REVIEWING THE CONCEPTS

1. Identify the major social criticisms of marketing.
   Marketing’s impact on individual consumer welfare has been criticized for its high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence, and poor service to disadvantaged consumers. Marketing’s impact on society has been criticized for creating false wants and too much materialism, too few social goods, cultural pollution, and too much political power. Critics have also criticized marketing’s impact on other businesses for harming competitors and reducing competition through acquisitions, practices that create barriers to entry, and unfair competitive marketing practices. Some of these concerns are justified; some are not.

2. Define consumerism and environmentalism and explain how they affect marketing strategies.
   Concerns about the marketing system have led to citizen action movements. Consumerism is an organized social movement intended to strengthen the rights and power of consumers relative to sellers. Alert marketers view it as an opportunity to serve consumers better by providing more consumer information, education, and protection. Environmentalism is an organized social movement seeking to minimize the harm done to the environment and quality of life by marketing practices. The first wave of modern environmentalism was driven by environmental groups and concerned consumers, whereas the second wave was driven by government, which passed laws and regulations governing industrial practices impacting the environment. The first two environmentalism waves are now merging into a third and stronger wave in which companies are accepting responsibility for doing no environmental harm. Companies now are adopting policies of environmental sustainability — developing strategies that both sustain the environment and produce profits for the company.

3. Describe the principles of socially responsible marketing.
   Many companies originally opposed these social movements and laws, but most of them now recognize a need for positive consumer information, education, and protection. Some companies have followed a policy of enlightened marketing, which holds that a company’s marketing should support the best long-run performance of the marketing system. Enlightened marketing consists of five principles: consumer-oriented marketing, customer-value marketing, innovative marketing, sense-of-mission marketing, and societal marketing.

4. Explain the role of ethics in marketing.
   Increasingly, companies are responding to the need to provide company policies and guidelines to help their managers deal with questions of marketing ethics. Of course even the best guidelines cannot resolve all the difficult ethical decisions that individuals and firms must make. But there are some principles that marketers can choose from. One principle states that such issues should be decided by the free market and legal system. A second, and more enlightened principle, puts responsibility not on the system but in the hands of individual companies and managers. Each firm and marketing manager must work out a philosophy of socially responsible and ethical behavior. Under the societal marketing concept, managers must look beyond what is legal and allowable and develop standards based on personal integrity, corporate conscience, and long-term consumer welfare.
   Because business standards and practices vary from country to country, the issue of ethics poses special challenges for international marketers. The growing consensus among today’s marketers is that it is important to make a commitment to a common set of shared standards worldwide.

Sổ hóa bởi Trung tâm Học liệu – ĐH TN                http://www.lrc-tnu.edu.vn
REVIEWING THE KEY TERMS

Consumerism 559  
Consumer-oriented marketing 564  
Customer-value marketing 564  
Deficient products 565  
Desirable products 565  
Enlightened marketing 563  
Environmentalism 560  
Environmental sustainability 561  
Innovative marketing 564  
Pleasing products 565  
Salutary products 565  
Sense-of-mission marketing 565  
Societal marketing 565

DISCUSSING THE CONCEPTS

1. In what ways do consumers believe that marketers make products more expensive to the end consumer?

2. What deceptive marketing practices have you witnessed personally? Are they price, promotion, product, or packaging based? Make a list and then briefly describe one incident in detail.

3. Review claims made by critics that marketing creates false wants and too much materialism, too few social goods, cultural pollution, and too much political power. Do you agree or disagree with these claims?

4. Can an organization be focused on both consumerism and environmentalism at the same time? Explain.

5. In what ways do companies benefit from practicing the philosophy of enlightened marketing?

6. Select three moral dilemmas from Table 20.1. Propose an ethical response for each dilemma.

APPLYING THE CONCEPTS

1. Visit acigas.com and click on the “why it matters” section on the left-hand column. Choose two reports at this site and discuss how they relate to the ethical and social responsibility topics in this chapter.

2. Recent public concerns over children and the Internet resulted in the Children’s Online Privacy Protection Act (COPPA) in the U.S. Among other things, this act requires Web sites that are visited by children under the age of 13 to post a privacy policy detailing any personally identifiable information collected from those children. Do some research and answer the question: What consumer need does COPPA meet?

3. Visit adbuster.org. What is the purpose of this Web site? Do you think it is effective with its message?
FOCUS ON TECHNOLOGY

Cause-related marketing and corporate philanthropy, companies donating a portion of their profits to charity, have been popular for some time. Meet Goodsearch.com, which harnesses the power of Internet technology to create a business model based on donations. A recent entry into the crowded search engine market dominated by Google and Yahoo!, Goodsearch differentiates itself on its ability to raise money for thousands of charities. Founded by a brother and sister who lost their mother to cancer, Goodsearch lets people use the power of Yahoo! search engine technology to search the Internet while donating money to charity. Searchers choose an existing charity on Goodsearch or add their own charity. Each time they search, 50 percent of the advertising revenues are donated to the charity. Each search earns about $0.01, so continued searching could reach the following totals in one year.

<table>
<thead>
<tr>
<th>Charity Size</th>
<th>Number of Supporters</th>
<th>Average Searches per Day</th>
<th>Estimated Revenue/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>100</td>
<td>2</td>
<td>$730</td>
</tr>
<tr>
<td>Medium</td>
<td>1,000</td>
<td>2</td>
<td>$7,300</td>
</tr>
<tr>
<td>Large</td>
<td>10,000</td>
<td>2</td>
<td>$73,000</td>
</tr>
</tbody>
</table>

1. Were you aware of Goodsearch? If not, why have so few people heard of it?
2. Would you use this Web site? Discuss.
3. What search engine do you use? Why are you loyal to this search engine?

FOCUS ON ETHICS

In a commercial shown repeatedly over Chinese TV, cross-talk star Guo Degang is seen endorsing a “special Tibetan fat-eliminating tea.” The promise of a slimmer figure (“Three boxes will flatten big stomach!” was the product’s tagline) and a celebrity endorsement made the tea a hot seller. Thousands of boxes retailed at 29 yuan ($3.85) flew off supermarket shelves. Sales exceeded $13 million in 2006. For his role, Guo pocketed $265,000.

However, in March 2007, a CCTV program on consumer rights featured the tea as among the dubious and substandard products and services it had uncovered. The tea was pulled from the market and Guo came under fire online for “irresponsible behavior.” Netizens vilified him together with other celebrities who had fronted misleading ads.

According to the State Administration of Industry and Commerce, 2.5 million Chinese take incorrect medicine every year, deceived by misleading commercials. The authorities have stepped up efforts to prevent bogus ads from appearing on radio, TV, newspapers, and magazines. Still, consumers have increasingly called for a law that holds personalities appearing in an ad responsible for promoting problematic products. One victim said, “Stellar should not abuse their fame. They should do background checks and not endorse products they themselves have not tried or are not sure about.”

Defending himself on a blog, Guo reasoned that he was paid to do the tea ad and that if the product was not as advertised, the responsibility should lie with the company which paid him. He added that he himself had tried the tea and found it to be “pretty good.” However, his defense cut no ice with some consumers who are suing him and the manufacturer of the tea.

1. Should there be regulations against celebrities endorsing problematic products?
2. Should celebrities conduct background checks and not endorse products they have not tried or are uncertain about?
3. Should celebrities be held at a higher standard in product endorsements than other individuals such as product experts and satisfied customers of a brand?

VIDEO CASE

NFL

Think of the NFL and you might conjure up images of burly football players and adrenaline-filled stadiums. But the league offers fans much more than Sunday afternoons full of football. Players and teams alike consider football and community involvement to be the twin pillars of the NFL. Through more than 20 separate community programs, the NFL focuses considerable manpower on its efforts to give back to the community and encourage others to do the same. In addition, for more than 30 years the NFL has partnered with United Way. NFL teams and players support local United Way chapters by making personal appearances, participating in joint programs, and offering campaign contributions. The NFL and United Way have also created public service television ads featuring NFL stars volunteering in their communities—reading to children, playing shuffleboard with senior citizens, and working at local charities. In total, more than 1,000 such ads aired during NFL games, making it the longest-running public service ad campaign in history.

It's clear that the partnership benefits United Way. With help from the NFL, United Way fundraising has skyrocketed from $800 million in 1974 to nearly $4 billion today. But the NFL benefits too. Working in the community makes players more accessible and helps to build stronger relationships with fans by connecting with them in their own backyards.

After viewing the video featuring the NFL, answer the following questions about marketing and social responsibility.

1. Why does the NFL partner with United Way? How, if at all, does that partnership impact your opinion of the league? How does it impact your interest in volunteering?
2. Make a list of social criticisms of the NFL. Then visit JoinTheTeam.com and read more about the NFL's outreach programs. Do these efforts alleviate any concerns you have about the league's negative impact on society?
3. By the text's definition, does the NFL practice "enlightened marketing"?
Alibaba.com: Shark Attack

Patric Douglas runs a San Francisco company which offers shark diving for thrill-seekers. His customers go out on a boat, get into cages, are submerged beneath the ocean, and watch sharks swim by. His company, Mega Outdoor Adventures, takes about 500 people a year to the waters off Baja California to see all sorts of sharks, including great whites, tiger sharks, and whale sharks. Thanks to his shark-diving business, Douglas has also become an unlikely leader of a campaign targeting one of China’s leading e-commerce companies, Alibaba.com, a business-to-business marketplace that is 40 percent owned by Yahoo.

Alibaba provides small and midsized companies in China the opportunity to find buyers and sellers overseas. And, among the numerous products displayed on its Web site are numerous types of shark fins, prized by many Chinese as the vital ingredient in shark fin soup. This delicacy is often offered at high-end Chinese restaurants in East Asia.

The Campaign
Harvesting shark fin can be a brutal practice. After finning, sharks are often tossed back into the ocean to sink to the bottom and die. Douglas and other activists say that shark populations worldwide are declining given the growing demand for the fins. “Something evil is going on here,” he says. The shark fin trade “is decimating the oceans.”

Thus, since 2006, Douglas and other activists have sent petitions with thousands of signatures to Alibaba demanding that founder, chairman, and CEO Jack Ma crack down on the shark fin merchants using its site. Alibaba, which has over 180 companies engaged in the buying and selling of shark fins, is “the New York Stock Exchange of shark fins,” says Douglas. Wolfgang Leander, director of shark preservation at the Ocean Realm Society, a Florida-based lobbying group, “They are offering the shark fin traders a very convenient platform to do business.”

The Response
Alibaba denies any wrongdoing regarding shark fins. Its spokesperson Christina Splinder said, “We respect our members’ rights to make their own decisions on issues of cultural tradition.” Alibaba has a policy prohibiting Web site users from listing products taken from animals protected by local or international law such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), she says.

“We had an open dialogue with activists,” she adds. “We took their suggestions and opinions on board and reviewed our policies… We decided that our current policy is the appropriate policy at this time.” Trade in officially recognized endangered species “is strictly forbidden on Alibaba,” says Splinder. “Our editing team will promptly remove listings if we become aware that listings are not CITES compliant.” Sharks are not on the CITES protected list.

Not Enough Bite
Hence, activists contend that Alibaba uses a different standard than the CITES list. They argue that some of the shark fin merchants using the company’s site are violating laws prohibiting over-fishing of sharks. “A vast proportion of this trade is actually done illegally,” says Brian Darvell, a University of Hong Kong professor of dental material science. Darvell was active in a 2005 grassroots movement that successfully pressured Disney to drop shark fin soup from the menus at Hong Kong Disneyland hotels.

While the Hong Kong government says local buyers and sellers only deal in legitimately obtained shark fins, Darvell says that argument “is simply inconceivable. The volume is so great. We know that fishing occurs in areas that are supposed to be protected.”

Interestingly, Alibaba’s critics found an ally in Hong Kong’s top shark fin traders group. Charlie Lim, general secretary of the Shark Fin and Marine Products Association in the city, says that cyberspace is a risky venue for shark fin merchants. “To buy shark’s fin, you really need to look at the fins and check the quality,” he says. “I presume only small or new companies would turn to the Internet. There might be a greater chance to be duped if everything is done online.”

What Next?
Having made no progress with Alibaba, the activists pledge to continue lobbying. Yet, they are aware that they face a
major hurdle in getting people to care about saving creatures that are hardly beloved by many. "Sharks aren't cuddly and cute," says Duncan Carson, a Madrid-based activist running the Web site stopsharkfinning.net. "So people aren't inclined to take notice."

For Yahoo!, the campaign against Alibaba by the world's shark activists is the latest in a string of China-related public relations challenges. In 2006, Yahoo! and other companies were condemned for their willingness to cooperate with the Chinese government in censoring the Internet in China. In May 2007, Shi Tao, a journalist currently imprisoned in China, sued Yahoo! in the U.S.

Questions For Discussion

1. Which of the textbook's criticisms of marketing's impact on consumers, if any, are evident in the Alibaba case?
2. Which of the criticisms of marketing's impact on society, if any, are evident in the Alibaba case?
3. Evaluate Alibaba's policy response to the shark fin activist community. Could it have done more? Why or why not?
4. What should the activists do next? Is theirs a lost environmental cause?
5. Visit stopsharkfinning.net. Is the production and marketing of shark fins socially, ethically, and environmentally responsible? How would you improve the situation?

Source:
The Marketing Plan: An Introduction

As a marketer, you’ll need a good marketing plan to provide direction and focus for your brand, product, or company. With a detailed plan, any business will be better prepared to launch a new product or build sales for existing products. Nonprofit organizations also use marketing plans to guide their fundraising and outreach efforts. Even government agencies put together marketing plans for initiatives such as building public awareness of proper nutrition and stimulating area tourism.

The Purpose and Content of a Marketing Plan

Unlike a business plan, which offers a broad overview of the entire organization’s mission, objectives, strategy, and resource allocation, a marketing plan has a more limited scope. It serves to document how the organization’s strategic objectives will be achieved through specific marketing strategies and tactics, with the customer as the starting point. It is also linked to the plans of other departments within the organization. Suppose a marketing plan calls for selling 200,000 units annually. The production department must gear up to make that many units, the finance department must have funding available to cover the expenses, the human resources department must be ready to hire and train staff, and so on. Without the appropriate level of organizational support and resources, no marketing plan can succeed.

Although the exact length and layout will vary from company to company, a marketing plan usually contains the sections described in Chapter 2. Smaller businesses may create shorter or less formal marketing plans, whereas corporations frequently require highly structured marketing plans. To guide implementation effectively, every part of the plan must be described in considerable detail. Sometimes a company will post its marketing plan on an internal Web site, which allows managers and employees in different locations to consult specific sections and collaborate on additions or changes.

The Role of Research

Marketing plans are not created in a vacuum. To develop successful strategies and action programs, marketers need up-to-date information about the environment, the competition, and the market segments to be served. Often, analysis of internal data is the starting point for assessing the current marketing situation, supplemented by marketing intelligence and research investigating the overall market, the competition, key issues, and threats and opportunities issues. As the plan is put into effect, marketers use a variety of research techniques to measure progress toward objectives and identify areas for improvement if results fall short of projections. Finally, marketing research helps marketers learn more about their customers’ requirements, expectations, perceptions, and satisfaction levels. This deeper understanding provides a foundation for building competitive advantage through well-informed segmenting, targeting, and positioning decisions. Thus, the marketing plan should outline what marketing research will be conducted and how the findings will be applied.

The Role of Relationships

The marketing plan shows how the company will establish and maintain profitable customer relationships. In the process, however, it also shapes a number of internal and external relationships. First, it affects how marketing personnel work with each other and with other departments to deliver value and satisfy customers. Second, it affects how the company works with suppliers, distributors, and strategic alliance partners to deliver...
the objectives listed in the plan. Third, it influences the company’s dealings with other stakeholders, including government regulators, the media, and the community at large. All of these relationships are important to the organization’s success, so they should be considered when a marketing plan is being developed.

From Marketing Plan to Marketing Action
Companies generally create yearly marketing plans, although some plans cover a longer period. Marketers start planning well in advance of the implementation date to allow time for marketing research, thorough analysis, management review, and coordination between departments. Then, after each action program begins, marketers monitor ongoing results, compare them with projections, analyze any differences, and take corrective steps as needed. Some marketers also prepare contingency plans for implementation if certain conditions emerge. Because of inevitable and sometimes unpredictable environmental changes, marketers must be ready to update and adapt marketing plans at any time.

For effective implementation and control, the marketing plan should define how progress toward objectives will be measured. Managers typically use budgets, schedules, and performance standards for monitoring and evaluating results. With budgets, they can compare planned expenditures with actual expenditures for a given week, month, or other period. Schedules allow management to see when tasks were supposed to be completed—and when they were actually completed. Performance standards track the outcomes of marketing programs to see whether the company is moving forward toward its objectives. Some examples of performance standards are: market share, sales volume, product profitability, and customer satisfaction.

Sample Marketing Plan for Sonic
This section takes you inside the sample marketing plan for Sonic, a hypothetical start-up company. The company’s first product is the Sonic 1000, a multimedia personal digital assistant (PDA), also known as a handheld computer. Sonic will be competing with Palm, Hewlett-Packard, and other well-established PDA rivals in a crowded, fast-changing marketplace where enhanced cell phones and many other electronics devices have PDA functionality. The annotations explain more about what each section of the plan should contain and why.

Executive Summary
Sonic is preparing to launch a new multimedia PDA product, the Sonic 1000, in a maturing market. Despite the dominance of PDA leader Palm, we can compete because our product offers a unique combination of features at a value-added price. We are targeting specific segments in the consumer and business markets, taking advantage of opportunities indicated by higher demand for easy-to-use PDAs with expanded communications, entertainment, and storage functionality.

The primary marketing objective is to achieve first-year U.S. market share of 3 percent with unit sales of 240,000. The primary financial objectives are to achieve first-year sales revenues of $60 million, keep first-year losses to less than $10 million, and break even early in the second year.

Current Marketing Situation
Sonic, founded 18 months ago by two entrepreneurs with experience in the PC market, is about to enter the now-mature PDA market. Multifunction cell phones, e-mail devices, and wireless communication devices are increasingly popular today; forecasts suggest that annual sales of such devices will grow at more than 50 percent for the next three years. Competition is therefore more intense even as PDA demand flattens. Industry consolidation continues, and pricing pressures squeeze profitability. Yet the worldwide...
PDA market remains substantial, with annual sales of 10 to 15 million units. To gain market share in this dynamic environment, Sonic must carefully target specific segments with features that deliver benefits valued by each customer group.

**Market Description**

Sonic’s market consists of consumers and business users who prefer to use a single device for communication, information storage and exchange, and entertainment on the go. Specific segments being targeted during the first year include professionals, corporations, students, entrepreneurs, and medical users. Table A1.1 shows how the Sonic 1000 addresses the needs of targeted consumer and business segments.

PDA purchasers can choose between models based on several different operating systems, including systems from Palm, Microsoft, and Symbian, plus Linux variations. Sonic licenses a Linux-based system because it is somewhat less vulnerable to attack by hackers and viruses. With hard drives becoming commonplace in the PDA market, Sonic is equipping its first product with an ultrafast one-gigabyte hard drive for information and entertainment storage. Technology costs are decreasing even as capabilities are increasing, which makes value-priced models more appealing to consumers and to customers with older PDAs who want to trade up to newer, high-end multifunction units.

<table>
<thead>
<tr>
<th>Targeted Segment</th>
<th>Customer Need</th>
<th>Corresponding Feature/Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals (consumer</td>
<td>• Stay in touch conveniently and securely while on the go</td>
<td>• Built-in mobile phone and push-to-talk to communicate anywhere at any time; wireless e-mail/Web access from anywhere; Linux-based operating system less vulnerable to hackers</td>
</tr>
<tr>
<td>market)</td>
<td>• Perform many functions hands-free without carrying multiple gadgets</td>
<td>• Voice-activated applications are convenient; GPS function, camera add value</td>
</tr>
<tr>
<td>Students (consumer</td>
<td>• Perform many functions hands-free without carrying multiple gadgets</td>
<td>• Compatible with numerous applications and peripherals for convenient, cost-effective note taking and functionality</td>
</tr>
<tr>
<td>market)</td>
<td>• Express style and individuality</td>
<td>• Wardrobe of PDA cases in different colors, patterns, and materials</td>
</tr>
<tr>
<td>Corporate users (business</td>
<td>• Security and adaptability for proprietary tasks</td>
<td>• Customizable to fit corporate tasks and networks; Linux-based operating system less vulnerable to hackers</td>
</tr>
<tr>
<td>market)</td>
<td>• Obtain driving directions to business meetings</td>
<td>• Built-in GPS allows voice-activated access to directions and maps</td>
</tr>
<tr>
<td>Entrepreneurs (business</td>
<td>• Organize and access contacts, schedule details, business and financial files</td>
<td>• No-hands, wireless access to calendar, address book, information files for checking appointments and data, connecting with contacts</td>
</tr>
<tr>
<td>market)</td>
<td>• Get in touch fast</td>
<td>• Push-to-talk instant calling speeds up communications</td>
</tr>
<tr>
<td>Medical users (business</td>
<td>• Update, access, and exchange medical records</td>
<td>• No-hands, wireless recording and exchange of information to reduce paperwork and increase productivity</td>
</tr>
<tr>
<td>market)</td>
<td>• Photograph medical situations to maintain a visual record</td>
<td>• Built-in camera allows fast and easy photography, stores images for later retrieval</td>
</tr>
</tbody>
</table>
Appendix 1  •  Marketing Plan

Product Review
Our first product, the Sonic PDA 1000, offers the following standard features with a Linux OS:

- Voice recognition for hands-free operation
- Built-in cell phone functionality and push-to-talk instant calling
- Digital music/video recording, downloading, and playback
- Wireless Web and e-mail, text messaging, instant messaging
- Organization functions, including calendar, address book, synchronization
- Global positioning system for directions and maps
- Connectors for multiple peripherals and applications
- One-gigabyte hard drive with expansion potential
- Interchangeable case wardrobe of different colors and patterns

First-year sales revenues are projected to be $60 million, based on sales of 240,000 Sonic 1000 units at a wholesale price of $250 each. During the second year, we plan to introduce the Sonic 2000, also with Linux OS, as a higher-end product offering the following standard features:

- Global phone and messaging compatibility
- Translation capabilities to send English text as Chinese text (other languages to be offered as add-on options)
- Integrated six-megapixel camera

Competitive Review
The emergence of new multifunction phones, marketed by mobile phone manufacturers and carriers, has pressured industry participants to continually add features and cut prices. Competition from specialized devices for text and e-mail messaging, such as BlackBerry devices, is a major factor as well. Key competitors include:

- Palm. The trendy Treo PDA-phone combos account for more than half of Palm's $1.6 billion in annual revenues. As the best-known maker of PDAs, Palm has achieved excellent distribution in many multiple channels and has alliances with a number of mobile phone service carriers in the U.S. and Europe. Its latest models are available with either the Palm or the Windows operating system.

- Hewlett-Packard. HP is targeting business markets with its iPAQ Pocket PC devices, many with wireless capabilities to accommodate corporate users. For extra security, one model allows access by fingerprint match as well as by password. HP enjoys excellent distribution, and its products are priced from below $300 to more than $600.

- Samsung. Many of this manufacturer's products combine mobile phone capabilities with multifunction PDA features. Its i730, a smartphone based on the Windows operating system, provides wireless Web access and MP3 streaming and downloads, plays videos, and offers PDA functions such as address book, calendar, and speed dial.

- RIM. Research in Motion makes the lightweight BlackBerry wireless phone PDA products that are popular among corporate users. Although legal entanglements have slightly slowed market-share momentum, RIM's continuous innovation and solid customer service support clearly strengthen its competitive standing.

- Siemens. This company's latest PDA-phone combinations have several distinctive features. For example, some models dial any phone number that the user writes on the screen with a stylus. Also, on some models, the keyboard slides out of the way when not in use. Siemens is a particularly formidable competitor in European markets.