

## Chapter 10

### *Marketing and Advertising*

#### CHAPTER SUMMARY

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

#### CHAPTER OBJECTIVES

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

#### SUGGESTED DISCUSSION PROMPTS

1. Are there any other cardinal marketing values besides well-being, fairness, and freedom? Or do other values fall under one of those three?
2. What specific ethical issues arise from the point of view of the salesperson?
3. Are prices ever really unfair? Why or why not?

4. Is the FTC correct to hold truth in advertising to a standard of an “ignorant” consumer?
5. What is wrong with subliminal persuasion that is not an issue with other forms of persuasion?

## ASSESSMENT FOR IN-CLASS USE

### *Multiple Choice Questions*

Choose the **BEST** possible answer for each of the following.

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

Correct Answer: A

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary

Topic/Concept: 10.1: Marketing Ethics Framework

Difficulty Level: Easy

Skill Level: Understanding

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

Correct Answer: D

10.9: Summarize the significance of social advertising and the ethical issues associated with it

Topic/Concept: Social Advertising

Difficulty Level: Easy

Skill Level: Understanding

3. Truthful labeling is essential to the ethical marketing concept of \_\_\_\_\_.
  - A. well-being
  - B. fairness
  - C. freedom
  - D. health

Correct Answer: B

10.2: Analyze unethical sales practices, the difficulties sales personnel face in avoiding them, and issues with the sufficiency of information on product labels

Topic/Concept: Sales Practices and Labeling

Difficulty Level: Moderate

Skill Level: Analyze

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

Correct Answer: C

10.3: Evaluate the nature and effects of unethical pricing and distribution practices on consumers and the fairness of markets

Topic/Concept: Pricing and Distribution

Difficulty Level: Moderate

Skill Level: Evaluate

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

Correct Answer: B

10.3: Evaluate the nature and effects of unethical pricing and distribution practices on consumers and the fairness of markets

Topic/Concept: Pricing and Distribution

Difficulty Level: Moderate

Skill Level: Evaluate

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

Correct Answer: A

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary

Topic/Concept: Marketing Ethics Framework

Difficulty Level: Easy

Skill Level: Understanding

7. By what measure is it determined whether an ad causes a false belief?
- A. if it deceives an ignorant consumer
  - B. if it substantially interferes with a decision to buy
  - C. whether it contains any factually incorrect information
  - D. whether it is a product a reasonable person would want to buy

Correct Answer: A

10.5: Describe the difficulties in defining what constitutes deceptive advertising and how it interferes with consumers' ability to make rational choices

Topic/Concept: Deceptive Advertising

Difficulty Level: Easy

Skill Level: Understanding

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

Correct Answer: B

10.6: Recognize how different advertising practices use irrational persuasion techniques to influence consumers' choices and the ethical arguments against these practices

Topic/Concept: Irrational Persuasion

Difficulty Level: Easy

Skill Level: Understanding

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

Correct Answer: C

10.7: Assess the potential harm advertising poses to individuals and society and the responsibility of companies to consider the consequences of their marketing efforts

Topic/Concept: Impact of Advertising

Difficulty Level: Moderate

Skill Level: Evaluate

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

D. identify how personal data are collected and used

Correct Answer: D

10.8: Examine how Internet advertising and the online collection and use of personal information challenge the rights of individuals to privacy, autonomy, and fair treatment

Topic/Concept: Internet Advertising

Difficulty Level: Easy

Skill Level: Understanding

### *Essay Questions*

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

10.1: Explain how principles of fairness, freedom, and well-being are challenged by marketing practices and why an ethical framework is necessary

Topic/Concept: Marketing Ethics Framework

Difficulty Level: Easy

Skill Level: Understanding

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

10.3: Evaluate the nature and effects of unethical pricing and distribution practices on consumers and the fairness of markets

Topic/Concept: Pricing and Distribution

Difficulty Level: Easy

Skill Level: Understanding

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

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

Topic/Concept: Development and Research

Difficulty Level: Easy

Skill Level: Understanding