

3.3: Reading- Common Ethical Issues in Marketing

Let's start by taking a look at a hypothetical business situation:

✓ Examples



You're a member of the marketing team for a B2B company that sells software to restaurants. Your product is a point-of-sale system that manages orders, menus, and staff scheduling. While it generally works well, there are sometimes glitches that cause it to drop orders, and the system goes down more often than you would like. You are marketing the system to a major restaurant chain, and they've asked for a list of references from current customers. The marketing and sales teams sit around a table reviewing the current customer list trying to decide which references to provide. First, the team screens out those who have complained most vocally about the glitches with the product. There is one customer who told his account manager, "These things happen with all systems," so the team thinks he would be a good reference. There's also a new customer who started using the system recently and hasn't yet experienced the system down time that other customers have. The team selects that restaurant, as well, and prepares to send the two names to the sales prospect.

Question

Is that ethical? Is it fair and honest to cherry-pick the customer references, selecting only the ones that are unlikely to share negative experiences about your product? To be sure, there's a range of customer feedback, and not all of it is positive. Are you expected to give a full picture of customers' experience—warts and all—so the restaurant chain will know exactly what it's buying?

Answer

In general, when prospective customers request customer references, they expect to receive favorable ones, and doing so is not a violation of their trust. It's a lot like a prospective employer's request for a job candidate's work references. When you're marketing yourself for a new job, you name the references who are most likely to report your talents and strengths—you don't include a crabby boss who never had good things to say about anyone.

The question becomes more challenging when the customer relationship is more complicated. In every case—even the simplest—it's a judgment call. Suppose your company compensates customers for providing references. A company might give some small thank-you gift to acknowledge that taking reference calls requires time, and that the company appreciates the client's support. Is that unethical? Possibly. On one hand, it's reasonable and desirable to express your appreciation to the customer, since part of maintaining the customer relationship is letting customers know that you value them and their time. On the other hand, there's a risk, especially if the gift is large, that the customer might be influenced or even induced to give your company or product a favorable review. There is a point where the compensation begins to distort the customer dialogue and relationship, and then it's clearly unethical—and if you're *inducing* a customer to alter their behavior in exchange for a gift, it's bribery.

Marketing professionals regularly face questions of this kind. Where the organization appreciates a close partnership with a client, a thank-you gift may well be appropriate. The challenge is to choose one of the right size that expresses appreciation but doesn't compromise the integrity of the client or the marketing organization.

Below is a list that shows how marketing professionals responded to a survey on the most difficult ethical issues they face.^[1]

Most Difficult Ethical Issues Marketing Professionals Face

- 15% of marketing professionals say bribery is the most difficult ethical issue
 - Gifts from outside vendors, payment of questionable commissions, “money under the table”
- 14% of marketing professionals say fairness is the most difficult ethical issue
 - Unfairly placing company interests over family obligations, taking credit for the work of others, inducing customers to use services not needed, manipulation of others
- 12% of marketing professionals say honesty is the most difficult ethical issue
 - Lying to customers to obtain orders, misrepresenting services and capabilities
- 12% of marketing professionals say price is the most difficult ethical issue
 - Differential pricing, charging higher prices than firms with similar products while claiming superiority
- 11% of marketing professionals say product is the most difficult ethical issue
 - Product safety, product and brand infringement, exaggerated performance claims, products that do not benefit consumers
- 10% of marketing professionals say personnel is the most difficult ethical issue
 - Firing, hiring, employee evaluation
- 5% of marketing professionals say confidentiality is the most difficult ethical issue
 - Temptations to use or obtain classified, secret, or competitive information
- 4% of marketing professionals say advertising is the most difficult ethical issue
 - Crossing the line between exaggeration and misrepresentation, misleading customers
- 4% of marketing professionals say manipulation of data is the most difficult ethical issue
 - Falsifying figures or misusing statistics or information, distortion

Notice that many of the responses include watchwords like “questionable,” “exaggerated,” “distortion,” and “crossing the line.” In marketing, the greatest challenge is to influence the behavior of the target customer (by getting them to buy) without violating the customer’s trust or acting unethically. With the rise of social media, customers are in a much better position to share frank evaluations of products and services publicly, and this gives marketers a new means of capturing unbiased customer feedback. (It also opens the door to the problem of “fake customer reviews,” but that’s another issue.)

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1. Lawrence B. Chonko and Shelby D. Hunt, “Ethics and Marketing Management: An Empirical Examination,” *Journal of Business Research*, Vol. 13, 1985, pp. 339–359. ↩

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