards worldwide.

Many industrial and professional associations have suggested codes of ethics and many companies are now adopting their own codes. For example, the European Marketing Confederation, an international umbrella organisation for national marketing associations in European countries, developed the code of ethics shown in Exhibit 16.2. Companies are also developing programmes to teach managers about important ethical issues and help them find the proper responses. They hold ethics workshops and seminars and set up ethics committees. Furthermore, most major EU companies have appointed high-level ethics officers to champion ethical issues and to help resolve ethical problems and concerns facing employees.

Consider Allied Irish Bank (AIB), where they have a CSR Committee which is a subcommittee of the main AIB board – 'CSR', by the way, stands for Corporate Social Responsibility, which is the headline term used for corporate ethical, social and environmental responsibility in many businesses today. At AIB they have an eight-page Code of Business Ethics for all Employees of the AIB Group, which provides detailed guidance to employees about how they are expected to conduct their business ethically. This includes advice on dealing with customer information and protecting customer privacy, dealing with colleagues and ensuring that there is fairness in all employment practices, and advice on general business practice such as forbidding bribery and advising great

Exhibit 16.2 European Marketing Confederation: Code of Conduct

Source: http://www.emc.be/codeconduct.cfm

For a better profession . . .

One of the main objectives of the European Marketing Confederation is to promote and maintain for the benefit of the public high standards of professional skill, ability and integrity among persons engaged in marketing, sales and services.

Members of the EMC are committed to ethical professional conduct. The Confederation requires its Members, as a condition of membership, to adopt and adhere to the following Code of Conduct. The adherence to the Code signifies voluntary assumption of self-discipline.

Confidentiality

Members shall not disclose or use to their own advantage confidential information regarding their employers or business customers without their consent, except where regulations require to do so. The use of data should extend only to those purposes for which consent was received. Lastly privacy is to be respected.

Integrity

Members shall at all time conduct themselves with integrity in such a way as to bring credit to the profession of marketing and to the EMC. Members shall not disseminate any false or misleading information, either on their own behalf, or on behalf of anyone else.

Honesty

Members shall deal honestly with consumers, clients, employees, employers, suppliers and the general public.

Good judgement

Members shall be aware of how their conduct may influence others, such as fellow employees, suppliers or customers. They shall not demand, encourage, coerce or adopt any behaviour which leads to unethical conduct.

Conflict of interest

Members shall seek to avoid conflicts of interest. When a conflict arises a member must withdraw prior to starting the work.

Professionalism

Members shall do their utmost to maintain the highest professional standards and shall endeavour to ensure that those who work with or for them do the same. Members shall regularly extend, develop and maintain their marketing expertise for the benefit of the society. Furthermore members shall assume responsibilities for their activities.

Advertising

Members shall honour the national advertising codes of practice and shall specifically reject and not be involved in false or misleading advertising or misleading sales tactics.

Rights and duties

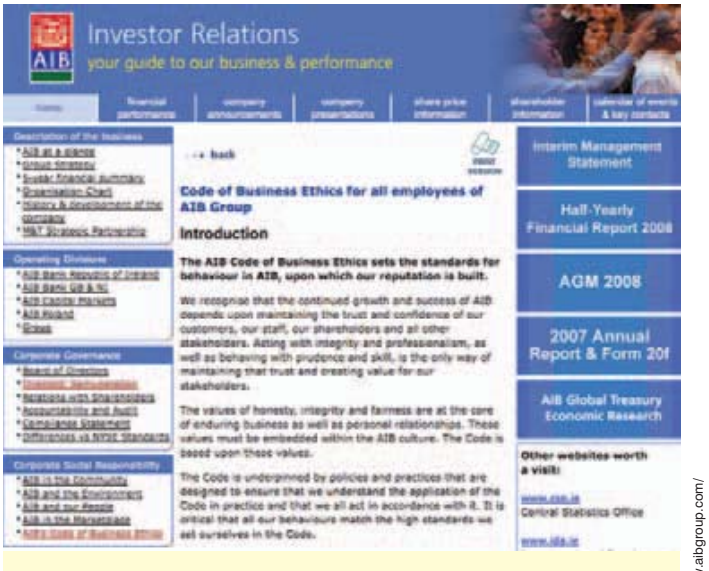
Members shall have due regard for, and comply with, all the relevant laws of the country in which they are operating.

Expulsion of individuals who are found not to have abided by this Code

In adopting this code and after appropriate investigation of any complaint brought against any individual member, each association which belongs to EMC undertakes to withdraw the membership of an individual found guilty, or to impose an appropriate penalty. All members of EMC recognise and agree that serious and flagrant breaches of this code shall result in the withdrawal of the membership of the individual member concerned.

caution in the acceptance of small gifts or hospitality. Naturally employees are bound to encounter situations that are not directly covered by the code of ethics, and under these circumstances the AIB Code requires employees to ask themselves the following questions:

Am I being fair and honest?
Are my intended actions legal?
Will my action stand the test of time?
Is anyone's life, health or safety endangered by my action?
How would my action look in the media and in public?
Will my actions damage the reputation of the organisation?[22]



Most large European businesses, like Allied Irish Bank, have codes of ethics that make it clear to employees what is considered ethical, and unethical, behaviour in pursuing profits for the firm.

Source: http://www.aibgroup.com/

Still, written codes and ethics programmes do not ensure ethical behavior. Ethical and social responsibility requires a total corporate commitment. In order to have the best chance of making the corporate ethical code work in practice, companies are advised to keep the code as short as possible, provide employees with concrete examples of correct behaviour, demonstrate that the code receives serious support from top managers, provide training to employees and frequently reinforce the message that ethics is important, and demonstrate that breaches of the code are taken very seriously.[23]

THE JOURNEY YOU'VE TAKEN Reviewing the concepts

Well – here you are at the end of your introductory marketing travels. In this chapter, we've closed with many important concepts involving marketing's sweeping impact on individual consumers, other businesses and society as a whole. You learned that responsible marketers discover what consumers want and respond with the right market offerings, priced to give good value to buyers and profit to the producer. A marketing system should deliver customer value and improve the quality of consumers' lives. In working to meet consumer needs, marketers may take some actions that are not to everyone's liking or benefit. Marketing managers should be aware of the main *criticisms of marketing*.

1 Identify the major social criticisms of marketing.

Marketing's *impact on individual consumer welfare* has been criticised for its high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence and poor service to disadvantaged consumers. Marketing's *impact on society* has been criticised for creating false wants and too much materialism, too few social goods, cultural pollution and too much political power. Critics have also criticised marketing's *impact on other businesses* for harming competitors and reducing competition through acquisitions, practices that create barriers to entry and unfair

competitive marketing practices. Some of these concerns are justified; some are not.

2 Define *consumerism* and *environmentalism* and explain how they affect marketing strategies.

Concerns about the marketing system have led to *citizen action movements*. *Consumerism* is an organised social movement intended to strengthen the rights and power of consumers relative to sellers. Alert marketers view it as an opportunity to serve consumers better by providing more consumer information, education and protection. *Environmentalism* is an organised social movement seeking to minimise the harm done to the environment and quality of life by marketing practices. The first wave of modern environmentalism was driven by environmental groups and concerned consumers, whereas the second wave was driven by government, which passed laws and regulations governing industrial practices impacting the environment. Moving into the twenty-first century, the first two environmentalism waves are merging into a third and stronger wave in which companies are accepting responsibility for doing no environmental harm. Companies now are adopting policies of *environmental sustainability* – developing strategies that both sustain the environment and produce profits for the company.

3 Describe the principles of socially responsible marketing.

Many companies originally opposed these social movements and laws, but most of them now recognise a need for positive consumer information, education and protection. Some companies have followed a policy of *enlightened marketing*, which holds that a company's marketing should support the best long-term performance of the marketing system. Enlightened marketing consists of five principles: *consumer-oriented marketing*, *innovative marketing*, *customer-value marketing*, *sense-of-mission marketing* and *societal marketing*.

4 Explain the role of ethics in marketing.

Increasingly, companies are responding to the need to provide company policies and guidelines to help their managers deal with questions of *marketing ethics*. Of course even the best guidelines cannot resolve all the difficult ethical decisions that individuals and firms must make. But there are some principles that marketers can choose among. One principle states that such issues should be decided by the free market and legal system. A second, and more enlightened principle, puts responsibility not on the system but in the hands of individual companies and managers. Each firm and marketing manager must work out a philosophy of socially responsible and ethical behaviour. Under the societal marketing concept, managers must look beyond what is legal and allowable and develop standards based on personal integrity, corporate conscience, and long-term consumer welfare.

Because business standards and practices vary from country to country, the issue of ethics poses special challenges for international marketers. The growing consensus among today's marketers is that it is important to make a commitment to a common set of shared standards worldwide.

NAVIGATING THE KEY TERMS

Consumerism 000
Customer value marketing 000
Deficient products 000
Desirable products 000
Enlightened marketing 000
Environmental sustainability 000
Environmentalism 000
Consumer-oriented marketing 000
Innovative marketing 000
Pleasing products 000
Salutary products 000
Sense-of-mission marketing 000
Societal marketing 000

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