Ethics and Target Marketing: The Role of Product Harm and 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 sharply focused target marketing. Marketers, aided by information technology, 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 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 particular, extensive media attention has been devoted to the targeting of adult consumer segments viewed as "vulnerable," with products considered "harmful," which is the focal 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, however, has been the criticism of the targeting of alcohol and tobacco products, notably Uptown and Dakota cigarettes and PowerMaster malt liquor.

In many respects, targeting epitomizes the marketing concept. Nonetheless, on occasion it has resulted in controversy and even has been criticized as unethical. This seemingly paradoxical outcome has received little theoretical or empirical scrutiny; yet it is clearly of importance to marketing theory and practice. Certainly, marketers and public policymakers must respond if there is public disquiet over targeting and therefore should be interested in its causes and consequences. Marketers might need to be especially responsive if their practices result in a diminished reputation for the firm, lost sales, and potentially, the regulation of targeting. From a theoretical standpoint, it is important to determine whether there are boundary conditions to the assumed benefits of the targeting concept; in other words, the potential for controversy and ethical concern might suggest that targeting is inappropriate for some products and markets.

More broadly, there well could be legitimate concern about the ethics of targeting vulnerable consumers with harmful products. Marketers might 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.

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Criticism of Target Marketing
The new product introductions of Uptown and PowerMaster 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 toward black Americans ... when our people desperately need the message of health promotion, Uptown's message is more disease, more suffering and more death for a group already bearing more than its share of smoking-related illness and mortality (Schiffman 1990, p. B8).

Given extensive media criticism, RJR canceled plans for Uptown, noting, "We regret that a small coalition of anti-smoking zealots apparently believes that black smokers are somehow different from others who choose to smoke" (Spector 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" (Spector 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. B1). 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. B1).

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 disproportionally 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 farina has 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 outdoor advertising accessible to children (Hernandez 1996). However, at issue in the cases presented here...
commercial information, recognizing its limitations and useful-
ness. 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 substantial understanding of 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.

**Conceptual Framework**

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 harmlessness 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 states that marketers 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-
Vulnerability refers to a susceptibility to injury or to being 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." A special issue of the Journal of Public Policy & Marketing (Spring 1995), which was devoted to vulnerable populations, included articles on the 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 broader 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 in, or as a result of, economic transactions because of characteristics that limit their ability to maximize their utility and well-being. 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. 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
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 strategy ("ethical evaluations," as 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.

**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" targets and "harmful" 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):

\[ H_1: \text{A strategy of targeting a more harmful product to a high-vulnerability segment (strategy 4) will receive lower ethical evaluations than will a strategy of targeting a less harmful product to a low-vulnerability segment (strategy 1).} \]

To isolate the effect of product harm, in \( H_2 \) 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:

\[ H_2: \text{A strategy of targeting a more harmful product to a high-vulnerability segment (strategy 4) will receive lower ethical evaluations than will a strategy of targeting a less harmful product to a high-vulnerability segment (strategy 3).} \]

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 products targeted at different segments. However, our conceptual framework suggests that target vulnerability does influence ethical evaluations of targeting strategies. In \( H_3 \), we isolate the effect of target vulnerability. We 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:

\[ H_3: \text{A strategy of targeting a more harmful product to a high-vulnerability segment (strategy 4) will receive lower ethical evaluations than will a strategy of targeting a more harmful product to a low-vulnerability segment (strategy 2).} \]

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:

\[ H_{4a} (H_{6a}): \text{Intentions to engage in disapproving (approving) behaviors will be related negatively (positively) to the ethical evaluations that a strategy receives.} \]

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.

**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) × 2 (high/low vulnerability) full factorial, in which each cell represented one 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
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.

**Independent 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 equalled the highest amount available in the market. The low level equalled 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. A sample of 59 college students rated eight product and four target descriptions. We chose the products and targets 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:

A large company, well-known to the public, recently introduced a new cigarette. This cigarette is intended to appeal to consumers who are college graduates. The cigarette has .05 milligrams of nicotine. The average amount of nicotine per cigarette across all companies is .81 milligrams.

**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; LaTour and Henthome 1994; Robertson and Ross 1995; Tansey, Hyman, and Brown 1992). Furthermore, our search of the literature did not reveal another validated, multidimensional scale appropriate to 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 (Study I) and .91 (Study II), contractualism .86 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 ethical dimensions and approving behaviors (see Table 1).
therefore not a necessary addition. The virtue scale is redundant of the existing MES dimensions and tested with the virtue ethics scale. These results suggest that the version, and the evidence of support for H1-H3 does not change when each of two univariate measures of ethics, which supports the construct validity of the scale. A virtue ethics scale, developed for this study, correlates significantly and positively with each MES dimension, and the evidence of support for H1-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.

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 checks 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 (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 approximate that 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. Compared with 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 geographical region within the domestic sample approximated the U.S. adult population, except that people 38-47 years of age were overrepresented, and those 68 years of age and older were underrepresented; the Mid-Atlantic region was underrepresented, and West North Central was overrepresented.

#### Target Characteristics and Product Classes

The target characteristics for vulnerability were education and race. The product attributes for harmfulness were nicotine in cigarettes and fat in fast-food hamburgers. Because tobacco is a “sin” product and might be a special case, we also used fast-food hamburgers, a relatively benign (“non-sin”) product. Although targeting strategies for this product

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4As 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 correlates 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, correlates significantly and positively with each MES dimension, and the evidence of support for H1-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.
have elicited criticism (Farnham 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 amounts 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 does 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

<table>
<thead>
<tr>
<th>Scenarios with Education</th>
<th>Moral Equity</th>
<th>Relativism</th>
<th>Contractualism</th>
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</thead>
<tbody>
<tr>
<td>More/High (4)</td>
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<tr>
<td>More/Low (2)</td>
<td>.0005</td>
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<td>See Table 2 for contrasts.</td>
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Accordingly, respondents who possess the demographic characteristics 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 the product class (i.e., cigarettes versus hamburgers) and the target 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 being 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).
TABLE 3
Differences Across Demographic Groups in Ethical Evaluations for Study I

<table>
<thead>
<tr>
<th>Dependent Variable for All Scenarios</th>
<th>Race</th>
<th>Education</th>
<th>Gender</th>
<th>Income</th>
<th>Age</th>
<th>F (df)</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relativism</td>
<td>.14**</td>
<td></td>
<td>-22***</td>
<td>.07</td>
<td>-.17***</td>
<td>9.7 (5,465)***</td>
<td>.08</td>
</tr>
<tr>
<td>Contractualism</td>
<td>.11*</td>
<td></td>
<td>-18***</td>
<td>.13**</td>
<td>-.22***</td>
<td>9.8 (5,465)***</td>
<td>.09</td>
</tr>
<tr>
<td></td>
<td>.08</td>
<td></td>
<td>-14**</td>
<td>.06</td>
<td>-.11*</td>
<td>3.4 (5,465)***</td>
<td>.03</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent Variable for Education Scenarios Only</th>
<th>Moral equity</th>
<th>Relativism</th>
<th>Contractualism</th>
</tr>
</thead>
<tbody>
<tr>
<td>.07</td>
<td>.13*</td>
<td>-.18**</td>
<td></td>
</tr>
<tr>
<td>.10</td>
<td>.06</td>
<td>-.16**</td>
<td></td>
</tr>
<tr>
<td>.07</td>
<td>.03</td>
<td>-.13*</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent Variable for Race Scenarios Only</th>
<th>Moral equity</th>
<th>Relativism</th>
<th>Contractualism</th>
</tr>
</thead>
<tbody>
<tr>
<td>.21***</td>
<td>-.01</td>
<td>-.25***</td>
<td>-.02</td>
</tr>
<tr>
<td>.13*</td>
<td>.03</td>
<td>-.19**</td>
<td>.03</td>
</tr>
<tr>
<td>.09</td>
<td>-.06</td>
<td>-.15*</td>
<td>-.01</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F (df)</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.7 (5,465)***</td>
<td>.08</td>
</tr>
<tr>
<td>9.8 (5,465)***</td>
<td>.09</td>
</tr>
<tr>
<td>3.4 (5,465)***</td>
<td>.03</td>
</tr>
<tr>
<td>5.7 (5,235)***</td>
<td>.09</td>
</tr>
<tr>
<td>6.5 (5,235)***</td>
<td>.10</td>
</tr>
<tr>
<td>2.6 (5,235)*</td>
<td>.03</td>
</tr>
<tr>
<td>5.8 (5,224)***</td>
<td>.09</td>
</tr>
<tr>
<td>4.4 (5,224)***</td>
<td>.07</td>
</tr>
<tr>
<td>1.5 (5,224)</td>
<td>.01</td>
</tr>
</tbody>
</table>

1Coded as a dummy variable; whites coded as 1 and nonwhites coded as 0.
2Coded as a dummy variable; women coded as 1 and men coded as 0.
*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 parts of the country; the largest group (29%) was from the South Atlantic region, where the data were collected. Compared with the adult U.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 target characteristics for vulnerability were income and domicile. The product attributes for harmfulness were alcohol content in malt liquor and annual interest rate for credit cards. Credit cards, which also have received some criticism for targeting (Keats 1994), were included to broaden the findings beyond “sin” products.

All manipulations were successful. Consumers with below-average income were perceived as significantly more 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 consumers who live in the inner city (4.99) versus those in the suburbs (3.21) (t = 7.90, df = 128, p < .0001). Malt liquor with 14% alcohol content was perceived as being more harmful (5.51) 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 amounts 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 collapse 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.
<table>
<thead>
<tr>
<th>Intentions for Disapproving Behaviors</th>
<th>Mean Values of Behavioral Intentions by Strategies (Harmfulness/Vulnerability)¹</th>
<th>Standardized Betas for Differences Across Demographic Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>More/High (4)</td>
<td>Less/Low (1)</td>
</tr>
<tr>
<td>Stop buying the company's products</td>
<td>5.53</td>
<td>3.41</td>
</tr>
<tr>
<td>Tell your friends to stop buying the company's products</td>
<td>5.62</td>
<td>3.49</td>
</tr>
<tr>
<td>Complain to a newspaper or radio or television station</td>
<td>3.08</td>
<td>2.17</td>
</tr>
<tr>
<td>Call or write company to complain about action</td>
<td>3.61</td>
<td>2.36</td>
</tr>
<tr>
<td>Write member of Congress to criticize company</td>
<td>2.95</td>
<td>2.20</td>
</tr>
<tr>
<td>Intentions for Approving Behaviors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tell friends to buy company's products</td>
<td>1.83</td>
<td>2.67</td>
</tr>
<tr>
<td>Call or write company to praise the action</td>
<td>1.72</td>
<td>1.93</td>
</tr>
</tbody>
</table>

¹From a 1–7 scale, where 7 was very likely.
²Coded as a dummy variable; whites coded as 1 and nonwhites coded as 0.
³Coded as a dummy variable; women coded as 1 and men coded as 0.
*<.05.
**<.01.
***<.001.
(mean = 4.03) than respondents at locations 1 and 2 (mean = 4.55) \((t(294) = 2.12, p < .05)\). As was found in Study I, income influences ethical evaluations on the relativism dimension. Therefore, we did tests on relativism involving vulnerability separately for locations 1 and 2 (the historical sites) versus location 3 (the train station).

We show results for H₁-H₃ in Table 6. H₁ is supported with moral equity for each product class and with relativism for locations 1 and 2. As in Study I, the strategy of more harmful products to a high-vulnerability target (strategy 4) is evaluated as less ethical than its opposite (strategy 1). Again, it is 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), which suggest that strategy 4 might be considered unethical by respondents (see Table 6).

H₂ is supported with moral equity for each product class and marginally with relativism for locations 1 and 2. As expected, the more harmful/high-vulnerability scenario (strategy 4) is judged less ethical than the less harmful/high-vulnerability scenario (strategy 3). In both studies, higher levels of product harmfulness adversely affect ethical evaluations when targeting high-vulnerability segments.

---

### TABLE 5
Regression on Relative Impact of Targeting Strategy Factors for Study I

<table>
<thead>
<tr>
<th>Ethical Dimension</th>
<th>Standardized Betas for Factors</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Harmfulness</td>
<td>Vulnerability</td>
</tr>
<tr>
<td>Moral equity</td>
<td>-.29***</td>
<td>-.08*</td>
</tr>
<tr>
<td>Relativism</td>
<td>-.17***</td>
<td>-.09*</td>
</tr>
<tr>
<td>Contractualism</td>
<td>-.11**</td>
<td>-.11*</td>
</tr>
</tbody>
</table>

¹Coded as a dummy variable; cigarettes coded as 1 and fast-food hamburgers coded as 0.
²Coded as a dummy variable; race coded as 1 and education coded as 0.
*p < .05.
**p < .01.
***p < .001.

### TABLE 6
Tests of H₁-H₃ on Ethical Evaluations in Study II

<table>
<thead>
<tr>
<th>Mean Responses for Ethical Evaluations¹</th>
<th>More/High (4)</th>
<th>Less/Low (1)</th>
<th>Less/High (3)</th>
<th>More/Low (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenarios with Credit Cards</td>
<td>2.73</td>
<td>3.80</td>
<td>3.91</td>
<td>3.01</td>
</tr>
<tr>
<td>Moral equity dimension</td>
<td>2.51</td>
<td>4.44</td>
<td>4.03</td>
<td>3.98</td>
</tr>
<tr>
<td>Scenarios with Malt Liquor</td>
<td>3.59</td>
<td>4.93</td>
<td>4.22</td>
<td>4.64</td>
</tr>
<tr>
<td>Moral equity dimension</td>
<td>4.02</td>
<td>3.63</td>
<td>3.78</td>
<td>3.55</td>
</tr>
<tr>
<td>Locations 1 and 2</td>
<td>4.09</td>
<td>4.39</td>
<td>4.47</td>
<td>4.56</td>
</tr>
<tr>
<td>Location 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relativistic dimension</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractualism dimension</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Significance Levels of Contrasts for Ethical Evaluations²

<table>
<thead>
<tr>
<th>Moral Equity</th>
<th>Credit Cards</th>
<th>Malt Liquor</th>
<th>Relativism</th>
<th>Locations 1 and 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁: More harmful/high vulnerability (4) &lt; Less harmful/low vulnerability (1)</td>
<td>.01</td>
<td>.0001</td>
<td>.0001</td>
<td></td>
</tr>
<tr>
<td>H₂: More harmful/high vulnerability (4) &lt; Less harmful/high vulnerability (3)</td>
<td>.005</td>
<td>.0005</td>
<td>.06</td>
<td></td>
</tr>
<tr>
<td>H₃: More harmful/high vulnerability (4) &lt; More harmful/low vulnerability (2)</td>
<td>ns</td>
<td>.0005</td>
<td>.005</td>
<td></td>
</tr>
</tbody>
</table>

¹From 1–7 scales, where 7 was more ethical.
²The statistical package used did not give a t-value for each contrast, but relied on critical values of t, as follows: t = 1.89 for p = .06, t = 2.60 for p = .01, t = 2.83 for p = .005, t = 3.53 for p = .0005, and t = 3.95 for p = .0001.

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H₃ is supported on moral equity for malt liquor and on relativism for both products for locations 1 and 2. As expected, vulnerability, as well as harmfulness, has an effect. Specifically, for strategies involving more harmful products, higher levels of vulnerability lead to lower ethical evaluations. In Study I, this hypothesis was supported for education, but not for race; in Study II, there is support for both manipulations of vulnerability (income and domicile).

H₄ₐ and H₄ₜ refer to the relationship between behavioral intentions and ethical evaluations (see Table 1). The significant, negative correlations between each disapproving behavior and each ethical evaluation dimension support H₄ₐ. The positive correlation for moral equity and telling friends to buy the company’s products supports H₄ₜ.

In both studies, across all strategy types, respondents were most likely to stop buying the company’s products and to tell friends to do likewise. These behaviors have mean values above the midpoint across both studies for more harmful/high-vulnerability strategies (strategy 4) and more harmful/low-vulnerability strategies (strategy 2) (see Tables 4 and 8). These behaviors for strategies 1 and 3 and the other behaviors across all strategies have values below the midpoint and therefore might be considered much less likely. The low absolute values for praising the company and positive word of mouth (a mean of 1.8 on a seven-point scale in each study) suggest that the likelihood of approving behaviors is low.

**Demographic Differences**

Which consumers view targeting strategies as less ethical (see Table 7)? Women and older respondents judge the scenarios to be less ethical on the relativism dimension (and, for older respondents, differences approach significance on moral equity [p < .08] and contractualism [p < .06]). Nonwhites judge the scenarios to be less ethical than do whites on the contractualism dimension. Respondents with less education judge the scenarios to be less ethical on each dimension. There are no differences related to income.

No differences in ethical evaluations between in-target and non-target groups were found. Tests related to domicile were not possible, as respondents did not provide this information. Results for income were directional, in keeping with Study I, but not significant. Perhaps perceptions of “average income” (per the scenario) differed across respondents.

Other Findings

As in Study I, we used regression analysis to examine the relative impact of product harmfuless versus target vulnerability (see Table 9). In Study II, harmfuless has more effect than does vulnerability on moral equity (and the coefficients are significantly different at p < .05), in keeping with the findings in Study I. However, for relativism, the two factors appear to have the same effect. Although the standardized beta coefficient is greater for vulnerability than for harm, the two coefficients are not significantly different (p < .05). None of the factors tested affect contractualism. We again compared mixed strategies: more harmful/low vulnerability (strategy 2) versus less harmful/high vulnerability (strategy 3). These strategies differ on the moral equity dimension for credit cards (p < .05), such that strategy 2 is judged less ethical than strategy 3 (see means in Table 6). As would be expected from the results of the regression, product harmfuless has more influence on moral equity than does target vulnerability. There are no differences between strategies 2 and 3 on contractualism or relativism.

We also contrasted the two types of strategies that target low-vulnerability consumers. Evaluations on the relativism dimension for locations 1 and 2 (the historical sites) differed significantly for these strategies, such that scenarios with more harmful products (strategy 2) are evaluated as being less ethical than are those with less harmful products (strategy 1) (see means in Table 6). As in Study I, product harmfuless has an effect, even with low-vulnerability targets. Moreover, in both studies, the likelihood of disapproving behaviors for the more harmful/low-vulnerability strategies (strategy 2) serves to confirm ethical concern about targeting harmful products to low-vulnerability consumers (see means in Tables 4 and 8).

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...
<table>
<thead>
<tr>
<th>Intentions for Disapproving Behaviors</th>
<th>Mean Values of Behavioral Intentions by Strategies (Harmfulness/Vulnerability)</th>
<th>Standardized Betas for Differences Across Demographic Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>More/High (4)</td>
<td>Less/Low (1)</td>
</tr>
<tr>
<td>Stop buying the company's products</td>
<td>4.76</td>
<td>3.44</td>
</tr>
<tr>
<td>Tell your friends to stop buying the company's products</td>
<td>4.48</td>
<td>3.42</td>
</tr>
<tr>
<td>Complain to a newspaper or radio or television station</td>
<td>2.65</td>
<td>2.17</td>
</tr>
<tr>
<td>Call or write company to complain about action</td>
<td>3.01</td>
<td>2.35</td>
</tr>
<tr>
<td>Write member of Congress to criticize company</td>
<td>2.87</td>
<td>2.24</td>
</tr>
<tr>
<td>Intentions for Approving Behaviors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tell friends to buy company's products</td>
<td>1.77</td>
<td>3.03</td>
</tr>
<tr>
<td>Call or write company to praise the action</td>
<td>1.53</td>
<td>2.09</td>
</tr>
</tbody>
</table>

1From a 1–7 scale, where 7 was very likely.
2Coded as a dummy variable; whites coded as 1 and nonwhites coded as 0.
3Coded as a dummy variable; women coded as 1 and men coded as 0.
*p < .05.
**p < .01.
***p < .001.
higher degree of vulnerability are viewed as significantly
ethical than the scenario with the low-vulnerability target (strategy 1) on the relativism dimension at locations 1 and 2 (p < .05) (see means in Table 6).

Discussion
This research has examined the conditions under which criticism of targeting can arise, particularly the characteristics of the marketing strategy, and possible consequences of this criticism for the marketer, such as consumer boycotts. We hypothesized that marketing strategies that vary in perceived product harmfulness and target vulnerability would elicit different levels of ethical concern. We elaborate on our five principal findings with respect to ethical judgments of targeting as follows:

Public concern exists about certain targeting strategies. Our study results provide strong support for the finding that marketing strategies for products perceived as more harmful and targets perceived as more vulnerable are viewed as being substantially less ethical than their counterparts (support for H1). Media criticism and the disquiet expressed by public interest groups and policymakers appear to reflect broader societal concern.

Ethical concern is partly due to perceived product harm—of both “sin” and “non-sin” products. When levels of product harm were manipulated in our studies (and the target remained constant), there was ethical concern about the marketing of the more harmful products (H2). It is important to note that this effect was found for relatively benign, “non-sin” products (hamburgers and credit cards) as well as “sin” products (cigarettes and malt liquor).

Ethical concern is about targeting, not just the products involved. We predicted that, for a variety of products, perceived product harmfulness in combination with certain target characteristics (that lead to perceptions of vulnerability) would be more likely to elicit ethical concern. This prediction was contrary to commentators on the Uptown, Dakota, and Powermaster cases and, indeed, to marketing theory assumptions about the beneficial effects of targeting. When levels of product harm were held constant and target characteristics (education, income, and domicile) were manipulated, ethical evaluations were markedly different (H3). Marketing strategies that target consumers perceived as having a higher degree of vulnerability are viewed as significantly less ethical than strategies that target less vulnerable consumers, despite identical product characteristics. Under these circumstances, the key marketing strategy of targeting appears to be seen as unethical. (It should be noted that because we used an entirely between-subjects design, demand effect explanations for this finding are unlikely.)

These findings confirm speculation in the research literature (e.g., Ringold 1995; Williams and Mulhern 1993) regarding social disquiet over targeting and offer an explanation for its causes. Although Ringold (1995) is critical of paternalistic policymakers, these findings suggest that unease over targeting extends beyond a handful of prominent regulators. It also extends beyond tobacco and alcohol products, notwithstanding the focus of the research literature (e.g., Moore, Williams, and Quals 1996). To confirm the latter point, we redid the analysis in Study I for hamburgers only; as with both products combined, there is still support for H1, H2, and on education scenarios, for H3. Moreover, the analysis in Study II was run separately for each product, with support found for H1—H3 for credit cards, as well as for malt liquor.

Ethical concern about targeting blacks was muted. Respondents reported that blacks are more vulnerable consumers than are whites—just as less educated consumers were reported to be more vulnerable than better educated consumers—but they did not differentiate in their ethical evaluations of the targeting strategies (Study I, H3). We believe this result reflects an interesting phenomenon found in research on race-targeted social policies in which respondents are asked about people described as “black” or “white” (Kluegel and Smith 1986, p. 182–83). Although our respondents saw only one scenario, we believe that any reference to black consumers leads to the inference by respondents that our interest was in black versus white consumers. Among the theories offered to explain low levels of support for race-targeted social policies is the suggestion that the allocation of social rewards by race contradicts traditional American values of individualism (Bobo and Kluegel 1993). Accordingly, our largely white respondents might view blacks as more vulnerable but be unwilling to judge targeting blacks versus whites as less ethical because of a belief in individualism. Alternatively, the results could be a manifestation of the “modern racism” thesis whereby, despite declines in traditional prejudice, whites blame blacks for social problems (sample cell sizes were insufficient to test
whether black versus white respondents differed in their evaluations of the race scenarios).

Moral equity and relativism offer an explanation for ethical concern about targeting. The multidimensional scale used to measure ethical evaluations allows for some speculation as to the underlying rationale for respondent evaluations of different targeting strategies. Support for our hypotheses was based largely on the moral equity and relativism dimensions of the MES. In previous studies using the MES, moral equity was more dominant in terms of its ability to explain ethical evaluations (Reidenbach, Robin, and Dawson 1991), perhaps because it is broad based and relies on items derived from justice, deontology, and relativism. However, we also have clear evidence of support on the separate relativism dimension (culturally and traditionally acceptable/unacceptable), which suggests that social acceptability is central to evaluations of marketing practices. A role for relativism would appear to be consistent with Treise and colleagues (1994); they find that “low relativists” were more likely to condemn advertisements targeting minorities for alcohol, tobacco, or lottery products. There was an absence of support on contractualism (violates/does not violate an unwritten contract or unspoken promise) in Study II and substantially higher mean values on contractualism relative to the other two dimensions across both studies. We do not view this as a failure of the scale; rather, it suggests an underlying belief that marketer obligations from a social contract perspective are less applicable to targeting. Perhaps respondents are less convinced of the notion of unspoken promises or unwritten contracts in targeting, especially when no marketing exchange has taken place (our scenarios referred to products that were “intended to appeal” to a given target).

Overall, we believe the results reflect substantial support for our conceptual framework. People could conclude that a targeting strategy is unethical if it involves perceived vulnerable targets and perceived harmful products, and this could result in adverse consequences for the marketer. Marketing theory lauds the beneficial effects of targeting. However, attention to social disquiet, if not marketing ethics, requires that the theory be qualified to accommodate the possibility that for some products and markets, targeting is inappropriate. Indeed, targeting could be an ineffective strategy for marketers when it results in controversy.

Study Limitations

Interpretation of our results must be tempered by several limitations. First, our samples were closely representative but not identical to the U.S. population. More specifically, though they were diverse and from throughout the country, they were more upscale in terms of education and income. Therefore, the results are most applicable to publics with these characteristics. Second, regarding our dependent measures, though we provided evidence of reliability and validity for the MES scale, it still could amount to a blunt instrument that can serve well when used as a criterion variable (as in our tests of H1–H3) but has limitations when explanations for ethical judgments are sought. The MES could underrepresent the domain of ethical judgment, particularly for some of its possible teleological dimensions (Hansen 1992). Moreover, there was less evidence of reliability and validity for the behavioral intentions items, which were developed for this research. Therefore, the results relating to behavioral intention measures should be seen as more tenuous than are those for ethical evaluations. Moreover, these items measure intentions, not behavior, and the link between the two is not one to one.

Third, in our analysis of the relative contributions of harmfulness and vulnerability to ethical evaluations, we assume that the strength of the manipulations is equal in effect for each manipulated variable. The study was not designed to address this question, and we note this limitation to the finding that harmfulness has a greater impact than vulnerability does.

A fourth limitation relates to the trade-offs necessary in the use of an experimental design—namely, control versus richness. Our scenarios lack the complexity and detail of real-world marketing strategies. Furthermore, our respondents were told specifically the identity of the target; in practice, publics might make no inferences, or incorrect ones, about the target, notwithstanding consumers’ intuitive theories about marketers’ influence tactics (Wright 1986). For example, did publics believe that marketers intended to target Crazy Horse Beer to Native Americans or to a wider market that might relate to the famous chief? This limitation suggests that the responses found in our studies are most likely for targeting strategies that are clear to the public—perhaps with some prodding by the media.

Finally, we should make clear that our empirical study did not and, indeed, could not determine the ethics of different targeting strategies. Although marketers and public policymakers must accommodate the will of society, we must caution against the “naturalistic fallacy”; it would be a mistake to assume that our measures of respondents’ evaluations of the ethics of targeting are sufficient as ultimate value judgments on targeting. Evaluating the ethics of targeting is a task of normative marketing ethics, as we discuss further under “Implications for Researchers.”

Implications

For Marketing Managers

Marketing managers should be alert to public disquiet over the ethics of certain targeting strategies, as exhibited not only in the cases reported here but, more broadly, across a range of products and targets in our research findings. Some justification exists for the claim that targeting more harmful products to high-vulnerability markets is considered unethical, particularly given the low absolute values for ethical evaluations of this strategy. Although we can hope that marketing managers pay attention to the ethics of their business practices, we know that they care about adverse publicity and, especially, the disapproval of consumers. With this in mind, we identify six major implications of our research for marketing managers:

Ethical concern evokes the likelihood of disapproving behaviors, particularly boycotts and negative word of mouth. To stop buying the company’s products and to tell
friends to do likewise appear to be far more likely than the other behaviors examined, and these behaviors appear to apply to all the company’s products, not just the product in question. Also, though boycotts and negative word of mouth are less likely to generate controversy than are the other disapproving behaviors examined (e.g., complain to the media), they may be less likely to come to management attention. This suggests that companies using potentially controversial targeting strategies should track consumer attitudes regularly.

Even targeting harmful products to low-vulnerability consumers is problematic. Although ethical concern is greatest with more vulnerable targets, there still could be some unease about targeting more harmful products to low-vulnerability groups, despite the increased scope in this instance for reliance on caveat emptor. Moreover, this ethical concern also is likely to evoke boycotts and negative word of mouth.

Approving behaviors are much less likely to occur than disapproving behaviors. Despite the assumed beneficial effects of targeting, respondents were unlikely to express favorable word of mouth or call or write to praise the company’s action, even when the strategy involved below-average levels of the harmful product attribute. This reluctance to express approval is perhaps because the product remains harmful or the practice is viewed as “business as usual” and not deserving of added recognition.

Women, nonwhites, and older and less educated consumers are more likely to be concerned about targeting and express disapproval. Demographic groups differ in their evaluations of targeting and the likelihood of engaging in disapproving behaviors. Women and nonwhites were consistently more likely both to evaluate targeting as less ethical and to engage in disapproving behaviors, especially negative word of mouth. Hence, marketers should be especially cautious if their target market includes these consumers or if these consumers are key publics (e.g., women are both the target and often providers of media coverage for weight-loss products). In addition, communications in response to critics of targeting by the public affairs function might need to target more concerned groups.

Older and less educated people also were more likely to evaluate targeting as less ethical, and there was some evidence to indicate that they might be more likely to engage in disapproving behaviors. Less educated people might evaluate targeting as less ethical, especially if they are the target, but the evidence to suggest they would engage in disapproving behaviors was not as compelling. Finally, level of income did not appear to influence respondents’ ethical evaluations of targeting strategies or their likelihood of engaging in disapproving behaviors, even when level of income was a known characteristic of the target market.

These findings with respect to demographic differences are interesting because these groups traditionally have been considered among the vulnerable consumers category (as discussed further in the following section). Moreover, the findings are largely consistent with other research on business ethics (see review in Ford and Richardson 1994 and, for race, Tsalikis and Nwachukwu 1988). Women generally give more attention to ethical issues than men; women and older respondents are generally “more ethical”; findings for education and race are mixed.

Marketer decisions about alternative strategies should favor product harm reduction over a shift in target. The implications mentioned previously point to when marketing managers should be careful about the potential for criticism over targeting strategies and the likely consequences. Our findings indicate that a less harmful product marketed to a low-vulnerability target is least likely to elicit ethical concern of the four generic strategies identified (see Figure 1). However, this option might not be available, and marketers might need to choose between a strategy with a less harmful product or targeting a lower-vulnerability target. Generally, product harm appears to have a greater effect on ethical evaluations than target vulnerability, which suggests that efforts to reduce the perceived harmfulness of the product might be more productive than might a shift in target. However, in practice, a shift in target might be an easier option and, certainly for more harmful products, marketing to a low-vulnerability target is to be preferred over marketing to a high-vulnerability target. Accordingly, in Case 1, RJR broadened its target to include males as well as females for its Dakota product. Nonetheless, marketers always should be hesitant in introducing what the public might view as more harmful versions of existing products.

Marketers need to understand public perceptions of product harmfulness and consumer vulnerability. The notion of choosing between alternative strategies is not straightforward and might even be artificial—marketers might not choose deliberately between strategies that involve products of greater or lesser harm or between targets of high or low vulnerability. Criticism could catch marketers by surprise; they might have given little attention to the issue, or marketer perceptions of product harmfulness and target vulnerability could differ from those of the broader public. To control exposure to the risks of targeting, marketers should recognize that a strategy a firm evaluates as ethical still could be viewed by others as unethical, and marketers should consider public perceptions of consumer vulnerability and product harm when making market selection and new product development decisions. Perhaps more important than the notion of strategic choices in the targeting of harmful products is recognition of the need to understand public perceptions of targeting strategies. Hence, a strong argument can be made for company research on public perceptions of product harmfulness and target vulnerability.

For Public Policymakers

Our research suggests two major implications for public policymakers:

Policymakers should be guided by the actual vulnerability of clearly defined groups of consumers. Marketers could find their discretion on targeting restricted by public policy. The 1997 FDA regulations restricting tobacco marketing are a classic illustration of public policy aimed at a vulnerable group and, not surprisingly, are being contested by the
tobacco industry and advertisers (Ingersoll and Frisby 1996). Although these measures are aimed at protecting children, policymakers also have been tempted to regulate the targeting of adults, at least with respect to lotteries (Clotfelter and Cook 1989), as well as alcohol and tobacco products (Ringold 1995). Of measures proposed that ultimately were implemented, restrictions on billboard advertising of alcohol and tobacco, because of their disproportionate targeting of ethnic minorities, have been the most apparent (Geyelin 1995). Are measures to restrict targeting warranted? Proponents of restrictions on targeting groups of adult consumers argue that these consumers are more vulnerable, a view disputed by industry representatives, who suggest this is paternalism (e.g., Pomeroy et al. 1992). Ringold (1995, p. 588), citing Sowell (1981), notes that “reformers have often been offended and disturbed by the choices made by members of racial and ethnic minorities” and that government intervention would be elitist and would restrict choices available to these consumers further.

A key aspect of this debate is the distinction between actual and perceived vulnerability. Although our studies suggest that the public views some consumers as being more vulnerable than others, this evidence of public unease might not justify public policy intervention. At issue is the actual vulnerability of the target. Ringold (1995, p. 588–89) suggests, “There is no empirical basis on which to characterize women and ... ethnic minorities as vulnerable consumers.” However, this judgment might be challenged by other researchers (e.g., Hill 1995). It would appear to be incumbent on policymakers to demonstrate the actual vulnerability of a group of consumers before making policy. We suggest that attempts to determine actual consumer vulnerability using broad demographic variables such as race would be misguided, public perceptions notwithstanding. Such overly inclusive definitions of vulnerable groups of consumers would not serve public policy well.

Measures to restrict targeting require better understanding of consumer vulnerability. Although noting the consistency of our findings with prior research on demographic differences in ethical evaluations of business practices, we note also that ethical concern about targeting is greater among the ostensibly vulnerable groups, the previous point notwithstanding. People likely to evaluate targeting as less ethical and who are to some extent more predisposed to engage in disapproving behaviors also have the demographic characteristics generally associated with increased vulnerability (Andreasen and Manning 1990; Hill 1995). Indeed, we find that the ethical evaluations of respondents in-target were significantly lower than those of non-target respondents if the targeting strategy was directed at a more vulnerable consumer (Study 1).

This result could be viewed in two ways. We might argue that “forewarned is forearmed” and that these people could be more likely to assume the worst of marketers and adopt more of a caveat emptor perspective in regard to marketing strategies targeted at themselves and therefore be less in need of public policy protection. Conversely, these consumers could be all too familiar with their own weaknesses and those of their peers. Until improved understanding of consumer vulnerability occurs, we would encourage policymakers first to consider alternative forms of intervention before putting restrictions on targeting or possibly banning certain products. These interventions might include increased disclosures of product harm and education about product harm directed at clearly defined groups of vulnerable consumers.

For Researchers

There are several directions for further research:

Further affirm the conceptual framework. This should involve testing our findings with a less upscale sample and with different product classes and characteristics of target vulnerability. Other target characteristics might include gender, different ethnic minorities (e.g., Hispanics, Asians), and recent immigrant status. In addition, nondemographic characteristics associated with vulnerability might be investigated, such as consumers with low self-esteem or who are recently widowed. Moreover, more indirect ways of addressing race characteristics might be used to test further for ethical concern over targeting blacks with harmful products. Using different product classes might allow further examination of the effects of different types of harm (physical, economic, and psychological).

Study variables that may moderate ethical evaluations. Surveys by Treise and colleagues (1994) find that consumer perceptions of advertising practices varied as a function of respondents’ moral ideologies of idealism and relativism, and we mentioned previously a possible role for individualism in evaluations of targeting by race. In light of the public policy debate, we suspect that ethical evaluations of targeting also could be moderated by the extent to which a person is paternalistic. However, paternalism has not been researched extensively by psychologists, and extensive scale development work would be required prior to testing the impact of paternalism on evaluations of targeting.

Examine evaluations of the ethics of targeting harmless products. A different direction for research would be to examine targeting of harmless products, particularly to groups that have been undertargeted in the past (e.g., hair care products to blacks). It would be interesting to test whether ethical evaluations for targeting blacks are higher relative to whites for harmless products, in contrast to our hypothesis with respect to harmful products.

Develop the concept of consumer vulnerability. More research is needed to confirm the identity of vulnerable consumers, to identify the extent of their vulnerability, and to distinguish between actual and perceived vulnerability, as indicated by our discussion of public policy.

Further refine the MES scale. Our studies highlight both strengths and limitations of the MES scale. Further scale development work well might be warranted to expand the scale’s coverage of the domain of ethical evaluation.

Conduct a normative analysis of targeting. This would address the question, “Is targeting unethical?” Normative marketing ethics is primarily about what managers “ought to do” when confronted with an ethical dilemma. Within the marketing ethics literature (Tsalkis and Fritzsche 1989), far more descriptive contributions than normative contributions...
have been offered. A useful normative contribution is a framework proposed by Laczniak and Murphy (1993, pp. 49–51). It provides a series of questions about the ethics of marketing practices that are based on different theories of moral philosophy. This framework suggests that theories of justice provide the most compelling basis for evaluating targeting as unethical. Under a Rawlsian conception of justice as fairness and by adopting Rawls' device of a "veil of ignorance" (Rawls 1971, p. 136), it might be possible to argue that society would agree that vulnerable persons should not be taken advantage of and their situation worsened. Accordingly, exploiting the vulnerability of consumers and worsening their situation by the targeting of harmful products might be evaluated as unethical under principles of justice. If this position could be justified adequately, some moral suasion could be lent to the arguments for restraint by marketers and for public policy interventions, as discussed previously.

**REFERENCES**


**Conclusions**

The burgeoning of interest in marketing ethics has called into question basic tenets of marketing theory and practice. As Smith and Quelch (1993, p. 188) suggest, "some of the most fundamental concepts in marketing, when looked at afresh, raise important ethical issues." Perhaps the most intriguing challenge to a core tenet of marketing has been the criticism of targeting. We are not suggesting that marketers discard the targeting concept but rather recognize that its use has limitations imposed by external perceptions of product harmfulness and target vulnerability and by their own sense of ethical obligation. A marketer’s choice of target market is often an ethical decision. This study has shown that whenever there is perceived harm associated with a product, there is some likelihood for ethical concern and controversy to occur, especially if the target consumers are viewed as vulnerable.