THE ETHICAL DILEMMAS IN MARKETING
– THE POSITIVE IDEA AND ITS DESIRABLE
AND UNDESIRABLE CONSEQUENCES

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Abstract. The article deals with the issue of intended and unintended socio-economic consequences of marketing actions. Marketing concept is a positive idea of creating value for customers and other stakeholders, but the results of marketing decisions may be both positive and negative for company’s environment. The arguments for positive effects of marketing are presented, as well as the evidence for unethical marketing practices and its negative consequences. Assuming that the need to consider interests of different companies’ stakeholders is increasing, the concept of stakeholder orientation, as a broadening of the market orientation, is discussed. Finally the selected models of ethical marketing decision-making are presented.

Key words: marketing, economic and social consequences of marketing actions, marketing ethics, company social responsibility, stakeholders, ethical decision-making

INTRODUCTION

The positive nature of marketing concept as an idea of creating value for a customer, a company and a society is inevitably undermined by the reality of the market practice. Since every marketing activity is driven by a particular individual or a group and the motives, intentions, goals, capabilities and cultures of these entities can differ a lot, the risk that its outcome won’t benefit all the stakeholders always exists. Besides, even undoubtedly customer-oriented or socially oriented marketing strategies and programs can cause undesirable side effects of a different nature.

Under these circumstances the demand for maintaining high ethical standards in business and marketing remains constantly justifiable. Too often customers are shocked by
news revealing blameworthy, unethical actions of global and local companies or institutions. The role of the scientific research is to notice the ethical context of marketing practices, to analyze relationships between specified marketing actions and their social and economic outcomes, to define and measure the ethical decision-making processes and to propose a framework for identifying and solving ethical problems.

MATERIAL AND METHODS

The article contains the extensive review of the literature on marketing social and economic effects, marketing ethics, unethical marketing practices and ethical decision-making. The opposite views on the influence of marketing on the economy, society, culture and natural environment are presented, as well as the concepts of positive marketing and stakeholder orientation. Finally, the Ferrell–Gresham model and the Hunt–Vitell model of ethical marketing decision-making are presented.

RESULTS AND DISCUSSION

Marketing actions, as any other business activity, apart from achieving the short-term and long-term company’s objectives and goals, may also cause intended (or foreseen) and unintended (or unforeseen) economic and social effects, both positive and negative. The identification of these effects and their evaluation are the subject of scientific debate for many years [e.g. Pollay 1986, Nason 1989, Wilkie and Moore 1999, Desmond and Crane 2004, Bharadwaj et al. 2005, Kopf et al. 2011]. The positive view of marketing and its role in the economy and society has a long tradition in a marketing literature and is presented by so-called activists, who praise marketing for its contribution to the economic and social development [Drucker 1958, Savitt 1988, Bharadwaj et al. 2005].

Although the discussion on the relationship between marketing investments and economic growth shows rather that marketing doesn’t cause, but only reflects changes in the economy, activists argue that its impact on the socio-economic development is evident. According to them, marketing fuels the economy by stimulating market demand, driving competition, increasing business effectiveness and efficiency, creating innovative products, disseminating new technologies and supporting employment and exports [Kopf et al. 2011, Deloitte 2013]. Accelerating the experience curve effects and the economies of scale, lowering prices and increasing consumer’s choice are often indicated as the other economic benefits of marketing activity.

The results of the research show also many positive socio-cultural outcomes of marketing actions, such as encouraging changes in social roles and behaviors, promoting social diversity, equality and tolerance, breaking social and cultural stereotypes, educating in technology and science, creating and consolidating pro-environmental and pro-health attitudes and habits or increasing demand for personal hygiene products and healthy food. Many of these phenomena are generated by companies that practice corporate social responsibility and use marketing tools to implement their socially responsible strategies [Kotler and Lee 2005, Van de Ven 2008]. Green, ecological or sustainable marketing can create environmental value [McDaniel and Rylander 1993, Peattie and Crane 2005, Fin-
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[92x660]ney 2012]. Cause-related marketing, despite its criticism, usually brings benefits to both the company and the designated cause [File and Prince 1998, Vanhamme et al. 2012].

Perhaps the most optimistic view of marketing influence on stakeholders is presented in the positive marketing concept, which emerged recently and is defined as “any marketing activity that creates value for the firm, its customers, and society at large” or “marketing in its ideal form” [Gopaldas 2015]. Although the logic of this concept provokes a question about “traditional marketing” (is it negative or neutral), this approach stresses the marketing responsibility for welfare of different company’s stakeholders (what makes it to be an emanation of stakeholder orientation, as discussed later). Pro-social connotations situate positive marketing closely to the concepts of social, cause-related and green marketing, but its supporters clearly distinguish it from them, pointing that it incorporates public interest, environmental protection and societal value into the core business of the company [Gopaldas 2015, Stoeckl and Leudicke 2015].

The dark side of marketing

The shift towards ethical and socially responsible marketing management is accompanied by the widespread recognition of multiple unfair and deceptive everyday practices of many manufacturers, retailers or service suppliers. These blameworthy practices, like installing devices that deliberately falsify emissions tests in the Volkswagen diesel-powered vehicles, or false and misleading advertising of Amber Gold, are symptoms of “marketing pathology”, which should be prosecuted under the law and penalized. At worst, besides direct harm to consumers the marketing managers’ dishonesty and malevolence can cause negative long-term effects, including distrust and suspiciousness of any marketing activity [Darke and Ritchie 2007, Xie et al. 2015].

The vast literature on marketing ethics is devoted to the negative, intended or unintended, aspects of marketing actions. A few attempts to synthesize the most important plots of marketing ethics, including controversial or unethical behaviors and actions, were made in the past [Murphy and Laczniak 1981, Tsalikis and Fritsche 1989, Gaski 1999, Schlegelmilch and Öberseder 2010].

The typical areas of marketing susceptible to the temptation to engage in unfair or deceptive practices are among others marketing research, product management, pricing, sales and personal service, customer management, marketing communications and online marketing [e.g. Hensel and Dubinsky 1986, Tsalikis and Fritsche 1989, Schlegelmilch and Öberseder 2010, Nguyen and Simkin 2012]. Some evidence of the marketing malpractice is presented at the Table.

Unethical companies’ marketing actions can lead to persistent changes in consumers’ attitudes and behavior. One of the outcomes is over-consumption or promiscuous consumption. Consumers have informal and short-lived relationships with products and brands to seek variety, so they exchange old products for the new ones without thinking of the consequences [Denegri-Knott and Molesworth 2009]. Unfortunately, over-consumption can cause stress, fatigue and disillusionment, and in a long-run it contributes to the decline of quality of life [Zavestoski 2002, Albinson et al. 2010].

According to the results of research, “advertising deception leads consumers to become defensive and broadly distrustful of further advertising claims” [Darke and Ritchie...
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<th>Areas of ethical abuse</th>
<th>Unethical marketing practices</th>
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<td>Marketing research</td>
<td>• researchers’ dishonesty&lt;br&gt;• using manipulating research techniques to produce desirable findings&lt;br&gt;• gathering fictional data/falsifying research data&lt;br&gt;• invasion of privacy</td>
<td>Frey, Kinnear 1979&lt;br&gt;Sojka, Spangenberg 1994&lt;br&gt;Kimmel, Smith 2001&lt;br&gt;Toy et al. 2001</td>
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<td>Product management</td>
<td>• offering harmful or dangerous products&lt;br&gt;• planned product obsolescence&lt;br&gt;• arbitrary product elimination&lt;br&gt;• altering the quality and size of a product to keep the price at the same level&lt;br&gt;• product adulteration or imitation&lt;br&gt;• misbranding practices&lt;br&gt;• misleading packages</td>
<td>Hise, McGinnis 1975&lt;br&gt;Smith, Cooper-Martin 1997&lt;br&gt;Bone, Corey 1992, 2000&lt;br&gt;Geyskens et al. 2007&lt;br&gt;Guiltinan 2009&lt;br&gt;Buchanan et al. 2009&lt;br&gt;IMCO 2012</td>
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<td>Pricing</td>
<td>• unfair and excessive pricing&lt;br&gt;• predatory pricing&lt;br&gt;• setting artificially high prices for products&lt;br&gt;• price collusions&lt;br&gt;• offering different prices for different buyers</td>
<td>Guiltinan, Gundlach 1996&lt;br&gt;Gaski 1999&lt;br&gt;Bolton et al. 2003&lt;br&gt;Lisa 2004&lt;br&gt;Xia et al. 2004</td>
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<td>Sales and personal service</td>
<td>• pressure on salespersons to meet a sales quota&lt;br&gt;• unequal treatment of customers&lt;br&gt;• corrupting purchase decision makers&lt;br&gt;• deceptive salespersons practices&lt;br&gt;• undelivered promises of salespersons&lt;br&gt;• unresponsiveness to customer complaints</td>
<td>Dubinsky et al. 1980&lt;br&gt;Belizzi, Hite 1989&lt;br&gt;McClaren 2000&lt;br&gt;Belizzi, Hasty 2003&lt;br&gt;DeConineck, Thistlethwaite 2011&lt;br&gt;Schweperker, Schultz 2013</td>
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<td>Customer management and databases</td>
<td>• different treatment of customers&lt;br&gt;• information misuse&lt;br&gt;• invasion on privacy of consumer information&lt;br&gt;• collecting customer data and selling them without customers’ knowledge&lt;br&gt;• binding customers with contracts and confusing them&lt;br&gt;• increasing hidden fees, charges and switching fees&lt;br&gt;• failure to provide security of information</td>
<td>Keaveney 1995&lt;br&gt;Turow et al. 2005&lt;br&gt;McGovern, Moon 2007&lt;br&gt;Frow et al. 2011&lt;br&gt;Nguyen, Mutum 2012&lt;br&gt;Nguyen, Simkin 2012</td>
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<td>Marketing communications</td>
<td>• deceptive or misleading advertising&lt;br&gt;• intrusiveness of advertising&lt;br&gt;• annoying or invasive promotions&lt;br&gt;• puffery and exaggerated claims&lt;br&gt;• omitting information of product’s drawbacks or risks&lt;br&gt;• using of sex-appeal, violence and provocation in advertising messages&lt;br&gt;• insulting religious and national feelings&lt;br&gt;• stereotyping of minorities and sex roles</td>
<td>Longenecker et al. 1988&lt;br&gt;DePaulo 1988&lt;br&gt;Johar 1995&lt;br&gt;Attas 1999&lt;br&gt;Andrews et al. 2000&lt;br&gt;Li et al. 2002&lt;br&gt;Darke, Ritchie 2007&lt;br&gt;Shanahan, Hopkins 2007&lt;br&gt;Xie, Boush 2011&lt;br&gt;Xie et al. 2015</td>
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<td>On-line marketing</td>
<td>• customer manipulation&lt;br&gt;• contacting people without their consent and spamming&lt;br&gt;• intrusiveness of on-line advertising&lt;br&gt;• on-line promoting and selling harmful products&lt;br&gt;• social media manipulation</td>
<td>Castelfranchi, Tan 2002&lt;br&gt;Grazioli, Jarvenpaa 2003&lt;br&gt;Nicholls 2011&lt;br&gt;Xiao, Benbasat 2011&lt;br&gt;Brodmerkel, Carah 2013</td>
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<td>Areas of high ethical vulnerability</td>
<td>• unethical marketing practices aimed at children and seniors&lt;br&gt;• alcohol and tobacco advertising and sales&lt;br&gt;• stimulating food overconsumption&lt;br&gt;• exploitation of labor force, including child labor&lt;br&gt;• creating threats for natural environment</td>
<td>Kilbourne, Beckmann 1998&lt;br&gt;Ramsey et al. 2007&lt;br&gt;Crane, Kazmi 2009&lt;br&gt;Argo, White 2012&lt;br&gt;Zlatevska et al. 2012&lt;br&gt;Cantrell et al. 2013</td>
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Source: Own elaboration.
Deceptive advertising can also damage brand image – consumers who realize that an ad is false or misleading, demonstrate less favorable attitude toward the brand [Andrews et al. 2000, Shanahan and Hopkins 2007, Xie et al. 2015].

Due to intensive marketing communications global companies are able to differentiate their brands to the extent that they limit competitive abilities of other firms, what in turn narrows consumers choice [Pass et al. 1994]. Marketing is held responsible for promoting materialistic and hedonistic lifestyles, instilling harmful everyday habits and consumption patterns and spoiling aesthetic tastes [Pollay 1986, Hirschman 1990, Lin 2001]. The accusations against marketing also apply to its contribution to overweight and obesity in children and adults, increasing the risk of alcohol and nicotine addiction or exploitation of labor force [Geyskens et al. 2007, Crane and Kazmi 2009, Argo and White 2012, Cantrell et al. 2013].

**Market orientation versus stakeholder orientation**

The need to consider interests and welfare of different groups of stakeholders in marketing actions is the essence of the stakeholder orientation (SO), proposed as a broadening of the market orientation (MO) concept [Ferrell et al. 2010]. This proposition followed the process of redefining the purpose of company management as satisfying the needs and expectations of different stakeholders, supported by the management literature [Donaldson and Preston 1995, Mitchell et al. 1997, Jawahar and McLaughlin 2001, Bazin and Ballet 2004]. Since the marketing theorists have postulated to go beyond the customer and competitor orientation for many years, they willingly adopted this approach, including e.g. suppliers, shareholders, employees, local community, society and a natural environment in a set of company’s stakeholders [Day 1994, Greenley and Foxall 1997, Matsuno and Mentzer 2000].

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![Fig. 1. Market orientation and stakeholder orientation](source)

Source: Adopted from Ferrell et al. [2010].
The stakeholder orientation is defined as “the organizational culture and behaviors that induce organizational members to be continuously aware of and proactively act on a variety of stakeholder issues” [Ferrell et al. 2010], where “stakeholder issues” are e.g. product safety, fairness of marketing communications or environmental effects of production processes [Maignan and Ferrell 2004, Ferrell et al. 2010]. In contrast to market orientation, SO doesn’t focus only on customers’ needs and competitors’ actions but shows concern to all the stakeholders, although their relative weight depends on the issue and its context. The market oriented companies also recognize the importance of different forces in their environment, but usually only to the extent to which they influence customers and competitors behavior [Jaworski and Kohli 1993, Deshpandé and Farley 1998, Matsuno and Mentzer 2000]. This means that market orientation and stakeholder orientation are partly exclusive, with an overlap between them (Fig. 1).

Incorporating SO into the marketing management is a challenge as the needs of different groups of stakeholders can be contradictory. Moreover, MO is generally focused on firm’s profitability, while SO requires balancing and coordinating efforts to improve the welfare of all stakeholders. It implies that creating and implementing marketing strategy aimed at customers, employees, local community or society in order to satisfy their needs may be very difficult. On the other hand, the results of some research show positive relationship between market oriented behaviors and responsible corporate behaviors toward employees, customers, and the community [Maignan et al. 1999, Maignan and Ferrell 2004, Ferrell et al. 2010].

Models of ethical marketing decision-making

Looking for high ethical standards as the clues for company’s behavior which benefits all the stakeholders, it’s advantageous to start by understanding how ethical or unethical marketing decisions are made. The explanation of the mechanism of ethical (or non-ethical) marketing decision-making have been the subject of conceptual work since the 1960s. As a result a bunch of less or more comprehensive models of ethical decision-making in business and marketing were developed [Bartels 1967, Cavanagh et al. 1981, Ferrell and Gresham 1985, Trevino 1986, Bommer et al.1987, Hunt and Vitell 1986, 1993, Mascarenhas 1995, Dunfee et al. 1999, Sparks and Pan 2010]. Two of them, the Ferrell–Gresham model and the Hunt–Vitell model, are briefly discussed below.

In the Ferrell–Gresham model (Fig. 2) the process of ethical judgment of organization’s marketing decisions is multidimensional and contingent in nature. The contingency approach to decision making means that this process is dependent on various individual and organizational factors which influence individuals resolving ethical issues. Individual factors include knowledge, values, attitude, and intentions of the decision maker, and organizational factors include significant others and opportunity factors. The social and cultural environment is treated in this framework as a source of criteria for defining ethical issues. The outcome of the decision-making process is a specified organization’s behavior evaluated as ethical or unethical [Ferrell and Gresham 1985, Ferrell et al. 2013].

The cultural values influencing individual decision-making process are usually derived from moral philosophy. The philosophical assumptions about ethics can be teleological or deontological, so they can stress the consequences of company’s behavior or the
intentions behind it. The standards to judge a company and its marketing activity may be developed from utilitarianism (teleological approach), justice principles and rights principles (deontological approach). The attitudes and intentions of an individual result from his or hers socialization processes [Ferrell and Gresham 1985, Ferrell et al. 2013].

The ethical judgment is also influenced by the organizational factors creating a pressure on an individual. The influence of significant others, i.e. other persons being members of different social groups, guided by distinct norms and values, can be described with help of differential association theory and role-set theory. According to the differential association theory an individual’s behavior and ability to judge the behavior as ethical or unethical may result from interactions with other persons, e.g. peers, friends or supervisors. The role-set theory assumes that behavior or judgment depends on an individual’s social status in the organization. Opportunities, as the second group of organizational factors, refer to the chance of ethical or unethical decision making, which results from the conditions created in a company. The conditions determining ethical behavior include the existence of professional codes of ethics, ethics related corporate policy and the system of rewards and punishments for unethical behavior [Ferrell and Gresham 1985, Ferrell et al. 2013].

The Hunt–Vitell model (Fig. 3) concentrates on the process of evaluation of the alternative marketing actions from both deontological and teleological point of view. Deontological evaluation focuses on the intentions or behavior of the marketing decision makers and their consistency with ethical norms, moral imperatives and personal values. On the other hand, teleological assessment takes into account the forecasted consequences of a company’s decisions on consumers, employees, management, society and other entities, as well as probability, desirability (or undesirability) and relative importance of these consequences. Using this approach the outcome of alternative intentions or actions is examined to determine which one of them brings the most benefits to all the stakeholders [Hunt and Vitell 1986, 1992, Vermillion et al. 1993, Lassar and Winsor 2002, Ferrell et al. 2013].

The Ferrell–Gresham model and the Hunt–Vitell model offer a comprehensive framework for understanding the way the ethical or unethical decisions are made. Despite some criticism, these approaches were supported by the findings of research. Mayo and Marks [1990] empirically confirmed the models’ assumption that both teleological and deonto-
logical evaluations are involved in making ethical judgments. Hunt and Vasquez-Parrago [1993] also supported the “core” of the Hunt–Vitell model, revealing that marketers in their study formed the ethical judgments and intervened to reward or discipline salespersons guided by both teleological and deontological factors [Ferrell et al. 2013].

CONCLUSIONS

Marketing has always been the subject of controversy. Despite its undoubtedly positive philosophy, multiple marketing activities of numerous companies around the world were questioned from the ethical perspective. In fact it’s hard to deny that socio-economic consequences of marketing actions might be both positive and negative. The undesirable, negative results of the implementation of marketing strategies occur as unintended “side effects”, but they also emerge because of intended, unethical manager’s decisions.

Regardless of whether the positive or the dark side of marketing is considered to be the true one, the need for an ethical business behavior has been increasing for many years. In today’s complex, global, uncertain and rapidly changing world companies are more and more often assessed in terms of their ability to satisfy the needs of not only customers, but also other stakeholders, such employees, local community, society in general or natural environment. It is a challenge, but there is an evidence that sustainable and ethical marketing may be beneficial for all parties.

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ETYCZNE DYLEMATY MARKETINGU – POZYTYWNA IDEA ORAZ JEJ POŻĄDANE I NIEPOŻĄDANE SKUTKI

Streszczenie. W artykule poruszone zagadnienie społeczno-ekonomicznych skutków działań marketingowych o zamierzonym i niezamierzonym charakterze. Koncepcja marketingu opiera się na pozytywnym założeniu tworzenia wartości dla nabywców i innych interesariuszy organizacji, ale skutki decyzji podejmowanych przez menedżerów ds. marketingu mogą być zarówno korzystne, jak i niekorzystne dla otoczenia. W artykule przedstawiono z jednej strony opinie wskazujące na pozytywne społeczno-ekonomiczne efekty marketingu, a z drugiej – zwrócono uwagę na nieetyczne praktyki marketingowe i ich konsekwencje. Omówiono także koncepcję orientacji przedsiębiorstwa na interesariuszy, stanowiącą rozwinięcie orientacji rynkowej i wychodzącą naprzeciw rosnącej potrzebie uwzględniania w działalności organizacji oczekiwań różnych grup odbiorców, a także przedstawiono wybrane modele podejmowania decyzji rynkowych o charakterze etycznym.

Słowa kluczowe: marketing, społeczno-ekonomiczne skutki działań marketingowych, etyka marketingu, społeczna odpowiedzialność przedsiębiorstwa, interesariusze, proces podejmowania decyzji o charakterze etycznym

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