

**Marketing Ethics at the Millennium:
Review, Reflections and Recommendations**

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Introduction

Marketing ethics came of age in the 1990s. Substantial attention was devoted to the topic in the academic and business press during the last decade. It was no longer uncommon to see journal articles that examined theoretical foundations or empirical results on this topic. The field moved from what was earlier believed as the oxymoron stage to one of academic legitimacy. This movement occurred over a relatively short period of time.

The first articles on ethical issues in marketing appeared in the 1960s and were, for the most part, philosophical essays (see Murphy and Laczniak, 1981). The early empirical work dealing with the decision-making process tended to be lacking in a theoretical foundation. The research tradition in marketing ethics continued in the 1970s with modest work on the subject. In the 1980s, a major research thrust was devoted to examining ethics in marketing (for a summary of this literature, see Leigh and Murphy 1999). Laczniak (1993) observed that the state of marketing ethics research at that time was increasingly characterized as having broader coverage, greater academic visibility and a developing theoretical and empirical foundation. Since these reviews appear to have accurately captured the status of marketing ethics, the focus here is almost exclusively on research and practice in marketing over the last decade.

Before moving to the outline of the chapter, a brief characterization of marketing ethics is necessary. This field is a subset of business ethics and deals with the systematic study of how moral standards are applied to marketing decisions, behaviors and institutions. In essence, marketing ethics examines moral issues faced by marketing managers and organizations. A long list of topics fall under the rubric of marketing ethics. Some of the most prevalent are: product safety and liability, advertising truthfulness and honesty, fairness in pricing, power within the channels of distribution, privacy in Internet and database marketing, and forthrightness in selling.

This paper begins with a short background on the research progress in the 1990s and moves to a discussion of positive trends in the study of marketing ethics. The third section examines some not so positive trends and then discusses methods of resolving ethical challenges in marketing. Lastly, the paper addresses responsible marketing practice and concludes with areas of needed research emphasis in marketing.

Four books appeared during this time period that were devoted to marketing ethics. Laczniak and Murphy (1993) wrote a ten chapter book examining the ethical aspects of a range of marketing decisions including marketing research, the marketing mix variables and international issues applying a strong philosophical ethics base. Smith and Quelch=s (1993) text featured a compilation of over twenty Harvard cases, readings from the business press and overview articles on all the major areas of marketing. Chonko (1995) employed a conflict and decision making lens to his standard treatment of ethical issues in marketing. Schlegelmilch=s (1998) book differed from the others in that his was positioned as an Ainternational@ marketing ethics text. He devoted 8 chapters to ethical issues in marketing, included four cases and eight published journal articles as background reading. Taken together, these works helped establish the legitimacy of the field, but only spawned a small number of courses on the topic.

Scholarly attention in marketing journals on ethics was sustained and assisted by several targeted efforts. Nine articles have appeared in the *Journal of Marketing*, arguably the leading journal in marketing, from 1989 to date, specifically devoted to ethics. Three were co-authored by Shelby Hunt and his doctoral students or colleagues and two were co-authored by Craig Smith. Other specialty-oriented marketing journals devoted one or more special issues to ethics during this time. For example, the *Journal of Public Policy & Marketing* featured a special

section on Marketing Ethics in the Spring 1993 issue containing three articles and an overview piece by the section editor, Gene Laczniak. In the Fall 1998 issue, the *JPP&M* published a series of reaction papers to the Pontifical Council's *Ethics in Advertising* document. The *European Journal of Marketing* published a special issue in 1996 on marketing and social responsibility (Volume 30, Number 5) with the six articles evenly split between those on ethics and social/environmental responsibility.

Not surprisingly, the journal paying by far the most attention in the nineties to marketing ethics was *Journal of Business Ethics*. On three separate occasions, special issues were devoted to this topic. The first appeared in the April, 1991 issue and included seven papers from a conference chaired at DePaul University by Robert Pitts. The second was guest edited by Anusorn Singhapakdi and Scott Vitell on international marketing ethics featuring nine articles in the January 1999 issue of *JBE*. The most recent (February 2000 issue) contained seven papers that were revised from presentations given at the Marketing Exchange Colloquium held in Vienna during the Summer 1998. Numerous other articles on various facets of marketing ethics have been published in the past dozen years. In fact, one of the four *JBE* sections is Marketing (others being Theoretical Foundations, Work and International Management) and its editor is Scott Vitell.

Positive Trends

Among the positive developments in marketing ethics during recent years has been a recognition of the distinction between normative, descriptive and analytical work in the field (Brenkert 1999). Normative (or prescriptive) ethics deals with formulating and defending basic moral norms, while descriptive ethics deals with the scientific study of ethics by social scientists

with popular and business press treatments of marketing issues. Analytical marketing ethics, as envisioned by Brenkert (1999), includes works that examine basic ethical marketing concepts and norms, and why marketers ought to be worried about being moral (p. 187). This writer would classify some of these efforts as normative. The distinction between empirical and conceptual is a common delineation of ethics research and one which has led to significant controversy (especially in the pages of *Business Ethics Quarterly*), but will not be explicitly examined here.

Normative Marketing Ethics

The traditional normative ethical theories of utilitarianism and right/duty-based ethics have received some discussion in recent years (Nantel and Weeks 1996; Murphy 1997). However, major new theoretical paradigms appeared during the 1990s in marketing. Robin and Reidenbach (1993) propose an ethical philosophy for marketing that is characterized by bounded moral relativism and relies heavily on descriptive ethics. Thompson (1995) offers a contextualist model of marketing ethics based on the work of Kohlberg and Gilligan, and claims that adopting a more caring orientation for marketing is an opportunity to be an ethical innovator in the organization. Drawing on the European tradition of dialogic idealism, Nill and Schultz (1997) contend that solving ethical issues in marketing is related not so much to opportunity as will. That is, when stakeholders enter into a dialogue to resolve common dilemmas, more positive outcomes are probable. Most recently, integrative social contracts theory has been proposed as providing a coherent framework for resolving ethical issues that arise across multiple communities and cultures (Dunfee, Smith and Ross 1999). Since each of these

theoretical proposals emanate from different philosophical traditions, they have broadened the normative base for marketing ethics.

One normative ethical theory that has received substantial attention during the 1990s is virtue/character ethics. Williams and Murphy (1990) elaborated on the applicability of virtue ethics with its Aristotlean roots to marketing mix variables and, using this theory, contrasted Johnson & Johnson handling of the Tylenol crisis with Nestle=s strategy for selling infant formula in less developed countries. Hartman and Beck-Dudley (1999) proposed a framework to integrate virtue ethics into marketing theory and demonstrated its applicability in case study. Murphy (1999) advocated five core virtuesBintegrity, fairness, trust, respect and empathyBas especially relevant for marketing in a multi-cultural and multinational context. While difficult to operationalize, the focus on virtue/character is viewed as a theory that can inform marketing since individual judgment is important in making proper ethical decisions.

Theory Testing in Marketing Ethics

Several articles appeared in the major marketing journals during the >90s testing normative theories in a marketing context. One theory that received substantial attention is Kohlberg=s theory of cognitive moral development (CMD). Goolsby and Hunt (1992) introduced it to the marketing field and found that (a) marketing practitioners are similar to other professional groups on the CMD scale, (b) highly educated female marketers score highest on CMD, and (c) those marketers most advanced in moral reasoning also exhibit socially responsible attitudes and behavior. Fraedrich and Ferrell (1992) questioned CMD=s appropriateness for marketing ethics research since they found 85 percent of their respondents

did not use a consistent philosophical theory in work and nonwork situations. They further elaborated on this point of view in a subsequent article (Fraedrich, Thorne and Ferrell 1994).

Additional empirical investigation examined several traditional and recent theoretical precepts in marketing. Hunt and Vaquez-Parra=s (1993) findings suggest decisions to either discipline or reward salespeople=s behavior are guided primarily by the Ainherent rightness or wrongness (deontological considerations) and only secondarily by consequences (teleological factors)@ (p. 78). Morgan and Hunt (1994) studied the virtues of commitment and trust in relationship marketing and determined that keys to relationship building were maintaining high corporate standards, communicating actively with partners and avoiding malevolent behavior. Finally, Sparks and Hunt (1998) examined Aethical sensitivity@ among a sample of marketing researchers and found that those who exhibited greater ethical sensitivity were socialized into the research profession by learning the ethical norms.

Descriptive Marketing Ethics

Several major articles in marketing ethics were not theory-based, but examined ongoing ethical issues dealing with market segmentation and targeting, dangerous products and unethical behavior in the marketplace. Both Smith and Cooper-Martin (1997) and Brenkert (1998a and b) noted that targeting vulnerable consumers is often viewed as an unethical marketing activity. Brenkert (1998b) discussed the marketing of PowerMaster malt liquor to inner-city African Americans and concluded that marketers must accept moral responsibility both for their targeting strategies as well as a collective impact of the combined marketing efforts aimed at that segment. Smith and Cooper-Martin (1997) empirically examined the question of harmful products aimed at vulnerable segments in two studies and found that both targeting as well as product harm

raised ethical concerns. Taking a broader viewpoint, Brenkert (1998a) challenges marketing programs that target vulnerable (defined as physically, cognitively, motivationally and socially) consumers to treat them fairly. He proposes the 'Doctrine of targeted consumer liability' patterned after the product liability doctrine as a method of accountability.

The question of unethical behavior in marketing has also been a subject of several other articles in recent years. In studying a national sample of sales managers, Bellizzi and Hite (1989) found that harsher disciplinary action occurred when the salespeople were poor performers and involved in unethical behavior. Mascarenhas (1995) focused on unethical behavior of higher level marketing executives and proposed ten propositions that 'challenge marketing executives to go beyond legal and attributional responsibilities to proportional responsibilities of commitment to consumers they serve' (p. 43). Bishop (2000) presents a moral defense of 'image advertising' (that some critics view as unethical) and concludes that it is basically an ethical technique that does not undermine several types of autonomy. Many additional works in the special issues of *JBE* noted above examine a multitude of issues in descriptive marketing ethics.

Not So Positive Trends

While there is substantial good news to report on the recent trends in marketing ethics research and practice, several troubling trends have also surfaced. Four are discussed here: student samples, scenario based research, cross cultural studies and testing narrow theoretical propositions.

Student Samples

A longstanding question in the academic marketing field is: are students real people? In the context of marketing manager (as opposed to consumer) ethics, this writer believes the answer is clearly no. It should be noted that student samples are a problem in much social science research, often because of expediency. The focus should be on the marketing manager/executive, who is the decision maker, and few students have held meaningful positions in the business world. Therefore, they appear to be suspect respondents and the external validity of studies that use exclusively student subjects for research in marketing ethics must be questioned. In some instances, MBA students or executive MBA students (who have had substantial experience and are currently employed) may be utilized effectively in ethics research. However, they should be used cautiously and ideally with a practitioner sample. While some academics argue their acceptability for scale validation (AStudents were selected for use in this study because there is a long history of using CMD measures with students and because national norms are established for them@BRobin et al. 1996, p. 500), they should be used cautiously in marketing ethics research. Sparks and Hunt (1998) studied both students with practitioners and their conclusions were largely drawn from the managers= sample.

Scenario Analysis

Many articles dealing with ethical issues in marketing over the years have effectively used scenarios to set up realistic situations to which respondents can react. However, some researchers in marketing ethics utilize too many or too few scenariosBin one instance twenty were presented. Expecting anyone to respond meaningfully to this many situations is unrealistic. Others vary one particular scenario and draw conclusions from it. While this approach makes for a Acleaner@ experiment or survey, it places too much emphasis on one situation that may be

contrived or unusual. A related practice is continuing to use scenarios developed many years ago. Assuredly, valid measures need to be used and there is value in replication. Experimentation with scenarios that reflect recent events impacting the practice of marketing such as online selling, research on the web, privacy concerns and so on are needed in marketing ethics research.

Cross Cultural Research

In the figuratively shrinking world of the late 20th and 21st centuries, marketing is increasingly global. As mentioned previously, the January, 1999 issue of *Journal of Business Ethics* was devoted entirely to international marketing ethics. Researchers in the marketing field have begun to collaborate with foreign-based colleagues to examine ethical questions of interest in multiple countries. Such comparisons can be valuable. However, small sample studies from two or three countries often yield conflicting and confusing findings. Furthermore, findings that consumers or salespeople or managers operate from somewhat different ethical bases on which to make decisions tend to be commonsensical.

Cross cultural research could be less atheoretical. Too often studies set out to test hypotheses that are obvious and/or trivial and any failure to find support is generally a failing of method rather than theory. Inadequate conceptualization is a big drawback, followed closely by methodological rigor. In the future, greater efforts should be made by empirical researchers in marketing ethics to design cross cultural studies that extend our understanding of consumers, markets or companies rather than confirm Hofstede=s values typology, undertake advertising strategy comparisons in different countries or brand evaluations. Since the differences between cultures appear to be lessening and marketers are attempting to address global needs, finding

areas of commonality and ethical agreement would seem to be more beneficial than identifying often trivial differences between cultures.

Testing Narrow Theoretical Propositions

Theory testing is essential in marketing ethics as in other fields. The decade of the nineties saw a major increase in this type of research within marketing ethics. The theory most often tested is the Hunt and Vitell (1986) model with many papers appearing in the last fifteen years. While it is quite difficult to operationalize generalized theories and models, some marketing scholars have been content to investigate such narrow propositions and theories that the outcome of their work is marginalized. The field of marketing ethics seems increasingly to be using the same narrow lens that has characterized much of the consumer behavior research over a prolonged period. Many of the issues in marketing ethics are murky and hard to operationalize, but should not be trivialized. The work of marketing ethics can impact the practice of marketing if researchers keep in mind that they are not engaged in just a narrow academic exercise. In fact, too many authors are unwilling to extrapolate beyond the data and add meaningful implications of their work. This shortcoming contributes to the marginalization of their research.

Reversing These Trends

Taken singly or together these not so favorable trends do not undermine marketing ethics scholarship or the desire to make marketing more ethical. At the expense of sounding trite, all these areas are in need of increased emphasis on quality rather than quantity. Judicious and reasoned use of student samples in studying reactions to advertising or selling efforts aimed at teens and young adults is appropriate. Comparisons of managers' reactions of new vs. time

tested scenarios can make a contribution. Cross-cultural research that helps understand similarities rather than differences should be undertaken. Finally, theory testing must go on, but answers to larger rather than smaller questions should be sought.

Resolving Ethical Challenges in Marketing

Improving the status of ethics in marketing for the future, especially in a global world, will require substantial effort on a number of fronts. Ones examined here are regulation, organization, communication and social responsibility (these headings are adapted from Shultz and Holbrook 1999).

Regulation

Several ethical issues facing marketing appear to be sufficiently intractable that some type of governmental regulation will be needed to find solutions for them. One is the area of bribery and corruption. The U. S. Foreign Corrupt Practices Act was enacted in 1977 and places constraints on U.S. based corporations regarding bribery. While this topic is one that is often discussed in a business ethics context (De George 1993; Donaldson 1996), it can be viewed as a marketing ethics issue because sales or marketing executives are frequently the ones placed in a position of whether or not to offer a bribe. The OECD in 1999 instituted guidelines for companies operating in member countries and only 21 countries have complied to date (see oecd.org/daf/nocorruption/instruments.htm). Dunfee et al. (1999) examined bribery in detail and contended that an ethical solution can be found. A major effort to put pressure on governments to reduce bribery and corruption is Transparency International's Bribe Payers Index and Corruption Perceptions Index (CPI). (transparency.org) Despite these initiatives, it appears that

the long term solution will take the efforts of individual country governments and major organizations such as the European Union and OECD to make them work.

A second area where regulation is likely the preferred outcome is in product counterfeiting. Some would not describe this as an ethical issue, since counterfeiting is stealing and against the law in many places. Yet, the issue is examined in an ethical context. Products like software, watches, jeans and perfumes are ones often associated with counterfeit activity (Chaudry and Walsh 1996). Furthermore, aircraft parts, pharmaceuticals and infant formula are products where lower quality can definitely impact a consumer's safety. Some governments have chosen to crack down on this practice, but as marketing firms rush to expand to China (ranked in a tie with four others in 58th place on CPI) and other parts of the developing world, this issue will continue to be one for which a solution will be elusive.

Third, the phenomenal growth of the use of the Internet and online commerce has brought out a number of ethical concerns including privacy, security and jurisdiction. This writer and others (Caudill and Murphy 2000; Culnan 2000) have identified privacy as an ethical and public policy concern. The European Union was far ahead of the U.S. in identifying privacy as a consumer issue and issued a directive in 1995 on the subject. Both philosophical and practical differences in the way privacy are viewed in the EU and the U.S. is important to understand (Scheibal and Gladstone 2000). Only recently was a compromise resolution between the U.S. and the EU (Caudill and Murphy 2000). In the United States, the Federal Trade Commission has taken a leadership position in setting industry guidelines for privacy and commercial transactions. Many believe that self-regulation is the answer, but the international scope of the

issue makes both regulation and self-regulation difficult. As the U.S. will have a new President and Congress soon, some regulatory action is likely.

Organizational Leadership

Ethics at the organizational level obviously has a pronounced impact on decisions made in marketing. Leadership at the corporate and marketing level set the ethical climate for the firm. Researchers have proposed or found this linkage (Ferrell, Gresham and Fraedrich 1989; Hunt, Wood and Chonko 1989) and a recently published paper concluded: An informal culture was found to have a direct relationship to ethical decision making. The relationship of formal policies, however, was largely an indirect one... (Leigh and Murphy 1999, p.69) A study of salespeople and their propensity to engage in lying concluded that ethics codes and ethics clarity do have an effect on behavior (Ross and Robertson 2000, p. 436). Rallapalli (1999) proposed a global code of ethics for marketing and identified moral reasoning, organizational ethical climate, level of economic development and cultural dimensions as factors that may impede the adoption of such a code. Organizational factors such as size (MNC or SME), culture/climate and presence or absence of ethics statements need further investigation as to their influence on marketing actions.

Three companies have exhibited the type of organizational leadership advocated by these researchers. Probably the best known corporate statement on ethics is the Johnson & Johnson Credo. The Tylenol incident is the known incident of a company following its ethical values. What is not as well known is that the Credo is translated into many languages, framed reprints are prominently displayed in most offices and it is evaluated bi-annually via a questionnaire that asks managerial support for every line of the Credo. A second illustration is Levi Strauss &

Company. The firm has multiple ethics statements and exhibited leadership with its Global Sourcing & Operating Guidelines. They offer detailed guidance in working with worldwide suppliers. (For more information on the company's ethics statements, see Murphy 1998, pp. 130-139). A third firm offering its employees direction with respect to ethics is United Technologies. The company has developed nine separate booklets on ethical issues facing its managers and workers. Of particular relevance to marketing is the one on Gathering Competitive Information. This is an area of growing strategic importance for companies and few offer the level of specificity offered by United Technologies. These firms aren't alone in exhibiting leadership with their corporate stance on ethics, but marketing managers do need moral and real support.

Social Responsibility

The relationship between ethics and social responsibility is one that is often discussed, but sometimes interpreted differently. For our purposes, ethics deals with issues pertaining to the organization and its stakeholders in day to day business transactions. Social responsibility refers to a company's posture relative to the community (either narrowly or broadly defined). Ethics tends to be more internal in orientation, while social responsibility is more external, but the orientation is not an absolute one. Ethics usually deals at the individual manager level, while social responsibility is associated with the corporate/organizational level.

Some view ethics in marketing as being synonymous with social responsibility. Many companies that are highly ethical also exhibit heightened levels of corporate social responsibility (CSR), but they are not the same. In fact, the term *Corporate citizenship* is used now to denote many of the activities that fell under CSR umbrella. Maignan and Ferrell (2000) both

operationalized and measured corporate citizenship along four correlated dimensions—economic, legal, ethical and discretionary.

In a recently published anthology *Handbook of Marketing and Society* Bloom and Gundlach (2001) feature twenty-two papers that examine all facets of marketing's role in society. Two papers in the volume directly address CSR. Smith (2001) proposes a model of consumer influence (in terms of special interest groups and boycotts) on CSR. Drumwright and Murphy (2001) coined the term "corporate societal marketing" to describe a range of ten activities that have economic and noneconomic objectives and influence social welfare. Exhibit 1 depicts the forms and dimensions of corporate societal marketing. The scope of these activities is growing and when they are combined with an integrated communications program, many additional hybrid forms may result. These programs sometimes are controversial and the ethical challenges in terms of micro and macro ethical issues to corporate societal marketing are outlined. For instance, American Express has been heavily criticized for two of its cause-related marketing campaigns, "Charge Against Hunger" and "Statue of Liberty," because far more was spent on advertising the initiative than was given to the causes. In conclusion, social responsibility within marketing appears to have evolved into a more sophisticated, less philanthropic and more cautious venture from here onwards.

Candid Communication

A common theme in both business and marketing ethics is the importance of communication to reduce unethical behavior or the perception of it. This communication should be both internal and external. In my survey of codes of ethics (Murphy 1995), it was rather surprising that nearly half of all codes remain as internal documents only. One surmises that an

ethics code that is just for internal purposes is rather legalistic or meant to cover legal bases rather than as an aspirational document. In the conclusion of their empirical study of salespeople, Ross and Robertson (2000, p. 436) drew several implications for practitioners and stated: "The most important of these is the communication of ethical clarity."

Since marketing is at the forefront of a firm's external communication, discussion of ethical issues should not be a foreign concept. Going forward, the necessity for clear and candid communication to surmount ethical problems seems mandatory. In fact, Enderle (1998) proposes "practicing honest communication" as one of four ethical guidelines for marketing in a global context. He sees this as a precept that can be universalized across societies. A word to describe more openness in communication and decision making that is frequently used in Europe is "transparency." Further examination of what factors lead to candor/openness/transparency in marketing is needed.

Responsible Marketing Practice

Despite substantial academic efforts to explain and influence ethical behavior in marketing, the business press continues to contain very frequent articles on a litany of marketing transgressions including slotting fees in the retail sector, product safety with automobile and SUV tires and prescription drugs, advertising and promotional activities of the movie industry and others, the marketing practices of cigarettes, firearms and other dangerous products and rampant negative advertising by politicians virtually at all levels and all parties in the recently concluded election. Rather than criticize the well-known and well-chronicled ethical inadequacies of industry's marketing arm, this section of the paper proposes two positive approaches that marketing practitioners could embrace to create a more ethical organization.

Responsible Marketing

The practice of ethical or responsible marketing is an objective of many (if not most) marketing organizations. Five specific examples are examined here as illustrative of what companies can and are accomplishing. It should be added that these firms, like virtually all others, are not ethically pure, but do depict what can happen with a responsible approach to an ethical issue.

The first company is International Business Machines (IBM) and their response to the privacy problems that databases and the Internet have spawned. In early 1999 when the uproar over Internet privacy was reaching a fever pitch, IBM informed all of the companies on whose Web sites IBM advertised that they must have published privacy policies within ninety days or IBM would pull its advertising. At the time, IBM was the second largest advertiser on the web and only thirty percent of the 800 firms had such a policy at the time.

Another organization that has acted responsibly in dealing with the privacy issue is American Express. AmEx was one of the first U.S.-based companies in compliance with the strict EU Directive on Privacy because its cardholder lists are never sold to third parties. In 2000, the company launched a major print advertising campaign using the familiar tag line "do you know me?" (Recall the long running campaign featuring sports and TV stars.) The company promises anonymity online. This is a good illustration of the "ethical purity" point because of the aforementioned criticism of AmEx's cause related marketing programs.

A third is the Co-operative Bank headquartered in Manchester, England. The bank developed its "Ethical Policy" in the early 1990s and updated it in 1995 as part of an overall program on ethical banking. Based on extensive consumer research indicating that over 80

percent felt banks should have a clear ethical policy, the Co-operative bank embarked on a repositioning program that highlighted these policies in their products, advertising and company communications. Some of the controversial social issues directly addressed in this policy pertain to human rights, armament exports, tobacco manufacture, animal experimentation, fur trade, and blood sports. The bank continues with the policy today and has seen significant gain in its market position since introducing it.

e-Bay is a fourth example of an organization practicing responsible marketing. The CEO, Margaret Whitman, outlined the company's thinking in an interview published in the *Wall Street Journal* on e-Bay's decision not to carry certain products in the firm's online auction. She responded to the interviewer as follows:

Ms. Whitman: It's an issue that we think about a lot. As you know, in February of last year we did eliminate the entire firearms category. Two weeks ago or 10 days ago we eliminated the alcohol category and the tobacco category. There are items in those categories that are absolutely perfectly legal such as antique firearms. Obviously assault weapons and bazookas and rocket launchers are not. But all of those have appeared on eBay at one time or another.

With firearms, we felt the Internet was not the appropriate venue, because you could never be completely sure about who the purchaser of the firearm was. That was a very unpopular decision with our 2,000 firearms dealers. Yet we felt we had to make the decision in favor of the entire community. Had a gun been bought through eBay and been used in a very visible killing or shooting—that would have been a horrible thing for eBay and for the entire community.

With alcohol and tobacco, there's myriad complex governmental rules and regulations surrounding those two categories. We felt it was almost impossible to deal with all that on the site. It was the easiest and cleanest thing to do. Again, there are a number of sellers of those categories who are not happy with eBay. But we felt the risk to the community was higher in allowing those categories than to take them down (Anders 1999, p. R68).

Other firms from controversial industries have taken steps recently to engage in responsible marketing. For example, Harrah=s chain of casinos recently introduced a ACode of Commitment@ dealing with marketing and advertising activities that will forbid advertising in media aimed at teenagers and avoid messages that stipulate that gambling is a rite of passage (Binkley 2000). The firm has trumpeted an award they received for Aresponsible gaming@ in full page color ads in major newspapers. Hollywood studios have recently been chastised for their continuing efforts at marketing violence and adult rated movies at children. In light of the criticism leveled at them by the FTC and the media, the TV networks and studios are sponsoring PSAs that are intended to address violence not only in the media but in everyday life. Even the much maligned cigarette industry appears to be turning over a new leaf in consciously marketing cigarettes at adult-only populations in the wake of the November 1998 master settlement agreement with the industry an 46 attorneys general (Jarvis 2000).

Marketing Ethics Statements

This writer has examined and written about corporate ethics statements previously (Murphy 1995; Murphy 1998). From recent work in this area, it is somewhat surprising that marketing issues do not find themselves incorporated fully into company codes and other statements. In a survey of large firms, most have clear guidelines on gift giving (94% of respondents checked this category), selling practices (62%) and competitive intelligence (61%). However, product safety and advertising (both 31%) were the least addressed areas within a code (Murphy 2000). It might be added that the number for advertising may be high in that very few codes explicitly mention advertising issues in them. One of the few is Target (formerly Dayton Hudson). What is surprising is that the consumer packaged goods companies and other marketers

like automobiles, cosmetics and sports shoe sellers spend millions aimed at consumers and yet make no mention of advertising in their company codes. The corporate marketing world seems to need much more guidance regarding acceptable conduct.

Academic Research in Marketing Ethics

The future of marketing ethics scholarship could be enhanced in several ways—greater integration with business ethics, stakeholder analysis in marketing, more case analysis and ethics= role in marketing and society. Several specific areas in need of scholarly research within marketing ethics in the first decade of the 21st century are also delineated.

Greater Integration with Business Ethics

While the record of scholarly treatment of marketing ethics in the last decade is impressive in many respects, this has been accomplished largely by the efforts of marketing professors writing on this topic. Modest headway, frankly, has been made in getting those philosophers who do the bulk of writing in business ethics to understand the scope of marketing ethics. This lack of integration has been most noticeable in business ethics texts. Historically, these texts have focused primarily on advertising and only discussed marketing as a secondary issue. For instance, Boylan=s (2001) book only contains a sections on advertising and makes no mention of marketing. Dienhart (2000) labels his section advertising and marketing. Boatright in his latest edition (2000) reduced his marketing, advertising and product safety coverage from two chapters to one.

Among the most popular business ethics texts, the news is more promising. De George (1999) has a major chapter on marketing, truth and advertising and Donaldson and Werhane (1999) include a case and three articles in their marketing section. Beauchamp and Bowie=s

latest edition (2001) *Marketing and Disclosure* section features ten readings and seven cases. It should be noted that none of the marketing ethics texts have been revised and only one appeared in the last five years.

Stakeholder Analysis in Marketing

The stakeholder concept is central to an understanding of ethics in any organization. This notion is very similar to the concept of *publics* introduced by Kotler many years ago in the marketing literature. Based on the pioneering work of Freeman and extended by Goodpaster (both reprinted in Beauchamp and Bowie 2001), significant work in stakeholder analysis has been undertaken in the management literature.

Currently, stakeholders are frequently mentioned in marketing principles books and in classroom discussions. Substantial research has been conducted addressing stakeholder impact in business ethics, but little conceptual or empirical examination on relative impact of various stakeholders on marketing activities has occurred. This writer and colleagues (Laczniak, Burton and Murphy 1999; O'Sullivan and Murphy 1998), drawing on the initial formulation by Carroll and Buchholtz (1999), distinguished between primary (direct contractual relationship), indirect (arms-length or infrequent relationship) and secondary (distant relationship) stakeholders in the sports field. This approach could and should be extended to other marketing relationships. Furthermore, almost no discussion (beyond the Caux Principles) has centered on *competitor* in this increasingly competitive world and what level of stakeholder relationship (if any) that marketing organizations have with them.

Case Analysis

If we academics are preparing future marketing managers to be sensitive to ethical issues and address them effectively, it will likely require substantial case analysis discussion and written evaluation. Without such attention, these managers might react as Mc Coy (1997) in one of the most thought-provoking articles ever written on business ethics: "Real moral dilemmas are ambiguous, and many of us hike right through them, unaware that they exist" (p. 58). In recent years, little systematic efforts at marketing ethics case writing has occurred. Since Craig Smith left Harvard a decade ago and John Quelch also departed for the London Business School, no one has taken the mantle at HBS to engage in marketing ethics case writing. (Some of the cases in Smith and Quelch (1993) are still useful today, but many of them are now dated. Smith has published some recent cases on his own.) The lack of good marketing ethics cases is obvious when one peruses the business ethics texts featuring issues that occurred ten to fifteen years ago.

Several proposals might be considered to solve the problem of the lack of new and appropriate marketing ethics cases. First, this writer and others have had modest success in getting MBA students to write cases based on their experiences that can be used for subsequent classes. Second, marketing academics should team with philosophers to jointly write cases. An illustration is the "Natural Cereals Case" (reprinted in Dienhart 2000) that Norm Bowie and I co-authored as part of the Arthur Andersen ethics program. Third, those interested in publishing such cases should consider the *Case Research Journal* so that they are available to others. Finally, philosophers or marketing ethicists might consider writing an "ethics overlay" (consisting of a few questions and a short teaching note with answers/discussion points) to existing marketing cases so that faculty members who would like to incorporate ethics into the case, but at the moment feel unprepared to raise ethics topics with their students could do so.

Ethics= Role in Marketing and Society

Marketing ethics as a subfield of marketing generally is viewed as falling under the umbrella of marketing and society. Ethical issues are often closely associated with legal ones (Gundlach and Murphy 1993) and the public policy process is invoked when marketers cross the line from unethical to illegal behavior. Research is needed on the interface between ethical and societal and public policy questions. In a major examination of marketing=s contribution to society, Wilkie and Moore (1999) employ a classic utilitarian analysis by identifying the benefits and criticisms of the aggregate marketing system. The criticisms and problems they identified (Figure 6 on p. 214) provide a list of topics that are often identified with marketing ethics such as the values of the marketing system, consumer rights, product safety and liability, high-pressure personal selling, fairness in pricing, bribery, etc. Marketing scholars could help set an agenda for delineating the areas of overlap and distinctiveness within the business and society field.

Important Research Topics in Marketing Ethics

Without the benefit of a crystal ball and with the distinct possibility that these issues may not turn out to be the most salient ones, this writer offers the following challenges to scholarly researchers in marketing to investigate these important issues to the field. Both conceptual and empirical work is necessary on the following topics.

Online privacy and security. One of the biggest impediments to growth in online marketing is the prospect that consumers and businesses may not trust it. Privacy issues have been noted previously here and studied by a number of researchers. The ongoing debate between self-regulatory activities vs. targeted regulation such as the Children=s Online Privacy Protection Act passed in late 1998 needs objective study by the academy. Research implications include a

better understanding of the cost and benefits, rights of buyers and sellers and how the Aethic of the mean@ from virtue ethics might be accomplished without chilling regulation.

Power and responsibility in the channel. An ongoing issue in marketing is the power of larger firms relative to consumers and smaller organizations. The power-responsibility equilibrium states that if powerful organizations do not assume their commensurate social responsibility, they are destined to lose power (usually through regulatory activities). The issue of Aslotting fees@ prevalent in the supermarket industry is directly related to the power of the retailer in that channel. Furthermore, the recent spate of mergers throughout the world like AOL-Time-Warner, DiamlerChrysler, Pepsi and Quaker, Unilever and Ben and Jerry=s mean that cross-marketing opportunities are many and that companies can be Aconnected@ with consumers in a myriad of ways. Researchers in marketing need to examine not only the pervasiveness of these efforts and their impacts on consumers but also what new ethical abuses may arise.

Environmental Marketing. The natural environment continues present challenges to marketing decision makers and public policy officials. Whether consumers will take the long term view regarding their product choices and their disposability remains an open question. Although we hear less of the Adisposable society@ arguments today and fewer criticisms of environmental appeals (at least in the U.S.), growing landfill problems and several types of pollution continue to plague most countries. Researchers have examined consumer attitudes and values relative to the environment, but a renewed research thrust appears necessary. The natural environment as a Astakeholder@ is only infrequently mentioned in academic research or case analyses. In addition, what companies are associated with best practices and can they be emulated elsewhere?

Core Values for Global Marketing. Several attempts have been made in developing core values for responsible business and marketing practices throughout the world. Some include the Caux, CERES and Sullivan Principles. Other efforts have been made in garment and sweatshop principles that business corporations should follow. Researchers should study these existing general documents and also company ones like Levi's Global Sourcing and Operating Guidelines. Both a business and educational benefit may result in developing core values that businesses might follow and that marketing educators might communicate to their students. One such attempt was made by this writer (Murphy 1999) to develop core virtues for international marketing. This is one of many starting points and could be expanded upon and improved.

Marketing's Role in Promoting Societal Issues/Causes. Marketing principles and practices are increasingly applied to a panoply of causes from AIDS, drug use, education, politics, racism and many others. If marketing is to be effective in promoting the greater good, it must be undertaken ethically. This is not always the case and it is unclear as to who should monitor these societal marketing efforts which may be undertaken by corporations, governments and not-for profit-organizations. The 2000 elections in the U.S. brought cries of unethical negative advertising and soft money promotion or defamation of many candidates. This issue may prompt a public policy solution. However, marketing's role in improving, if not solving, social problems and promoting social causes will be less effective if ethical abuses are not examined more closely by researchers.

Conclusion

This paper has attempted to provide a status report on marketing ethics at the turn of the century. The temptation is always to give an incomplete grade. However, on balance, my

preference would be to give the field a B grade with an opportunity to improve. Despite a few troubling developments, the field has matured and gained in stature. Much work remains to be done by serious scholars and practitioners if marketing ethics is ever going to gain the credibility of some of our competing business disciplines which have a stronger record of professional accountability and evaluation. However, it is this writer's assessment that we in marketing are up to the challenge.

Exhibit 1

Corporate Societal Marketing: Forms and Dimensions

<i>Form</i>	<i>Emphasis Given Economic Objectives</i>	<i>Employee Involvement</i>	<i>Types of Resources Deployed</i>	<i>Budget Source</i>
Traditional philanthropy	Low	Low	Money	Philanthropy
Strategic philanthropy	Moderate	Low	Money, in-kind gifts	Philanthropy
Sponsorships	Moderate to high	Low to moderate	Money, in-kind gifts, volunteer support	Marketing
Advertising with a social dimension	Moderate to high	Low	Advertising expertise and expenditures	Marketing
Cause-related marketing	Moderate to high	Low	Advertising expertise and expenditures, money	Marketing
Licensing agreements	High	None	Contractual fees, co-branding support	Corporate, marketing
Social alliances	Low to moderate	Low to high	Advertising expertise and expenditures, personal selling, special events, in-kind gifts, money, professional expertise, volunteer support	Marketing, sales, philanthropy, community relations, corporate
Traditional volunteerism	Low	High	Volunteer support	Community relations
Strategic volunteerism	Moderate	High	Volunteer support, professional expertise, advertising	Community relations, marketing, human resources
Enterprises	Low to high	Low to high	Professional expertise from varied company functions	Corporate, marketing

Source: Drumwright and Murphy (2001), p. 166.

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