

# Info With Integrity

## Ethics in Marketing-Information Management

**So What**

Shane's supervisor asked him to create a survey to find out what customers think about his company's products. Shane is very busy, so he created the survey without much thought. After getting the results from the survey back, Shane realized that the results weren't favorable. Most customers expressed serious issues with a new product line—one that Shane himself had worked on. Shane was unhappy with the survey results, and he knew that his boss would be even more unhappy with them. He decided to omit some of the negative responses when presenting the results to his boss.

Unfortunately, Shane's unethical decision led to negative consequences for his company. Because Shane wasn't open about the poor feedback, the company did nothing to change the product. Customers became angry, sales started to decline, and the company's performance began to suffer.

If Shane had known how important it was to be ethical when managing marketing information, he might have made a different decision—one that would help, rather than hurt, his company. Read on to learn more about the essential role of ethics in marketing-information management.

## Get the Info

Marketing-information management is a function that involves gathering, accessing, synthesizing, evaluating, and disseminating information related to marketing. Marketers use this information to make decisions and plan marketing strategies. Many different types of marketing information are useful to companies. Some of these include:

- Sales information
- Customer information
- Product information
- Company financial information
- Competitive intelligence
- Information about the business environment



## Objectives

- A** Explain the nature of ethics in marketing-information management.
- B** Describe types of ethical issues related to marketing-information management.

Marketers seek out this information from a variety of different sources, including both **internal** and **external** sources. Internal marketing information is data that can be found inside a business. Examples include sales data and customer information. External marketing information comes from outside of the business. It is usually related to competitors or the business environment. Marketing data are also categorized as either **secondary** or **primary**. Secondary data have already been collected for other purposes. For example, if you read a market segmentation report that was completed by a firm a couple of years ago, you are using secondary data. On the other hand, primary data are collected via marketing research specifically for a problem at hand. Data-collection tools frequently used for primary marketing research include surveys, focus groups, interviews, observational studies, and test marketing.



To learn more about both secondary and primary marketing research, watch this video from MarketingTeacher.com: <https://www.youtube.com/watch?v=WPTz5uJJXPQ>.

Managing all of these different types of marketing information can get complicated. Marketing data are often sensitive and critically important to a business's success. They include private, personal information that often provides a business with a competitive advantage. Therefore, marketing information needs to be treated carefully.

Marketers have to follow certain guidelines to make sure they are managing information efficiently and effectively. One way that they can do so is by following ethical principles. **Ethics** are the basic principles that govern behavior. They help people know what is right and wrong in various situations.



▲ Ethics are essential for building strong relationships with customers and obtaining their trust.

When obtaining, processing, and reporting marketing data, ethics are a must. Ethics help to maintain the integrity of marketing information. It is essential that the data marketers collect are reliable, accurate, and not harmful to anyone. Customers, partners, and society at large need to be able to trust that marketers are providing them with quality data and handling their private information in an ethical way. The business itself also relies on the integrity of marketing information. Think about it—if sales reports, competitive intelligence, or economic indicators are not accurate, any decisions based on that information would likely not be effective. Furthermore, unethical decisions related to marketing-information management can lead to consequences such as legal penalties, loss of revenue, and damaged reputations.

## An Ethical Mindset

When determining how to obtain and use information, marketers can look to several ethical principles to guide them in the right direction.

**Objectivity.** Objectivity means viewing things in an unbiased manner. When you are objective, you do not allow your own personal needs and desires to impact your decision-making. Marketing information needs to be objective because biased information is not helpful, useful, or fair.

However, it is not always easy to be objective. Companies may be tempted to skew marketing information to support their interests or their previously established ideas. For example, let's say a retail company performs a survey and finds that over 80% of its customers are not satisfied with their purchases 30 days after buying. This survey result does not reflect well on the company. However, the company cannot omit that fact or frame the question in a way that makes the results appear more positive than they are. Objective information is much more useful because it gives marketers an accurate analysis of the situation. One way to maintain objectivity is to invite an uninvolved third party to analyze information and provide feedback. An outsider's perspective can help marketers recognize when they are affected by biases that they might not even be aware of.



▲ It's important to make sure that all questions in a survey are objective.

**Credibility.** Credibility is believability. It is critical that marketers ensure the information they manage is believable. Otherwise, no one will trust the information and it won't be useful. Credibility builds **trust** in marketers. Marketers can establish credibility by using quality research methods, being open about those methods, and backing up the research with transparent, objective analysis.

When marketers are ethical in all aspects of the information management process, they will build a credible reputation. Ethical marketing information is much more believable than information that is obtained or reported in unethical ways. You would probably be a lot less likely to trust a company that has been caught stealing data from competitors or lying to customers about how it uses personal information!



**Integrity.** Integrity is adhering to an established set of personal ethics and sound moral principles. It includes acting with honesty in all situations, even difficult ones. In general, marketers should strive to have integrity throughout all phases of the information management process.

**Transparency.** Marketers need to be transparent about the information they collect, which means maintaining truthful and open communications. They should inform participants and customers when information is being collected, explain research collection methods, and share ways information will be used.



**Accountability.** Accountability is accepting responsibility for all decisions and being liable for your actions. When marketing researchers are accountable, they are the ones in control of and liable for whatever happens as a result of their work.

**Rule of Law.** Marketers must comply with the spirit and intent of all regulations and laws that affect their businesses. There are many laws that dictate what marketers can and cannot do when gathering information. They instruct marketers on how to communicate with consumers, what to do with their personal information, and more. The Federal Trade Commission is the governmental body in charge of protecting consumers through marketing regulations.





To learn more about specific marketing laws, visit the FTC's web page entitled "Advertising and Marketing" at <https://www.sba.gov/starting-business/learn-about-business-laws/advertising-marketing-law>.

## Summary

Marketing-information management is a function that involves gathering, accessing, synthesizing, evaluating, and disseminating information related to marketing. It includes internal and external data, as well as primary and secondary data. When dealing with marketing information, it is important to be ethical. Ethics are the basic principles that govern behavior. They help to maintain the integrity of marketing information. By following ethical principles, marketers make sure that the information they are using is objective and credible, which makes the information more useful and likely to produce success. Some ethical principles that can guide marketers are integrity, transparency, accountability, and the rule of law.

## TOTAL RECALL

1. What is marketing-information management?
2. What is the difference between internal and external information?
3. What is the difference between primary and secondary information?
4. What are ethics?
5. What is objectivity?
6. What is credibility?
7. What are two examples of ethical principles that are important for marketing-information management?

## THE GRAY ZONE

A bookstore has a customer rewards program that allows frequent customers to sign up to receive discounts, invitations to events, newsletters, and other benefits. To sign up for the program, customers must provide their names, email addresses, phone numbers, addresses, and ages. The store also tracks their purchases and the events that they attend.

Recently, a new coffee shop opened up across the street from the bookstore. The owner of the coffee shop reached out to the bookstore's marketing manager and asked if the bookstore would be willing to share its customer information. The coffee shop owner thinks that the two businesses have similar target markets and wants to make sure that frequent bookstore patrons are aware of the new coffee shop opening. Is it ethical for the bookstore to share customer information with the coffee shop? Why or why not? What actions could the bookstore take to be more ethical in this instance?

# Ethical Conflicts in Marketing-Information Management

Marketing-information management is complex and made up of many different processes and procedures. Furthermore, different types of information bring different types of ethical conflicts.

## Competitive intelligence

One of the most important types of marketing information is competitive intelligence. Marketers need to know what the competition is doing so they can position themselves in the marketplace. If companies do not pay attention to their competitors' products, prices, promotion, and distribution, they might miss out on opportunities and threats. They will likely fall behind the competition.

Some competitive information, such as prices, promotional efforts, and product lines, is freely available on the company's website or in other media outlets. There is nothing unethical about obtaining and using this information because it is publicly available.

What about competitive information that is *not* publicly available, though? Companies tend to be protective of their marketing strategies because they do not want to give competitors an edge. Trying to obtain this information can bring about ethical dilemmas. You might already know that it is against the law to look through your competitors' trash or to hack into their files to find information. However, sometimes the situation is not so straightforward.

For example, let's say your friend Jesse works for one of your competitors. When the two of you are getting dinner together, he hints that his company is releasing a new product line. Is it ethical for you to push him for details? Or suppose that you work for a software company and you want to know what your competitor's product is like. You can obtain a free 30-day trial if you pretend to be a customer, but would that be ethical? What about hiring an employee who previously worked for your competitor and asking him/her to tell you about the previous employer's marketing strategies? Would that be right?

In general, marketers should strive to be honest and avoid **conflicts of interest** when obtaining competitive intelligence. A good way to determine if competitive intelligence is ethical is to think about it from your competitors' points of view. If they were to use the same tactics against your company, how would you feel? Would you feel that the actions were fair, or would you feel deceived or tricked?



- ▲ Recently, ride-hailing company Uber was sued for hiring a former employee of its competitor, Waymo. The employee was accused of sharing trade secrets and infringing on patents.

## Technology

The digital world has brought with it a variety of new ethical dilemmas in marketing-information management—including many issues related to **privacy**. Think of a time when you filled out a customer feedback survey or signed up to use a new app on your phone. You probably had the option to read a privacy policy before handing over your personal information. A **privacy policy** is meant to make customers feel at ease and secure enough to trust the company with their personal data.

Suggested Video

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An ethical privacy policy puts the customers first. It should help build respectful, trusting, and fair relationships between companies and customers. Customers should be aware of what information is being collected, how it will be used, and how the privacy of that information will be secured. They should have the choice to opt out of various forms of communication from the company, such as email promotions. Data should be securely protected and not accessible to anyone outside of the organization. Finally, there should be a system in place to help customers feel that they will be protected in the event of a data breach.

Sometimes, marketers have the ability to collect data when customers might not be aware of it. This phenomenon is often known as “big data.” **Big data** refers to the large amounts of raw facts and figures that are automatically collected from electronic sources. Many of these data are collected by **cookies**, which are mechanisms used by websites to track users’ browsing histories. Companies typically use cookies to learn who is visiting their website and to create a profile of the website’s users. Most of the time, the website will notify visitors that their actions are being tracked, and they have the option to disable cookies.

◀ If you’re a small-business owner, you might find yourself seeing ads like this one while browsing social media!

However, data are collected in other, less transparent ways as well. For example, if you were to “like” a retail store’s page on Facebook, you might start to see frequent ads for that store’s products in your news feed. Or if you search for a flight using a search engine, you may see ads popping up for cheap flights and hotels when you are browsing other websites. In these instances, the sites you are visiting have tracked your actions and are using them to market products specifically to you.

In some cases, customers have no idea how much information companies are collecting about them. And even when they are aware that their activities are being tracked, they often feel uncomfortable with how much these companies know about them. Regardless of the situation, marketers should be careful when gathering information not to invade their customers’ privacy or exploit their trust.

Of course, collecting customers’ personal data has its benefits—for both the company and the customers themselves. These data help the right products reach the right customers. You might enjoy the convenience of finding ads for products that appeal to you rather than those that you have no interest in. Companies, too, benefit because they can effectively target and track promotional messages, saving time and money.

To balance the benefits and concerns of big data collection, marketers should put ethical principles at the forefront. They need to be open when informing consumers that their data are being collected. They must use the data in an ethical way, being transparent and accountable for what happens to it. Furthermore, marketers should not collect data simply because they can. The data should only be collected for a specific purpose, and they should be handled carefully and cautiously. A clear policy regarding data collection should be available to all customers.



To learn more about the balance between privacy and using personal data for marketing purposes, watch this video from BBC Research and Development:  
<https://www.youtube.com/watch?v=naaDBNSx610>.

Another issue with technology that marketers must be aware of is the presence of online reviews and social media. Social media is a great way to communicate with customers and promote your business, but it brings problems as well. Companies have little control over what people post about them online, and negative reviews can tarnish businesses' reputations. Some marketers may be tempted to hide or delete posts that cast them in a negative light, but is that ethical? Marketers should demonstrate integrity and build trust with customers by being transparent on social media—even if that means allowing customers to criticize them publicly. Honesty is always the best policy!

## Using Trustworthy Sources

When marketers are gathering secondary data, it is essential that they make sure the sources of those data are reliable and trustworthy. The Internet in particular is full of inaccurate and/or biased information. If marketers are not using reliable sources, they are not fulfilling their ethical responsibility. Decisions that are made based on inaccurate information will likely damage the business's success.

For example, let's say a marketer who works for a restaurant management corporation reads an article that says people living in a certain city tend to eat a lot of fast food. The marketer might then choose to target this geographic segment with advertisements for fast-food products. However, if the article the marketer read was not accurate, those advertisements will not be effective, and the people in the area might form a less-than-positive impression of the corporation.

To ensure a source is reliable, marketers can take several actions. These include checking the web address and the owner of the site, finding a wide variety of sources that support the same point, and using technological tools such as reverse image searching, plagiarism detectors, and browser plug-ins.

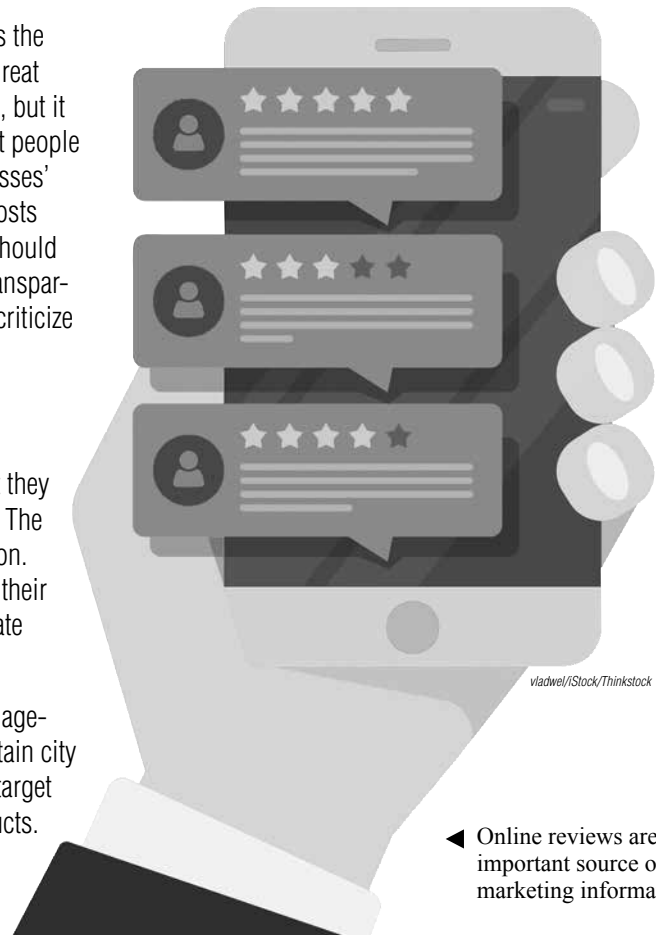
## Marketing Research Ethics

Performing new marketing research brings its own set of ethical issues. Whether the research is online, in person, or over the phone, researchers must be aware of the fact that they are working with people. These people can be affected by what the marketers say or do. In many cases, the participants are customers or potential customers. Therefore, marketers must conduct their research in an ethical manner, showing respect for participants and striving to make it a positive experience for them. Several ethical conflicts can arise within marketing research.

**Confidentiality.** The information that is collected through marketing research should be kept confidential. Participants' identities should not be revealed. Also, the fewer people who access customer information, the better. Only the people who need to see confidential information to do their jobs should have access to it.

**Transparency.** Throughout the research process, marketers must be truthful and open about their intentions and processes. However, they might find it difficult to maintain complete honesty throughout the research they are conducting. They might not tell customers why they are collecting the data, or be tempted to "fudge the numbers" if the research hasn't uncovered the data s/he was looking for. Any misrepresentation of data is unethical. Marketers also should not sell products or fundraise under the guise of conducting research.

The design of the research study can also be deceptive. The sample size might not be big enough or representative of the population. Or a survey or interview might use **leading questions**. Leading questions are those that subtly prompt the respondent to answer in a particular way. As an example, a marketer could ask, "What do you like best about our product?" rather than "What do you think about our product?" An effective research study is objective and controlled.



◀ Online reviews are an important source of marketing information.



To learn more about how the quality of research studies is measured, read the article “Standards for High-Quality Research and Analysis” from RAND Corporation: [https://www.rand.org/standards/standards\\_high.html](https://www.rand.org/standards/standards_high.html).

One way to maintain transparency is to provide informed consent forms to participants before beginning the research. **Informed consent** is a voluntary agreement to participate in research. It ensures that participants have a clear idea of what the research entails. It also obtains their permission to use the information in the intended way. Marketers should also be willing to answer questions and take criticism about their research.

**Do no harm.** One of the most important principles of ethical marketing research is ensuring that participants and society as a whole will not be harmed. Marketers should refrain from becoming invasive or annoying when seeking information from participants. Any surveys or focus groups should not make participants’ lives more difficult or uncomfortable. For example, a study should not go on for hours on end without giving participants a break.



This brief video interview with Kathryn Korostoff explains some of the challenges of being ethical during the research process: <https://www.youtube.com/watch?v=tZGWAK3jtpA>.

## Summary

Ethical conflicts arise in many different areas of marketing-information management. One of these is competitive intelligence. Marketers need to know what their competitors are doing, but they also must obtain that information in ethical ways. They should be careful not to break any laws; rather, they should use information that is publicly available and not obtained in deceptive ways. Technology also presents many ethical dilemmas in marketing-information management. It is important to be ethical when collecting customer data and when using social media. Marketers need to evaluate the reliability and trustworthiness of the sources they use for secondary data. Finally, when performing new marketing research studies, marketers should protect confidential information, be transparent and avoid deception, and strive to do no harm to participants or society as a whole.

## TOTAL RECALL

1. What is an example of an ethical conflict related to competitive intelligence?
2. How can a privacy policy be ethical?
3. What is meant by the term “big data”?
4. What are cookies?
5. What is an example of an ethical conflict in marketing-information management related to social media?
6. What is confidentiality in marketing research?
7. How does deception relate to ethics in marketing research?
8. What is informed consent?
9. What is an example of a way that marketing research can cause harm?

## Make It Pay!

If you have a job, consider the marketing-information management activities that occur at your place of employment. If you don’t have a job, think about the place where a friend or classmate works and what marketing information is needed there.

Then, think about how the employer goes about obtaining and using that marketing information. Is the employer always ethical? Have you or your classmate ever seen unethical marketing-information management practices occurring? What should the employer do differently to behave more ethically?