

## Chapter 69

# Moral Guidelines for Marketing Good Corporate Conduct Online

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### ABSTRACT

*Corporate social responsibility (CSR) is highly valuable for transnational corporations, but entails special requirements of heightened honesty in the marketing of CSR as compared to other goods and services. Companies need help in finding appropriate venues for advertising CSR. The Internet is an ideal medium for advertising CSR because it affords a global reach and greater space than the confines of standard advertising venues. However, using the Internet also poses special challenges in terms of perceived epistemic criteria for truth in a company's online presence. This chapter highlights both the problems and benefits of marketing good corporate conduct online and provides moral guidelines for marketers of good corporate conduct.*

### INTRODUCTION

Most companies now include corporate social responsibility as a part of their stated goals in business practice. Whether as simple as a corporate code of conduct or as complicated as including social responsibility in a company's fundamental structure, corporate social responsibility (CSR) is now par for the course. This is in part due to Sarbanese-Oxley and changes in the federal sentencing guidelines (Stoll, 2008). This height-

ened concern with CSR has also grown because consumers and investors have become more willing to hold transnational corporations morally accountable for their actions. The rise of non-governmental watchdog organizations that have gone global along with the companies they track has further helped to make social accountability crucial to business practice. However, making consumers aware of moral guidelines at work in the creation and distribution of goods and services is importantly different from standard corporate attempts to sell products. Traditional advertising and public relations practices that may serve well

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in marketing goods and services are often inappropriate in marketing good corporate conduct.

This chapter explains both why there are more stringent guidelines for marketing good corporate conduct and how companies may best inform the public while still operating within the limits of what is morally acceptable conduct. The Internet is an important part of marketing corporate social responsibility initiatives for a number of reasons, but there are also special limitations and problems associated with providing information about good corporate conduct online.

## **BACKGROUND**

Many of the issues faced by those charged with communicating corporate social responsibility initiatives are the same as those faced by individuals advertising goods and services more generally. When it comes to advertising, there are already a number of ethics codes in place. The Better Business Bureau Code of Advertising, the Australian Advertiser Code of Ethics, the British Codes of Advertising Sales Promotion, and the Canadian Code of Advertising Standards share the following key principles. First, it is essential to recognize that advertisers must meet responsibilities to consumers, local communities, and society at large. Secondly, advertising should adhere to standards of decency, honesty, and truth. This, of course, entails that advertisers ought to avoid misrepresentation and outright deception in ads. Advertisers also ought to respect a sense of fair play with other market competitors. Finally, advertisers must consider how their behavior affects the advertising industry as a whole (Spence and van Heekeren, 2005).

Despite these codes many advertisers clearly diverge from the requirements of honesty and avoidance of misrepresentation. Consumers facing the glut of beer and automobile ads promising a hot date still know that beer and nice cars won't actually guarantee delivery of the promised blond

bombshells in the advertisements. Puffery is common practice in advertising. Puffery refers to "exaggerated claims, comments, commendations, or hyperbole, and in its most common usage, puffery is based on subjective views and opinions" (Spence and Van Heekeren, 2005, p. 46). The public is fully aware that puffery is common. According to an article in *Adweek*, 74% of Americans strongly or somewhat strongly believe that advertisers regularly and deliberately stretch the truth (Spence and Van Heekeren, 2005). So long as the positions endorsed in ads are presented as subjective opinion rather than as objective rationally defensible claims, the Federal Trade Commission tends to let this sort of misrepresentation slide.

It could be argued that so long as consumers understand that the claims made in advertisements are exaggerated it is no more a case of outright lying than it is an outright lie for an actor in *Hamlet* to pretend to be a Danish prince when he is, in fact, a middle class man from Los Angeles. Artistry is never a matter of perfect representation of reality and the public knows that advertising is as much an art form as it is an attempt to provide information to the public about a company's products. Given this context, puffery is likely not problematic so long as one is not targeting marketing efforts towards children or to those who are mentally incompetent due to age or disease. With a minimally rational target audience, puffery is not necessarily deeply problematic, since context allows a rational agent to discern fairly easily the actual likely results of purchasing a product even if ads are unduly hyperbolic in their expression of purported benefits.

Puffery in advertising good corporate conduct, however, is much more problematic. If one is duped by a beer advertisement into thinking that Budweiser really will improve one's romantic life, the harm done is minimal. If a company knowingly advertises good corporate conduct in an attempt to reap the financial benefits of being perceived as having morally good corporate character when in fact the company does not deserve that kind of

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