

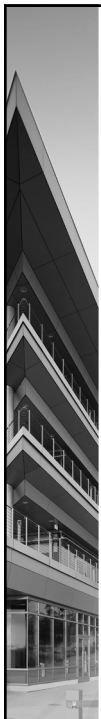
MGT 103 Product Marketing and Management

Day 2: Ch. 4 - Ethical and Social Responsibility for Sustainable Marketing

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Objectives for today





- Explain the difference between legal and ethical behavior in marketing.
- Identify factors that influence ethical and unethical marketing decisions.
- Describe the different concepts of social responsibility.
- Recognize unethical and socially irresponsible consumer behavior.

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Ethical Responsibility

- Why Ethics?
- Do No Harm
- Foster Trust in the Marketing System
- Embrace Ethical Values

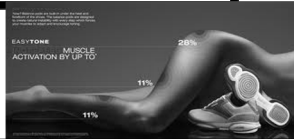
Consumer Bill of Rights --
1962

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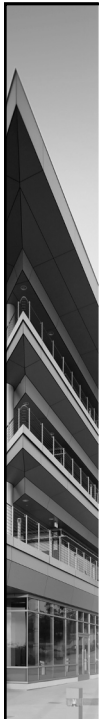
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Ethical Issues in Marketing

Issue Category	Examples
Product	<ul style="list-style-type: none"> Failing to disclose risks associated with a product Failing to disclose information about a product's function, value, or use Failing to disclose information about changes in the nature, quality, or size of a product
Distribution	<ul style="list-style-type: none"> Failing to live up to the rights and responsibilities associated with specific intermediary roles Manipulating product availability Using coercion to force other intermediaries to behave in a certain way
Promotion	<ul style="list-style-type: none"> False or misleading advertising Using manipulative or deceptive sales promotions, tactics, and publicity Offering or accepting bribes in personal selling situations
Pricing	<ul style="list-style-type: none"> Price fixing Predatory pricing Failing to disclose the full price of a purchase



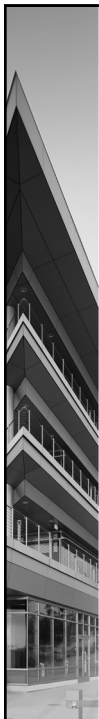
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Ethical Dilemmas

- What are your thoughts on selling something that can be gotten for free?
- What do you think about marketing products that are legal but have addictive properties associated with them?
- As a marketer, would you approve of marketing genetically modified food products? Why or why not?
- A marketing manager is offered inside information on competitor's marketing plan by a disgruntled employee who is looking for a new job

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Going Beyond

- Business must do more than what is legally required
- Friedman's take – What did Milton Friedman say?
- Should companies be reactive or proactive?
- Role of top management



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Ethical? Legal?

Ethicality	Ethical	Ethical but illegal	Ethical and legal
	Unethical	Unethical and illegal	Unethical but legal
		Illegal	Legal
		Legality	

Ethics deal with personal moral principles and values
 Laws are society's values and standards that are enforceable in courts

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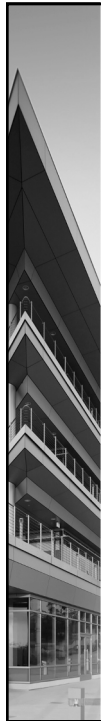
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Ethical Dimension of Social Responsibility

- Responsibility to fulfill ethical obligations to various stakeholders
 - Which stakeholders are the most important?
 - Consumers
 - Employees
 - Suppliers
 - Shareholders
 - Community

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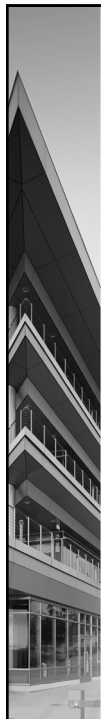
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Corporate Responsibility

- Shareholder or Society
- Corporations owe certain ethical, financial and social obligations to the community in which they operate.
- “companies, like individuals, should strive to be good citizens by contributing to the community to a greater extent than is legally required.” – E. Merrick Dodd 1932

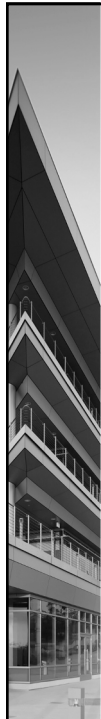
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Sustainability: Moving from “why” to “how”

- “Over the past 10 years, a lot has changed, and in some ways not enough has changed,” “...the conversation used to be about ‘why is [sustainability] really important?’ and ... now we’ve moved on to the ‘how’.”
- Companies now know why they should move towards sustainability, but rarely know what to do to get there

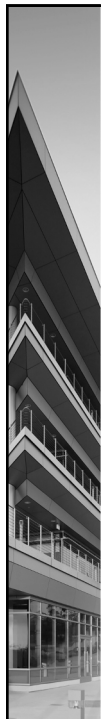
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Sustainability Strategy

- Starting out with a grand vision – 100% renewable energy, or zero waste to landfill - can quickly lead to being adrift without a plan of action
- Plucking the often-harvested low-hanging fruit – energy and water efficiency, in-office recycling, reducing landfill waste – but having no grand strategy for how to get to the higher branches can also result in disappointment
- Tie compensation to sustainability – a way for leadership to send a message that the environment matters to us as a company

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Long Term Plans

- Sustainability strategy must extend to leaders below the top spot
- Critical to sustaining the organization for the long term and maintaining shareholder value
- Sustainability is by default a long term issue and requires long term plans
- Social and environmental issues come up in nearly every role and every department, and every employee can do something, whether it's starting a recycling program or drawing up a corporate sustainability policy

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Social Responsibility

Impact on Society's Well-Being

- Global brands are expected to address social problems regarding what they sell and how they conduct business
- They are also expected to conduct themselves to a higher standard than local competitors

Global Brands = Global Citizens

- Global brands must give back and participate in making the world a better place – not just sell products and produce ads
- Their social responsibility efforts must show that these companies have utilized their resources to truly benefit society

A long term perspective sees the value of the social responsibility efforts – they build goodwill and solidify a brand's global position, and put the brand in the future consideration sets of potential customers.








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Nike's Experience




Initially, Blindsided by the Protests Against Their Production Standards & Facilities

- They were not operating any differently than anyone else
- Their production facilities were not in violation of any local laws or policies

However, that is not the point


- Nike is a global company, producing & marketing products in many countries around the world
- As a global producer, the standards in Indonesia are now compared to the standards in the U.S., not just in Indonesia

If the standards of your facilities in foreign countries are not equal to the standards of a facility you would construct next to your headquarters, you have failed. Fix it, or get out.

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Corporate Social Responsibility






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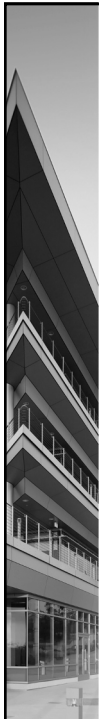
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Green Marketing

- Green Marketing – marketing efforts that promote the environmentally conscious production process of a product and the product itself.
 - Walmart encourages its suppliers to use environmentally friendly packaging
 - 3M encourages employees to submit suggestions on how to reduce pollution
- Not to be confused with “greenwashing” – making an unsubstantiated or misleading claim about environmental benefits of product/service




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Understanding Competitive Advantage

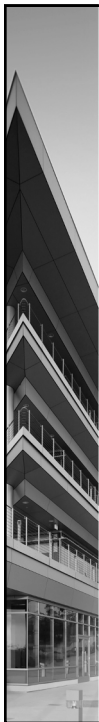
- Patagonia has built its reputation on being environmentally friendly
 - Click [here](#) for an ad featuring Yvon Chouinard, the owner of Patagonia
- Is being “green” a competitive advantage for Patagonia?
- Mission Statement: Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis



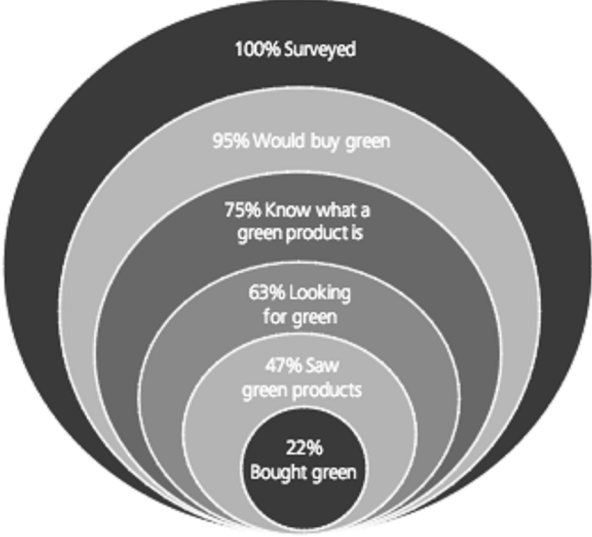
Why would being environmentally friendly be of value to Patagonia?

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What is happening in the green market?



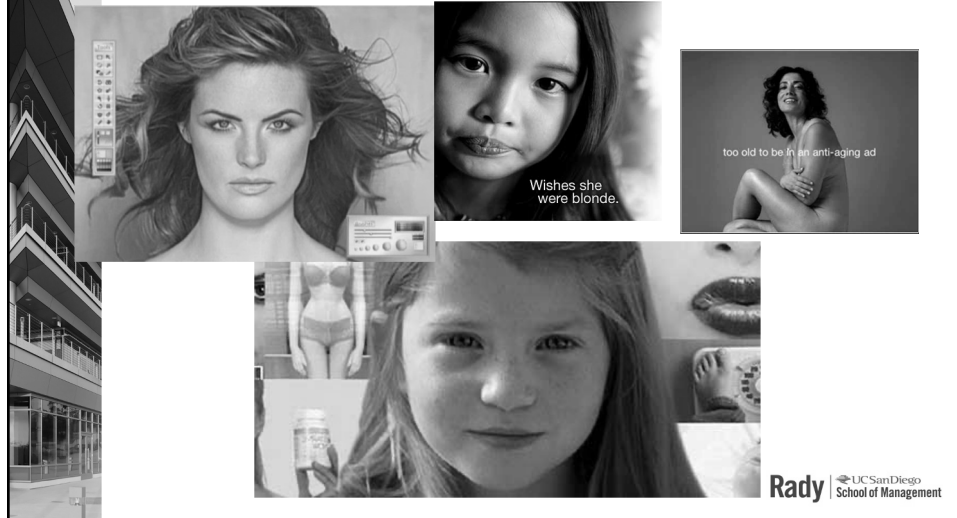
Percentage	Action
100%	Surveyed
95%	Would buy green
75%	Know what a green product is
63%	Looking for green
47%	Saw green products
22%	Bought green

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Dove: Campaign for Real Beauty

Created a campaign around positive social impact rather than around promoting a product



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