



University of Maryland University College

# Emerging Technologies and Empowered Publics: 21<sup>st</sup> Century Ethical Challenges In Marketing

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Did you ever received sms  
message like this?

Anda telah memenangkan undian  
berhadiah Telkomsel sebesar Rp. 100  
juta. Segera hubungi Drs. Irwan Indra di  
08111115563. Selamat.



## Slide 2

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### U2

Message like this very common in Indonesia.  
Which means:

Did you ever receive an short message like this?

You win Rp.100 millions rupiah from Telkomsel. Contact directly Drs. Irwan Indra at phone number 08111115563. Congratulation.  
UT; 01/02/2011

### U3

In Indonesia scam like this happens frequently. Usually by handphone short messages. Somehow the scammer get hold of the phone number of the will-be victim.

So this os a cmomon thing that people can relate to.  
UT; 01/02/2011

# The Conflict

## Consumer

- How dare you collect information from me without my permission!
- You stole my information!

## Marketer

- I didn't hear you complain when I sent you a coupon . . . in fact, I see that you used it!
- You gave it away!



## Slide 3

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### U1

Suggestion for the marketer:

I didn't hear you complain when you fill in a gift coupon... in fact, I see that you used it.

UT; 01/02/2011

# Overview

- Marketers have been quick to adopt new technologies to increase their knowledge of consumers.
- Many (most?) of these technologies erode traditional notions of consumer privacy
- Are they unethical?
- What is “ethical”?



Before we are able to consider the ethics of any given marketing behavior, we must examine:

- Individual ethics
- Organizational ethics



## Individual Ethical Frameworks

- Utilitarian
- Duty
- Values-based
- Theological





## Organizational Ethical Frameworks

- Professional Code of Conduct
- Association Code of Conduct
- Purely Organizational Code
  - Usually promulgated by leadership
  - Formalized, or
  - Unformalized



Does the marketer rely on individual ethics or organizational ethics?



- Businesses often place a “cookie” on the computers of consumers who visit their website
  - Track each consumer’s movements on the web
  - Is it a consumer’s right to protect information about his movements?



- Businesses often send unsolicited emails to consumers. It is cheap and easy to send these marketing messages.
  - Is it a consumer's right to not receive unwanted email?
  - Opt in versus Opt out



## Radio Frequency Identification Tags (RFID)

- Some businesses (e.g., Wal-Mart) use RFID as part of their inventory tracking and control.
- Ethicists envision a day – soon – where marketers could drive by your house and use an RFID reader to determine the products inside.
  - Is it a consumer's right to demand notification of RFID-enabled products, and to be free from scanning?



**Slide 11**

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**U4**

What is this? Something that we do not know yet in Indonesia.  
UT; 01/02/2011

# Data Mining

- Businesses and market research firms are accumulated vast amounts of information about consumers.
- Much information is collected without consumer knowledge via credit card transaction and loyalty programs.
- Elaborate customer profiles are bought and sold.
  - Is it a consumer's right to access their own profile, and/or prohibit its distribution?



# Market Research

- Market research surveillance capabilities have increased in sophistication and miniaturization at lower costs. In many stores and shopping areas, consumers are being studied and their actions are recorded.
  - Is it a consumer's right to know he – specifically - is being watched while he shops?
  - Is it a consumer's right to see – and destroy if he wishes – these surveillance materials?





# Marketers' Defense

- The consumer privacy “debate” is exaggerated. Many consumers happily give away personal information in exchange for a few dollars off....in effect, they sell their information.
- Informed Consent?



# Empowered Publics

- Many consumers who believe they fully understand the implications of threats to information privacy object.
- They are organizing, and recruiting others . . . educating them about the dangers of loss of personal information.



# Empowered Publics

- Individual Implications:
  - Identity theft
  - Prey to scam (e.g., phishing seems like ‘normal’ marketing junk mail)
- Social Implications (some current, some potential):
  - Political targeting
  - Medical segregation
  - Discriminatory Hiring



# Empowered Publics

- Using technology to “fight fire with fire”
  - Organize and inform through social networking (e.g., Facebook, Twitter, websites)
- Refuse to share personal information on a routine basis, and make demands on businesses without opt-out as default after purchase (\$)



- The challenge is to decide:
  - Personal standards . . . How do YOU think people should be treated?
  - What you are willing to give up in order to obtain financial benefit?
    - As a marketer, financial benefit for your company
    - As a human being, financial benefit for yourself
- The future is still uncertain



# Pertanyaan

1. Why is marketing an area that deals with many ethical issues?
2. How to differentiate between ethical marketing from unethical marketing?
3. Banks often calls non-consumers to offers new products, such as low-interest credits, etc. Is this ethical?
4. Is marketing inherently evil?
  - a. Damaging personal autonomy?
  - b. Causing harms to competitors in saturated market?
  - c. Manipulating social values?
  - d. Marketing promotes consumerism?
  - e. Targeting the vulnerable (e.g. children, the elderly).  
Contrary to the popular myth that "ethics and profits do not mix" market exclusion, elderly, children, from television to schoolground.  
Elderly, insurance,  
Issues over truth and honesty. Use of tobacco  
Negative advertising techniques,

