Chapter Objectives

To consider the impact of marketing on society
To examine social responsibility and weigh its benefits and costs
To look into the role of ethics in marketing
To explore consumerism and describe the consumer bill of rights
To discuss the responses of manufacturers, retailers, and trade associations to consumerism and study the current role of consumerism

Marketing activities have potential for both positive and negative consequences:

Positive
- Quality of life (standard of living)
- Natural resources
- Consumer expectations and satisfaction
- Consumer choice
- Innovation
- Product design and safety
- Product durability

Negative
- Product and distribution costs
- Product availability
- Communications with consumers
- Final prices
- Competition
- Employment
- Deceptive actions

Social Responsibility

- This involves a concern for “the consequences of a person’s or firm’s acts as they affect the interests of others.”
- It encompasses the socio-ecological view of marketing, which considers:
  - All stages of a product’s life span, including disposal
  - The rights of voluntary and involuntary consumers

Concept of Design For Disassembly (DFD)

The socioecological view of marketing considers the long-term impact of products, such as:
- Designing products for disassembly in a more environmentally friendly manner at end of life span
- Using recyclable materials
- Using fewer parts, less materials, and snap-fits to replace screws, products are easier to dispose of when no longer useful

A Global View of Natural Resources

- There is a new awareness that our global supply of natural resources is not unlimited.
- Resource depletion can be slowed by:
  - Reducing consumption
  - Improving efficiency
  - Limiting disposables
  - Lengthening products’ lives
Environmental Pollution Has Become a Global Issue

- Both government and business actions are needed to reduce dangerous environmental pollution.
- U.S. Clean Air Act of 1990 has specific standards and goals to reduce levels of smog, toxic emissions, and acid rain.
- Government and industry in the U.S., Western Europe, and Japan spend a combined total of more than $300 billion annually on environmental protection.
- There is more involvement and attention by many less-developed nations in Latin America, Asia, and Africa.

Examples of Voluntary Activities of Companies and Associations

- PCs, printers, monitors, and other devices automatically “power down” when not in use to reduce pollution and conserve energy.
- The Chemical Manufacturers Association works with EPA to reduce hazardous chemicals in environment.
- Japan’s Ebara Corporation uses its own technology to remove harmful chemicals from power plants.
- Firms have joined to form the Global Environmental Management Initiative (GEMI) with goal of exchanging environmental protection information.

Planned Obsolescence

- It is a marketing practice that capitalizes on short-run material wearout, style changes, and functional product changes.
- It often involves a short product life and convenient products.
- There is a growing social awareness of the negative aspects of “throwaway” or short-term items.

Benefits/Costs of Social Responsibility

- Social responsibility has benefits as well as costs, and these need to be balanced.
- Issues must often be measured against long-term and short-term gains for both business and society.

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<thead>
<tr>
<th>Benefits</th>
<th>Costs</th>
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<tr>
<td>Worker and public health</td>
<td>Unequal distribution of benefits</td>
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<td>Cleaner air</td>
<td>Dollar costs</td>
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<td>Efficient use of resources</td>
<td>Removal of some goods from the market</td>
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<td>Economic growth</td>
<td>Conservative product planning</td>
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<td>Improved business image</td>
<td>Resources allocated to prevention rather than invention</td>
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<td>Government cooperation</td>
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<td>Attractive environment</td>
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<td>Better standard of living</td>
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<td>Self-satisfaction of firm</td>
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Ethics and Marketing

- Ethical behavior involves honest and proper conduct. It encompasses two key issues:
  - Determination of whether action is ethical or unethical?
  - Why do people act ethically or unethically?
- Green marketing is a form of socioecological marketing where long-term environmental ramifications of goods and services are considered.
- Global aspects of these issues raise complex ethical and political concerns.
Range of Ethical Theories

- **Egoism**: Assumption that individuals act exclusively in their own self-interest.
- **Utilitarianism**: Asserts that individual and organizational actions are proper only if these actions yield the greatest good for the most people.
- **Duty-Based**: Asserts that the rightness of an action is not based on its consequences, but rather is based on the premise that certain actions are proper because they stem from basic obligations.
- **Value Ethics**: Theory stating that actions should be guided by an individual’s or organization’s seeking goodness and virtue.

Ethical Decision/Action Process

Ethical Decision/Action Process

American Marketing Association’s Code of Ethics

- The AMA is committed to ethical profession conduct and has developed a detailed Code of Ethics. A failure to abide by this code can result in a member’s expulsion from the organization.
- This is the link to the AMA’s Web site, where the ethics code may be found: [www.ama.org/about/ama](http://www.ama.org/about/ama)

Eras of Consumerism

- **Era 1**, 1900s. Focused on the need for a banking system, product purity, postal rates, antitrust regulations, and product shortages.
- **Era 2**, 1930s–1950s. Issues were product safety, bank failures, labeling, misrepresentation, stock manipulation, deceptive ads, credit and consumer refunds.
- **Current Era**, since 1990s. Government’s role has been to balance consumer and business rights, along with slightly stepped-up enforcement.

The Consumer Bill of Rights

- The right to be informed
- The right to be safe
- The right to choose
- The right to be heard

Understanding a Consumer’s Basic Rights

- To be informed and protected against fraudulent deceitful and misleading statements, advertisements, labels, etc.; and to be educated as to how to use financial resources wisely.
- To be protected against dangerous and unsafe products.
- To be heard by government and business regarding unscrupulous or disappointing practices.
- To be able to choose from several available goods and services.
The Role of Consumerism

It encompasses a wide range of activities and focuses on the relations of firms and their customers.
- A warranty assures consumers that a product will meet certain standards.
- The Consumer Product Safety Commission has several enforcement tools including product recall.
- A class-action suit can be filed on behalf of many consumers.
- Various federal, state, and local agencies are involved with consumers.

Response of Business to Consumer Issues

As more firms benefit from global expansion, consumer issues such as the following grow in importance:
- Conflicting national, state, and city laws regarding business practices
- Business self-regulation versus government regulations
- Increasing litigation and jury awards
- Does government legislation add red tape and costs to consumerism?

Chapter Summary

- This chapter considers the impact of marketing on society.
- It examines social responsibility and related benefits and costs.
- It looks into the role of ethics in marketing.
- It explores consumerism and describes the consumer bill of rights.
- It describes the responses of manufacturers, retailers, and trade associations to consumerism and looks at the current role of consumerism.