DIRECT MARKETING AND ETHICS: A COLLISION COURSE

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Abstract

In recent years two concepts have garnered bands of supporters in the marketing discipline. The first of these concepts has been given a variety of labels; however, it essentially embraces the issue of the proper role of ethics in business in general and in marketing in particular. The second is the concept of direct marketing. Both of these are important to the marketing discipline; both have the potential to allow marketing to be more responsive to its consumers—to truly embrace the marketing concept. Unfortunately, the proponents of these concepts may find themselves on a collision course. The purpose of this paper is threefold: (1) to present brief backgrounds of the role of ethics in marketing and of direct marketing; (2) to outline their potential course of collision; and (3) to propose a way to divert this collision.

The Role of Ethics

Ethical problems arise when one interacts with other people. An individual faces an ethical conflict when he believes that his responsibilities toward one group are inconsistent with his responsibilities toward another, including himself (Hunt, Chonko, and Wilcox 1984).

Business executives and business educators have become increasingly concerned about the appropriate role of ethics in business activities and decision-making. Over two decades ago business executives identified eight major ethical problems that they wanted to eliminate, five of which pertained to marketing activities (Baumhart 1961). It is not surprising that marketing bears the brunt of the charges of ethical abuse in business. It is the most visible of the business functions and operates in an environment external to the business organization.

Most people would agree that they want a society in which ethics and justice prevail. To endure, private enterprise must operate so that people believe that justice does prevail (Martin 1985). This is a challenge because marketing faces skepticism and cynicism. For example, the 1983 Gallup poll listed several marketing occupations near the bottom of the ethics ladder. In addition, state, local, and federal governments have created a multitude of laws, commissions, and regulatory agencies in an attempt to achieve a just business society.

There is agreement that ethical principles should provide the basis for decision-making in general and marketing in particular. In addition to suggestions for incorporating ethics into marketing decision-making, researchers have conducted empirical examinations of the role of ethics in decision-making. A comparison of the ethical beliefs of marketing professionals and students with those of other groups indicated a significant difference between their ethical beliefs (Sturdivant and Cocanougher 1973). When compared with marketing academicians, marketing practitioners were more flexible in their evaluations of ethical practices (Trawick and Darden 1980). However, the differences between the academicians and practitioners were more a matter of degree than of substance. In other research marketers were found to be more manipulative than society as a whole (Hunt and Chonko 1984). In fact, marketing managers perceived their ethical beliefs and behavior to be superior to that of their peers; therefore, they felt themselves under no pressure to improve their ethics (Ferrell and Weaver 1978).

Other empirical studies identified unethical behaviors and practices. The general behaviors considered most unethical were those involving overt deception requiring direct action which could hurt another entity (Ferrell and Weaver 1978). The specific behaviors mentioned most often as ethical problems were bribery, fairness, honesty, pricing strategy, product strategy, and personnel policies, in that order (Chonko and Hunt 1985). The most reported ethical conflict involved the attempt to balance the corporate interests with those of others. Managers believed that there were many opportunities for unethical behavior, but that general unethical behavior did not lead to success.

Dealing with Ethical Problems

The ethical issues in marketing decision-making are not the problem; the problem is dealing with these ethical issues. Three specific recommendations for improving marketing ethics are professional codes of marketing ethics, marketing ethics committees, and ethics education for marketing managers (Laczniak and Murphy 1985).

Codes of ethics serve as operational guidelines for ethical decision-making and are at least a commitment in name to ethical principles. However, most existing codes are little more than public relations instruments. To be effective codes of ethics should deal with industry specific ethical issues and should be
enforced. They should be kept up to date so that they anticipate ethical conflicts (Laczniak and Murphy 1985).

A task force consisting of American Marketing Association members is drafting a new code of ethics that would replace the research code developed several decades ago as well as the general code of conduct (Marketing News 1986). Procedures for implementation have not been published at this writing. Violation of the code could result in suspension or loss of AMA membership.

Corporations should also have ethics committees with the power to investigate any potential ethical abuses in marketing, the right to protect the careers of employees who provide information on organizational wrongdoings from, and mechanisms to deal with ethical problems in decision-making. These committees should be devoted solely to ethics, not merely to social auditing or social responsibility (Laczniak and Murphy 1985).

Education would reflect possibly the greatest commitment to high ethical standards in marketing. In one study formal education was ranked as the number one factor for improving ethics in marketing. The improvement of marketing ethics requires the improvement of personal ethics (Travick and Darden 1980). However, ethics cannot be taught as absolute values. Because ethical issues are so often complex and subtle, the ethical decision maker must be open-minded. This requires teaching of ethical relativism, which recognizes individual differences in value systems (Robin 1980).

This education would be conducted on two fronts. The first would be periodic seminars for marketing managers that deal with ethics. The purpose of these seminars would be to increase marketers' awareness of ethical problems and to provide instruction about systems of moral reasoning and ethical thought (Laczniak and Murphy 1985). Multidimensional, non-utilitarian frameworks are best suited as educational tools to help managers become sensitive to factors important in ethical decision-making (Laczniak 1983).

The second front would be within university classrooms in schools of business. There are two valid reasons for this. First, AACSB standards require the coverage of ethics in business school curricula. Second, the marketing students of today are the marketing managers of tomorrow. To prepare these future marketers for their positions in business, educators must be aware of "real world ethical issues" (Travick and Darden 1980). This knowledge can help students become more able to analyze ethical problems and conflicts and to make responsible moral decisions.

However, the issue of teaching ethics in schools of business is by no means a settled issue. Some critics accuse ethics education of going too far (Gaski 1985), while others say it has not progressed far enough (Scott and Mitchell 1985). At least three alternative positions have been taken. The first would require the school to advocate ethical neutrality, neither teaching ethics nor taking a position on any ethical issue. According to the second position the educational process include the possession of the ability to discern right from wrong. The third is that the school has the responsibility to remind students that ethical decisions must be made and to help them learn how to make such decisions (Long 1984).

Although a census of 224 AACSB-accredited programs indicated that over 46 percent of the institutions offered a special undergraduate course in business ethics, only half of those institutions required that course to be taken by all business majors. An interdisciplinary business ethics course should be required of all business majors early in their studies (George 1984). Such a course should embrace both the theoretical and practical aspects of the study of ethics.

Direct Marketing

Direct marketing has been defined as "the total of activities by which the seller, in effecting the transfer of goods and services to the buyer, directs his promotional efforts to qualified audiences using one or more media and/or salespeople for the purpose of soliciting a countable order or inquiry by phone, mail, or personal visit (in person or by phone) to, a prospect or customer, with this activity preserved on a computerized marketing database" (Hoke 1985).

The preceding definition of direct marketing contains four key phrases: (1) directs ...to qualified audiences, (2) one or more media, (3) countable order or inquiry, and (4) marketing database. First, direct marketing is extremely suitable for marketers interested in reaching a select target group. In fact, the narrower the target, the more likely is direct marketing to improve marketing performance (Edwards 1985, Jenkins 1984).

Second, direct marketing uses one or more communication media. These media can include postal and non-postal direct mail, telephone, interactive television, cable television, broadcast television, videotex, teletex, radio, newspapers, magazines, and such miscellaneous media as matchbooks, yellow pages, and bill and package inserts.

Third, direct marketing requires that a response or a transaction be recorded in some way, preferably by computer, so that the response is measured. The response and/or transaction can be measured at any location—vending machine, mail or telephone, personal visit or call by the seller, or personal visit by the buyer.