

Vulnerable customer

[Business](#), [Marketing](#)



Ethics and Target Marketing: The Role of Product Harm and Consumer Vulnerability Author(s): N. Craig Smith and Elizabeth Cooper-Martin Reviewed work(s): Source: Journal of Marketing, Vol. 61, No. 3 (Jul., 1997), pp. 1-20 Published by: American Marketing Association Stable URL: <http://www.jstor.org/stable/1251786> . Accessed: 12/03/2013 16: 10 Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at . <http://www.jstor.org/page/info/about/policies/terms.jsp> . JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org . American Marketing Association is collaborating with JSTOR to digitize, preserve and extend access to Journal of Marketing. <http://www.jstor.org> This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions N. CraigSmith& Elizabeth Cooper-Martin Ethics and Target Marketing: of Product Harm and The Role Consumer Vulnerability Target marketing might be the epitome of the marketing concept. However, in certain instances it has been criticized as unethical. The authors identify explanations for the ethical concern and controversy that can arise over targeting. An empirical study confirms public disquiet over consumer vulnerability and product harmfulness, identifies which targeting strategies are evaluated as less ethical, and highlights the likelihood of consumer boycotts and other disapproving behaviors. Evidence of ethical concern arises when both " sin" and " non-sin" products are involved, and it increases

for consumers perceived to be more vulnerable. The authors discuss implications for marketing managers, researchers, and public policy. It is not surprising to find that Tedlow's (1990) historical account of marketing in America is a history of market segmentation. Market segmentation, with its concomitant target marketing (targeting), is one of the most important concepts in marketing. The essence of market segmentation—recognizing the differences among customers and choosing to target a segment of them with similar needs—has reached its zenith in the late 20th century. Many consumer markets have fragmented, increasing the need for aided by information sharply focused target marketing. Marketers, in response, have responded with strategies aimed at smaller and hence more elusive groups of consumers, even to the point of programs directed at the individual consumer. The sophistication of target marketing and recognition of its importance as a means of achieving efficiency and effectiveness have never been greater. But despite its role in identifying and serving customer needs, more focused target marketing has been accompanied by increased criticism. In extensive media attention has been devoted to the particular, of adult consumer segments viewed as "vulnerable targeting which is the focal point," with products considered "harmful," issue addressed here. This criticism of targeting has included products such as lottery tickets, fast food, weight loss products, contraceptives, rental furniture and electrical equipment, food supplements, and financial services, such as auto insurance and credit cards. Most extensive, how and see Clotfelter Cook 1989; Freedman 1990, 1993; Hwang 1994; Jacobs 1992; Keats 1994; NYDCA 1992; Smith 1995. School of Professor Marketing, N. Craig Smith Associate is Georgetown of is President,

Elizabeth Business, Cooper-Martin University. Georgetown Sandra Burke, G. J. Jill thank R. Andreasen, Alan Inc. CM, Theauthors AlexanDonald Robin, P. R. Debra Donald Lichtenstein, J. Ringold, Klein, for reviewers and Robert Thomas, threeanonymous J. derSimonson, on drafts thisarticle. of comments earlier by Funding theGeorgehelpful and Relations by the for townUniversity Center Business-Government Fund Provost is gratefully acknowledged. Georgetown University Journal of Marketing Vol. 61 (July 1997), 1-20 ever, has been the criticism of the targetingof alcohol and tobacco products, notably Uptown and Dakota cigarettes and PowerMastermalt liquor. In many respects, targeting epitomizes the marketing concept. Nonetheless, on occasion it has resultedin controversy and even has been criticized as unethical. This seemingly paradoxicaloutcome has received little theoreticalor empirical scrutiny; yet it is clearly of importanceto marketand ing theory and practice. Certainly, marketers public polmust respond if there is public disquiet over taricymakers geting and therefore should be interestedin its causes and consequences. Marketers might need to be especially responsiveif theirpracticesresultin a diminishedreputation for the firm, lost sales, and potentially, the regulationof tarit to geting. Froma theoreticalstandpoint, is important determine whetherthere are boundaryconditionsto the assumed benefits of the targetingconcept; in other words, the potential for controversy and ethical concern might suggest that for targetingis inappropriate some productsand markets. More broadly, there well could be legitimate concern about the ethics of targeting vulnerable consumers with harmful products. Marketersmight respond to public disquiet over targeting because of the possibility of adverse economic consequences.

However, they also are expected to make ethical marketing decisions (Laczniak and Murphy 1993) and "have respect and concern for the welfare of those affected by their decisions" (Smith and Quelch 1993, p. 9). We introduce two cases and review the literature to reveal the extent of the criticism of targeting. We then use these materials to illustrate our conceptual framework. Next, we report two empirical studies that test our hypotheses about the conditions under which criticism of targeting is more likely to arise, particularly the characteristics of the marketing strategy. We also investigate possible consequences of this criticism, such as consumer boycotts and negative word of mouth. We conclude with a discussion of the findings and their implications for marketers, researchers, and public policymakers.

Ethics and Target Marketing 1 This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions

Criticism of Target Marketing The new product introductions Uptown and PowerMaster of were terminated prematurely. This was not because they failed to gain acceptance with their target markets, as is more typical, but because of controversy over their targeting, as described in the two cases (Smith 1996) discussed subsequently. In each case, we show first how the logic underlying the strategies of the companies involved was compelling and the execution of these strategies apparently sound. We then provide the outcomes of the strategies and the explanations made for the controversy and for judgments of the strategies as unethical. By presenting what appears to be both "good marketing" and "bad ethics" in these cases, we illustrate the paradox of the criticism of targeting.

Case 1: RJR's Uptown and Dakota Cigarettes In December 1989, the R. J. Reynolds

Tobacco Company (RJR) announced plans for Uptown, a cigarette designed to appeal to black smokers. With cigarette sales declining, tobacco companies were aggressively seeking new customers. Whereas 29% of the adult U. S. population smoked, the figure was 34% for blacks. Market research showed 69% of African-American smokers preferred menthol (compared with 27% for all smokers) and that many blacks would favor Uptown's lighter menthol. Advertisements suggesting glamour, high fashion, and night life were planned for black-oriented media. Moreover, the cigarettes were to be packed filter down, another response to research on preferences of black smokers. The attack on Uptown by the black Health and Human Services Secretary Louis W. Sullivan was unprecedented. In January 1990, he charged, "This brand is cynically and deliberately targeted black Americans ... when our people desperately need the Case 2: Heileman's PowerMaster Malt Liquor Alcohol producers also were facing declining consumption and increasingly were targeting heavy users. In 1990, G. Heileman Brewing Company had seen its sales volume decline for the seventh year in a row and was desperate for successful new products. Malt liquor, a product disproportionately consumed by blacks and in low-income neighborhoods, was one of the few growth categories. An industry commentator noted, "The category was developed for a consumer who wanted a fast buzz, so the advertising plays that up" (Freedman 1991a, p. B4). In June 1991, Heileman announced plans for a new malt liquor called PowerMaster. At 5.9% alcohol, it was 31% stronger than Heileman's Colt 45, the market leader, and had 65% more alcohol than regular beer. PowerMaster caused an uproar among anti-alcohol groups and black leaders.

The Center for Science in the Public Interest (CSPI) - having earlier reported that black men had a 40% higher death rate from cirrhosis of the liver than did whites - asked the brewer to stop distribution, stating, "higher octane alcoholic beverages have no place on the market, especially in communities where residents already suffer disproportionately from alcohol and other drug problems" (Bureau of National Affairs 1991, p. 41). Boycotts were planned. On June 20, the Bureau of Alcohol, Tobacco and Firearms announced that its approval of the PowerMaster label was a mistake and required Heileman to drop the word "power." PowerMaster became "a magnet of controversy from the moment it reared its alcohol-enhanced head. Federal officials, industry leaders, black activists, and media types weighed in with protests that PowerMaster... was an example of a bad product, bad marketing, and, essentially, a bad idea" (Farnham 1992, p. 82). On July 3, Heileman withdrew PowerMaster, because "the brand name was the product" (Freedman 1991b, p. B1). While an anti-alcohol group suggested that brewers "will think twice before targeting vulnerable, inner-city groups again" (Freedman 1991b, p. B1), the Beer Institute accused such critics of patronizing blacks and Hispanics. Fortune described PowerMaster as one of the biggest business goofs of 1991, noting that "targeting black consumers with anything less wholesome than farinahas become politically risky" (Farnham 1992, p. 82).

Relevant Literature The research literature on targeting-related ethical issues includes studies of direct marketing because of privacy concerns (e. g., Smith 1994) and of the targeting of children (e. g., Pollay 1993) and the elderly (e. g., Benet, Pitts, and LaTour 1993). Disquiet over the targeting of both young and elderly consumers rests on the well-

established vulnerability of these consumers; for example, Mazis and colleagues (1992, p. 22) write that "children or young adults ... [are] vulnerable consumers ... not in a position to make mature, rational judgments." Indeed, it is this vulnerability of children that underlies Food and Drug Administration (FDA) restrictions on tobacco marketing, which took effect February 1997. These regulations include a ban on all outdoor advertising within 1000 feet of schools and a "tombstone" format for all other advertising accessible to children (Hernandez 1996). However, at issue in the cases presented here Uptown's message is more message of health promotion, for and death a group disease, more suffering more already illness and more than its share of smoking-related bearing 1990, p. B8). (Schiffman mortality Given extensive media criticism, RJR canceled plans for Uptown, noting, "We regret that a small coalition of believes that black smokers anti-smoking zealots apparently are somehow different from others who choose to smoke" (Specter 1990, p. A3). A smoking policy institute spokeswoman argued, "Targeting... is a standard procedure for marketing.... This is a product that is deadly when used as intended; that's the real issue" (Specter and Farhi 1990, p. A4). Soon after, RJR also changed the strategy for its Dakota cigarette targeted at white, 18-24-year-old, "virile" females. RJR had found itself "under heavy fire for a plan to market the new brand to one of the industry's most vulnerable segments: young, poorly-educated, blue-collar women" (Freedman and McCarthy 1990, p. B). RJR expanded the target to include males, but Dakota failed in test markets. Referring to the confrontation over both Uptown and Dakota, one analyst noted, "The well-to-do and well-educated ... have quit smoking. Those who remain are the

disadvantaged. It's logical to target them, except you are sending a message society can't accept" (Freedman and McCarthy 1990, p. B). 2/ Journal of Marketing, 1997 July This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions and in this study as a whole is the targeting of nonelderly, adult consumers, a group presumed hitherto to be fully capable of consumer decision making. Only recently—and controversially—has it been suggested that a subset of these The criticism adult consumers be considered "vulnerable." of targeting vulnerable adult consumers has received little research attention. This is notwithstanding the cases presented here, the ensuing media debate (e. g., Bromberg 1990; Calfee 1991; Pomeroy et al. 1992; Zuckoff 1992), and even calls for legislation to restrict targeting (Schlossberg 1990). The literature on targeting adult consumer segments with products considered "harmful" viewed as "vulnerable" was prompted largely by the events described in Cases 1 and 2. It is almost exclusively specific to women and minorities and tobacco and alcohol products. Pollay, Lee, and Carter Whitney's (1992) content analysis of advertisements finds that ethnic segmentation of the cigarette market is not new, dating back to 1950 or earlier. They maintain that criticism of segmentation has occurred only with problematic products and, in such cases, segmentation's efficiency "delivers more death and disease, not more benefits, and provides a disservice, not a service" (p. 46). Pollay (1993) finds that cigarette companies have targeted women (and youth) since the 1920s, though a study by Rifon, Vanden Bergh, and Katrak (1994) indicates that women have not been disproportionately targeted relative to men. Spratlen (1993) suggests that cigarette advertising targeting blacks is

unethical because of the vulnerability of this market and the disproportionality of negative effects in this group's consumption. In a review of alcohol promotion to ethnic minorities, Williams and Mulher (1993) observe that pending legislation would limit alcohol advertising aimed at "greater risk" consumers, such as heavy drinkers, young people, ethnic minority groups, and women. They differentiate between good ethnic targeting and targeting "that may have detrimental consequences on consumer well-being" (p. 69), suggesting that the criterion to be applied is whether advertising increases alcohol consumption. However, they found little conclusive evidence of a causal relationship in a review of empirical studies. Moore, Williams, and Quails (1996) agree (though we note that any review of the impact of targeting on consumption cannot be limited to advertising alone because targeting encompasses all elements of the marketing mix). They suggest that the targeting of alcohol and tobacco to ethnic minorities is "good business" rather than conscious racism but propose that there could be a perception of a racist motivation under certain conditions, including whether targeting takes advantage of consumers who are more vulnerable due to income, education, knowledge, age, maturity, life's circumstances, and so on. Ringold (1995), in a review of social criticisms of the targeting of cigarettes and alcohol, observes that targeting in that involves "equal participants" transactions typically is regarded as acceptable, whereas "objections are almost certain if targeting entails 'disadvantaged' 'vulnerable' consumers participating transactions involving products such as alcohol and cigarettes" (p. 579). She proposes that proponents of targeting subscribe to a "competent consumer model," in which consumers are

generally skeptical of commercial information, recognizing its limitations and usefulness. By contrast, critics of targeting subscribe to a "vulnerable consumer model," in which vulnerability is due to a diminished capacity to understand advertising, product effects, or both. Ringold questions claims of consumer vulnerability and argues that there is consumer skepticism and of substantial understanding the harmful effects of tobacco and alcohol, even among young consumers. However, Smith and Quelch (1993, p. 193) submit that targeting "creates victims of market segments" when harmful products are involved. Finally, Treise and colleagues (1994), in a survey of consumer perceptions of a variety of advertising practices, find that consumers agreed that liquor and cigarette advertising to inner-city markets is unethical, as are lottery advertisements to low-income consumers. In summary, the literature examines the social disquiet over targeting but is largely specific to alcohol and tobacco products targeted at ethnic minority consumers. Moreover, it offers only limited explanations for this criticism and gives little consideration to the prospect of concern about other products or targets. Our cases and the literature provide the basis for a conceptual framework that informs understanding of ethical concern and controversy over targeting and guides our empirical investigation of the conditions under which criticism could arise. The key components of targeting strategies are the product and the target. The cases described previously indicate that criticism of targeting is related to two key factors: (1) the perceived harmfulness of the product and (2) the perceived vulnerability of the target. As Ringold (1995, p. 579) suggests, "the social acceptability of targeting is largely a function of individual commentators' judgments about

particular consumers and specific products." In the RJR case, criticism focused on the harmfulness of cigarettes coupled with the perceived vulnerability of blacks and young, poorly educated, white women. In the Heileman case, criticism was based on the harmfulness of alcohol, particularly in inner-city neighborhoods, coupled with the perceived vulnerability of low-income minority consumers. Accordingly, if products are considered to be more or less harmful and targets viewed as high or low in vulnerability, we can conceive of four generic types of targeting strategies, as shown with illustrative examples in Figure 1. Product harmfulness, target vulnerability, and their roles in the process of ethical evaluation of targeting strategies are discussed more fully in the following sections.

Product Harmfulness The Code of Ethics of the American Marketing Association should conform to the basic rule of professional ethics not to do harm knowingly, and they should offer products and services that are safe and fit for their intended uses. Hence, targeting could be criticized and evaluated as unethical when it involves products perceived as harmful because of the marketer's obligation to avoid causing harm. Much of the discussion of product safety in the literature relates to physical harm (e. g., Laczniak and Murphy 1993, pp. 84-85). However, we also would include eco/

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3 Conceptual Framework This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions

FIGURE 1 Types of Targeting Strategies

PRODUCT	Less Harmful	More Harmful
Low-fat hamburger	Low vulnerability	High vulnerability
High-interest to rate creditcard	Low vulnerability	High vulnerability
Low-nicotine	Low vulnerability	High vulnerability

consumer target target TARGET Strategy 1 Strategy2

High-alcohol e. g., content malt cigarette to black consumer liquor to less than high target 2 school educated consumer target Strategy 3 Strategy 4 High Vulnerability are and to harmfulness target vulnerability to 1 References product could be on the perceptions these factors. of Also, both in reality each is for ceived as having continuum; a however, our purposes, into divided two categories. to consider would 2 Some people never cigarettes be in a less harm nature evidence of the harmful because of the strong ful category in lev can we of smoking. However, not that cigarettes differ their the in a els of harm (e. g., through reduction benzo(a)pyrene, canin and cerous compound tobacco smoke) hence some types can be considered " less harmful." nomic harm (e. g., overpaying tax because of a faulty tax software package) and psychological harm (e. g., embarrassment from a hair coloring product that results in an unnatural color). If perceived product harmfulness were the sole explanation for criticism of targeting, the implications for managers and policymakers would be well established and the threat to a core tenet of marketing obviated. However, though it is true that there has been disquiet only about targeting that involves " harmful" products (Pollay, Lee, and Carter-Whit this criticism has been expressed only when tarney 1992), getting also involves " vulnerable" populations. Target Vulnerability refers to a susceptibility to injury or to being Vulnerability taken advantage of by another person. Benet, Pitts, and LaTour (1993, p. 46) refer to the perception of the elderly as " a vulnerable group, more susceptible to unscrupulous business practices than younger groups." Andreasen and Manning (1990, p. 13) refer to " those who are at a disadvantage in exchange relationships where that disadvantage is attributable to

characteristics that are largely not controllable by them at the time of transaction." special issue of the Journal of Public Policy & Marketing (Spring 1995), which was vulnerabilities of the medically underserved, African-Americans, women, rural residents, Mexican immigrants, drug addicts and alcoholics, children, and the recently bereaved. Although consumer vulnerability is not defined specifically, these articles provide some indication of who is considered to be a vulnerable consumer and how this vulnerability influences consumption behaviors. In a review of their legal status, Morgan, Schuler, and Stoltman (1995, p. 267) suggest vulnerable consumers originally were conceived as "unusually susceptible ... small groups of consumers who have idiosyncratic reactions to products that are otherwise harmless when used by most people." They propose a broad view of vulnerability consistent with recent litigation and statutes that goes beyond physical hypersensitivity to include persons "incapable of making informed decisions at the time of purchase" (p. 272). Their expanded typology of vulnerability (pp. 273-74) includes "physical competency" (e. g., hearing disabilities associated with aging), "mental competency" (e. g., dyslexia), and "level of sophistication" (e. g., low socioeconomic background), as well as physical hypersensitivities. In keeping with these examples and definitions, we define vulnerable consumers as those who are more susceptible to economic, physical, or psychological harm, or as a result of, economic transactions because of characteristics that limit their ability to maximize their utility and wellbeing. Limiting characteristics among adult consumers can include a low level of education or income. These characteristics, in

addition, can be associated with ethnicity and domicile (e. g., inner-city residents frequently have lower levels of education and income). In addition to these demographic factors, a variety of other variables also can limit the consumer, such as low cognitive ability, asymmetry of information, and restricted mobility. Consumer vulnerability has not been researched extensively and, as yet, is inadequately understood. However, prior criticism of targeting has emphasized certain demographic characteristics generally perceived to be associated with vulnerability. Accordingly, in our investigation, we focus on ethnicity, domicile, and low levels of education and income.

Ethical Evaluation of Targeting Strategies The media, special interest groups, and some public officials have criticized the targeting of certain products. Smith and Quelch (1993, p. 193) highlight the role of organized and vocal interest groups in pressuring companies to stop targeting. As we note in the first case, RJR blamed "a small coalition of anti-smoking zealots." Moreover, the extent of the debate over PowerMaster was due in part to a well-orchestrated campaign by CSPI that resulted in Heileman being "sandbagged" by the media. 2 However, it has not been established whether there is a broader societal concern about targeting. Indeed, Calfee (1991, p. 18), refers to the "astonishing degree of political suspicion that has descended on the practice of targeting" and suggests that the media got it wrong. Accordingly, do the ethical evaluations of targeting with George Hacker, Director of 2 Interview the first author by the Alcohol Policy Project CSPI, January at 1995. devoted to vulnerable populations, included articles on the 4 / Journal of Marketing, 1997 July This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to

JSTOR Terms and Conditions strategies by observers reported in the media reflect those of a broader group of public observers ("publics"), be they consumers of the product, members of the media, the government or other organizations (e. g., churches, groups that represent the targeted consumer), or the public at large? We can identify a process of ethical evaluation by these publics, incorporating product harmfulness and target vulnerability. This process begins with a marketer developing a targeting strategy; its key characteristics are the product and the target. Perceptions of product harmfulness and target vulnerability affect publics' judgments of the ethics of the targeting strategy ("ethical evaluations," operationalized in the following section), which in turn influence any behavioral responses. Approving and disapproving behaviors provide feedback to the marketer and can affect subsequent marketing strategies. We state the different possible ethical evaluations of targeting strategies and their consequences more formally in the following section, as hypotheses. To isolate the effect of product harm, in H2 we hold vulnerability constant and compare ethical evaluations for products differing in perceived harm that are targeted at the same high-vulnerability segment. Hence, in comparing strategies 3 and 4, we expect that ethical evaluations will be lower when product harm is greater: to of a product a high H2: A strategy targeting more harmful 4) vulnerability segment (strategy will receive lower ethical evaluations will a strategy targeting less harm than a of ful product a high-vulnerability to 3). (strategy segment If ethical concern over targeting were only a function of the harmfulness of the product involved, as some commentators have suggested, we would not anticipate any difference in ethical evaluations for strategies involving the

same product targeted at different segments. However, our conceptual framework suggests that target vulnerability does influence ethical evaluations of targeting strategies. In H3, we isolate the effect of target vulnerability, hold product harm constant and compare ethical evaluations for products of high perceived harm that are targeted at segments that differ in their levels of perceived vulnerability: to A of a product a high H3: strategy targeting more harmful lower ethical 4) (strategy will receive vulnerability segment a of than evaluations will a strategy targeting more harmful to 2). (strategy segment product a low-vulnerability Marketers are likely to consider whether ethical evaluations lead to action, especially expressions of criticism or consumer boycotts. Such disapproving behaviors can have powerful effects, as RJR and Heileman discovered. But, conceivably, publics could respond positively by praising a company's actions, in recognition of segmentation's beneficial effects. Our conceptual framework suggests that a consumer who evaluates a strategy as less ethical is more likely to engage in a disapproving behavior and less likely to engage in an approving behavior than is a consumer with a more ethical evaluation. Because of the difficulties in eliciting behavior in a controlled study, the following hypotheses specify behavioral intentions: to (approving) H4a (H4b): Intentions engage in disapproving will to behaviors be related negatively (positively) the ethical evaluations a strategy that receives. These hypotheses identify the conditions under which ethical concern and criticism could arise. In addition to these considerations, we investigated what types of consumers, in terms of demographic descriptors, are most critical of targeting and most likely to take disapproving or

approving actions. Hypotheses Our empirical studies assess whether Cases 1 and 2 are generalizable. We attempt to establish the likelihood of public disquiet over targeting that involves a variety of possible "vulnerable" products. We also investigate the basis for this concern: Is it due to product harmfulness, target vulnerability, or both? We doubt that vulnerability alone is the basis for criticism, because it appears to have resulted only over targeting that also involves "harmful" products. Indeed, though targeting minorities has resulted in controversy because of their perceived vulnerability, these segments historically have been undertargeted, and some targeting of minority markets has been praised, such as Mattel's African-American doll, Shani, and Estee Lauder's "All Skins" makeup (Zuckoff 1992). Moreover, our definition of vulnerability indicates that susceptibility to harm is key to vulnerability, suggesting a role for product harmfulness. Many commentators (e. g., Bromberg 1990; Schlossberg 1990; Zuckoff 1992) maintain that the questioning of Uptown, Dakota, and PowerMaster was entirely due to product harmfulness: "It's not the targeting that's the enemy. It's the product" (Moore 1990, p. 5D). However, given evidence in the cases and the literature that perceived consumer vulnerability is also an issue, the alternate explanation is that it is the combination of perceived product harmfulness and target vulnerability that results in criticism of targeting. In many respects, this is a more serious matter for marketers because targeting itself is being challenged. The cases suggest that the least ethical strategy among the four types proposed within the conceptual framework is targeting a more harmful product to a high-vulnerability segment. If the levels of both product harmfulness and target

vulnerability are elevated, we would expect there to be substantial ethical concern. This leads to our first hypothesis (see Figure 1 for labeling of strategies): a target of product a high vulnerability: A strategy targeting more harmful product (strategy will receive lower ethical evaluations than a strategy targeting less harmful product a low-vulnerability target).

Method We tested our hypotheses in two largely similar studies that differed by product type and target demographics. A between-subjects design was used to minimize demand effects. The design was a 2 (more/less harmful) x 2 (high/low vulnerability) full factorial, in which each cell one represented of the four strategies in Figure 1. Each study included two target characteristics (e. g., race, education) and two product classes (e. g., cigarettes, hamburgers), using / Ethics and Target Marketing 5 This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions all possible combinations (i. e., each target characteristic and each product class was represented in all four cells of the design). There was a total of 16 scenarios in each study.

Variables We operationalized target vulnerability as a demographic characteristic generally perceived to limit the consumer's ability to maximize utility and well-being in economic transactions. We operationalized product harm as a product attribute perceived to be more or less harmful, depending on the amount in the product (e. g., nicotine in cigarettes). The high level equaled the highest amount available in the market. The low level equaled the lowest amount available in the market for all products, except for malt liquor in Study II (because there is a legal minimum in some states for malt liquor, we used the lowest amount allowed

by law: 5.1%). We used the same products across all four strategies to prevent variations between product classes from affecting results and avoided all brand names to prevent influence from previous publicity or opinions. Pretest. Our choice of targeting strategies was guided by a pretest that examined perceptions of less versus more harmful products and low versus high target vulnerability. We rated eight products and four sample of 59 college students target descriptions. We chose the products and target tested from those that have elicited some criticism in the media (not limited to Cases 1 and 2). Scenarios. Each scenario included a target described in terms of a vulnerability characteristic and a product described by its harmful product attribute. To make the raw values of the harmful attributes more meaningful, we included the mean amount across all major brands as a reference. For example: Introduction A large company, well-known to the public, recently introduced a new cigarette. The cigarette is intended to appeal to consumers who are college graduates. The cigarette has an amount of nicotine of .05 milligrams. The average amount of nicotine across all companies is .81 milligrams per cigarette. Dependent Variables Ethical evaluations. To measure the ethical evaluation of the scenarios, we adopted Reidenbach and Robin's (1990) multidimensional ethics scale (MES). Previous studies find alphas of .71 to .92, for each of the three MES subscales, plus moderate to good convergent, discriminant, construct, and predictive validity (Reidenbach and Robin 1990; Reidenbach, Robin, and Dawson 1991). Although criticisms have been raised (Hansen 1992; Skipper and Hyman 1993; also see replies by Reidenbach and Robin 1993, 1995), the scale is used widely to measure ethical judgments (e.g., Flory et al. 1992;

LaTourand Henthorne 1994; Robertson and Ross 1995; Tansey, Hyman, and Brown 1992). Furthermore, our search of the literature did not reveal another validated, multidimensional scale appropriate for evaluating the ethics of marketing strategies. Therefore, we adopted the MES scale. However, we modified the instructions for the scale to explain "unspoken promise" and "unwritten contract," because respondents reported difficulty in understanding these items in the pretest. The three dimensions or subscales are "moral equity" (i. e., just/unjust, fair/unfair, morally right/not morally right, and acceptable/not acceptable to my family), "relativistic" (i. e., culturally acceptable/unacceptable and traditionally acceptable/unacceptable), and "contractualism" (i. e., violates/does not violate an unspoken promise and violates/does not violate an unwritten contract). The moral equity dimension is broad-based. Reidenbach and Robin (1990, p. 646) suggest it "relies heavily on lessons from our early training that we receive in the home regarding fairness, right and wrong as communicated through childhood lessons of sharing, religious training, morals from fairy tales, and fables." The relativism dimension, they suggest (1990, p. 646) is "more concerned with the guidelines, requirements, and parameters inherent in the social/cultural system than with individual considerations" and can be acquired later in life. The contractualism dimension is in keeping with the notion of a social contract between business and society (Donaldson and Dunfee 1994). If support for hypotheses about ethical evaluations is more evident on one dimension than another, this could allow some speculation as to the rationale for ethical judgments of targeting. For example, differences in the evaluation of targeting strategies

on the contractualism dimension might suggest that respondents are concerned about the violation of the "ethics of exchange" (Reidenbach and Robin 1990, p. 647). This could have implications for responses by marketers. Conceivably, they might argue that the "terms" of the social contract are misunderstood and that targeted consumers' freedom to choose is paramount. Behavioral intentions. The second set of dependent variables measured the likelihood of performing each of five disapproving behaviors (e. g., stop buying the company's products) and two approving behaviors (e. g., tell friends to buy the company's products). The items were based on descriptions of consumer activism (Berry 1977; Vogel 1978). Suitable preexisting scales were not available. Reliability and validity of the MES. We examined the reliability and validity in our study of the MES scale, the more critical dependent variable. The coefficient alphas for the three dimensions of the MES scale indicate satisfactory internal reliability as follows: moral equity dimension .93 .86 (Study I) and .91 (Study II), contractualism and .85, and relativism .70 and .69 (these alphas are consistent with previous studies). To test for construct validity, we analyzed the correlations between each ethical dimension and each behavior. As expected, each ethical dimension correlates negatively and significantly with each disapproving behavior, and there are significant, positive correlations between 3 The MES provides a measure of respondents' evaluations of the ethics of our scenarios and provides some indication of their rationale for these evaluations. It cannot provide definitive value judgments on the targeting strategies described. This is a task of normative marketing ethics, as later explained. ethical dimensions and approving behaviors (see Table 1). 6 / Journal of Marketing, 1997 July This

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TABLE 1 Correlations Between Ethical Evaluations and Behavioral Intentions

Ethical Dimensions	Behavioral Intentions	Disapproving Behaviors	Stop buying the company's products	Tell your friends to stop buying the company's products	Complain to a newspaper or radio or television station	Call or write company to complain about action	Write member of Congress to criticize company	Approving Behaviors	Tell friends to buy company's products	Call or write company to praise the action
Moral Equity	Study I -.68***	Study I -.70***	Study I -.37***	Study I -.40***	Study I -.36***	Study I -.59***	Study I -.57***	Study I -.35***	Study I -.36***	Study I -.39***
Relativism	Study I -.52***	Study I -.53***	Study I -.32***	Study I -.33***	Study I -.32***	Study II -.23***	Study II -.23***	Study II -.18***	Study II -.17**	Study II -.19***
Contractualism	Study I -.41**	Study I -.27***	Study I -.43***	Study I -.30***	Study I -.29***	Study I -.29***	Study I -.30***	Study I -.23***	Study I -.29***	Study I -.33***
	.14***	.07	.02	.00	.28***	.09*	.15**	.10a	.18***	.02
	.02	.02	.04	Overall, these results support the reliability and validity of the MES scale dimensions.						

4 Sample and Procedure We recruited convenience samples of adult respondents while they were waiting to see one of two historical sites or to board a train at a station in a South Atlantic city. These locations were selected to include adults (i. e., nonstudent respondents), to achieve both geographical and racial diversity (and obtain a sample close to being nationally representative), and to ensure the cooperation of respondents willing to take the 20 minutes required to complete the questionnaire. Trained assistants (uninformed about the study's hypotheses) collected the data from people waiting for relatively long times, either to gain admission (a 60-90 minute wait) or to board a train (at least 30

minutes from departure). These assistants asked potential subjects to answer questions individually on a self-administered, written survey. Each subject read one scenario and then answered the items for ethical evaluation followed by those for disapproving and approving behaviors (in a random order). Next, respondents answered the manipulation check items for perceived product harmfulness (three items) and perceived target vulnerability (two items). Last, they answered demographic questions. In addition, respondents answered questions related to ongoing research on consumer vulnerability, including items (before the scenario) involving individual personality differences. In Study I only, they also answered questions. As further evidence of the validity of the MES, we tested whether its dimensions measure ethical evaluations and the value of adding a dimension on virtue ethics (given recent interest in virtue ethics applied to marketing). As expected, each dimension of the MES correlated significantly, in the appropriate direction, with each of two univariate measures of ethics, which supports the construct validity of the scale. A virtue ethics scale, developed for this test, correlated significantly and positively with each MES dimension, and the evidence of support for H3 does not change when tested with the virtue ethics scale. These results suggest that the virtue scale is redundant of the existing MES dimensions and therefore not a necessary addition. (immediately before the demographic items) about their own vulnerability when buying a variety of products. Study I Sample In recruiting respondents for this study, we made a specific effort to ask blacks as well as whites to respond because the survey included targets described as white or black. Our goal was to have the sample's mix of blacks and

whites approximatethat of the U. S. population. Of 720 people approached, 94 refused to participate, which resulted in 626 surveys collected (87% participation rate); 522 surveys (83%) were complete on the dependent variables and used for analysis. The sample was 52% female, 79% white, and 10% black. Median age category was 38-47 years, median household income category was \$45, 000-\$59, 999, and median education was a college degree. The U. S. residents (84%) were from all parts of the country; the largest group (19%) was from the South Atlantic region, in which the data were collected. Comparedwith the U. S. adult population, the domestic portion of the sample was closely representative on gender and race but had higher levels of education and household income. The distribution of age groups and geographicalregion within the domestic sample approximatedthe U. S. adult population, except that people 38-47 years of age were overrepresented, and those 68 the years of age and older were underrepresented; Midand Atlantic region was underrepresented, West NorthCentral was overrepresented. Target Characteristics and Product Classes The target characteristicsfor vulnerability were education and race. The productattributesfor harmfulnesswere nicotine in cigarettes and fat in fast-food hamburgers. Because tobacco is a " sin" productand might be a special case, we also used fast-food hamburgers, a relatively benign (" nonsin") product. Although targetingstrategiesfor this product Ethics andTargetMarketing 7 / This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions have elicited criticism (Farham 1992; Freedman 1990), it has been less vigorous than that for cigarettes. All manipulations were successful. Targets with less than a

high school education were rated significantly more vulnerable (at 5.04 on a seven-point scale) than were targets with a college education (3.10) ($t = 12.0$, $df = 259$, $p < .0001$), as were blacks (4.39) versus whites (3.33) ($t = 6.81$, $df = 242$, $p < .0001$). Cigarettes with 2.1 milligrams of nicotine were rated as significantly more harmful (at 5.94 on a seven-point scale) than were cigarettes with .5 milligrams (5.11) ($t = 3.95$, $df = 251$, $p < .0001$), as were hamburgers with 63 grams of fat (5.75) versus those with 9 grams (3.04) ($t = 15.2$, $df = 250$, $p < .0001$). The average amount of the harmful attributes (as found in the marketplace) were .81 milligrams of nicotine and 29 grams of fat, and these values were included in the scenarios. It should be noted that to lessen demand effects, each respondent answered the manipulation questions on product harm for three product attributes, including the one in his or her scenario; we used the same approach for target vulnerability. However, manipulation check results are based only on subjects who saw the particular product or segment in his or her scenario.

Tests of Hypotheses Prior to testing the hypotheses, we determined the appropriateness of combining scenarios that differed on target characteristic or product class. The test was an ANOVA with the main effect and all two-way interactions for the harm, vulnerability, product class, and target characteristic terms. We conducted a separate test for each dimension of ethical evaluations. There was a significant interaction between target characteristic (education or race) and vulnerability (high or low), for each of the three dimensions: moral equity ($F(1, 520) = 5.92$, $p < .05$), relativism ($F(1, 520) = 6.13$, $p < .05$), and contractualism ($F(1, 520) = 5.45$, $p < .05$). Therefore, tests involving

vulnerability were conducted separately for education versus race. Likewise, to determine whether samples from the three collection locations could be combined, we tested for interactions between location and the manipulated variables; none were significant, so we combined locations in the following analyses. We show results for H1-H3 in Table 2. H1-H3 predict differences in ethical evaluations of pairs of targeting strategies. They were tested with contrasts from a between-subjects, one-way (four types of scenarios) ANOVA for each dimension of ethical evaluation. H1 is supported for both race and education scenarios, with each dimension of ethical evaluation. As expected, the more harmful/high-vulnerability scenario (strategy 4) receives lower ethical evaluations than the less harmful/low-vulnerability scenario (strategy 1). It is also important to note that the mean values for strategy 4 (more harmful/high vulnerability) were generally well below the scale midpoint and in contrast to mean values above the midpoint for strategy 1 (less harmful/low vulnerability). These absolute reactions of respondents suggest that not only is strategy 4 judged less ethical than strategy 1, but it also might be considered unethical by respondents, because it was viewed by far as the most negative strategy (see Table 2).

TABLE 2 Tests of H1-H3 on Ethical Evaluations in Study I Mean Responses for Ethical Evaluations 1 Strategies (Harmfulness/Vulnerability) Scenarios with Education Moralequity dimension Relativistic dimension dimension

Contractualism Scenarios with Race Moralequity dimension

Relativistic dimension dimension Contractualism More/High(4) 2. 34 3. 11 3.

27 2. 34 2. 89 3. 39 Less/Low (1) 4. 43 4. 98 4. 91 3. 50 3. 87 4. 11 Less/High (3) 3. 69 3. 97 4. 45 3. 59 3. 94 4. 31 More/Low(2) 2. 98 3. 76 4. 28 2. 27 3.

08 3. 42 Significance Levels of Contrasts for Ethical Evaluations² Scenarios with Education H1: Moreharmful/high (1) vulnerability < Less harmful/low (4) vulnerability H2: Moreharmful/high vulnerability (3) vulnerability < Less harmful/high (4) H3: Moreharmful/high vulnerability (2) vulnerability < Moreharmful/low (4) MoralEquity . 0001 . 0001 . 05 Relativism . 0001 . 01 . 05 Contractualism . 0001 . 0001 . 0001 MoralEquity Relativism Contractualism Scenarios with Race . 0005 . 005 . 05 H1: Moreharmful/high vulnerability < Less harmful/low (4) (1) vulnerability . 01 . 0001 . 0005 (3) vulnerability < Less harmful/high (4) vulnerability H2: Moreharmful/high ns ns ns (2) vulnerability < Moreharmful/low (4) vulnerability H3: Moreharmful/high 1-7 1From scales, where 7 was moreethical. 2The statistical used didnotgive a t-valueforeach contrast, relied critical on t but values of t, as follows:= 1. 97for p = . 05, t = 2. 60 package for p = . 01, t = 2. 83 for p = . 005, t = 3. 53 for p = . 0005, and t = 3. 95 for p = . 0001. 8 / Journal of Marketing, 1997 July This content downloaded on Tue, 12 Mar 2013 16: 10: 46 PM All use subject to JSTOR Terms and Conditions H2 also is supported for both race and education scenarios with each dimension of ethical evaluations. Product harmfulness has the expected effect on ethical evaluations; the more harmful/high-vulnerability scenario (strategy 4) is less ethical than the less harmful/high-vulnerability judged scenario (strategy 3). H3 is supported for education scenarios, with each dimension of ethical evaluations, but not for race scenarios. Specifically, strategy 4, targeting consumers with less than a high-school education, is perceived as less ethical than strategy 2, targeting college graduates. As expected, target vulnerability, as well as product harmfulness, affects ethical

evaluations. However, despite manipulation checks indicating that blacks are perceived as more vulnerable consumers than whites, targeting blacks is not evaluated differently from targeting whites. H4a (H4b) predicted that intentions for disapproving (approving) behaviors would be related negatively (positively) to ethical evaluations (see Table 1). The significant, negative correlations for each disapproving behavior and each dimension of ethical evaluation support H4a. Support for H4b is evident in the significant, positive correlations for "tell friends to buy company's products" and each ethical dimension and for "praise the company's action" and moral equity. The most likely behaviors are "stop buying the company's products" and "tell friends to stop buying" (see means in Table 4).

Demographic Differences

Which consumers view targeting strategies as less ethical? The answer was ascertained using regression analysis (see Table 3). Women and older respondents judge the scenarios to be less ethical, on each MES dimension. Nonwhites judge the scenarios to be less ethical than whites do, on the moral equity and relativism dimensions (on contractualism, this difference between races approaches significance; $p < .08$). Across both race and education scenarios, there is no significant relationship between respondents' levels of education and ethical evaluations; however, for education scenarios only, respondents with less education judge them to be less ethical on the moral equity dimension. Lower-income respondents judge the scenarios to be less ethical than do higher-income respondents on the relativism dimension; for education scenarios only, lower-income respondents judge the scenarios to be less ethical on all three dimensions. We also examined more directly whether ethical evaluations differed if the

respondent was "in-target" (i. e., those as respondents with the same demographic characteristic the consumer in the scenario) versus "non-target" (those target outside the target described in the scenario). For the low vulnerability conditions (strategies 1 and 2), across both race and education scenarios, in-target respondents evaluated the scenarios as significantly more ethical than did non-target respondents on the moral equity dimension ($p < .05$). The effect was reversed for the high-vulnerability (strategies 3 and 4); in-target respondents evaluated the scenarios as significantly less ethical than did non-target respondents on the moral equity dimension ($p < .05$). Accordingly, respondents who possess the demographic characteristic associated with greater consumer vulnerability view the scenarios as less ethical, including those strategies that target high-vulnerability consumers. Which consumers are more likely to take disapproving or approving actions (see Table 4)? Women are more disposed to stop buying the company's products or spread negative word of mouth but are less likely to do either approving behavior. Older respondents are more inclined to stop buying and spread negative word of mouth. Nonwhites are more disposed to doing each of the disapproving behaviors. Respondents with less education are more likely to spread positive word of mouth. There are no differences related to income. It should be noted that the positive behaviors are much less likely to occur than the negative ones. Other Findings The tests of our hypotheses indicate that both product harm and target vulnerability affect ethical evaluations. To assess the relative impact of these two factors, we used a series of regressions with each ethical dimension as the dependent variable and four independent variables, each

of which referred to the targeting scenario. These independent variables were perceived level of harmfulness of the product and perceived vulnerability of the target (data from questions used for the manipulation checks) and dummy variables for and the product class (i. e., cigarettes versus hamburgers) the characteristic (i. e., race versus education). Using standardized beta coefficients, product harmfulness has a larger effect on ethical evaluations than does target vulnerability for the moral equity and relativism dimensions (and the coefficients are significantly different at $p < .05$), but the two factors have equal impact on contractualism (see Table 5). The regression results on the relative impact of vulnerability and harmfulness suggest that in comparing mixed strategies, more harmful/low vulnerability (strategy 2) would be viewed as less ethical than less harmful/high vulnerability (strategy 3). Contrasts between these scenarios support this post hoc hypothesis on each dimension of ethical evaluations for race scenarios ($p < .05$) and on the moral equity dimension for education scenarios ($p < .05$) (see means in Table 2). We also examined the effect of product harmfulness when targeting low-vulnerability consumers, by contrasting the two strategies to these groups (i. e., strategy 1 versus strategy 2). For both education and race scenarios, these strategies differed on moral equity ($p < .001$) and relativism ($p < .01$). In each contrast, the scenario with the more harmful product (strategy 2) is evaluated as being less ethical than the scenario with the less harmful product (strategy 1) (see means in Table 2). This suggests there could be concern about targeting harmful products, even to low-vulnerability groups. Finally, we contrasted the two strategies involving less harmful products targeted at

groups that differ in vulnerability (i. e., strategy 1 versus strategy 3). The scenario with the high-vulnerability target (strategy 3) is evaluated as less ethical than the scenario with the low-vulnerability target (strategy 1) for education scenarios on the moral equity and relativism dimensions ($p < .05$) (see means in Table 2).

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TABLE 3 Differences Across Demographic Groups in Ethical Evaluations for Study I

Dependent Variable	Moral equity	Relativism	Contractualism
For All Scenarios	.14**	.11*	.08
For Education Scenarios Only	.07	.10	.07
For Race Scenarios Only	.21***	.13*	.09

1 whites coded as 1 and nonwhites coded as 0. 1 Coded as a dummy variable; women coded as 1 and men coded as 0. 2 Coded as a dummy variable; * $p < .05$. ** $p < .01$. *** $p < .001$.

Study II We conducted a second study, within the same two-month period, to assess whether the findings in Study I could be replicated using different target characteristics and product classes. Our purpose was to establish whether we could make broader generalizations about ethical evaluations and the consequences of targeting and thereby improve the robustness of our

findings. Sample Of 421 people approached, 59 refused to participate, which resulted in a total of 362 surveys collected (86% participation rate); we obtained 322 (89%) complete surveys for analysis. The sample was 41% female, 78% white, and 10% black. The median age category was 38-47 years, median household income category was \$45, 000-\$59, 999, and median education was a college degree. The U. S. residents (96% of the sample) were from all partsof the country; the largest group (29%) was from the South Atlantic region, where the data were collected. Comparedwith the adultU. S. population, the domestic portion of the sample had more males, fewer Hispanics, fewer members from the Western United States, and higher levels of both education and household incomes, and was younger. Target Characteristics and Product Classes The targetcharacteristicsfor vulnerabilitywere income and domicile. The product attributesfor harmfulnesswere alcohol content in malt liquor and annualinterestrate for credit cards. Creditcards, which also have received some criticism 10 / Journalof Marketing, 1997 July for targeting (Keats 1994), were included to broaden the findings beyond " sin" products. All manipulations were successful. Consumers with below-averageincome were perceivedas significantlymore vulnerable (4. 95 on a seven-point scale) than were those with above-average income (3. 17) ($t = 7. 97$, $df = 132$, $p < . 0001$), as were consumerswho live in the inner city (4. 99) versus those in the suburbs (3. 21) ($t = 7. 90$, $df = 128$, $p < . 0001$). Malt liquorwith 14%alcohol content was perceived as being more harmful (5. 51 on a seven-point scale) than was malt liquor with 5. 1% alcohol content (4. 34) ($t = 4. 66$, $df = 131$, $p < . 0001$), as were credit cards with a 22. 5% annual interest rate (5. 82) versus

cards with a 6.5% rate (3.56) ($t = 9.31$, $df = 147$, $p < .0001$). The mean amount of the harmful attributes were a 6% alcohol content and a 16.5% interest rate and were included in the scenarios. Tests of Hypotheses As in Study I, we tested whether it was appropriate to lapse across target dimensions, product classes, and the three collection locations. For the contractualism dimension, none of the relevant interactions were significant. For moral equity, there was a significant interaction between product class (credit cards or malt liquor) and vulnerability (high or low) ($F(2, 315) = 3.80$, $p = .05$). Therefore, tests on moral equity involving vulnerability were done separately for credit cards and malt liquor. For the relativism dimension, there was a significant interaction between location and vulnerability ($F(2, 315) = 4.64$, $p = .01$). Respondents at location 3 had a lower income.

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TABLE 4 Results for Behavioral Intentions in Study I Mean Values of Behavioral Intentions by Strategies (Harmfulness Vulnerability) | More/High Less/Low Less/High More/Low Race 2 (2) (3) (4) (1) Intentions for Disapproving Behaviors Stop buying the company's products Tell your friends to stop buying the company's products Complain to a newspaper or radio or television station Call or write company to complain about action Write member of Congress to criticize company 5.53 5.62 3.08 3.61 2.95 3.41 3.49 2.17 2.36 2.20 3.87 3.95 2.43 2.60 2.53 2.64 1.86 5.57 5.47 2.69 2.98 2.72 1.96 1.73 -.10* -.16*** -.24*** -.27*** -.18*** -.08 -.09 Standardized B Across Dem Education Gender 3 A -.08 -.06 .01 .05 .05 -.10* -.07 .21** .19*** -.02 .07 -.01 m r' -I _.

Intentions for Approving Behaviors Tell friend to buy company's products 2.

67 1. 83 1. 72 1. 93 Call or write company to praise the action 'From 1-7 scale, where 7 was very likely. a coded as 0. as white coded as 1 and nonwhite 2 Coded a dummy variable; 3 Coded a dummy as women coded as 1 and men coded as 0. variable; *p < .05. **p