Marketing ethics: is there more to it than the utilitarian approach?

Jacques Nantel
École des Hautes Études Commerciales, Montreal, Canada, and
William A. Weeks
Baylor University, Waco, Texas, USA

Introduction
Of all the management fields, the field of marketing is undoubtedly that which raises the most controversy when it comes to the question of ethics. Is there anyone who has not heard stories of false advertising, pressure selling or even discriminatory pricing practices? Whether in the public opinion (Landler, 1991) or within its own community (Farmer, 1977), marketing is a discipline which provokes much debate. Very often, this controversy is linked to a lack of understanding of what the actual definition of marketing is. In order to clarify this point, we propose, in the way of an introduction, this quote from Peter Drucker (1973):

Indeed, selling and marketing are antithetical rather than synonymous or even complementary.

There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

While this quote largely reflects what many marketing people believe to be the real essence of their discipline, there nonetheless often exists a wide gap between theory and practice. In order to illustrate this gap, we will use a different quote by the same author:

That after twenty years of marketing rhetoric consumerism could become a powerful popular movement proves that not much marketing has been practiced. Consumerism is the “shame of marketing” (Drucker, 1973).

The objective of this article is to show that marketing, by its very definition, is principally grounded on a utilitarian approach to ethics but that managers could also develop a deontological approach to marketing.

Ethics and marketing practices
While not claiming to provide the complete list, it is nevertheless interesting to point out some of the main ethical problems which have been studied in marketing. To do this, we will follow the example of Murphy and Laczniak (1981) and consider the principal marketing fields one at a time.
The study of consumer behaviour
If one analyses closely the studies conducted over the last 30 years which have addressed the question of consumer behaviour, one realizes that a great deal of effort has gone into gaining an understanding of the decisional processes used by consumers. Although these studies seek to acquire greater knowledge of the determinants of consumer needs in order to, as dictated by marketing rhetoric, better meet these needs, it is nonetheless true that an understanding of these determinants can, in certain cases, generate dubious practices. Consider, for example, how an understanding of theories of perception has permitted certain marketing managers to lead consumers to believe that the purchase of four objects for $4 represents a bargain when, in fact, the unit price of these objects is $1 (Nason and Della Bitta, 1983). In a recent article, Singer et al. (1991) suggests that there is a significant danger that the knowledge acquired by means of consumer studies can be used to “frame” consumers. This position is very similar to the one proposed by Galbraith who claims that:

In fact, the consumer is very substantially in the service of the business firm. It is to this end that advertising and merchandising in all their cost and diversity are directed; consumer wants are shaped to the purposes and notably to the financial interests of the firm (Galbraith, 1992).

Product and services management
Product and services management, which constitutes an important activity for marketing people, can also raise ethical problems. Hise and McGinnis (1975), Gwinner et al. (1977) and Laczniak and Murphy (1985) mention that some companies come up with products having a limited life span in order to be able to benefit from premature repurchasing. The same holds true for products which, although they are not sold by means of false advertising, are unable to satisfy the needs and expectations of consumers. Such is the case, for example, of treated wood whose 40-year guarantee is only valid under certain special conditions. This guarantee nonetheless serves to reassure the consumer (Pépin, 1990). What can be said, moreover, about products which are actually dangerous or which can cause consumers serious harm? The fact that the marketing of several products is increasingly regulated by law is certainly not a credit to marketing rhetoric.

Advertising management
Closely related to the understanding of the decisional processes used by consumers, advertising management is probably the most visible element of marketing strategies. In this respect, it is not surprising that, of all marketing functions, it is without a doubt advertising which is the most regulated. However, although regulated, advertising practices raise numerous controversies (Wright and Merters, 1974). Moreover, it is in this field that the distinction between a lawful practice and an ethical practice appears the clearest. The emergence, in recent years, of products advertised as containing
low levels of cholesterol or of environmentally sound products has reopened the
debate concerning advertising ethics Landler (1991). The understanding of the
information processing mechanisms used by consumers permits the creation of
messages which are sometimes dangerously effective. Consider, for example,
the number of advertisements which make use of classical conditioning in order
to transfer, to the advantage of their product, the emotional burden initially
attributed to its spokesperson. Such is the case when prestigious actors or
reputable athletes endorse products that have little inherent value. This practice
has recently been pushed further with the concept of “infomercials” which are
advertisements lasting from 30 minutes up to two hours but that consumers
perceived as being ordinary TV shows. This practice is even more questionable
when it is aimed at children. Several animated series, such as the Power
Rangers, were developed to sell side products and toys. Consider also the use
which is made of the principle of closure in perception. According to this
principle, when faced with an incomplete stimulus, the human being has a
tendency to complete it on his own (Forgus, 1966). This technique is often used
in advertising contests where, without stating explicitly what the customer has
won, he or she is led to conclude what it is by the ambiguity of what is said.

Marketing research
Although the research function may appear more objective in principle, certain
questions can also be raised concerning its ethics. In this respect, Tybout and
Zaltman (1974) suggest that the use, often abusive, of surveys represents a form
of invasion of the consumer’s privacy. Ferrell and Skinner (1988), for their part,
denounce the practice of telephone selling under the guise of surveys.

Price management
Of all product attributes, the price of a product is surely that which is the most
important to consumers. It represents the objective norm which should permit
the consumer to infer a ratio of quality to price. Although the law on pricing is
quite explicit in this matter, this does not prevent certain business practices
from projecting an erroneous perception of the price of a product.

Among these practices, one finds the ambiguities of the terms of financing,
which increasingly go hand in hand with the acquisition of consumer goods.
Another practice, aimed at distorting the perception of a product’s price,
involves advertising a reduction of X per cent. In principle, this reduction is
established based on the regular price of the product. It happens, however, that
retail merchants, in order to advertise products as being on sale, use false
reference prices.

International marketing
Finally, international marketing practices also raise certain questions in
matters of ethics. For example, at the very moment when major tobacco
companies were getting ready to launch an advertising campaign in the United
States encouraging adolescents not to smoke (Marketing News, 1991), these
same companies were investing heavily in the development of Asian and African markets, among others, by distributing free cigarettes in places often frequented by 13 and 14 year-old children (Business Week, 1991; Levin, 1991).

The notion of ethics in business
Generally speaking, and probably to an even greater extent in business, ethics is a very complex subject. Like several authors, Beauchamp (1980) divides the major philosophical trends in ethics into two large categories: the utilitarian approach and the deontological approach. Under the utilitarian approach, the notion of ethics is closely related to the consequences of an action. According to this approach, the manager will attempt to produce the greatest possible amount of positive value or the smallest possible amount of negative value for the persons affected. In opposition, the deontological approach, largely based on the work of the philosopher Emmanuel Kant, considers not so much the consequences of an act as the manner in which the act is performed. This approach is based on the notion of categorical imperatives and, consequently, is more normative in nature. For Kant, a course of action is not ethical unless the person who adopts it would see nothing reprehensible in its adoption by all others and unless this practice does not threaten the survival of society. Following this logic, lying or stealing are unethical practices, no matter what their consequences. In other words, in deontology, one cannot assume that the end justifies the means.

Ethics in marketing: a primarily utilitarian approach
One definition of marketing, very often used is: “Marketing is human activity directed at satisfying needs and wants through exchange process” (Kotler and Turner, 1981).

The most striking feature of this definition is its almost entirely utilitarian aspect. This characteristic is typical of marketing whose central theme, ever since its very first definitions, has been the satisfaction of the needs of consumers. Now, since the satisfaction of consumers’ needs is the final objective of marketing, one would be inclined to believe that the ethical approach which dominates is, for the most part, utilitarian. Furthermore, since the satisfaction of the needs of one’s fellow man is in itself a practically indisputable ideal, marketing people tend perhaps to concern themselves less with the way in which this ideal is attained, thereby neglecting the deontological aspect of their actions. This vision of marketing has already been proposed by Fritsche and Becker (1983) and by Fraedrich et al. (1991). In short, since the tendency in marketing is fundamentally utilitarian, one is often inclined to assume that, on this level, it is highly ethical. Further along in this article we will attempt to show how an equally deontological approach could improve marketing practice. We would like, however, to emphasize the fact that, even with regard to its utilitarian dimension, it would be useful to launch a debate on marketing and ethics. As mentioned above, the ultimate criterion in marketing remains the satisfaction of the consumer. However, numerous studies (Gaski and Etzel,
1986; Singh, 1988) show that the satisfaction of the consumer is, generally speaking, relatively weak. One must move beyond the strict issue of satisfaction and consider the notion of needs as well. Granted, marketing aims to satisfy the needs of consumers, but exactly what needs and what consumers are we talking about?

If one is familiar with the foundations of the utilitarian approach in ethics, one knows that an action is only ethical if it maximizes the greatest number of positive repercussions for the greatest number of people while at the same time minimizing negative repercussions to the smallest number. An interesting case is that of sugar (other examples could be used). On the one hand, it is true that sugar is a product which responds to a gustatory need, but what about its medical and dental effects? Do its modes of production and marketing benefit the greatest number of people? If one considers the western world alone, one is tempted to answer yes, but what happens if we expand our example to include the entire planet?

Here is another example. In recent years, a large number of western companies have been watching with interest as the eastern markets, especially those of China, have begun to open up. In America, over 70 per cent of households own a car. What would be the impact on the environment, on the price of oil and on the price of other natural resources if tomorrow (or within one century) this same rate applied on a planetary scale? In short, if marketing is really dominated by a high level of utilitarian ethics, need we not question the nature of the needs which we must satisfy and of the consumers we want to reach?

For a deontological approach in marketing

While acknowledging the benefits which can be attributed to the practice of marketing, Martin (1985) suggests that this field could gain from an approach to ethics which is not solely utilitarian. The author mentions that the practice of marketing, in its almost exclusive reliance on the principle of consumer satisfaction (often short term), also creates problems for consumers, and for society in general. With regard to consumers, the example of tobacco is particularly revealing. In the short term, a need is satisfied which, in the long term, is obtained at the price of the health of customers. As for society in general, one has only to think of the continual trade-off which we attempt to make between our standard of living and the environment in which we live. Even though the generations of today may not have to suffer too greatly from this trade-off, let us hope that those which succeed us will still enjoy the luxury of such a trade-off.

In order to extend both the range (whether it be social or economic) and the degree of marketing ethics, several authors (Fraedrich et al., 1991; Laczniak and Murphy, 1985; Martin, 1985) have suggested that we take into account not only the utilitarian criterion which is satisfaction but also the means used to obtain this satisfaction. It is to this dimension, of a deontological nature, that we now turn our attention.
Even though, within an organization, the deontological approach may assume many forms, it is most often based on a code of ethics. Of course, the fact that a company has a code of ethics does not guarantee that its conduct will be deontological. On the other hand, in order to define actions, which are or are not ethical, an organization must have a minimum number of explicit rules. This, then, is the role of a code of ethics.

In short, within professional corporations, the code of ethics often represents the formalization of a deontological approach. It is in this way, moreover, that most professional corporations regulate their practices. In North America, with the exception of accountant associations, the great majority of management practices are not governed by professional corporations. One can presume that the faith in an invisible hand regulating free markets serves as an ethical rule to the various participants. This presupposition, of course, brings us back to a utilitarian approach to ethics.

Although the marketing profession is not governed by a corporation, there exist numerous codes of conduct including that of the American Marketing Association (1986, p. 6) which is the best known.

In the retail sector, the Better Business Bureau (BBB) also possesses its own code of ethics by which it is committed to:

- respecting the spirit and the letter of all legislation concerning business and professional practices;
- presenting information on the products or services offered in such a way that it is clearly understood by all;
- respecting, without restriction, the obligations contracted towards the client;
- avoiding unfair practices of trading or competition;
- settling customer complaints in a fair manner;
- banishing tendentious or misleading selling and advertising methods.

While worthy of mention, it should be noted that the BBB only represents a minority of retailers. Moreover, these members adhere to the code on a strictly voluntary basis. These figures, as several studies have already demonstrated (Chonko and Hunt, 1985; Ferrell and Skinner, 1988; Hunt et al., 1984; Singhapakdi and Vitell, 1990), suggest that the existence of codes of ethics do not mean that practices will be more ethical. In fact, in the course of the studies mentioned above, many managers reported that, while aware of the existence of such codes, they did not know the content and did not use them.

What is the place of ethics in marketing?

A certain paradox emerges from the study of the place of ethics in marketing. On the one hand, the definition of marketing, with its predominantly utilitarian perspective, assures managers of a clear conscience since they can consider the consequences of their conduct as ethical. On the other hand, as we have already
mentioned, a utilitarian perspective does not necessarily mean that marketing is ethical. As for marketing’s deontological aspect, this does not seem to be a major concern for the majority of practitioners.

At this point in time, the following question arises: is it important that the field of marketing be governed by a certain form of ethics? One could approach this question from a moral perspective, in which case the answer would certainly be yes. However, without even entering into the field of moral philosophy, taking into account only the main definitions of what marketing is, we firmly believe that the answer to this question must remain yes. Indeed, if the true objective of marketing, as opposed to other commercialization approaches, is really the satisfaction of the consumer, and if it is interested in more than action having short-term consequences, then an ethical approach is needed.

With respect to this, and in order to avoid the multiplication of ethical codes which are often long and complex, Laczniak (1983) suggests an interesting conceptual framework which can be understood as a guide intended to permit marketing people to question the ethical impact of their actions. This conceptual framework is at the origin of an impressive wave of research on marketing ethics (Fraedrich et al., 1991; Hunt et al., 1984; Singhapakdi and Vitell 1990).

The objective of Laczniak’s (1983) conceptual framework is to provide managers with a guide which is not only utilitarian but also deontological, while at the same time being adaptable to the changing complexity of each organization. To do this, Laczniak concerned himself in particular with the work of such philosophers as Ross and Garrett. Both of these philosophers attempted to establish an approach to ethics which would be utilitarian as well as deontological.

For his part, Ross (1930) suggests that the behaviour of individuals, like that of organizations, should observe six fundamental moral principles, which he calls the six “prima facie” duties. They are the moral duty to honesty and exactitude, the duty to gratitude, the duty to justice, the duty to charity, the duty to self-improvement and, finally, the duty not to cause harm to others. Ross admitted that an action could engender certain contradictions between these different duties. For the philosopher, an action was not clearly ethical unless it complied with each of these principles. These principles apply particularly well to the management of marketing actions.

The duty to honesty and exactitude means that one must honour one’s word. Clearly, false advertising, the modification of a product without informing the consumer, the honouring of guarantees, as well as the recall of defective products are all actions which should be governed by this principle.

The duty to gratitude suggests that our actions must take into consideration the good which others have done us. Policy changes within a distribution network without informing all parties or unannounced changes in modes of payment of salespeople are cases where this principle is not respected (Weeks and Nantel, 1992).
The duty to justice goes beyond what is prescribed by the law. For a company, the moral obligation to justice sees to it that individuals are compensated according to their performance, thus avoiding any abusive discrimination. A good example of such abuse is the distribution in Third World countries of certain products which have been banned in the West. The variation in standards of quality from one country to another is a further example.

The duty not to place the health or safety of others in danger is probably the most important of these principles. For example, the practice of indicating “no cholesterol” on the packages of such products as chips, without necessarily being false, nonetheless caused confusion for certain consumers and this, at the expense of their health (Landler, 1991).

Garrett (1966), for his part, suggests an approach to ethics which is based on a principle of balance and proportionality between the intentions behind actions, their means and their ends. For Garrett, it is not enough to consider the ends in order to justify either the intentions or the means. For this philosopher, an action can only be qualified if it is considered in terms of intentions and means as well as in terms of finality.

Based on the work of these philosophers, Laczniak (1983) suggests that all marketing practices should be evaluated according to certain questions. Laczniak’s initial proposal was based on 13 questions and was more complex than that presented here. For the purposes of this article, we have only retained the essence of his proposition.

- Does the practice violate a law?
- Does the practice go against the moral duty to honesty and exactitude?
- To gratitude?
- To justice?
- To not place the health and safety of others in danger?
- Is the intention of the practice bad?
- Could the practice generate harmful or negative consequences?
- Did the company consciously reject a practice which would have engendered the same advantages while at the same time generating fewer harmful or negative consequences?

As one can see, these questions have the advantage of being functional and simple.

The introduction of a deontological dimension: why and how?
As we have mentioned, the definition of marketing explicitly conveys the utilitarian dimension of ethics. Faced with this state of affairs, one could ask: Why try to include the deontological dimension as well?

For the manager who is concerned with the attitudes and opinions of his or her consumers, the answer to this question should not come as a surprise.
Those companies who have realized the importance of adopting a deontological approach in their marketing activities know that the consumer is no longer merely concerned with the satisfaction obtained from a product or service, but also with the way in which this product or service is obtained. Consider, for example, the boycotting of certain products (Canadian paper products by German consumers). It is obvious, in such cases, that the consumer is not only concerned with the final product, but also with the marketing process. In the same vein, in recent years there has emerged a phenomenon linking the environment and consumption. With regard to this phenomenon, many companies have been affected by the judgements made by consumers not only concerning the quality of finished products but also the means by which these finished products are manufactured and marketed. The challenge to excessive product packaging, long considered one of the pillars of product marketing, such as cosmetics, is a tangible sign of this phenomenon (Brown, 1989).

In short, this increasingly invoked notion of sustained development is largely the result of pressure applied by consumers. Recognition of this fact inevitably forces marketing managers, if they wish to assure coherence with the orientation of their discipline, to seriously consider adopting a deontological approach.

Since marketing is largely the product of a market economy, one cannot imagine imposing a strict code of ethics whose purpose would be to govern the marketing modes of companies. What can be anticipated, rather, is that certain companies, most likely those which, in the past, have proved to be more dynamic in terms of marketing, will adopt rules of functioning intended to govern their marketing practices. Without necessarily being as formal as a code of ethics, these rules could use the eight questions presented above as a guide. It would not be surprising to see these deontological rules become the main axis of communication for many of these businesses.

In summary, there is much reason to believe that the marketing function will turn increasingly towards a deontological approach for the simple reason that, in principle, this function is governed by the needs of consumers and that the latter are likely to concern themselves as much with the product or service they require as with the way in which such a product or service is produced and marketed. This position is supported by the growing number of boycotts and protests organized by individual consumers as well as by activists (Garrett, 1987; Garrett et al., 1989; McCune, 1990; Smith, 1987).

**Conclusion**

In this article, we have attempted to determine which ethical approaches are used in marketing. We have emphasized the fact that, while in principle utilitarian by definition, marketing could nonetheless benefit from a more deontological approach while at the same time being assured of a veritably utilitarian process. Our position was based on the very definition of marketing and on the fact that this commercialization approach has always distinguished itself from the others by the emphasis it places on the needs and satisfaction of
consumers. In order to permit marketing managers to ensure that their actions are indeed ethical, we have suggested a series of questions, which, without being as laborious as a code of ethics in the strict sense of the term, nonetheless permit the improvement of the quality of our practices.

References


