

Ethics and Environmental Marketing

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ABSTRACT. Corporations have scrambled to bring to market products positioned and advertised as addressing the needs of the environmentally-conscious consumer. The vast majority of claims presented in support of these products are best described, however, as confused, misleading or outright illegal. Ethical considerations have not yet been integrated into environmental marketing, and as a result, long-term harm on both the individual and societal level may result. A framework for reversing this trend is presented. It identifies the sequence of actions necessary for the development and communication of ethical environmental marketing claims. The sequence is based upon two aspects of ethical theory: moral style and normative behavior. Specific implications for marketers' actions at each stage in the sequence of framework development are also discussed.

The issue of ethics in marketing and advertising has been extensively discussed (for pertinent cases and essays see Beauchamp and Bowie, 1983; Braybrooke, 1983; Cavanagh and McGovern, 1988). A theme common to many of these discussions is the idea of truth, specifically the distinction between consumer and scientific truth in product claims. From a regulatory and ethical perspective, consumer truth can be defined as the reasonable interpretation a typical or average person assigns to a product claim. Scientific truth, on the other hand, can be defined as literal truth strictly according to the facts or, from a different viewpoint, that which is not legally false.

Marketer violations of legal and ethical principles typically reflect this dichotomy. Marketers tend to

rely upon scientific truth to substantiate a product claim, waiting for regulatory agencies or consumer groups to make the determination that the scientific truth in the product claim is in fact distinct from consumer truth. Oat bran is a recent example. In an attempt to capitalize on the publicized health benefits of oat bran many products were formulated or reformulated to contain new or additional oat bran. Advertising developed for these products stressed the oat bran content, the scientific truth, in an attempt to imply increased health benefits. However, consumer truth was violated. Many of these products were typically no healthier than their non oat bran counterparts and/or many contained oat-bran in quantities too small to provide any of oat bran's health benefits.

While all violations of marketing ethics are equally distasteful and harmful from an absolute perspective, the reality is that not all violations have equal immediate or long-term consequences for consumers and society as a whole.¹ The impact of ethical violations stemming from reliance on scientific truth can be arrayed along a continuum which reflects the potential degree of harm an ethical product claim violation produces at the individual or societal level.

One end of the continuum reflects ethical product claim violations that have slight immediate or long-term harmful consequences for either the individual consumer or society at large. It is likely that the majority of marketers' ethical product claim violations fall into this category. A detergent with a new ingredient and the implied promise of better cleaning, for example, which does not in fact clean better, merely disappoints the user and deprives him or her of a small amount of financial resources. Practically speaking, neither the individual nor society suffers any severe or long-term harm.

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At the intermediate stage in the continuum are marketing claims that, if not consumer truthful, have the potential for a strong negative impact at the individual but not the general societal level. Health and product safety are examples of claims occurring at this intermediate stage. Implying that a consumer will be healthier or live longer if he or she eats one product versus another, or will be safer when selecting one automobile tire versus another (when, in fact, no such result is likely to occur) can have severe detrimental consequences for the individual. However, society as a whole likely suffers only marginally.

The extreme end of the continuum consists of ethical claim violations which have the potential to produce **severe** harm at **both** the individual and the societal level. Rarely do products or claims fit into this category but one such set of claims *has* recently arisen — those related to environmental or “green” marketing. These claims promise or imply that a specific product is better for, or less destructive to, the environment than prior versions or competitive products. Ethical violations resulting in deception at this level have a potentially profound long-term negative impact. Consumers using products they believe will improve the environment but which, in fact, continue to contribute to further environmental deterioration reduce the quality of living conditions for all individuals in current and future generations and lead to a general deterioration of social well-being.

The ethics of environmental product claims warrants further examination because of the profound negative impact these ethics violations create.

Environmental marketing

Corporations have scrambled to bring to market products positioned and advertised as addressing the needs of the environmentally-conscious consumer. The magnitude of the “green” marketing movement is indeed enormous. Marketing Intelligence Service estimates that nearly 10% of all new products introduced in 1990 were identified *by their manufacturer* as “green” or otherwise “environmentally friendly.” This is more than double the number of “green” products introduced just one year earlier and an

incredible 2000% increase over the number of “green” products introduced in 1985.

Marketing and advertising claims in support of the rising number of “green” products have been problematic. The number of trivial, confusing, misleading and outright illegal claims is increasing.² Marketers have attempted to take advantage of rising consumer environmental awareness by using the letter of the law (substantiation via scientific truth) to confound and skirt the law’s intent (the communication of consumer truth). Two examples clearly illustrate this trend. First, there is Mobil Chemical Company and its “biodegradable” Hefty trash bag. Mobil was literally truthful and scientifically accurate in stating that its bags were biodegradable and would “break down.” However, this literal, scientific truth masked the fact that the trash bags break down very, very slowly, if at all, under the circumstances in which they are likely to be used and disposed.³ Second, plastic bottles and containers are increasingly being promoted as recyclable. These products are technically recyclable, but at present, there are few programs or facilities currently available with the capability to actually accomplish the recycling procedure. Is it ethical or consumer truthful to say that such products are “recyclable” when there are no recycling facilities within several thousand miles of the majority of users?

There are two ways in which these types of claims can contribute to the continued degradation of the environment, thereby negatively affecting society and its individual members:

1. If consumers begin to feel that their genuine interest in the environment is being exploited, and in response rebel, they would no longer seek out or demand products that are *in fact* less damaging to the environment. If this were to occur, the environmental improvements that *could have been* achieved would be lost.

2. The tone, content and mass of environmental claims might lead the public to believe that specific environmental problems have been adequately addressed and solved. This, in turn, could actually impede finding real solutions to identified problems by causing consumers to set aside their environmental concerns making the assumption that these concerns had been addressed.⁴

The environment is far too important to permit these outcomes to occur. The question, then, is: How

can we bring ethics to “green” marketing in order to prevent short and long-term harm to individuals and society as a whole?

The remainder of this paper addresses and answers this question by identifying the sequence of actions necessary to develop a framework for the presentation of ethical environmental product claims. This sequence is based upon two aspects of ethical theory: moral style and normative behavior. Specific implications for marketers’ actions at each stage of framework development are also discussed.

Moral style

The first step in the development of an ethical framework for environmental marketing requires marketers to critically explore the assumptions which they have made in their current or planned approach to environmental marketing. Such examination can be accomplished using the construct of “moral style.”

Axinn (1990) has conceptualized “moral style” as the conscious perspective one adopts in determining preferred types of risk and error when making a judgement. Borrowing from statistical theory he assumes that a person can encounter one of two different types of errors when making a judgement. These are labeled Type I and Type II errors and are summarized below:

TYPE I: a true statement is rejected as false

TYPE II: a false statement is accepted as true

Moral style, according to Axinn, is defined by the degree to which one is willing to accept each error type when making a judgement.

The concept of personal moral style can be extended to society as a whole, where moral style and error type preference is determined from a societal perspective. The preference for one type of societal moral style and error type preference, for example, can be seen in the contrast between Anglo-American versus many European justice systems. The Anglo-American system prefers Type I error. It presumes innocence and as a result accepts that some who are guilty be set free rather than mistakenly jailing one who is innocent. The European system of justice, adopting a moral style which prefers Type II

error, presupposes guilt, and as a result, prefers to jail some who are innocent rather than mistakenly releasing one who is guilty.

In the vast majority of cases, a moral style which chooses to emphasize one type of error over the other cannot be considered either more or less ethical than the alternative moral style. Certainly, as in the prior example, compelling arguments can be made both for and against each moral style. An exception to the general rule that alternative moral styles are equally defensible is the case of environmental marketing. Here, each alternative style is not equally defensible, because the adoption of a particular style sets specific direction for the type and aggressiveness of product claims linked to the environment. In order to determine the preferred moral style for environmental marketing we first use formal logic to make explicit the context for behavioral actions dictated by each moral style (Ullmann-Margalit, 1990).

TYPE I: not- A , unless p

That is, generally refrain from doing A except when it is determined that p is the case.

TYPE II: A , unless not- p

That is, generally do A , but refrain from doing A when it is proven that p does not exist.

Next we translate these formal statements into statements of behavioral consequences, as shown below where we have substituted “marketing a product and presenting an environmental claim” for “ A ” and “the presence of consumer truth” for “ p ”.

TYPE I: Generally refrain from marketing a product and presenting an environmental claim except when it is determined that consumer truth is satisfied.

The burden is on the marketer, the product and the product claim to prove that there is in fact an environmental benefit. As a consequence, some truly beneficial products may not be brought to market until the burden of proof is met.

TYPE II: Generally bring to market and present

environmental claims for products until it is demonstrated that consumer truth does not exist.

The burden is on the consumer and/or regulators to prove or demonstrate that the product and its claims are false and that the product is not beneficial to the environment as claimed. As a consequence, some products which may not actually help the environment may be marketed and advertised as if they do.

Clearly, from a societal perspective, a Type II style is the best description of the moral style underlying current environmental initiatives. What is required is a shift to Type I moral style,⁵ which from an ethical perspective is clearly preferable for two reasons. First, it has the greatest potential to reduce both short and long-term harm to individuals and society through a desire to err on the side of caution and restraint. Second, from a broader perspective, a Type I moral style is preferable because it reflects a commitment to act in a manner described by Haan (1983) as “a morality of everyday life.” Adoption of such a moral style by environmental marketers would inevitably lead to the selection of ethical versus unethical actions through a resulting modified view of one’s appropriate role, responsibility and place in society. Such a view has been described in a different context by Haan (1977):

(The individual) now regards himself as a moral object among other objects in a thoroughgoing sense — seeing both himself and others in particular individuality and reversing his own position to see himself as others see him . . . In so doing, he recognizes the delicacy and complexity of the moral balance that *he*, as well as others, frequently contribute to imbalances. Consequently, he . . . sees that the restoration and maintenance of the moral balance is everybody’s business all the time.

How would such a shift affect marketers’ perspective and actions?

One result of adopting a Type I moral style is that marketers would make a conservative versus liberal interpretation of existing FTC and other legal guidelines. All marketing claims, “green” claims included, are now subject to federal and state laws and regulations prohibiting false advertising and deceptive

practices. In general, these regulations prohibit advertising or packaging claims which are untrue, misleading, deceptive or fraudulent, including claims that, although literally true, mislead by omitting or obscuring facts necessary for the public to properly interpret the claims. However, as discussed, marketers have a history of pushing regulatory guidelines to their limits, relying on scientific truths to substantiate their claims and ignoring the manner in which the typical consumer will interpret the claim. A shift to the recommended moral style, Type I, would result in marketers strictly interpreting the guidelines for themselves prior to making their claims as opposed to waiting for regulatory agencies or consumer groups to inform them that their claims are misleading. The result of successful self-regulation arising from a shift in moral style would be that all claims would be validated through *both* scientific truth and consumer truth. Further, adoption of a Type I moral style and resulting conservative interpretation of existing federal and state guidelines would lead marketers to avoid making claims that, while scientifically true, do not in fact reflect the reality of how consumers actually use the product. For example, a marketer would not claim that a plastic bottle is recyclable (the scientific truth) until there were sufficient, accessible facilities capable of actually recycling that particular plastic composition.

Once a Type I moral style is adopted it should be formalized as a cohesive, detailed and forward-looking corporate statement of operating philosophy. Such a policy statement, *when more than just words on paper*, serves two important functions. First, when made public, it expresses a company’s commitment to live up to an ideal which the *company* has set *for itself*. The policy statement makes explicit the high standards to which the company expects to be held by its customers and society. Second, from an internal perspective, the policy statement informs all employees of the company’s commitment to act responsibly in developing and marketing “green” products (Davis, 1991).

James River (maker of Dixie paper products), for example, has developed and publicized its corporate environmental policy. The significant portion of its policy statement reads:

James River will continue to seek improvement and

innovation to ensure that our products and processes are compatible with the environment. (We) will invest in human and financial resources to support our environmental efforts. (We) will make only product, packaging and advertising claims which can be substantiated and clearly understood by our customers.

Normative behavior

Adoption of a Type I moral style requires that the majority of current environmental marketers reject their current Type II style. Such a shift to a Type I style would be nothing less than a radical revision of the *norms* under which environmental claims are currently developed and communicated. Is such a revision of norms a reasonable expectation? Is it feasible to expect corporate norms relevant to environmental marketing to shift? Answering these questions requires a brief look at the nature of norms and the process by which norms change.

First, we must explicitly define the current norm for environmental marketing. This (following Pettit, 1990; and Lewis, 1969) can be done as follows:

A regular use of scientific versus consumer truth among the population of marketers making environmental claims for their products is a norm because in recurrent situations,

1. nearly everyone conforms to this regularity;
2. nearly everyone approves of nearly anyone else's conforming to the regularity and disapproves of nearly anyone else's deviation from the regularity; and
3. the fact that nearly everyone approves and disapproves of this pattern helps to ensure that nearly everyone conforms.

Two key elements of this definition, conformity and approval/disapproval, provide direction for understanding how the current norms of environmental marketing can be altered.

Ullmann-Margalit (1990) proposes that norm revision occurs when pressures are applied to the conformity or approval elements of the current norm. Pressures arise in two principal types of circumstances. The first relates to the efficiency or optimality of the current social practices and institutions. "When a social institution or norm is perceived to be less rational than some feasible alternative, pressures for alteration may be expected to

develop." The second type of pressure stems from evolving social attitudes and practices. "Practices and institutions may begin to be perceived as unfair or as obsolete or out of step with . . . changes in attitudes."

In order for current norms to change, therefore, both external (from consumers and society) and internal (corporations placing pressure on each other) pressures must be brought to bear on corporations which continue to adhere to the current norms and moral style. Both sources of pressure must convince those corporations conforming to the current norm that it is in *their* best *long-term* interest to become a participant in norm revision, even if there are additional short-term costs, i.e., forfeiting short-term economic gain.

Participation in norm revision is in a corporation's long-term interests for two reasons. First, companies taking a leadership role in norm revision position themselves for the future. They develop a positive image for themselves and their products in the consumers' mind. This image then affects *all* of their marketed products. Research shows an increasing predisposition among consumers to purchase those products of companies thought to be ethical in their environmental marketing practices and to avoid *all* products of companies thought to be deceptive.⁶ Second, it is in their long-term interest because moral style and resulting normative behavior are related to "trust" (Van Wyk, 1990). Deception, flowing from the currently adopted moral styles, undermines trust which in turn undermines marketers' *long-term* ability to perform successfully in the marketplace, and in fact, for the marketplace itself to continue to exist.⁷

Ethics and competitiveness are inseparable. No society anywhere will compete very long or successfully with people stabbing each other in the back; with people trying to steal from each other; with everything requiring notarized confirmation because you can't trust the other fellow. This is a recipe not only for headaches in running a company, it is a recipe for a nation to become wasteful, inefficient and noncompetitive. There is no escaping this fact: the greater the measure of mutual trust and confidence in the ethics of a society, the greater its economic strength.⁸

Pressures from consumers for normative change would likely be economy based. Consumers would reward with their purchases the products of com-

panies moving toward norm revision and would punish (through nonpurchase or additional economic sanctions) those companies which continue to adhere to the existing norm.

Corporations can also place pressures on each other. They can create the normative behaviors appropriate to ethical environmental marketing. Through competitive advertising and promotions they can pressure any company making an environmental claim to become a participant in norm revision.

The result of norm revision would be a change in the specific nature of environmental product claims. Three types of changes from the current situation are likely:

1. *Increased specificity about where the environmental benefit in the product or service lies.* A shift in norms would require marketers to provide clear direction as to where in the product or product life-cycle the environmental benefit lies. In the case of packaged goods, for example, clear distinctions would be made between products *manufactured* in an environmentally sensitive manner, environmentally responsible *packaging* and environmentally sensitive *product characteristics*.

2. *Increased precision in terminology accompanied by definitional support.* Current norms permit creative marketers and advertisers to develop a wide array of terms to describe the environmental impact of their products: degradable, biodegradable, photodegradable, environmentally sensitive, environmentally friendly, ozone safe, ozone friendly, nonpolluting and recyclable are but a few. It appears likely that federal guidelines will soon be established to regulate the use of these and related terms. But this will not be enough. Even when federal regulations specify the requirements necessary for the use of each term, terms are nevertheless likely to remain extremely confusing to the consumer. For example, there are strict legal requirements governing the use of the term "light," yet few consumers understand what the characteristics of "light" foods really are.

Marketers, under norm revision, would not hide behind terminology. Certainly, vague terminology (such as earth or environmentally friendly) would be avoided because it invites confusion and misunderstanding. Environmental benefits would be specified as clearly as possible without jargon or overly technical language. In those cases where technical ter-

minology would be used, the terms would be defined for the consumer as an integral and explicit part of the consumer communication or product positioning; fleeting three-second "supers" in a television commercial would be rejected as insufficient. A manufacturer using the term "degradable," for example, would clearly define what this term means *within the context* of that specific product's usage. Providing specific benefits and definitional support will allow consumers to fairly evaluate the worth of a product's environmental attributes and reduce the potential for consumers to attach a broader significance to the product's environmental impact.

3. *Increased specificity in product benefits.* A third consequence of norm revision would be product claims that clearly explain a product's anticipated impact. Claims which are open to interpretation, and misinterpretation by consumers would be rejected. For example, claims such as Chevron's "lowered emissions" (lower than what?) or "reduced emissions" (how much reduced?) gasoline claims would be rejected in favor of claims that would clearly define the gasoline's environmental impact (such as, "emissions reduced X% compared to Y with the effect that Z . . .").

Conclusion

The rate and fervor in which products claimed to be better for the environment are marketed is likely to continue throughout the remainder of this decade. If long-term harm to both individuals and society as a result of these actions is to be avoided, marketers must now begin to develop the perspective and behaviors necessary for revision of the current norms governing environmental marketing. While norm revision may have short-term economic costs for participating corporations, these corporations would realize long-term benefits.

Notes

¹ The absolutist perspective would argue that all violations of ethical marketing principles are equally harmful, for even when no physical or psychological harm is incurred, the individual is in fact harmed because the violation and

accompanying deception have made him or her less able to decide for himself or herself as a rational, self-directing being (Hill 1984). The counter point of view, that is, that all advertising deceptions or ethical violations are not equally harmful, has been presented by Bloom (1989).

² Conclusion presented in the Ten States' Attorney Generals Task Force Report on Responsible Environmental Advertising: *The Green Report*, issued December, 1990.

³ Mobil has withdrawn the biodegradable claim for Hefty trash bags. See *The Wall Street Journal*, March 30, 1990.

⁴ For a more in-depth discussion of these consequences see *The Green Report supra*.

⁵ This is an exception to the general rule that for a specific set of circumstances one moral style is neither intrinsically superior nor inferior than the alternative style.

⁶ Research conducted by Century Research Corporation, quoted in *Advertising Age*, July 30, 1990.

⁷ This assumes that the majority of marketers do, in fact, have a *long-term* commitment to their own and marketplace survival. Norm revision cannot occur if marketers adopt a strategy designed solely to increase short-term profits at the expense of long-term survival, that is, if they decide to discount future profit in order to achieve near-term sales.

⁸ John Akers, Chairman of IBM, quoted by David Grier in an address to the Canadian Centre for Ethics and Corporate Policy, Toronto, September 19, 1989.

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