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MARKETING AND THE SOCIAL VIEWPOINT:

AN APPRAISAL OF THE ATTITUDES

By

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B.A. University of Montana, 1968

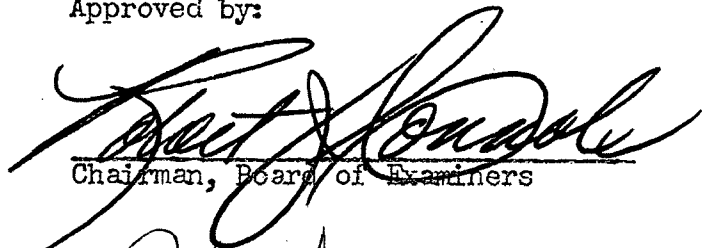
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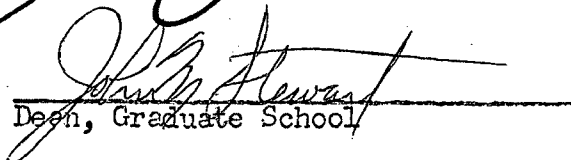
Master of Science

UNIVERSITY OF MONTANA

1972

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CHAPTER I

INTRODUCTION

It is every man's duty to make himself profitable to mankind.

-- Seneca

Today's era of a heightened social consciousness forces the marketing function to be exercised in a different and somewhat more difficult environment. Because marketing is a major function of business enterprise, its status encourages an involvement in the controversy over business objectives in general, the large corporation, and business management. Many argue that the objective of marketing and business is to make profits, or, "business is business." Others claim the power of the business community, portrayed by the large corporation, requires an assumption of responsibility in support of the advancement of human welfare.

The social function of marketing is presented as survival, profit making, social responsibility, and service. Marketing's basic function, interpreted by C. W. Cooke, is offered as, "the building and maintaining of a consumer market for any product."¹ Marketing is the conduct of that phase of business "which is concerned with the determination and supplying of consumers' needs, and therefore it is that

¹C. W. Cooke, "The Social Values of Marketing," The Conference Board Record, 4(2):34 (February, 1967).

management operation through which business fulfills its obligations to society in the role of consumers."²

The implication of the marketing concept has caused the market to replace both production and selling as the control element. If the consumer is perceived as the center of business and marketing decisions, it would appear that good business practice involves "the improvement of human well-being in the material sphere."³ "As the impact of marketing on society increases, so does the social responsibility of marketing people."⁴

Individuals like Ralph Nader have encouraged public participation in corporate decision-making. Radically different ideas concerning business are being voiced by the young businessmen of the present generation. Today there seems to be a "greater belief in 'spreading the dollar.'"⁵ What are the causes of this increased concern? Robert Holloway lists four: (1) society's increased complexity; (2) an expansion of knowledge in the social sciences; (3) dependency of the parts of society, and (4) ethics.⁶ Paternalism, philanthropy, the threat of

²Robert Bartels, The Development of Marketing Thought (Homewood, Illinois: Richard D. Irwin, Inc., 1962), p. 219.

³Albert Wesley Frey (ed.), Marketing Handbook (New York: The Ronald Press Co., 1965), p. 27.

⁴Robert J. Lavidge, "The Growing Responsibilities of Marketing," Journal of Marketing, 34(1):28 (January, 1970).

⁵"Student Panel Airs Views of Business at Distributor Meet," Marketing Insights, 4(14):5 (February 2, 1970).

⁶Keith Davis, "Understanding the Social Responsibility Puzzle," Business Horizons, 10:47-48 (Winter, 1967), as cited in Robert J. Holloway, "The Hallmark of a Profession," Journal of Marketing, 33(1):90 (January, 1969).

labor and government, and genuine feelings, are the causes of the outgrowth according to Karl Elling.⁷ They, in turn, are gauged in terms of maximum costs or incidental benefits. The parts of society are becoming more dependent on other parts as a result of technology, communication, and politics. An expansion of knowledge in the social sciences concerns the effect of business on the social system. The rules of pure competition do not apply today. Business has more flexibility for responsible action and people favor this due to current ethical concepts.

Social and economic overtones lace the predicament faced by management. Must the historic legal and economic obligations be compounded by the burden of social responsibility? Marketers are being criticized for not contributing to the solution of society's social and economic ills. This is a relatively new phenomenon. Consumerism, the poverty problem, cultural services, and pollution compound areas of increased attention. These areas focus on such sins of commission as fraudulent and deceptive advertising, packaging, pricing, and credit practices.

The traditional assumption that rigorous competition will prevail serves as the justification for a private enterprise economy. According to a basic tenet of competitive theory developed by Adam Smith and other classical economists, business firms will attempt to maximize profits. The best interests of stockholders and the general public would be served through the wise allocation of society's scarce

⁷Karl A. Elling, Introduction to Modern Marketing (New York: The Macmillan Co., 1969), p. 70.

resources. Private interests are thus reconciled with the public good under a competitive market system.⁸ These assumptions were questioned by Adolf A. Berle, Jr., and Gardiner C. Means in 1932.⁹ The debate over corporate responsibilities was born. Corporate stock ownership had become dispersed and corporate capital asset control had become concentrated. As a result, management's economic power was increasing and the effectiveness of stockholder control was decreasing.

Much has been written in the past ten years about the broad aspects of social responsibility. As the issue is a relatively new phenomenon, however, many questions remain to be answered. A survey of the literature should provide an answer to the following questions. Do marketers have a social responsibility beyond providing quality goods and services to consumers? If so, has the viewpoint of social responsibility been recognized by the marketing fraternity? How are those in the marketing environment responding?

The analysis will be based on a survey of the literature of the past ten years. An accurate reflection of attitude will be used to ascertain whether marketers are merely paying lip service to the problem, or if they are taking a dedicated stand in determining its solution. The layman should attain a better perspective, understanding,

⁸Charles F. Phillips, Jr., "What is Wrong with Profit Maximization?" in Marketing and Its Environment, ed. Richard A. Scott and Norton E. Marks (Belmont, California: Wadsworth Publishing Co., Inc., 1968), p. 276. Reprinted from Business Horizons, Winter, 1963.

⁹Ibid., citing Adolf A. Berle, Jr., and Gardiner C. Means, The Modern Corporation and Private Property (New York: The Macmillan Co., 1932). See also Adolf A. Berle, Jr., Power Without Property (New York: Harcourt, Brace and Company, Inc., 1959).

and recognition of the current trends, problems, and attitudes concerning social responsibility in marketing.

The ethical framework will involve discussions of marketing morality, responsible promotion management, and remedial efforts which have taken place. Next, the pros and cons of profit making versus social responsibility will be explored; investigation of the market mechanism, idealism and pluralism should aid in this analysis. The implications of consumerism and "The Era of the Consumer Ethic" will be complemented by a look into the future.

CHAPTER II

MARKETING ETHICS

According to Keith Davis, "The substance of social responsibility arises from concern for the ethical consequences of one's acts as they might affect the interests of others."¹⁰ A firm's viewpoint toward social responsibilities in a successful venture, according to Eugene Kelley, generally parallels that of society.¹¹ He defines marketing ethics in this manner:

Marketing ethics is the area of marketing study and thought concerned with defining norms for judgments about the moral consequences of marketing actions. In practice, marketing ethics is concerned with standards of adequate behavior in terms of marketing policies and practices within legal and social constraints at a point in time. The concern of the theorist is with what is acceptable behavior in terms of right and wrong in a culture at a point in time so that decision making can be more successful.¹²

In many cases, companies do not issue directives or furnish guidelines when it comes to the issue of ethical responsibility. As a consequence, it becomes an individual rather than a group concern. As

¹⁰Keith Davis, "Understanding the Social Responsibility Puzzle," Business Horizons, 10(4):46 (Winter, 1967).

¹¹Eugene J. Kelley, "Ethics and Science in Marketing," in Managerial Marketing: Perspectives and Viewpoints, ed. Eugene J. Kelley and William Lazer (Homewood, Illinois: Richard D. Irwin, Inc., 1967), p. 78. Reprinted from Science in Marketing, ed. George Schwartz (New York: John Wiley and Sons, Inc., 1965), pp. 465-83. See also, Eugene J. Kelley, "Marketing and Moral Values in an Acquisitive Society," in Marketing: A Maturing Discipline, ed. Martin L. Bell, Proceedings of the Winter Conference of the American Marketing Association, 1961, pp. 195-203.

¹²Ibid., p. 84.

an individual operates within his sphere of influence, he can make value judgments concerning relevant issues, and let his conscience function as his guide.

Ethical Awakening: Grey Area Practices

Robert Holloway and Robert Hancock remind us that business ethics is not a new topic of discussion. What is new, however, are developments since the mid-1950's and the so-called ethical awakening. Ethical and moral responsibilities of businessmen appear to be of major concern in many corners of business life. It will be interesting to review the results of Ralph Nader's two-year study on corporate citizenship. Ethics to many, however, is still a grey area, an area having no norms or clearly set forth values. An alternative to ethical behavior is often legal restraint. Holloway and Hancock come directly to the point in this statement:

Men themselves are measured in quantitative terms on 'how much' the firm or activity grows with their actions. Men are not measured on the basis of their moral contributions to the business enterprise.¹³

This is very true, and it serves to emphasize the importance of the individual act. A balance must be found between job performance and personal satisfaction.

Ethical Code/Legal Framework

It must be remembered that the boundary between truth and deception is difficult to establish. The above authors favor the ethical code as a vehicle to heighten the standard of conduct. They qualify

¹³Robert J. Holloway and Robert S. Hancock, Marketing in a Changing Environment (New York: John Wiley and Sons, Inc., 1968), p. 212.

their statement: "Whether a code will enhance behavior is contingent on its content and the methods of enforcement."¹⁴ It is unfortunate that a universal code of standards is missing in marketing conduct. One must establish his own code and attempt to be ethical in business dealings.

It is the contention of E. B. Weiss that grey-area practices are becoming more prevalent in modern marketing.¹⁵

For many years, marketing has believed--or professed to believe--that 'let the buyer beware' had been more or less decently interred decades ago.

Today, legally correct, but ethically dubious marketing practices seem to have become almost the hallmark of our large consumer goods manufacture.¹⁶

This appears to be the case as the consumer is becoming more educated and is aware of the inconsistencies of past marketing practices. It is doubtful that companies are not cognizant of the growing consumer expertise; consequently, grey-area practices are probably on the decline.

The philosophy of the day, in considering borderline cases involving public taste, fair dealing, and full and accurate information, too often seems to be: 'This is the deal--can we get away with it?'¹⁷

The preceding author's contention is obvious: changing circumstances have antiquated past legalistic approaches.

¹⁴Ibid., p. 213.

¹⁵E. B. Weiss, "Shopper is Darned . . . in Grey Tints," in Modern Marketing Thought, ed. J. Howard Westing and Gerald Albaum (New York: The Macmillan Co., 1969), p. 203. Reprinted from Marketing Insights, 1(4) (October 24, 1966).

¹⁶Ibid.

¹⁷Ibid., p. 206.

Marketing Morality

Competition and other pressures cause the marketing area, in particular, to be prey to unethical conduct. Marketing morality enters as a prime responsibility of the corporation and its top executives. "They (executives) are responsible for business ethics right down to the last salesman."¹⁸

Recent activity appears to support the following by John Westing:

Today, at least in the sense of caring, the situation seems to have changed. This is not to say that the businessman today is willing to pay a high price for moral respectability, but he is sufficiently concerned to want to know the price. The concern of the businessmen is evident in a variety of ways: in the increasing flow of brochures and pamphlets published by companies on the social responsibilities of business; by the willingness to question whether business may have goals other than profit maximization; by the concern being exhibited over racial equality, slum clearance, and pollution control; and, most of all, by an amazing eagerness to discuss the subject of morality and ethics.¹⁹

The question is asked whether there has been a change in the businessman's attitude toward ethics. It is the author's hypothesis: "The executive today is no more nor less concerned about ethics than was his counterpart a century ago. The man has not changed, but his environment has. In a subsistence economy, ethics get short shrift."²⁰

¹⁸"Marketing Morality on Trial," Sales Management, 86(4):24 (February 17, 1961).

¹⁹John H. Westing, "Some Thoughts on the Nature of Ethics in Marketing," in The Environment of Marketing Behavior, ed. Robert J. Holloway and Robert S. Hancock (New York: John Wiley and Sons, Inc., 1969), p. 183. Reprinted from Changing Marketing Systems (Chicago: American Marketing Association, 1967), pp. 161-163.

²⁰Ibid.

To continue, "at a given time, the level of ethics in all major occupational groups of a society are very nearly the same."²¹

John Kenneth Galbraith's book, The Affluent Society, is a criticism of our economy's excesses, an emphasis on material wealth acquisition. Galbraith sees a social imbalance in our system because the wealth of privately produced goods has caused a crisis in the supply of public services.²² Society has also been portrayed by Vance Packard as subverting moral values for social approval. In The Waste Makers, he attacks "consumption for consumption's sake."²³

Abuses in advertising and personal selling entailing untruths, bad taste, and deception have received the brunt of criticism. As stated by Engel and Wales:

The task for the businessman is to meet buyer needs in the private sector while, at the same time, recognizing that public needs cannot go unmet. This delicate balance focused on profit as a reward for service to the buyer lies at the heart of a philosophy of responsible promotion management.²⁴

Hugh G. Hoffman, president, Opinion Research Corporation, Princeton, New Jersey, voiced:

Advertising agencies and the networks rate high on the consumer's list of industries which fail in ethics. Agencies are criticized for false and misleading ads, type of products are criticized for poor programming, low caliber of advertising and ads for certain products.²⁵

²¹Ibid., p. 184.

²²Holloway and Hancock, Marketing in a Changing Environment, p. 206.

²³Ibid., p. 210.

²⁴James F. Engel, Hugh G. Wales, and Martin R. Warshaw, Promotional Strategy (Homewood, Illinois: Richard D. Irwin, Inc., 1967), p. 502.

²⁵"Anti-Consumerism is Lost Battle, AMA Told," Marketing Insights, 4(24):1 (April 13, 1970).

Criticisms are justified in many cases concerning certain business activities. It would appear obvious that remedial efforts are needed in the area of promotional practices. The following is seen as a typical case in point. A Federal Trade Commission complaint stated Profile Bread advertising might lead customers to believe the bread by itself would cause weight loss. The problem was resolved as the ITT Continental Baking Company agreed to spend 25 percent of its advertising budget for Profile Bread on "corrective advertising." This is the first time a company has agreed to the "corrective advertising" provision in a consent order.

Particularly depressing is the activity in the breakfast food market. The Federal Trade Commission has charged the four leading manufacturers (Kelloggs, General Mills, General Foods and Quaker Oats) with illegally monopolizing the market and forcing consumers to pay "artificially inflated" prices. The four were accused of individual but similar anticompetitive practices in violation of Section 5 of the Federal Trade Commission Act. This section prohibits unfair and deceptive trade practices, including the restraint of competition. False advertising was listed as a device to achieve the alleged monopoly as the products were advertised as body builders and aids to weight control.

Nevertheless, activities have expanded in industry self-regulation, public service, and charitable efforts. Cooperative self-regulation has taken the following forms: (1) Better Business Bureaus; (2) policing by advertising media; (3) cooperative improvement efforts; and (4) dissemination of information.²⁶ The National Association of

²⁶Engel, Wales, and Warshaw, Promotional Strategy, p. 503.

Broadcasters is at the forefront of industry self-regulation. Such associations can support research, enforce strict codes, and continue service activity. The Ad Council and the Better Business Bureaus are excellent examples of self-discipline.

Today, the advertising industry appears to be undergoing a period of rapid and significant change. Through the impetus of the Federal Trade Commission, more "straight" (less extravagant) information is being put into advertisements. The Sta Dri Anti-Perspirant ads illustrate candor as they state that no anti-perspirant really keeps people dry, but will make them stay dryer. Hopefully, the trend will lead to fewer ads aimed at children and less promotional puffery. Improved market research may also be used to determine what products consumers really need. The whole process is vitally important as advertising is essential to marketing.

CHAPTER III

ERA OF HEIGHTENED SOCIAL CONSCIOUSNESS

It is the popular feeling that competition in the United States has declined and that prices are administered or institutionally determined. Management has some freedom to set prices and determine the rate of technological change and economic growth. Because the corporation is considered an institution and its continued existence is imperative, management must become socially responsible in order to maintain a private enterprise economy. Business cannot continue its dedication to growth.

Controversy Concerning Business Objectives: Social Functions

The implications presented by social responsibility are three: (1) competition in our economy has become so imperfect that the market is a poor regulator of corporate behavior; (2) value judgments must be made as a requirement of conscience; and (3) the major function of economizing is difficult to carry out.²⁷ Society is beset by many complex problems--mass transit, poverty, race relations, urban decay, employment of minorities, to mention only a few. They pose a threat to our society's structure, including that of the business community. "To deal with these problems, the nation must draw on the resources and skills available."²⁸

²⁷Phillips, "Profit Maximization," pp. 277-278.

²⁸"Consumerism: A New Force to Deal With," Marketing Insights, 4(14):3 (February 2, 1970). Reprinted from Business Week.

C. W. Cooke makes the claim that the social value of marketing is attributed to certain social responsibilities: (1) To offer a social product; (2) to make it available at a social price; and (3) to make a social profit.²⁹ Survival is, of course, the ultimate goal of business and the measure of marketing. A prerequisite to survival would be profits. Another prerequisite to long-run survival would be obligations or social responsibilities to employees, owners, and the community. More easily defined, "social responsibilities are those of corporate good citizenship in a society."³⁰

It is David Rockefeller's contention:

In social terms, the old concept that the owner of a business had a right to use his property as he pleased to maximize profits has evolved into the belief that ownership carries certain binding social obligations. Today's manager serves as trustee not only for the owners but for the workers and indeed for our entire society. . . . Corporations have developed a sensitive awareness of their responsibility for maintaining an equitable balance among the claims of stockholders, employees, customers and the public at large.³¹

Cooke attests to the distinct difference between the economic responsibility of management to earn profits, and the social responsibility in administering the retained portion of those profits. If the administration is done wisely, society will be served through a growing enterprise, the provision of employment, and the payment of taxes. Research, the development of new products, product improvement, and

²⁹Cooke, "Social Values of Marketing," p. 32.

³⁰Kelley, "Ethics and Science," p. 86.

³¹Phillips, "Power Maximization," p. 275, citing David Rockefeller, "The Changing Role of Business in Our Society," an address before the American Philosophical Society, Philadelphia, November 8, 1962.

awareness of the consumer's needs and desires, aid in the accomplishment.³²

Idealism: Profit Making

It is the opinion of Theodore Levitt that management should apply increased idealism.³³ It is important to note that the article was written in 1958 and reflects the attitude of that era. Levitt expressed the need for pluralism in a free enterprise system. The government takes over when welfare is not automatic. "Corporate welfare makes good sense if it makes good economic sense."³⁴ Business leaders as individuals, civic organizations, and the government are to handle social responsibility. In broad connotation, the material aspects of welfare are to be the concern of business, and the general welfare that of government.

In the end, business has only two responsibilities-- to obey the elementary canons of everyday face-to-face civility (honesty, good faith, etc.) and to seek material gain.³⁵

Henry Ford II comments in the same vein:

Today we need that phrase 'business is business' just to remind us that business is not first and foremost a social institution, a charitable agency, a cultural gathering, a community service, a public spirited citizen. It is an action organization geared to produce economic results in competition with other business.³⁶

³²Cooke, "Social Values," p. 36.

³³Theodore Levitt, "The Dangers of Social Responsibility," Harvard Business Review, 36(5):48 (September-October, 1958).

³⁴Ibid., p. 48.

³⁵Ibid., p. 49.

³⁶Phillips, "Profit Maximization," p. 276, citing Henry Ford II, "What America Expects of Industry," an address before the Michigan State Chamber of Commerce, October 2, 1962.

Eugene V. Rostow furthers the case of profit maximization. Social responsibility will "sabotage the market mechanism and systematically distort the allocation of resources. . . ." ³⁷

The corporate conscience is irrelevant to the corporate purpose. Conscience is not something you introduce as a piece of organizational decor, performing simply a decorative function. If it is allowed to influence the mechanism of economic decision-making, conscience automatically assumes a central role. Nothing could be worse. The stronger the conscience the harder it will be to make a businesslike decision and get the economic job done. ³⁸

It is ridiculous to minimize the importance of profits to a corporation. The business that does not survive is everyone's liability. But, profits must be kept at a "reasonable" level. The corporate conscience is not irrelevant to the corporate purpose. A more moderate viewpoint other than the traditional economic function of producing goods and services at a maximum profit must be adopted. The aforementioned viewpoint is too self-serving.

Market Mechanism as a Control Element: Social Responsibility

Those who advocate corporate social responsibility claim the market mechanism is not an effective control because it does not control price and technological innovation. Nevertheless, Charles Phillips argues consumer interest is protected to a sufficient degree by competition.

The danger in accepting the philosophy of social responsibility is that management will forget its economic function and will attempt to assume the functions that have traditionally been assigned to the market mechanism. ³⁹

³⁷ Ibid., p. 280.

³⁸ Ibid., citing "The Mythological Potency of 'Peoples' Capitalism," p. 15.

³⁹ Ibid., p. 281.

An opposing viewpoint is offered by the following quotation:

"The overriding objective for business is to continue and to strengthen its performance in aiding and stimulating a high and rising standard of living while meeting its broader responsibilities."⁴⁰ Buyer votes in the marketplace determine what is good for society, according to the author. Businessmen feel the decision is not theirs to make. "Businessmen should be concerned about the values of the society they are serving, but public taste is deeply ingrained in the values of society in which the firm is a servant."⁴¹ Joel Dean states that, "profits are an objective measure of the social value of ideas and the national consensus is found in market performance."⁴²

William Lazer, on the other hand, contends marketing is more than a technology of the firm in an economy of abundance. He represents the view of the present generation contrasted with that of William Levitt. Lazer views marketing as "an institution of social control instrumental in reorienting a culture from a producers' to a consumers' culture."⁴³ Marketing must serve the goals of society by acting in the public interest.

In addition to its current sense of purpose in the firm, marketing must develop its sense of community, its societal commitments and obligations, and accept the challenges inherent in any institution of social control.

Marketing practice must be reconciled with the concept of community involvement, and marketing leaders must respond to pressures to accept a new social role.⁴⁴

⁴⁰Engel, Wales, and Warshaw, Promotional Strategy, p. 507.

⁴¹Ibid., p. 508.

⁴²Ibid.

⁴³William Lazer, "Marketing's Changing Social Relationships," Journal of Marketing, 33(1):3 (January, 1969).

⁴⁴Ibid., pp. 4-5.

The major social justification of marketing is found through "offering product-service mixes and commercially unified applications of the results of technology to the marketplace for a profit."⁴⁵ Lazer states:

The criteria for judging our economic system and our marketing activities should include opportunity for consumers to develop themselves to the fullest extent, personally and professionally; to realize and express themselves in a creative manner; to accept their societal responsibilities; and to achieve large measures of happiness.⁴⁶

The author believes we have not attained a justification for our economic system. As a result, marketing is confronted by a challenge, "the challenge of changing norms and values to bring them into line with the requirements of an abundant economy . . . to justify and stimulate our age of consumption."⁴⁷

What is required is a broader perception and definition of marketing than has hitherto been the case--one that recognizes marketing's societal dimensions and perceives of marketing as more than just a technology of the firm. For the multiple contributions of marketing that are so necessary to meet business challenges, here and abroad, are also necessary to meet the nation's social and cultural problems.⁴⁸

Pluralism

Keith Davis explains pluralism, a basic reality in modern business culture, and a pluralistic society, as a "social system in which diverse groups maintain autonomous participation and influence in the social system."⁴⁹ As business is influenced by other groups in the system, business, in turn, influences them. It is because of this,

⁴⁵Ibid.

⁴⁶Ibid., p. 6.

⁴⁷Ibid., p. 7.

⁴⁸Ibid., p. 9.

⁴⁹Davis, "Social Responsibility Puzzle," p. 46.

according to the rationale, that businessmen have to be socially responsible for their actions. "Business, in the long run, to maintain its position of power, must accept its responsibility to the whole of society."⁵⁰

Davis goes on to define the Iron Law of Responsibility and the Power-Responsibility Equation. The implications are, of course, "those who do not take responsibility for their power, ultimately shall lose it," and "social responsibilities of businessmen arise from the amount of social power they have."⁵¹ Obligations not assumed by business will be assumed by other groups, among them, the government. Because many centers of initiative exist in the social system, the author admits no need exists for business to be "a monolithic dispenser of welfare, over-shadowing the state as it cares for everyone's problems."⁵²

Victor H. Pomper offers a somewhat different view: "The goal within and throughout the framework of the organization is building human capital by virtue of individuals' self-development."⁵³ In other words, the obligation of business toward society is development of employees' minds and spirits. Pomper contends "business represents social organizations formed to minister to those human beings associated with it, to help these people live and grow, not vice versa."⁵⁴ Human resources in the organization are thus freed to exercise higher capacities such as creativity, self-development, etc.

⁵⁰Ibid., p. 45.

⁵¹Ibid., p. 48.

⁵²Ibid., p. 49.

⁵³Victor H. Pomper, "What Does Business Owe People?" Printers' Ink, 276(7):50 (August 18, 1961).

⁵⁴Ibid.

The goal of a business is that it grow and prosper through change and improvement in all its activities. By so doing it offers continuing incentive for employees to rise to challenges, to struggle and cope with problems, and thus to develop their capacities--not just materially, but emotionally, mentally and spiritually as well.⁵⁵

"Marketing can work as a persuasive force in guiding the development of natural resources and human capital capabilities into the most socially desired and accepted channels of growth."⁵⁶

Robert J. Holloway lists six points for exploration: (1) Marketing decisions should be made with the community in mind; (2) marketers should be concerned and involved with legislation at all levels; (3) marketing has a responsibility for delivering the standard of living to all people; (4) marketers can improve the climate for human rights; (5) marketing should include broad environmental matters; and (6) marketers should make an effort to improve this economic system.⁵⁷ It is his opinion that marketing should adhere "to an ideal of social service which transcends the immediate tasks with which its members are occupied."⁵⁸

A comfortable mean between the two extremes is the answer, according to Charles Phillips. Profit maximization would guide management in the socially responsible approach.⁵⁹ Richard Bells also presents a

⁵⁵Ibid.

⁵⁶Walter L. Jeffrey, "The Conglomerate Corporation and Marketing in a Changing Society," in Changing Marketing Systems, ed. Reed Moyer (Chicago: American Marketing Association, 1967 Winter Conference Proceedings, Series No. 26, 1967), p. 152.

⁵⁷Holloway, "Hallmark of a Profession," p. 91.

⁵⁸Ibid., p. 95.

⁵⁹Phillips, "Profit Maximization," p. 276.

compromise. Profits, the primary consideration, would be intertwined with social obligation in the decision-making process.⁶⁰

The corporation that is efficient, that constantly strives to improve old products and introduce new ones, and that seeks to satisfy consumer demand in the most efficient manner and at the lowest possible price is the one with the strongest case for maximum profit.⁶¹

Although acceptance of the view of social responsibility cannot be fully supported by objective evidence, there is some indication that business executives are influenced by a sense of their social economic responsibilities and the knowledge that their decisions have far-reaching consequences. This results in consideration of the long-term consequences of decisions rather than of the immediate profit maximization.⁶²

Charles B. McCoy, president, E. I. duPont de Nemours and Company, stated:

Obviously, no business can operate successfully, over a long period of time, in a crumbling social structure or in society that is hostile to enterprise. . . . Increasingly, it is becoming part of management's job to be informed on public affairs and to be sensitive to non-economic factors. . . . We can no more turn our backs on urban and community problems in areas where we have the ability to make a contribution than we can ignore production or sales problems. If there is to be healthy economic growth, if we are to attract the kinds of companies that can contribute to this growth, we will have to be as alert to social needs as we are to business opportunities.⁶³

Corporations have been charged, by Edward J. Gelsthorpe, president of Hunt-Wesson Foods, with contribution to our social problems.

⁶⁰Ibid., p. 281, citing Richard Eells, "Social Responsibility: Can Business Survive the Challenge?" Business Horizons, 2:37 (Winter, 1959).

⁶¹Ibid., p. 282.

⁶²Paul D. Converse, Harvey W. Huegy, and Robert V. Mitchell, Elements of Marketing (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1965), p. 562.

⁶³"Business and the Community," Dun's Review, 91(5):110-111 (May, 1968).

Businesses have placed an excessive emphasis on materialism, they have caused pollution, and they have been guilty of an under-use of human talent.⁶⁴ "Management must become fully cognizant of its need to protect and enhance the development of a sound public policy."⁶⁵

Employees can be encouraged to become involved as individuals in the solution of community problems.

Summary

Overall, three major viewpoints have been presented. First, the traditional view states that (1) the objective of business is to make profits ("business is business"), (2) there is no need to be concerned with welfare, and (3) consumer interest is protected sufficiently by competition as buyer votes determine what is good for society.

Second, because marketing and its responsibilities are much wider than purely economic concerns, responsibility must be assumed in support of the advancement of human welfare. In order to survive, human resources must be developed. Buyer needs must be met in the private sector and public needs recognized. The most satisfying approach is the third one, where profit maximization would guide management in the socially responsible approach, or, profits, the primary consideration, would be intertwined with social obligation in the decision making process.

Profit is a reward for service to the buying public. Quotes 60, 61, and 62 come directly to the point; marketers must reflect today's

⁶⁴Stanley E. Cohen, "Nader, Gelsthorpe Signal a New Era in Company Social Attitudes," Marketing Insights, 4(19):7 (March 9, 1970).

⁶⁵Jeffrey, "Conglomerate Corporation," p. 152.

attitudes of more responsible conduct in order to stay in line with the values of society.

CHAPTER IV

CONSUMER SERVICE

Marketing Concept

It was Betty Furness who stated, "business must first be educated toward the consumer and then the consumer toward the product."⁶⁶

Implementation of the marketing concept as we know it today parallels the concern over ethical aspects. Competition has not sufficiently protected the consumer's interest. "Marketing has both a business interest and a social responsibility in consumer service."⁶⁷ William J. Colihan, Jr., made the following remarks in the area of consumer service:

Part of the business of business is adjusting to changes in the winds of ethics. Business exists and prospers by adapting to a changing social order . . . that the will of society comes before politics or even economics. Consumer ethics are the new situation morality of business.⁶⁸

"The Era of the Consumer Ethics," the last half of the sixties, was described as "a time in which the corporation will be expected to discharge in a way satisfactory to society its duty to its customers before it thinks of its duty to itself or its stockholders."⁶⁹

⁶⁶Betty Furness, "Responsibility in Marketing," in Changing Marketing Systems, ed. Reed Moyer (Chicago: American Marketing Association, 1967 Winter Conference Proceedings, Series No. 26, 1967), p. 26.

⁶⁷Ibid., p. 25.

⁶⁸William J. Colihan, Jr., "Ethics in Today's Marketing," in Changing Marketing Systems, ed. Reed Moyer (Chicago: American Marketing Association, 1967 Winter Conference Proceedings, Series No. 26, 1967), p. 164.

⁶⁹Ibid., p. 165.

The difference will be (as against now) that the duty to consumers will come first. Whereas, now we conceive that the corporation discharges its duty to itself and its stockholders by organizing to suit consumers.

The new morality suggests that we must examine every action in and of itself in relation to whoever may be affected and what is intended before applying a blanket rule to our proposed conduct.

It is part of the business of business to adjust to all changes, including moral ones.⁷⁰

The new phase of consumerism holds broad implications for marketers. Robert D. Moran recommends that marketers add the following condition to the marketing objectives:

To facilitate consumer choice and to improve consumer decision making capabilities so as to enhance the consumer's confidence in himself and increase the probability of consumer satisfaction.⁷¹

Consumer Protection

Earl Clasen sees no conflict between social morality and business purpose. Our goal, in his words, is "full and free and open communication between buyer and seller. . . . It is our responsibility to bring to the marketplace an expert point of view."⁷²

In the past, industry offered a negative response to consumer agitation. Nevertheless, a significant impact on far-ranging marketing

⁷⁰Ibid.

⁷¹"Anti-Consumerism is Lost Battle," Marketing Insights, p. 1.

⁷²Earl A. Clasen, "Controlling Marketing Behavior in the Large Firm," in The Environment of Marketing Behavior, ed. Robert J. Holloway and Robert S. Hancock (New York: John Wiley and Sons, Inc., 1969), p. 192. Reprinted from Ethics and Marketing, lectures from a symposium sponsored by the Merrill Cohen Memorial Fund and the Graduate School of Business Administration, University of Minnesota, April, 1966.

and management decisions of the entire business community appear to have been made. According to Tom Hopkinson:

This mounting concern for the general well-being of the consumer may be telling the business manager that it is time for business to leaven the traditional mass-marketing concept of the consumer with a public relations concept of the consumer. Instead of viewing the consumer solely as a sales prospect, it may be time for business to take a broader, more encompassing look at the consumer to assess the full range of his diverse needs and desires.

Such an examination of the total needs of the consumer could be business management's initial step in dealing with the growing problem of how to cope effectively with the steady flow of proposed restrictive legislation and regulation advanced for the purpose of giving the U. S. consumer more 'protection' for his tax dollar.⁷³

Now, the consumer-interest movement would present strong evidence that it is time for the business manager to widen the aperture of his consumer viewing apparatus to get a much broader look at the total needs, desires, sensitivities, and feelings of the people that buy his goods and services. And, in such a consumer relations concept, short-run sales and profits will have to be a secondary consideration.⁷⁴

Now that the marketing concept is consumer oriented, "the marketing specialist looks at the consumer from the point of view of what he will buy at what price."⁷⁵ A new concept has evolved; the question is not whether a product can be produced, but should it be produced.

⁷³Tom M. Hopkinson, "New Battleground--Consumer Interest," in Social Issues in Marketing, ed. Lee E. Preston (Glenview, Illinois: Scott, Foresman and Co., 1968), p. 304. Reprinted from Harvard Business Review (September-October, 1964), pp. 97-104.

⁷⁴Ibid., p. 309.

⁷⁵Ibid.

CHAPTER V

THE FUTURE

Robert Lavidge expects consumerism to increase in the 1970's as more useful information will be demanded by the customers. Product performance testing, warranties, and guaranties may well be areas of increased emphasis. Increased attention may focus also on goods and services which cannot be labeled good or bad.⁷⁶

In evaluating the opportunities for new products and services, the role of marketing people heretofore has focused largely on the question: Can it be sold? During the 1970's there will be increasing attention to: Should it be sold? Is it worth its cost to society?⁷⁷

As marketing's functions have broadened, the areas in which it can be a service to society have widened also:

Facing the kinds of changes which can be anticipated plus those we do not now foresee, marketing people will have an opportunity to make a significant contribution to society in their day-to-day activities--influencing decisions about what goods and services are offered, as well as helping bring them efficiently to their end users in a climate which is increasingly hostile to competitive activity and to many of the functions of marketing.⁷⁸

Melvin Anshen looks into the future in the accompanying analysis:

Making profits for owners will not be judged a sufficient test of the adequacy of the corporation's performance. Contributions to general economic growth, to advances in productivity,

⁷⁶Lavidge, "Growing Responsibilities," p. 26.

⁷⁷Ibid., p. 27.

⁷⁸Ibid.

to innovation, to community requirements, to stability of employment, to enlarged public services, and to a variety of similar social objectives will grow in importance as criteria of management performance.⁷⁹

Increasingly, marketing managers are looking at the marketing function--its objectives and the way in which it's carried on--from beyond the marketplace: from the standpoint of society.⁸⁰

The current social trend presents an obvious implication, "the need for highlighting the constructive and socially beneficial aspects of the products or services being marketed."⁸¹ Product promotion will have to be recast as marketing must contribute to the quality, variety and quantity of satisfactions.⁸² Products will have to convey relevance and offer genuine value in the future.

Recommendations and Summary

Many points brought out thus far in the paper are not "new" items for discussion. What is new is the extended social involvement in the problem areas. The form of expression is different today; we are experiencing more outspoken social patterns for change. In a sense, much progress has occurred during the past ten years. Marketers have

⁷⁹John M. Rathmell, Managing the Marketing Function (New York: John Wiley and Sons, Inc., 1969), p. 573, citing Melvin Anshen in Management and Corporations 1985 (New York: McGraw-Hill Book Co., Inc., 1960), pp. 209-210.

⁸⁰Ibid., p. 572.

⁸¹J. L. Aitken, "Implications for Marketing in Current U. S. Social Trends," The Conference Board Record, 7(12):39 (December, 1970). (Presentation to the Dow Chemical Company Marketing Research Council.)

⁸²Reavis Cox, "Changing Social Objectives in Marketing," in The Environment of Marketing Behavior, ed. Robert J. Holloway and Robert S. Hancock (New York: John Wiley and Sons, Inc., 1969), p. 438. Reprinted from Emerging Concepts in Marketing, Proceedings of the Winter Conference, American Marketing Association, December, 1962.

recognized the viewpoint of social responsibility; they recognize the need to provide quality goods and services to consumers. Nevertheless, a total commitment or contribution toward the solution of society's social and economic ills has not been made. Lip service is primarily being paid to the problem's solution. If a balance is to be achieved, buyer needs must be met in the private sector and public needs recognized.

It is indeed unfortunate that so few concrete examples of voluntary compliance are evident. Significant steps to this point in time appear to have resulted from the ire and force of public opinion resulting in legislation. For example, the phasing out of Hexachlorophene (HCP), a substance used in cosmetics, shampoo, soap, and deodorants, has been brought about solely through efforts of the Food and Drug Administration. If a consumer relations concept is to be adopted, professional responsibility will have to extend beyond the legal aspect.

One point in particular must be kept in proper perspective, profit is to be a reward for service to the consumer. Consumer service in marketing thus entails both a business interest and a social responsibility. Business must have an ability to meet its own goals and to participate as part of the total community in both the recognition and solution of problems. A leadership role must be taken and the funding of pilot-type programs would be a good start. This is, of course, a contribution which is over and above the tax base. An important role certainly exists in such areas as employment and hiring practices. The increased sophistication and awareness of consumers should be met through increased pre-market testing and research. Business should

serve as a trend setter and a ready reservoir of talent.

One point which has been neglected is the importance of the individual. A person cannot "change the world" but one can continue service activity in his own sphere of influence. It is important to act as an individual and become involved in civic affairs. In this manner, everyone can contribute to the community. Also, it is an employee's duty to speak out upon finding product defects, false advertising, etc. There is both legal liability and a moral argument to support such a practice.

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