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## Ethics of Marketing [Encyclopedia entry]

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# MARKETING, ETHICS OF

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*Marketing ethics* is the systematic study of how moral standards are applied to marketing decisions, behaviors, and institutions. Because marketing is a process inherent to most organizations, marketing ethics should be viewed as a subset of business ethics; thus, much of what is written about business ethics applies to marketing ethics as well. At the outset, it is also useful to distinguish between *positive* and *normative* marketing ethics. Positive marketing ethics looks at marketing practices from the standpoint of “what is.” For example, specifying the percentage of organizations that have codes of ethical marketing practice or tracking the number of violations that deal with *deceptive advertising* would be examples of positive marketing ethics. In contrast, normative marketing ethics deals with how marketing *ought* to operate according to some moral standard or theory. The sort of moral standards (or theories) applied to marketing situations involve the usual moral frameworks commonly applied when evaluating business ethics (e.g., utilitarianism, duty-based theories, virtue ethics). When the words “marketing ethics” appear in the general media or business press, the reports typically describe a marketing strategy, tactic, or policy that some constituency feels is “unfair” or “exploitive” or “deceptive.” Often, the subsequent discussion turns to how marketing practices might become more consumer-friendly, socially compatible, or put in

philosophical terms, how marketing might be *normatively* improved.

*Normative marketing practices* might be defined as those that emphasize transparent, trustworthy, and responsible personal and/or organizational marketing policies and actions, and exhibit integrity as well as fairness to consumers and other stakeholders. In the true spirit of normative ethical standards, this definition provides certain virtues and values (e.g., trust, fairness) to which marketing practitioners ought to aspire. However, the definition also raises myriad questions. What do we mean by transparent? Does that mean no trade secrets are ever allowed? What is the essential nature of integrity? Does it mostly involve keeping organizational promises to customers or is it broader than that? What is the nature of fairness, and who decides what standard of fairness is to be applied? Should it be consumers, the company at focus, regulatory agencies, or a broader cross-section of society? What stakeholder interests should be taken into consideration, and how should they be weighted? As one can see from these questions, the area of normative marketing ethics is likely to generate considerable controversy because there are differing views among various parties about what constitutes “proper” behavior in marketing.

## General Perspectives

Because marketing is the organizational process focused directly on exchange, ethical issues in marketing have existed since the inception of trade. The Roman philosopher Cicero counseled merchants to avoid raising prices too high in times of shortage, lest they alienate their customers, who might shun them when supplies were more abundant. However, the analysis of marketing ethics from a more systematic and analytical standpoint has only begun to develop in the past 40 years. Since the mid-1960s, the literature on marketing ethics has grown substantially. A recent 2005 ABI/Inform literature search using the term *marketing ethics* as its search query generated a list of more than 400 citations to the literature—all of which presumably addressed marketing ethics in some scholarly form or fashion. While cynics view the term *marketing ethics* as an oxymoron, no doubt due partly to the frequent questionable activities of some used car dealers, advertising copywriters, and telemarketers, there exist clear and articulated standards of proper behavior that are “peer endorsed” by marketing practitioners. In other words, marketing managers themselves have expressed their opinions as to the ideal obligations inherent in the honest and forthright

conduct of marketing. Perhaps the best known of these codes of conduct is the American Marketing Association's (AMA's) "Statement of Ethical Norms and Values for Marketers." This document—endorsed by the largest professional organization of marketing practitioners in the world—and available for review at [www.marketpower.com](http://www.marketpower.com) (search: code of ethics) specifically states that marketers serve not only their company enterprises but also act as stewards of society in creating, facilitating, and executing the efficient and effective exchange transactions that are part of a greater economy. The AMA statement recognizes the duties that marketers have to all stakeholders (e.g., customers, employees, investors, channel members, regulators, and the host community) as they discharge their job responsibilities. This document explicitly warns that marketers must not knowingly do harm in executing their selling responsibilities, that marketers have a duty to foster trust in the marketing system, and that they should embrace basic marketplace values, including truth telling, genuine service to customers, avoidance of practices acclaimed to be unfair, and an adherence to honest and open communications with clients. Significantly, it states that marketing organizations have responsibilities of "citizenship" just as individuals do. Documents such as the AMA Statement represent hard evidence that there are bedrock ethical standards and values that have been agreed on by numerous marketing practitioners.

Of course, the extent of practitioner compliance with these values is another issue. Over the years, surveys of marketing managers report that the vast majority of practitioners discharge their job responsibilities in a lawful and meritorious manner. Nonetheless, every year brings its share of horrific and controversial marketing blunders. Current issues in the news involving marketing practices have to do with price-gouging when gasoline shortages occur (as they did in the wake of Hurricane Katrina) and stealth marketing techniques such as surreptitiously gathering information about consumer patterns when they surf shopping sites on the Web. In general, national opinion polls of the public suggest that marketers have plenty of room to improve their ethical performance before it conforms to public expectations. Perhaps the "truth" about marketing lies somewhere between the practitioners view that marketers are predominantly "good guys" and the public perception of marketers as suspect purveyors of sometimes dubious goods and services.

While the above-mentioned statement of AMA of "norms and values" is partly inspirational in nature,

there has also been substantial effort expended by marketing academics and ethics scholars to develop pragmatic models of marketing behavior that delineate the factors that shape and affect ethical (or unethical) marketing decisions. An example of such a work (*positive marketing ethics*) would be the Hunt-Vitell model of marketing ethics—a framework that has been subjected to extensive empirical testing. This complex model takes into account various factors such as (1) environmental dimensions in industry and the organization influencing ethical actions, (2) the recognition by decision makers of an ethical problem and its likely consequences, (3) the teleological and deontological norms used by marketing decision makers that might affect their selection of various alternative choices, (4) the type of ethical judgments made in various situations, (5) the formation of any intentions attributable to the marketing practitioners at focus, and (6) a measure of the outcomes of actual behavior. The purpose of weighing the myriad factors involved in real-world marketing decisions associated with ethical questions is that it helps specify the gaps between what the actual behavior of marketing practitioners *is* versus how far managers need to go in order to be in conformance with various marketing ideals. Empirical studies, using models such as Hunt-Vitell, have suggested, for example, that the standards managers use to address ethical questions vary considerably (e.g., some are utilitarian; some derive their perspectives from religious traditions). Moreover, the response to ethical issues by managers depends on the issue being addressed. For instance, the majority of managers might be very concerned that clandestine competitive intelligence gathering is growing in their industry but most may not be bothered by "puffery" (advertising exaggeration). Yet both practices are subject to ethical debate in the public realm. It is in the conduct of such systematic *ethics research* that the positive and normative aspects of marketing come together because marketers can learn what to "fix" based on what is actually going on.

## Marketing Practice

At the heart of marketing ethics are decisions that marketing practitioners make about ethical questions. Ethical questions most often arise in marketing when a stakeholder group or some segment of the public feels that the actions taken by some (or many) marketers might be judged to be morally inappropriate. Currently, for instance, many consumers feel that *spam* advertising over the Internet is far too prevalent and/or that product

rebates have too often been intentionally made to be difficult to redeem. Similarly, other ethical questions occur when marketing managers believe that they might be compromising their own personal values in the quest for increased organizational profit. In such situations, marketers are often evaluating whether they should take *business* actions that they feel ought *not* to be done from the standpoint of *personal* ethics that they hold—the essence of an ethical dilemma. Most managers cannot avoid facing such tough issues because the majority of marketing professionals report confronting such ethical questions at some point in their careers. These “ethical” branch points can pertain to a host of marketing issues such as selling cigarettes to teenagers, the promotion of violence-oriented video games, pricing products at a level that exploits unsuspecting consumers, bluffing in negotiations with long-time suppliers, writing intentionally misleading ad copy, and so on. If the marketing actions that are taken happen to be in violation of the law, these are also typically characterized as unethical. However, our focus in this entry is particularly on actions that are *not* illegal but that are criticized as “improper” according to some ethical value or norm. Therefore, marketing ethics is mostly focused on marketing behaviors that are not prohibited by the law but perhaps should not be indulged due to certain moral considerations. And thus, marketing ethics is often concerned with actions that are currently legal but still might be judged improper according to some invoked moral standard. For instance, NASCAR has every legal right to have their automobiles sponsored by and festooned with the logos of brewers, distillers, and other alcoholic beverage makers. Whether it is ethical to link speeding race cars to alcohol beverages given the significant “driving while intoxicated” problem that exists in the United States is a matter for debate.

Most generic areas of marketing practice provoke substantial ethical comment and discussion. These areas include marketing segmentation, marketing research, product development, pricing, distribution, personal selling, and advertising. In the paragraphs below, a sampling of marketing issues, often suggesting ethical questions from these areas of marketing practice, is briefly reviewed to illustrate both the nature and the scope of marketing ethics in the conduct of business operations.

### **Market Segmentation**

One of the basic strategies of marketing campaigns involves the division of the mass market into

“segments” followed by the development of specific offerings to appeal to the selected “target market.” Ethical questions especially surround the target marketing of segments that include potentially vulnerable populations such as children, the elderly, the impoverished, and marketing illiterates. The “ethical issue” at focus here centers on whether marketers have too much “power” over certain groups who are not prepared to independently participate in the marketplace.

For example, children are a \$25+ billion market in the United States alone for products such as toys, sugared cereal, DVDs, and video games. One major ethical question involves the extent to which marketers can freely treat children as “consumers in training” (mini adults) subject to pretty much the same promotions as the rest of the (adult) market. For young children (less than 8 years old), there is the issue of whether they even understand the difference between (for instance) television advertising and the programming itself. For older kids, the ethical issues might focus more on the appropriateness of certain products (violent video games), or the degree to which young teenagers might be susceptible to particular kinds of provocative fashion or lifestyle advertising. The key issue involved in targeting children turns on whether marketers should be held to a higher standard care and caution when marketing to children. One illustration of emergent constraints when approaching children involves the passage of the Children’s On-line Privacy Protection Act of 1998 that was promulgated because of significant parental concerns regarding the collection of market research information data over the Internet from children younger than 13. Essentially, this federal legislation, inspired by numerous ethical questions raised by the general public, prohibits the collection of any personal information by market researchers from “under 13s” without verifiable permission from parents allowing it.

Similar questions about vulnerability to marketing scams occur with regard to older consumers—especially those more than 80 years of age. Such seniors are living longer, and as they grow older, they become less confident in their decision-making ability and become potential targets for the fraudulent sales of financial services, vacation packages, insurance annuities, and prescription drug plans—to name only a few product categories. As the baby boomers grow older and make up a larger percentage of the population, the focus on the appropriateness of marketing practices to this senior segment will only increase in prominence. Various scams that exploit seniors (e.g., sweepstakes that

promise winnings but are designed only to sell magazines) are reported in the press almost weekly.

### **Marketing Research**

Since marketing decisions are often data driven, market research techniques and outputs are frequently used by marketing practitioners. Market researchers themselves often have considerable training in methodological and statistical techniques, and one might surmise that because of their greater education, they exhibit a higher degree of ethical professionalism than other marketing practitioners. Certainly, it is true that various professional organizations related to the practice of marketing research such as the Council for Survey Research, the Market Research Society and the European Society of Marketing and Opinion Research have developed detailed codes of ethics addressing common conflicts that occur in the execution of marketing research. These “conduct codes” of these professional organizations can be accessed at their Web sites and provide a modicum of guidance for marketing researchers when facing common situations that occur as part of the research process. These codes stress that tactics such as protecting respondent confidentiality when it is promised, not misrepresenting the identity of the research sponsor, properly disclosing research procedures, and many other professional practices should be adhered to.

Additional ethical issues arise owing to the fact that marketing research often involves contact with the general public, usually through the use of surveys that are increasingly being conducted online. Because marketing research activity relies heavily on publicly submitted information, some of which is personally sensitive, marketing research is ripe for ethical abuse or misuse. As survey research has become digitized, researchers have gathered substantial records about consumer product and service usage as well as their satisfaction. As a result, the issue of *consumer privacy* is at the forefront of marketing research ethics. It is hoped that the coming decade will yield definitive answers about the extent of privacy protection that consumers can expect when shopping online. Second, most marketing research is conducted by for-profit organizations to aid decision making within corporations. As a result, the profit motive may cause researchers or their clients to compromise the objectivity and precision of the research that is undertaken. Researchers inherently want to provide support for the outcomes their sponsors hope to find. Clients basically

want the research they conduct to tell the best possible story about their company and their products. It should not be surprising then that marketers sometimes fall to the temptation of misusing market research information by manipulating or exaggerating the results.

### **Product Management Ethics**

Ethical issues surrounding the management of products are central to marketing because the marketing process generally begins with a product (broadly defined to include goods, services, or ideas). The most common ethical concerns in this area pertain to the safety of products. Earlier, in the brief discussion concerning the AMA practitioner norms and values, the notion of “never knowingly doing harm” was introduced as a central ethical percept. Certainly, this prescription directly applies to the area of products. That products are safe “for their use as intended” is a basic consumer expectation and is embodied in common law within the concept of “implied warranty.” While the sale of safe products is a fundamental marketing expectation, many consumers remain skeptical as to whether they are likely to receive this protection. A 2005 Yankelovich/MONITOR poll of consumers found that 61% agreed that even long-established companies cannot be trusted to make safe, durable products without the government setting basic industry standards. Indeed, a minimal base line of consumer protection in this area is assured via regulation by the U.S. Consumer Product Safety Commission, which has the general mandate to oversee product safety in the United States. Other government agencies also oversee specialized areas of product category such as the U.S. Department of Agriculture, the Food and Drug Administration, and the U.S. Department of Justice, which has specific jurisdiction for alcohol, tobacco, and firearms.

Despite all these protections, perennial ethical questions about product safety continue to be asked: How safe should products be? How safe is safe enough? When products harm consumers in the course of normal usage, who should be held liable? Too often marketers fail the safety test. For example, each Christmas season various consumer advocacy groups identify and publicize toys that are potentially dangerous to young children unless used with extreme care and under adult supervision. And, exactly where to draw the line in automobile safety is a never-ending debate. Should SUVs, which American consumers both love and demand, roll over as often as they do? Should side air bags, which consumers generally are reluctant to pay

for as “add-ons,” be mandatory because they can prevent serious injuries?

Another growing area of concern is product counterfeiting. Product counterfeiting involves the unauthorized copy of patented products, inventions, and trademarks or the violation of registered copyrights (often for the purposes of making a particular product look like a more popular branded leader). Common examples of product counterfeiting include fake Rolex watches, knockoff Levi jeans, and illegally pirated video and audio tapes of popular movies and music. It is estimated that product counterfeiting costs American companies \$450 billion in sales each year. Product counterfeiting is unethical and, in most markets around the world, illegal as well. Counterfeiting is unethical because it involves an attempt to unfairly capture the “goodwill” created by one company’s brand equity and unfairly transfer it to a knockoff product without royalty payment to the originating party. Simply put, counterfeiting is a form of intellectual theft. Interestingly, the majority of college students in the United States find “downloading” music from the Internet without paying to be a mostly harmless and ethical practice. With the expansion of China’s economy and the many knockoff products that seem to originate there, product counterfeiting will be a major ethical issue for organizations in the early part of the 21st century.

Another instance of common ethical concern involves products that create problems for the physical or natural environment. Examples would include product packaging that is not biodegradable; products that use inordinate scarce resources such as large sports utility vehicles (e.g., the Hummer) along with their unusually low fuel mileage; various chemicals and detergents that pollute the land, air, and groundwater when improperly disposed of; and medical wastes that are sometimes dumped into oceans or lakes because the proper disposal of such material is burdensome for the user. Contributing further to all this is an increasingly “disposable lifestyle” in many developed countries that generates waste-handling problems, a residue of the convenience-oriented mentality—fueled by marketing. For example, the average American generates approximately 4 pounds of garbage a day of which 30% represents product packaging. The fundamental ethical issue connecting all these ecological examples is that of *externalities*. Basically, externalities are costs that are imposed on the society as a whole that are not paid for by the original producer or consumer. To take an obvious example, when beer bottles and soft drink

cans are littered in public parks or recreational areas, the cleanup of that packaging represents an “externality.” As a response to all this, a “green marketing” movement has developed, which puts a premium on product marketing and programs being compatible with environmentally protective principles. To this end, some organizations have embraced the Coalition for Environmentally Responsible Economies (CERES) principles—some of which speak directly to marketing-connected issues. In general, these principles involve adhering to an environmental ethic of strong commitment to ecological excellence as well as human health and safety. The CERES principles, which can be accessed online, are yet another normative code of conduct to help guide marketing actions in particular areas of operations.

### Pricing

Perhaps no area of managerial activity is more difficult to assess fairly and to prescribe normatively in terms of morality than the area of pricing. The given price of a product or service commonly results from the confluence of three factors: *demand*, *competition*, and *cost*. Each of these factors can be central to ethical questions about pricing fairness. For example, when high demand puts pressure on supply, such as the desperate need for construction materials after a natural disaster, there may be a temptation for sellers to price-gouge. Or in an attempt to gain dominant market share, strong competitors may use predatory pricing (below cost pricing) to drive economically challenged sellers from the marketplace. In a business-to-business setting, a vendor may simply mislead a client concerning what “actual costs” have been incurred especially if they are operating under a “cost plus” pricing contract. While there is agreement that sellers are entitled to some profit margin above their full cost, how high prices can be and still be “fair” has been debated since medieval times. According to theologians such as Thomas Aquinas, the “just price” was often conceived of as the (debatable) amount above cost that the merchant needed to charge in order to maintain his or her business and to provide for his or her family. Charging more than that was to commit the grievous sin of avarice.

There is presently considerable regulation that helps establish some minimum behaviors for “fair pricing” (e.g., *price-fixing* by sellers, sometimes called “collusion,” is illegal; similarly, “price discrimination”

to different distributors by sellers without economic justification is also contrary to commercial law). Nevertheless, the concept of ethical pricing seems destined for considerable future debate. One current practice in the news has to do with the pricing strategy engaged in by the so-called pay day loan stores (i.e., those lending businesses that provide instant cash advances in lieu of unpaid, but earned, wages). These operations charge extremely high interest rates mostly to the impoverished segment of the market. A second dubious pricing instance involves some forms of adjustable rate mortgages that can often trigger significantly higher repayment rates for a variety of dubious reasons. And, a third questionable pricing scheme centers on "rent-to-own" furniture/appliance stores whose cumulative rate schemes often translate to payment totals far in excess of the total cost of the items rented. In each of these instances, it is argued that the pricing is "exploitive" because the high rates take advantage of certain unwary or desperate consumers.

### **Distribution**

The distribution element of marketing involves the entire supply chain from manufacturer through wholesalers and distributors (including retailers) on to the final consumer. At each point in the supply chain, because there are economic interactions between these various parties, the potential for ethical issues to occur is quite common. Perhaps the most overarching issue within the channel of distribution supply chain has to do with the question of *power and responsibility* within the channel itself. Often one organization within the channel has greater economic leverage than other channel members, and with that economic leadership comes a potential for ethical abuse. A current example of this situation might be the enormous economic power that Wal-Mart possesses over its suppliers. Due to their dependence on Wal-Mart's access to the market, suppliers must conform to Wal-Mart's various contract requests or face losing a distribution outlet that serves tens of millions of customers. One perhaps encouraging lesson of marketing history is that channel members who abuse their power eventually lose it, often through the enactment of new government regulations that restrict and constrain certain competitive practices.

Another common concern within channel relationships has to do with "gift giving" that sometimes mutates into bribery. A long-standing business custom is to entertain clients and to give modest gifts to

business associates. Such practices can cement important economic relationships. The pervading ethical question, of course, is, "When does a gift become a bribe?" Historically, for example, pharmaceutical companies have offered medical doctors lavish entertainment and gifts. The drug companies have argued that these amenities are not being provided to influence physician prescription decisions, but rather simply to inform them of the availability of new branded drugs. Consumer advocates contend that such practices are forcing consumers away from less-expensive generic drug alternatives and contribute directly to escalating health care costs. Not surprisingly, one of the best ways for channel members to deal with such potential ethical questions is to develop clear guidelines that address some of the typically questioned practices that exist within their particular industry. For instance, some companies restrict their employees from giving or accepting anything worth more than \$20 in a given year when dealing with a business partner. In this manner, managers are given at least minimal guidance as to what constitutes acceptable and nonacceptable gift-giving practices.

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

Sales positions are among the most typical marketing jobs. Ethical conflicts and choices are inherent in the personal selling process because sales reps constantly try to balance the interests of the seller they represent with the buyers that they presumptively serve. Moreover, sales reps seldom have the luxury of thoughtfully contemplating the ethical propriety of their actions. This is because sales reps operate in relative isolation and in circumstances that are dynamic with their business transactions frequently conducted under great time pressures. Even when sales reps electronically submit real-time sales reports of their client calls, such "outcome-oriented" paper evaluations contribute to a perceived clinical distance between sales managers and their representatives. Business case history tells us that sales people seem to be most prone to acting unethically if one (or more) of the following circumstances exist: when competition is particularly intense; when economic times are difficult placing their vendor organization under revenue pressure; when sales representative compensation is based mostly on commission; when questionable dealings such as gifting or quasi-bribes are a common part of industry practice; when sales training is nonexistent or



abbreviated; or when the sales rep has limited selling experience.

Sales managers in particular bear a special responsibility for questionable selling practices because they are in a position both to oversee their sales staff and to influence content and implementation of sales policies. Ethically enlightened sales managers should regularly review their sales literature before distribution to minimize the possibility that inflammatory (to competitors) material is inadvertently circulated. They should counsel their sales people not to repeat unconfirmed trade gossip. They should strive to maintain a sales environment free of sexual harassment. They ought to encourage their sales people never to make unfair or inaccurate comparisons about competitive products and avoid claiming the superiority of their own product/service offerings unless it is supported by scientific facts or statistical evidence documented or prepared by an independent research firm. Despite best efforts of marketers, the area of sales will continue to have its share of ethical controversies. Sales are the most common entry-level position into the field of marketing and also the job position in marketing about which the general public feels most suspicious.

### Advertising

Advertising is a significant economic force in the world economy, with global ad spending projected to be well over \$300 billion in calendar year 2005. The visibility and marketplace influence of advertising is so great that many consumers think of advertising as synonymous with marketing. Various critics charge that advertising is biased, needlessly provocative, intrusive, and often offensive. Yet most surveys suggest that the majority of consumers, on the balance, find advertising both entertaining and informative. While some types of advertising involve outright transgressions of the law (e.g., deceptive advertising containing intentional errors of fact), a great deal of advertising controversy involves practices that are perfectly legal but still raise moral questions. For example, promoting handguns in magazines with a substantial teenage readership, the featuring of bikini-clad Paris Hilton suggestively soaping down a car in an ad campaign for hamburgers, and implied health claims for products that may not be especially healthy (e.g., low-carb beer) are instances of controversial (but legal) advertising approaches. Over the years, many lists of citizen concerns about the ethics of advertising have been put together. Often included on those lists are questions

about the appropriateness of tobacco and alcohol advertising, the use of stereotypical images in advertising (e.g., Hispanic gardeners, hysterical housewives), the increased amount of negative (i.e., attack) political advertising, and various attempts to exploit children as buyers. The last issue is particularly sensitive to the public and, since the early 1970s, the Children's Advertising Review Unit, established by the Better Business Bureau, has monitored advertising directed to children less than 12 years and has sought the modification or discontinuance of ads that were found to be inaccurate or unfair in some fashion.

One of the more curious features of ethics in advertising is that the involvement of several parties (i.e., ad sponsor, ad agency, and the media) in the creation of advertising has probably led to a *lower* ethical standard in the practice of advertising than one might expect. The presence of multiple parties, none of whom has full responsibility, has created the default position of "leaving it to the others" to articulate and enforce an appropriate ethical standard.

### Implementing Marketing Ethics

Of course, at the heart of marketing ethics is the issue of how to improve the ethical behaviors of organizations as they discharge their marketing tasks and responsibilities. There are several elements of successful implementation that have been regularly articulated in the business ethics literature and successfully applied to marketing. Good ethics begins with a chief marketing officer (CMO) who must not only publicly embrace core ethical values but also live them. It is often said that the organization is but a lengthened shadow of the person at the top; this is no less true of the marketing organization. Implied also, then, is that the CMO is supported in the endeavor to maintain strong ethical values in marketing operations by the chief executive officer (CEO) of the corporation. Put another way, a key role of the leadership of any company wanting to travel the high ethical road is to keep publicly voicing the importance of ethical conduct in the discharge of their business affairs. Such ethical exhortations involve espousing the core ethical values identified in the corporate mission statement. These values should be made operational in a code of conduct that addresses the specific ethical issues that are most common to a particular company or industry sector. For instance, the Internet sellers must explicitly address privacy policies for their shoppers, vintners should comment on the question of responsible drinking,

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and so forth. Furthermore, it is important that any such marketing code be dynamic and periodically revised. Caterpillar Corporation, a manufacturer of heavy construction equipment, has revised its code of conduct five times since the mid-1970s. Moreover, any organizational code or statement of norms must also be communicated well enough that all employees can verbalize its essential values. It is equally important that managerial and employee behavior in the organization be monitored, including that of the CMO, so that conformance to company values is checked on in a pragmatic way. One tool for doing this is the usage of a periodic *marketing ethics audit* to systematically check company compliance with ethics policies and procedures. When ethical violations occur, proportionate punishment must be meted out. Similarly, when organizational managers perform in an ethically exemplary fashion, appropriate rewards also should be provided. This last step testifies to something beyond financial results leading to recognition in the organization. Details of executing all these steps have been exhaustively treated in the business ethics literature and modified for a marketing context. Johnson & Johnson and Ford are examples of organizations that conduct audits of their social performance that includes the evaluation of multiple marketing dimensions.

## Conclusion

At the end of the day, the most vexing ingredient in the recipe for better ethical behavior by marketers remains the force of will to always keep ethics at the heart of a company's purpose. The pressure on individual organizations to maintain and improve their profitability and to grow revenues is incessant. The nature of marketing management is to provide needed consumer goods and services by undertaking risk that, if calculated properly, is rewarded with financial profit. Ethical operations, at least in the short run, can be detrimental to that profitability because they often include some economic cost. Keeping ethical marketing at the forefront of operations is an exceedingly difficult challenge given the constant pressures on marketing managers to remain financially successful and growing.

—Gene Laczniaak

**See also** Advertising Ethics; Brands; Children, Marketing to; Consumer Fraud; Consumerism; Consumer Rights; Deceptive Advertising; Green Marketing; Just Price; Pricing, Ethical Issues in; Trademarks

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