

12.6: Ethical Issues in Marketing Communication

Learning Objectives

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

- Identify ethical issues with respect to marketing communications.
- Discuss ways to maintain and foster ethical marketing communications.

Socially Responsible Marketing Communications

While some argue that marketing makes people buy things they don't want, marketing cannot *make* someone buy something. The adage "buyer beware" still holds. And while there are stories of rogue marketers not holding to the American Marketing Association (AMA) code of ethics, ultimately, marketers want lifetime customers. The lifetime customer is easier to educate, more agreeable, and generally a good word-of-mouth testament for the company. It is difficult to get and keep customers without ethical marketing.

Marketers look to self-regulation as the first line of defense. It is in the marketer's best interest to always maintain a code of ethics to serve their customers and grow their organization. Good brands are always built on trust.

After self-regulation, there is regulation by trade associations, followed by federal regulation. The federal agencies with oversight of marketing promotions include the following:

- **Federal Trade Commission (FTC).** The FTC maintains oversight of commercial speech, unfair methods of competition, and deceptive advertising.
- **Federal Communications Commission (FCC).** The FCC regulates broadcast communication and has jurisdiction over the radio, television, and telephone sectors.
- **Food and Drug Administration (FDA).** This organization has authority over labeling, packaging, branding, ingredients lists, and advertising of packaged foods, pharmaceutical products, and cosmetics.
- **CAN-SPAM Act.** This regulation monitors commercial email practices and is one of the prominent regulations that affect many marketers across industries.

Companies have realized that when they are socially responsible, it benefits many of their customers, their communities, the environment, and their shareholders. Customers have come to expect more from the companies they purchase from and want to support companies that "do good." When companies support and sponsor programs and charities that are important to their customers, their customers, in turn, support them.

In 2021, Subaru celebrated 14 years of its Share the Love event (Subaru of America, Inc., 2022). To celebrate this event, it debuted a national ad campaign highlighting the people, places, and pets impacted by its social responsibility. Charities supported by Subaru include the American Society for the Prevention of Cruelty to Animals (ASPCA), Make-A-Wish Foundation, Meals on Wheels America, and the National Park Foundation. In its advertising, Subaru also showcases some of the local charities—selected by Subaru retailers—that benefit from the Subaru Share the Love event, as well as the impact of the automaker's work with Feeding America to help address food insecurity (Subaru of America, Inc., 2021).

Maintaining and Fostering Ethical Marketing Communications

Ethical marketing communications include avoiding activities that could mislead consumers, such as withholding information, making misleading claims, and misstating information. To present products as all that a consumer would want from them, marketers can easily go down the slippery slope that leads to ethical missteps. To make sure marketing communication doesn't follow any of the common unethical practices, it is important to be aware of two of the most used and violated ethical issues:

- **Puffery** is when marketers exaggerate at extreme levels. For example, a marketer may say a product is "ten times stronger than the competition." Unless the marketer can support this claim through independent research from a third-party firm, this is an unethical statement. Using general terms such as "awesome," "fabulous," and "best" are all acceptable, but making specific statements crosses the ethics threshold.
- **Paid sponsorship** is when a person promoting a product is paid by the company to make an endorsement. We've all seen the political ads describing who has paid for the ad and endorsed the ad. When we see a television commercial in which a Ford truck is driving over rugged terrain, and we hear "Built Ford Tough," we are certain the ad was paid for and sponsored by the

Ford Motor Company. However, if we scroll through Instagram and see one of our favorite Instagram accounts using the new Babylist Pro Titanium Flat Iron for their styling hair, and they are extolling its many great features, we cannot be sure if this Instagram account simply really likes the flat iron or if they are a paid influencer. Paid influencers must disclose their relationship to the brand so the consumer is notified that the endorsement of the product is a business arrangement. Disclosing paid sponsorship is a big issue, particularly for advertorials, native advertising, paid links, influencer marketing, affiliate marketing, and any “pay for play” content.

Companies with a Conscience: Farmer Direct Organic

This group of farmers in Canada and the United States banded together to provide better food and better prices. The mission of Farmer Direct Organic is not only to grow better food but to change how consumers think about food and how they eat. The farmers who participate in the cooperative are focused on quality and transparency. All of their food is 100 percent organic and 100 percent farmer-owned.

Through its Facebook and Pinterest accounts, Farmer Direct Organic showcases the family farms that grow the food it sells. Consumers can purchase Farmer Direct Organic at Fresh Market and Whole Foods locations throughout North America. In keeping with its mission to help consumers eat better food, the company shares recipes and serving suggestions on social media and the organization’s website.

With a vision of a “food future that is good for you, for your family, for farmers, and for the planet,” Farmer Direct Organic carefully monitors the food that bears its brand, and it has an unwavering commitment to pesticide monitoring, transparency, and traceability from the store back to the farm that grew the food that is now on your table (Farmer Direct Organic, 2022).

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