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天津外国语大学(天外)
Tianjin Foreign Studies University
School of International Business

Business Strategies

Class starts at 14:00

(Beijing Time, GMT+8)

Ivan Monich, PhD, www.Monich.pro
October 24, 2023

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Learning Outcomes of the module

5.0	Ethics and Social Responsibility	Apply principles of ethics and social responsibility in marketing
5.1	Ethical Marketing Issues	Describe the types of ethical and social responsibility issues that marketing must address
5.2	Regulatory Laws	Explain the laws that regulate marketing
5.3	B2B and B2C Marketer Ethical Dilemmas	Explain how ethical dilemmas in B2B marketing differ from those in consumer marketing
5.4	Ensuring Ethical Marketing and Sales	Describe measures companies take to ensure ethical behavior
5.5	Social Responsibility Marketing Impact	Explain how demonstrating corporate social responsibility can impact marketing



Module 5: Ethics and Social Responsibility

Why learn about ethics and social responsibility?

Generally speaking, we believe that there are two primary reasons to act ethically:

1. Acting ethically is the right thing to do from a moral perspective;
2. If company acts unethically, then it might get caught and be punished.
3. In most cases strong ethical behavior leads to strong business results



Tesla and Social Responsibility

Tesla, Inc. was founded in 2003 by a group of engineers who wanted to prove that electric cars could be better than gasoline-powered cars. They hoped to build cars that wouldn't require the tradeoffs in power and comfort of electric cars in the past. The founders pledged that each new generation of cars would be increasingly affordable, helping the company work toward its mission: "to accelerate the world's transition to sustainable energy."



Source: <https://pixabay.com/photos/tesla-tesla-model-x-charging-1738969/>



Tesla and Social Responsibility

In order to design and build luxury electric cars, Tesla invented a number of new technologies that it patented in order to protect its competitive advantage. In June 2014 the company announced that it was releasing access to all of its patents, making its technological advances open to competitors and inventors.



<https://www.istockphoto.com/photo/electric-generic-car-technical-cutaway-gm1355626500-430053939>



“Tesla Motors was created to accelerate the advent of sustainable transport. If we clear a path to the creation of compelling electric vehicles, but then lay intellectual-property land mines behind us to inhibit others, we are acting in a manner contrary to that goal. Tesla will not initiate patent lawsuits against anyone who, in good faith, wants to use our technology.



Outcome: Ethical Marketing Issues

What you'll learn to do: describe the types of ethical and social responsibility issues that marketing must address.

We will begin by introducing definitions to clarify ethical terms and then turn to the issues that marketing professionals most often encounter.

Take a look at their “top eight” list of ethical concerns, below:

1. Gifts, gratuities, bribes (marketing and sales)
2. Price discrimination and unfair pricing (marketing and sales)
3. Dishonest advertising (marketing and sales)
4. Miscellaneous unfair competitive practices
5. Cheating customers, unfair credit practices, and overselling (marketing and sales)
6. Price collusion by competitors or price fixing (marketing and sales)
7. Dishonesty in making or keeping a contract
8. Unfairness to employees and prejudice in hiring



Outcome: Ethical Marketing Issues

The specific things you'll learn in this section include:

- Define ethics in the context of marketing
- Identify common ethical issues and their impact on individuals and organizations
- Identify ethical issues introduced through new marketing channels
- Explain the role of social responsibility in marketing

Learning Activities

The learning activities for this section include the following:

- Reading: Defining Ethics
- Reading: Common Ethical Issues in Marketing
- Reading: New Challenges in Marketing Ethics
- Reading: Corporate Social Responsibility
- Self Check: Ethical Marketing Issues



Defining Ethics

Ethics is the set of moral principles or values that guides behavior. There is a general recognition that many, if not most, business decisions involve some ethical judgment.



<https://pixabay.com/photos/ethics-right-wrong-ethical-moral-2991600/>



Defining Ethics

To create greater clarity for marketing professionals, the **American Marketing Association** has created the American Marketing Association Statement of Ethics. It's helpful to review this short document in order to understand the scope of issues that marketing professionals face. The preamble of the document defines a number of key terms and explains why ethics are of particular importance to marketers:

“

The American Marketing Association commits itself to promoting the highest standard of professional ethical norms and values for its members (practitioners, academics, and students). **Norms** are established standards of conduct that are expected and maintained by society and/or professional organizations. **Values** represent the collective conception of what communities find desirable, important, and morally proper. Values also serve as the criteria for evaluating our own personal actions and the actions of others. As marketers, we recognize that we not only serve our organizations but also act as stewards of society in creating, facilitating, and executing the transactions that are part of the greater economy. In this role, marketers are expected to embrace the highest professional ethical norms and the ethical values implied by our responsibility toward multiple stakeholders (e.g., customers, employees, investors, peers, channel members, regulators and the host community).



**0:30**

Defining Ethics

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Common Ethical Issues in Marketing

Most Difficult Ethical Issues Marketing Professionals Face

- 15% of marketing professionals say bribery is the most difficult ethical issue

Gifts from outside vendors, payment of questionable commissions, "money under the table"

- 14% of marketing professionals say fairness is the most difficult ethical issue

Unfairly placing company interests over family obligations, taking credit for the work of others, inducing customers to use services not needed, manipulation of others

- 12% of marketing professionals say honesty is the most difficult ethical issue

Lying to customers to obtain orders,

misrepresenting services and capabilities

- 12% of marketing professionals say price is the most difficult ethical issue

Differential pricing, charging higher prices than firms with similar products while claiming superiority

- 11% of marketing professionals say product is the most difficult ethical issue

Product safety, product and brand infringement, exaggerated performance claims, products that do not benefit consumers

- 10% of marketing professionals say personnel is the most difficult ethical issue

Firing, hiring, employee evaluation

- 5% of marketing professionals say

confidentiality is the most difficult ethical issue

Temptations to use or obtain classified, secret, or competitive information

- 4% of marketing professionals say advertising is the most difficult ethical issue

Crossing the line between exaggeration and misrepresentation, misleading customers

- 4% of marketing professionals say manipulation of data is the most difficult ethical issue

Falsifying figures or misusing statistics or information, distortion



New Challenges in Marketing Ethics

New marketing channels create opportunities for new tactics, but sometimes these developments bring new ethical challenges. Eventually society may establish what is acceptable behavior and what is not, but that process takes time. Issues of ethics are difficult to discuss. They often are not clear cut.

Study after study demonstrate that consumers want something more from brands than silly images and memes; they want ethical behaviors and communications. Customers increasingly expect brands to place customers ahead of profits and have ethical business practices



Corporate Social Responsibility

So far we have focused on ethical dilemmas in terms of risk. If a company acts unethically, it risks damaging its reputation and its customers' trust—worse, it can face lawsuits and criminal prosecution. In this section we'll discuss one of the ways in which companies attempt to get out in front of such risks by taking a proactive stance on ethics, instead. As you saw with Tesla, companies that place “doing the right thing” at the center of their corporate mission and strategy often see a competitive advantage. Increasingly, they're finding that good corporate citizenship not only benefits customers and communities but is good business, too.



Target Invests in Communities

Target places an emphasis on being a “good corporate citizen” in the communities it serves. Each year the company publishes a corporate responsibility report that shares its goals and progress in a number of areas including the environment, team member well-being, education, and volunteerism.

Target shows that it is committed to protecting the environment by increasing the number of organic foods it offers and by putting in place measures to reduce waste and greenhouse gasses.



Häagen-Dazs Cares about Its Tiniest Suppliers

In 2014, the ice-cream company Häagen-Daz initiated a campaign to raise awareness about the threats to honey bees, which are rapidly disappearing and are vital to the global food chain (and many of the ingredients in flavored ice cream). The company started a honeybee microsite and donated a portion of the proceeds from its honeybee brand to bee research. In November 2014, it raised an additional \$7,000 for research during a two-day Twitter campaign (#HelpHoneyBees hashtag)



<https://pixabay.com/photos/bee-honey-bee-insect-pollination-7478585/>



Self Check: Ethical Marketing Issues

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

If a company is operating with ethical marketing behavior it:

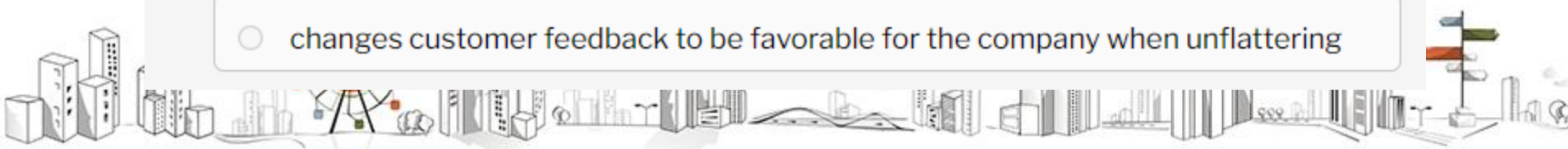


☒ follows marketing practices that are fair and legal

Correct

☐ does not disclose when mistakes have been made

☐ changes customer feedback to be favorable for the company when unflattering



Outcome: Regulatory Laws

What you'll learn to do: explain the laws that regulate marketing

While there are situations in which we expect individuals to act according to higher moral laws, at a basic level we always expect business professionals to follow the law. Most of the laws that impact marketers fall into a category called consumer protection. Consumer protection laws are created to ensure the rights of consumers and to create a fair marketplace for consumers.



The History of Consumer Protection

Government Consumer Protection and Enforcement Agencies

A number of governments agencies are charged with protecting consumers. The U.S. Federal Trade Commission (FTC) was created in 1914 and is charged with protecting America's consumers and promoting competition. The commission includes individual divisions that oversee a range of activities that are of importance to marketers, including the following:

Privacy and identity protection

Advertising practices

Marketing practices

Financial practices



The History of Consumer Protection

In addition to government-based agencies, consumer associations and other nonprofit entities also play an important role in protecting the consumer.

As a marketer, it is important to understand the current laws and consider where there are risks to consumers that might lead to new legislation.

The specific things you'll learn in this section include:

- Explain product liability and its impact on marketing
- Explain privacy law and its impact on marketing
- Explain fraud in the marketing process and its impact

Learning Activities

- Product Liability
- Privacy Laws
- Fraud in Marketing
- Self Check: Regulatory Laws



Product Liability

Product liability is the legal liability a manufacturer or trader incurs for producing or selling a faulty product.

There are three types of product defects that incur product liability:

- design defects,
- manufacturing defects, and
- defects in marketing.



Design Defects

Design defects exist before the product is manufactured. There is something in the design of the product that is inherently unsafe, regardless of how well it is manufactured. Since “product” is one of the primary elements of the marketing mix, the marketer bears responsibility for ensuring that the design results in a product that is safe and that the product will fulfill the promises of the other aspects of the marketing mix such as promotional commitments.

https://pixabay.com/photos/search/hoverboard/?manual_search=1



Manufacturing Defects

Manufacturing defects occur while a product is being constructed, produced, or assembled. Specifically, when a product departs from its intended design, even though all possible care was exercised in the preparation and marketing of the product[1], it is a manufacturing defect. The manufacturer may be very careful with the design, the material selection, the development of the manufacturing process, and the quality-assurance guidelines. Nevertheless, if a poorly manufactured product leaves the manufacturers facility and causes injury when used for any of its intended purposes, then there is a defect in manufacturing.

It might seem that manufacturing defects occur only in product sales and not in the service industry, but there's a very well-known case in this category: the McDonald's coffee case (On February 27, 1992)



Marketing Defects

Marketing defects result from flaws in the way a product is marketed. Examples include improper labeling, poor or incomplete instructions, or inadequate safety warnings. Often marketing defects are referred to as a “failure to warn.” It is important for the marketer to think not only about the warnings that the user might need when using the product as intended but also about other, potentially dangerous uses for which the product was not intended.



Privacy Laws

What does privacy mean in today's world? Privacy is the ability of an individual or group to seclude themselves, or information about themselves, and thereby express themselves selectively. Most of us expect some level of privacy, but the boundaries around privacy can differ depending on the individual and the situation.

The right-to-privacy issue has gotten more complicated as our culture has come to rely so heavily on digital communication—for everything from social networking to education to conducting business



Managing Customer Data

Sometimes companies and organization possess personal data about their customers that is collected during the course of doing business. The most obvious examples are medical organizations that keep confidential patient records, financial institutions that capture your financial data, and educational institutions that record student test scores and grades. Other companies might know your contact information, your purchase patterns, and your Internet-shopping or search history. These organization all have important legal responsibilities to protect your data.



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Basic, fundamental security recommendations

1. Start with security: only collect customer data when necessary; be transparent; and treat the data with extreme care.
2. Control and restrict access to sensitive data.
3. Require strong, secure passwords and authentication; protect access to sensitive data
月亮代表我的心=Yldbwdx
爱我别走如果你说你不爱我=Awbzrgnsnbai
4. Store sensitive personal information securely and protect it during transmission: use best-in-class security technology.
5. Segment your network and monitor who's trying to get in and out
6. Secure remote access to your network: put sensible access limits in place.
7. Apply sound security practices when developing new products; train engineers in security and test for common vulnerabilities.
8. Make sure your service providers implement reasonable security measures: write security into contracts and verify compliance.
9. Establish procedures to keep your security current and address vulnerabilities that may arise; heed credible security warnings.
10. Secure paper, physical media, and devices—not all data are stored digitally.



Protecting Privacy Online

The Internet provides unprecedented opportunities for the collection and sharing of information from and about consumers. But studies show that consumers have very strong concerns about the security and confidentiality of their personal information in the online marketplace. Many consumers also report reluctance to engage in online commerce, partly because they fear that their personal information can be misused. These consumer concerns present an opportunity for marketers to build consumer trust by implementing sound practices for protecting consumers' information privacy.



Notice

Consumers should be given notice of an entity's information practices before any personal information is collected from them, including, at a minimum, identification of the entity collecting the data, the uses to which the data will be put, and any potential recipients of the data.



Choice

Choice and consent in an online information-gathering sense means giving consumers options to control how their data is used. Specifically, choice relates to secondary uses of information beyond the immediate needs of the information collector to complete the consumer's transaction. The two typical types of choice models are "opt-in" or "opt-out." The opt-in method requires that consumers give permission for their information to be used for other purposes. Without the consumer taking these affirmative steps in an opt-in system, the information gatherer assumes that it cannot use the information for any other purpose. The opt-out method requires consumers to affirmatively decline permission for other uses. Without the consumer taking these affirmative steps in an opt-out system, the information gatherer assumes that it can use the consumer's information for other purposes.



Access

Access, as defined in the Fair Information Practice Principles, includes not only a consumer's ability to view the data collected but also to verify and contest its accuracy. This access must be inexpensive and timely in order to be useful to the consumer.



Security

Information collectors should ensure that the data they collect is accurate and secure. They can improve the integrity of data by cross-referencing it with only reputable databases and by providing access for the consumer to verify it. Information collectors can keep their data secure by protecting against both internal and external security threats. They can limit access within their company to only necessary employees to protect against internal threats, and they can use encryption and other computer-based security systems to stop outside threats.



Fraud in Marketing

Fraud is the deliberate deception of someone else with the intent of causing damage. The damage need not be physical damage—in fact, it is often financial.

The Federal Trade Commission has determined that a representation, omission, or practice is deceptive if it is likely to:

- mislead consumers and
- affect consumers' behavior or decisions about the product or service.



Fraud in Marketing

- Product
- Price
- Promotion
- Place



Self Check: Regulatory Laws

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

The legal liability a manufacturer or trader incurs for producing or selling a faulty product is known as:

☐ corporate social responsibility

☐ privacy laws

☒ product liability

Correct



Outcome: B2B and B2C Marketer Ethical Dilemmas

When businesses engage in selling to other businesses or to government entities, the laws, policies, norms, and ethics change. Some challenges involved in marketing to consumers are minimized, or go away altogether, but other ones arise. In this module we will explore the unique ethical challenges and opportunities in business-to-business marketing.

The specific things you'll learn in this section include:

- Explain how B2B marketing creates unique ethical risks and challenges
- Describe the risks associated with customer gifts and bribes

Learning Activities

- Ethics in B2B Marketing
- Gifts and Bribes
- Self Check: B2B and B2C Marketer Dilemmas



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Ethics in B2B Marketing

You will recall that business-to-business (B2B) marketing differs from business-to-consumer (B2C) marketing in key ways. B2B marketers sell to other businesses or institutions, which then consume the product as part of their business operations or use the product in the assembly of the final product they sell to consumers. B2C marketers focus their efforts on consumers—the individuals who consume finished products.



B2C vs B2B

For a B2C company selling to a large consumer audience, pricing is fairly uniform for all buyers, and the marketing and legal teams typically review the pricing strategies and communications.

In a B2B sales environment this process is very different.

<https://www.istockphoto.com/en/photo/team-business-people-planning-strategy-brainstorming-and-analysis-marketing-business-gm1418651602-465271780?phrase=negotiation>



B2B sales processes generally have fewer controls than B2C processes for a number of reasons:

1. Personal sales are relationship based, requiring the seller to tailor the process according to the buyer's personality and approach
2. B2B sales are often large and complex, which necessitates personalizing the marketing mix to the individual buyer
3. Pricing is negotiated between the buyer and seller, rather than being set and uniform across all customers
4. Communication about the product and pricing takes place mainly through informal or formal verbal presentations and discussions



Structural Challenges in Personal Selling

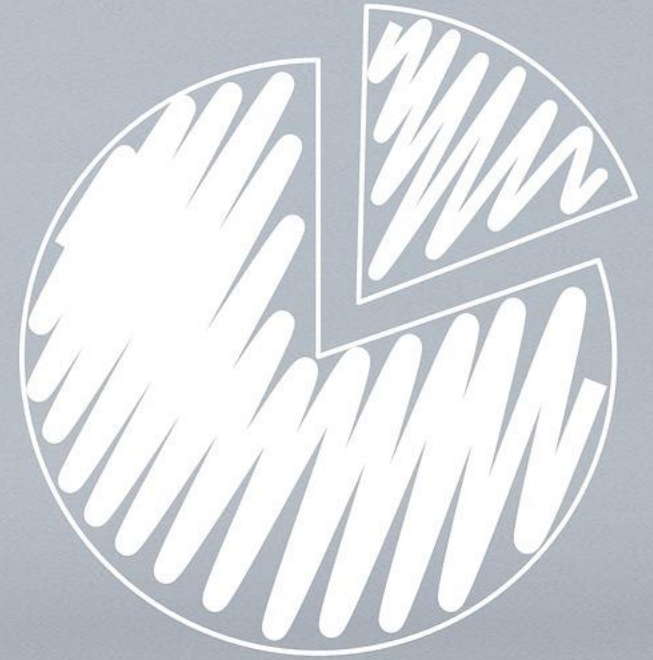
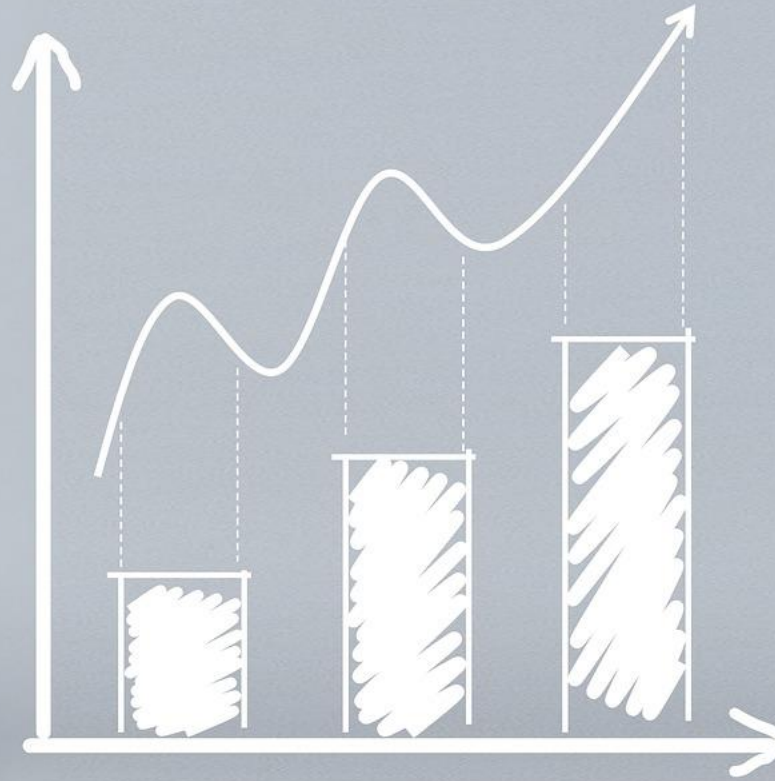
Often a B2B company will spend approximately 20 percent of its total revenue on sales costs, with a significant portion of that paid out in commissions. In other words, if a company buys a software package that costs \$1 million, as much as \$200,000 will be paid in sales commissions. This is generally distributed through the sales management chain, such that an individual sales rep is paid a commission on his sales, and a sales manager is paid a commission on the sales from all of the sales reps that she manages.

Commission Plan Example

Amount Sold	Sales Quota	Commission Percent	Commission Paid
\$500,000	\$1 million	0%	\$0
\$1 million	\$1 million	10%	\$100,000
\$1.5 million	\$1 million	15%	\$225,000



Source: <https://pixabay.com/photos/analytics-charts-business-woman-3265840/>



Diverse Policy Requirements

Finally, while all marketers are required to be aware of state laws that impact their work, B2B marketers must also understand the procurement policies of the organizations to which they sell. The policies and guidelines can vary significantly. Company policies will generally define:

- The total purchase authority of a single individual or department
- The threshold at which a purchase decision must go out for competitive bid
- The circumstances under which the company's status as a customer can be disclosed
- A dollar threshold for gifts from vendors



Gifts and Bribes

Gift giving in business is commonplace and contentious at the same time. Business gifts are usually seen as an advertising, sales-promotion, and marketing-communication medium. Such gifting is usually practiced for the following reasons:

- In appreciation for past client relationships, placing a new order, referrals to other clients, etc.
- In the hopes of creating a positive first impression that might help to establish an initial business relationship
- As a favor or expecting a favor in return for something



Three Dimensions of Evaluating Gifts

Three-dimensional framework by which to evaluate whether a gift crosses the line into bribery. (Remember that a bribe is something given to induce someone to alter their behavior—in this case, to write a favorable product review.) The framework helps establish guidelines for keeping business gifting aboveboard.

- Content
- Context
- Culture



Self Check: B2B and B2C Marketer Ethical Dilemmas

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

What type of business would publish a new product marketing promotion in the local newspaper, online, and in stores?

☐ business-to-business

☐ business-to-non-profit



☒ business-to-consumer

Correct



Outcome: Ensuring Ethical Marketing and Sales

What you'll learn to do: describe measures companies take to encourage ethical behavior

The specific things you'll learn in this section include:

- Explain the importance of ethics policies and a culture of accountability for all employees
- Identify the unique ethical considerations and roles for company executives
- Describe how companies manage ethical behavior of marketing employees

Learning Activities

- Reading: A Culture of Accountability
- Reading: Executive Role in Ethics
- Reading: Ethics for Marketing Employees
- Simulation: Ethics
- Self Check: Ensuring Ethical Marketing and Sales



A Culture of Accountability

Policies That Encourage Ethical Behavior

Many companies have a specific policy that defines appropriate behavior. The policy is often called the Standards for Business Conduct. As the name suggests, the policy is intended to set the standards for acceptable behavior; it's not meant to be an exhaustive list of every type of ethical behavior.

Many of these policies do the following:

- Define the threshold for behavior
- Create expectations for behavior
- Set policy
- Give guidance on making judgment calls
- Describe reporting and enforcement procedures



The Legal Threshold

“

You must, at all times, obey the laws of the jurisdictions where we conduct business. Starwood conducts business all around the world. Our associates are citizens of many countries. As a result, our operations are subject to the laws of many jurisdictions. It is often challenging for us to understand how those various laws apply to our businesses. However, whether you are a Starwood associate or member of the Board of Directors, you are expected to conduct yourself in accordance with applicable law.

Starwood is a company organized under the laws of the United States and is generally subject to U.S. federal law. From time to time, the laws of the United States conflict with laws of a city, town, country or other jurisdiction where we conduct business. If there is a conflict between the applicable laws, seek guidance from the Office of the General Counsel (Legal). [\[2\]](#)



Creating Expectations for Behavior

Where is the line between an appropriate tip and a gift? Starbucks has defined this for employees in its Standards of Business Conduct:

“

A gift or favor should not be accepted or given if it might create a sense of obligation, compromise your professional judgment or create the appearance of doing so. In deciding whether a gift is appropriate, you should consider its value and whether public disclosure of the gift would embarrass you or Starbucks.

A gift of money should never be given or accepted. (Some retail partners, however, may accept customary tips for service well done.) As a general rule, partners should limit gifts to or from any one vendor or business associate to US \$75 per year. A gift of nominal value may be given or accepted if it is a common business courtesy, such as coffee samples, a coffee cup, pens or a similar token. However, during traditional gift-giving seasons in areas where it is customary to exchange gifts of money, such as China, Japan, Malaysia, Singapore and Thailand, partners should not solicit but may exchange cash with nongovernmental business associates in nominal amounts up to the equivalent of US \$20.^[3]

<https://pixabay.com/photos/starbucks-coffee-cups-cafe-1281880/>



Setting Policy



United Parcel Service (UPS) groups the sections of its Code of Business Conduct into stakeholder groups: our company, our people, our customers, our shareholders, and our communities. This enables the company to address a range of workforce expectations, such as workplace safety:

“

UPS is committed to a safe work environment that is free of threats, intimidation, and physical harm. Everyone has a right to work in a safe environment and everyone shares the responsibility for ensuring the safety of others. We have zero tolerance for workplace violence, and we will investigate and take appropriate action up to and including dismissal regarding any threats to a safe workplace.

UPS prohibits violent behavior in the workplace including, but not limited to, physical assaults, fighting, threatening comments, intimidation, threats through electronic communications including social media, and the intentional or reckless destruction of property of the company, employee, UPS representative, or customer. Comments or behavior that reasonably could be interpreted as intent to do harm to people or property will be considered a threat. We also prohibit the unauthorized possession and/or use of weapons by any employee or UPS representative while at work, on company property, or while on company business.^[4]



Judgment Calls

No policy will address every issue, nor should it try. Most policies try to guide employees in the way they should make judgment calls. In its Standards of Business Conduct, American Airlines addresses this issue specifically:

“

Remember, your best resource about what's right or wrong is your own conscience. So if you find yourself in a difficult situation, think before you act. And ask yourself the following questions:

- Is it legal? If it's not legal, don't do it.
- Is it ethical? If it feels wrong, it probably is wrong.
- How would it look in the newspaper? If you wouldn't feel comfortable if your friends and family knew about your actions, you probably shouldn't do it.^[5]



<https://pixabay.com/photos/american-airline-aircraft-travel-2721441/>



Executive Role in Ethics

These findings suggest the important role that executives play in building ethical organizations—ethics and integrity tend to start (or fail) at the top and trickle down.

- Executives Set Company Objectives
- Executives Create Company Policy
- Executives Hire and Promote Company Managers



Ethics for Marketing Employees

Marketers have a specific set of responsibilities when it comes to preventing and addressing ethical issues. These are described below.

- Demonstrate Respect for Your Target Customer
- Prepare the Sales Team to Sell Effectively and Ethically
- Demonstrate High Personal Standards in Business Relationships
- Provide Fair Value to the Target Customer
- Play Nicely in the Competitive Environment
- Be Truthful



Self Check: Ensuring Ethical Marketing and Sales

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

One of the main tools a company uses to identify appropriate behaviors and make this understanding accessible throughout the company is a:

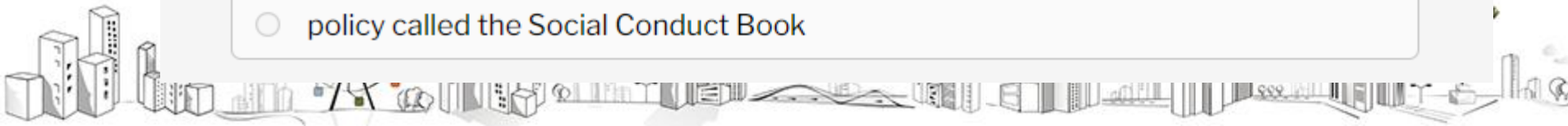
☐ policy called the Corporate Environment Diagram



☒ policy called the Standards for Business Conduct

Correct

☐ policy called the Social Conduct Book



Social Responsibility Marketing Impact

What you'll learn to do: explain how demonstrating corporate social responsibility can impact marketing

The specific things you'll learn in this section include:

- Define social responsibility
- Identify examples of social responsibility that create value for customers
- Explain the impact of social responsibility on marketing results

Learning Activities

- Reading: Social Responsibility in the Marketing Strategy
- Reading: Social Responsibility Initiatives
- Self Check: Social Responsibility Marketing Impact



Social Responsibility in the Marketing Strategy

You'll recall that we defined corporate social responsibility as the ethical behavior of a company toward society. It means acting responsibly toward the stakeholders—not just the shareholders—who have a legitimate interest in the business. Let's focus on how marketers use corporate social responsibility to achieve marketing objectives.

THE MARKETING PLANNING PROCESS



Coca-Cola

Coca-Cola's mission is:

To refresh the world . . .

To inspire moments of optimism and happiness . . .

To create value and make a difference.

In support of the vision, the company has created what it calls a “roadmap” that defines the focus areas for company strategies and tactics. These include:

- People:
- Portfolio:
- Partners:
- Planet:
- Profit:
- Productivity



Social Responsibility Initiatives

Regardless of broader benefits, there is a strong business case for social responsibility. Public companies' stock prices benefit from strong social responsibility initiatives. Trillions are invested based on socially responsible investment strategies.



Social Responsibility Programs

In defining social responsibility programs and goals, companies are acknowledging a commitment to creating a better world. How do they determine where to focus these efforts and what are they trying to achieve? Generally, companies are expanding on unique market strengths that benefit society and trying to reduce the negative impact of their products on society.



Creating Sustainable Products

A sustainable product focus may include:

- Use of organic raw materials
- Sustainably harvesting of raw materials
- Emphasizing human rights and labor conditions in sourcing decisions
- Use of renewable energy in the production process
- Ensuring that use of the product creates a positive impact on the community
- Creating product recycling and reuse options
- Improving the impact of the product's use on human and environmental health



Creating Sustainable Products

The intent of a sustainable product strategy is that the company is identifying the impact of its products on society at every phase of the product lifecycle, and minimizing the negative impacts. Sustainable product initiatives are so broad in scope that they often encompass all of the social responsibility initiatives. This broad scope also requires companies to be focused and realistic about what they can achieve, setting appropriate objectives that demonstrate progress and identify where more work is needed.



Self Check: Social Responsibility Marketing Impact

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in the previous section. This short quiz does not count toward your grade in the class

Depending on the company, social responsibility fits most comfortably in what area of the marketing planning process?

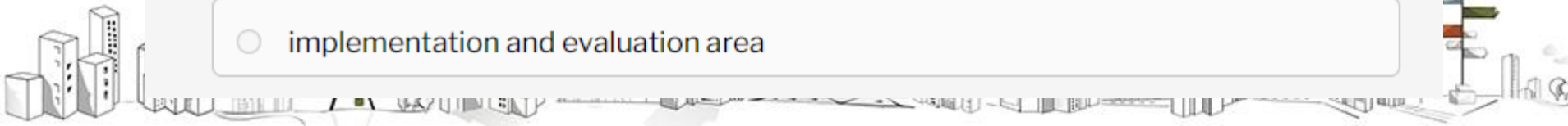


☒ corporate mission or marketing strategy

Correct

☐ situational analysis area

☐ implementation and evaluation area



Putting all together

Ethics and Social Responsibility

In this module we've covered a range of different corporate ethical challenges, legal requirements, and opportunities to contribute to social good.

The five factors, which are nicely aligned with the topics of this module, are given below, each with a brief video description of how the companies show compliance.

1. Ethics and Compliance Program
2. Corporate Citizenship and Responsibility
3. Culture of Ethics
4. Governance
5. Leadership, Innovation, and Reputation



WORLD'S MOST ETHICAL COMPANIES: OFFICE HOURS



Ethics and Compliance Program



We discussed this topic in our focus on company policy, along with the important role of executive leadership in supporting and following the policy. This category reviews the ethics program structure, responsibility, and resources, and evaluates the program oversight and tone among top management in the company.

In the following video, Walmart's chief ethics officer, Cindy Moehring, explains how the compliance and ethics team makes this sophisticated program simple.

Source: <https://www.youtube.com/watch?v=OfI2NfCqoB8>



Corporate Citizenship and Responsibility



We've looked at a number of ways in which companies can be good corporate citizens and “give back” to society and stakeholders. In this category, video evaluates a wide range of a company's performance indicators associated with sustainability, and social responsibility, with special attention to areas such as environmental stewardship, community involvement, corporate philanthropy, workplace impact and well-being, and supply chain engagement and oversight.

In the video below, Executive Vice President of Government Affairs, General Counsel, and Corporate Secretary of PepsiCo Tony West discusses the responsibility to society that businesses have:

Source: <https://www.youtube.com/watch?v=tMjmK9wu5J0>



Culture of Ethics

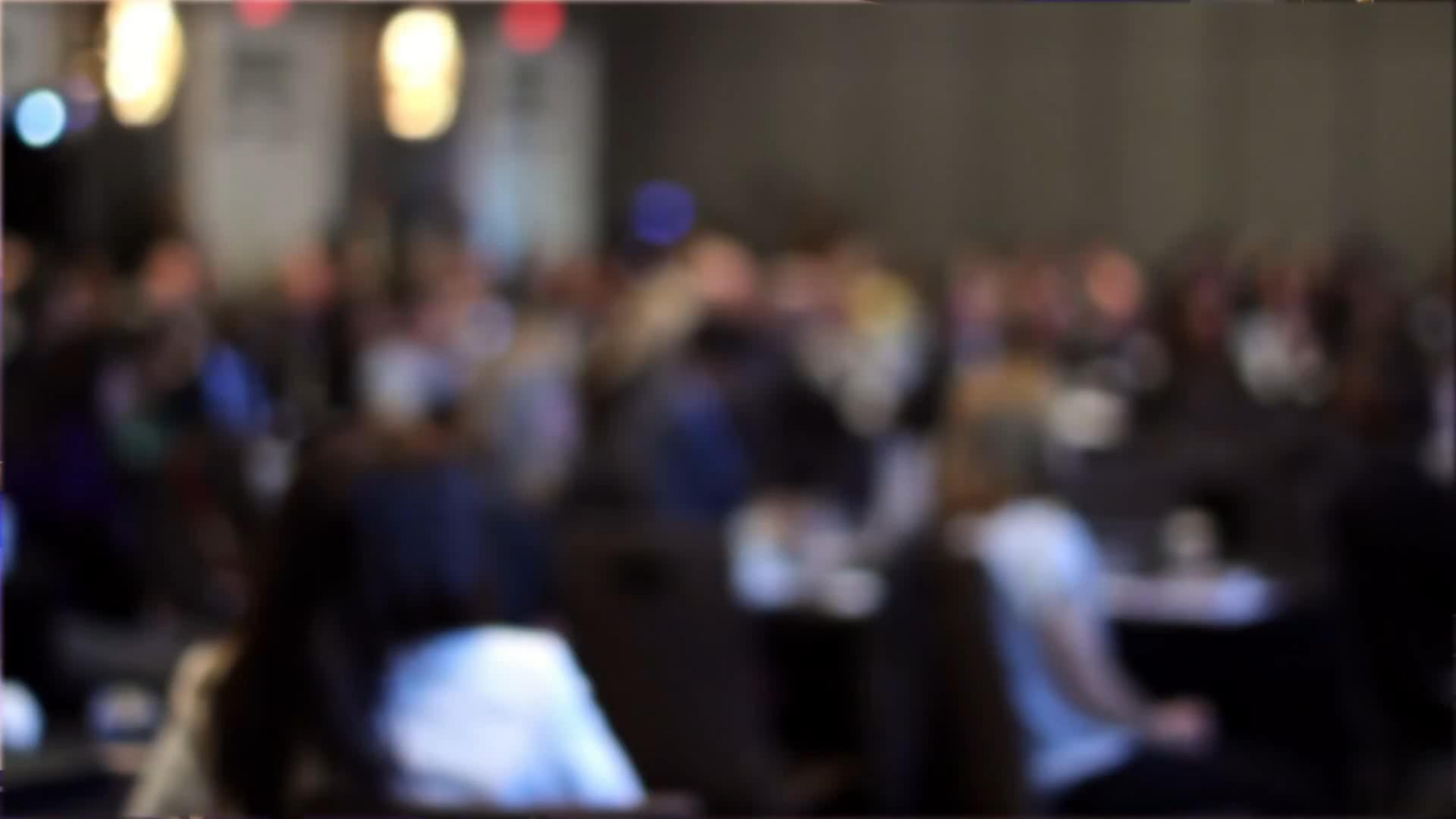


We also discussed the importance of building a culture of accountability within an organization. In this area the Ethisphere evaluation measures an organization's efforts and success at establishing an ethical tone throughout every level of the company.

In the following video, Tony West of PepsiCo shares insight on sustainable ethical cultures, employee values, and their persistence over time

Source: <https://www.youtube.com/watch?v=CEDDUXgegEc>





Governance



We discussed the importance of executive leadership when it comes to monitoring and promoting a quality company culture. This category of the review examines the availability and quality of systems designed to ensure strong corporate governance, which not only includes executive managers, but also the company's board of directors.

CH2M Hill board member Georgia Nelson discusses the positive effects of board diversity on corporate governance and innovation in the video below:

Source: <https://www.youtube.com/watch?v=jCbt0ggVhlc>



Thank you for your attention

