

# **Marketing Regulation and Consumer Behavior: Ethical Issues in Marketing to Children**

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## **Abstract**

Marketing ethics is the area of applied ethics, which deals with the moral principles behind the operation, and regulation of marketing. Children are identified by marketers as immensely powerful consumers. Such potential profitability has highlighted childhood as an economic construct and accompanied an aggressive move towards marketing to young people. This paper examines the unethical practices of organizations towards children. However, if marketing to children is truly to be practiced ethically, marketers need to be aware of ethical expectations beyond their own subjective paradigm.

## **Introduction**

On Saturday May 12, 2007, *The Haravgi* newspaper in Cyprus reported that 7 years old Antreas Christou bid nearly £750,000 for a Power Ranger toy on eBay. The dramatic headline, 'Antreas, 7, BIDS £3/4m FOR POWER RANGER ON EBAY', suggests that despite children's inability to understand the concept of money, they are still targeted with and susceptible to promotional messages that establish a desire to go out and buy. Children are identified by marketers as immensely powerful consumers. Such potential profitability has highlighted childhood as an economic construct (Day, 2000), and accompanied an aggressive move towards marketing to young people (Gunter & Furnham, 1998). Furthermore, companies need to understand the ethical issues in marketing to children. The above 'bidding' is just a small example of an unethical issue in marketing to children.

Marketing ethics is the area of applied ethics, which deals with the moral principles behind the operation, and regulation of marketing. Some areas of marketing ethics such as the ethics of advertising and promotion overlap with media ethics. Many people believe that marketing needs to respect its own moral principles and ethics otherwise, marketing is inherently evil. Their position is based on the argument that marketing necessarily commits at least one of three wrongs. First, marketing is damaging personal autonomy. The victim of marketing in this case is the intended buyer whose right to self-determination is infringed. Second, marketing is causing harm to competitors. Excessively fierce competition and unethical marketing tactics are especially associated with saturated markets. Third, marketing is manipulating social values. The victim in this case is society as a whole. The argument is that marketing promotes consumerism and waste. To continue, there are three possible frameworks of analysis for marketing ethics which are as follows:

1. Value-orientated framework: analyzing ethical problems on the basis of the values which they infringe (e.g. honesty, autonomy, privacy, transparency).
2. Stakeholder-orientated framework: analyzing ethical problems on the basis of which they affect (e.g. consumers, competitors, society as a whole).
3. Process-orientated framework: analyzing ethical problems in terms of the categories used by marketing specialists (e.g. research, price, promotion).

It is important to mention that none of these frameworks allow, by themselves, a convenient and complete categorization of the great variety of issues in marketing ethics.

### **Ethical Issues in Market Audience, in Advertising and in Promotional Activities**

In addition there are some ethical pitfalls in the market audience. Targeting the vulnerable such as the children and the elderly is a major ethical issue. In the case of children, the main products are unhealthy food, fashionware products and entertainment goods. According to McGee (1997, p. 52) “Children are a lucrative market. Children twelve and under spend more than \$11 billion of their own money and influence family spending decisions worth another \$165 billion.” This is due to the fact that children are not capable of resisting or understanding marketing tactics at younger ages. Furthermore, ethical pitfalls in advertising and promotional content include issues with violence and sex. Sexual innuendo is a mainstay of advertising content and yet is also regarded as a form of sexual harassment. Violence is another ethical issue especially for children's advertising. The advertising of certain products may strongly offend some people while being in the interests of others. The advertising of condoms has become acceptable in the interests of AIDS prevention, but is nevertheless seen by some as promoting promiscuity. Some companies have actually marketed themselves on the basis of controversial advertising. Sony for example, has frequently attracted criticism for unethical content (portrayals of Jesus which infuriated religious groups).

## Ethical Marketing to Children

“Marketing to children is a major concern to regulators and consumer groups. A major reason for this concern is evidence based on Piaget’s theory of cognitive development that children are not able to fully comprehend commercial messages. This had led to rules issued by both the Federal Trade Commission and the Children’s Advertising Review Unit (CARU) of the National Advertising Division of the Council of Better Business Bureaus” (Hawkins, Best, & Coney, 2004, p. 731). These rules focus mainly on being sure that advertisements are clearly separated from the program content and that the words and pictures in the advertisements do not mislead children having limited cognitive skills. “In addition to concerns about children’s comprehension of advertisements, there is concern about the effect of the content of commercials on children. The extensive advertising of high-fat and high-sugar products raises a concern about its effect on the health of children” (Hawkins, Best, & Coney, 2004, p. 731). Therefore, since children differ in their ability to process consumer information, many serious ethical issues are raised by such promotion (Solomon, Bambossy, & Askegaard, 2002). There are questions about the ability of children to understand advertising and its intent and not be deceived and manipulated by it. Experts say that children don't understand persuasive intent until they are eight or nine years old and that it is unethical to advertise to them before then. In addition, young children, in particular, have difficulty in distinguishing between advertising and reality in ads, and ads can distort their view of the world. Additionally children are unable to evaluate advertising claims. Thus, ethical questions arise when they are exposed to different marketing activities and messages. It is for these reasons that marketing to children should be carefully restricted. In particular advertisements aimed at children under the age of 9 years old, including on the internet and during children's television programmes, should be banned. Such advertising subsidizes the cost of these services at the cost of our children's values, sense of well-being, health and integrity. Moreover the future of the planet is at stake if advertisers and marketers turn children into hyper consumers of the future.

There are other marketing activities aimed at children other than television advertising that cause ethical issues. “Children’s advocates are now particularly concerned about marketing to children on the Internet. The federal government has passed legislation to protect children’s online privacy (Children’s Online Privacy Protection Act). CARU also has guidelines on this topic” (Hawkins, Best, & Coney, 2004, p. 732). The use of the Internet to target children raises ethical issues. Marketers design sites so that children are able to bypass adult supervision. Sometimes they present objectionable materials to underage consumers or pressure them to buy items or provide credit card numbers. When this happens, it is likely that social pressure and subsequent regulation will result. Additionally, Internet advertisers elicit personal information from the children by getting them to fill out surveys before they can play and offering prizes such as T-shirts for filling in lengthy profiles that ask for purchasing behavior, preferences and information on other family members (Fitzgerald, 1996). Advertisers then use this personal information to craft individualized messages and ads targeted at each child. The ads are integrated with the other content of the internet site which is designed to keep the children engrossed in play for hours at a time. There are even product ‘spokes characters’

to interact with the children and develop relationships with them so that long lasting brand loyalties can be developed.

As early as the 1940s, marketing towards young people became more aggressive. An expanding global economy from the 1950s and demographic and cultural changes from the 1980s meant research into the economic power and targeting of children was given greater emphasis (Gunter & Furnham, 1998). Clarke (1988) and Lindstrom (2004) have referred to the 'child consumer'. A large proportion of such research is United States - based. However, the children's market in the United Kingdom is also substantial. Mintel (1990) estimates that in 1979, 17% of the UK population was represented by 5-to-15 year olds, who collectively held a direct spending power of over £600 million. Since the 1960s the potential profitability of children as a market has become a key focus for marketers, especially within the toy industry (McNeal, 1999; Mintel, 1990). Toys represent children's chief desires, accounting for up to 55% of their non-food purchases (Mintel, 1990) and 54% of their first purchase desires. As such, attitudes to toy products and concepts of brand, advertising, and promotion are indicative of a child's consumer education more broadly. To continue, advertisers spend 100s of billions of dollars a year worldwide encouraging, persuading and manipulating people into a consumer lifestyle that has devastating consequences for the environment through its extravagance and wastefulness (Durning, 1992). Children are increasingly the target of advertising and marketing because of the amount of money they spend themselves, the influence they have on their parents spending and because of the money they will spend when they grow up. Whilst this child-targeted marketing used to concentrate on sweets and toys, it now includes clothes, shoes, a range of fast foods, sports equipment, computer products and toiletries as well as adult products such as cars and credit cards. Young people are so wealthy that children 4 to 12 years old have a combined annual income of nearly \$15 billion, \$11 billion of which they spend. This group directly influences more than \$160 billion in family household purchases. Furthermore, children indirectly influence between \$350 billion and \$400 billion worth of purchases a year (McNeal, 1992). This consumption power that children have makes marketers to ignore the ethical issues, which are related to children, and they design aggressive marketing programs and strategies in order to target them. The children market is a huge and very profitable one and therefore marketers try their best not only to influence them, but to influence their parents as well. McDonalds for example, the fast food giant is often seen as unethical as it aims its advertising at children, whom it is clearly aware will irritate their parents to go to buy a burger. Such is the case in Cyprus, that when parents ask their children to get ready for dinner, they get their coat and shoes on and say when we are going for a 'Happy Meal', the child meal of McDonald's. Banks do a similar role, through its advertising to children, by providing free incentives to open an account. Through these aggressive marketing activities, banks believe they will retain the child throughout its life. Also unethical is marketing, which promotes an adult product in a child seductive manner, or a child product with a clear empathy on adult behavior. For such a reason all computer games are now age-coded much like the video classification to help to prevent seduction.

Parents today buy more for their kids because trends such as smaller family size, dual incomes and postponing children until later in life mean that families have more

disposable income. As well, guilt can play a role in spending decisions as time-stressed parents substitute material goods for time spent with their kids. Marketers take advantage of these trends they design marketing strategies in order to satisfy the needs of the children and the needs of the parents who feel guilty for not spending much time with their children. To continue, marketers employ strategies and programs in order to target effectively the children. First, marketers use the 'Pester power' to influence children's decision-making. Pester power refers to children's ability to nag their parents into purchasing products they may not otherwise buy. Marketing to children is all about creating pester power, because marketers know what a powerful tool it can be. According to Sutherland & Thompson (2003, p.196), "pestering or nagging can be divided into two categories; persistence and importance. Persistence nagging is not as effective as the more sophisticated importance nagging. This latter method appeals to parents' desire to provide the best for their children, and plays on any guilt they may have about not having enough time for their kids."

Second, marketers are using researchers and psychologists in order to conduct research regarding children's developmental, emotional and social needs at different ages. Using research that analyzes children's behaviors, marketers are able to develop aggressive marketing strategies to target young people. Third, marketers try to position their brands in the minds of the young children, in the hopes that this brand recognition will grow into lifetime relationships. Brand loyalties can be established as early as age two, and by the time children goes to school most can recognize hundreds of brand logos. Fast food companies, toy companies, clothing companies and banks have been cultivating brand recognition in children for years. The Sports Illustrated magazine for example, has launched kid and teen editions that boast ads for adult related products such as minivans, hotels and airlines. Fourth, marketers are using buzz marketing or street marketing which is a new twist on the word of mouth method. Marketers find the coolest kids in a community and have them use or wear company's product in order to create a buzz around it. Buzz marketing is a very powerful tool for marketers because it can help the company to successfully establish a relationship with the savvy teen market in order to give their products cool status. Buzz marketing is very popular to the Internet, where young 'Net promoters' use chat rooms and blogs to position and promote products among unsuspecting users.

### **Conclusion**

To conclude, a distinct divide between industry and social perspectives on the issue of ethics precludes a state of mutual understanding and acceptance. If marketing to children is truly to be practiced ethically, marketers need to be aware of ethical expectations beyond their own subjective paradigm. To continue, while the potential power of marketing strategies and programs to persuade consumers inevitably raises questions of ethics, this is especially so when those consumers are children. Ethical issues are now becoming a method of producing value to the organization and frequently producing profits if marketers manage them effectively. In addition, every organization must make a conscious decision as to what sort of ethical stance it is to take regarding children. Finally, marketers need to consider the major ethical issues in marketing to children

because children do not have the ability to understand the different promotional mix messages which they see every day. However, these promotional mix messages have the ability to influence the children in order to target them. Therefore, the manipulation of the psychological behavior of the children is a very serious ethical issue and marketers need to be aware of it.

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