

URL: <https://stvp.stanford.edu/clips/the-importance-of-ethical-marketing>

Noting that companies do sometimes cross ethical lines in their marketing efforts, Stanford adjunct lecturer and entrepreneurial marketing expert Lynda Kate Smith argues that marketers must focus on ethics. The key to ethical marketing, she insists, is ensuring that an organization has clear values that actually drive decision making.



Transcript

- What do you think about most people 00:00:05,090 having a negative view of marketing, especially exploiting people's psychology to sell them what they wouldn't want to buy? What percent of marketers do you think would care about customers over profitability? - Yeah, this is, this is a great question.. 00:00:21,130 I'm going to answer this in two ways.. The first way I'm going to answer it is this is where ethics come into play.. And this has been, I think, super important in what we've been doing here at Stanford as well is really looking at ethics across everything that we do.. And when I think about marketers, marketers do need to learn and understand what that ethical behavior is all about and really think about what are they doing as a marketer and make sure they don't cross that line.. So I think that this whole idea of ethical marketing is think is a very important thing for any marketer to really learn.. What is my personal opinion? Yeah.. Companies do go over that line and they will unfortunately put, hey, I want to really make money, and so I'm going to put my ambitions as a company because I have shareholders, I have investors, I got to put it ahead of what I think is really right for my market and for my audience.. So they're always going to be bad eggs out there.. The other way I'm going to answer this is, welcome to my life..

I walk into a Stanford classroom of all these engineers and it's like, all right, I want to see a show of hands who thinks marketing has value.. I can tell you that not a lot of hands go up and that's always part of my job then, during those 20 sessions is get you from where you think it has no value and it's all that fluffy stuff or sadly stuff that is inappropriate from an ethical perspective to where you know how to go out and drive marketing in a way that's ethical and a way that makes sense for the business.. And it is always finding that balance.. That's a great question.. - Is there an example of that, Linda, just to, 00:01:52,500 I'm just double clicking on the question and just diving a bit deeper because one of the takeaways from the talk is economics.. You need to make sure that you have a business model that's balanced.. And so I think there is this takeaway that it needs to be profitable, but if that profitability comes at odds with your principles, how do you reconcile the two? And I don't know if there's an example that you can share where there might've been a tension between your principles and what was profitable or how you navigated through that process.. - Yeah.. You know, what I, what I can say is 00:02:23,980 being in the B, a lot of my career was in the B2B world, and then I moved to the B2D or Business to Developer world.. And in the B2B world, I would say that I never ran into an example in my companies where what we were doing was wrong for our customers..

And so I was very lucky that way.. I will say we had one company where there, we did have to look at what are our

practices at the end of a quarter and closing a quarter.. Used to hear about in the old days where software actually came on a disc, gold disc deals to get a quarter close.. I have seen that in business and we did bring that back.. We had to bring that back because we were a publicly traded company, but I've been very lucky not to have seen people crossing the line in terms of what they're doing to customers.. I will say I have observed, and I don't want to say company names, because they've not been names, companies I've been associated with, but I have seen in the B2C world where it's really easy to do that.. And I think there, you're seeing a lot of questions around this, especially with forming young kids associations.. You're seeing a lot of question.. I mean, it's, you know, without saying the name of a company, there's been a lot of question about even in the product development, are we developing children's dolls in a way that is gonna make them feel good about their own personal images? So I think in the B2C world, it is much easier to cross that line.. And then a company has to question, why are they in business? And are they feeling good about how they're in that business? - And does it come back to then your values, 00:03:54,410 which is ultimately your brand? - Yeah..

00:03:57,540 - Because ultimately I think isn't it articulating 00:03:58,979 what your values really are - I love it.. 00:04:00,645 - in the beginning and, and, 00:04:02,590 and having that be informing part of your brand and making that decision.. - Yeah.. So agree with that.. 00:04:08,300 And I, I'm passionate about the whole idea of value building and building values.. And I have worked in organizations where it was "shoot, where's that card from HR.. I know we have values.. I just got to find that card and find out what they were on the back of them", because they weren't a part of how we operated.. And I have worked with companies where the values were taken so seriously that they actually did drive the business.. They were the underpinnings, underpinnings of how the company operated..

As entrepreneurs, you get to make that choice.. And so another thing I would say is don't wait to select your values until way down stage, "oh, I guess we're big enough, now we need to have values." They can be such powerful tools for building the brand, but for building your organization, hiring the right people, making the right choices as you're pointing out...