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Ethical Marketing Controversial Products and Promotional Practices

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Abstract

In the field of business ethics, there has been much written and discussed about ethical matters in areas where there is a distinct right and wrong, but relatively little written about how to make decisions when the ethical issue isn't as black and white. When marketing a product, it is one's hope that ethical issues are typically not inherent to the marketer; however, when one has the unenviable task of marketing a controversial product, it becomes a true question of "gray-area" ethics that makes marketing decisions more difficult to make. Companies depend on marketing, as it is the one higher-level areas of corporate function that results in the sales of the actual product. In this particular situation, it becomes increasingly difficult for a marketer to make decisions about how to ethically promote their product to their customers while still being ethical in the decisions made. Therefore, this thesis explores the problems associated with marketing such products, and asks if current companies selling controversial products are ethical in their marketing practices? If these companies are currently unethical in their marketing practices, what steps should they take to be more ethical?

The method used to study these particular questions was a qualitative analysis of the opinions of both marketing professionals and business scholars in the field of marketing, finance, law and public policy, and entrepreneurship. By analyzing experts in these diverse backgrounds, it was the hope of this study to understand how companies selling controversial products are viewed by other business professionals and scholars in to determine their practices are accepted as ethical or unethical.

In this thesis, I will analyze three companies and their products, and prove which ones are ethical in their marketing practices and which ones need to make adjustments for their marketing practices to be ethical. I will further explore what actions these companies need to take in order to be more responsible in their marketing practices. Lastly, I will determine whether it is more important for a product to be ethical or for the promotional practices of a company to be ethical.

Table of Contents

Introduction

Most people throughout their lives have continuously been taught what could be considered groundwork for ethical behavior to be used in all of their decision making processes. Parents have long taught their children the difference between what is right and what is wrong, thus implying that every situation is either that: right or wrong. The "real world", on the other hand, is full of circumstances in which there is no technical right or wrong, but no lessons on how to handle such situations. If one were to attend an "Ethics Week" at any business management school, the likelihood is that he or she would be tossed into a room with experts of corporate and accounting fraud, explaining how obviously wrong one party was in their actions. In many of the cases in which a person or party of people came under scrutiny for something they had done professionally, a specific law had been broken that warranted such a state or federal penalty, many times, a jail sentence. The most well-known example in recent history of this would have to be the Enron case, in which accounting fraud cost tens of thousands of people their jobs and savings, and cost corporate stakeholders billions of dollars of their invested money. In this scenario and others like it, there was unquestionably a wrong party, and those people who chose to commit their white-collar crime ended up paying with their personal freedom.

However, this case has one very important element: there was a written law expressly forbidding the actions that Enron took, and the potential damage of the executives' greed was enormous. Enron executives decided to persist with their actions, increasing their personal wealth, all at the expense of their stakeholders. But what if there was no law against what they were doing? Surely some general internal ethics would surely guide them, but just as surely there would be a gray area making it difficult for them to determine where their responsibility actually lies. In the world of marketing, this gray area becomes much more prevalent, particularly for firms selling products that are controversial in nature. Products can be controversial for any number of reasons, and even seemingly harmless products can find themselves being questioned for ethics. Companies that sell products that have a severe societal cost are typically those whose ethics are questioned the most. No two products encompass this controversy more than tobacco and alcohol.

Tobacco has been a controversial product for decades now, with most people focusing their disdain on large tobacco corporations, such as Philip Morris and R.J. Reynolds, the two leading producers of cigarettes in the world. For many, like accounting ethics, this remains a clear-cut black-and-white situation: either it is okay for tobacco companies to sell and market their products as they please, or cigarettes should not be legal and people working for cigarette companies are irresponsible. For the latter argument, the situation seems unambiguous. Cigarettes and other tobacco related products are the only products in the country that if used as directed over a prolonged period of time, will kill you. The same argument could be made for makers of certain food and beverage products that if used excessively could lead to obesity and heart disease. However, in this same situation, the argument could be made that the obesity and heart disease were the result of several circumstances, and not just one type of food or beverage. In the case of tobacco, a person who leads an otherwise healthy lifestyle will experience similar, if not the same, harm, as someone who has an unhealthy lifestyle, assuming identical circumstances of product use. Tobacco is the only product where, in many cases, it is determined to be the sole cause of disease and death; and the product is still legal.

While searching for internships two years ago, I received an email from a local sales office for a summer internship at Philip Morris USA, stating that they had found my resume on my university's job posting site and were interested in having me applying for the position. Candidly, I thought back for a moment to all of the anti-tobacco company messages I had been receiving over the past several years, and quickly dismissed them as a potential job employer. I had envisioned in my head what I thought an employee at a tobacco company to be, and it was the epitome of what some view as "corporate America". This mental picture included a boardroom full of middle-aged businessmen in their three-piece business suits, discussing how they can further "trick" the public into using their addictive and deadly product. This image mirrored all of the anti-smoking, anti-tobacco company "Truth" commercials on MTV depicting tobacco company employees as just that, and nothing told me that reality should be any different.

The week after receiving this email, I attended a Syracuse University career fair and could not help but notice the exceptionally elaborate display of Philip Morris and the three superbly well-dressed and professional-looking persons that manned the table. What I saw fit the stereotype in my head perfectly. I decided that I would approach the table, not because I was interested in working for the company, but because I wanted to see if I had the ability to speak to "real corporate businessmen." Upon speaking to the first person at the table, I was surprised at how un-intimidating and sincere the person was that I originally met. As I spoke to the other men at the table, I became surprised by how kind and welcoming they were, not the "greedy businessman" type at all. Still not necessarily thrilled with the prospect of working for a tobacco company, I attended an information session that night to find out more about the company and the opportunity. Another potential candidate for the position asked, "What is your response to people who refer to you as 'people killers'?" Representatives that were there from Philip Morris were, surprisingly, unfazed by the harshness of the question, and brought up a point that I had never thought of before.

According to the employees at the presentation, Philip Morris makes a sincere effort to responsibly market their products to their consumers, and makes it their goal not to get people to start smoking, but make sure that people who make the adult decision to smoke are smoking a Philip Morris product. The representatives of the company then presented ways in which Philip Morris was attempting to be a more responsible company, and what measures they were taking to be more responsible. The programs and measures were extensive, covering several areas of my concern, from dedication to youth smoking prevention, to programs offering support and guidance to people who would like to quit smoking, to the allocation of significant funds to produce products with reduced exposure to the harmful effects of smoking.

The turn-around at the company from presumed “corporate greed” to their attempt to be a “corporate citizen” had been pretty recent, with much of their actions taking place after the Master Tobacco Settlement Agreement in 1998, which significantly limited the ways in which tobacco companies could market their products, disallowing many of the marketing practices that has been utilized. The company that experienced the greatest impact of this agreement was the makers of the Camel brand, RJ Reynolds, who had experienced large success with their cartoon Joe Camel, but was no longer allowed to use him as the face of their brand. Under the new agreement, no cartoon characters were allowed to be used, and the Camel brand has yet to find any form of significant recognition since then. Consequently, their share has dropped significantly, and Camel went from the top selling brand in the country, and RJ Reynolds being the top company in the industry, to trailing tobacco giant Philip Morris by a significant amount.

The current cigarette landscape is occupied by three major companies; Philip Morris, RJ Reynolds, and Lorillard have 92% of the overall market, which declined from 99% before the MSA agreement (Stoughton 2006). Philip Morris, backed by its well-known Marlboro brand, is currently leading with 50.1% market share for the fourth quarter of 2006 (Philip Morris USA, 2007). RJ Reynolds is in a distant second with an approximately 30% market share with its Camel, Winston, and Doral brands (R.J. Reynolds, 2007), followed by Lorillard with about 12% market share under its Newport brand. Lorillard has quickly taken share in the inner-city area at the expense of RJ Reynolds’ market share.

All of the companies, particularly Philip Morris, have been subject to a massive amount of litigation. Most of the recent litigation against Philip Morris has been in response to claims that they marketed the product as “low tar” and “light”, which could have fooled consumers into thinking that they were not as harmful (WSJ, All smoke…, 2005). Lower courts in some states have ordered Philip Morris to pay multi-million, and in some cases, multi-billion dollars in damages to families who have lost someone from the effects of smoking. Of particular interest, the litigation against Philip Morris and other tobacco companies is usually against the marketing practices utilized by the company rather than the actual product itself. For instance, in the case of the family of Jesse D. Williams, an Oregon man who smoked three packs of cigarettes a day before he died in 1997, their argument was not that the cigarettes had killed him; their argument was that the company had made him think the Light cigarettes were less harmful than the full-flavor brand (WSJ, Getting punitive, 2006). They received $80 million for their loss (2006). This was minor in comparison to the $10 billion judgment Philip Morris would have had to pay in a class-action suit in a separate case had the Supreme Court upheld the judgment (WSJ, Business and finance, 2005). Since the Federal Trade Commission specifically allowed Philip Morris to use those terms when describing the product, the verdict in the class action suit was dropped (2005). To an extent, responsible marketing has now become a necessity for larger tobacco companies to keep from paying millions, or even billions, of dollars in damages to individuals who have experienced harm from the use of tobacco products.

Returning to the presentation by the current employees of the company, as I listened more, I became increasingly interested in the area of responsible marketing, particularly when selling controversial products. My previous knowledge of business ethics: I knew that accounting fraud was wrong, I knew that marketing products with age-based limitations for consumers to minors was wrong (i.e. using Barney to sell Budweiser), and I knew what actions as a businessman would lead me to jail. However, no one ever taught me how to handle the situations that aren't so black and white. Is it okay for tobacco companies to sell the product they do and if yes, what would make them more responsible in doing so?

It is undoubtedly apparent that Philip Morris does not create the only product that has any controversy around it. One of the most controversial products of our time is alcohol-based products, which have been under much scrutiny, particularly over the past fifteen years. In high school, I had plenty of experience in attending local house parties where much underage drinking took place. What I noticed at those parties was that the drink of choice, particularly that of the females at the party, was Smirnoff Ice, a malt beverage product that utilized sugary, fruity flavors, making their product taste very little like alcohol. After spending some time studying marketing at the university level, I began to think about what it was that made this product so appealing to consumers, particularly an underage market. Does the fact that product characteristics make the product inherently appealing to a younger market mean that it is an unethical product, or does the promotion have to be unethical as well?

Lastly, I had a conversation with a professor some time ago about the branding of a new energy drink called Cocaine. The product itself seemed somewhat controversial, as the caffeine content made the product 350% stronger than that of Red Bull, the first major successful energy drink. Relative to tobacco and alcohol-based products, this product is not necessarily as controversial. The main controversy seems to come from the fact that it is named after an illegal drug. I must admit my initial astonishment when I initially heard the name of the product, and immediately saw where the controversy may be. To utilize the name of a controlled substance and make it seem appealing to a consumer seemed like somewhat of a dangerous precedent to be setting; anything that would make drugs seem appealing, particularly that drug, didn't seem to be the most ethical business practice. However, there is the idea of free markets, and that any product that is so unacceptably over-the-line of good-taste will not be purchased and hence phased out of the market. However, is this an ethically acceptable manner to brand and promote a product, or has some line been crossed? Even though the product does not perform a concrete harm, can the possibility that the branding method causes harm be any more dangerous or unethical?

In this thesis, I will explore these issues that have been presented and determine whether or not these three products are considered to be marketed ethically. At the end, for the marketing practices that I deem to be unethical, I will offer my opinion as to what changes would need to be made in order for them to be more ethical.

Literature Review

Overview

Business ethics have been discussed thoroughly over the past several years, particularly with the rise of clear ethics violations and the well-publicized bankruptcies of such firms as Enron, Worldcom, and Tyco. In these situations, there were well-defined lines of both legal and ethical right and wrong that were clearly and deliberately violated by decision makers for the company. Unlike these situations, in the case of marketing, the line isn't always so clear. Much has been written and debated over how marketers can judge whether they are being ethical or not, with very little actually stating what is considered ethical and what is considered unethical. Before proceeding further, we need to explore some of the basics of business and marketing ethics, ethical models, and review some of what has been written about ethics in specific areas of marketing, including pricing, branding, marketing to children, puffery, stereotyping, etc.

Marketing Overview

Before one can define ethics in marketing, one must be able to understand what exactly marketing is at its core. Marketing is indeed the only aspect of business that actually makes a company money; accounting, finance, operations management, these are all essential functions in a business, but marketing is the only area where the effects of the strategy determine the actual revenue of the business. According to the American Marketing Association, "Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (American Marketing Association, 2006). Most every marketing course uses the idea of the marketing mix, which is a combination of what is known as the four "P's": "product," which is the actual product or service being offered; "place" or distribution, which is how the product is made available to consumers; "promotion," which is the informing, education, persuading, and reminding of markets about the benefits of an organization or product; and "price," which is simply the economic return requested from customers in return for products and services offered (Lamb, et al., 2005, p. 16-17). The combination of these four pieces creates the marketing mix, which is "designed to produce mutually satisfying exchanges with a target market" (Lamb, et al., 2005, p. 14).

Next, I will be reviewing many topics of marketing ethics, including several theories and practices, along with descriptions of key marketing dilemmas and actions that companies have taken that are ethical, and actions that are unethical. As a framework, I will be discussing each of these issues under at least one of the four P's previously discussed. The main subject matter I will be focusing on for this review are matters pertaining to Product and Promotion, as these will be the two areas of focus throughout discussions of particular companies and their ethical responsibility.

Product

The developing of a product itself is the precursor of all other aspects of the marketing mix, and can set a precedent for responsible marketing in further areas (Lamb et al, 2005, p. 16). Therefore, it is essential for a company to start with a product that is ethical and provides a positive benefit to a customer. It also needs to be kept in mind that there is a difference between a product being legal and that product being ethical. Although some may choose to support the notion that the legality of the product translates to its label as ethical, there is another population of people, most likely larger, that can distinguish the two.

In this literature review, there will be extensive discussion on ethical models to determine whether a product is ethical or not. Some of the theories that will be discussed include the Quality-of-Life Theory, Relational Theory, the New Marketing Concept, and Kohlberg's Model. This review will discuss products that are viewed to be unethical for the potential negative they bring to overall society. These products will include food products that may cause health problems and internet marketing products that result in a lack of privacy for users.

Promotion

While there are many, many universally deemed ethical products, a marketer can quickly be deemed unethical in the practices they use to promote that product to their target market are not ethical. Most of this literature review is spent discussing the promotional aspect of marketing, and how companies brand and endorse themselves in the marketplace. Like the Product stage of the marketing mix, several theories of business ethics may apply to the promotion side as well. Because of the several areas related to promotion of a product, much of the review will be spent defining what they are and giving examples of what companies have done in those areas making them either ethical or unethical in relation to these theories. These areas to be later discussed will include the following:

1. Branding…citing ambush marketing in the World Cup
2. Internet Marketing…citing spamming and marketing to selected audiences
3. Marketing to Children…citing the targeting of children with unhealthy food products
4. Puffery…citing the use of exaggerated claims to increase sales
5. Stereotyping…citing the use of minorities to portray stereotypes to sell a product

Pricing

Although pricing seems to be the simplest aspect of marketing, it is actually an area that needs to be very carefully thought out and judged, and one that also presents many marketing dilemmas. Pricing dilemmas typically focus on concerns related to the economic well-being of the customer. Pricing theory incorporates the idea of charging the customer's economic value of the product. However, when a company sells a product in an inelastic market (demand stays the same as the price shifts), companies need to weigh whether or not they are being fair to the market. The theory of Quality-of-Life (QOL) marketing, to be discussed in the next section, focuses not only on the transactions between a business and a customer, but also on the lasting effects of these transactions on the consumer's well-being. The major discussion will be on the issues of price gouging and price fixing in an inelastic market.

Place (Distribution)

One area that will not be discussed thoroughly in this literature review pertains to issues relating to marketing distribution. Ethics in this area relate mostly to slotting fees, which is money charged by retailers to companies so that companies may place their product on store shelves. This can be considered unethical because smaller companies in the market are not able to afford shelfspace for their products. What it has effectively done is enable larger firms to have the only product in the store, creating an environment where other firms have the inability to distribute their product, or to have such poor visibility, that sales are virtually non-existent. Although this is currently taking place, it is also being argued that stores are hurting themselves in partaking in slotting fees, due to the lack of new products they are bringing into their establishment to draw new and repeat customers. Lauren Cercone, a food industry consultant, criticizes these slotting fees (Thompson 2005), stating "Retailers set this all into motion almost 20 years ago when their addiction to fat stocking fees began and now they continue to ward off new-product innovation by expecting immediately the kind of turnover that only came over time from the blockbusters of yesteryear" (2005). While slotting fees have something to do with the companies to be discussed, this thesis focuses on the product and promotion aspects of the marketing mix, and will have little to do with this ethical issue.

Business and Marketing Ethics

While these aspects of marketing are considered the more "run-of-the-mill" version of what marketing is, broader definitions have been developed in order to encompass an ever-changing marketing atmosphere. Philip Kotler, a professor at the Kellogg School of Management at Northwestern University, is a leading authority on marketing as a managerial function (Kennedy, 1999); Kotler suggested that principles of marketing are transferable to similar, non-business situations, and stated, "Marketing management is 'an action science consisting of principle for improving the effectiveness of exchange'" (Beik & French, 1974, p. 18). Within this definition, "exchange is considered a normalized set of transactions—not necessarily limited to the transfer of money or goods…societal marketing incorporates long-run consumer welfare in its objectives" (Beik & French, 1974, p. 18). This is a clear message that marketing is no longer just theorizing of how to drive sales of a product, but also incorporates the idea of "consumer welfare," whose definition could be broadly interpreted. With an expansion of marketing dimensions, meaning the inclusion of ethical responsibilities, there are corresponding areas of accountability that must be integrated into the entire marketing scope, including both thought and practice, which are expensive both mentally and financially (Beik & French, 1974).

With this added dimension beyond the marketing mix, it becomes obvious that business ethics does play some role within the actual marketplace, particularly in the area of "consumer welfare". But what is ethics pertaining to business? A text entitled Business and Society defines the term, stating, "Business ethics comprises the principles and standards that guide the behavior of individuals and groups in the world of business" (Thorne, et al, 2003, p. 133). This definition offers little insight into the deeper theory of what business ethics is and seems to be rather general. There isn't, necessarily, one particular deeper theory when it comes to marketing ethics, but there are several theories that have been generated over the past several years that marketers may use as overall guidelines when determining marketing strategies. The following discussion presents several theories which have been used to relate ethics and business.

In 1996, M. Joseph Sirgy and Dong-Jin Lee of Virginia Tech shared their idea of Quality-of-Life (QOL) marketing, which they described as, "marketing designed to enhance consumers wellbeing without doing any harm to other stakeholders of the organization." Their philosophy behind this marketing thought and practice was that "QOL marketing holds that the organization's task is to develop goods, services, and programs that can enhance the wellbeing of certain consumers and to market those products effectively and efficiently in ways that would minimize negative side effects to consumers as well as other publics, while generating long-term profit" (Sirgy & Lee, 1996, p. 21). Sirgy and Lee (1996, p. 21) quoted Kotler's definition of societal marketing: "The societal marketing concept holds that the organization's task is to determine the needs, wants, and interest of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being." The theory of societal marketing takes into account consumers, the company, and society as a whole (p.21), and can be noted as the precursor to QOL marketing. Because there cannot be a situation-by-situation guideline for a marketer to follow, the QOL marketing concept highlights four key points:

1. Enhancement of wellbeing of target consumers associated with marketing and/or consumption of products.
2. Reductions of negative side effects associated with the marketing and/or consumption of the product to target consumers.
3. Reductions of negative side effects associated with the marketing and/or consumption of the product to other publics (beside target consumers).
4. Long-term profitability

(Sirgy & Lee, 1996, p. 23)

Sirgy & Lee then offer guidelines for marketers in accordance with the QOL philosophy specifically for product objectives and for promotion objectives. According to QOL philosophy, product objectives should include four dimensions that mirror that of the four key points previously stated:

1. Serving one or more consumer populations by offering one or more products that can enhance one or more dimensions of the consumers' wellbeing.
2. Reducing any significant negative side effects to the consumer associated with the use of the product.
3. Reducing any significant negative side effects to other publics (beside the consumer public) associated with the product.
4. Decreasing costs associated with the development and manufacturing of the product.

(Sirgy & Lee, 1996, p. 23)

Although specific guidelines were not given for the QOL marketing concept specifically for promotion, there were several examples given that fall under the area of questionable promotion practices related to business ethics:

- The use of puffery in advertising (discussed later)
- Television advertising directed to children (children are highly impressionable and not able to distinguish propaganda from fact)
- The misuse of mock-ups and demonstrations (making the product look better than it actually is)
- The overuse of endorsements and testimonials by celebrities (creating the impression that the product is used by the celebrities)
- Misleading price promotions (inaccuracy of price reduction claims)
- The use of powerful psychological techniques to persuade consumers
- Reinforcing stereotopic images of certain groups (which are likely to harm these groups)
- Cultivating unrealistic images of the good life

(Sirgy & Lee, 1996, p. 23)

While there are not specific tenants to follow in this situation, it can be assumed that if one were to follow the initial four points emphasize by QOL marketing, it would be easy to connect the examples listed to unethical promotional practices.

Leland L. Beik of Pennsylvania State University and Warren A. French of the University of Georgia wrote of the rights and responsibilities of both the consumer and the marketer. For the consumer, their rights include the entitlement to a fair exchange, to be heard, to a safe product, to honest information, and other basic rights (Beik & French, 1974, p.21). However, the consumer also has responsibility in making a reasonable search and comparison of offerings as prerequisite to an intelligent decision (Beik & French, 1974, p. 21). The marketer also has rights in being able to engage in the exchange of goods, services, or communications for motives ranging from profit to propaganda (Beik & French, 1974, p. 21). Responsibilities include "an honest attempt to provide needed information, fair value in exchanges, reasonable mechanisms for adjustment, etc." (Beik & French, 1974, p. 21-23). Because customers place their economic, and possibly their mental and physical safety, in the hands of those providing a product or service, obligations becomes even more crucial (Beik & French, 1974, p. 23). Rights and responsibilities are not just limited to the two parties of a particular transaction; they may extend to the third parties and society that may be affected by the transaction as well. It used to be thought that other members of society benefit as long as a transaction operates to the mutual advantage of those directly involved, but because this often involves individual values, the chief social responsibility that marketers have to face is "to preserve what social, economic, and political equality we have and to work toward improving it and making it more widespread" (Beik & French, 1974, p. 23). What Beik & French were referring to with this statement is that transactions must promote equality, meaning that if a transaction only benefits one group and not another, than that transaction is not positive. However, so long as the transaction promotes the overall equality of all those involved, it can be considered beneficial and just.

Beik and French further discuss two concepts and theories of marketing beyond the consumer and the marketer. First, they describe the Relational Theory of Value, which states that there is an alignment between human satisfactions and the attributes of a product, service, communication, or other entity (Beik & French, 1974, p. 24). Value is had upon the realization of these satisfactions, and they are not considered unless they are long-term satisfactions, along with meeting the values and well-being of the consumer (Beik & French, 1974, p. 24). This vision of long-term satisfactions leading to long-term customer relationships is echoed by Sirgy and Lee (1996), who stated that these relationships develop as a function of value satisfaction, thus enabling the marketer to transform feelings of satisfaction with the product to feelings of commitment and loyalty to not only the product line, but the organization as well (Sirgy & Lee, 1996, p. 31). The New Marketing Concept suggests, like the Relational Theory, an integration of criteria of social responsibility with profit goals (Beik & French, 1974, p. 24). While the traditional concept centers on the actual transaction between the marketer and consumer, an expanded concept would have to incorporate all parties engaged in, or influenced by, the actual exchange (p. 24).

There is a better grasp of what ethics and morals actually are at their core that may aid in understanding the "difficult-to-grasp" concept of business ethics. Using a definition more closely related to business, ethics "refers to the moral principles or values that generally govern the conduct of an individual or group, and can be viewed as the standard of behavior by which conduct is judged" (Lamb et al., 2005, p. 30). With the use of the word "moral" in this definition, a further explanation may be in order, with morals being defined as "the rules people develop as a result of cultural values and norms (Lamb et al., 2005, p. 30). It is important to understand with this definition the use of the words "cultural values and norms." As I will discuss later, it has become imperative for companies to understand the result of their marketing practices on different cultures within their target market, whether the target is within the U.S. or it extends overseas. Morals are more of the critical foundation that builds the overall ethical behavior (p. 30); strong morals build into strong ethics.

It has become more evident throughout these texts that there is a substantial amount of theory regarding the holistic needs of consumers, and the importance of ethics. In fact, 18% of consumers stated that they would avoid purchasing products or services based upon negative perceptions of that company (Thorne et al, 2003, p. 135). As a company, it is important to understand the moral philosophy of the public as well, so that when business decisions are made, both the right and the most people find those decisions within their own moral boundaries. There are, according to psychologist Lawrence Kohlberg (Thorne et al, 2003), six stages of moral development:

1. The stage of punishment and obedience: literal obedience to rules and authority, and response to rules in terms of the physical power of those in power.
2. The stage of individual instrumental purpose and exchange: right is which serves his or her own needs.
3. The stage of mutual interpersonal expectation, relationships, and conformity: emphasizes other over oneself.
4. The stage of social justice and conscience maintenance: determines what is right by considering duty to society, as well as to other people.
5. The stage of prior rights, social contract, or utility: individual is concerned with upholding the basic rights, values, and legal contracts of society.
6. The stage of universal ethical principles: right is determined by universal ethical principles that everyone should follow.

(Thorne et al, 2003, p. 142-143)

Introducing a moral development model may have questionable relevance to business ethics, but it does connect to how businesses have the ability to choose the extent as to what level of ethics and morality they would like to employ. For instance, their ethics could correspond to the stage of punishment and obedience where they simply avoid actions that result in punishment, or their ethics could correspond to the stage of social justice and conscience maintenance where they address a duty to society.

Kohlberg's (2003) model suggests a universal set of principles or laws that for the highest stage of moral development; many organizations and researchers have tried to set standards to establish these stages of moral development, and it has led to many results, including the Caux Round Table Business Principles of Ethics, which "encourage decisions that further fairness and respect for others in promoting free trade, environmental and cultural integrity, and the prevention of corruption in global business" (Thorne et al, 2003, p.143). The Caux Round Tables is a series of principles that, if followed, should ethical business decisions:

- Principle 1: The responsibilities of businesses; beyond shareholders toward stakeholders: play a role in improving the lives of all their customers, employees, and shareholders.
- Principle 2: The economic and social impact of business, toward innovation, justice, and world community: should contribute to economic and social development of countries in which they do business and the world community
- Principle 3: Business behavior, beyond the letter of law toward a spirit of trust: accepting the legitimacy of trade secrets, businesses should recognize that sincerity, candor, truthfulness, the keeping of promises, and transparency
- Principle 4: Respect for rules: must follow guidelines, but remember that just because something is legal, does not mean it's ethical.
- Principle 5: Support for multilateral trade: promote the progressive and judicious liberalization of trade and to relax measures to hinder global commerce
- Principle 6: Respect for the environment: should protect and, where possible, improve the environment
- Principle 7: Avoidance of illicit operations: should not participate in or condone bribery, money laundering, or other corrupt practices

(Thorne et al, 2003, p. 145-146)

The Caux Round Table emphasizes the importance of every stakeholder in a transaction, not just the customer and marketer. An extensive stakeholder analysis shows the in depth needs and desires of each stakeholder, and all those that a marketer must serve in order to be ethical in their practice. These stakeholders include customers, employees, owners/investors, suppliers, competitors, and communities (Thorne et al, 2003, p.146-148). The Caux Round Table provides an overall view of what business principles should be followed, and emphasizes the need to look past just the buyer and marketer.

Moral philosophy can be used to examine the inner-most core of responsible marketing, and moral philosophies can often dictate what actions a corporation will take when choosing what they determine the most ethical decision to be. There are several theories of moral philosophy, but most may be classified under ethical formalism, justice theory, or consequentialism. Ethical formalism "focuses on the rights of individuals and on the intentions associated with a particular behavior rather than on its consequences" (Thorne et al, 2003, p. 141). In other words, the result of an action is inconsequential in comparison to the technical right or wrong of the actor. For instance, if a company produces a product that is unethical to market to a specific consumer group, if they proactively attempt to make sure that the product is not being marketed towards that consumer group, then they are acting morally, regardless if that consumer group ends up using the product or not. The fact that the company is making the attempt is more important than the actual result of the group using the product. Justice theory "relates to evaluations of fairness, or the disposition to deal with perceived injustices of others" (Thorne et al, 2003, p. 141). This theory has more to do with actual business practices internally, and not as much with the relationship between the marketer, consumer, and third-parties. Consequentialism "considers a decision right or acceptable if it accomplishes a desired result such as pleasure, knowledge, career growth, the realization of self-interest, or utility" (Thorne et al, 2003, p. 140). Unlike ethical formalism, consequentialism focuses more on the final result than on the intent; for instance, in accordance with the example previously used, the most important thing is that the wrong consumer group does not utilize or have access to the product. There are two main consequentialist theories: egoism, which defines right or acceptable conduct as what will lead to their own personal optimal result, and utilitarianism, which follows the mantra of …"the greatest good for the greatest number of people" (Thorne et al, 2003, p.140).

Utilitarianism is an interesting basis of ethical decision in that arguments can be strongly made both for and against this theory. The theory of the "greatest good for the greatest number of people" incorporates the good to third-party members, a reoccurring theme in this literature review. While seemingly ethical, there are several arguments that have been made against utilitarianism, with the majority of these arguments coming on the theory that the action that may occur, although beneficial to the greatest number of people, may come about through unjust behavior (Laczniak, 1983, p. 70). This has led to the development of several non-utilitarian theories that look further into actual process in which an outcome is achieved (p. 70).

In Laczniak's article, a series of frameworks are shared that combine both utilitarian and non-utilitarian theory: the Prima Facie Duties Framework, the Proportionality Framework, and the Social Justice Framework (Laczniak, 1983, p. 71-77). The Prima Facie (at first sight) Duties framework looks at specific duties that a marketer has in order to meet their moral obligations:

1. Duties of fidelity: stem from previous actions which have been taken (keeping promises and addressing already wrongful acts)
2. Duties of gratitude: rooted in acts other persons have taken toward the organization (working with business partners who have served for a prolonged period of time)
3. Duties of justice: obligation to distribute rewards based on merit
4. Duties of beneficence: actions taken can improve intelligence, virtue or happiness of others (obligation to do good)
5. Duties of self-improvement: actions should be taken which improve ones own virtue, intelligence or happiness
6. Duties of nonmaleficence: duties not to injure or to cause harm to others.

(Laczniak, 1983, p.71-72)

It seems that it is essential for an ethical marketer to follow each one of these duties, with the more difficult ethical decision coming when deciding who the marketer has the greatest duty to. For instance, any decision that ignores any one of these duties, according to the framework, would be unethical, but the marketer must still judge who they are performing the greatest amount of "duty" to.

The Proportionality Framework looks further into the ideas of "intention, means, and end" (Laczniak, 1983, p. 73):

1. Intention: the motivation behind a person's actions
2. Means: the process or method used to affect intention and bring about specific ends
3. Ends: the outcomes, results, or consequences

One could probably look at this theory and state that as long as a marketer follows these three components, they are taking ethical actions. If their intentions are good, and they are using positive means to produce a beneficial end result, it would be hard to argue that they are unethical. The problem with this theory resides in its vagueness. Defining whether each component is ethical is extraordinarily difficult, and doesn't really provide an in depth look into how to ethically market a product, due to how highly differentiated definitions of intention, means, and end can widely change the view of an action.

The Social Justice framework, by definition, has very little to do with directly with marketing practices, but there are several marketing implications to the theory. The theory was initially proposed by moral philosopher John Rawls, who proposed a system in which those who were at the largest disadvantage in a social system could maximize their rewards (Laczniak, 1983, p.75). This theory combined two principles, including the liberty principle, which states that "each person is to have an equal right to the most basic liberty compatible with a similar liberty for others" (p.75), and the difference principle, which states that "social and economic inequalities are to be arranged so that they are both to the greatest benefit of the least disadvantaged, and attached to positions and offices open to all" (p.75). Considering how this relates to marketing, the liberty principle relates to the right of a person to compatible treatment to other customers, including the same information, right to safety, freedom of choice, etc. (p. 76). The difference principle relates to marketing in that it would be considered unethical to partake in the exploitation of a group of people for the benefit of your own (p.76).

What often dictates how the ethics of employees, such as marketers, work in the corporate setting is the corporate culture of the company. For instance, if the culture of the company stresses ethical behavior, there is a greater likelihood that a marketer within the company will exhibit ethical behavior. The idea of this corporation-wide ethical behavior can be summed up in the term of "corporate social responsibility”, which is demonstrated by managers who exhibit concern for society’s welfare, and consider not only the long-term interests of the company, but the long-term interests and relationship with society as well (Lamb et al, 2005, p. 33). This same text offers a “pyramid of corporate social responsibility”, which showcases three responsibilities, with economic being the base, followed by legal responsibilities, ethical responsibilities, then philanthropic responsibilities (p. 33). While it is stated that each one of these responsibilities needs to be covered by an organization, it is also stated that the most important aspect of the organization is to make a profit, with the other three being of relative less importance (p. 33). This sets a precarious standard for an organization to follow, as a manager could easily reason that it is acceptable to be unethical in particular situations insofar as profitability exists.

Throughout the first part of this literature review, I have gone over what marketing is, how marketing ethics differs from other forms of business ethics, and several ethical models that companies could follow to determine if the decisions they are making are indeed ethical ones. Later in this study, I will utilize one of these ethical models as the basis of comparison for the companies and products I will be testing. For the rest of this literature review, I will go over several of the broader and more well-known issues regarding marketing ethics that have already been studied and analyzed, beginning with pricing.

Unethical Marketing Practices

Pricing

From what is traditionally taught in pricing, the goal is charge a price that is equivalent to the value of the product to the consumer; if a product's price is too high, the consumer won't pay; if the price is too low, potential profit will be missed. However, pricing has become a very dynamic tool which has created many ethical dilemmas for companies, particularly over the past several years.

Price gouging is the reference to the abnormally high, and deemed "unfair", price of a product or service based on external circumstances (Wikipedia, 2006), but can take on several meanings:

1. In legal usage, it is the name of a felony that applies in some of the United States only during civil emergencies.
2. Outside of legal usage, it can refer either to prices obtained by practices inconsistent with a competitive free market
3. In colloquial usage, it simply means that prices are deemed too high

(Wikipedia, 2006)

Price gouging is an issue beyond supply and demand. For instance, when a hotel decides to charge more money for visitors during a high volume time of season, this is a response to supply and demand. Increases in price are determined to be "price gouging" when prices are suddenly raised in response to a civil emergency, or in anticipation of said emergency (Wikipedia, 2006).

Price gouging has become a well-publicized point of contention, particularly in the oil industry after Hurricane Katrina. After the hurricane hit the Louisiana border, where many oil refineries and production plants lay, the price of oil was expected to skyrocket. However, many were surprised by the startling increase in profit of several of the major oil companies in 2005, which, figuring in the impact of oil refineries, should have been much less than it was. After a full-scale investigation of the oil industry, it was found that there was no illegal manipulation of oil prices during that time by oil companies (Sissell, 2006). However, prices did go up during this time, and total profit for the companies was abnormally high, which seemed unfair to the public. Because the percentage profit was the same, there is no argument that the actual pricing strategy was illegal; however, because the percentage margin was being taken off of a higher price, oil companies were making a higher total profit per unit sold. Was it ethical for the oil companies to keep their percentage margin the same upon an increase in price, thus increasing their margin per unit? Like most questions related to marketing ethics, it depends on who is answering the question.

Earlier in this literature review, the Quality-of-Life (QOL) approach was discussed, with much of the theory centered on producing benefit to the customers of the company and their overall well-being. The QOL approach does mention several types of pricing that are against the policy of the theory, including:

- Price gouging: pricing at very high levels for the purpose of making very high profits
- Price fixing: colluding with competitors to set high prices
- Resale Price Maintenance: where the manufacturer determines the price or price limits for distributors and retailers
- Predatory Pricing: pricing product below cost to drive out competitors
- Discriminatory Pricing: pricing the product differently to different buyers

(Sirgy & Lee, 1996, p. 28)

While a firm that takes part in any of these pricing practices is viewed as unethical, there is a less concrete side to QOL pricing. The theory states that, first and foremost, the organization has to offer a healthy product at an affordable price to consumer (Sirgy & Lee, 1996, p. 27), and that pricing should not have any negative side effects on the purchaser (p. 28). There is an obvious negative side effect if people are having to pay an exceptionally larger amount of money for a necessity, and in the wake of increasing gas prices, many people, particularly those who travel long distances in their vehicles, have had to drastically modify their spending habits to be able to afford gas; in some cases, people have lost their jobs or businesses, as they were unable to afford the increased expensed. According to the QOL pricing approach, the oil companies were not acting ethically on these grounds alone.

Branding

For many companies, the most important aspect for the successful marketing of their product is the actual brand. When a sneaker is labeled with the Nike Swoosh Logo, customers will tend to have a certain image in their head of what that stands for, and so long as that image is positive, they will be more likely to make that purchase, thus making the brand-name and logo one of Nike's most effective marketing tools. Therefore, if a different company creates a sneaker and puts the Nike logo on the product, consumers would be just as inclined to purchase that product, thus taking away one of Nike's most valuable marketing tools: their brand. Brand infringement takes place when "a company creates a brand name that closely resembles a popular or successful brand" (Clow & Baack, 2004, p. 42). There are several laws involved that dictate what actions are not allowed; however, there are other areas of infringement where there are some shades of gray.

In the summer of 2006, the largest single-sport event took place in Germany: the World Cup. This event is the most widely anticipated sporting event in the world, and only takes place once every four years. Because the entire world has such an interest in the event, sponsorship for the World Cup is invaluable. Companies pay out startling amounts of money to have their name associated with FIFA (Federation Internatinale de Football Association), and the World Cup; they sponsor everything from equipment, to teams, to any other aspect of the event that costs money. As a sponsor, many companies will also run commercials during the actual games, and claim themselves as official sponsors of the World Cup. In response, their competitors may run commercials as well during the event, many times showcasing soccer, thus causing people to mistake them as having a connection to FIFA and the World Cup, and neutralizing the efforts of the sponsoring company.

Technically, there is nothing illegal in utilizing this particular action, as FIFA does not own the sport of soccer. When other companies create campaigns in response to sponsors, particularly during the actual event that is being sponsored, the practice is know as "ambush marketing" (Barrand, 2006); and although it is not illegal, questions of whether or not it is ethical do arise.

Internet Marketing

With every new invention in the world of communication, another marketing medium is born, with the internet being no exception. This technology also allows several questionable marketing practices to take place, all at the expense of internet users. Spamming is the most consumer-notable concern, as companies on the internet continue to bombard users with messages, many of which become annoyances to users. Bigger ethical concerns come in the form of cookies, or the ability of companies to monitor consumer's internet activity, making users participants in market research involuntarily. The ethical issue in this scenario is the privacy of the user, and if their internet actions should be on display for the use of companies to better understand markets.

There are several ethical issues in marketing over the internet that include spamming and cookies, but incorporate several other areas as well:

1. Privacy: collection, storage and dissemination of information about individuals
2. Accuracy: authenticity, fidelity and accuracy of information collected and processed
3. Property: ownership and value of information and intellectual property
4. Accessibility: right to access information and payment of fees to access it.

(Waring & Martinez, 2002)

In order for online marketing, particularly permission-based email, to be ethical, it must exhibit some of the same qualities of the theories that were discussed at the beginning of this review, particularly theories of "consumer well-being" discussed by Beik and French (1974). Ethical markets must make the receiving of email as pleasant as possible for the receiver, including segmenting the mailing list so certain potential customers are receiving beneficial material, not over-emailing the list with unnecessary information, and personalizing the message for each of the recipients (Waring & Martinez, 2002).

There are many actions that a firm may take that may be legal, but these actions, according to previously discussed theories, are almost all unethical. Spyware, which is the gathering of information regarding a consumer's computer activity without their knowledge (Sipior et al, 2005), has largely been regarded as an unethical practice, but one that is widely used.

One study states that ethical marketing over the internet can be judged against seven criteria:

1. Notice: Indication to the consumer about what is being collected and how it will be used; whether it will be disclosed to third parties and whether cookies are used or not
2. Choice: consumer is given the choice to agree with aspects of information gathered
3. Contact: consumer given a contact for asking questions or registering complaints
4. Security: protection of information transfer and subsequent storage
5. Access: consumer has access to information gathers; consumer may review and correct information if needed
6. Horizon
7. Intrusiveness: unwelcome advertisements on consumer's computer (pop-ups)

(Gauzente & Ranchhod, 2001)

The last issue with marketing over the internet is the actual material that is being passed to consumers by companies; one study showed that the "integrity of the information" is of utmost important to most marketing managers (Bush et al, 2000). One of the biggest concerns regarding marketing over the internet is how products are marketed to children; issues include:

1. Kids' Clubs: children may join and give information for marketing purposes, without the notification of parents, which could be harmful if in the wrong hands; responsible marketers encourage children to obtain their parents' permission
2. Language and Content: use material that is appropriate for children; there must be disclaimers on websites that can be easily understood by children
3. Content and Terminology: must be careful that chat rooms for children on websites are free of inappropriate content that may be posted by others, even adults
4. Disguise: should not have "free giveaway" type banners that could lead to a cookies program to divulge online information
5. Free Items: potentially speaks of prizes that could cause unrealistic expectations
6. One-to-One: retrieves names of children and information and directs email to them

(Austin & Reed, 1999)

Marketing to children is a gray area, as marketers must concern themselves with content and be aware of the medium in which they are selling to children. Ethical marketing to children causes several further questions beyond the internet.

Marketing to Children

Unlike the other marketing dilemmas, this is the one area of marketing that may not be ethical to participate in at all. The argument can be made that the minds of children are too impressionable to be subjected to advertising (Clow & Baack, 2004, p. 77). Also, a clinical psychologist noted how children incessantly subjected to ads may instill narcissism, entitlement, and dissatisfaction (p. 77). Children do, however, represent a valuable market, and for marketers selling products meant specifically for that age group, they may be without a choice.

Many fast food restaurants have come under fire for their role in creating a culture that has produced an increasingly high level of childhood obesity. America's Institute of Medicine did a study showing that of the $10 billion dollars spent on advertising food and drink to young people, most went to foods that were high in calories and low in nutrients (The Economist, 2005). Some have made a push for companies who sell unhealthy foods to children to be regulated, with some mixed success. Although regulation may not be the answer, the threat of it may prompt these companies to be more responsible in how they market their products (Advertising Age, 2005). There has been a noticeable change in products sold at fast food restaurants, as many are now offering more healthy alternatives to their previous menu.

The use of cartoon characters and other popular children's icons to sell unhealthy food products to children is another issue of marketing ethics. The use of characters to advertise unhealthy product choices can be traced to the 1930's, when Mickey Mouse appeared on a box of Post Toasties, which resulted in drastically improved sales (Ellison & Adamy, 2005); the use of cartoon characters to promote foods, particularly unhealthy ones, is still widely practiced. America's Institute of Medicine has requested that these companies change their advertising to having cartoon characters sponsor healthier products (Theodore, 2005).

Cartoon Characters have been used for decades to promote products, particular unhealthy products; they are an effective, yet possible unethical marketing tool to generate the interest of children. (Images from Google)

In response, many companies are taking steps to become more ethical in the food products they sell to young people. For instance Kraft foods made a bold move in marketing ethics by stating that they would no longer market unhealthy products to children, with an executive for the company stating that they wanted to remain part of the continuing discussion regarding childhood marketing and obesity (Ellison & Adamy, 2005). What makes this move especially daring is that Kraft is effectively eliminating marketing for products that make up 10% of their sales, or $3 billion (2005). However, this is Kraft's attempt to become a more ethical company, which they feel will suit them better in the future.

Puffery

Puffery is "the use of an exaggerated claim about a good or service without making an overt attempt to deceive or mislead" (Clow & Baack, 2004, p.180). Because customers are used to these claims, they are not considered illegal (p. 180). For instance, if one were to pass a hot dog stand, and it said that they sold "The World's Best Hot Dogs", the store would not be liable if a customer didn't consider them to have the world's best hot dog.

There are several issues that a marketer must be aware of when using puffery. First, the marketer must understand the difference between puffery and a warranty. Because a warranty is an expressed agreement between the transacting parties (Shapiro, 1995), the marketer must make sure that they are able to follow through on that warranty, and not just claim they can. Marketers cannot make puffery statements that customers will rely on to make the purchase (1995). If the marketer is making false promises about an element of the product or service that cannot be kept, that would be unethical. These false promises may turn into allegations of fraud, which is a misrepresentation of facts what were relied on by the buyer at the time of purchase (Battaglini, 2004). It is very difficult to define exactly what is considered over-the-top; the Lanham Acts Violations explains:

1. A false statement of fact by an advertiser about its own or another's product.
2. How such a false statement actually deceived or would have the tendency to deceive a substantial segment of its audience.
3. How the deception is material, in that it's likely to influence the purchasing decision.
4. How the advertiser caused its false statement to enter interstate commerce.
5. How the party bringing the lawsuit has been or is likely to be injured as a result of the false statement.

(Barkacs 2005)

Stereotyping

Although it is much easier on a marketer to separate a market based on age, race, gender, ethnicity, etc., it may be unethical to pigeonhole consumers into one particular group (Clow & Baack, 2004, p. 138). This presents an interesting challenge to marketers, who have either a single frame of print-ad or a thirty second commercial relay their promotional message. Therefore, stereotypes are usually a relatively easy, and effective way to go in the advertisements; however, this can become a negative when it alienates a particular group. It can become hard for a marketer to tell if it will offend their target market, or a third party, particularly because whether it promotes a stereotype or not is in the eye of the beholder (Voight, 2003). When it comes to stereotyping, the questions of ethics relate more too whether or not it is okay to portray stereotypes for the purpose of selling products, and are these stereotypes causing harm to those who see the advertisement, or more importantly, those portrayed.

<u>Why this topic?</u>

In this literature review thus far, I have gone over several topics related to this particular thesis. I have given an overview of how the general topics of marketing and business ethics and how they are understood and taught today. Also, several areas of marketing practices that are considered unethical. Lastly, several frameworks for marketing principles, ethics, and value theories have been given as a way to demonstrate existing ideas of ethical behavior and their application to the world of commerce.

Because marketing ethics involves such a gray area when determining what is considered right and wrong, it is essential to weigh the four areas of the marketing mix for an organization to be ethical. From what I have studied, there are two interesting unethical marketing scenarios that a marketer may encounter (there are more scenarios, but two that interest me enough for this thesis). The first scenario is when a company has an ethical product but uses less than ethical means to promote that product to the market. The second scenario is when a company has an unethical product, but utilizes ethical promotional practices. What makes these scenarios most unique is that both may be considered unethical, but it is tough to determine which situation is worse, and how a company can remedy such issues. One company that has experienced a combination of these scenarios is Philip Morris, a company that, at one point, had a product that is considered unethical and used promotional practices that were widely thought to be unethical as well. Over the past several years, Philip Morris has made an attempt to be more ethical in how they market their product, but have not made any changes in the product itself. The issue of product and promotion and marketing ethics, particularly as related to controversial products, has not been thoroughly discussed in other scholarly works according to the literature that I have gathered over the past several months.

Therefore, this thesis will utilize one of the frameworks to use as the basis of determining whether or not the products and promotional practices in question are considered ethical. After examining these marketing practices against the framework, I will determine whether it is more essential to be ethical in the product that is sold, or more ethical in the promotional practices utilized. This will be explored using the matrix below:

	Ethical Product	**Unethical Product**
Ethical Promotion	A marketing strategy that falls into this quadrant has an ethical product and ethical promotional practices according to the ethical framework used	A marketing strategy that falls into this quadrant markets a product that is deemed to be unethical by the framework to be used, but utilizes ethical promotional practices to sell that product
Unethical Promotion	A marketing strategy that falls into this quadrant has a product that is ethical, but utilizes unethical promotional practices as determined by the framework used	A marketing strategy that falls into this quadrant sells a product that is deemed to be unethical and uses promotional practices that are deemed unethical by the framework to be used

The next part of this thesis will describe the ethical model that will be chosen from those described in the literature to determine the research method and research questions and used as a basis for judging whether or not the exemplar companies are selling an ethical product and/or are using ethical promotional practices.

Models Used

In studying business management, it is taught at an early stage that there are several groups that need to be accounted for at any one time when making business decisions. These important groups, known as stakeholders, are any person or group of people that are impacted by the business decisions of a particular entity. For instance, if a company that sells a consumer good that is sold through retail outlets, employs 10,000 people, and is located in Charlotte, North Carolina, the stakeholders of that company include the following:

- The owners of the company (shareholders) who expect to see a return on the investment that is put into the company; these shareholders can include the founder/owner of the company, stockholders, and investors
- The 10,000 employees who earn their living from their employment with the company
- The end consumer of the product who is impacted by the consumption of the product both in positive and negative ways
- The city of Charlotte and the state of North Carolina who receive taxes from the sale of that product (the U.S. government may be impacted in the same manner as well)
- The retail outlets who receive part of their sales from that particular product
- Wholesalers who receive orders of the product by retail outlets
  *In certain cases, the argument can be made that every person is impacted in one way or another based upon the pressure they experience to use that product either through the marketing done by that particular company or by their peers

Earlier in this thesis, I discussed several business ethics models that evaluate business and marketing ethics and can be used to determine if a company is being ethical in their business practices. Included in these discussions were Societal Marketing, the Relational Theory of Value, the New Marketing Concept, the Kohlberg Model of Moral Development, the Caux Round Table Business Principles of Ethics, Moral Philosophies, and several others.

There were several models that I felt were a strong basis for judging companies that sell controversial products, but the one model that I felt best covered the major concerns of all stakeholders involved was the Quality of Life

(QOL) Marketing Model. The reason that I will be using this particular model is because I feel that it best exemplifies the issues that face a company that sells controversial products, as it recognizes there are several stakeholders of a company and each one of them needs to be recognized when making any business decision. The QOL Model emphasizes several key points that a company must follow in order to be ethical in their marketing practices, and these key points are applicable for all areas of the marketing mix:

1. Enhancement of wellbeing of target consumers associated with marketing and/or consumption of products.
2. Reduction of negative side effects associated with the marketing and/or consumption of the product to target consumers.
3. Reduction of negative side effects associated with the marketing and/or consumption of the product to other publics (beside target consumers).
4. Long-term profitability

(Sirgy & Lee, 1996, p. 23)

Because this study is focuses on two dimensions of the marketing mix, product and promotion, it is imperative to look at these aspects separate from one another. Therefore, this study will place each company against the four key points for the QOL marketing concept, first examining the product, then examining the promotion of that product. The QOL model adapts the four key points it emphasizes to product objectives, which is what the product will be tested against, while the promotion will be tested against the original key points. The QOL product objectives are stated as follows:

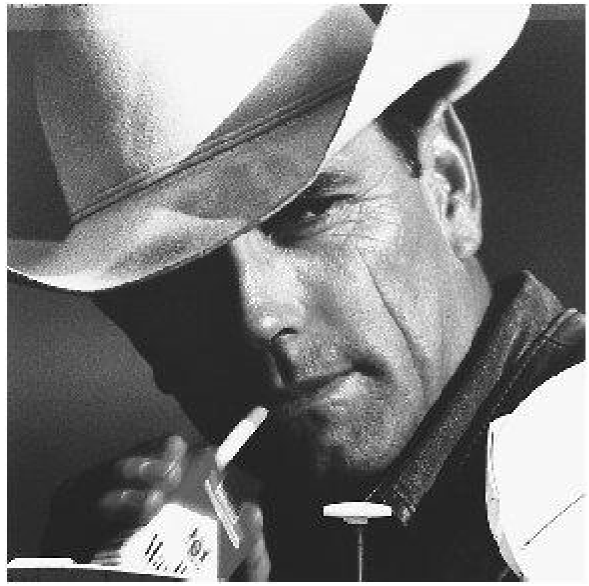
1. Serving one or more consumer populations by offering one or more products that can enhance one or more dimensions of the consumers' wellbeing.
2. Reducing any significant negative side effects to the consumers associated with the use of the product.
3. Reducing any significant negative side effects to other publics (beside the consumer public) associated with the product.
4. Decreasing costs associated with the development and manufacturing of the product.

(Sirgy & Lee, 1996, p. 23)

The Societal Marketing model "holds that the organization's task is to determine the needs, wants, and interest of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being" (Sirgy & Lee, 1996, p. 21). Kotler's Societal Marketing model was a precursor to the QOL Model and serves as a valuable model for determining if companies are responsible with their marketing decisions. Therefore, a final analysis will be done against Kotler's three criteria in balance for marketing decision making: consumer (want satisfaction), company (profits), and society (human welfare) (p. 21). The next section will go over the products that will be tested against the QOL Marketing Model and Kotler's Model.

<u>Philip Morris: Cigarettes</u>

In the late 1980's and early 1990's, the general public of the United States became more vocal about their negative feelings towards the tobacco industry, taking issue with both the product they sell and the manner in which they sell it. In 1997 and 1998, attorneys general and representatives came together from 46 states (the other four states had already reached an agreement) along with the five largest tobacco manufactures and reached an agreement to be named the Master Tobacco Settlement Agreement (MSA) (Wilson 1999). This agreement was the culmination of a four-year legal battle between states and the tobacco industry that began in 1994 (1999). According to a summary of the agreement by the University of Dayton, "The agreement settles all antitrust, consumer protection, common law negligence, statutory, common law and equitable claims for monetary, restitutionary, equitable and injunctive relief alleged by any of the settling states with respect to the year of payment or earlier years and cannot be modified in any way unless all the parties agree to the modification" (Wilson 1999). According to this agreement, tobacco companies will have to pay the government over a period of 25 years the amount of $206 billion, and must perform all provisions as stated by the agreement immediately (Wilson 1999). Several of the major provisions of the MSA and what major tobacco companies will be required to do for now on can be found in Appendix A.



Most of Philip Morris' success can be traced to their flagship brand, Marlboro, and the use of the "Marlboro Man". (Image from Google)

In 1997, Philip Morris formalized their mission "to be the most responsible, effective and respected developer, manufacturer and marketer of consumer products, especially products intended for adults" (Philip Morris USA, Mission & Values). The provisions of the MSA made in 1998 set a precedent for further action that was taken by Philip Morris to be a more responsible company. In addition to making the scheduled payments to the states, Philip Morris has taken even further action by spending over $600 million on their youth smoking prevention program (Philip Morris USA, Our Initiatives…), devoting $2 billion to research and development for products that would reduce the risks of smoking (Philip Morris USA, Reduced Harm), and utilized a Quit Assist program to provide cessation support for adults who would like to quit smoking.

Philip Morris' Youth Smoking Prevention program was founded in 1998, and has since spent over $1 billion on youth smoking prevention efforts, including $600 million on comprehensive initiatives and $500 million on responsible retailing initiatives (Philip Morris USA, Our Initiatives). Funds have been distributed to several initiatives, including the "development of television advertising, the creation and distribution of brochures and other resources for parents, the implementation of school and community-based programs developed by others, access prevention programs, and research to help better understand underage smoking trends and how to reduce youth smoking" (Philip Morris USA, Our Initiatives). These specific actions and the amount of funds spent are not part of the MSA, but are initiatives that Philip Morris has employed voluntarily.

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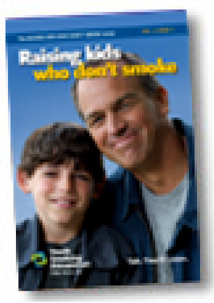

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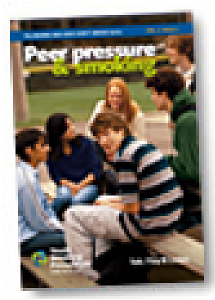


javascript:openPopupWindow('/en/prc/activities/downloadresources.asp', '880', '560', 'scrollbars=yes,resizable=yes,status=yes,location=yes,menubar=yes,toolbar=yes');

Philip Morris utilizes a combination of advertising targeted to both parents and those not of smoking age.

(Images from Philip Morris website)

Realizing the inherent harm of using tobacco products, Philip Morris has devoted $2 billion dollars to research and development for products that can reduce the risks associated with smoking while still giving smokers the pleasure that they receive from using the product. These new products will aim to reduce the exposure that smokers have to harmful compounds that could cause serious health risks. Methods which they are currently studying include, "source reduction, modification to the combustion process, and selective filtration" (Philip Morris USA, Reduced Harm). In order to be successful with these new products, Philip Morris will have to both provide the same enjoyment that people receive from smoking and reduce the harmful effects associated; only with both characteristics will such products be successful in achieving their goal of reduced-risk cigarettes.

Philip Morris does acknowledge as a company that there is no such thing as a safe cigarette and that the best thing for a smoker to do who is concerned about the potential harm of the product is quit using the product altogether. They recognize as a company that the product they sell is harmful and addictive, and although they are trying to create new products that are reduced-harm, the best option for a smoker is cessation. Therefore, the company created a Quit Assist program for adult smokers who would like to no longer use the product. Initiatives within the program include information on the Philip Morris website, television advertising to direct consumers to information regarding quitting, and brochures within packs of cigarettes directing consumers to learn about smoking cessation. A $30 million grant was given to Duke University to research methods to quit smoking and communicate those results to the company (Philip Morris

USA, Quit Assist). All cessation support resources are free online, which includes a 48-page resource guide (Philip Morris USA, Quit Assist).

One of Philip Morris' initiatives to be a more responsible company is their Quit Assist Program, which provides cessation support for smokers who want to quit smoking. (Image from Philip Morris website)

Smirnoff Ice: Malt Beverage

Smirnoff began as a company in the 1860's, and in the 1870's became the first company to use charcoal for vodka filtration (Diageo, Smirnoff). Not brought to the United States until 1930's, the product didn't begin to grow until the 1940's, but enjoyed continuous growth into the main stream over the next several decades (Diageo, Smirnoff). Now the number one brand of vodka in the world, Smirnoff is now sold in 130 countries on six continents (Diageo, Smirnoff). Smirnoff is currently part of Diageo, which was formed in 1997 and based in London, and is the world's leading seller in premium alcohol beverages (Diageo, At a glance). Brands under the Diageo umbrella also include Johnnie Walker, Guinness, Baileys, J&B, Captain Morgan, José Cuervo, Tanqueray, Crown Royal, Beaulieu Vineyard and Sterling Vineyards wines, and Bushmills Irish whiskey (Diageo, At a glance).

In 1999, Smirnoff extended their product line to Smirnoff Ice; less than a decade later and over two billion bottles sold, Smirnoff Ice is now sold in over 80 countries in six continents (Diageo, Smirnoff). However, the sales of the product have not come without its controversy, as many have claimed that the brand is being marketed to an age group under the legal drinking age. The American Medical Association (AMA) claimed that these types of drinks could be "gateway" beverages to their other product lines (American Medical…, 2004). Dr. J. Edward Hill, the president of the American Medical Association, warned, "Alcopops are marketed as fun, sexy and cool as if they are less risky to drink, but their health and safety consequences are anything but sexy or cool. The difference in female physiology means that teen girls feel greater impairment from alcohol and encounter alcohol-related problems faster, including brain damage, cancer, cardiac complications and other medical disorders" (2004)

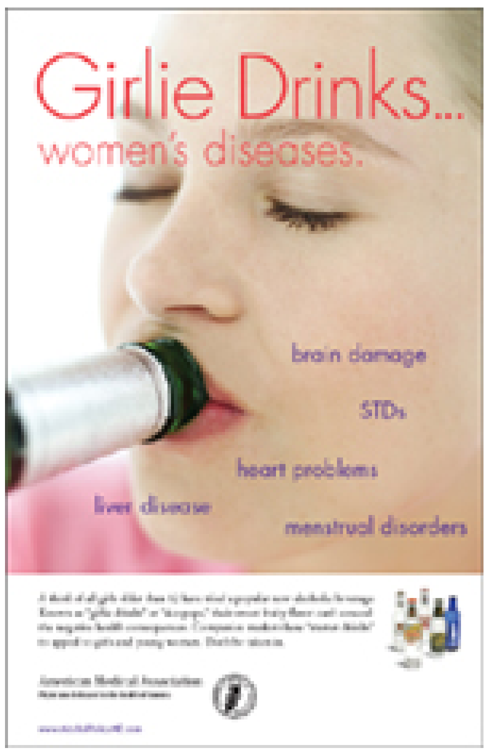
It has been argued that Smirnoff Ice and its sweet and fruity
malt-beverage could create interest among an underage market. (Image from Google)

The results of two polls were shared at the end of 2004, with many alarming results as to the use of the product by underage persons. Upon first glance, it may seem as if the selling of these products is undoubtedly unethical; however, a closer look at the results shows several reasons as to logical reasons as to why there cannot be a definitive conclusion:

Key Findings of Report	Alternative Explanation for Result
• Approximately one-third of teen girls report having tried alcopops, and one out of six have done so in the past six months.	Another report by Mothers Against Drunk Driving stated that 81% of adults had their first drink of alcohol before the age of 21; Needs to show in comparison to other alcoholic beverages in order to establish cause-and-effect
• More teen girls have had alcopops in the past six months than teen boys (31 percent versus 19 percent).	Women are the target for malt-beverage drinks, and more of-age women consume the beverage than of-age men; the likelihood that this trend would transfer over to the underage market is not necessarily unexpected
• Teen girls report drinking alcopops more than other alcoholic drinks, whereas adult women age 21 or older rank it as their least-consumed alcoholic beverage.	Adult women in the targeted age group typically do most of their alcohol consumption at bars and night clubs where these types of beverages are usually forgone for mixed drinks prepared by bartenders; along the same lines, teen girls do not have access to such services, and would then logically be more inclined to consume malt-beverages which are already prepared
• For teens who have had alcoholic drinks in the past six months, girls drank more in all categories (beer, wine, alcopops and hard-liquor drinks) than boys.	Finding cannot be necessarily contributed to malt-beverages over other alcohol based products.
• Nearly one in six teen girls who have drunk alcopops in the past six months have been sexually active after drinking.	Does not give a comparison to number of girls who were sexually active in the past six months without drinking
• One out of four teen girls who have tried alcopops have driven after drinking or ridden in a car with a driver who had been drinking.	Does not give a comparison to number of girls who have driven after drinking or ridden in a car with a driver that drank another type of alcohol-based beverages
• One out of five teen girls who have tried	Does not give a comparison to number of girls

alcopops have thrown up, or passed out, from drinking.	who have thrown up or passed out from drinking other types of alcohol beverages, or if the times they have been sick have been a result of drinking malt beverages
• Half (51 percent) of teen girls have seen alcopops ads.	Does not say if percent is higher than other alcohol-based beverages
• Nearly half of all girls aged 16-18 report seeing alcopops ads on TV, compared to only 34 percent of women 21 or older.	Does not take into account the likelihood that people between the ages of 16-18 watch more television than those 21 or older
• Teen girls report seeing or hearing more alcopops ads on TV, radio, billboards, the Internet and in magazines more than women 21 or older	Does not take into account the likelihood that teen girls watch more TV, listen to the radio more, and utilize internet sites that are more likely to have advertisements than women 21 or older

(American Medical Association, 2004)



In an effort to warn parents about the potential issue of underage girls drinking malt-beverage drinks, the American Medical Association created this poster. Image from AMA, 2004 Article)

Because of all the holes in this particular study and studies of the like, I believe that it is still a subject of controversy that can be further explored.

Therefore, this thesis will look to find if the marketing utilized by this company is indeed unethical, and if so, offer suggestions for how they may be more ethical in their marketing practices.

Cocaine: Energy Drink

In the booming energy drink market (high double-digit growth) it has become an increasingly complex battle between current major producers such as Red Bull and Monster and potential new brands (Cioletti, 2006). For these new brands, a major difficulty is finding a way to differentiate the product from other products on the market. Other beverages, such as soda, can differentiate based on taste, as that is the main purpose in consuming those products. However, for energy drinks, taste comes second to the energy provided, and there are only so many ways to market high energy. New products entering the market may have to take more drastic measures to gain sales and success in the already saturated energy drink market.

The most notable company that has taken a drastic measure to increase their awareness is produced by the company, Redux Beverages, and has named its flagship brand Cocaine. The first time I heard of the beverage was from a professor who used it in a case study for one of his courses for a discussion of ethical marketing practices. Upon seeing a can of the actual product in the office, I was rather surprised to see the powdery white letters that were used blatantly to simulate its namesake. Peeking my interest, I headed to the website to find out more information about the product and was further surprised by what I saw.

On the front page of the website was a link to a vignette done on the Daily Show with John Stewart, in which the founder of the product stated that they were trying to transfer the coolness of the drug to the energy drink. Another time when I visited the site, a voice over came on stating that for years energy drinks have been trying to simulate the effects of cocaine, but have not been able to until now. The tagline on the drink itself states that it is the "legal alternative", and several of the negative articles written about the product were posted on the website. In my opinion, there was nothing on the website the even remotely suggested that the brand name was simply a promotional tool that was meant to shock and create exposure for the company. In fact, it seemed as if they were purposefully trying to make the product the legal alternative for potential and current users of the drug.

Cocaine Energy Drink utilizes powdery white letters on its logo
and claims itself as “The Legal Alternative”. (Image from Google)

Some of the statistics of the product itself were also startling. The drink is the equivalent of four shots of espresso and has caffeine levels that are 350% more than that of the leading energy drink, Red Bull. Also, the creators of the product created a burning and numbing sensation to the drinking experience that is supposedly used to simulate the use of the actual drug. These statistics suggest that there seems to be an unapologetic and blatant use of the illegal drug as a way to gain interest. The question remains, does this make them particularly unethical in their marketing practices? After all, there is the idea of free markets and that any product that is exceptionally offensive will be phased out of the market by the potential consumers themselves. The average consumer should be able to distinguish the energy drink from the real drug that it is named after. However, using an illegal drug’s “appeal” to sell a product seems to have some very real potential issues, including the possibility that it could cause people to try the real drug. Because the product itself isn’t inherently harmful, the major questions regarding this product is whether or not they are being ethical in the branding of their product and their methods of promotion. This thesis will work to further explore that issue.

Research Method

For this thesis, the main goal is to gain an understanding of the theories of responsible marketing when it comes to controversial products and its effect on the public. In order to do this, pointed questions will have to be asked about these topics in a qualitative setting. To gain a better understanding of marketing theories, it will be essential to not only name the theories, but also understand the premises for these theories and how they affect the companies and the public on a broader scale. To do this, critical analysis will be done to recognize these premises and delve into the actual basis of what actions are taken by both responsible and irresponsible marketers. To gain a better understanding of how the public is affected by marketing decisions and practices by companies selling controversial products, methods must be used that will allow distinguishing of their thoughts on said companies, and perhaps probe further into why their opinions are what they are. It is also important to gauge what knowledge they have about the industry, and for those who lack knowledge of the area, if their opinions change upon learning of certain practices used.

The main method that will be employed for this particular assessment will be a qualitative approach, and will utilize personal interviews with experts in the field of business management, including business educations and business managers. A qualitative approach will be used so that a better understanding of marketing theories and opinions of marketing practices may be analyzed. This method of analysis will make sure that participants fully understand issues relating to each of the companies, it will allow interviewees to ask questions about what they are being asked if they are unsure, and will also allow the interviewer to better judge the reactions of the participants and capture emotions behind the answers. Although the interviewer will not act as a psychologist to discover the inner-thoughts of those answering, the intonation of the answers, particularly for members of the public being questioned, will be relevant to the results found. Also, qualitative answers will further allow the interviewer to question the answers of the interviewee, where as quantitative answers cannot be examined further in such a manner.

The sample selection will include four groups of people, including marketing professors, law professors, entrepreneurship professors, and marketing professionals. Marketing professors will be utilized due to their knowledge in the area of marketing theory and practice, and also due to their availability. These professors spend countless hours educating others on several theories related to marketing, with a strong chance that ethics may be involved in these theories. Marketing professionals will be used as they are currently practicing in the field and are familiar with the real world application of marketing practices and are currently experiencing the pressure of being effective marketers while still being ethical in their practices.

Law and public policy professors will be used as they have a more firm understanding of working with legal implications as pertaining to businesses practices and will offer a diverse opinion from that of marketing professionals. Entrepreneurship professors will be used for their understanding of the difficulties in finding a niche in a market and establish interest in a new product. Finance professors will be interviewed as they will likely understand the responsibilities to shareholders and how ethical decisions made by companies who sell controversial products will affect shareholder wealth. The questions to be asked can be seen in Appendix B.

As stated before, these questions were designed to create a free-flow of thought from the respondents, and cover the areas of marketing related to products and promotion. If I felt that during the interview the questions weren't being answered thoroughly, I then asked other questions to provide a catalyst for further discussion. However, the questions currently presented were the basis for the interview.

Results

The results of this particular study are derived from in-depth interviews of several renowned scholars with different areas of expertise relating to a broad range of fields of study, including marketing, law and public policy, finance, entrepreneurship, and philosophy. Through understanding of the perspective of these diverse, yet highly relevant, vantage points regarding the selling and marketing of controversial products, this thesis will demonstrate that there is an accepted standard for how companies in these industries should behave in order to be considered responsible in their marketing practices. By speaking to groups with this wide array of backgrounds, the research uncovered intriguing trends that were sometimes diverse, yet still convincing as to what steps companies that sell products such as tobacco products and alcohol products can do in order to be considered a responsible company while still taking into account their responsibility to their shareholders.

Each interview lasted approximately thirty minutes, and utilized an open-ended questioning approach; this encouraged participants to freely speak their opinions regarding the products and the companies that market them. The interview subjects were asked questions regarding three different products and the promotional strategies of those products. All interview subjects are scholars in their field, each having at least one graduate degree specific to their field, most have a Masters of Business Administration or their Juris Doctor. Appendix C contains a brief profile of each participant in the study. As can be seen by Appendix C, this study takes into account a wide variety of opinions from knowledgeable people with diverse areas of expertise and study. In this section, I will discuss some of the general trends of answers that were seen for each of the questions and then will relate these back to the Quality of Life Marketing Model and Kotler's Societal Marketing Model.

The first question asked participants about their initial reactions to controversial products and the companies that sell them. This resulted in a wide variety of answers with almost every interviewee relating their thoughts specifically to tobacco. Not one of the respondents brought up any positive feedback relating to tobacco companies, but this did not necessarily translate to each respondent voicing a negative reaction to the companies either. Out of seventeen interviews, eight of the respondents came back with a purely negative reaction towards tobacco companies and their marketing practices. The major objections from these respondents came in the form of complaints regarding the product itself, its attempts to withhold information regarding the harm of smoking to the public, and issues regarding targeting children with their product. One respondent, a vice president of marketing for a Fortune 100 company stated, “Without a doubt, [they] have known that cigarette smoking causes cancer, emphysema, coronary and pulmonary disease, and they have done things over the years to make their cigarettes more addictive” (personal communication, January 11, 2007). Further arguments stated how companies such as Philip Morris took advantage of this lack of knowledge and information. Dr. Tridib Mazumdar added, “There is an asymmetry of information between the consumers and the seller, and whenever there is an asymmetry, obviously one group suffers, who has more information will gain disproportionately to who has less information” (personal communication, February 23, 2007). The issue that seemed to have the most negative reaction was the idea that the tobacco companies marketed their products to children, as Lisa Belodoff, Director of Strategic Marketing for CXTec, states “I certainly have seen, tobacco especially, targeting kids and really trying to hook them young” (personal communication, March 8, 2007).

These three arguments against tobacco companies do encompass a considerable amount of assumptions regarding tobacco companies and how they create their product, their knowledge of the potential danger of the use of their product, and their intentions while marketing to consumers. The first assumption is that tobacco companies adjusted nicotine levels or added particular ingredients that could make their product more addictive or harmful. Although this is widely believed, there is still no concrete evidence that this took place by any of the major tobacco companies. The second assumption would be that tobacco companies had knowledge before the general public that tobacco was harmful to users after a prolonged period of time. It is a well-known fact that tobacco companies long questioned the accuracy of health reports regarding harm caused by tobacco; however, it is a safe supposition to utilize that the public disregarded these statements from tobacco companies in favor of health professionals. The more troublesome assumption is that tobacco companies did have information prior to more well-publicized warnings regarding their products, and hid this information from the public. Again, the idea that they did know of the harmful effects of the product is widely believed, but to prove knowledge of another person is all but impossible to do. The third assumption is that tobacco companies were aiming to market their product to younger consumers below the legal smoking age, with the most notable example being Joe Camel, a cartoon character used by R.J. Reynolds to sell its popular Camel brand cigarettes, which was found to have a high degree of recognition among younger consumers.

The other ten respondents in this study all responded neutrally towards these products, noting the harm of the actual product, but not necessarily placing blame on the companies. Pat Cihon, a professor of law and public policy with a particular interest in government regulation, stated “As long as its legal, the corporation has a right to sell it…people are buying it, so they are fulfilling a need in that regard” (personal communication, February 21, 2007). This opinion is echoed by Fran Zollers, also a professor of law and public policy, who supports the view that they should be allowed to be advertised, but emphasizes that “forum and audience are very, very important” (personal communication, February 22, 2007). In answering this opening question, most of those who responded neutrally towards the tobacco industry did indicate that although they agree with the right to market the product, deception and targeting a young audience would be their major concern. Although many do believe that the use of Joe Camel had a major impact on youth smoking, there are arguments that the use of a cartoon character does not have such an impact on the use of these products. For instance, Dr. Scott Lathrop, a professor of marketing management, responded, “It’s not that a cartoon is telling them to buy, it’s because that it’s ‘cool’, and their peers are doing it, and it’s something that’s ‘hip’ and ‘mature’ to do; I’m not necessarily on the boat saying that Joe Camel is really the vehicle that is getting kids to buy cigarettes” (personal communication, February 9, 2007). Although it has been proven that there is a high degree of recognition among a younger audience, this does not necessarily translate into sales for the product among a younger age group. Sumitro Banerjee, a professor of marketing management, recognizes that, “historically, most of these companies started out when these things were not viewed as negatively as they are today, so I don’t think they had a bad intention to start off with…We should be sympathetic to these companies in a sense to guide them out of their current business into something profitable” (personal communication, February 21, 2007).

The next series of questions was regarding the Master Tobacco Settlement Agreement (MSA) of 1998, which as discussed early, put significant restrictions on the type of marketing and advertising that tobacco companies could partake in. Questions in this area inquired thoughts about the marketing practices of tobacco companies both before and after the MSA and if there had been any noticeable changes. A vast majority of the respondents did have negative reactions towards the tobacco companies' marketing practices prior to the MSA, particularly in the area of targeting children and concealing information about the harmful effects induced by their product.

In the area of marketing targeted towards youth, Fran Zollers shares her distaste for marketing practices employed: "I'm not sure the first thing that sprang to mind when I saw Joe Camel was 'Oh my gosh, they're marketing to kids,' but when the focus group studies came back, and the people started talking about it, I thought 'You know what, that's probably right'" (personal communication, February 22, 2007). To others, the issue is clearly black and white, as one marketing professional stated, "R.J. Reynolds knew in their own research that using a cartoon character would entice underage smokers" (personal communication, February 9, 2007). Dr. Eunkyu Lee, a professor or marketing with a particular focus on brand management, echoes this black and white sentiment, stating "Obviously, I think it is designed to recruit younger people. Once you grow out of Joe Camel, the Marlboro Man is there waiting for you. The people who are already smokers, they are chemically addicted, the company really doesn't need a lot of marketing effort to keep them as customers, so obviously, they are much more eager to hire new customers from a younger generation, I think it is very successful" (February 27, 2007). William Walsh, a finance and accounting professor, showed particular concern about the extent of the advertising after the harm of the product was recognized by the surgeon general. He comments, "Particularly after the Surgeon General came out with the fact that it caused cancer, the companies were still aggressive; I think that probably bothers me the most still" (February 26, 2007).

Although most responses did reflect the positive benefits of the legislation, some did question as to whether legislation was an entirely positive thing. Dr. Michael Morris, a professor of entrepreneurship, states, "In terms of [marketing to] a reasonable adult, if you are not being dishonest, or are factually saying something that is incorrect or implying something that is incorrect, that's a marketplace; to me, it's a slippery slope when you are trying to over-regulate it, because then it starts to extend to a lot of other things that are in the eyes of the beholder in the potential damage of people" (personal communication, March 9, 2007). This opinion was echoed by Dr. Theodore Wallin, a professor of marketing with expertise in marketing communications, as he stated, "If they sincerely believed that their product was neither addictive nor possessed of long term disadvantages, then I suppose they were doing something no different than most companies do as they try to promote their product to a larger audience, beginning with young people to get them to favor it" (personal communication, February 23, 2007). In this case, the opposite assumption is made from them hiding knowledge; although they are still causing harm with their product, the fact that they were unaware of the harm would make them no less responsible than any other consumer goods firm.

The third question asked after the description of the actions Philip Morris has taken in order to be a more responsible company in the United States were shared with the respondents. The questions that followed were regarding whether the respondents felt that these were appropriate steps in the right direction of being a more responsible company and if they felt Philip Morris was being sincere with these actions. There were several themes that became apparent among the respondents, with the most common being that they are taking appropriate steps in the right direction to be a more responsible company, but these same praises came with caution that it does not yet make them completely responsible in their marketing practices, and they still have steps they must take in order to be a more responsible company.

Some respondents had an entirely positive response, acclaiming the company for making these positive changes to their organization. Dr. Scott Lathrop states, “I think they are doing the right things in the right directions, whether that’s because of their own motivation or because of government regulation or the threat of further regulation, I don’t know; I think they are taking ample steps to try to right some of the wrongs they committed in the past” (personal communication, February 9, 2007). Dr. Lathrop brought up a common theme of the difficulty of actually to judge whether or not the actions are sincere, good faith efforts to be more responsible. Professor Mitch Franklin, someone who had up to this point in his interview had nothing but negative comments to make about the tobacco industry, pointed out that the sincerity of the corporation may have limited bearing on their actual responsibility. He adds, "Whether they're being sincere or not, they're making an impact and they're attempting it, so I think they are, I think it's positive. I think it's responsible, and I'm glad that they're doing it, and I think they should keep doing it" (personal communication, February 27, 2007).

Another common theme was that although they are doing something, it does not necessarily make them responsible, it just makes them responsive to the pressures of the market. A professor of law and public policy with an interest in management ethics, states, "I don't think they are being more responsible, I think they are responding to market-based pressures and trying to essentially make themselves appear to be more concerned about public health and the health of young people, but I don't buy it" (personal communication, February 28, 2007). Dr. Eunkyu Lee adds, "There's tremendous pressure from society on these companies, when you say responsible, that's harder to answer, because they are responsible to many stakeholders, but ultimately they are accountable to their shareholders, and because of that, they are showing enough responsiveness" (personal communication, February 27, 2007).

Multiple respondents did bring up the issue that it would be irresponsible for the company to stop selling the product altogether. Dr. Theodore Wallin states, "People are addictive to smoking, you can't just stop selling cigarettes, people have to be nurtured away from the dependence on it" (personal communication, February 23, 2007). It was also shared that there are a number to stakeholders that the company has to be responsible for, and although the ultimate responsibility may be removing the product, it would not be in the best interest of these stakeholders. Regarding pulling out of the industry altogether, Dr. Lee added, "I don't think the company's ready, I don't think the government is really, they simply cannot shut down Philip Morris overnight, it would just destroy the Richmond area for example" (personal communication, February 27, 2007). Richmond is where the main production plant and corporate headquarters is for Philip Morris.

Not all respondents felt the same about the product, with a major theme being that if they wanted to be responsible, they should stop selling the product altogether, much the same as Dr. Lee stated when he shared his idea of "ultimate responsibility. One entrepreneurship professor vehemently argued, "If you are putting your money where your mouth is, then you would not promote the killing of people. To say that it is up to the individual to make a decision or not is really not a fair fiction, because its an addiction, and taking some kind of stand towards youth, and saying 'we're going to focus on making sure that they don't have access to the product' is ridiculous, because they are going to get it" (personal communication, February 23, 2007). Addiction being the main problem with the product also seems to be a concern among others regarding the true responsibility of the firm. For instance, Dr. Tridib Mazumdar states, "They probably helped a few people, but it doesn't solve the underlying problem, because the behavior is triggered by addiction" (personal communication, February 23, 2007).

The fourth question to the respondents was regarding what further actions Philip Morris could take to make them more responsible in selling their particular product. There were three major themes that came from the respondents regarding this question. The first major theme was finding a way to stop selling the product, whether it happens immediately or through a long-term plan. The second major theme was an increase in the amount of education of young people to discourage them from using the product in the future. The third major theme was acknowledging their targets outside of the United States and making sure that their responsible marketing practices are implemented in other countries and not just domestically.

In the area of not selling the product, many respondents stated that they need to stop selling the product altogether. Those who did respond in that fashion were typically the respondents who had a negative reaction to the company throughout the interview. One respondent stated, "I don't know what else they could do besides stop selling the product, and say 'We know this is a bad product for people to use, so we aren't going to be a part of it, we're going to stop that'" (personal communication, March 9, 2007). Another respondent, a professor of law and public policy, adds, "I really think that they should just go away, I think their product is abhorrent, I think that the history of the tobacco industry in terms of their manipulation of the public is disgraceful and I don't see any redeeming value in the product" (personal communication, February 28, 2007).

Other respondents who agreed that they need to think about no longer selling the product, also agreed that there needs to be more of a long-term approach to taking such a progressive and large step as a company. Dr. Sumitro Banerjee states, "Cigarettes are never going to be ever very good for you, so they have to eventually cut down these items from their product portfolio, or look for an alternative product which gives you the same [pleasure] of smoking" (personal communication, February 23, 2007). Dr. Eunkyu Lee offers "I think there should be a commitment to phasing this out, while minimizing the side effects or negative consequences for different sectors. If I see that goal clearly set and publicly stated, I think I'd be truly happier. And that, I would say, is the beginning of being truly responsible" (personal communication, February 27, 2007). This argument is echoed by Dr. Mazumdar who states, "I think Philip Morris, if they are a long-term thinker, should gradually withdraw from the cigarette business altogether" (personal communication, February 23, 2007).

The second major common theme among respondents was their desire for more education to youth to make them aware of the dangers of smoking, which would coincide well with their Youth Smoking Prevention program. Dr. Theodore Wallin states, "I would think that education is a start at the very basic level, and has to be persuasive and creative…It has to be more persuasive and target earlier levels, cause it's going to be a full generation where we have to acquaint the children as tots on up that smoking is both dangerous and unattractive" (personal communication, February 23, 2007). Dr. Wallin touches on the idea that the anti-smoking advertising that is done has to be more effective than what is currently out there, and a more proactive approach to getting young people not to desire smoking opposed to just making sure that it is not available to a young population for their consumption. Dr. Mazumdar adds, "At some point, people have to show the real results of what smoking can do to them" (personal communication, February 27, 2007).

As Philip Morris is expanding internationally, one main criticism is that they are not employing the same ethical standards that they currently use in the United States. According to respondents, a truly responsible company would have to implement these programs abroad, because, currently, Philip Morris is employing the same practices that made them blatantly irresponsible in the United States. Dr. Michael Morris recommends, "Do I think if they have a corporate position that's value based that says 'this is my message', should that message be consistent in any market they're in? Yes they do. I think human beings are human beings, and if there are issues with addiction and health and so forth, having a double or triple standard to me, on something that is clearly an unethical decision, is unacceptable" (personal communication, March 9, 2007). Dr. Banerjee adds, "Instead, they are diversifying into the developing countries where the number of smokers is growing; they are robbing Peter to pay Paul, and that's not a good idea. They have to globally institute these programs, not just in the United States, just not in Canada, just not in Europe, you have to go across to countries like Indonesia, China, India, and big countries, the big markets…you have to make these programs global" (personal communication, March 9, 2007).

The next question was on the issue of alcohol and the responsibility of companies in producing malt-beverage products such as Smirnoff Ice. The ethical issue with this particular product was brought up by a marketing professional with eight years of marketing experience in the alcohol beverage industry. This respondent spent a considerable amount of time talking about how the marketing utilized by these companies was not responsible and highly unethical. Although he is not quick to judge their intentions, He made it known his distaste for the industry and their marketing practices:

> "People who work in the industry, marketing, sales guys, distributors, it's not that they are trying to do something bad, they are just unaware or choose not to examine the effects of their practices. They just don't think about the fact about the problem of excessive alcohol consumption. Look at the statistics of child abuse, car accidents, date rape, heart disease, liver disease, obesity; they go to work, try to promote the product. They are not deliberately out [to be irresponsible], they just don't think about it; they just think they're marketing Sharpie pens or deodorant."
>
> (personal communication, January 11, 2007)

Although this respondent seemed to be concerned with alcohol abuse, he seemed to be the most concerned with that abuse happening with underage drinkers, and was particularly displeased with Smirnoff Ice.

> "Smirnoff, they line-extended the brand into Smirnoff Ice, it has a fruity flavor, like raspberry, they use portable bottles with colors. Who do you think they are marketing to? Not forty-five year old males…It was blatant ignorance for the line-extending on fruity flavors, there's no way that people at Smirnoff can tell me that they don't understand they are marketing under twenty-one…It was embedded in their strategy."
>
> (personal communication, January 11, 2007)

Interestingly enough, not one respondent had nearly the negative reaction as this respondent who had experience in the industry did when he first presented his issue with the product. Only three out of all the respondents had anything negative to say about these type of alcoholic beverage at all.

Those concerned with the product-line were mostly concerned with what they felt was an obvious appeal to an underage market, particularly underage women. One respondent, a professor of law and public policy answered, "I think they're going to underage girls, and for me, that has as negative a consequence as tobacco marketing, maybe worse…I would be in favor of limiting the marketing in some way" (personal communication, February 21, 2007). One respondent, Frances Zollers, recalled her reaction the time she first encountered one of these types of products: "The first time I saw the lemonade thing I thought 'Good grief, who are they marketing this thing to" (personal communication, February 22, 2007). Of those that did have a negative reaction towards the product, all agreed that the product shouldn't be removed, but should be very carefully marketed and branded so as not to entice a younger audience.

Making sure to not brand to a younger audience was the major concern of most of the participants in the study, with a majority saying that the marketing and selling of the product is fine so long as it is towards the right audience. The same respondents who did not denounce the responsibility of the company, also stated that alcohol companies shouldn't remove the product from the shelves in the case that the product was being surreptitiously consumed by those under the age of twenty one. There were several reasons for these thoughts, with the main themes being that it is not the responsibility of the company and that limitation could have undesirable implications.

One common thought regarding alcohol companies' limited liability cited that the responsibility should be in the hands of the parents, the retailers, and that people should exercise some of their own personal responsibility in these situations. One interview subject stated how she saw that the market may be appealing to a younger crowd, but that "sometimes it's parental responsibility to watch what their children are doing" (personal communication, March 9, 2007). Dr. Laurence Thomas bridges the gap between the two and states, "I believe in the responsibility in both…I don't think that they're mutually exclusive; parents should do their part, companies should do their part, neither is excluded and left off the hook" (personal communication, February 21, 2007). What can be gathered by this is that so long as the company is not purposefully marketing the product to a younger audience, it is not their responsibility if it ends up in the wrong hands. Dr. Michael Morris adds, "I just don't think that's a fair connection to make, I don't see a responsibility for those companies…There's a line out there, but the issue of corporate responsibility with [these types of drinks], they have a responsibility to do everything they can to not in any way encourage their product to be consumed by people it shouldn't be consumed by…I think it's an issue of personal responsibility" (personal communication, March 9, 2007).

The other common issue that respondents brought up was that the implications of removing the product, while not direly negative, set a bad precedent for consumer markets. Lisa Belodoff stated, "I don't buy it as being a new phenomenon, it's just another choice for consumers…As an adult that does like the occasional beverage, I don't like people limiting my choice there based on the fact they can't manage what happens in stores" (personal communication, March 9, 2007). Ms. Belodoff brings up the issue of consumer choice, and that when a product is removed for reasons that are not the direct fault of the manufacturer of that product or of that consumer, it is not fair that the consumer should lack choice, particularly if they enjoy that particular product. Dr. Wallin adds, "I think that it's almost like the protection of free speech, we have no right to judge what products are socially acceptable…I think it starts too much of a pulling sugared cereals off the shelf and products that promote decay of teeth" (personal communication, February 23, 2007). Dr. Wallin's point brings up the issue that every product can be negative depending how it's used. Just because some make the choice to use the product in the way that it was not intended to be used, doesn't mean that the rest of the consumers should be subjected to limited choice in that product category.

The last product that I questioned the participants on was the Cocaine Energy Drink. The answers that I received for this particular question were, by far, the most diverse answers that I had received in the whole study. All answers regarding their responsibility were either a definite “no”, a definite “yes”, or entirely inconclusive without leaning towards any particular direction. In the case of the questions regarding the other products, the spectrum of answers was much more extensive than for this particular energy drink.

The main arguments for why it was acceptable to market a product in such away was based on the theory of free markets; eventually society will make a decision on it, and parents have to be responsible if they find this offensive to their children. Dr. Scott Lathrop stated, “I tend to be libertarian in my political views and social views; I don’t think there is anything particularly wrong with free markets…You don’t have to be a part of the market if you choose not to be” (personal communication, February 9, 2007). Some tend to think that this type of product is what makes the market interesting and so viable and unique for the United States. Dr. Tridib Mazumdar states, “I personally am not too bothered by it…because that’s what makes this country’s markets so thriving and so interesting, that every nook and corner, people are trying some way to increase one percent of additional market share” (personal communication, February 23, 2007).

It was also a common view that because the customer base is so knowledgeable, they have the ability to not buy the product, which means that if it is too much, society will get rid of it. Professor William Walsh stated, “They are certainly exploiting that concept; on the other hand, you have a pretty knowledgeable base of consumer, it's not as if someone is going to be surprised" (personal communication, February 26, 2007). Dr. Michael Morris, a well-known entrepreneurship scholar, shared his ideas of the marketplace, and how it eventually phases out these types of new products: "I'm not comfortable with the company, but I'm not comfortable saying that they can't do that. To me, the marketplace takes care of that one…You have a right to free speech, so to me, in a free market, the company has a right to do that…the marketplace will determine the outcome" (personal communication, March 9, 2007).

Parental responsibility is a theme that was brought up by several respondents, who felt that the parents should be talking to their children about these types of products if they feel that they shouldn't be consuming them. Dr. Lathrop stated, "A lot of instances in our society, parents don't take their responsibility seriously for keeping their children away from certain influences, that's not the company's responsibility in that situation, it's the parents" (personal communication, February 9, 2007). Dr. Wallin adds, "I think we'd be on dangerous turf if we were to take issue with that. I'm not saying that people who have families don't have the right to put their own limits on what their kids do, that's their discretion of course" (personal communication, February 23, 2007). Dr. Laurence Thomas brought up the idea of it presenting an opportunity for parents set a precedent for responsible consumerism. He states, "I think that's an interesting case where the parents need to kick in and use that as a moral lesson… that provides parents with a wonderful opportunity to learn, to teach, to explain…I don't think companies are responsible" (personal communication, February 23, 2007).

Arguments against the marketing of the product were rather vehement, and consisted of respondents exclaiming their aversion to the use of such a marketing ploy. The most common argument against it was that it was making the use of an illicit drug seem like a positive thing. Dr. Mitch Franklin exclaims, "Even though you're not selling cocaine, you're promoting the use of it and that should not be allowed." He further adds, "You're enticing somebody to drink it, [they think] how different is it from the real thing, next thing you know, you try the real thing, and you're hooked, and to me that's disgusting and unacceptable" (personal communication, February 23, 2007). Although it is a hard case to make that the product could lead to the use of the real drug, many seemed to find it particularly troublesome how it is making an illegal drug seem desirable. Professor Cihon stated, "You're still kind of pushing the glamour of the whole drug scene, it's that clear a message that I don't think they're responsible sending" (personal communication, February 21, 2007). Another professor of law and public policy adds, "I think that they're crossing the line they're connecting it with negative behavior, and they're marketing it to younger people" (personal communication, February 21, 2007).

The last question that was asked of the respondents was on the issue of stakeholders of a company and where a business that sells a controversial product, or any product for that matter, draws the line between these competing stakeholder interests. These stakeholder interests range from the shareholders of the company, to the employees, the consumer, the community the business is located in, etc. Respondents had many diverse answers for this particular question, but there were three central themes that could be gathered from their responses. These themes included the importance of looking beyond shareholder wealth, shareholders needing to recognize other stakeholders, and the lack of disconnect between the different sets of stakeholders.

It is often the view that companies will do whatever they can to maximize their profit and increase the wealth of their shareholders. And although they are legally obligated to try to make a return on their shareholders' investment, there is a debate as to whether they should use all means necessary to do so. None of the respondents to this question stated that they believed that the company should aim solely for shareholder wealth, with most of the respondents speaking of the responsibility that companies have not to just look at increasing benefits for their shareholders. Professor Fran Zollers states, "From the stakeholder side of the ethics group, I am not an increase shareholder value at all costs person" (personal communication, February 21, 2007). Another law and public policy professor explored the idea that although a company may solely try to increase shareholder wealth, an ethically responsible company may take a different stance: "Socially responsible corporations and other business organizations aim for [shareholder wealth], but take into consideration competing stakeholder views as well…I talk to my students about the need to use stakeholder theory to examine ethical questions and difficult dilemmas" (personal communication, February 28, 2007).

Several respondents brought up the issue of needing to be mindful of consumers and not to harm the actual public with your product or marketing practices. Professor Walsh stated, “I do think that the company does have a responsibility to literally not kill people with their product, if they in fact know that’s what’s going to happen” (personal communication, February 26, 2007). Professor Wallin offered a view relating to human rights as related to easily-influenced groups and the right of every person not to be harmed: “Anyone who takes advantage of or fails to recognize the implicit human rights of [easy-influenced] groups, they’re off-base…Secondly, a stakeholder whose health is unwittingly jeopardized, insofar as their product may potentially be harmful, and the consumer of a product is not a [benefactor] of that, and the company knows that, that’s the second tier of undeniable responsibility” (personal communication, February 23, 2007). According to these responses, there is a much larger scale of people that need to be accounted for by responsible corporations in how they market their product, and there can be a difference between general responsibility and ethical responsibility. Lisa Belodoff adds, “If I worked for Philip Morris and I am the director of marketing, I have a responsibility to my employees, to my management, to the shareholder to maximize value; however, there is an ethical responsibility that people have for the greater good” (personal communication, March 8, 2007).

Another view that was commonly seen was that the shareholders should have an interest in seeing companies act responsibly, and that they should be aware of the risks of investing in a company that hasn’t reached a specific ethical standard yet. Dr. Mitchell Franklin states, “I think anybody in this day and age with all the known, proven facts about how bad tobacco is, I think you have to go in there as a shareholder with the expectation that your wealth is not going to be maximized” (personal communication, February 27, 2007). Dr. Sumitro Banerjee presents the idea of the long-run benefit to shareholders and whether investing in such a company will result in the returns that shareholders are looking for. He states, “If you are a shareholder, and your taking a long-term position, then you should definitely be thinking about what’s the future market five years down the line, and if you’re doing something which is really not in keeping with consumers at large, which means society at large, then surely there is problem” (personal communication, February 21, 2007). The current and potential shareholders are also not in a position of being forced to invest in the company itself, as Professor Walsh states, “The shareholders have a choice, they don’t have to invest in Philip Morris” (personal communication, February 26, 2007).

There was a final view that was shared by a few of the respondents regarding the idea that a truly successful and responsible company cannot just look at stakeholders as different entities with conflicting interests that one has to make decisions which minimizes the bad done to all. According to these respondents, a company should be able to maximize the benefit to all and make decisions which will result in the greater good for each stakeholder. Dr. Banerjee comments, “I don’t think it’s correct to view these different stakeholders as water-tight compartments” (personal communication, February 21, 2007). Dr. Morris adds, “As a rule in my mind, there is some connectivity between those stakeholders, they aren't simply independent groups with conflicting claims…Great companies are typically the ones that can achieve synergies among those interests, because they can understand a kind of logical progression" (personal communication, March 9, 2007). The idea of these stakeholders being linked will play a pivotal part in the analysis and conclusion of this thesis.

The results of this particular study suggest that it is very difficult, if not impossible, for a company to be responsible in their marketing practices if their product is not considered ethical. In fact, several respondents stated that companies who sell tobacco products shouldn't be allowed to promote their product at all. Because this study is focusing on two dimensions of the marketing mix, product and promotion, it is imperative to look at these aspects separate from one another. Therefore, this study will place each company against the four key points for the QOL marketing concept, first examining the product, then examining the promotion of that product. The QOL model adapts the four key points it emphasizes to product objectives, which is what the product will be tested against, while the promotion will be tested against the original key points. As stated earlier, because Kotler's Societal Marketing Model was the precursor to the QOL Marketing Model and offers such further incite into business decisions, an analysis will be done against the Kotler Model as well. This final analysis will be done against Kotler's three criteria in balance for marketing decision making: consumer (want satisfaction), company (profits), and society (human welfare).

Analysis

After analyzing the results of this particular study, there are several major themes that came up from the answers of the respondents. While not all respondents had identical, or even similar, answers to many of the questions, the common themes that were brought up by the respondents led to some particularly interesting, but viable ideas of what a company that sells controversial products could do if they would like to be a more responsible company, particularly in relation to their marketing practices. These common themes can then lead into an actual plan of action that such could take if they want to be a truly responsible company in their marketing practices.

The reason that Philip Morris is being used as an exemplar is that they have taken the most actions out of every tobacco company to be more responsible in their business practices, and they are the industry leader. If Philip Morris is being irresponsible in their actions, and there are more actions that they should be taking to be a more responsible company, the rest of the companies in the industry should be taking the same actions. The goal of this study pertaining to Philip Morris is to look at two questions: 1) Do the current practices employed by the Philip Morris make them a responsible marketer of their products? 2) What further actions could the company take in order to be more responsible?

Along the lines of the first question of whether Philip Morris is a responsible company in marketing their products, the results of the study would indicated that according to scholars in the field of business and some potential consumers, they are not responsible in their marketing practices. The consensus is that although they have taken some actions that put them in the right direction of being a more responsible company, the actions that they have taken are not enough. If they want to be a truly responsible company, there are more steps that they would have to take to fall in the good-graces of the public, their consumers, and society in general.

The largest issue among respondents would be with the company's product portfolio itself. Currently, Philip Morris sells a product that if used as directed, has potentially serious health consequences that could lead to any number of health problems. Eventually, those health problems would likely culminate in the user's death. It was brought up on more than one occasion by respondents that if the product had been put out on the market today, it would not be allowed. The only reason that we allow tobacco products to exist is that such a large number of people are addicted to the product and to ban the product would result in a significant amount of chaos due to its likely underground distribution. Not to mention the fact that the number of unemployed people would be significant and the amount of lost revenue to the government would be staggering. Therefore, it would seem that it was a responsible move when Philip Morris bought Kraft Foods and a sector of Miller Beer to create the conglomerate Altria Inc. It was stated by some that this was a positive move in the right direction. This move as a company was also recognition that there is a limited future for tobacco in the United States, and seemed to send a message to the public that Philip Morris was attempting to find alternative revenue sources and would possibly move away from their current product set. However, Philip Morris has since spun-off the Kraft sector of the organization earlier this year (Altria, 2007), thus taking a step back in responsibility as a company regarding their product set.

Although Philip Morris as a company has taken several progressive steps domestically to be a more responsible company, another major concern regarding their responsibility is how they are not implementing these same practices abroad. It seems that the company is employing the same marketing practices that found them in trouble in the United States. All of the practices that they have employed to be a more responsible are not being used in these new markets. According to the testaments of the respondents in this study, to be a responsible company, Philip Morris should employ the practices they are using to be responsible in the United States in all of their markets. As Dr. Michael Morris stated, “Do I think if they have a corporate position that’s value based that says, ‘This is my message’, should that message be consistent in any market they’re in? Yes they should, I think human beings are human beings” (personal communication, March 9, 2007). Therefore, the current actions that Philip Morris is taking to be more responsible is a step in the right direction, but they are not enough to put them into that genre, particularly since these steps are not being performed by Philip Morris in all of their markets.

Philip Morris was the first company in the tobacco industry to promote a youth smoking prevention program, a program that they have spent over half a billion dollars on, and includes in-store programs such as signs and pamphlets of information, and mass-communication programs such as television commercials and radio-spots. However, these programs have been limited to preventing the access of underage persons to these products and creating aids for parents to talk to their children about smoking. What they haven’t done is seek out methods of teaching underage people about the dangers of smoking and why they shouldn’t use tobacco products to begin with. The respondents of this study have suggested that a responsible company would spend a significant amount of dollars on actually going into schools and having direct programs that teach children and young adults about the very real dangers of smoking, along side their current practice of teaching parents how to talk to their kids and grants for youth-developmental programs. As Dr. Wallin states, "We have poorly educated consumers and I think that's maybe the bigger issue, and we never find a creative way to educate consumers" (personal communication, February 23, 2007). In the face of this lack of consumer education, according to respondents, it may be beneficial to be a direct partner in educating consumers or potential consumers by proactively seeking to educate those who would benefit from such a program. Lisa Belodof adds, "At the school level, I would like to see more work done partnering with schools for a little more education…I'd like to see more proactive work" (personal communication, March 8, 2007).

As stated before, probably the biggest issue that was brought up in the study was regarding the product itself, and how a responsible company would not be selling a product that is addictive, and would not be selling a product that is harmful. Because Philip Morris is selling a product that is both addictive and harmful, it is difficult to make the leap that they are being a responsible company as the very nature of the product falls into those two categories. One of the most common responses to the question regarding what further actions Philip Morris could take to be more responsible was that they should stop selling their product all together. This could be interpreted initially as an irrational response, as it would be irresponsible, and illegal, to take such an extreme action, due to the fact that Philip Morris does have a legal responsibility to maximize shareholder value, and the negative consequence of closing shop immediately would be hard to imagine. However, it was widely held by respondents that not selling the current product would be the ultimate responsibility for the company, and a truly responsible company would try to find a way to exit that particular market and try to find a new product to sell. One respondent stated, “I really think that they should just go away. I think their product is abhorrent…and I don’t see any redeeming value in the product, and lots of harm (personal communication, February 28, 2007). Some respondents who did suggest a product change acknowledged that it is something that would have to happen over time. Dr. Eunkyu Lee states, “I think there should be a commitment to phasing this out, while minimizing the side effects or negative consequences for different sectors. If I see that goal clearly set and publicly stated, I think I’d be truly happier, and that, I would say, is the beginning of being truly responsible” (personal communication, February 27, 2007).

For the Smirnoff Ice beverage, it was interesting to see how very few people reacted negatively towards the selling of such a product, with the few that did act negatively also recognizing that the companies could actually have good intentions in their marketing of the product. For instance, one professor of law and public policy responded, “It would be very difficult for me to believe that the market for a product like this was not primarily underage drinkers, although it’s my understanding that the other target market for such product is women, for the most part” (personal communication, February 28, 2007). It was further recognized by two respondents that although the product could seem to be marketed towards an underage market, it is up to the company to make sure that they are taking into account their forum and audience, and conduct themselves responsibly. According to the rest of the respondents, it is important that these companies do not aim to target underage drinkers, but there isn't necessarily a problem with the product they are selling, so long as they are not purposefully putting it into the hands of an underage market.

As to whether these companies should pull their product if they find that it is being consumed by an underage market at a higher rate than other adult beverages, none of the respondents stated that it was the inherent responsibility to do so. However, some respondents did suggest that in such a scenario, they should alter their marketing to try and make sure that such occurrences stop taking place. After reviewing all the responses, I feel the consensus for this question is that the company does not have a societal responsibility to remove their product from the shelves, but if they are looking to be recognized as a responsible company, it would be responsible to do what they can do to aid in alcohol education, try to rebrand the product, or remove the product from their shelves completely. Although taking these actions may make them responsible as a company, not taking these actions would not make them irresponsible.

The last product that was explored was the new energy drink Cocaine, which has made no apologies about marketing its product in such a way so as to claim it simulates its namesake. The negative responses to this particular product were pretty clear, but a majority of the respondents seemed to be unsure as to whether the company is necessarily irresponsible in their promotion practices, or claimed that it is fine for them to market such a product. Those who agreed with their right to market the product felt that if society wanted to be rid of this particular product, they would regulate it on its own by refusing to purchase it, or have such an outcry that the company would be forced to adapt. As Dr. Morris states, “I’m not comfortable with the company, but I’m not comfortable saying that they can’t do that. To me, the marketplace takes care of that one” (personal communication, March 9, 2007). Because the company is taking a stance in which they are seemingly marketing irresponsibly on purpose, it would almost be pointless to suggest for them to do otherwise. According to the respondents of this study, the way the product is being branded is unethical, and the ploy being used to enter the energy drink market is utilizing a gimmick that a company utilizing strong business ethics would undoubtedly avoid.

QOL Marketing Model Analysis

So far in this analysis, I have given an examination of the responses to the reaction of the interviewees to each of the products in question. To come to a viable conclusion, I have further analyzed the products against the Quality of Life Marketing Model and the Kotler Model, which summarizes all the ideas of the interviews and compares them to the central ideas of the model. This study looked at three products that were controversial in nature and the promotion of these three products to determine if the companies selling them were responsible in their marketing practices. For tobacco, Philip Morris was used as the company for analysis, for malt-beverage products, Smirnoff was used, and for energy drinks, Redux Beverages was used with their Cocaine product. Each of these products will be tested against the Quality of Life Model for both the product and the promotion of the product, and then against Kotler's Societal Marketing model.

Cigarettes and Philip Morris

Philip Morris sells cigarettes, a tobacco product that, according to every major health study, has severe health effects that include lung cancer and emphysema. The risk of such occurrences increases with the use of this product, and the effects will take place even if the product is used as directed. The benefits of the product to the consumer are not explicitly identified by any person or group of people, with the main reason for its continued use being its addictive nature due to the nicotine found in the product. Below, the product is placed against the four dimensions of the QOL product model in Table A-1:

Table A-1: QOL Product Model; Cigarettes

QOL Foundation Product	Cigarettes
Serving one or more consumer populations by offering one or more products that can enhance one or more dimensions of the consumers' wellbeing.	There is no evidence that shows any actual benefit that is experienced by a person through the use of cigarettes. There may be an initial "high" that one experiences, and many find it as a stress reliever. However, the stress relief seems to be more associated with the addiction to the actual product, making any prolonged period of time without the cigarette more stressful than what was experienced before. (In other words, the stress before the use of the product pales in comparison to the stress after the use of the product. While consumers do emphasize the importance of

	the product's flavor and smoothness, these are product characteristics, not reasons for the product's use. An ethical product must specify a direct dimension of well-being that the product can enhance, and that it can significantly improves an important dimension of a consumers' well being, and there is no such enhancement with cigarettes.
Reducing any significant negative side effects to the consumers associated with the use of the product.	The current cigarette utilized to generate revenue has significant side effects to its use, including lung cancer, emphysema, and general short-term effects such as shortness of breath and fatigue. Several studies have shown that cessation of cigarette smoking can result in noticeable health improvements in a few days.
Reducing any significant negative side effects to other publics associated with the product.	People exposed to second-hand smoke from cigarettes experience negative health effects themselves, including heart disease and lung cancer. Second-hand smoke has been estimated to cause tens of thousands of deaths every year in the United States.
Decreasing costs associated with the development and manufacturing of the product.	Cigarettes are developed using a complicated, yet efficient, process that ensures the profitability of the company of the product being made. The cost of product creation is not as high to make the product unaffordable or unprofitable.

For the analysis of the promotion, I will use the current promotion and branding practices of Philip Morris against the QOL Marketing Concept in both the United States and internationally. Philip Morris has already conceded that they did not responsibly market their products in the past, so the main question that needs to be answered is if they are responsibly marketing their product presently.

Table A-2: QOL Marketing Concept; Philip Morris

QOL Marketing Concept	**Philip Morris**
Enhancement of well-being of target consumers associated with marketing and/or consumption of products.	The current promotion utilized by Philip Morris' products in the United States does not seemingly harm the well-being of target consumers. Marketing strategies stress the flavor and smoothness of the smoking experience rather than creating a misconception of what using the product will do. Although the promotion doesn't highlight the side effects of using the product, there is other promotion but out by the company that specifically informs of the danger of using cigarettes without ever mentioning the brand itself.

Reduction of negative side effects associated with the marketing and/or consumption of the product to target consumers.	The potential negative side effects involved with promoting tobacco products to target consumers would be any campaign that would mislead about the harmful effects of the product or any campaign that would interest non-smokers to use the product rather than enticing current smokers to prolong their use of a particular brand or switch to that brand. Therefore, in the United States, Philip Morris' marketing practices in the United States do not have negative side effects as their promotional campaigns have not sought new customers and they have used promotional dollars on cessation support programs for current smoker who would like to no longer use the product but have become addicted. However, internationally, these programs have not yet been implemented into their new markets. Also, as these are new markets, the company is, therefore, actively seeking a target market of current non-smokers.
Reduction of negative side effects associated with the marketing and/or consumption of the product to other publics (beside target consumers).	Side effects to non-targeted markets include the possibility that the product would be consumed, or seem appealing, to a population that is not yet of age to use the product. Philip Morris, in the United States, has spent promotional dollars specifically on youth smoking prevention. However, again, they are not spending these same dollars in overseas markets to prevent youth smoking, and as smoking ages range in other countries, there is no law enforcing these promotional decisions.
Long-Term Profitability	The current actions that Philip Morris is taking may or may not result in long-term profitability. Logic would say that their initiatives would not help in long-term profitability due to the youth smoking prevention programs limiting a future market and cessation support programs limiting current markets. However, good social standing could lead to increased sales for the company in the long-run if it helps them gain a "bigger chunk of a smaller pie". Also, self-regulation could prevent harsher government regulation that could have a larger impact on profitability.

Table A-3: Kotler's Model; Philip Morris

Kotler's Model	**Philip Morris**
Consumers	There is no official redeeming quality of Philip Morris in terms of the benefits had by its customers. Consumers of cigarettes will inevitably experience long-term effects and do not have any aspect of their life benefited by the use of the product. The promotion of the product is done responsibly in the United States, but every action that makes the promotion responsible domestically is not being utilized in foreign markets. Responsible companies cannot choose where and when they want to be responsible; truly responsible companies are responsible in their promotional practices at all times.

Company	Ceasing to sell the product all together would not be beneficial in any way to the company, and would have a negative impact on several stakeholders within the company, particular the thousands of employees that work for them. However, in a market that is declining every year, eventually there will only be so much left of a market to gain share in, and long-term profitability is not as likely. Also, if Philip Morris continues to use irresponsible promotional practices abroad, eventually they will experience the same issues that they have had domestically with regulation and lawsuits. Therefore, a long-term plan to move out of the tobacco industry would be most beneficial for the company, but there is no current plan to take such action, therefore the company needs to make adjustments in future plans to be a responsible company to its owners.
Society	Currently, society is impacted both positively and negatively impacted by the sale of cigarettes. The government receives a significant amount of money from Philip Morris, and this money is consequently put back into society. Also, thousands of jobs are created by the tobacco industry in several diverse fields, including farming, industrial, and business management. However, the negative effects of both second-hand smoke and millions of people who have died from the negative effects of cigarette smoke has created a quite a cost for these jobs and positive economical effect.

To summarize, Philip Morris is currently selling an unethical product as it has negative side effects and no redeeming quality for its consumers, Philip Morris is employing promotional practices that are verging on ethical in the United States but their practices abroad are severely off target, and the current practices are currently harming their consumers, society, and could eventually harm the company. According to the Quality of Life Model, Philip Morris is not a responsible company as its product does not enhance the well-being of its consumers and society in general. The positive benefits of having the company do not outweigh the negative effects of the product, and although its promotions domestically are responsible, the promotions abroad are undoubtedly irresponsible and against its domestic policy. Although the short-term benefit to shareholders is extensive, the long-term result will not be beneficial, as the domestic market will continue to dwindle and the foreign market will eventually catch on to the harmful effects and have a similar reaction to that of the United States

Malt Beverages and Smirnoff Ice

While examining the malt-beverage product, it is essential for this study to not look at all alcohol beverages as a whole, as this creates a much larger issue than that of which this thesis is discussing. To clarify, determining whether any alcoholic beverage is an ethical product is a much broader issue than this thesis will be covering. Rather, this thesis is looking to distinguish malt-beverage products from other alcohol beverages to understand its implications as being on par or worse than current alcoholic beverages.

Table B-1: QOL Product Model; Malt Beverages

QOL Foundation	Malt-Beverage Drinks
Serving one or more consumer populations by offering one or more products that can enhance one or more dimensions of the consumers' wellbeing.	Alcohol beverages do serve a role in our society, with the major issue being the extent of the consumption, or actions that take place after the consumption. For instance, when used responsibly, alcoholic beverages are utilized in social situations, have health benefits when consumed in moderation, and provide a wide-variety of tastes and flavors for consumers. Malt-

	beverage drinks are an example of another option for the consumers of these beverages.
Reducing any significant negative side effects to the consumers associated with the use of the product.	Alcohol levels within the product are displayed and controlled, so the negative effects of using such a product excessively may be monitored by the consumer, so as to know when, typically, the negative effects will occur. For instance, if a standard malt beverage contains the equivalent alcohol makeup of one alcoholic beverage, than a consumer can gauge at what point their blood alcohol level will prevent them from partaking in certain activities. The potential negative side effects of the product are the same as that of beer, wine, and spirits, with no negative impact on society
Reducing any significant negative side effects to other publics associated with the product.	The negative side effects of this particular beverage are not any different than that of other alcoholic beverages. The risks associated regarding harm to the rest of society are not impacted by the actual product itself when it is used by the intended audience in the intended amount.
Decreasing costs associated with the development and manufacturing of the product.	n/a

For the analysis of the promotion, I will use Smirnoff Ice as it is the company with the greatest success in the malt-beverage market and is the first premium malt-beverage product in the market as well. It is also one of the more, if not the most, widely recognized brands in the malt-beverage markets and most commonly purchased.

Table B-2: QOL Marketing Concept: Smirnoff Ice

QOL Marketing Concept	Smirnoff Ice
Enhancement of well-being of target consumers associated with marketing and/or consumption of products.	Current marketing of the product emphasizes the taste and flavor of the beverage and its refreshing nature. This directly targets users who want a prepared beverage that has a more universally-liked flavor, unlike wine and beer which are typically acquired tastes.
Reduction of negative side effects associated with the marketing and/or	One potential negative effect with promotional campaigns of this particular product is that, as with any

consumption of the product to target consumers.	alcohol-based beverage, it may encourage excessive consumption or glamorize the idea of excessive drinking. Smirnoff has made an attempt to avoid this issue by using campaigns based on humor and social situations rather than larger party situations where over-consumption is more likely to occur. Also, at the end of their commercials and on their websites, they have a message regarding responsible drinking.
Reduction of negative side effects associated with the marketing and/or consumption of the product to other publics (beside target consumers).	One would hope that it is not the intent of alcohol companies to aim to market towards underage drinkers. It is imperative for alcohol companies to make sure that their products are being implicitly directed towards a more youthful crowd. With this particular product, there is seemingly a strong chance that a more youthful crowd would be interested in such a product based on its level of sweetness and fruit-based flavors. However, after examining the branding of the product, the company does not utilize the normal methods used to attract a younger audience, such as bright colors, informal designs, and pictures of fruit. Also, advertisements for the products have exhibited more adult related situations rather than youth-oriented situations.
Long-Term Profitability	The current promotion of the product does appeal to the younger side of the drinking demographic, so for a company that is looking to create long-term profitability, appealing to this market is very valuable. Of age, yet young drinkers who are just beginning to consume alcohol may prefer an already prepared drink that is more sweet and fruity, and could ultimately become more interested in consuming Smirnoff's other products upon maturation.

Table B-3: Kotler's Model; Smirnoff Ice

Kotler's Model	Smirnoff Ice
Consumers	Consumers who choose to consume alcohol-based beverages but do not enjoy the taste of wine, beer, and spirits may enjoy the more universally-enjoyed sweet and fruity taste of this product. If used as directed, this product has a very limited negative effect on consumers, and may even provide health benefits. The negative effects that would be experienced by the product do not come from normal use of the product, but rather the excessive use of the product as chosen by the consumer. The branding of

	the product is not inherently targeted to a younger audience, with the avoidance of using the typical marketing mechanisms for that particular age group.
Company	The benefits of the product for the company are two-fold. First, the product offers an alternative to typical alcohol beverages that new drinkers may find undesirable due to their taste. Second, this product also creates the possibility of future sales of other Smirnoff products as consumers become more accepting of the taste of alcohol.
Society	Society can be potentially impacted by the consumption of the product, as sugary, fruity beverages may be appealing to an audience that is not yet of age to consumer alcoholic beverages. However, the branding and promotion of the product is not such that it is targeting this particular audience. Also, it is hard to determine how much of the product is being surreptitiously consumed by an underage consumer base. Therefore, in relation to other alcohol products, it cannot be stated that the negative effects of the product on society are any greater than that of other products in the alcohol category.

To summarize, Smirnoff is currently selling an ethical product as it does not cause any definable harm to its consumers over other alcoholic beverages, Smirnoff is currently utilizing ethical promotional practices as its marketing is not directed towards underage persons, and its marketing practices don't inherently cause damage to its consumers, the company, or society. Therefore, according to the Quality of Life Model, Smirnoff is responsible in their marketing of their malt-beverage product. They are meeting the needs of a specific target market while making attempts to minimize the negative effects that may occur as a result of the consumption of their product by both their target market and non-targeted markets.

Energy Drinks and Cocaine Energy Drink

Energy drinks have experienced very little controversy in comparison to alcohol and tobacco companies, as the harmful effects of using the products are not inherently risky to the point where permanent physical damage may take place. The cases in which people have been harmed by the excessive use of caffeine are considered anomalies, in much the same way that any product has certain unforeseen risks.

Table C-1: QOL Product Model: Energy Drinks

QOL Foundation	Energy Drinks
Serving one or more consumer populations by offering one or more products that can enhance one or more dimensions of the consumers' wellbeing.	In much the same way that coffee is consumed by a large population due to its caffeine content, energy drinks are consumed for the same reason. Energy drinks contain a number of ingredients with the purpose of creating a stimulus to enhance one's alertness and consequent performance in tasks.
Reducing any significant negative side effects to the consumers associated with the use of the product.	There is the possibility that excessive caffeine may cause health issues for particular persons, but this amount of caffeine is typically more than what is offered in energy drinks, with current cases of alarmingly negative effects being an anomaly. Consumers may have some negative effects such as jitters, but there is no typical amount of irreversible harm that is done when used in moderation.
Reducing any significant negative side effects to other publics associated with the product.	Aside from the general annoyance that one may experience in the presence of an overly-energized person, society does not pay a particular price when others consumer these types of products
Decreasing costs associated with the development and manufacturing of the product.	n/a

The specific brand that will be used for this particular analysis is the Cocaine Energy Drink, as it is, undoubtedly, and product that takes the most radical approach in promoting its product. There is no other product in the energy drink market that has received as much negative press and been boycotted as much as Cocaine. It is the only drink that uses an illegal product as the basis for its promotion and branding, claiming that drug simulation as its primary benefit.

Table C-2: QOL Marketing Concept: Cocaine Energy Drink

QOL Marketing Concept	Cocaine Energy Drink
Enhancement of well-being of target consumers associated with marketing and/or consumption of products.	The use of an illegal drug as a branding mechanism does not enhance the well-being of a target consumer. One of the last things that a consumer needs who wants to experience the effects of a controlled substance is an actual product that claims to simulate it. The promotion of the product in such a

	way is not promoting the typical benefit of an energy drink, but rather a legal alternative to a dangerous drug.
Reduction of negative side effects associated with the marketing and/or consumption of the product to target consumers.	The largest potential side effect with this particular product is the possibility that it could create interest in the use of the drug it is named after. Users of the product could enjoy the feeling of the energy drink and feel inclined to try its namesake to achieve that same feeling. Also, if not warned about the amount of caffeine, consumers who are particularly sensitive to the substance may experience discomfort related to the excessive amount of the stimulant.
Reduction of negative side effects associated with the marketing and/or consumption of the product to other publics (beside target consumers).	Although an audience under the age of eighteen may not be the intended target of the product, they could become increasingly interested in using the product, while their under-developed frames might have a more intense reaction to the product. By branding the product as "cool" because of the fact that it is simulating an illegal drug, the promotion could cause more impressionable consumers, particularly children, to associate that "coolness" with the namesake of the product, which is most certainly a negative side effect.
Long-Term Profitability	Currently, this is a niche product with a niche market that has the potential for long-term profitability, but also the potential for controversy. For example, if Philip Morris understood several years ago that their lack of responsible promotion would end up resulting in significant regulation that would end up costing them billions of dollars, they would like make changes to protect their long-term profitability. It may be an interesting short-term niche, but the long-term consequences could certainly hinder profitability.

Table C-3: Kotler's Model: Cocaine Energy Drink

Kotler's Model	**Cocaine Energy Drink**
Consumers	Although the company can argue that they are meeting the desire of persons who wish to simulate the use of a drug without actually using the drug, this is not a real desire that needs to be met. Consumers are not having their well-being enhanced by the consumption of this particular

	product. Also, consumers could become interested in using the actual drug itself which is certainly not to their benefit.
Company	The company is undoubtedly the only entity that is receiving any benefit through the sale of this product. They will eventually receive a profit, and the negative publicity they are receiving plays directly into their brand niche. Also, the publicity decreases the necessity of spending promotional dollars, which will effectively aid in their bottom-line, thus ensuring future jobs for employees of the company and profit for their owners.
Society	Society is not inherently harmed by the product, but there are three potentially negative impacts. First, the amount of caffeine in the drink can have potentially harmful effects on users, and while alert persons can contribute to society, overly-caffeinated persons do not necessarily translate into a productive society. Secondly, this could create somewhat of a battle between energy drinks to add more and more caffeine to their products to the point where they may become dangerous. Thirdly, a product that is promoted in such a way glamorized the use of an illegal drug, which could very well lead to the use of that drug; not to mention the precedent that it may send to other companies to ignore tact in their marketing campaigns.

To summarize, Redux is selling a product that is ethical as it doesn't cause any inherent harm to consumers, however their promotional practices are unethical as they are glorifying the use of a drug and could have potential negative side effects, and their overall marketing practices does not harm their consumers or their company, but could have an averse impact on society. In conclusion, according to the Quality of Life model, Cocaine Energy Drink is not responsible in their marketing practices. Although their product does have the benefit of increased energy, it is marketed as a cocaine substitute rather than a performance enhancer. Also, the promotional strategy of the company is highly controversial, and glamorizes the use of an illegal, and harmful substance, and setting a precedent for the use of the actual drug.

Product/Promotion Ethical Matrix

	Ethical Product	Unethical Product
Ethical Promotion	It is evident than any product that is ethical and any promotional practice to gain recognition or the product is ethical according to the QOL Marketing Model, then the marketing of the product is ethical.	The reason that an unethical product with ethical promotion practices could be considered worse than an ethical product with unethical promotion practices. The most poignant reason is that the product of a company is the basis for

	These are typically the types of products that, regardless of their success, go unquestioned in the marketplace. Just looking at my desk, I am hard pressed to find a product that I have purchased and thought about whether they are ethical or not, which is most likely due to the fact that they were ethically marketed. Band-Aid bandages, Scotch tape, Bic Wite-Out, Shout laundry stain remover, all of these products came to my vision by simply looking up, and not one of them in my mind is unethical because not one of the products causes harm or has been, to my knowledge, promoted to me unethically. The question is, if these companies can create a product and use promotion that is ethical, why can't other companies do the same thing?	the rest of the marketing practices of the company. For instance, if a product is deemed unethical, then any promotion is leading to the use of the unethical product, and price set is used to derive profit from that unethical product, and any distribution practices used give consumers access to that unethical product. Therefore, no matter what promotion practices, pricing practices, or distribution practices are utilized, they all result in a harmful product being consumed by the public. This seemed to be the consensus among the respondents to the interviews of this study, as more emphasis was placed on the opposition of harmful products rather than potentially harmful branding strategies. Consequently, if a company is looking to be responsible in their marketing practices, they must make the decision to sell an ethical product first and foremost, and then work from there.
Unethical Promotion	According to the respondents of this study, it seemed evident that the use of questionably ethical promotional practices was not as a severe issue as the use of a harmful product itself. By further analyzing the responses correlated to this idea, I believe this is due to the fact that there is the idea of "free markets", and that at the end of the day, consumers have the ability to make decisions about how they will react to promotional practices and whether or not they will purchase a product. Any promotional practices used that are in clear violation of their ethical standards will lead them to the choice of not consuming the product. Although the idea of "free markets" does correlate with the sale of products as well, there is one distinct difference. The consumer does have a choice about what products they decide to consume, but they do not have a choice as to how the consumption of that product will affect them. For instance, consumers cannot turn off the harmful and addictive qualities of cigarettes, but they could tune out any promotion used to entice them to use such a product. Therefore, although this does not excuse a company from utilizing unethical practices, responses from interview subjects does show that it is not as great as concern as the product itself.	Under no circumstances should a company that falls in this category be allowed to exist. Any company is this category is selling a harmful product in a harmful way. It can be argued that Philip Morris would have certainly fallen under this category just a couple of decades ago, when the health effects of the product were fully recognized and they didn't take any immediate actions to amend their product or the promotion involved in selling the product. According the research that I have done for this thesis, it can be argued, and subsequently I do argue, that Philip Morris still falls into this category and needs to make some adjustments in order to be an ethical company. Although it is not acceptable to do be unethical with one's product or the promotion of that product, there can possibly be arguments justifying a company's actions in these scenarios. For a company that utilizes an unethical product and unethical promotion for their benefit, there are no legitimate arguments justifying their actions and they should make changes to their marketing practices.

Conclusion

The purpose of this study is to define specific steps companies that sell controversial products would have to take in order to be considered responsible in their marketing practices and as a corporation. Three products were selected, tobacco, alcohol, and energy drinks, and further broken down to a particular subgroup in those markets, Philip Morris, fruity malt-beverage drinks, and Cocaine Energy Drink respectively. For the case of tobacco, Philip Morris was used as the exemplar for the study as they are the company who has taken the most steps in an attempt to be a more responsible company, therefore if they are deemed irresponsible, the other tobacco companies must fall in that group of irresponsibility as well. For the fruity-malt beverage drinks, the examples of Smirnoff Ice and Mike's Hard Lemonade were used as these are the most well-known products in the category, and all suggestions for each product would consequentially apply for its competing products in said category. Lastly, Cocaine was used as it is a company that has taken such an approach that is remarkably risqué and controversial.

Overall, Philip Morris has to make a decision of what level of responsibility they're looking to employ, and what level of commitment they are willing to give in order to achieve this responsibility. There are several tiers of responsibility that the company has the option of taking, anywhere ranging from a complete disregard of being a responsible marketer, to the utmost example of responsible marketing. Currently, Philip Morris is falling somewhere in the middle, in which they are making attempts to market their product responsibly, but seem to be more on the level of doing what they need to do to get along rather than making sincere attempts to be a truly responsible company. In order for Philip Morris to bridge that gap from taking responsible actions to being an ethically responsible company, there are several steps that they will have to take.

Philip Morris has to make not necessarily a larger, but a different type of commitment to youth smoking prevention. For example, the approach that the company is taking in preventing youth smoking has no direct contact with the youth they are eventually trying to reach. In-store measures to prevent youth smoking is left up to the retailer to make sure that the product doesn't get into the hands of an underage consumer. Also, the pamphlets in the stores are directed towards parents to talk to their kids about smoking and the potential harmful effects, leaving the responsibility of the message up to the parents. For the current mass-advertising campaign that Philip Morris is utilizing by having television commercials and radio spots, Philip Morris is still directing the message towards parents explaining how they should talk to their kids about smoking. In order for Philip Morris to be a responsible company, they need to have a campaign in which they are directly targeting children and young adults under the age of eighteen with the message. This could either be done through a mass-advertising campaign, or even through seminars teaching children about the dangers of smoking and the very real impact that it can have on a person and their families. Several respondents indicated that they would be interested in seeing more education for at-risk populations. According to these respondents there are two types of populations: there is the average adult consumer who is intelligent in their buying decisions and has the ability to make good judgments in spite of the advertising they are subjected to, and at-risk populations, who are not as savvy of consumers and will likely make purchases or have the desire to make purchases based off of a less thoughtful approach. This at-risk population includes people below the age of eighteen and elderly individuals, and these populations deserve some amount of protection from extensive advertising. By shifting youth smoking prevention dollars spent from targeting parents to targeting the youths themselves, Philip Morris would be taking a big leap towards being a more responsible company.

Under the same theme of "at-risk populations", Philip Morris would have to start employing the practices they are using to be more responsible in the United States to all markets in which they sell their products. Using the same marketing practices that caused such an uproar against Philip Morris to begin with is, without a doubt, a backwards step for the company in their attempts to be a more responsible company. To acknowledge the irresponsibility of the marketing practices utilized domestically ten years ago for decades prior, only to utilize those same marketing practices abroad while expanding into new markets is highly hypocritical and in no ethical or responsible. If Philip Morris is going to make a commitment in the direction of being a responsible company, there cannot be any exception as to where these responsible practices are actually practiced. The glamorization of smoking, the allure of the product, anything regarding making the use of tobacco products attractive should not be utilized. In addition, a truly responsible company with such a harmful product would not aim to bring the product into an overseas market to obtain new customers, particularly when that company is trying to cut out the use of the product domestically.

The current Quit Assist program that Philip Morris needs to make minimal adjustments to in order to be more responsible in trying to give support to those who would like to quit smoking. Currently, the use of television commercials is a responsible approach and is a great way to reach a large audience. Philip Morris' other in-store programs are also useful, particularly their utilization of pamphlets within packs of cigarettes which direct people to their website to learn more about how to quit their addiction. However, there are two caveats with this particular program, the first being that these pamphlets are only in a small percentage of the packs, and the second being that they are asking smokers to switch mediums to a website, and any time one is asked to switch mediums in a marketing campaign, the drop rate is significant. In order to reach a level of higher responsibility, it may be beneficial for Philip Morris to make an effort to put informational pamphlets inside a larger number of packs of cigarettes, and have those pamphlets actually contain information rather than just a website to visit. Utilizing this action, Philip Morris will reach a larger number of people with their message and will not lose a significant number of people who fail to make the jump to the website.

It was often brought up in the study that the ultimate responsibility of Philip Morris would be to stop selling their product all together and base their company around a new product set. However, it would be undoubtedly irresponsible of Philip Morris to close shop immediately as the effects it would have on its employees and stockholders, and also the government and society in general would be far too great to comprehend. Being the number one tax payer in the country, the government would lose a phenomenal amount of money that it would have to find someway to make up, Philip Morris employees, tobacco farmers, etc. would lost their jobs and their livelihoods, and the areas in which Philip Morris has a high concentration of employees, such as Richmond, Virginia, would have instantly suffering economies. However, in order for Philip Morris to be truly responsible, they need to find a way to try to phase their current product out of the market. The product itself does not serve any good to its consumers and the benefits of having it in our society in no way outweigh the issues that consequently result. Therefore, I believe that Philip Morris should set a mark for itself so that in a set period of time, between twenty and thirty years, they will remove their tobacco products from the market and create a new product set. Philip Morris took a step in the right direction by acquiring Kraft, but has since decided to spin off the company, and its newest acquisitions will likely be other tobacco related products, which is not a step in the right direction of corporate responsibility. Therefore, if they truly desire to be a responsible company, Philip Morris will need to find alternative products to add to their portfolio and rid themselves of their current addictive and deadly product. Although it may seem like a far fetch and it would take some time, to rid themselves of the product would put them in line with society's expectations undoubtedly.

For products such as Smirnoff Ice, and other sugary, sweet alcohol beverages with such a high appeal to a younger demographic, the company needs to decide on what level of responsibility they would like to be. The consensus for this study is that they do not have a responsibility to remove the product, as it is a product that could very well be directed towards of-age female drinkers, and the fact that it is surreptitiously consumed by a younger market does not put the company at fault. And I would agree that aside from the product itself, these companies have not used any marketing practices that would make such a product more appealing to a younger audience. However, the product itself does have a high appeal, and I can vividly remember parties in high school where those who decided to consume alcoholic beverages although they were not of age, Smirnoff Ice was their drink of choice, particularly underage females. Therefore, in order to be a more responsible company, Smirnoff should make some attempt not to necessarily remove their products from their shelves, although this would be a big step in the direction of corporate responsibility, but to figure out ways to make sure that the product doesn't get into the wrong hands of consumer. This could be done through retailer incentives or through finding a way to rebrand the product so that it doesn't have as high of an appeal to a younger consumer. Another step they could take is directing profit from the product to be used in educational programs for schools about how to teach their students about the dangers of underage drinking and drinking irresponsibly.

For the Cocaine energy drink, there is an interesting concept of free markets and how society should be able to decide on what products they consume and if they are willing to allow certain types of branding. However, this thesis is meant to discuss the idea of companies responsibly marketing their products, and this product, undoubtedly, is not being marketed responsibly. It is taking an illegal, addictive, and deadly drug, and using it as the basis for glorifying its new product. And although this new product does not contain the drug, it is painting the use of the drug in a positive light, and making it seem like an attractive and cool thing to do. They may have the right to market their product in such a way, but the potential repercussions of using such a product seem endless. For instance, the product itself has such a high amount of caffeine, that someone could potentially experience some serious harm by using such a product. Heart problems due to the consumption of too much caffeine are not all that uncommon, and a drink that is the equivalent of four espresso shots most certainly aids into this overconsumption of caffeine. Also, by branding the product in such a way that it is the closest legal alternative to cocaine, a more impressionable group may then make the leap to using the actual drug, finding themselves bored of the energy drink, or finding that they like the effects of the energy drink so much, they might as well try the real thing. If the company which makes this product has any sense of ethical responsibility, at the very least they would find a new way to brand this particular product. However, it has become apparent that this company is simply looking to stay within the legal bounds set forth to them, and has no problem with being viewed as unethical, particularly since they have take the liberty of posting all the negative press against them on their website.

What was particularly interesting to note about this particular study was that the main issues respondents had with the companies was not so much the marketing that the companies were utilizing to sell the product, but more so the harmful nature of the product itself. For example, the makers of Cocaine energy drink are utilizing a branding strategy that is questionable at the very least. However, it was surprising to see that although some people did seem to have an issue with their marketing strategy; it was not nearly as widespread a thought as I had initially hypothesized. A far greater number of respondents had an issue with Philip Morris, a company that, unlike Cocaine, has made several attempts to be a more responsible company in their marketing practices. I believe this is based on the idea that responsible companies need to start with their product first a foremost before the rest of their marketing practices. If their product brings with it a significant amount of harm, even extensive use of responsible marketing practices will not necessarily translate to a responsible company. For instance, Cocaine, although questionable in their marketing practices, has a product with a minimal health risk associated in comparison to cigarettes, which is harmful even if used as directed.

In the introduction of this thesis, I made mention to when I first went up to Philip Morris at a Career Fair for a potential internship with the company, and I spoke of my impressions of the company and my initial response to how they were trying to market their product more ethically. Prior to this study, I couldn't come to a conclusion as to whether or not they are being an ethically responsible company with their marketing practices. Of course, this fact would play a large role in my decision of whether or not to work for the company in the future. These are the types of things that companies like Philip Morris, Smirnoff, and Redux Beverages need to realize. They have a bottom-line they are worried about, but seem to be lost as to what the "bottom-line" actually is. If they think that the bottom-line is their personal wealth, their company's profit, and shareholder wealth, then I believe that they should go speak to the executives of Enron and Worldcom who are awaiting their jail sentences. The real "bottom-line" is the extent to which these companies are corporate citizens and find ways to maximize the wealth of all their stakeholders; not just the monetary wealth of their shareholders, but societal wealth as well. If they refuse to make these changes, they will soon find that they will not be able to find employees to work for them, they won't be able to find shareholders to invest in them, and they won't be able to find consumers to buy their products. In the case of Philip Morris, they are currently using the term "responsible marketing" as a buzzword and nothing else. Responsible marketing is not something that you do most of the time, but is something that resonates throughout the processes of one's organization. And I, for one, will no longer be associated with a company that doesn't let marketing ethics resonate in all of their actions. I refuse to be an employee of Philip Morris or any company that has questionable marketing ethics.

Appendix A

Master Settlement Agreement

Public Health/Youth Access

-Prohibits youth targeting in advertising, marketing and promotions by: Banning cartoon characters in advertising;
-Restricting brand-name sponsorships of events with significant youth audiences;

-Banning outdoor advertising;
-Banning youth access to free samples; and
-Setting minimum cigarette package size at 20 (sunsets 12/31/01).
-Creates a National Foundation ($250 million over next 10 years) and a Public Education Fund ($1.45 billion between 2000-2003).

Changing Corporate Culture

-Requires the industry to make a commitment to reducing youth access and consumption.
-Disband tobacco trade associations.
-Restricts industry lobbying.
-Opens industry records and research to the public.

Enforcement

-Provides court jurisdiction for implementation and enforcement.
-Establishes a state enforcement fund ($50 million one-time payment).

Attorney Fees (Funded separately from the $206 billion in payments to states)

-Requires the industry to reimburse states for attorney fees (reimbursement will be based on the market rate in each state).
- Requires the industry to pay for outside counsel hired by the states.
-The settlement agreements does not effect contracts states have with outside counsel, but permits states to seek reimbursement from the settlement if the state has paid the fees of an outside counsel and the outside counsel fails to pursue either a liquidated fee agreement or arbitration, through the settlement.
-The industry will pay whatever the arbiters award, but payments will be subject to a $500 million per year cash flow cap.

Financial Provisions

-States will receive over $206 billion over 25 years.
-Up-front payments - $12.742 billion.
-Annual Payments, beginning April 15, 2000 - $183.177 billion through 2025.
-Strategic Contribution Fund, 2008-2017 - $8.61 billion.
-National Foundation ($250 million over next 10 years).
-Public Education Fund (at least $1.45 billion 2000-2003).
-State Enforcement Fund ($50 million, one-time payment).
-National Association of Attorneys General ($1.5 billion over next 10 years).

Appendix B

Questions to be Asked

- When you think about controversial products such as tobacco and alcohol products, what are some of your initial thoughts that come to mind?
- What are some of your initial thoughts about tobacco companies?

- Are you aware of the Master Settlement Agreement of 1998?
    - Further description of the Master Settlement Agreement
- What are some of your thought regarding tobacco companies' marketing practices prior to the Master Settlement Agreement?
- Do you feel that these actions are enough for a tobacco company to take in order for them to be considered ethically responsible in their marketing practices?
- Are you aware of any further actions that Philip Morris is taking to be a more responsible company in the marketing of their products?
    - Further description of the actions?
- Do you feel that these actions are enough to make Philip Morris ethically responsible in their marketing practices?
- What further actions do you think a tobacco company like Philip Morris would have to take in order to be a more responsible in their marketing practices?
- Are you aware of alcohol-based malt-beverage drinks such as Smirnoff Ice?
    - Description of malt-beverage drinks currently out in the market?
- Do you think that it is ethically responsible for Smirnoff to sell a product that could have such a high appeal to an underage market?
- If it was found that the product was being surreptitiously consumed by an underage market at a higher rate than other alcohol-based beverage, should Smirnoff remove that product from their product line?
- Are you aware of the energy drink named Cocaine?
    - Description of the energy drink and its promotional practices?
- Do you think that Cocaine is being ethically responsible in their marketing practices?
- Where do you feel a company's responsibility lies regarding stakeholders?
- Do you have any closing thoughts regarding the topic we have discussed?

Appendix C: Interview Subjects

Anonymous Subject
-Academic Counselor; Whitman School of Management, Syracuse University
-Masters in Counseling Psychology; licensed in three states as a mental health counselor

Mitchell Franklin
-Assistant Professor; Joseph I. Lubin School of Accounting, Whitman School of Management, Syracuse University

-MS in Accounting, Whitman School of Management, Syracuse University
-PhD (*Accounting*), Walden University
-CPA

William Walsh
-Assistant Professor; Joseph I. Lubin School of Accounting, Whitman School of Management, Syracuse University
-MBA, Whitman School of Management, Syracuse University CPA
-Professor Walsh is a partner with Davidson Fox & Company, a regional CPA firm, and holds a position on the Board of Directors of the Syracuse University Tax Institute.

Michael Morris
-Witting Chair in Entrepreneurship at Syracuse University
-Chairman of the Department of Entrepreneurship & Emerging Enterprises.
-Ph.D. in marketing from Virginia Tech (dissertation won top honors that year from the Academy of Marketing Science)
-Holds an M.S. in economics and an MBA
-Former Fulbright Scholar

Anonymous Subject
-Associate Professor; Department of Entrepreneurship and Emerging Enterprises, Whitman School of Management, Syracuse University
-Ph.D. in Chemistry at the University of Pretoria
-Her current research interests include the interface between entrepreneurship, innovation and strategy, entrepreneurship under conditions of adversity, factors affecting performance and the role of values in entrepreneurial companies
-Teaches Entrepreneurial Marketing, Enterprise Consulting, Introduction to Entrepreneurship

Anonymous Subject
-Assistant Professor of Law and Public Policy
-J.D. Syracuse University College of Law
-Teaches Legal Environment of Business Course

Frances Zollers
-Professor of Law and Public Policy
-J.D. Syracuse University College of Law
-Research interests include business-government relations and product liability and safety
-Held an appointment as a visiting scholar at the U.S. Consumer Product Safety Commission

Anonymous Subject
-Professor of Law and Public Policy
-J.D. Syracuse University College of Law
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-B.A. magna cum laude from Colgate University
-M.B.A. from the Johnson School of Management at Cornell University
-Ph.D. and M.S. in Marketing and Cognitive Studies from Cornell University.
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-Ph.D. University of Pittsburg
-Author of over fifty articles and four books, including, Living Morally: A Psychology of Moral Character (Temple University Press, 1989) and articles on moral theory and social philosophy
-Andrew Mellon Faculty Fellow at Harvard University in 1978-79, received an NEH award to conduct a seminar on "Competing Rights Claims" in the summer of 1981
-Named Syracuse University's Scholar-Teacher of the Year in 1993
-Forthcoming book on moral objectivity and evil

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