

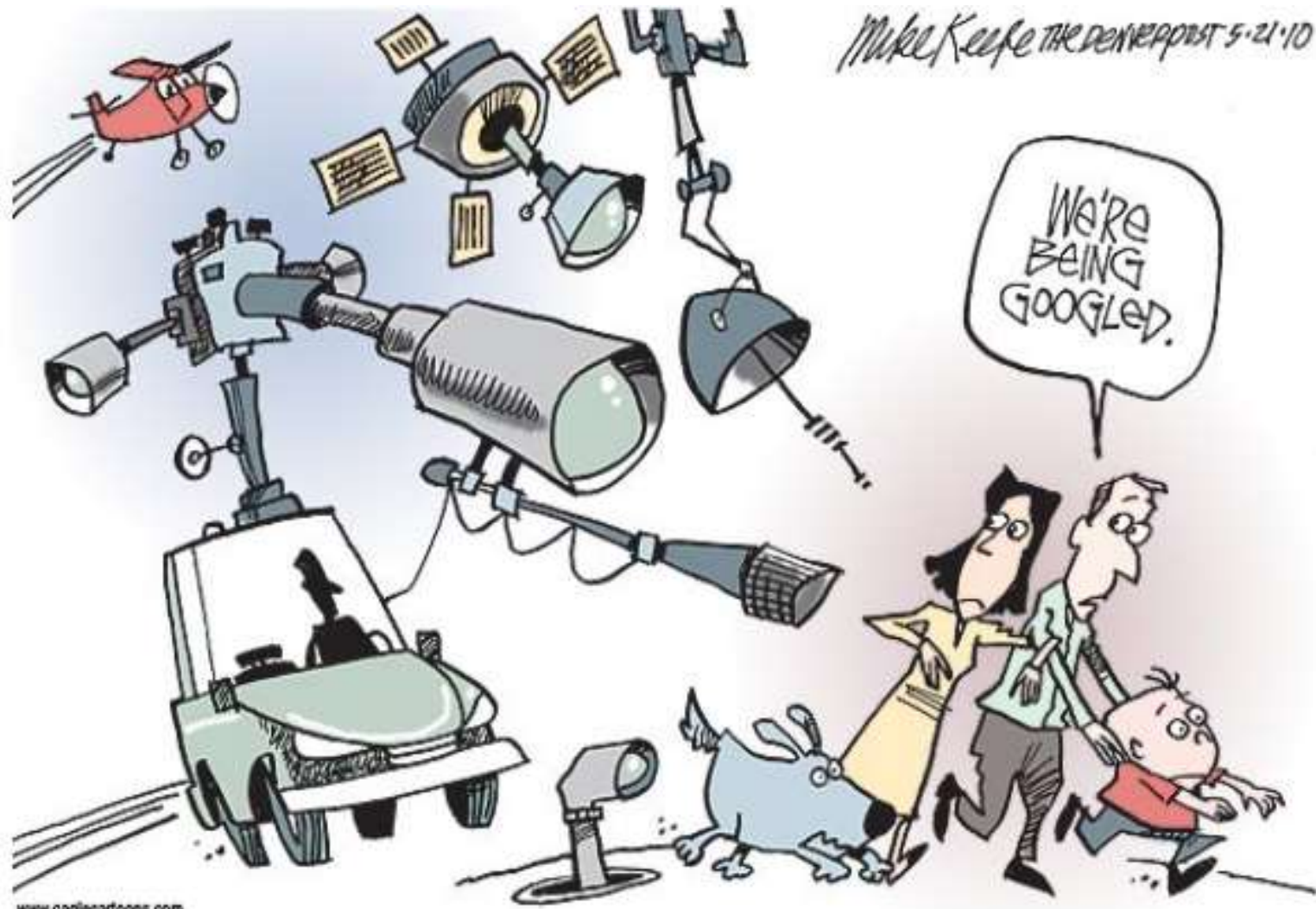
# The Ethics of Digital Marketing

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# Recent Articles on Ethical Issues

- *WSJ* series on “What They Know”  
“Microsoft Quashed Efforts to Boost Online Privacy” —8/2/10; “On the Web’s Cutting Edge, “Anonymity in Name Only” —8/4/10; “On the Web, Children Face Intense Tracking” —9/18/10
- “The Pants that Stalked Me on the Web,” *Advertising Age*, 8/2/10
- “Seeing that Ad on Every Site? You’re Right. It’s Tracking You,” *New York Times*, 8/30/10
- “Facebook Fights Privacy Concerns,” *WSJ*, 8/22

# Preliminary Thoughts

- www—The “ Wild Wild” West
- A Decade Ago—“Consumer Online Privacy: Legal and Ethical Issues,” Caudill and Murphy
- “Personal” Shopper for you and your friends—Walmart vs. Facebook and other websites
- Big Brother

# Outline

- Introduction with definitions and comparisons
- Ethical theories/traditions
- Ongoing and new ethical issues
- Ethical concerns with social media
- Concluding comments

# Digital Marketing

- Digital marketing is the promoting of brands using all forms of digital advertising. The focus here will be on the new media.
- New media include the Internet, blogs, mobile marketing and social media.
- Social media refer to outlets where individuals rather than organizations provide the content such as Face book, Twitter, web forums and comment sections on programming.

# Similarities and Differences with Traditional Marketing

- Similarities

Mass media are free or less costly because of advertising

Intrusiveness and potential manipulation by advertisers are longstanding concerns

- Differences

Internet has characteristics of many media

Individual targeting has become more sophisticated



"We have to be forthright with the public. We have to have their confidence. We have to convince them we're working for the common good. *Then* we can invade their privacy."

# Ethical Traditions/Theories

- Utilitarianism—a decision is judged as ethical or unethical based exclusively on outcomes or consequences--greatest good
- Duty-based theory—a decision is judged as ethical or unethical based solely on the intentions or reasons of the decider—puts consequences aside
- Ethics of virtue—personal character driven and not decision driven

# Utilitarianism and Digital Marketing (DM)

- Egoism is a special case—benefits for one individual or organization instead of many
- Most digital and new media marketing uses utilitarian argument
- Benefits—targeted advertising, low search costs, more interesting and relevant websites
- Costs—reduced privacy, big brother fears
- Recent Microsoft decision

# Duty-Based Ethics and DM

- Intentions or reasons, not consequences, make a decision ethical or unethical
- Rights and duties—two sides of same coin
- US—rights-based society
- Right to privacy—COPPA
- US vs. Europe on digital marketing regulation
- Europe is more community oriented and the US is more individualistic

# Ethics of Virtue and DM

- Focus is on the person and not the decision
- Aspirations are key idea
- Moral virtues are good habits that are learned
- Ethic of the mean
- Virtues applied to DM—trust, transparency, integrity and vigilance
- Trust---building, maintaining, reservoir
- “Character” questions about some DM decision makers

# Marketing Techniques in DM

- STP—key concepts in marketing—segmentation, targeting and positioning
- Marketing research
- “Cookies” —first party and third party--library
- Behavioral targeting
- Remarketing—ad for a product you have considered shows up on many websites--Zappos
- Location-based marketing—Google Places

# Established 'New Media' Marketing

- One way communication flow
- Google—search, maps, gmail
- Amazon—remembers choices, gives recommendations, compares searches against similar demographics
- Netflix—makes recommendations
- Your favorite online marketer

# Ethical Issues with These Media

- Vulnerable consumers—not just young, less privileged and less educated
- Transparency or lack thereof
- Benefits vs. costs
- Ownership of information
- Remarketing—unsettling, stalking, creepy
- Virtue ethics concerns—trust, integrity

# New 'New' (Social) Media

- Facebook
- You Tube
- Twitter
- Wikis
- Flickr.com
- Blogs
- News Aggregators

# THE OBSERVER

*The Independent Newspaper Serving Notre Dame and Saint Mary's*

VOLUME 45 : ISSUE 19

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NDSMCOBSERVER.COM

## Employers target Facebook accounts



**"I think part of our generation, now that we're mature, has grown up and is now realizing the consequences."-Nick Normandin, ND Senior**

**Word-of-Mouth Marketing Practices that Are Unethical according to US Marketers, December 2005-January 2006 (% of respondents)**

**Hiring incentivized agents from a third party to post reviews about our products or services on blogs or message boards**

**74.8%**

**Using incentives to get people who are not using our products but who are on our mail lists to talk about our products and services**

**61.7%**

**Sending unsolicited e-mails to our customers**

**59.8%**

**Creating a character blog**

**21.5%**

**Creating a company blog to promote our services**

**6.5%**

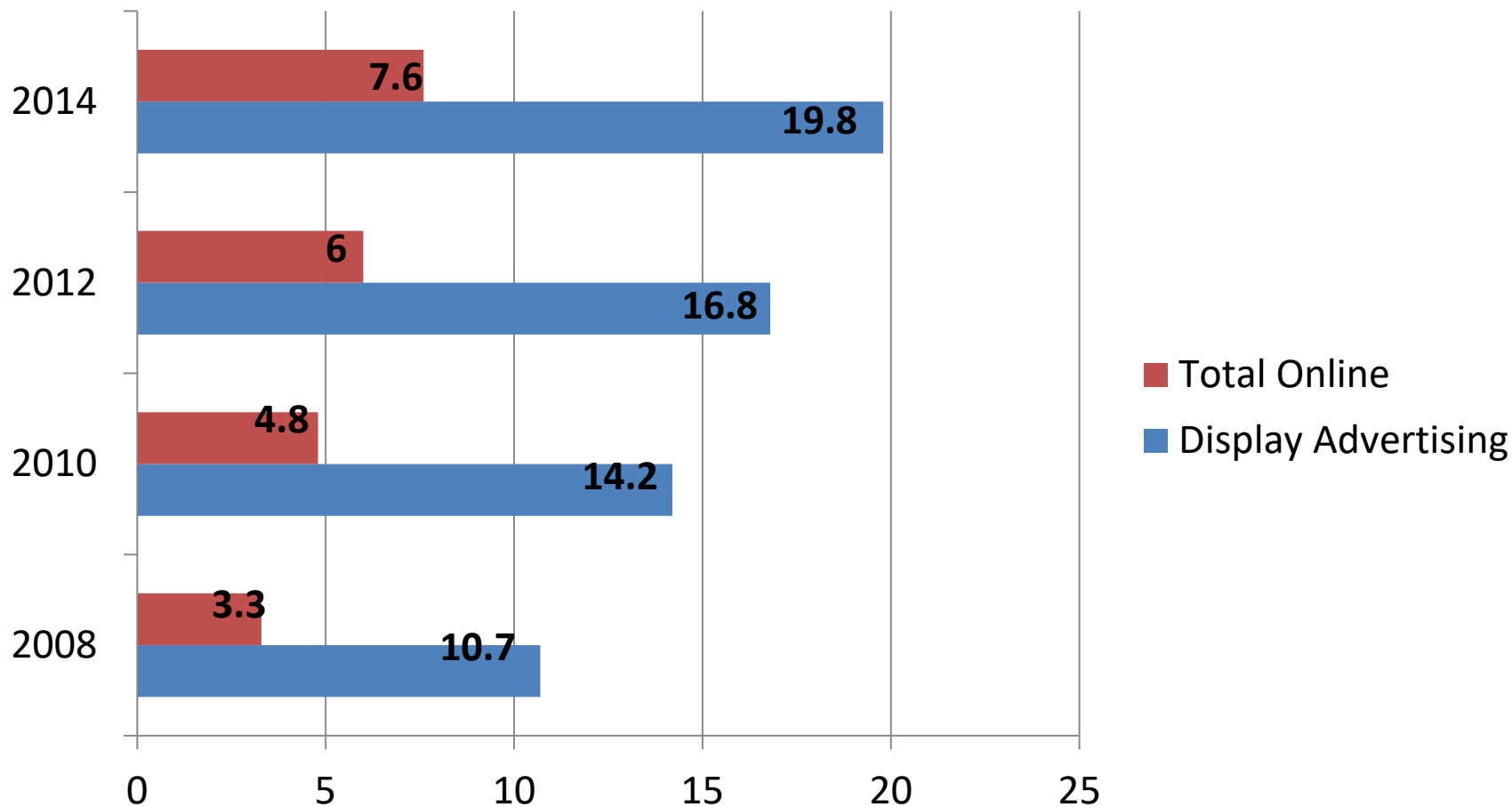
**Using paid search engine marketing**

**5.6%**

*Note: n=122*

*Source: Osterman Research commissioned by BoldMouth, May 2006*

# US Behaviorally Targeted Online Ad Spending as a Percent of Total Display and Total Online Ad Spending, 2008-2014



Note: Display Ads include banners, rich media and online video

Source: eMarketer, January 2010

# Ethical Issues with Social Media

- Social media tools are(n't) marketing tools; they are content creation and communication tools
- Transparency of communicators
- Loss of trust—social media is all about conversations and building relationships and trust
- Benefits and costs
- Anonymity to other users

# Dangers of Web Tracking

- Possibility of our personal information:
  1. falling into the wrong hands
  2. may be used to influence our behavior and even our thoughts in ways that are invisible to us (i.e., manipulation)
  3. eroding of personal privacy may lead us as a society to devalue the concept of privacy

Source: N. Carr, *The Wall Street Journal*, 8/8/10.

# Concluding Comments

- 21<sup>st</sup> Century Marketing Ethics—Higher expectations by consumers and society
- Finding the “balance” between business/ marketing interests and privacy
- Power-responsibility equilibrium
- Need to be more proactive than reactive
- Possible parallel with telemarketing (“Do Not Track” list??)