

## 1.8: Ethical Marketing

### Learning Objectives

By the end of this section, you will be able to:

- Define ethical marketing.
- Describe the importance of ethical marketing.
- Explain the dos and don'ts of ethical marketing.

### Ethical Marketing Defined

As the term suggests, ethical marketing involves companies not only trying to market their products and services but also considering how society will benefit from the introduction of those offerings. It's not so much a practice as it is a philosophy that tries to promote fairness, honesty, and a sense of responsibility in all of the marketing done by the company.

What are the principles of ethical marketing? According to Lapaas Digital, a digital marketing agency based in Delhi, India, some of those principles include the following:

- All marketing should be true.
- The privacy of the end user is most important.
- Marketing campaigns must adhere to the norms, standards, rules, and regulations set forth by the government and other lawmaking authorities.
- Marketing professionals must be transparent about what they are trying to convey and whom they are approaching to convey the same (Lapaas, 2020).

### The Importance of Ethical Marketing

Ethics are critical to a company's reputation, particularly when public opinion—particularly negative—goes viral instantly thanks to social media.

Ask yourself a question: how important are a company's ethics to you when you decide to purchase a product or service? According to market intelligence agency Mintel, 56% of US consumers stop buying from companies they believe are unethical. Perhaps even more importantly, approximately one-third of consumers are inclined to tell others when they perceive a brand to be taking actions that they perceive to be honest, fair, and responsible. Taking this one step further, 29% share their support of ethical companies via social media (Mintel, 2015).

### The Dos and Don'ts of Ethical Marketing

The data cited above presents a somewhat dire picture for companies that do not practice ethical marketing, so let's look at some of the dos and don'ts of ethical marketing.

First, the dos:

- *Ensure transparency.* Transparency is key, and marketers should attempt to provide the maximum amount of information to the consumer regarding the product, its usage, and safety concerns. For example, Southwest Airlines ran a clever marketing campaign entitled "Transfarency," promoting its philosophy that customers should be treated honestly and fares should actually stay low. The result? The campaign garnered nearly 5 million likes on Facebook, which was impressive in 2016 (Alida, 2016).
- *Respect data privacy.* As we noted in our discussion of CRM above, marketers can collect vast amounts of consumer data. Data privacy is the biggest concern for consumers in this data-driven world, so marketers must always respect data privacy. Consider the fallout that Vizio (the TV manufacturer) experienced when the public learned that the company's devices did not ask customers for permission to track and report viewing information. The amount of data being gathered and the fact that Vizio did not request permission from customers meant the company was potentially in violation of the Video Privacy Protection Act. The company was sued in a class action lawsuit (Gardner, 2017).
- *Prioritize the concerns of the consumer.* No matter how small the concern of your consumer is, a marketer's top priority should be to respond to those concerns in a prompt, meaningful way. How long do you expect to wait for an email response from a company regarding its product or service—a day, two days, a week? You might be surprised to learn that, according to research, 42% of consumers expect a response within 60 minutes and 32% expect a response within 30 minutes. That illustrates the importance of responding promptly to increase the chances of a positive customer experience (BRG Communications, n.d.).

Now, the don'ts:

- *Don't overemphasize or exaggerate.* In marketing, this is sometimes referred to as “puffery.” Of course, you want to convey the features and benefits of the product or service to the customer, but these need to be stated clearly and accurately. Don't promise something you can't deliver—doing so is unethical and, in the long run, not beneficial.
- *Don't make false or unverified claims.* One case illustrates the importance of honesty in advertising: Living Essentials, LLC, the makers of 5-Hour Energy shots, advertised its product as “doctor-recommended” and superior to traditional caffeine. Those claims were found to be misleading, and Living Essentials, LLC was ordered to pay \$4.3 million in damages (Lombardo, 2017).
- *Don't make false comparisons.* Not only should you not make false or unverified claims about your own products or services, but you should not do it to competitors' products either. As a matter of fact, companies can sue competitors for false advertising claims under the federal Lanham Act, alleging that they suffered lost sales or damage to their reputation as a result of the competitor's false statements (Kronenberger, 2018).

#### Companies with a Conscience: TOMS Shoes



Figure 1.11 TOMS developed a marketing strategy with charitable giving in mind, in which the company shares products (such as shoes) or profits with those in need. (credit: “New Shoes Much :D” by Rob Ellis/flickr, CC BY 2.0)

TOMS (see Figure 1.11) was founded by Blake Mycoskie in 2006 after a trip to Argentina, where he saw how people were living in impoverished areas. Mycoskie decided to establish his company with giving in mind. He introduced what he calls the “One for One” concept: for every pair of TOMS shoes sold, the company donates another pair to a child in need. In a recent *Impact Report*, TOMS reported it had provided more than 95 million pairs of shoes to children in 82 countries (Naeini et al., 2015).

Emboldened by the success of the “One for One” concept, Mycoskie later expanded the model. For example, in 2011, the company introduced a line of eyewear and decided to use the same philanthropic principle but this time with a bit of a twist. Instead of donating glasses, TOMS donated a portion of the profits from each sale to save or restore the eyesight of those living in developing countries. To give you an idea of the success of this program, the company's website indicates that TOMS Eyewear has helped restore sight to more than 780,000 people (TOMS Shoes, 2021).

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