

Chapter 2: CONSUMER AND SOCIAL WELL-BEING

CHAPTER OBJECTIVES

When students finish this chapter, students should understand why:

1. Ethical business is good business.
2. Marketers have an obligation to provide safe and functional products as part of their business activities.
3. Consumer behavior impacts directly on major public policy issues that confront our society.
4. Consumer behavior can be harmful to individuals and to society.

CHAPTER SUMMARY

Ethical business is good business.

Business ethics are rules of conduct that guide actions in the marketplace; these are the standards against which most people in a culture judge what is right and what is wrong, good or bad.

Marketers must confront many ethical issues, especially ones that relate to how much they make consumers “want” things they don’t need or are not good for them. A related issue is materialism, which refers to the importance people attach to worldly possessions, and the role of business in encouraging this outlook.

Marketers have an obligation to provide safe and functional products as part of their business activities.

It is both ethically and financially smart to maximize customer satisfaction. In some cases, external bodies such as the government or industry associations regulate businesses to ensure that their products and advertising are safe, clear, and accurate. Consumer behavior researchers may play a role in this process and those who do transformative consumer research (TCR) may even work to bring about social change. Companies also play a significant role in addressing social conditions through their corporate social responsibility (CSR) practices and social marketing campaigns that promote positive behaviors.

Consumer behavior impacts directly on major public policy issues that confront our society.

Our relationships with companies and other organizations are complex and many issues that impact quality-of-life relate directly to marketing practices. These include the tradeoff between our privacy and the ability of companies to tailor their offerings to our individual needs. Other issues revolve around market access as many people are unable to navigate the marketplace due to disabilities, illiteracy, or other conditions. In addition, our fragile environment requires a commitment to sustainable business practices that attempt to maximize the triple bottom-line that emphasizes financial, social, and environmental benefits.

Consumer behavior can be harmful to individuals and to society.

Although textbooks often paint a picture of the consumer as a rational, informed decision-maker, in reality many consumer activities are harmful to individuals or to society. The “dark side” of consumer behavior includes terrorism, addiction, the use of people as products (consumed consumers), and theft or vandalism (anticonsumption).

CHAPTER OUTLINE

I. Business Ethics and Consumer Rights

- A. **Business ethics** are rules of conduct that guide actions in the marketplace—the standards against which most people in a culture judge what is right and what is wrong, good, or bad.
1. There are various universal values and many culture-specific ones (which influence whether business practices like bribery are acceptable).
 2. Some marketers violate consumer trust (using illegal mislabels on packages or using bait-and-switch selling).
 3. Some marketers engage in practices that are legal but have detrimental effects on society.

***** *Use Consumer Behavior Challenge #10 Here* *****

- B. Needs and Wants: Do Marketers Manipulate Consumers?
1. **Consumer space** is an environment where individuals dictate to companies the types of products they want and how, when, and where, or even if, they want to learn about them (a shift from *marketer space* where companies called the shots).
 2. Do marketers create artificial needs? There are arguments to support both sides of this question.
 - a. A **need** is a basic biological motive; a **want** represents one way that society has taught us to satisfy that need.
 - b. A basic objective of marketing is to create awareness that needs exist, not to create needs.

C. Are Advertising and Marketing Necessary?

1. Products are designed to meet existing needs; advertising helps communicate their availability.
2. The **economics of information** perspective suggests advertising provides an important source of consumer information which consumers are willing to accept because it reduces the economic cost associated with searching for products.

***** *Use Consumer Behavior Challenge #11 Here* *****

D. Do Marketers Promise Miracles?

1. Advertisers do not know enough about people to manipulate them.
2. The failure rate for new products ranges from 40 to 80 percent

E. Materialism: Are You What You Own?

1. **Materialism** refers to the importance people attach to worldly possessions.
2. Materialists are more likely to value possessions for their status and appearance-related meanings.
3. Materialists value the inherent qualities of what they buy. One related dimension is provenance. **Provenance** means shoppers are willing to pay more for an item when they know exactly where it comes from. **Curation** refers to the use of an expert who carefully chooses pieces to include in a collection of consumer products. Table 4.1 summarizes some of the similarities and differences between “old” and “new” materialism.

Discussion Opportunity—Ask: What is your opinion on materialism? Is it good or bad? Be careful how you answer this. How do marketers use materialism to their advantage? What is the alternative to materialism? Would this be good for our economy?

II. . Consumers’ Rights and Product Satisfaction

Consumers have three options to pursue when they are dissatisfied with a product: 1) voice response, 2) private response, and 3) third-party response. Several factors influence which route we choose.

A. Market Regulation

1. Several federal agencies oversee consumer-related activities in the U.S. These include the Department of Agriculture, the Federal Trade Commission, the Food and Drug Administration, the Securities and Exchange Commission, and the Environmental Protection Agency. Table 2.1 presents consumer legislation that is designed to protect consumers and Table 2.2 lists major U.S. regulatory agencies.
2. the publication of books such as Rachel Carson’s *Silent Spring* in 1962, which attached the irresponsible use of pesticides, and Ralph Nader’s *Unsafe at Any Speed* in 1965, prompted these movements.
3. The Obama Administration issued voluntary guidelines that food products targeted to children ages 2-17 would have to provide a meaningful contribution to a healthy diet and would have to meet limits for harmful ingredients.

Discussion Opportunity—Ask students whether they feel advertising for foods that are high in sodium, saturated fat and added sugars contributes to child obesity. Do they believe the guidelines should be voluntary? Why or why not?

4. Corrective advertising refers to the use of advertising by a company to inform consumers of messages it previously published that were wrong or misleading.

B. Consumerism

1. Adbusters is a nonprofit organization that discourages rampant commercialism and advocates for social activism. These organizations use **culture jamming**, a strategy aimed to disrupt efforts by the corporate world to dominate our cultural landscape.

Discussion Opportunity—Ask: Has cultural jamming ever affected you and your consumption behavior? Any of your friends? If so, why do you think the behavior occurred?

2. John F. Kennedy declared a “Declaration of Consumer Rights” in 1962. These include the right to safety, the right to be informed, the right to redress, and the right to choice.
3. Some consumer researchers are not only seeking to study consumer responses but to rectify what they see as pressing social problems in the marketplace. This is known as **participatory action research** (PAR) or **Transformative Consumer Research** (TCR).

C. Social Marketing and Corporate Social Responsibility (CSR)

Social marketing uses marketing techniques normally employed to sell beer or detergent to encourage positive behaviors such as increased literacy and to discourage negative activities such as drunk driving. Many firms today try to integrate **corporate social responsibility (CSR)** into their business models. CSR describes processes that encourage the organization to make a positive impact on the various stakeholders in its community. Cause marketing is a popular strategy that aligns a company or brand with a cause to generate business and societal benefits.

III. Major Policy Issues Relevant to Consumer Behavior

A. Data Privacy and Identity Theft

1. One of the biggest issues marketers face relates to how much they can or should know about their customers. Technologies record much of our activities including our location if we carry a smart phone with GPS. Our digital actions may even have financial value because of an industry called **real-time bidding**, an electronic trading system that sells ad space on the Web pages people click on the moment they visit.
2. Identity theft occurs when someone steals your personal information and uses it without your permission. It is the most common consumer complaint according to the FTC. Phishing occurs when people receive fraudulent emails that ask them to supply

account information. Consumers are also suspect to botnets that hijack computers without a trace.

3. Locational privacy is a related issue as GPS tracking technology identifies and records consumer locations.

B. Market Access

For many, market access is limited due to physical, mental, economic, or social barriers.

1. Disabilities affect access to stores both physical and online.
2. Food deserts are Census tracts where 33% or 500 people live more than a mile from a grocery store in an urban area or more than 10 miles away in a rural area.
3. Media literacy refers to a consumer's ability to access, analyze, evaluate, and communicate information in a variety of forms, including print and non-print messages. Functional literacy refers to the ability to read sufficiently to carry out everyday tasks.

C. Sustainability and Environmental Stewardship

1. Sustainability is not just about “do-gooder” efforts that reduce a company's carbon footprint; it also benefits companies financially. A triple bottom-line orientation refers to business strategies that strive to maximize return in three ways:
 - Financial
 - Social
 - Environmental
2. Cradle to cradle means that the organization aims for its products to be made from natural materials that are fully reusable or recyclable so that the company actually uses zero resources to make it.
3. Conscientious consumerism means that consumers are paying attention to sustainability efforts by companies.

D. Green Marketing and Greenwashing

1. As a response to consumer efforts, many firms have chosen to protect or enhance the natural environment as they go about their business activities. This practice is known as **green marketing**.
2. Even though consumers largely support green products, many people don't actually buy green. This is in part due to the higher price of green products. It is also due to distrust because of greenwashing. **Greenwashing** occurs when companies make false or exaggerated claims about how environmentally friendly their products are.
3. Marketers point to a segment of consumers they call LOHAS – an acronym for “lifestyles of health and sustainability.” Table 2.4 shows that the LOHAS market divides into five different sectors.

E. Product Disposal

How we get rid of stuff is also an important element of consumer behavior. **Later cycling** means that one consumer exchanges something she owns for something another person owns. There is an **underground economy** of products that are sold person to person rather than through traditional market systems. Trading or reselling products is called **recommerce**.

Discussion Opportunity— Many consumers mistrust green marketing claims because of a history of companies “greenwashing,” (positioning a product or service as environmentally friendly when it does not reduce harm to the environment, diverting attention from a company’s environmental wrongdoings, or overstating a product’s green benefits). Ask: Which companies do students associate with green marketing? Which companies are they skeptical of green marketing claims? Why?

IV. . The Dark Side of Consumer Behavior

A. Consumer Terrorism

Disruptions to our financial, electronic, and supply networks are possible through attacks such as bioterrorism and cyberterrorism.

B. Addictive Consumption

Consumer addition is a physiological or psychological dependency on products or services.

1. Addiction to Technology. Consumers can also be addicted to technology. Social media addiction can be compared to a chemical dependency.
2. Technology Issues. Some other issues with technology include cyberbullying and phantom vibration syndrome.

C. Compulsive Consumption

Compulsive consumption refers to repetitive and often excessive shopping performed to relieve tension or anxiety. Three common elements characterize negative or destructive consumer behaviors: 1) the behavior is not by choice, 2) the gratification of the behavior is short-lived, and 3) the person experiences strong feelings of regret or guilt.

D. Consumed Consumers

Consumed consumers are people who are used or exploited for commercial gain. Examples include prostitutes and organ, blood, and hair donors.

E. Illegal Acquisition and Product Use

Analysts estimate that the cost of crimes that consumers commit against business totals

more than \$40 billion per year. **Shrinkage** is one such crime which refers to inventory and cash losses caused by shoplifting and employee theft. **Counterfeiting** is where companies or individuals sell fake versions of real products to customers.

F. Anticonsumption

Anticonsumption ranges from relatively mild acts like spray-painting graffiti on buildings to serious incidences of product tampering.

End-of-Chapter Support Material

SUMMARY OF SPECIAL FEATURE BOXES

- 2-1. CB As I See It: Ronald Hill, Villanova University
Being “poor” has different implications in different nations, in terms of what is taken for granted, especially in developed Western nations. One study found that in developed national, the level of material yearning increased in middle and high school, but there were also opportunity for self-esteem development. Impoverished neighborhoods do not offer this development. Another study showed that those with more have more positive social comparisons than those with less. A third study showed that the ability to save resulted in greater feeling of well-being for those in poorer nations.
- 2-2. The Tangled Web
Gripe sites enable consumers to complain about companies online.
- 2-3. Marketing Pitfall
Brands must ensure their messages are not harmful or inaccurate.
- 2-4. Marketing Pitfall
Slacktivism supports the idea that there are too many small and meaningless expressions of support for important causes, do to overexposure via technology.
- 2-5. CB As I See It: Stacey Menzel Baker, Creighton University
Consumer behavior researchers study the relationships among people possessions, places, brands, experiences, and other people. Relationships are important in creating, maintaining, and reconstructing our identities. The relationships with stores and marketplaces that bring us pain when they are gone also bring us a sense normalcy when they return.
- 2-6 The Tangled Web
Because of the ability to use facial recognition and track keystrokes, technology has created serious privacy risks. Markets use access to personal information to created viewer-relevant advertising.
- 2-7 Marketing Opportunity
When consumer make the decision to practice sustainability, they are much more likely to follow through on that decision.
- 2-8 The Tangled Web
Yik Yak allows cyberbullying on college campuses when users can post a profile and

remain anonymous. The site has encouraged violence and gang rape by posting “yaks.”

REVIEW

- 2-1. What are business ethics, and why is this an important topic?

Business ethics are rules of conduct that guide actions in the marketplace. These are the standards against which most people in a culture judge what is right or wrong, good or bad. However, the notions of right and wrong differ among people, organizations, and cultures. This is an important distinction as we learn to work with those of other cultures.

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking)

- 2-2. The economics of information perspective argues that advertising is important. Why?

This view emphasizes the economic cost of the time spent searching for products.

Accordingly, advertising is a service for which consumers are willing to pay, because the information it provides reduces search time.

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking)

- 2-3. What are the main features of consumerspace, and does it actually work as a methodology?

In times of marketspace, consumers were convinced by marketers about which items to purchase. Marketers were able to bombard consumers with messages and consumers passively allowed this to happen. In consumerspace, the latest stage in the relationship between marketers and consumers, consumers chart their own identities. They determine the types of products they want and how, when and if they want to learn about new products. The customer now dictates terms to the companies Consumerspace is diametrically opposed to the assumption that it is the corporation that initiates interaction with the consumer, as is the case in permission marketing and telemarketing. The world of consumerspace offers much greater potential to influence how people search for product information and evaluate alternative brands.

(3 minutes, Chapter Objective 1, AACSB: Application of Knowledge, Course Learning Outcome 1)

- 2-4. Why should companies encourage consumers to complain? How can this benefit the business?

Companies should encourage consumers to complain for a variety of reasons. Firstly, the company has a chance to be able to rectify the situation. Secondly, it will help to defuse the situation and deter the consumer from complaining on social media platforms and passing on the word that they have had a negative experience. The third good reason is that the company is able to gain valuable insights into the consumer's experiences. Finally, if the consumer believes that the company is unlikely to respond to them, they will switch to a competitor.

(2 minutes, Chapter Objective 2, AACSB: Application of Knowledge)

- 2-5. What is greenwashing, and is it ethical? Are consumers likely to be convinced?

Greenwashing is when companies make either false or exaggerated claims about the environmentally friendliness of their products. In many cases, consumers do not believe the claims; many more claim that there is no way of knowing whether the statements are true or false. This means that the majority of consumers are skeptical about the claims. (1.5 minutes, Chapter Objective 2, AACSB: Application of Knowledge)

- 2-6 In what ways is corporate social responsibility different from social marketing?
Social marketing tends to revolve around marketers using marketing techniques to try to encourage some form of positive behaviour, such as eating healthy foods. It can also involve trying to discourage negative behaviour such as the over consumption of sugar or fats. Corporate social responsibility, however, is a broader-themed approach. It is concerned with trying to ensure that the firm makes a positive impact on the various stakeholders in its community like consumers, employees and the government. Here, positive behaviour might be improved recycling methods and practices, and a reduction in energy usage, both of which benefit the environment and therefore the community. Reducing negative impacts might mean reformulating a product to make it less polluting. Students should realise that these two terms are separate but related to one another.
(3 minutes, Chapter Objective 2, AACSB: Application of Knowledge, Course Learning Outcome 1)

- 2-7. Why is market access an important aspect of consumer well-being? What are some important reasons why consumers can experience limited market access?
Market access is the consumer's ability to find and purchase goods and services. Access might be limited because of physical, mental, economic, or social barriers. There are 11 million U.S. adults that have conditions that make it difficult for them to leave home to shop. This can be minimized through the use of technology and other resources. (2 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

- 2-8. What is LOHAS, and how is it significant to marketers?
LOHAS is an acronym for "lifestyles of health and sustainability". The term refers to a segment of consumers who are environmentally conscious, interested in sustainability, concerned with social responsible and wish to lead healthier lives. The LOHAS group of consumers is particularly important to marketers since they are often first adopters of sustainable products and services. They are often ahead of the trends and are good indicators of future big selling products and services.
(2 minutes, Chapter Objective 3, AACSB: Reflective Thinking)

CONSUMER BEHAVIOR CHALLENGE

Discuss

- 2-9. The Culture Jammers Manifesto proclaims opposition to the "mind-polluters": "On the rubble of the old culture, we will build a new one with non-commercial hear and

should. “What’s your take on “culture jamming; do advertisers deserve to be parodied?
Students will have mixed views about this topic. Students should identify parody and culture jamming, and the goal of the process. Students should also identify the goal, which is to change the way information flows. Students should offer examples of why some American companies dismiss the concept, as well as some examples of why the concept should be taken seriously.

(20 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

2-10. Should scientists who study consumer behavior remain impartial, or is it appropriate for them to become involved in the topics they research like those who adhere to the transformative consumer research perspective?

Students will have varied opinions on this topic. Students should be able to identify and discuss transformative consumer research and its goals of helping bring about social change. Students should be able to compare this concept to more traditional types of research. Discussion should relate to corporate social marketing and indicate how research has furthered this process.

(20 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

2-11. Because of higher competition and market saturation, marketers in industrialized countries try to develop third-world markets. Asian consumers alone spend \$90 billion a year on cigarettes, and U.S. tobacco manufacturers push relentlessly into these markets. We find cigarette advertising, which often depicts glamorous Western models and settings, just about everywhere – on billboards, buses, storefronts, and clothing – and tobacco companies sponsor many major sports and cultural events. Some companies even hand out cigarettes and gifts in amusement areas, often to preteens. Should governments allow these practices, even if the products may be harmful to their citizens or divert money that poor people should spend on essentials? If you were a trade or health official in a third-world country, what guidelines, if any, might you suggest to regulate the import of luxury goods from advanced economies?

Students will have a variety of views on this topic. Student should indicate regulations and laws in the U.S. that affect a company’s ability to market, and indicate how marketing is different in developing or third world nations. Students should discuss analyst prediction for growth in Europe and the U.S. as well as the expected huge growth in China and other Asian and developing countries. This response should also explain provenance, and the willingness to pay more for an item when consumers know exactly where it came from. Curation, the process of being an expert on a product should also be discussed.

(20 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

2-12. The chapter discusses the practice of serial wardrobing, where people return an outfit after they wear it for a special occasion such as a formal. What do you think of this practice? Is it OK to use an expensive product once and then get your money back?

Students should explain how serial ward robing constitutes consumer theft and fraud. Students should identify serial wardrobers as those who buy an outfit, wear it once, and return it. Students should also indicate other types of wardrobing fraud such as changing price, exchanging products for higher priced ones, or using fake or old receipts to return a product. The retail industry loses about \$16 billion a year to these and other types of fraud.

(20 minutes, Chapter Objective 4, AACSB: Reflective Thinking)

- 2-13. “College students’ concerns about the environment and vegetarianism are just a passing fad: a way to look ‘cool.’ ” Do you agree?

Students will have mixed views about this subject. What they need to see is that a fad that lasts for some length of time becomes a value (or is at least tied to values). For example, is the trend toward not smoking a value or a fad? The value might be healthy living or avoidance of what is now considered a nasty habit. The result is not smoking. Those who smoke might not only do it because they like it but as a way to be peer accepted or make a nonconformity statement (or to shock their parents and other authority figures). Ask students for their feelings about these subjects. How can the marketer capitalize on these “value” feelings? How do consumers reinforce their deep-seated values?

(20 minutes, Chapter Objective 4, AACSB: Reflective Thinking)

- 2-14. Across Europe, lawyers estimate that around 10 million consumers are entitled to \$5 billion in compensation from airline companies. The reason for the compensation claim is for when their flights have either been delayed or cancelled, unless this was due to extraordinary circumstances out of the control of the airline. The claims can date back as long as six years. In order to be eligible for a claim, the consumer had to have flown out of a European Union (EU) airport on an EU-registered airline. Despite the clear rulings on the compensation rights of consumers, thousands of claimants have found that their claims have been rejected by the airlines. The EU even clarified the ruling 2012 and streamlined the claim process. Does your justice system adequately meet the needs of both consumers and companies in terms of how it awards damages?

Consumer protection law and its scope varies across the world. In some countries, the laws are either rudimentary or even fairly non-existent. However, with increasing globalization, consumer protection is beginning to extend its range and scope. Some laws have come into existence as a result of specific issues, whilst others are natural developments to rebalance the relationship between suppliers and consumers. Students should find good examples of government and consumer groups attempting to create a comprehensive and flexible range of consumer protection legislation.

(20 minutes, Chapter Objective 3, AACSB: Reflective Thinking, Course Learning Outcome 1)

- 2-15. In the summer of 2013, Manchester United announced that it had agreed to an eight-year sponsorship contract with AON worth U.S. \$245 million to have its name on the club’s training ground at Carrington. The deal will see the facility renamed the AON

Training Complex. This was a part of a complicated deal in which Manchester United would appear in the Far East for matches, wearing AON-sponsored shirts. The deal was worth double the amount that AON had paid in 2009 for its four-year shirt sponsorship. However, the name Old Trafford, the club's home, was not for sale at any price. Naming rights, claimed the executive vice-chairman of the club, were not up for negotiation. Have sports clubs in your country or region sold their stadium names to sponsors? What is the reaction of fans to this move?

This is a trend across the world and has been the case for several years. There are examples of this process underway in most countries; many of the stadia in the US are already using sponsors names and this is growing across Europe. For some clubs, the name of their stadia is sacrosanct. However, in their search for new revenue streams, clubs have embraced the concept of corporate sponsorship. For many fans, the history and traditions of their club is often more important to them than the club's current status and opportunities. Many would gladly trade success today in order to preserve their club's name, stadium identity and history. Despite this, the corporatization of sport has seen many deals being done for considerable sums.

(5 minutes, Chapter Objective 1, AACSB: Ethical Understanding and Reasoning Abilities, Course Learning Outcome 1)

- 2-16. The Creative Bloq Web site (www.creativebloq.com/) featured a collection of the most controversial ad campaigns of 2013. All of them attracted a lot of criticism. The 10 chosen advertisements appeared across the world and were designed by a number of different agencies. What is your take on them? Are they offensive or controversial? Why did the brands approve them?

Students will have widely different views about this range of advertisements (all with You Tube links to see the full advertisements). However, the maxim "any publicity is good publicity" does apply to some extent. The fact that some of the advertisements are somewhat ill-considered and too clever for their own good seems to have been missed entirely by the advertising agency and the client.

- (3 minutes, Chapter Objective 1, AACSB: Ethical Understanding and Reasoning Abilities)

Apply

2-17. According to a 2012 report by Enisa, the European Information Security Agency, 93 percent of consumers were concerned as to whether businesses protected the information they hold about them. According to the report, 47 percent of service providers actively use personal data as a commercial asset. Around the same percentage share that data with third parties. If they were given the choice, consumers would be inclined to choose a business that required more personal data over one that did not in exchange for lower prices. The consumers also thought that giving more information would provide them with a more personalized service.

The Special Euro Barometer study in 2011 stated that 90 percent of customers revealed their names and addresses online to businesses. At the same time, the Enisa study suggested

that 60 percent of consumers would choose a more data-friendly business, but if they gained better deals, this figure rose to 83 percent.

Conduct a poll among 10 car owners of various ages, where you describe these programs, and ask respondents if they would like to participate in order to receive a discount on their purchases. What are the pros and cons? Share your findings with the class.

The majority of people are likely to be unwilling to pay a mark-up on their purchases in exchange for greater privacy. However, it is worth considering the implications of sharing personal data. The article outlines some of the steps that will need to be taken to police this area of data sharing.

(10 minutes, Chapter Objective 3, AACSB: Ethical Understanding and Reasoning Abilities)

2-18. In 2015, the UK's Medicines and Healthcare products Regulatory Agency (MHRA) seized \$22 billion worth of counterfeit medicines and devices. Amongst the drugs were slimming pills and anemia tablets. The seizure came at the end of a month-long international campaign against the illegal internet trade involving 115 countries and \$72 billion worth of seizures. Suggest how you might design a marketing campaign to combat this dangerous, life-threatening fraud. Who would be your target audience?

Student responses will vary since there are several potential targets. Legislators and enforcers in countries where these fake drugs are manufactured and distributed before being shipped across the world will be a part of the target audience. Some healthcare systems have already been compromised by fake drugs as the drugs have found their way into the legitimate distribution system and they have been sold on in good faith. Students are likely to suggest that this part of the problem needs a campaign aimed at distributors and institutional users to check their stocks of drugs, while another part of the campaign needs to focus on the users of the drugs.

(20 minutes, Chapter Objective 4, AACSB: Ethical Understanding and Reasoning Abilities)

CASE STUDY TEACHING NOTES

Chapter 2 Case Study:

Marketing Responsibility: Patagonia and P&G's Always Redefine What It Means to Be Transparent and Authentic

Summary of Case

Marketing faces challenges and criticism on many fronts. As identified in Chapter 2 questions directed at the marketing field include:

- Does marketing create materialism? Does it lead to confusion between needs and wants?
- Is it ethical to market products that may have a negative impact on consumers' health?
- Do marketers mislead consumers or perpetuate stereotypes with their marketing messages?
- Does marketing lead to an invasion of computer privacy?
- Do companies and brands misuse natural resources for products and packaging? Do they engage in greenwashing?
- Do companies take advantage of questionable labor practices in their quest to keep costs and prices down?

Three companies that have recently been in the spotlight about their work to change perceptions about the role of marketing are Panera Bread, Patagonia, and Proctor & Gamble with its' Always brand.

Patagonia:

Patagonia, an apparel and sporting goods company, has long been regarded as cutting-edge when it comes to environmental and social responsibility. In fact, it is an accredited and founding member of the Fair Labor Association. Now Patagonia is taking on a difficult task of trying to be even more transparent about its' supply chain and related labor practices in an industry known for its abuses of workers.

In "Your Clothes Are Made With Exploited Labor," since 2007 Patagonia has worked diligently, along with Verite, a nongovernmental organization that works on labor issues, to make improvements in the practices of the company's first-tier suppliers. There are the suppliers with whom Patagonia works directly to produce its' apparel. Through these efforts it was able to reduce the number of first-tier suppliers from 108 to 75, which improved the company's ability to have more control over how these companies treat workers.

However, in 2011 Patagonia's own extensive audits uncovered new supply chain problems with human trafficking, forced labor, and exploitation. They are now trying to go beyond the gains made in their previous work with the first-tier suppliers. Their new focus is on suppliers buried more subtly in the complicated apparel supply chains: mills and suppliers of raw materials. Patagonia has asked Verite to help with additional audits. They have also increased their overall

corporate social responsibility effort. In 2013 they invited industry peers for a discussion of forced labor issues in the apparel industry, unfortunately only 7 of the 40 invited companies chose to participate.

Patagonia's COO Doug Freeman commented, "We think people will be disappointed at ongoing issues in Patagonia's supply chain, but feel that our transparency will pay off. We want to be really honest and dive deeply into this issue, breaking trails for the rest of the industry." Clearly they have a lot at stake because their branding identity is so closely tied to their leadership in social responsibility.

According to Gillian White, "Patagonia's admission stands out in that it comes from a brand considered a leader in the movement of ethical production." However, the good news as she describes it is that "Patagonia's name continually comes up as one of the few brands that seek to take the high road by choice rather than by necessity. By comparison, many companies aren't prepared or proactive when it comes to rooting out forced labor at all levels"

And Dan Viederman, CEO of Verite, confirms that "there are few, if any, brands that have taken up the mantle of eradicating trafficking, at any level, without first being prodded by potentially embarrassing and illegal findings." Patagonia appears to be one of those few.

For now, Patagonia continues the difficult struggle to monitor and actively work to improve conditions throughout every level of its supply chain. They remain determined to set the bar high and to live up to their mission statement: *Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environment crisis.*

P&G's Always

P&G's Always feminine care campaign, "Like a Girl," has generated a great deal of attention in the marketplace recent: 58 million views on YouTube and the first feminine care product Super Bowl ad. In addition, the campaign has won a number of prestigious awards, including being the sole winner in the 2015 Effie Awards GoodWorks Brand category. The award was created to recognize marketers using their platform for good through purpose-driven marketing campaigns. At the Cannes Lions International Festival of Creativity, considered the Academy Awards for advertising, the campaign won a Glass Lion prize and the Grand Prix award in the PR category. The Glass Lion prize is a new category, introduced in 2015, to honor campaigns that address issues related to gender inequality and prejudice.

P&G is working to target women with more realistic and empowering messages. The campaign focuses on what young women, boys, and girls think it means to do something "like a girl." This is an especially important question given the fact that research has documented a drop in self-esteem as girls grow into young women. The ads have connected well with women and sparked a great deal of conversation, much of it driven by the hashtag #LikeAGirl. The campaign's message is all about changing the like-a-girl phrase from an insult into something that empowers and inspires.

Allison Arden points to a comment about the campaign made by Ken Wheaton in an *Advertising*

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Age column. Wheaton said, “It’s an eye-opener—which is something you don’t often get in advertising of any kind. It made me—a 21st century, non-PC male born and raised in the South—reconsider my own word choices.” Other experts praised the purpose-driven marketing campaign for its ability to identify a new insight and purpose of its own, create a compelling message that will be meaningful over an extended period of time, and understand the importance of unusual media placements that put the message in front of audience in a way that made a statement.

Suggested Discussion Questions

CS2-1. Do you believe that consumers consider a brand’s supply chain ethics when they purchase apparel? Do consumers bear any responsibility for the ways in which laborers in the apparel industry are treated? Would you be willing to pay a premium for a brand that was transparent about their efforts to ensure that laborers are paid a fair wage and treated decently?

CS2-2. In Allison Ardens *Advertising Age* article about the Like-a-Girl campaign, she talks about the need for purpose driven marketing campaigns to feel authentic. To what extent has the Like-a-Girl campaign achieved this goal? What are the unique marketing challenges for a feminine care product overall?

Additional Support Material

STUDENT PROJECTS

Individual Projects

Have students explain what it means to be a green consumer. They could report on what they have done to be “green” and how their behaviors have changed. Have they tried to influence anybody else to go “green” and how?

The chapter introduces the idea of green marketing, but student perceptions of green consumers are likely to be based on outside experiences, including their own efforts to be more environmentally responsible, which will vary. Some students may view green consumers as the small subset of consumers who willingly make sacrifices to protect the environment. Others may characterize green consumers as idealistic tree-huggers. Research indicates most consumers fall somewhere on a spectrum from green to brown based on their environmental values and their beliefs in their ability to make a difference. The question about their attempts to influence others can be related to the idea of consumption communities and group influences on consumption behavior.

(5 minutes, Chapter Objective 5, AACSB: Reflective Thinking)

Each group should locate an example of a company that is heavily involved in social or green marketing. Make a report on the activities of the company. Compare this company to a direct competitor that is not so extensively involved in such activities. What are the advantages/disadvantages that the social/green approach has over the other?

Student responses should reflect an understanding of what social or green marketing is. Some students may confuse social marketing with marketing via social media, so it is important to identify differences between the two concepts. The comparison with the competitor should consider the way the company uses or does not use their social/green marketing efforts to position their offerings. If possible (it will depend on the company/industry), students should analyze how social/green marketing efforts relate to the company’s bottom line, consumer attitudes toward the company, and brand loyalty.

(20 minutes, Chapter Objective 5, AACSB: Analytic Skills)

eLAB

1. Visit a website that includes a quiz or test of materialism (ex. <http://www.expertrating.com/quizzes/Materialism-Test.asp> or find it at www.Quizilla.com) and take the test to evaluate how materialistic you are.
Students are likely to get different responses, depending on the importance of possessions to the student. They may also have opinions about the accuracy of the results (for themselves or for their classmates).
(20 minutes, Chapter Objective 1, AACSB: Reflective Thinking)

2. Go to www.moveon.org. What is the main variable that this site uses to segment the American public? What is the resulting segment to which this site is attempting to appeal? Extensively, describe this segment in terms of demographic and psychographic variables. What issues seem to be raised on this site? If you were an advertiser, would it be a good idea to sponsor a message on this site? Explain.
Moveon.org is a civic action group that segments the American public based on political ideals. Opinions are one of the facets of psychographic segmentation (activities, interests, opinions). The website notes the organization is a non-partisan effort to give the public a voice in policymaking. However, the separate PAC by the same name raises money to support Democrat candidates. Unlike other political action groups, its donors tend to give small donations via the web. Students may make inferences about the demographics and psychographics of the group's audience based on the issues raised on the website, and the group's use of the web as a primary communication vehicle. Student opinions of whether it would be a good idea to sponsor a message on the site may depend on these inferences, but students may also point out that site sponsorship by corporate interests contradicts the group's mission to reduce corporate America's influence over Washington. An advertiser for a social initiative may not be as susceptible to this challenge.
(15 minutes, Chapter Objective 5, AACSB: Analytic Skills and Reflective Thinking)

3. Go to www.benjerry.com. Ben & Jerry's Ice Cream is famous for a well-rounded mission statement and care and concern for the environment. What is their mission? What indications are there about the organization's commitment to the environment? What values does the company try to express? How might this expression help the organization market products?
Ben & Jerry's mission statement can be found under activism (follow the link here: <http://www.benjerry.com/activism/mission-statement/>). The company publishes a Social and Environmental Assessment Report each year (follow the link here: <http://www.benjerry.com/company/sear/>). Students may relate the company's values to the growing LOHAS segment.
(25 minutes, Chapter Objective 3, AACSB: Reflective Thinking)

4. Go to www.wholefoods.com. Take some time to become familiar with the website. Describe this company and the products that they offer. Select specific examples of products that seem to target the LOHAS values segment. Are the products that might

appeal to values other than those described by LOHAS?

LOHAS is an acronym for “lifestyles of health and sustainability.” Marketers are responding to the needs of this segment with eco-friendly products and programs. Students may observe Whole Foods seafood labeling initiative and their efforts to reduce seafood that is not sustainable. Students may become aware of wellness programs Whole Foods rolled out in select markets, which include nutrition programs, social dinners and partnerships with exercise facilities/yoga centers in exchange for a membership fee. Students should also recognize that people might buy products that appeal to LOHAS for reasons other than health and sustainability.

(20 minutes, Chapter Objective 3, AACSB: Reflective Thinking)