4 Marketing. How to sell good and well

Marketing is about creating markets. It is the interface between company and market, economy and culture – where goods are being transformed into commodities. Recently, as we saw in the last chapter, moral values-turned-preferences have increasingly made their way on the markets. However ambiguous this "moralization of markets" may be: It has, already now, profoundly changed the ways we think about marketing – *and marketing ethics* – today.

Conventionally, marketing ethics focused on marketing's own "bad conscience", as it were. In market theory, there is originally no place for marketing: Products, preferences, prices – *markets*, in a word – just come into being. They meet at the intersections of supply and demand curves. So, in a perfect market world, there's really no need for marketing. Marketing, rather, appears as part of the real, "fallen world" of defective markets. Even if it didn't cause this tension, marketing makes markets more heterogeneous and less transparent – and it carries the stigma of being unproductive and even parasitic. That's why conventional marketing ethics has focused on mainly *negative* issues: Marketing was supposed *not to interfere* with *fair competition* and the *sovereignty of consumers*.

Conventional marketing ethics is about limiting potentially negative effects on markets and consumers.

This mainly *negative responsibility for markets and consumers* has recently given way to a more *positive* and *inclusive* outlook on marketing ethics. It acknowledges the active role of marketing in the *creation* of markets and, from that, derives a responsibility to include *all stakeholders* involved: So, how marketing designs *products*, assigns *prices*, applies *places* and how it *promotes* goods and services does eventually not only concern the market and the consumer – but society as a whole. This is the new, more *inclusive* perspective that marketing ethics takes, with a focus also on what *positive* contribution marketing can make to render consumption more responsible and sustainable.

A more recent and inclusive marketing ethics also considers effects on people and planet, including positive ones.

Ethics, eventually, has become *the subject of marketing*. This is what catchwords such as "green marketing" and "sustainability branding", but also "green washing", on the other hand, suggest. Ethical marketing is not about taste, fun, or fashion primarily – that's why claims to credibility and integrity have to be taken more seriously. This requirement, however, and probably more so than ever before, goes well beyond the advertising, but concerns the whole "marketing mix". Marketing, seen this way, is about what a brand or company actually *stands for*: for whose benefit and at whose cost its goods and services are being produced, whether this is mirrored in their price, and in what ways this is distributed to customers and communicated to the public.

Ethics has eventually become the subject of marketing, in line with an ongoing moralization of markets.

In this chapter, we will look more closely at the ethical challenges that are hidden in the marketing mix, which conventionally covers policies on product design, pricing, place/distribution and promotion. First, however, we will approach the subject from a historical and theoretical perspective. This is supposed to show that marketing is a function of defective markets. Not surprisingly, it emerged at the very moment in history that – with the rise of mass production – mass consumption had become an economic and political necessity.

The more market and society merge, the more will marketing be about selling good and well.

Marketing is likely the best evidence for the fact that the business of business is more than business. Marketing transcends the existing borders of markets to interact with society and, eventually, increase the reach of markets. It actively transforms goods into commodities, relationships into deals, values into prices. Thus, it comes as no surprise that the social responsibility of marketing goes well beyond markets and consumers – and this not only for its own sake: The more the "moral economy" reasserts itself and reframes companies as social and political institutions, the more marketing will be about *how to sell good and well.*

From Market Places to Market Economy. The Evolution of "the Market"

When it comes to the distribution of goods in an economy, the first thing that comes to our mind is very likely market trade. Yet, markets haven't been around forever, and they still aren't everywhere.

For the most part of human history, giving and bartering were the preferred means of exchange.

For millennia, "giving" and "bartering" used to be the most common forms of economic transaction – in times when household production ("subsistence") still was the rule, and when *tradition* and *command* were still the primary means to allocate resources, assign positions and assure the orderly functioning of a community (Heilbroner 2000).

"Gift exchange" in primitive societies, e. g., usually carries ritual meaning, and it is deeply embedded in social relationships: Indeed, its primary function seems to be to strengthen these ties, by creating or reinforcing a reciprocal dependency based on the expectation that some equivalent object will be given back in the future (Rössler 2005). (So, this comes pretty close to the practice of "making presents" that we know today.) "Barter", the bilateral exchange of goods without the use of money, is usually not so much tied to social relationships. Originally, this kind of trade used to be the preferred mode of exchange between different ethnic groups: They traded their surplus for goods they didn't have, including luxury goods or even marital partners (ibid.).

With early long-distance trade came the rise of economic rationality – and the erosion of traditional moral orders.

Most ethnologists and historians follow Karl Polanyi in taking long-distance or overseas trade, mostly in luxury goods (such as amber, silk or spices), to be the prototype for trade as a generalized form of exchange (Polanyi 1978). Sociologists such as Werner Sombart or Ferdinand Tönnies credited these early traders with developing and then disseminating economic rationality throughout society – and, therefore, with leading the transition from traditional "community" to modern "society" (Sombart 1987; Rössler 2005). This may be the reason why, in traditional societies – be it in ancient Greece or in medieval Europe – trade (and notably money lending) was despised as an utterly sinful, even if increasingly necessary business (Polanyi 1957; Le Goff 2008).

Market trade proper is anonymous and monetary: *indifferent* to personal qualities, relationships and values that are not priced.

What distinguishes "market trade" from these other modes of distribution, then, is that relationships are usually anonymous (other than in "giving") and that there's money involved (other than in "bartering"): Market trade, ideally, is about the relationships of valued objects, while market actors treat each other with indifference, yet also as equals, *iff* they are able to buy and sell; the exchange of these objects is mediated by the use of money, which transforms these objects into "commodities"; their price – so neo-classical economics has it – is set by supply and demand on the market (not by tradition, moral consideration or the labour that's necessary to produce it); and market trade does not reinforce solidarity or concrete social relationships, but – through the use of money, as a form of institutionalized trust in a society's sustained ability to create value – it reinforces the coherence of a complex, modern society.

Market trade today is the most common & socially disembedded form of exchange – albeit still not the only one.

So, market trade is a relatively recent and "socially disembedded" form of economic transaction. This doesn't necessarily indicate an evolution from primitive to more elaborate forms of exchange. Indeed, giving, bartering and market exchange do still co-exit in our own society, even if the latter has become the dominant form (cf. the box on *Gift, Good or Commodity?*)

Gift, Good or Commodity? It's not in the "nature" of an object how it is to be exchanged – rather, this depends on the relationships and institutional settings available. When they want to get rid or hold of some object, economic actors can actually *choose* between different options. (For the present purpose, we focus on bilaterally agreed transactions only, excluding theft and other forms of forced expropriation). What kind of transaction we choose likely depends on the social context we share with those we interact with. So , one and the same object may become a commodity, a gift or an object of barter along the line of consecutive exchanges: You buy a book, e. g., re-sell it through a used book store, the buyer gives it to a friend, she gives it to other people through a book-swapping platform, from where somebody takes it home, lends it around in her circle of friends and, after years, resells the book as an "out-of-print" classic that the buyer gives to his daughter and so on...

Individual markets long existed and spread with money and cities – still, they did not make a full-fledged market economy.

Marketplaces have certainly become the dominant locations for the distribution of goods and services, in close connection with the rise of cities and money. Still, for many centuries, they were the exception rather than the rule – and where markets existed, they used to be limited in time, space and in the objects that were up for sale. Up until the 19th century, market trade therefore was no more than a thin varnish covering the popular practices of subsistence, giving and bartering underneath (Braudel 1986).

A market economy extends to all factors of production and it expands to ever new commodities.

Individual markets still do not make a market economy. In a full-blown market economy, markets are commonplace. They constitute the dominant form of distribution and exchange of objects. In addition, the factors of production (land, labour, capital) have also become "commodities" that may be traded on their respective markets – after they've been transformed into private property (Heilbroner 2000). Finally, the intrinsic dynamics of market exchange make for a continuous expansion of the market system: Money facilitates transactions, by reducing transaction costs (C – M – C); there's an incentive for accumulation, through buying low and selling high (M – C – M'); formerly free goods and services that were traditionally produced by the households are continuously being transformed into commodities, by "sourcing them out" to the market – including the formerly unpaid (female) labour that produced it.

The market since has become a true paradigm for the governance of modern society – and an article of faith as well.

All these factors made markets – hand in hand with the division of labour and technological progress – add to economic growth. At the same time, "the market", as a "mechanism" not only for the allocation of resources, but also for the governance of a complex, modern society, beyond tradition and command (Heilbroner 2000), became something like a new "paradigm" (Hirschman 1987). The idea that fascinated and motivated the early Enlightenment "economists", already before Adam Smith, was the "implicit ethics" of individual self-interest (Brodbeck 2003), checking and balancing itself on the market, *as if* guided by an "invisible hand" (Smith 2008). The metaphysical believe in a self-creating order, propelled only by the will of people to improve their lot, is still present in the neo-classical idea of a "self-creating order" that manifests itself in markets oscillating around some equilibrium point (Hayek 1996).

Conventional marketing ethics' aim is to secure the efficient workings of the ideal market.

The theoretical model of the "perfectly competitive, free market" also rests on this implicit ethics, promising (market) justice, maximum utility and respect for moral rights of market actors (cf. chapter 2). Acknowledging its epistemological and ethical limits and merits *as a model*, the "complete market" fiction can show us where to look at in order to reinstate the efficient workings of a market economy – no more, but still no less. Exactly that's he point where the *ethics of marketing* traditionally sets in: While marketing is supposed to create markets and therefore, necessarily, to disturb the *status quo* in the short run, it is supposed not to interfere with the efficient workings of the market in the long run: Its prime responsibility, therefore, is towards fair competition and the sovereignty of the consumer.

What Marketing is Good For. Its Professional Ethics

Marketing may be envisioned as the "interface" that a company maintains with the market – and with society. Its goal, in conventional terms, is to "actively adapt" demand to what the company supplies – in order for its sales and markets to grow. The individual company, therefore, aims to influence what, in orthodox micro-economics, is *theoretically* treated as a given (Göbel 1999):

Marketing meddles with the market, both on the supply and demand side: it is creative and disruptive.

- *a market that's supposed to be perfectly competitive and free*, i. e. an equilibrium at which supply and demand converge, where goods and services are being sold at market-sweeping prices that bear all necessary information (including the costs of production) and – on average and in the long run – do not allow neither over-supply, nor shortages or profits (cf. chapter 2)
- *consumers that are supposed to be sovereign*, i. e. self-interested *homines oeconomici* with fairly ordered, stable and exogenous preferences that eventually determine market supply (cf. chapter 3).

In real life, however, market and man do not live up to these ideals. Fundamentally, this concerns the following two prerequisites of a complete market:

- *the homogeneity condition*: Even in the case of rather simple products such as milk or eggs (cf. chapter 3), consumers' preferences have become so highly *differentiated* culturally and morally that the different product qualities – based on several aspects of immaterial, fiduciary properties – can hardly be substituted. This means that price, in an increasingly prolific and well-educated society, has lost ground as the core bearer of information.

Marketing increases the complexity of markets: it extends and differentiates them.

- *the information condition*: Real markets are usually characterized by soaring information costs, intransparent or misleading pricing and a persistent information asymmetry between sellers and buyers. This means that the claim to attain perfect information on all available alternatives can hardly be met.

Supply and demand have diversified to such a degree – in the course of the development of consumer capitalism and consumer society – that the old models of market and economic man (including the sovereign consumer) run the risk of becoming mere ideology or myth. In the real world, markets and consumers increasingly do not work as theory would have them. While consumers are said to become increasingly incalculable or "*hybrid*" in their decisions, markets are indeed – more or less so – "*defect*".

Eventually, marketing is part and parcel of a process that sees consumers and markets increasingly depart from the old models.

The Development of Marketing

As an academic discipline, marketing is still relatively young. The word is a neologism that was coined in the early 20th century. The discipline first set foot on American universities from the 1920s onwards – at the very moment in history when, with the era of mass production, mass consumption was about to take off (cf. chapter 3). Marketing, thus, developed in a time when economic reality started to depart from orthodox models: Markets – on the supply side – typically did not consist any more of a multitude of small sellers, none of them able to influence the price, and offering relatively homogeneous products; and they typically did not consist – on the demand side – of price-focused consumers with fairly homogeneous, uniform "mass taste".

Marketing, as an academic discipline, emerged when economic reality started to depart from the perfect market model.

Marketing, in short, developed in the context of buyer's markets – when running the engine of mass production at full capacity had become not only an economic, but a *political* imperative that demanded to be given close scientific reflection: That's where the "captains of consciousness", early marketing and PR agents, came in to transform the masses into consumers (cf. chapter 3). The paradigm change from "Fordist" price-focused sales policies to "Sloanist" diversification strategies illustrates quite clearly what the introduction of marketing meant for consumption (cf. the box on *The Swerve from Fordism to Sloanism*).

The Swerve from Fordism to Sloanism In a nutshell, the paradigm change that took place with the introduction of marketing as a specialized discipline in the first third of the 20th century – the beginning of consumer capitalism – can be exemplified by the opposite strategies of Ford and General Motors in the marketing of cars. They can also be seen to represent classical sales policies in seller's markets and modern marketing policies in buyer's markets.

Henry Ford (1863-1947) is credited with having introduced the assembly line – an adaptation of the *dis*assembly lines of the Chicago slaughterhouses and meatpacking plants – to industrial production, and with the following *bonmot*: "Any customer can have a car painted any colour that he wants so long as it is black." The car that Ford referred to in this quote was the famous "Model T", a.k.a. the "Tin Lizzy": the first car ever to run off an assembly line, in 1913. Both things – its so humorously depicted uniformity and the introduction of the assembly line – belong together.

At this early stage, mass production was highly standardized and mass consumption, accordingly, very uniform. Mass demand was necessary to run the assembly lines at full capacity. Ford also wanted his workers to buy Fords, which explains why, at the same time that he lowered prices for his cars, he increased wages and introduced paternalistic welfare policies. This, by the way, is why Ford's production and sales policy, later termed "Fordism", lent itself to become the role model for a whole era of capitalist accumulation based on mass production, the welfare state, full employment and domestic demand.

According to Ford's policy, price – not some particular quality – was the decisive factor for sales. Ford therefore did not concentrate on product differentiation or innovation, but on lowering prices. In this model, a traditional approach to goods, based on thrift and utility, met with the new technical means of mass production. Marketing – or rather sales – primarily was about price and quantity. As long as people spent most of their buying power for their most immediate needs, there was no need to look at anything else than price – the more so as there was nothing else to buy.

The appeal to basic needs and price as a basis for sovereign buying decisions, however, soon proved to be a *barrier* to the capitalist means of production rather than a boost. Marketing – and notably advertising – soon also attained a political role in "educating the masses" to consumption, which basically implied to rid them of traditional values and virtues, such as thrift and frugality, and to incite them with new needs – primarily the need to consume (cf. chapter 3).

In the automobile industry, this implied a "paradigm change" from Fordism to "Sloanism" – named after Alfred Pritchard Sloan (1875-1966), who as a *General Motors* CEO soon ousted Ford in the rank of World's biggest producer of automobiles. GM's formula for success consisted of the combination of mass production and the possibility for customization.

This way, GM managed to build a variety of different cars, tailored to different purses, tastes and needs, that came in different colours (even combinations of them) and were revamped regularly, advertised accordingly and payable by instalments. A car should no longer just be a means of transportation. It was supposed to become part of the wardrobe, a status symbol, a toy, the individual share in human progress – this way it sold much better and, no less important, more often. Source: Wikipedia > Henry Ford > Alfred P. Sloan

In consumer capitalism, markets and consumers have to be created – and that's where marketing comes in.

The development of consumer society that was slowly gaining momentum in the 1920s, with the support of the newly established marketing and PR professions, was rather abruptly put to a halt by the *World Economic Crisis* and the *Second World War*. It took off again in the 1950s, however, and in the course of its development further diversified and re-invented itself, to become the full-blown variety of consumer capitalism we know today – an economic system in which consumer markets play a hitherto unprecedented role (cf. chapter 3).

In the course of this process, the reality of markets increasingly departed from pure theory: The more money we have available for consumption, the less we need to satisfy our most basic needs; and the more "developed" or "immaterial" our needs become, the less does economic reality comply with the theory – and the more important marketing does become.

Classical marketing ethics. Marketing's dos and don'ts concerning market and consumer

So, marketing, as a specialized discipline and practice, comes into play when markets are defect and consumers not really sovereign – when demand has to be matched with growing supply. Marketing lives off this tension between real and ideal markets, and it transforms it into a *dynamic* development. Its function is *to make products and preferences match – to create markets*, again and yet again. That's what marketing is *good for* – its fundamental function in a developed economy that's marked by diversified mass production and consumption.

Marketing has to make supply and demand match on an ever-increasing scale – that's what it's *good for.*

In the chapter on consumption, we saw that this very function of marketing actually has been the target of the most fierce critique against consumer capitalism: It was said to instil us with needs that we didn't originally have, but which were actually being *produced*, a mere function of an economy that had to be run at full capacity, and that we were kept in a "squirrel wheel": none happier, but ever more dependent upon the objects and services provided by an all-encroaching market (cf. chapter 3).

This fundamental critique of consumer society and marketing, as its central agency, boils down to a general critique of *commercialization*: that markets and the *cash nexus* would intrude into ever more aspects of our lives, transform goods into commodities, relationships into deals, values into prices. What critics of this commercialization, such as Michael Sandel, worry about are the unfair, corrupting and de-solidarizing consequences when everything's up for sale and incentive-based behaviour becomes the rule (cf. Sandel 2012 and the box on *The Moral Limits of Markets*).

Marketing is about *commercialization* -- that's probably the most fundamental critique against it.

The Moral Limits of Markets This is the topic of a fairly recent book written by ethicist Michael Sandel (2012). The point that he makes is not really new, but he illustrates it on recent phenomena. Sandel observes what happens when traditional norms and rules are being replaced by markets: e. g., when the "ethic of the queue" is being replaced by a most-paid-first-service mentality that lets people "jump" the queue for a certain amount of money; when fines are being transformed into fees that can be easily settled with money, no bad conscience involved; when personal gifts are being "monetized" or outsourced as "personalized" commodities; when community service is becoming a job; when, in general, everything's up for sale and incentive is becoming the new paradigm for allocation and regulation in a society.

For Sandel, rules, goods and services do not remain the same when there's money involved: For one, according to his "fairness objection", this would mean an illegitimate advantage for people with money – and it would further increase the gap between haves and have-nots. According to Sandel's "corruption objection", moreover, the use of money and market incentives as a general rule would actually "crowd out" morals and all other nonmarket norms: "Economists often assume that markets do not touch or taint the goods they regulate. But this is untrue. Markets leave their mark on social norms. Often, market incentives erode or crowd out nonmarket incentives." (64)

So, what Sandel calls for instead is a public and political debate on the limits of markets, based on a debate on justice and the "good life" – even if this would seem an inopportune, conservative thing of the past. Otherwise, so Sandel, these questions would just be left to the indifference of markets, based simply on the possession of money – while they actually *would* matter to us: "Such deliberations touch, unavoidably, on competing conceptions of the good life. This is terrain on which we sometimes fear to tread. For fear of disagreement, we hesitate to bring our moral and spiritual convictions into the public square. But shrinking from these questions does not leave them undecided. It simply means that markets will decide them for us." (202)

What do you think? Have you observed or experienced something similar? Does money really "crowd out morals"? And, if yes, in what respect?

From a perspective that has made its peace with consumer society, however, its very contribution to *commercialization* actually relieves marketing from other charges, suggesting that it would be "unproductive" or even "parasitic". Indeed, inasmuch as it helps to create and extend markets, marketing is the key to the dynamics, competitiveness, innovation and growth of consumer culture. So, contrary to widespread polemics, marketing can be said to be an essential, *systematic* part of consumer capitalism and society. Marketing is very much productive in the sense that it creates markets – and, thereby, also jobs: not only in "creative industries", but also with producers and sellers.

Still, marketing obviously is quite productive, creative and innovative – contrary to orthodox critique.

At the same time, however, it does that by increasing heterogeneity and intransparency on markets. This very ambiguity has prompted conventional marketing ethics to settle what's actually "good" and "bad" in marketing. Its primary, if not exclusive benchmark is the contribution marketing actually does make to make markets work – or at least that it does not unduly interfere with them. From this conventional perspective,

Conventional marketing ethics is a partisan of free and growing markets – and marketing is supposed to contribute to (and not interfere with) this aim.

- *what marketing is supposed to do* is to increase competition, innovation, the reach of markets and growth, and to inform consumers about available products and – not least – their own preferences.
- *what marketing is supposed not to do* is to decrease competitiveness, innovation and growth, and to misinform consumers.

Usually, conventional marketing ethics is concerned only with the *negative* aspects that potentially interfere with the workings of efficient markets The most common of these objections include the use of any means that could compromise fair competition or consumer sovereignty, such as

- a *product policy* that puts up entry barriers to other competitors, notably by the use of patents, or that infringes on the rights and security of consumers.
- a *price policy* that lends itself to unduly drive competitors off the market, such as dumping prices, or to skim undue profits from particular groups of consumers.
- a *distribution policy* that locks competitors out and customers in, by using exclusive licensing schemes or technical "borders".
- a *promotion policy* that misinforms consumers about own and competitors' products and services.

Conventional marketing ethics focuses on how marketing contributes to fair competition and sovereign consumer choice – negatively and positively.

A *positive* approach based on classical marketing ethics would be to see it as a challenge to *empower consumers* to make the right decisions, and to actively use marketing as a means to build a more creative, competitive and innovative market economy. That's why marketeers' professional ethos conventionally is concerned with values and virtues such as truth, trustworthiness, customer responsibility and fairness.

Eventually, conventional marketing ethics is concerned with economic aspects alone.

Whether it's focused on limiting the potential infringements of marketing on efficient markets, or on marketing's function to promote market dynamics, innovation and growth: Classical marketing ethics is almost exclusively concerned with *economic* aspects and consequences of marketing only.

A more inclusive approach to marketing ethics transcends the narrow concern for market actors – to address marketing's responsibility for people and planet.

This *exclusive responsibility for competition and consumers* has given way more recently to a much more inclusive approach that systematically considers the "external effects" marketing may have on other people and the planet. This more inclusive view is closely related to a view of the company as an organization that's embedded in a societal context – and which, therefore, simply cannot afford not to care for its effects on its stakeholders (cf. chapter 5). The social responsibility of marketing, therefore, ideally extends way beyond its mere competitive context, to include its performance in social and ecological terms as well.

What's Good and Bad in Marketing. Ethics in the Marketing Mix

Contemporary marketing ethics aims to synthesize classical marketing ethics, with its economic focus on competition and consumers, with a more inclusive perspective that systematically considers the effects of marketing on other stakeholders as well. In what follows, we will sketch what this broader perspective means for the different realms of marketing, the famous "4 Ps" – product, price, place and promotion – along the marketing mix.

Contemporary marketing ethics focuses on the effects of the "marketing mix" on competition, consumers and other stakeholders.

1. Product

Product responsibility extends to a variety of different issues that may not only relate to consumers, but also to other stakeholders located along the life-cycle of a product or service. As we saw in the last chapter, products show different "layers" of quality (so-called inspectional, experiential and fiduciary properties) that are relevant in that respect. The "egg case" in particular showed that the relative importance of these properties is subject to permanent change, alongside with societal and cultural developments: When, until recently, the immediate, material quality of eggs – how they look, taste, and how fresh they are – provided sufficient information for sovereign consumer choice, *immaterial* properties relating to their actual production – how the hens are bred, what they are fed &c. – have become so important that this, in the course of no more than a decade, eventually changed the whole egg business in a fundamental way (cf. chapter 3).

Product responsibility and policy are concerned not only with immediate quality and consumer satisfaction, but with the whole life-cycle of a product or service and its effects on people and planet.

Ethical problems and challenges related to *product policy,* therefore, do not only concern the consumption of products, but also their production and eventual disposal or recycling: They concern the whole life-cycle of a product. In order to implement such an integrated product policy, marketing must seamlessly interact with all management areas concerning product design, sourcing and the management of operations. Marketing, therefore, has to be firmly integrated in the company's overall management system – with a clear and far-reaching commitment to *product stewardship*.

Traditionally, product stewardship focused on mainly *material properties of products relevant to consumers*: This includes problems of inferior quality, unsafe or unhealthy products, and the more recent problem of planned or perceived obsolescence. The latter, however, have implications that go well beyond consumers' interests alone.

Inferior, unsafe, unhealthy and obsolescent products do mainly concern consumers – albeit not exclusively so.

Inferior products This is probably the oldest and most basic problem of product responsibility. It is about a certain standard of material quality that a product is supposed to have – otherwise this is considered a breach of trust or an infringement on the rights of consumers. In history, problems with inferior products were relatively common – like in the "bread riots" of 18th century Britain, when "the crowd" went on the streets to protest not only against bad, "dust-laced" bread, but against what they considered illegitimate business at their expense. Based on this example, historian E. P. Thompson, in what's become a classic in economic history, coined the notion of a "moral economy" which basically means just that: popular beliefs about what is fair and just in an economy (Thompson 1971).

Inferior quality always had economic reasons, too – what's new is that quality standards on the mass market are being adapted to the needs of big producers.

Indeed, while technical advances enabled manufacturers to churn out products of constant quality, economic pressure may still have a deteriorating effect on product quality. This is not least the case in the food industry, where shrinking profit margins and concerted industry lobbying eventually brought about a quality downslide in many mass market products (cf. Bode 2010 and the box on *The Food Fakers*).

The Food Fakers German consumer rights group *Foodwatch* (www.foodwatch.de), in a recent investigation of changes in quality standards for mass-market food produce, found that products are increasingly being laced with cheap artificial additives: aromas, adjuvants and fillers (Bode 2010). Almost cynically, such *ersatz* products would then be promoted as "innovations", based on some "new, improved recipe". Examples for such a quality downslide include chocolate custard containing less than 1% cocoa, cheese analogues, form-pressed ham and other "fake food". According to Thilo Bode, director of *Foodwatch*, this strategy is simply necessitated by shrinking profit margins in a highly competitive and stagnant market: When people can't be made to eat more, and when consumer spending on food is on a constant decline, then cost-cutting is the method of choice to increase profits (ibid. : 25). At the same time, massive promotional activity – depicting an ideal world of safe, healthy and natural food – is to bridge the yawning gap between rising consumer alertness and the reality of industrialized food production. And massive lobbying on behalf of food industry is to secure the legal backing for this strategy (20f.): In Germany, major food corporations have a seat in the advisory board of the German Food Code that legally defines what "bread", "cheese", "ham" or other food groups are supposed to mean in the first place, i.e. what they are supposed and allowed to contain.

Unsafe or unhealthy products This, too, is a rather traditional issue of product responsibility. When it comes to unsafe products, precedents such as the "Ford Pinto Case" of the 1970s, which marked the breakthrough of the American consumer rights movement (cf. chapter 7), have created a situation where the most urgent aspects of product safety are actually covered by law or additional, voluntary certificates, such as *TÜV*, *GS – geprüfte Sicherheit, CS* or *OEKO-TEX*.

Immediate danger to the health and safety of consumers draws a lot of attention – so it is a constant concern for legislation & also a driver for the induistrialization of food production.

When it comes to food in particular, safety or health scandals around forbidden pesticides or other residues, salmonella, mold, listeria, EHEC and other dangerous microbes, e. g., filled the newspapers in recent years. The alertness that these singular cases created – however short-lived it was – certainly contributed to long-term changes in product policies in the food sector. Immediate and severe health risks have been limited to rather rare, singular occasions, and there's a growing body of laws meant to prevent them. Long-term health related issues, however, are just now getting the attention they deserve: Several products carry basic information relating to nutrients, often on a voluntary basis. At the same time, major food producers and retailers have long opposed the introduction of compulsory food labelling – modelled on the design of a "traffic light" – that could inform consumers about health-related issues of a product in a most simple way. Single companies such as *The Cooperative* in the UK, but notably also *Lidl* in Germany and Austria, in the meantime, have started to improve their product lines based on health-related considerations.

Long-term, less visible effects on consumer health and safety are relatively loosely regulated and remain an issue for corporate product stewardship.

Planned and perceived obsolescence *Planned obsolescence* is a topic that only recently entered the focus of public attention. Since then, reports on manipulated light-bulbs, nylons, computers, printers, BBQs and so forth have become legend. The charge is that these products have been "designed for the dump", as it were, i. e. they are either produced with cheap, short-lived parts (which leads us back to the problem of inferior products) or they contain some sort of "predetermined breaking point" or "weakest link" – often a minor part without which the product eventually becomes worthless. So, these products are designed in a way, technically, to become obsolete after a certain period of time. A "planned obsolescence" policy, very often, is connected to a "closed design" policy: This means that owners of a product or third parties are either not allowed or not able to repair the product. It has to be returned to the supplier or producer, and quite often, having a thing repaired just doesn't pay compared to buying a new one that likely adds new features.

Planned obsolescence concerns products that are poorly made, programmed to break & meant to be repaired.

Perceived obsolescence, on the other hand, is much more common, taken-for-granted and, therefore, it may seem less problematic to us than bad or manipulative technical design, as in the case of planned obsolescence. Perceived obsolescence is actually about *fashion*. We know the concept from the market for clothes, shoes, furniture and other stuff we traditionally use to present ourselves in public, and which many of us expect not only to be in good shape and use, but to be up to date: *fashionable*.

Perceived obsolescence concerns products that are made to become unfashionable – and be replaced – while they are still perfectly functional.

With consumer capitalism, the concept of fashion has been extended to many more classes of products, such as cars (as we saw earlier, with *Sloanism*), computers or smartphones – notably all the products which promise us to take advantage and share in "technological progress". What's at stake here – especially when it comes to electronics gadgets – is the concept of "innovation". Actually, what counts as an "innovation" in a certain product category, definitely, is an issue of product stewardship as well (cf. the box on *What's an Innovation?*).

What's an Innovation? For economists, following a classic notion coined by Austrian economist Joseph A. Schumpeter, an innovation is an instance of the process of "creative destruction" that accounts for the dynamics of capitalism. An innovation, however, is not quite a technological "invention". Rather, it's a resourceful "re-combination" of what's already known which, eventually, provides a competitive advantage or opens a new market. (Schumpeter 2006). So, while an innovation need not be essentially "new", marketing it as an "innovation" may sometimes (at least) help to create a market for it.

That's why for companies like Apple, being "innovative" is part of their brand image, even if the company didn't actually *invent* most of the gadgets that it eventually launched with great success on the market. This counts for the GUI (graphical user interface) of PCs, for the mp3-player, the tablet PC as well as for the "smart phone". The actual innovation that Apple provided was the new, effective way to "market" these products, focusing on design, usability, community and the eventual effect these gadgets could have on the lives of their users. This way, Apple created a whole new market for these devices – also for the benefit of its soon-to-be competitors.

The thing is: Marketing definitely has a say in what's an innovation. While Apple focused on "usability", others chose to focus on the numbers – such as *GigaHertz*, *Terabytes* and *Megapixels* – that are supposed to map the quality of a product in objective terms. But then, why do other issues such as energy-usage, environmental impact, accessibility &c. not feature so prominently in the product policies? And what do these numbers actually mean – in terms of "utility value" of a product, i.e. what we can do with it?

As mentioned earlier, perceived obsolescence is not only about new features which we likely may not need, but it's also about changes in the outer design of a product that regularly lead to its devaluation – even though, in terms of its immediate utility value, the product would still be in good shape.

Obsolescence adds to the more fundamental problem of a throwaway society that's not concerned with the external effects of its affluence.

The more fundamental problem of obsolescence is that it eventually does not only cost us money, but that it adds to the phenomenon of a "throwaway society" – including all the social and environmental problems in its wake. So, apart from immediate consumer-related issues, what's equally relevant to product policy is the products' effects throughout the value chain, the whole *product life-cycle*. This is the issue which we already dealt with in detail in the "egg case" (cf. chapter 3). Some of the issues relating to the upstream value chain in particular were covered in the chapter on sourcing (cf. chapter 2).

Working Conditions and Trade Relations How the things we buy and use are produced and traded is often hard to tell, and most consumers likely don't care about it in their daily shopping routines. Still, in the context of a globalized economy and the many social and environmental problems in its wake, growing numbers of consumers actually consider such "fiduciary properties" in their buying decisions (cf. chapter 3).

Originally, these issues entered the public debate in connection with so-called "cash crops": commodities such as coffee, cocoa, tea, bananas, more recently soy and palm kernel oil, which are, still, quite often being produced under inhumane conditions, including child and forced labour, traded on unfair terms, and subject to speculation. For many observers these unjust work and trade relations go back to and tend to perpetuate the "old" international division of labour between developed countries in the global North and "developing" countries of the South (cf. chapter 2). The popular "Fairtrade" movement, the consumerist heir of the earlier, political "Third World" movement, wants to tackle these issues by creating an alternative "niche" market: a small but fast-growing market that's constantly expanding to other products, including those of the "new" international division of labour, such as computers, smartphones, sneakers or outdoor wear, e. g. (cf. chapter 2).

Under what conditions products are being made and traded is becoming an increasingly important fiduciary property.

Markets and industries that face these problems are currently undergoing major changes: Single companies and whole industries have started to formally commit themselves to improve the situation and draw up initiatives to that end. Auditors, certifying bodies and labelling schemes have been popping up, and major brands and retailers have been revamping their product lines. From a marketing perspective, it is essential to review the upstream value chains of these products and watch out for related risks but also opportunities. As we saw in the case of *Nike*, such reforms are not easily won, but the result of a year-long process (cf. chapter 2). At the same time, it is clear that a product policy that reflects upon these issues has to be firmly rooted in an overall management process. The same holds for environmental properties of goods to which we turn next.

Environmental footprint This includes, most prominently, the issue of *organic production* of foodstuffs, but increasingly also of non-food products such as cosmetics or textiles. Closely related to that, *animal rights* – as we saw in the "egg case" – also appear to become a more important property of products, even if this movement may seem somewhat lopsided and inconsistent (cf. chapter 3). Apart from that, the responsible or sustainable management of natural resources has become an issue with the atmosphere, wood, cotton, fish and traditional cash crops, for which several industry initiatives and labelling schemes have been popping up in recent years (e. g. the *Roundtable on Responsible Soy (RTRS)*, *Roundtable on Sustainable Palm Oil (RSPO)*, the *4C Code of Conduct* of the coffee industry, or many "sustainability brands" of major producers and retailers).

Environmental impact of goods has been a major issue that led many companies rethink their value chains – a few of them even did something about it.

Further down the road, along the *downstream value chain*, the environmental impacts of products have come under increasing scrutiny. Most urgent issues include the wasting of natural resources, including foodstuffs and packaging, the exploitation of non-renewables and general problems of pollution. From the perspective of product stewardship, all these issues have to be viewed as issues of product policy: not in terms of their immediate use or harm to consumers, but in terms of the "external effects" that usually go at the expense of communities where these products are used.

In most radical terms, this idea is exemplified in the concept of "cradle-to-cradle-design" (cf. the box on *From Cradle to Cradle*). As a guiding notion, the idea behind *C2C* actually inspires all efforts in product design to reintroduce as much of the material originally used into the production process. In times of depleting resources, peak oil and a plastic planet, this is indeed one major aspect of product stewardship.

From Cradle to Cradle A term that has gained some popularity in the context of environmental stewardship is "*cradle-to cradle design*" – sometimes it is also referred to as "regenerative design" or "closed loop production". What this concept refers to is the "biomimetic" idea (that means it is imitating nature) that materials – just as in ecosystems – circulate in metabolisms: Nothing is lost or accumulates as waste, but everything's actually being reused in some way. While organic components may be reintroduced to the "biological cycle", where they are being degraded by natural processes and can re-enter the system as nutrients, non-organic components have to go through the "technical cycle" where they may be sorted out, disassembled and prepared to be reintroduced into the production process.
While companies such as HP (see below), Nike and more recently Puma did experiment with *C2C*, there are some minor examples such as an office chair or a light car that are being produced based on this idea. For products based on organic material only, this is actually much easier to do and more common. Source: Wikipedia > Cradle-to-cradle design

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The box below lists examples of companies that made efforts to rethink and redesign their products along the lines discussed above. They may serve as examples of a more ambitious kind of *product stewardship* that goes beyond consumer satisfaction to address the most pressing social and environmental issues related to their products.

Good Practice in Product Policy The following companies redesigned their products to reduce social and environmental impacts involved with their production or consumption. *What do you think about these moves?*
- *German chemical manufacturing company Henkel* is seen as an industry leader in making its whole product line of adhesives solvent-free. The immediate occasion for this move were numerous cases of "sniffing", i. e. the abuse of solvent-containing glue as an addictive drug, mainly among homeless kids and youngsters in poor metropolises at the global periphery. When Henkel removed solvents from its adhesives, it first had to

face drops in sales. Yet, especially when it used its power to outlaw solvent-containing adhesives, its first-mover strategy finally paid: in terms of returns as well as good reputation.

- *British IT company Hewlett Packard* set standards in cradle-to-cradle design by introducing the first fully recyclable printer and appropriate cartridges. At the same time, however, HP was facing charges of planned obsolescence with its printers. As we will see later, a closed recycling scheme may also serve as a means to "lock-in" consumers.

- *British defence company BAE* recently caused a stir by presenting what's been called an "ethical bullet". The product is part of a new product policy that aims to minimize "collateral damage" of weapons. The new product line includes more energy efficient interceptors, smart bombs, bio-degradable land mines and lead-free ammunition – the so-called "ethical bullet". Every year, tons of lead are being shot into the woods, doing massive harm to the natural environment, notably the ground water. A BAE spokesperson, in an interview with the BBC, gave the following reasons for this change in product policy : "These things are going to be used, and that, unfortunately, is an aspect of the modern world. We just have to make sure that our customer is safe using these things."

Such a move may seem strange or hypocritical. Still, it signals that external effects of products are being recognized, and that a company is committing itself to do something about them. From this perspective, *BAE's* move may actually seem more serious than, e. g., the campaigns by *Heineken* and by gambling and betting company *bwin*, which mainly prompt their potential customers to drink and gamble "more responsibly". *What do you think?*

2. Price

Price, in orthodox economics, is seen as a mere function of supply and demand meeting on the market. Actually, however, *prices are made* – just as much as products and preferences. The issues involved, again, can be viewed from two different perspectives. We can look at *pricing from the perspective of competition and consumers.* These are the issues that marketing ethics has traditionally been focusing on: price fixing, price dumping, price gauging, misleading or intransparent pricing or illegitimate price discrimination. On the other hand, we can also look at *pricing from the perspective of other stakeholders*, notably suppliers. This brings us back to the issue of fair trade, in more general terms.

The ethics of pricing conventionally boils down to fair prices for consumers – from an extended perspective, it also looks at externalized costs not covered in price.

Price Fixing Food industry and major retailers have recurrently come under suspicion to "fix" prices. When two parties in a deal agree on a certain price, where's the ethical problem? In an ideal market situation, there is no problem. Price fixing becomes a problem when there's market power involved. That's why many such cases occur in close connection with high levels of market concentration. Then, powerful players may exploit their position to connive with their suppliers, or even with their immediate competitors. In both cases, price fixing serves to limit competition and to skim an extra profit, because prices are kept "unnaturally" high. So, price fixing actually is an illegitimate – and also illegal – practice. It diminishes the efficiency of the market. It is unjust mainly against the consumer.

Price fixing keeps prices high, is inefficient and unjust towards consumers.

Price dumping This practice, also known as "predatory pricing", is commonly used to get rid of competition. Again, selling at low prices is not an ethical problem in itself. In the short run, a "price fight" even serves the interests of consumers. In real world settings, however, price dumping commonly comes with market power, and it's an instrument to distort competition and to drive competitors out of the market. So, in the long run, predatory

Price dumping reduces competition, is inefficient and unjust towards competitors & consumers.

pricing is not only unfair towards competitors – it also allows the winners to charge higher prices. Price dumping, therefore, constitutes an illegitimate infringement on the market. It diminishes efficiency, both at the cost of consumers and competitors.

Intransparent and deceptive pricing Common sense would have it that buying "bulk packs" saves us money, due to volume discounts. However, as spot tests done by consumer rights groups continue to show, this need not be the case. In addition, changes in packaging size – which have been made easier through new EU legislation – have become a preferred means for producers and retailers to implement hidden – and sometimes substantial – price increases.

Confusing packaging sizes allow to overcharge or raise prices.

Illegitimate Price discrimination It is quite common to charge more money per product unit for small-sized packages. In fact, many retailers give considerable volume discounts – and this seems a legitimate practice at first sight. At the same time, quality branded goods are sometimes sold in small-sized packages, supposedly to make them affordable for the less well-off – this may also seem a legitimate practice at first sight. Eventually, however, the better-off who can afford to buy the big or regular packs, eventually, pay considerably less for the same product than poor people. In countries with high degrees of social inequality, where small-sized packages sometimes carry the halo of CSR measures, this strategy eventually lends itself to cement these inequalities. What's more, being able to afford branded goods, even if only in small packs, conveys social prestige, and poor, uneducated people are often ill-prepared to make sovereign choices at the face of multi-million dollar marketing campaigns.

Confusing packaging sizes allow sellers to overcharge or raise prices.

Malnutrition – a Self-Fulfilling Prophecy? In the early 1970's, Swiss TNC *Nestlé* was being confronted with charges to profit from poor people in developing countries, even at the cost of dead babies. The dubious reputation of being a "baby killer", as a 1974 Swiss study had it, sticked with *Nestlé*, spurred a broad protest movement and a boycott against the company in 1977 – in lesser, more informal ways, this goes on until today. The immediate charges against *Nestlé* were that the company had applied new, innovative ways of marketing to the market for "infant formula" (breast milk substitute) in developing countries: ads in mass media, free samples, distribution through ordinary retailers (not doctors or drugstores) and promotional activities by so-called "milk sisters". While these measures turned out to be quite successful in the short run, many mothers were ill-advised, and their babies ended up underfed, sick and sometimes even dead. While the same strategy had been good business in the developed world, among poor and uneducated people with no access to clean drinking water and sanitation, the same strategy turned out to be a disaster – not least for *Nestlé*.

While the same problem continues to bring up activists against *Nestlé* and its competitors in poor countries, there's an additional problem there that's linked to the selling of small-sized packages. Slum dwellers in emerging markets such as the Philippines, e. g., save up money to buy small amounts of branded baby food. While they do this out of fear to undernourish their baby – that's what the ads suggest –, their choice may eventually start a vicious circle that cynically fulfills this prophecy: When babies are fed "infant formula" as a substitute for breast milk, mothers may start to produce less of it. When people do not have enough money to buy sufficient amounts of formula, babies, thus, may end up being underfed – just because their parents were made to fear they could be underfed. Sources: Harvard Business Case "Nestle Alimentana S.A. – Infant Formula", UNICEF documentary "Formula for Disaster"

All these issues have to do with effects of unfair or illegitimate pricing on consumers and competitors. When, in the middle of the "food crisis" in early 2008, major retailers introduced new discount product lines, they did this with an explicit reference to the social responsibility they had for their customers. If this sounds somewhat hypocritical, in the light of current investigations on price fixing, then the concept of "social responsibility" as it is applied here is also somewhat limited. What it does not talk about is how these – in this case – *low* prices actually came about. This is indeed an issue that goes beyond the traditional concern for competition and customer.

Low prices for consumers may be bought at the cost of others.

Cheap Prices at the Cost of Suppliers That's the issue with cash crops and cheap products (clothes, gadgets and sneakers mainly) that are being produced mainly at the global periphery (cf. chapter 2). However, the issue of "fair trade" is also a problem for many, mainly dairy farmers and other small producers in rich countries, not least due to the high concentration of the food market. Here, price pressure on suppliers does not only mean illegitimate gains on the part of the more powerful party, but it also has far-reaching consequences for regional economies, jobs, but also animal welfare, e. g..

Cheap prices at the cost of suppliers have negative consequences for the entire upstream value chain.

On the other hand, there are also some positive examples for how pricing can be done in fairer, more socially responsible ways. These cases of good practice are presented in the following box.

Good Practice in Pricing Policy Just as there are many ways to price in illegitimate and unjust ways, there are also ways to do it better. The following are just a few hints at what this could imply.

- *Legitimate forms of price discrimination* include reduced fees and tariffs for certain groups of people, such as unemployed people, students, pupils or the elderly. This pricing policy is based on the assumption that these people have the same right to use a certain facility (such as a tram or a museum) but less money available to do so. In some cases, such as in the use of public transport, it may even be argued that they are actually more dependent on a certain service than richer people are.
- *Social markets* are another, more recent example for the same idea. In this case, it concerns the consumption of everyday commodities at affordable prices for people in need.
- *Different prices for medicine* in richer and poorer countries are another example for legitimate price discrimination. Pharmaceutical companies, however, usually do not strike such deals, so countries like South Africa or Brazil started to make their own, generic drugs to provide their people with much needed medication.
- *Fair prices for suppliers*, of course, are one of the core principles of the fair trade movement (cf. chapter 2 and earlier in this chapter). Guaranteed minimum prices do actually distinguish the original fair trade movement from more recent initiatives such as *Utz certified* or *Nestlé's Cocoa Plan* which place their trust in the workings of world markets on commodities.

3. Place

Distribution policy, in general, is about the places and the channels a company employs to market its products and services. What's at stake here, from an ethical perspective, is whether these methods lend themselves to increase choices for consumers, or whether they constitute constraints or barriers to consumer choice and competitors.

While distribution policy, from this perspective, is mainly relevant from a conventional marketing ethics perspective, focusing on economic effects on customers and competitors, some of these issues also concern what we could call *bonos mores*, as it were. This is the case both for the overly *aggressive* and *subtle* methods of sales and distribution that will be discussed in the following section. As we will see, however, subtle marketing techniques, meant to make us identify with a brand or product, go quite well with exclusive distribution policies that lend themselves to *lock in consumers and lock out competition.*

The ethical acid test for distribution policy is whether it increases options – or locks consumers in and competitors out.

Aggressive methods include all kinds of "hard selling", such as phone marketing, door-to-door marketing, street marketing, or shopping bus tours. What distinguishes these methods from mere "promotion" is that (intermediary) sellers usually intend to make an instant *deal.* To this end, they usually exert undue pressure on potential customers, who may find themselves to be physically "locked in" some place: This not only infringes on their sovereignty as consumers but may also be *contra bonos mores*.

Agressive methods are meant to force a decision or to physically lock consumers in.

Subtle methods, on the other hand, do not exert overt pressure on consumers to make a deal, but they aim to establish an *emotional relationshi*p between potential customer and product. Intermediaries or even consumers themselves are supposed to identify with a product or firm and become its active "ambassadors" in the public space. "*Buzz Marketing*", a more recent variant of these methods, is supposed to create a "buzz", a "hype" about what's supposed to be sold. Potential customers are supposed to be *emotionally tied* to a particular product or brand to such an extent that they volunteer in *public product placement*: a phenomenon we know from wearing branded clothes, but which of late also concerns electronic gadgets and other stuff we love to identify with. Interestingly, and this is why this method is not merely treated as a regular promotional strategy, it is usually closely linked to exclusive distribution strategies.

Subtle methods are meant to tie customers emotionally and make them take part in creating a buzz.

Lock-in distribution strategies are supposed to tie customers not only emotionally, but technically, through patents, licensing or membership schemes that create more or less closed "worlds" in which "content", "hard-" and "software" are ideally bought from one source only – no matter whether this is digital contents and gadgets or coffee and accessories (cf. the box on *Emotional branding and lock-in distribution strategies*).

Lock-in distribution strategies are meant to tie customers in an exclusive environment, by all technical and legal means available.

Emotional branding and lock-in distribution strategies Interestingly, high brand equity and distributional lock-ins do co-exist in many successful companies, such as *Amazon* (with its *Kindle* reader and eBook-store), *Microsoft* (with its policy on exploiting its dominant position to undermine the use of open standards) and *Google* (the nabob in digital content with a half-hearted open source policy). Two brands that stick out for their high emotional value and corresponding lock-in strategies are *Apple* and *Nespresso*.

- *Apple's* rise to leader of the digital world is based on a smart combination of emotional branding and lock-in distribution strategies. *Apple's* operating system traditionally runs exclusively on its own hardware, a policy the company recurrently defended before court, suing all potential competitors that tried to launch "Apple clones" on the market. With the rise of the internet and digital content, *Apple* successfully created an exclusive link between content (*iTunes Store*), software (*iTunes*) and fashionable hardware (*iGadgets*) – a system that other players on the digital marketplace, such as *Google*, *Amazon* and *Microsoft* – and soon probably *Facebook* as well – are desperately trying to mimic. With the rise of "apps", similar lock-in strategies in combination with fierce patent wars on things like rounded rectangles promise even greater profits. The new economic “cold war” between *iOs* and *Android* systems, however, will likely go on for years to come – and quite certainly it won't be won with the better technology alone. As regards emotional branding, Apple at the same time understood to position its products as fashionable accessories which allow users not only to use these gadgets, but also to identify with them and present themselves as “members of the club” in the public space. White earphones and glowing apple logos have since become globally recognized icons and effective media of everyday “product placement” (cf. chapter 3).

- *Nestlé's Nespresso line of high-end coffee* shows the same dual strategy of emotional branding and exclusive distribution policy. The combination of patented capsules, licensed coffee machines and an exclusive distribution scheme, based on membership, web store and luxurious *Nespresso Stores* and *Boutiques*, lends itself to create a truly “exclusive” dependency on the product. Whoever enters the “world of Nespresso” on one side is supposed to never leave it again. Together with a community of “coffee connaisseurs”, a closed market is being created in which *Nespresso* can act as a *defacto* monopolist. That's why the corporation tried to fight off the launch of cloned capsules by other companies – so far to no avail.

4. Promotion

While promotion has little to do with the actual process of value creation, it's also the most visible part of a company – and of its marketing.

Very often, marketing is being reduced to this single aspect alone. Sure, popular critique of marketing tends to focus on promotion, particularly on advertising. On the other hand, promotion likely has the least to do with what a company really does. It is just a pendant of a company's process of value creation, and it is also most often being “outsourced” to special agencies.

Still, promotion is probably the most visible part of marketing: the “signboard” of a company, as it were. With its promotional activities, a company may keep up appearances, create images, manipulate and “arouse” needs – these are actually the basic ethical objections against it. With its promotional activities, however, a company may also raise awareness for a public concern, it may sensitize its customers for more sustainable consumption patterns and accordingly position the company as a responsible corporate citizen. That's the point where *ethics itself is becoming the subject of marketing* – a relatively new and delicate phenomenon that we will turn to at the end of this chapter.

Advertisement is a usual suspect when it comes to corporate wrongdoing – the charges are many and quite popular.

Critique of Advertisement Advertising is usually the central element of a company's promotion policy, aside from *Public Relations* and *Communications.* Therefore, it is a usual suspect, as it were, when it comes to “unethical” behaviour. Most of the charges against ads are widely known – that's why they are only itemized here in rough, polemical terms. Advertising, according to this critique, would

- arouse false needs by telling the untruth, manipulating us and exploiting our feelings,
- commercialize our lives, annoy us and occupy the public realm,
- portray people in stereotypical and exploitative ways, including sexual and sexist images,
- promote harmful products,
- distort competition.

Both the first objections target actual core functions of marketing that we identified earlier in this chapter: the continuous creation of products and appropriate preferences. The other points of critique address problems which, over and above legal provisions, are more or less covered by self-regulations of professional bodies of advertisers. From time to time, campaigns are withdrawn because of inappropriate – mostly sexist – portrayals or other infringements on professional codes.

Ethical objections against advertisement concern its *goals* and basic raison d'etre – the creation of markets – as well as its *means*, when ads are contra bonos mores.

Positive aspects of advertisement include the following items – based on a view that has made its peace with consumer society and culture, and which sees advertisement as an integral part of it. This apology of advertisement holds that advertisement is

- part of our culture, actually art and part of creative industries,
- entertaining and fun,
- informative, at least by telling us what's up for sale.

Partisans of advertisement see it as an important, creative and fun part of our consumer culture.

Even if these aspects have to be contrasted with marketing's actual function, they still lend themselves to put the objections against it into perspective. Over and above these general aspects, ads may also be used to draw attention to public concerns such as social problems or ecological products – and this it can do in a manner that empowers us in our ideal role as sovereign consumers.

At the same time, with the rise of ethical issues, “sustainability”, “CSR” or “green” soon found their way into the ad departments. Bereft of their original meaning, however, they sometimes ended up as mere buzzwords meant to improve a company's reputation by simply creating appropriate images. *Ethics, therefore, has become itself the subject of marketing.*

Advertisement is the method of choice also when it comes to promote worthy causes.

Green Marketing and Green Washing

“Green” in the following passages is being used as a “placeholder” for actually much more than just environmental issues that marketing may address – in constructive or rather obstructive ways. While “being green” still may be the most prominent subject in terms of “doing good”, there are actually many other ways that companies today are aiming to make a contribution – or just to show off.

When ethics is a subject of promotion, this may be an effective means to advance a cause – or an illegitimate way to make believe.

So we can distinguish several ways in which marketing may be used to bluff or deceive the public – to bridge the actual gap between corporate reality and societal expectations: *greenwashing* (in a narrower sense), *bluewashing* (referring to membership in the UN Global Compact for PR reasons only), *pinkwashing* (referring to cause-related promotion using the “pink ribbon”) or most recently *localwashing* (referring to promotion based on some false statement of “local production”).

On the other hand, we can also distinguish several ways in which marketing may actually be applied to make a positive change, such as *contra marketing*, *social marketing*, *cause-related marketing* and, in a narrower sense, *green marketing* (cf. the box on *Marketing for the Good*).

Marketing for the Good The function of marketing, generally speaking, is the creation of markets: of products and preferences. Its very function – marketing's contribution to “commercialization” – is therefore closely related to the problems of consumer society. The same techniques, however, may also be applied to make a change to the better. Indeed, marketing – and ads in particular – have already been used in many ways to do just that – even though usually on a small scale, with a critical stance, and often in ambiguous ways.

- *Contra Marketing* is a rather subversive way of using the means and techniques of advertising to criticize corporations and their bad effects on people and planet. This is what “adbusters” and “culture jammers” have been doing for long to fight alcohol, tobacco and other “bad corporations” or just to oppose the excesses of consumerism, when promoting the yearly “Buy Nothing Day”. More recently, they applied the same concept to marketing a so-called “anti-product”: the “Blackspot Sneaker”.
- *Social Marketing/Advertising* refers to the relatively common practice to launch campaigns and raise awareness for some “social problem” or an organization that works on it. Often, these campaigns are being initiated by advertising agencies – sometimes in order to improve their own reputation. Indeed, many competitions for the best advertisements already include sections on “social” or “green advertising” (that's next), which is an additional incentive to use free capacities and creativity for such campaigns. The issues that these campaigns are supposed to raise awareness for range from human trafficking, poverty and HIV/AIDS to child soldiers.
- *Green Marketing* does differ from social marketing mainly in two aspects: First, it covers mainly “environmental” topics. Second, it usually covers the performance of a particular company. While environmental interest groups such as *Greenpeace* or the *WWF* have launched their own campaigns on general environmental problems, the huge part of green marketing is actually done on behalf of companies that aim to signal their environmental commitment.
- *Cause-Related Marketing* is a fairly new, “hybrid” concept that aims to link promotion for a company and a cause. Products carry messages or symbols on their packaging that lend themselves to raise awareness for some social or ecological concern. In addition to that, a small share of the sales price goes to the respective cause. Examples include products sold with a pink ribbon, the somewhat awkward “Saufen für den Regenwald”-campaign of German brewery *Krombacher*, or *Zotter's* policy to support a different cause every year with a particular product: former issues included accessibility or saving rainforests. Cause-related marketing, therefore, is supposed to create a “win-win situation” for both the company and the interest group or issue that's at stake. The latter lends its reputation to the former who, in exchange, lends its marketing capacities to the latter – in addition to the money that comes from the consumers that buy the cause-related product.

While advertising's power to create images and to instil people with values and needs may be used mainly to *sell stuff*, or to actually detract people from the proverbial skeletons in a company's closet, the same capacity of advertising – as a means for “propaganda” – may be mobilized to better ends: To arouse people emotionally and instil them with the need to change their lives (or at least their shopping patterns).

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