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**CONSUMERS' ATTITUDES TOWARD UNETHICAL
MARKETING**

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I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

This study aims to find out consumers' attitudes towards unethical marketing. Thus, the research questions are: what is the consumer's reaction towards unethical marketing and to what extent does unethical marketing influence consumers' attitudes?

Based on the theories of consumer attitudes and the review of the literature on unethical marketing, an online questionnaire was distributed through various social media platforms. The web-based survey had 93 respondents in total. The sample method used was non-probability method and the type of sampling was convenience sampling.

Analysis of the responses showed that the consumers are bothered about unethical marketing. Nevertheless, this would not stop the consumers from purchasing products or services from companies that violate the codes of ethics. The results also indicate that consumers are quick to forgive companies for their lack of ethics since only a minority of the respondents claimed unwillingness to purchase a product or service from a company that is deemed unethical. Given this, it is recommended that businesses react swiftly to any misconduct of ethics and issue an apology statement.

Keywords: marketing, consumer attitudes, marketing ethics, unethical marketing

INTRODUCTION

While there has been previous research on consumers' attitudes toward unethical marketing, the scope of the research has always been slightly different. There seems to be a gap in the literature about how does unethical marketing influence consumers' attitudes. Hence this is the main focus of this paper. Furthermore, it is vital to build on previous work and expand the knowledge on this modern phenomenon.

The growth of marketing has created new tools and opportunities for businesses to reach their potential customers quicker than ever before. Given that marketing is constantly evolving, new marketing strategies are also being advanced in order to influence consumer buying behaviour more efficiently. Marketers are able to subject unethical marketing tactics to consumers unwillingly, as there are unregulated territories in regards to marketing codes of ethics. In the age of social media, the controversy of employing unethical marketing practices has become more evident. As many people nowadays have access to internet, more and more people are aware of the unethical marketing tactics used by some companies, intentionally or unintentionally.

In the business organization, marketing is a fundamental field that offers a visible interface with not only customers but with all other stakeholders as well. Therefore, it is essential for marketers to take marketing ethics into consideration (Dincer 2014). Over the decades the importance of attitude has gradually increased. Furthermore, the study of consumer attitudes has been gaining significance due to its influence over an individual's behaviour (Jain 2014). The psychology of a consumer is complicated and unpredictable. The unsure state of mind of the customers is what makes it extremely challenging for a marketer to anticipate how a customer will behave towards a product. It is crucial to investigate a consumer's attitude and motive towards the attitude object so that the behaviour of the customer can be foreseen. (Pande et al. 2015)

The creation of the topic, "Consumers' attitudes toward unethical marketing" is not something that came to me over night. In fact, deciding on my thesis topic was quite the journey. As I was reflecting on my academic experiences, I thought about a particular topic that is often undervalued

and underappreciated. The topic, unethical marketing is a field of marketing in which I have minimal knowledge or research background. Thus, my lack of understanding unethical marketing in the past is essentially what led me into choosing this topic. The more I researched the topic the more invested I became. Therefore the main problem of the research is the unawareness of the attitudes consumers have towards companies that employ unethical marketing. This paper aims to find out consumers' attitudes towards unethical marketing.

The importance of the research comes from the fact marketing has a prominent role in every corporation. As ethical values differ from person to person based on religion, culture and upbringing, marketing should be guided by specific ethical rules and regulations in order to steer clear of any problems between corporations and customers.

Main research questions are as follow:

Q₁ What is the consumer's reaction towards unethical marketing?

Q₂ To what extent does unethical marketing influence consumers' attitudes?

Thesis will be divided into three major chapters. The first part focuses on the theoretical background. Its purpose is to help understand the research problem and give a solid basis for the study. The literature review also introduces key concepts as well as relevant theories and terms. Theoretical part can be further divided into two subchapters. Consumer attitude definitions and models will be presented in chapter 1.1. In chapter 1.2 author focuses on marketing ethics and its elements.

In the second part, the data framing work is discussed in detail. This part will concentrate on introducing the sample as well as presenting how the data was obtained. Furthermore, in the methodology part, the focus group and its demographic factors are presented. Research method limitations and strengths is also discussed. Lastly the author aims to show two different case studies to support the theoretical background of the research and to give further examples of unethical marketing behaviours.

The last part will present the results from the research, conclusion, recommendations and discussion derived from the research. In empirical analysis, the questionnaire is encoded and research questions thoroughly answered. The limitations as well as the most important points in literature, methodology and empirical analysis are displayed in the conclusion. Literature, books and online articles are used as references in this thesis.

1. THEORETICAL BACKGROUND

Theoretical part introduces main theories regarding the research problem and gives it a firm standpoint. The author is going to explain the basic concepts of consumer attitudes and marketing ethics. In the first part, the concept of consumer attitudes as well as the main components and functions of attitudes are discussed in detail. The following part will take a closer look into the marketing ethics. In the second part the author will also cover ethical marketing and its elements before moving to unethical marketing and its different types.

1.1. Consumer attitudes

The concept of consumer attitudes arose in the 1906s (Pathak 2016). Despite the number of different views on consumer attitudes, most observers are generally consistent with the overall concept that consumer attitudes reflect the tendency to respond positively or negatively towards a certain attitude-object (Boone et al. 2004). Kotler (2004) noted that people are inclined to having attitudes towards everything such as sports, religion, travelling, smoking, video games etc.

According to Pathak (2016) “consumer attitude is characterized by two broad paradigms, the positivist and the non-positivist. The positivist paradigm encompasses the economic, behavioural, cognitive, motivational and situational perspectives; these perspectives are referred to as the traditional perspectives as they pre-date the development of the non-positivist paradigm. The opposing non-positivist paradigm, envelops the interpretive and postmodern perspectives, which have emerged more recently post-1980”. The positivist approach has an emphasis on scientific observation and believe consumers are for the most part rational. Therefore, the traditional positivist approach monitors empirical data in order to establish generalizations, forecast and control consumers’ future behaviour. On the contrary, the non-positivist approach claims consumers are more often than not, complex and illogical individuals. The non-positivist approach also questions and critiques the modern way of thinking. (Pathak 2016)

1.1.1. The trilogy of attitudes

While consumer attitudes can be defined in several ways it has three components: cognitive component, affective component and conative component. (Rosenberg et al. 1960)

Cognitive component – The first component is cognitive component which alludes to the belief and knowledge held by an individual regarding the attitude object. In other words, an individual's knowledge and perceptions obtained through the experiences of their own as well as the information received from other sources form a person's cognition. Ikechukwu (2012) adds, "this knowledge and resulting perceptions commonly take the form of beliefs; that is, the consumer believes that the attitude-object possesses various attributes and that specific behaviours will lead to specific outcomes". The change in attitude that could possibly take place is typically controlled by the beliefs toward the attitude-object. (Ikechukwu et al. 2012)

Affective component – The second component is affective component. This component refers to the person's feelings and emotions about the particular product or brand. Feelings or emotions held about the attitude-object helps the consumer evaluate whether the product or brand is "good" or "bad", "favourable" or "unfavourable" (Madichie 2012; Ikechukwu et al. 2012). Chisnall (1975) mentions that such emotions and feelings stem from an individual's personality traits, background, upbringing, societal norms etc.

Conative component – The last and final part of the tri-component model is conative component. This component consists of the actual behaviour and the intention of taking up a particular action towards the attitude-object. Conation refers to how the attitude we hold influence how we act or behave with regards to the attitude-object. The likelihood of buying or not buying the product as well as the act of attempting to respond in a specific manner with respect to the attitude-object refers to the conative component of an attitude. (McLeod 2018; Ikechukwu et al. 2012)

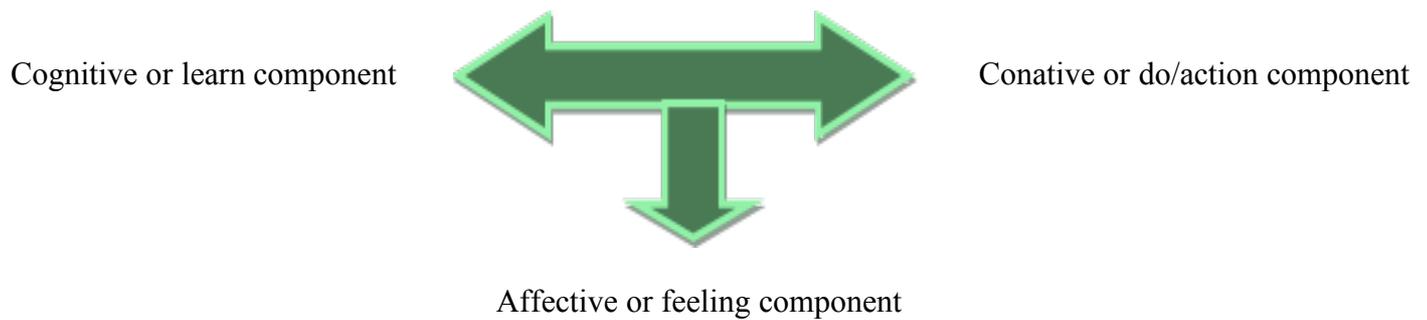


Figure 1. The tri-component attitude model
Source: Fill (2005, 136)

A visual illustration of the tri-component model is provided above in Figure 1. The tri-component attitude model is often also referred to as ABC model, trilogy or paradigm of attitudes for easy memorandum. The main concept of the tri-component model is to highlight the main elements of attitude in order to forecast consumer behaviour. (Pande et al. 2015)

1.1.2. Functions of attitudes

According to the functions of attitudes model (Katz 1960), attitudes consists of four major components: instrumental function, ego-defensive function, value-expressive function and knowledge function.

Instrumental function – The instrumental function refers to the concept of reward and punishment. People form positive or negative attitudes toward the attitude-object based on the satisfaction or dissatisfaction it provides them with. This function helps a person adapt its likes and dislikes to their external environment and help “fit in” with a social group since at the end of the day people seek out other individuals who share similar attitudes. Sammons (2018) points out, “holding/expressing certain attitudes may bring about direct rewards. For example, a young child whose parent holds strong attitudes about football might learn that expressing support for say, Aston Villa brings parental approval”. Furthermore, conveying other attitudes helps some individuals avoid undesirable situations. Instrumental function is often also referred to as utilitarian, adaptive or adjustment function. (McLeod 2018; Ikechukwu et al. 2012; Sammons 2018)

Ego-defensive function – Ego-defensive function relates to forming attitudes that protect one's ego, self-esteem and self-image. This function also helps rationalize and give reasons for actions that make people feel guilty. In Sammons's (2018) view, "this inevitably may involve a degree of bias or distortion in the way the world is interpreted but people will readily do this in order to preserve a particular (usually favourable) view of themselves or the world. (McLeod 2018; Sammons 2018)

Value-expressive function – In value-expressive function the attitudes expressed are a representation of the consumer, their self-concept and the things they find important. As a result, the consumers who deem nature and environment important will in all likelihood form attitudes that support this value. Self, value or ego-expressive attitudes can also be non-verbal and occur for instance in the form of t-shirt slogan. (McLeod 2018; Ikechukwu et al. 2012; Sammons 2018)

Knowledge function – The last and final part of the functions of attitudes model is knowledge function. This function relates to the attitudes that are formed, held and expressed in order to make the world more understandable and predictable as well as give a sense of control and stability. McLeod (2019) states, "knowing a person's attitude helps us predict their behaviour. For example, knowing that a person is religious we can predict they will go to church". These attitudes appear usually when consumers come across a new product or service. Sammons (2018) concludes, "stereotyping is an example of the knowledge function of attitudes. Stereotypes are mental structures that allow us to predict the characteristics a person will have based on the group they belong to". (McLeod 2018; Ikechukwu et al. 2012; Sammons 2018)

Table 1. Functions of attitudes

Source: Blythe (2008)

| Function | Definition | Explanation | Example |
|----------------------------------|---|--|--|
| Instrumental function | The individual uses the attitude to obtain satisfaction from the object | The individual thus aims to maximize external reward while minimizing external punishment | An individual might develop an attitude towards a particular restaurant because his friends go there and the food is excellent |
| Ego-defensive function | Protects against internal conflicts and external dangers | Here the attitude shields the individual from his own failings | Someone who is unable to understand how to use the product might have an attitude that manufacturers make products too complex |
| Value-expressive function | Opposite of ego- defensive; the drive for self-expression | The attitudes expressed often go against the flow of opinion | Most radical political viewpoints fit this mould. Think about the Gulabi women in Uttar Pradesh. |
| Knowledge function | The drive to seek clarity and order | Related to the need to understand what the object is all about. Comes from the belief that if you know what you like or dislike, decision-making is easy | Someone who has an interest in latest car models is likely to read magazines about them, go to the auto shows and watch programmes about cars such as top gear |

A summary of attitude functions is provided above in Table 1. Helping consumers moderate between their inner needs (ego-defensive function & value-expressive function) and the external environment (instrumental and knowledge function) is the main idea of Katz's (1960) functional theory of attitudes (McLeod 2018). The functional view of attitudes reinforces that the reason behind attitudes existing is because they serve some functions for the consumer. Thus, each attitude formed may help the consumer fulfil their needs in one form or another (Sammons 2018). Although for the most part attitudes have a dominant function, attitudes are not mutually exclusive. In fact, they are related to each other and thus it is possible an attitude can serve more than one function. Consequently, understanding how consumers form attitudes and why certain attitudes are held can be extremely beneficial for a marketer before undertaking the challenge of changing it. (Madichie 2012)

1.2. Marketing ethics

Marketing ethics is the subset of business ethics which focuses on the principles and standards that define acceptable conduct in operations and regulations of marketing. In today's business world, marketing ethics should be considered from an individual, organizational and societal aspect (Dincer 2014; Mohammed 2015). From an individual aspect, personal values and moral mind-set are crucial in making the correct ethical decisions in marketing. From the organizational perspective, the key to such decisions in addition to organizational values are training and the moral code of the workplace. (Dincer 2014)

All organizations have some sort of marketing misconduct. The most important part is noticing these events and taking action against them (Ferrell et al. 1958; 2005). Most unethical behaviour is not done for personal gain – it's done for the people around them and to meet performance goals (Gebler 2011). While numerous managers believe that personal values and moral philosophy are the root of the problem when it comes to ethical decision making, this assumption can be questioned. The role of the corporate culture and the bonus from achieving performance goals remain the most decisive factors albeit personal ethics are prominent. (Dincer 2014)

Ethical marketing is less of a marketing strategy and more of a philosophy that applies honesty, fairness and responsibility into the marketing process. Ethical marketing does not merely consist of governmentally monitored regulations and laws. This is due to what is right and wrong being subjective. However, there is a set of guidelines companies attempt to follow and stick to. (Anastasia 2015; Haynes 2017)

As stated by the American marketing association, there are six ethical values that marketers are expected to abide by. The following codes of conduct are (The American Marketing Association 2019):

Honesty – Be upfront in dealings with customers and stakeholders, offer value and integrity, honor promises.

Fairness – Be impartial when dealing with customers and suppliers, refuse to participate in price “wars”, protect customer information.

Responsibility – Take responsibility and accept the consequences, care for the environment.

Respect – Acknowledge humans as individuals and treat everyone involved with respect and dignity.

Transparency – Strive to make marketing operations transparent, heed constructive criticism, communicate all offers, prices and product or service risks clearly.

Citizenship – Aspire to protect the ecological environment and give back to the community as much as possible through various means.

Most people would like to think that if a company applies ethical marketing, it would attract new customers and if the company applies unethical marketing, customers would stop buying their products. However, it is not as straightforward. Prior research shows that only a small minority pay any attention to the ethical behaviour of a company in their purchase decision-making behaviour. According to the same research many millennials do not have great level of interest in ethical behaviour (Carrigan et al. 2001). Carrigan also reports, “the public may register negative behaviour, but positive behaviour is still not recognized to any great degree”. (Carrigan et al. 2001, 570)

1.3 Unethical marketing

Out of all the fields of management, marketing is certainly the most scrutinized and criticized in terms of moral and social responsibility issues (Kennedy et al. 1993). Some have even gone as far as to say marketing is in fact used for unethical purposes (Vassilikopoulou et al. 2008). Its critics point to the fact, that marketing prompts materialism, exploitation and pricing tactics that stray away from morality and honesty limits. (Nantel et al. 1996)

Jones (1991) declares unethical behaviour as anything illegal or morally unacceptable to a larger community. Even though numerous marketing activities can be referred to as unethical, most consumers have a fixation to entrust any information that comes their way (Rotfeld 2005).

Iftekhar (2013) reveals, “for example, a number of weight loss products are a source of attraction for overweight individuals and they are not bothered to evaluate the product or question its safety, whereas the marketers deliberately skip the possible consequences that are associated with the use of that product”. (Iftekhar et al. 2013, 2)

Despite there being various unethical marketing practices, Haynes (2017) believes most of them can be divided into six types:

Surrogate – Marketing prohibited or banned products in a devious way, usually relates to tobacco and alcohol industry.

Exaggeration – Used by plenty of companies as an advertising technique. Common in the weight-loss industry when it comes to quality or popularity of the product or service.

Puffery – Statements that are not technically lies but cannot be attested such as “the best tasting soft drink”.

Unverified claims – Claims made about the quality of the product or service without any scientific evidence to advocate for such promises.

Stereotyping women – Portraying women as sex symbols feeds to the negative stereotype and is very unethical unless the use of models is for beauty products and cosmetics.

False comparisons – Belittling, bad-mouthing and making false claims about competitors in order to gain their customers is also another common unethical marketing policy.

Such practices have also occurred in the past but they are occurring with much more regularity these days as corporations seem to have become more obsessed with increasing profits even if that means sacrificing consumers’ rights (Iftekhar et al. 2013). This contradicts the main ideology of marketing which is consumer satisfaction and if indeed “customer satisfaction is the ultimate goal, one would have a hard time questioning its morality” (Rao et al. 1997). Previous literature has also indicated that the most loyal customers can become alienated if an organization is deemed as unethical. When also taken into account that gaining new customers is much costlier than keeping hold of the old ones, requiring more effort, money and time it is wiser to hang onto the old customers. As a result, corporations should distant themselves from any unethical practices. (Ingram et al. 2005)

2. METHODOLOGY

2.1. Research design

There has been quite a lot of debate on whether case studies should be considered a quantitative or qualitative research method. As Adrijana Biba Starman points out, “the interpretative paradigm, phenomenological approach and constructivism as a paradigmatic basis of qualitative research are closely linked to the definition and characteristics of case studies. A case study is therefore more qualitative than quantitative in nature, but not exclusively, for it can be qualitative, quantitative or a combination of both approaches” (Starman 2013). Thus, both qualitative and quantitative research designs are used in this study. Qualitative research is used for the case studies to give a profound understanding of the topic. It also adds context and in-depth knowledge about the subject (McCombes 2019). Quantitative method is used for gathering the data. The questionnaire was created by using Google forms and the research was conducted through an online survey.

The sample method used is non-probability method and the type of sampling is convenience sampling. Primary data is used for the questionnaire, since the purpose of collecting the data is to address the research problem. Secondary data is used for the case studies and the theoretical background part as the data has been previously gathered.

The author chose questionnaires over interviews because of its cost-effectiveness, speed and practicability. On top of being inexpensive and quick, questionnaires can be used in a variety of ways. Question formats range between open-ended and multiple choice. Another positive that the author considered crucial in choosing the data method, was that the respondents could respond anonymously. Thus, questionnaires being a better outlet for respondent anonymity.

This data collecting method is also extremely handy in comparing and analysing the results gathered from a large audience. (Debois, S. 2019)

The author deemed crucial to not disclose the research topic and hence almost completely eliminating any biasness. The reason behind this was that the author did not want to see

respondents altering initial responses due to the fear of being judged on their morals or ethical values. The online survey was voluntary and almost anyone who wanted to take part in it could do so but since the survey was done online the respondent had to be of legal age (18) and have a computer or a smartphone with an internet access. The author emailed the link to the web-based questionnaire to all of his friends, family and work colleagues. In addition to this I spread the questionnaire through social media. I posted about it on my Facebook, Instagram, Snapchat accounts. Small portion of my followers also shared my post so it is highly like that some of their friends and family also took the survey.

Data collection period was just over one week. The questionnaire had 93 respondents in total. 34 of these respondents were females and 59 were males. The majority of the respondents were from the age group of 18-24, accounting for approximately 67% of all respondents. The survey consisted of 14 questions and approximately took 5-10 minutes to complete. Author divided the questionnaire into four different sections. The first section had demographic based questions while the second section had questions based on brand knowledge. Third section focused on ethical and unethical marketing behaviours. The fourth and last section covered the case studies addressed in this research since the author wanted to know whether the respondents were aware of the events as well as whether the respondents deemed them unethical. Both open-ended and closed-ended questions were used in this survey. In addition to those, demographic, rating, Likert-scale and multiple-choice questions appeared in the questionnaire. Matrix and checkbox questions were also part of the diverse arsenal used.

The results were collected from the data using descriptive statistical analysis. The statistical analysis was dissected by using Microsoft Excel. The data was categorized and gathered before composing visuals through tables and charts.

However, since the sample is not representative of the entire population, the results of the study cannot speak for the entire population. Therefore, generalizations cannot be made based on the study (Explorable 2009). Even though the author at first considered utilizing focus group interviews, in the end with the help of the supervisor author chose to carry out a questionnaire instead. The reason behind this was that the author preferred to collect data from a large number of respondents rather than gain in-depth understanding from a few participants' perceptions and emotions. (McCombes 2019)

2.2. Case studies

“A case study is a detailed study of a specific subject, such as a person, group, place, event or phenomenon”. Case studies can be helpful when trying to understand the research problem from different perspectives. It is extremely adequate when the author wants to contextualize an event or a phenomenon. (McCombes 2019)

Both of the scandals the writer wants to disclose are massive and have an enormous impact on their respective industries as well as in marketing ethics in general. The author wanted to highlight these incidents and felt the need to include both of them in this paper. First, we will take a closer look into the event caused by the big automaker company, Volkswagen. Then we will dive into what happened on the world-renowned Pepsi advert controversy. Furthermore, unethical marketing practices are applied in both of these scandals.

2.2.1. Volkswagen emissions scandal

Volkswagen is a German automobile manufacturer, founded by the German government in 1937, in order to produce low-priced “people’s cars”. As the company was funded by the German government at the time, this meant that Adolf Hitler oversaw the company operations. Volkswagen’s headquarters is located in Wolfsburg, Germany. The Volkswagen Group sells its products in more than 150 countries. It was actually the world’s largest car manufacturer in regards to volume for a brief moment in 2015. Volkswagen Group is currently the largest car manufacturer in Europe with over 642,000 employees worldwide. Furthermore, Volkswagen Group has twelve widely known brands: Volkswagen, Audi, SEAT, SKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. (Tikkanen 2019; Volkswagen Group 2019)

In September 2015, Volkswagen Group was accused of violating Clean Air Act regulations by the Environmental Protection Agency (EPA). EPA found that the German car manufacturer has been installing a sophisticated piece of technology into their cars, referred to as “defeat device”. This software allows their cars to cheat emissions tests in labs but as soon as their cars hit the market emissions controls were switched off. This software –or “defeat device” was sophisticated enough to distinguish when it was being lab tested in contrast to when it was on the road. The cars emitted nitrogen oxide (NOx) up to 40% times the legal amount on the road, making the cars appear cleaner than they actually are. (Spence 2015)

Volkswagen admitted to 11 million cars being potentially affected by the diesel emissions “defeat device”, including some Skoda, SEAT and Audi models. The German car maker was fined more than \$4 billion in the US alone, where the scandal was first discovered. The overall outcome of the scandal was a \$14.7 billion settlement to compensate car owners and as a consequence of the harm caused to the environment (Naranjo 2016; Tikkanen 2019). Despite the scandal, Volkswagen Group’s car sales continued to increase yearly after 2015. (Volkswagen AG 2019)

2.2.2. Pepsi commercial

Pepsi is an American soft drink manufactured by PepsiCo. PepsiCo is a food and beverage company that sells products to more than 200 countries. It took its name in 1965 when the Pepsi-Cola and Frito-Lay companies merged into one. PepsiCo’s headquarters is located in New York. Up to this day, PepsiCo is one of the largest companies in the world with more than 260,000 employees worldwide while 22 of their brands exceed the \$1 billion annual sales mark. Some of those brands are Mountain Dew, Lay’s, Gatorade, Tropicana and Doritos. (Tikkanen 2019; PepsiCo 2019; Forbes 2019)

In 2017, Pepsi ran an ad featuring American model and reality TV superstar Kendall Jenner. In the ad, Kendall Jenner is in the middle of a photoshoot session when she decides to join a group of people marching in the streets. The advert does not indicate what the protest is about, however the protestors are holding signs such as “Love”, “Peace” and “Join the conversation”. Kendall then proceeded to walk through the group of demonstrators, pick up a Pepsi can, head to the front-line of the protest and hand the Pepsi can to the stone-faced daunting looking police officer. Police officer proceeds to take a sip. As he then breaks into a smile, a woman wearing a nose ring and a traditional Muslim headscarf captures the moment with a photograph while the crowd cheers. The advertisement ends with the screen displaying the message “Live bolder”, “Live louder” and “Live for now”.

The ad was widely criticized in the US for making light of the Black Lives Matter movement. At first, Nooyi, who is PepsiCo’s CEO commented on the commercial saying “I’ve thought about it a lot because I looked at the ad again and again trying to figure out what went wrong – because it was a peace march not a protest march. It was people in happiness coming together”. She later on understood that it was the last scene featuring Kendall Jenner and the police officer that caused the biggest backlash, many claiming it resembled the Black Lives Matter movement. (Taylor 2017)

Numerous people critiqued Kendall Jenner for being naive as well as criticizing the ad for “painting a privileged, white model as a peacemaker between civil rights activists and police” (Smith 2017; Bbc 2017). The ad also drew a lot of criticism from social media, notably Twitter. Several celebrities and public figures, including Bernice King, the youngest daughter of Dr. Martin Luther King Jr. went to Twitter to express their feelings towards the Pepsi advertisement. She posted an old pic of her father in the midst of a peaceful civil rights protest – literally being pushed away by policemen with a tweet, “If only Daddy would have known about the power of #Pepsi”.



Figure 2. The daughter of Dr. Martin Luther King Jr’s tweet regarding the Pepsi ad
Source: Smith (2017)

The commercial was not visible for a long time as it was pulled out a day after being released. PepsiCo quickly reacted to the public outcry and released an apology statement saying, “We did not intend to make light of any serious issues”. (Taylor 2017)

3. EMPIRICAL ANALYSIS

The empirical part of the research covers analysis of the results as well as discussion and recommendations. In the first part, descriptive analysis of the research will be presented providing charts and brief observations. In the last part of the empirical analysis section, discussion and recommendations will be addressed in detail.

3.1. Results and analysis

The questionnaire consisted of questions based on brand knowledge, marketing ethics and case studies. The first three questions were demographic based focusing on the general characteristics of the respondents. Figure 3 shows that 63% of the respondents were males while 37% represented females. Overwhelming majority of the respondents were between the ages of 18-24, representing 67% of all the respondents. 24% of the respondents were between the ages of 25-34, 5% between the ages of 35-44, 3% between the ages of 45-54 and only 1% of the respondents were 55 or older.

The last question to end the first part of the questionnaire was asking the respondents where they were from, which in itself was quite irrelevant to the research although it was in the interest of the author.

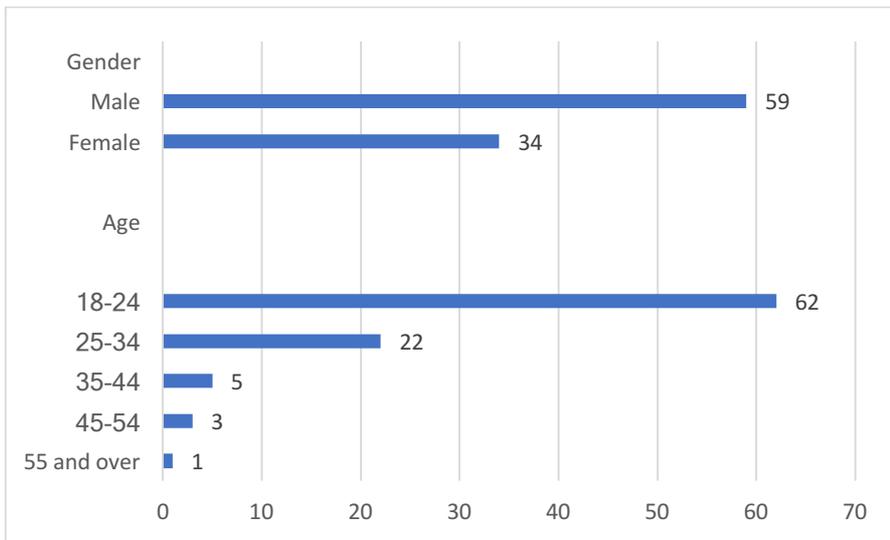


Figure 3. Gender and age of the respondents (n=93)
Source: Composed by the author

Second part of the survey focused on brand equity, brand knowledge to be more specific. In the fourth question, respondents were asked whether they agreed or disagreed with the statement “I tend to recognize a familiar brand quickly among other competing brands”. Figure 4 below demonstrates that 13% of the respondents neither agreed or disagreed with the statement. 41% of the respondents agreed while 46% strongly agreed with the statement.

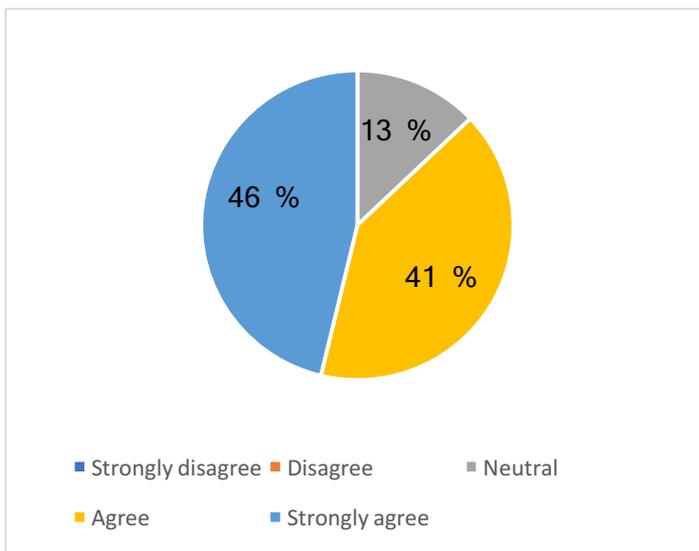


Figure 4. Brand recognition (n=93)
Source: Composed by the author

In the fifth question, respondents were asked to agree or disagree with the following statement: “I recall any positive or negative association of a brand name, when making a purchase decision”. Figure 5 displays that 27% remained neutral while 29% of the respondents strongly agreed. 37% of the respondents agreed whereas 7% disagreed with the statement.

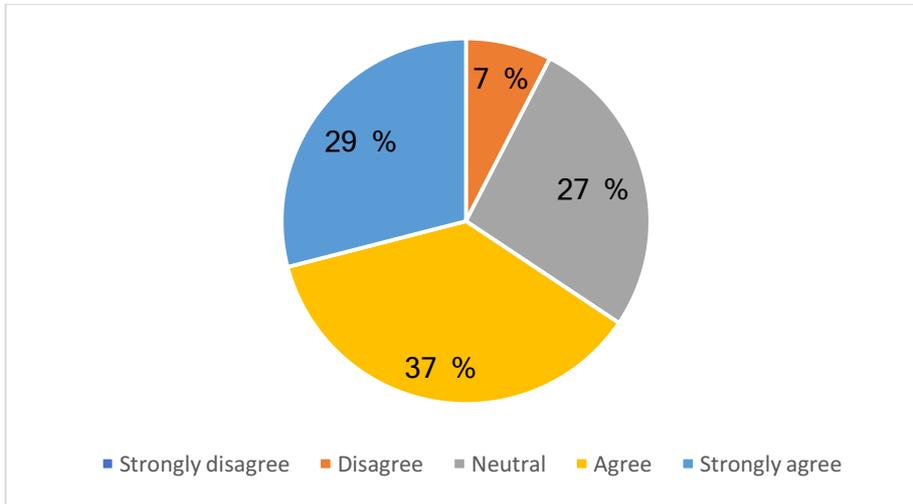


Figure 5. Brand recall (n=93)
Source: Composed by the author

Third part of the questionnaire consisted of six questions, focusing on marketing ethics. First question of this segment, sixth question overall was asking the respondents whether or not they would buy a product or service from a company that is deemed unethical. 50% of the respondent did not know whether they would or wouldn't and thus answered maybe. On the other hand, 32% of the respondents were confident in their conviction and answered no they would not. Remaining 18% would still buy a product or service from organizations deemed as unethical.

In the seventh question, respondents were asked to rate on a scale of 1 to 5 how important they considered the American Marketing Associations' ethical values to be. 1 represented not important at all while 5 was extremely important. The six ethical values in question were honesty, fairness, responsibility, respect, transparency and citizenship. As can be seen from the figure 6, 34 respondents deemed honesty and responsibility as extremely important while 8 respondents considered both responsibility and citizenship not important at all. Most respondents viewed fairness as moderately important. 28 respondents regarded respect as very important while 27 thought transparency was also very important.

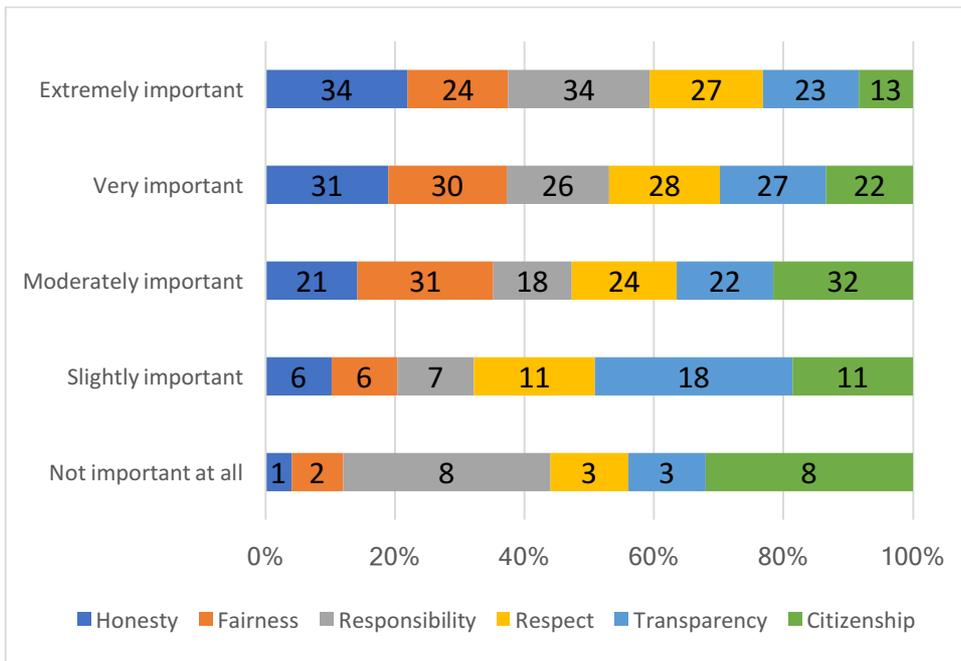


Figure 6. Attitudes toward ethical values (n=93)
 Source: Composed by the author

When asked if the respondents considered themselves to be conscious consumers, three options were presented to them. 53% responded yes, 25% responded no and 22% didn't know whether they consider themselves conscious consumers or not.

In the ninth question, the author asked the respondents to mark which of the following marketing practices they deemed unethical. The meaning of every option was explained in brackets in case some respondents did not fully understand them. The question received answers to all of its answering options and if the respondents felt all of the marketing practices were unethical they were given the option to mark them all. The unethical marketing practices in question were surrogate, exaggeration, puffery, unverified claims, stereotyping women and false comparison. These unethical marketing types were stated by Haynes (2017). Figure 7 below exhibits that the three most selected options in order were unverified claims, exaggeration and false comparison. As the figure 7 also shows, unverified claims was selected by 65% the respondents. The least popular option was puffery, which was selected by 32% of the respondents.

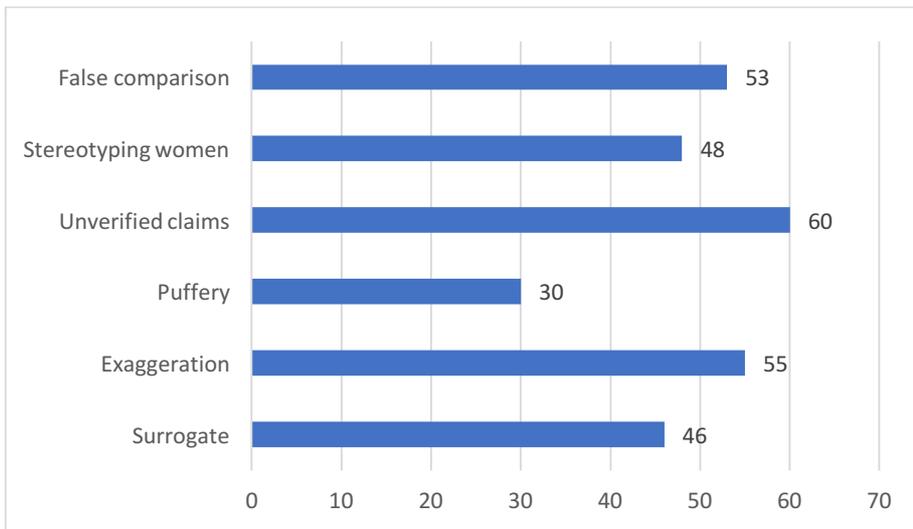


Figure 7. Attitudes regarding unethical marketing practices (n=93)
 Source: Composed by the author

When asked if the respondents believed companies employ unethical marketing unintentionally, a simple yes or no options were presented to the respondents. 54% responded yes and believe in the sincerity of the corporations. 46% of the respondents believe companies employ unethical marketing intentionally.

In the eleventh question, respondents were asked the what would their reaction be if a company to whom they are a loyal customer, would engage in unethical marketing. The respondents were given four predetermined options to choose from. As can be seen from the figure 8, 45% of the respondents would be disappointed but still continue to purchase from the company. 27% went as far as to say they would boycott the company in the future. 11% of the respondents insisted they would ignore it and stay loyal to the company as long as the incident does not directly concern or impact them. Lastly 17% of the respondents admitted to not paying any attention to it. Analysing the results, it can be seen that unethical marketing does indeed impact consumer's purchase decision-making behaviour.

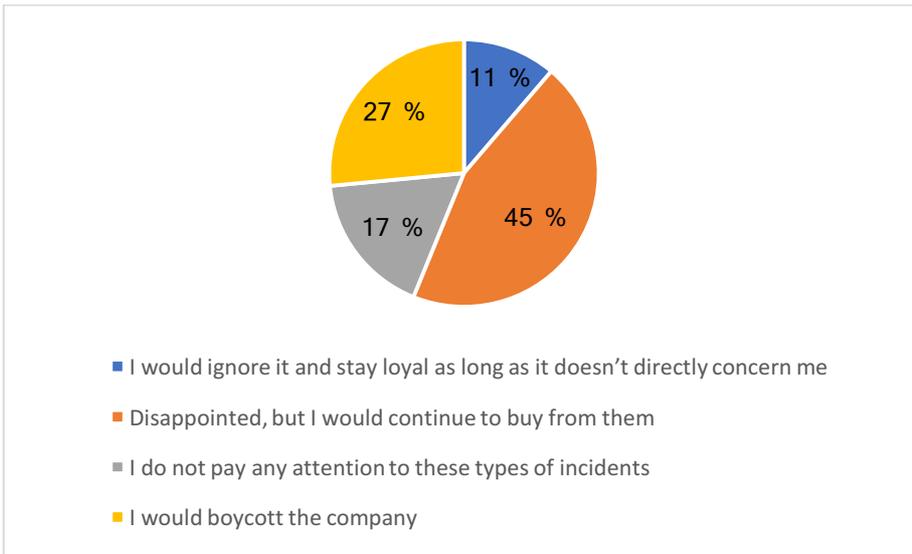


Figure 8. Reaction to unethical marketing (n=93)
 Source: Composed by the author

The fourth and final section of the survey consisted of three questions addressing two case studies, the Pepsi commercial and Volkswagen’s emissions scandal. When investigating the first case study, the video of the Pepsi commercial was displayed to the respondents. Following the video of the commercial, respondents were asked whether they found the ad unethical or not. Figure 9 below exhibits that 47% of the respondents found the commercial unethical while 53% did not find it unethical. However, the public considered the commercial to be naive and ignorant when it first came out. Pepsi reacted quickly, apologized and pulled out the commercial.

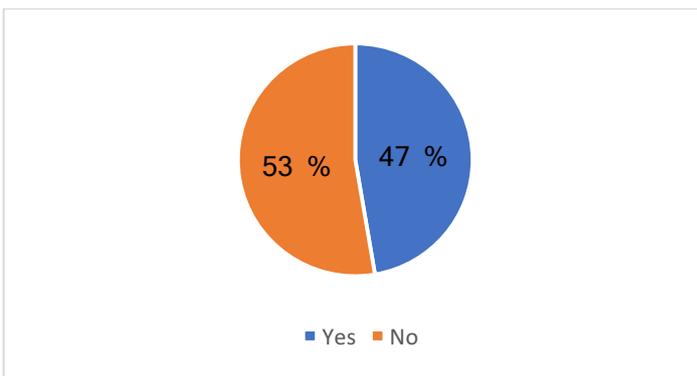


Figure 9. Pepsi ad (n=93)
 Source: Composed by the author

The last two questions covered the second case study. In the question 13, respondents were asked if they were familiar with Volkswagen's emissions scandal. Figure 10 shows that, surprisingly only 59% were familiar with what had happened with Volkswagen in relation to the scandal. 41% of the respondents were not aware of the scandal at all.

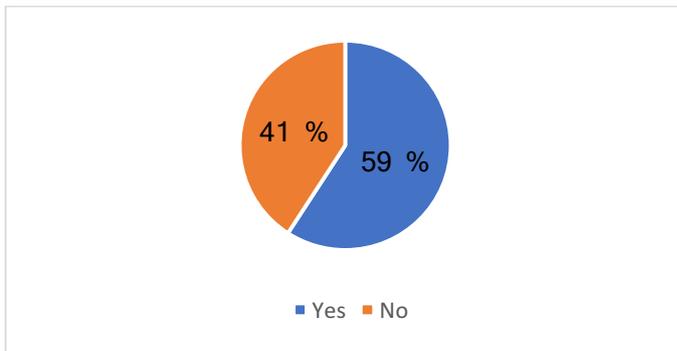


Figure 10. Volkswagen's emissions scandal (n=93)
Source: Composed by the author

The last question was the only question in the whole questionnaire that was not mandatory. This was due to it being a follow up to the previous question. In the last question, respondents were asked if they deemed what Volkswagen did as unethical. The final question received 59 responses in total. 92% responded yes and found it unethical while 8% of the respondents did not.

3.2. Discussion

Overwhelming majority of the respondents claimed to be able to recognize a familiar brand among other competing brands. Two out of three respondents also stated to be able to recall any positive or negative association of a brand name when making a purchasing decision.

From the overall results, every other respondent admitted to not knowing whether they would or wouldn't buy a product or service from a company that was deemed unethical. 32% of the respondents claimed they wouldn't buy from such companies, on contrary 18% responded they would still buy a product or service from an organization deemed to be unethical. This goes to show that unethical marketing does have an impact on consumer purchase decision-making behaviour. Around 53% considered themselves to be conscious consumers whereas 25% did not view themselves as conscious consumers.

Just over a third of the participants viewed honesty and responsibility as extremely important ethical values. Most respondents considered fairness being moderately important while regarding respect and transparency as very important. Analysis based on these responses implies that consumers viewed honesty, fairness and responsibility as the three most important ethical values and transparency and citizenship as the two least important values.

Well over a half, 65% of the participants considered unverified claims made about the quality or the popularity of the product or service without any scientific evidence, to be the single most unethical marketing type. Exaggeration and false comparison made about the competing brands were viewed as the second and third most unethical marketing practices. The least selected option among respondents was puffery, selected only by 32%.

Approximately 54% of the respondents believe companies engage in unethical marketing practices unintentionally, on the contrary 46% believe organizations employ such tactics on purpose. Majority of the participants (45%) stated they would be disappointed, but still continue to purchase from the company, if a company to whom they were a loyal customer to would engage in unethical marketing. While 27% of the respondents claimed they would boycott the company in the future if unethical marketing occurs, 17% revealed to not paying any attention to the marketing ethics employed by a company. These results indicate that companies could engage in unethical marketing and still have customers remain loyal to them. Since only 17% admitted to not paying any attention to the marketing ethics of a company, the results contradict the claims of Carrigan (2001) that only a small minority pay any attention to the ethical behaviour of a company in their purchase decision-making behaviour.

Pepsi's controversial commercial divided opinions almost evenly with 47% of the participants finding it unethical while 53% did not. Volkswagen's emissions scandal was completely the opposite with 92% of the respondents finding what the German automobile manufacturer did with their cars unethical whereas 8% did not. However, the author was caught by a surprise as approximately only 63% of the questionnaire participants were familiar with the Volkswagen emissions scandal and thus only receiving opinions of the respondents familiar with the case.

The questionnaire data gives a clearer understanding of the consumers' actions should a company engage in unethical marketing. When further analysing the findings of the research paper, it is fundamental to notice these results build on the existing theories of Ingram et al. (2005). However,

the findings are not aligned with the theory claiming that only small portion of consumers pay any attention to the ethical behaviour of a company (Carrigan et al. 2001).

Since the sample method used is non-probability method and the type of sampling is convenience sampling, the sample is not representative of the entire population and thus results of the study cannot speak for the entire population limiting generalizability of the findings. The reliability of the data is somewhat impacted by the huge difference in the number of participants from different age groups.

Ethics are very rarely straightforward or black and white. It usually comes with a fair bit of grey. What is unethical to one consumer might be accepted by another and even normal to some. Unethical marketing might lead to a bad reputation or at worst to boycotting the company and at best it can create a buzz through controversial marketing which gets people talking about the brand, not for a long though. When consumers feel an organization lacks a moral compass which guides the company through its day to day operations, resulting in potentially losing credibility and customers doubting 1) the quality of the product or service and 2) whether or not the company cares about the corporate social responsibility. While some organizations might survive the loss of credibility, it is more than likely the road back to the hearts of the consumers is expensive, takes time and requires resources.

3.3. Recommendations

As the author conducted the questionnaire he received dozens of feedbacks from participants expressing their interest towards the topic of this research which gives the assumption respondents are willing to participate in future researches. Since this is the case, further studies should be conducted with much bigger samples. Further research is also needed to establish the true knowledge and understanding of the consumers when it comes to the marketing ethics employed by corporations.

It is beyond the scope of this study but further studies should also take into account the different backgrounds and the beliefs of the individuals partaking in similar researches. The author suggests broadening the geographic scope so it would be representative set of sample for the nation. While the research has obtained important findings as intended, there is always room for improvement. In the future, a qualitative research can be carried out to acquire in-depth insights on the topic.

Conducting multiple studies may help establish constant determinants as well as the key variables. Afterwards eliminating one variable at a time to find out which variable is the most influential one. Some of these variables could include age, gender, religion, geographical location, being a student or not, social class etc.

Based on the research results, it can be concluded that marketers should regard honesty and fairness as particularly important ethical values. Since previous literature has shown that even the most loyal customers can become isolated if they deem the company unethical, companies should forbear from any unethical practices. As the study exhibits, consumers are quick to forgive companies for their lack of ethics and as long as this continues it is extremely difficult for marketing to become more ethical.

Suffice to say, awareness of consumers' attitudes is of crucial importance to marketers and organizations should work on their relationship with consumers. The author believes the topic is modern and very relevant, hence why there should be more awareness and discussion about the topic. Marketing ethics should be controlled, regulated and supervised both nationally as well as globally in order to protect the consumers and keep the competition healthy.

CONCLUSION

Today's fierce and unforgiving competition for market share as well as swift technological development have ensured corporations and marketers with new tricks and gimmicks to target the consumers. Among these practices are the six unethical marketing types: surrogate, exaggeration, puffery, unverified claims, stereotyping women and false comparison.

This study aimed to find out consumers' attitudes towards unethical marketing as well as to what extent does unethical marketing influence them. As a result the questionnaire was formed and the data collected in such a manner that these aims would be achieved.

The main findings are that the consumers are uneasy when it comes to unethical marketing. However, companies violating the codes of ethics would not stop them from purchasing products or services from such companies in the near future. The results also demonstrate that customers found unverified claims made about the product or service and exaggeration as the two most unethical marketing practices. Another one of the main findings was that consumers considered honesty and fairness as the two most important ethical values that marketers should follow. Meanwhile transparency and citizenship were regarded as the two least important ethical values.

Just over half of the respondents believe that corporations do not engage in unethical marketing on purpose. This might suggest that consumers feel like unethical marketing is rarely employed by companies and thus believe unethical marketing occurs by accident. This may lead to customers feeling like not boycotting a company because of a "small" mistake.

The biggest limitation of this study is the sample size. The huge numerical difference in the age groups also hinders the reliability and the generalizability of this paper. Furthermore, the research was conducted by using the convenience sampling method, meaning not every consumer with a computer and a internet connection had the same probability of being a participant. Nonetheless, the empirical analysis and its compatibility with the theoretical background validate the sample.

Oftentimes, when it comes to ethics, there are no indisputable definitions and there is no absolute punishment either. Therefore, it falls to the shoulders of the consumers to stop corporations from playing dirty. Ultimately, it is the customers who decide if a brand can outsurvive its lack of ethics.

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APPENDICES

Appendix 1. Questionnaire

Bachelor thesis

Welcome to my online survey. The aim of this survey is to find out, what do you think about unethical marketing and how does it impact brand equity. The questionnaire consists of 14 questions and will approximately take 5-10 minutes.

The answers will be anonymous. All the information which you provide will be kept strictly confidential and will be discarded once the study has been completed. Thank you for taking part in this questionnaire!

* Required

What is your gender? *

- Male
- Female

Please choose your age group *

- 18 - 24
- 25 - 34
- 35 - 44
- 45 - 54
- 55 and over

3. Where are you from? *

Your answer _____

NEXT

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Bachelor thesis

* Required

Brand knowledge

4. "I tend to recognise a familiar brand quickly among other competing brands". *

1 2 3 4 5

Strongly disagree Strongly agree

5. "I recall any positive or negative association of a brand name, when making a purchase decision". *

1 2 3 4 5

Strongly disagree Strongly agree

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Bachelor thesis

* Required

Marketing ethics

6. Would you buy a product or service from a company that is deemed as unethical? *

Yes

No

Maybe

7. On a scale from 1 (not important at all) to 5 (extremely important), please rate how important do you consider the following marketing ethical values. The more important you feel the value is to you the higher you would rate it and vice versa. *

| | Not important at all | Slightly important | Moderately important | Very important | Extremely important |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Honesty | <input type="radio"/> |
| Fairness | <input type="radio"/> |
| Responsibility | <input type="radio"/> |
| Respect | <input type="radio"/> |
| Transparency | <input type="radio"/> |
| Citizenship | <input type="radio"/> |

8. Do you consider yourself to be a conscious consumer? *

- Yes
- No
- I don't know

9. Which of the following marketing practices do you consider unethical? *

- Surrogate (marketing prohibited or banned products in a devious way, usually relates to tobacco and alcohol industry)
- Exaggeration (overstating quality or popularity of the product or service)
- Puffery (statements that are not technically lies but cannot be attested such as "the best tasting soft drink")
- Unverified claims (claims made about the quality of the product or service without any scientific evidence to advocate for such promises)
- Stereotyping women (portraying women as sex symbols)
- False comparison (making false claims about competitors in order to gain their customers)

10. Do you believe companies employ unethical marketing unintentionally? *

- Yes
- No

11. How would you react if a company to whom you are a loyal customer, would engage in unethical marketing? *

- I would ignore it and stay loyal as long as it doesn't directly concern me.
- Disappointed, but I would continue to buy from them.
- I do not pay any attention to these types of incidents.
- I would boycott the company.

BACK

NEXT

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* Required

Case study

Pepsi commercial



12. Do you find this commercial unethical? *

Yes

No

13. Are you familiar with the Volkswagen emissions scandal? If yes, please proceed to also answer the last question. If no, just skip the last question! *

Yes

No

14. Did you find what Volkswagen did as unethical?

Yes

No

BACK

SUBMIT

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Appendix 2. A non-exclusive license

Annex 1

to the rector's directive no 60 of 27 February 2014

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_____ (date)