

**M.Sc. International Marketing**

Aalborg University

International Business Centre

Department of Business and Management

# **Ethics and Manipulative Marketing**

- an empirical analysis of  
the Danish Competition and Consumer Authority  
and Danish Marketing Policies

**Supervisor:** John Kuada.

**Submission date:** June 6<sup>th</sup> 2014

**Elaborated by:** Louise Christensen



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## Executive Summary

Dr. Philip Kotler has on his webpage defined marketing as “*the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires*”. However, according to the research and discussions in the literature, media and in the political debate, marketing can also **create** unfulfilled needs and desires. Marketing technics have since the 80s been through a major evolution, and today companies will mostly use PR, product placement, in-store activities and events in their marketing, as they are considered to be more efficient because of the direct contact to the consumer. By making use of physical stimuli that affect the senses, or persuasion technics to exploit the consumers’ vulnerability or lack of information, the companies can manipulate the individual stimuli, which will be the stimuli that make rational and emotional decision. The major evolution in marketing is taken place due to the globalization, where the world has become more open, the technological advance is improved and humans have the opportunity to interact and cooperate with humans on the other side of the globe. However, the opportunity to enter new markets and thereby target the same consumers has increased the competition and thereto increased the need for more creative marketing. This need can however create mistrust to the company and the whole industry, but if the company does not manage to differentiate their marketing from others they will not stay competitive.

Focusing on the imbalance between consumer welfare and competitiveness that arise due to the use of manipulative marketing, the purpose of this thesis is to investigate how the Danish Competition and Consumer Authority (DCCA) are responding to unethical marketing on the basis of the Danish Marketing Law. Manipulative marketing has for a long time been in the scientific research, but none has tried to investigate how the technics can be prevented and neither with the focus on the DCCA. Based on Arbnor & Bjerke (2009), the research will have a paradigmatic perspective based on the system- and actor approach. Here the Symbolic Interactionism will help to explain and understand how humans interact with each other based on their understanding, and how they in their representative systems defines what is ethics; what is consider to be manipulative marketing; and how can these kinds of technics be prevented. Ethics and manipulative marketing is the basis, while the globalization helps to explain how different cultures can be a problem for the companies and DCCA.

An analytical model is developed on the basis of a literature review of ethics, manipulative marketing and globalization, and in here the similarities and thereby the three important aspects for the analysis were found; cultural differences, interaction and maximize benefits. It

will be these three aspects the Danish companies together with DCCA should be aware of in their work with either to market their company and products, or developing marketing policies to prevent unethical marketing.

Besides the Danish companies and DCCA, it is trade organizations as Kreativitet & Kommunikation, Dansk Industri and ICC, and the political parties in the Danish government and EU, that are the key actors when discussion ethics and manipulative marketing. When DCCA wants to prevent unethical marketing as manipulation, they need to understand the consumer market and how the companies easiest can act ethical correct according to Danish marketing policies. DCCA therefore needs to interact with the trade organizations, as they have the direct contact to the companies. The trade organizations' network and influence are Alpha and Omega in the discussion of how to prevent manipulating marketing, as they also have the contact to the parties in the government - who decide how the Marketing Law and -policies should be structured - and to other national and international trade organizations. The way the trade organizations interact with others will affect the balance of consumer welfare and competitiveness, either if it is through lobbyism with the politicians or through guidance to the companies.

There is, however, a disagreement among the key actors of how the Marketing Law and -policies should be handled, as the trade organizations and the right-side parties support the principle of subsidiarity and thereby want self-regulated codes, as those who have a direct influence on the market should control the marketing policies. A self-regulated code can make the marketing policies more up-to-date and efficient, and for this policies and control should be minimized in order to give the companies more freedom. Such an allocation will however support the market capitalism according to the left-side parties, and the Marketing Law and its policies should therefore stay in the hands of DCCA. An update will be needed to keep up with the global- and competitive changes, but for this they are ready to add more economic resources to DCCA. In order to protect the consumers, the market should be more controlled and more transparent, and therefore the use of lobbyism is questionable.

The conclusion to the issues of unethical marketing will be that the companies should continue to interact with both trade organizations and DCCA, and in this way be an active part of the debate. To keep the balance between consumer welfare and competitiveness, a left-wing government with policies and control, and a highly interaction between DCCA and the key actors, will give both the companies and their consumers the needed guidance and protection. In this way, the companies can better understand the market and how to handle competition and cultural differences in their marketing technics.

## **Prefatory note**

It is a pleasure to present my master thesis, which also indicates the end of a journey I have had at my master study in International Marketing at Aalborg University. Based in the theoretical knowledge I have gained during the four semesters and the use of problem-based-learning, the thesis will take the human behavior into account and investigate the effect a growing globalization and thereto the increasing competition can have on the companies' ethical marketing decisions, and how it based on marketing policies and interaction are possible to solve the problems.

Working with problem-based-learning in the thesis has improved my analytical skills and ability to think critical. The discussions with supervisor, fellow students and family and friends have provided new perspectives to address the issues of manipulative marketing, where my interest to market analysis and the importance of the topic has resulted in a successful result, which I and hopefully other will learn from.

I would like to thank my supervisor John Kuada for giving me the opportunity to work with ethics and manipulative marketing as I find this part of marketing fascinating, but also problematic for industry and society. Based on John's knowledge, professionalism, support and constructive criticism, I have found an angle for the thesis that is societal relevant, and deals with an ethical concern that all business students should pay attention to when entering the job market. By asking me relevant and critical questions, John has improved my learning process and pushed me beyond my abilities, and because of this I appreciate his intentions and his way of supervising.

Louise Christensen,

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## 1. Introduction

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*“Competition is so strong in the contemporary marketing environment that marketers are obliged to keep experimenting with different ways and means to direct their messages to increasingly jaded consumer audiences”*

(Allan J. Kimmel, 2005)

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### 1.1 Marketing towards the consumer

One of the only constant certainties in an ever-changing world of business and commerce is the importance of marketing in the strategy. In order to formulate an effective marketing strategy, the marketing message should have an effect on the consumer, but if the company does not manage to link its products and services to the intended customer, they will fail in the increasing competition (Kimmel, 2005; Vakratsas & Ambler, 1999).

Previously the marketing communication was relying on traditional communication channels as television, radio, newspapers and billboards, but due to the technological development new marketing technics and -channels such as PR, product placement, in-store activities and events has evolved. The consumer are facing a bombardment of marketing messages, and it is estimated that an average American consumer sees up to 3000 marketing messages each day. According to Severin & Tankard Jr. (1997) and Kimmel (2005) it is clear that the new technics has evolved since the traditional marketing methods may not be as much effective anymore, and it has become more difficult to predict the way the marketing will take.

The primary goal of marketing communication is to persuade the consumer's perception and behaviour. Persuasion has for a long time been in the focus in the empirical research and for the press, authorities and companies, which have made it a threat because of the knowledge there is achieved and the feeling of power. As Cialdini (2001:78) has stated it: *“since most people in power are interested in remaining in power, they're likely to be more interested in acquiring persuasion skills than abolishing them”* (Kimmel, 2005; Cialdini, 2001; Schiffman *et al*, 2012).

### 1.2 Marketing or manipulation

If the company knows the consumer's needs and wants, they can more easily create a marketing strategy that can influence the consumer's perception. This is why the companies have started to seek and use knowledge about the consumer to break through the high amount of messages, which also have created a faith to the ability to understand, control and even manipulate the consumer. By using the obtained knowledge, it has become possible to provoke the human vulnerabilities and created marketing technics which the consumer is not

aware of. *“If you notice, it’s bad. But if you don’t notice, it’s worthless”* (Kleon, 2012) quoted by Erwin Ephron emphasize the danger of manipulative marketing; that companies use manipulation even though they know that it is unethical. Even though the evidence of the effect in research have been limited, many researchers still investigate the affective reaction and many marketing departments still practice the technics (Kimmel, 2005; Schiffman *et. al*, 2012).

The phenomenon of manipulation in marketing is also on the agenda in Denmark. In 2008 the book “Buyology”, written by the Danish marketer Martin Lindstrøm, covered the topic of neuro-marketing where companies in scientific experiments scan the consumer’s brain and organize the marketing strategy based on the results (Lenler, 2008). Later, in 2011, he published his book “Brandwashed” about how companies can *“seduce, soothe, tempt and scare us into buying their products”* (Tartakovsky, 2011). Some of the technics are to use babies in the commercial and children as ambassadors, spray scents in shopping malls to influence the sense of smell and use disasters like dangerous infection to boost their sales by claiming that their products could help prevent the disease. Martin Lindstrøm did also assert in an interview in 2013 that one of the future marketing trends would be contextual branding, where companies will send the right message to the right audience at the right time based on information acquired from Facebook and Google (Redaktionen, 2013). The purpose of his books and interview was to open a debate on the ethics of the methods, as he truly believes that companies are manipulating the consumers.

Kim Schou (2011), a journalist from Kristelig Dagblad, has published an article about 10 things to pay attention to in marketing. Just like Martin Lindstrøm, Kim Schou (2011) is questioning the ethical boundaries and said that psychological effects, persuasion techniques and targeted marketing were among these things the consumer should be aware of simultaneously with product placement.

### **1.3 The Danish Competition and Consumer Authority**

The Danish Competition and Consumer Authority (DCCA) is aware of the phenomenon with manipulation in the marketing and has with §1 and §4 in the Marketing Law focus on good marketing practices and identification of advertising; that an advertising should take the consumer, other companies and society into account and be clear regardless it’s shape or the media it is published in (Retsinformation, 2012). Their main field is to *“enforcing a number of consumer protection laws. The Authority supports the interaction between consumers and businesses in order to make markets work well and to create growth and high consumer*

*welfare*” (DCCA, 2013: Consumer). DCCA is an association of among other the Competition Council, the Consumer Ombudsman, Consumer Complaints, Consumer Europe and Ministry of Business and Growth, where they - based on analysis of market conditions seen from both competition- and consumer angles - make recommendations and policies to create a balance between consumers’ welfare and companies’ competitiveness; consumers need to be well-informed about the products and services they are offered from the companies, while companies need to be guided about how to differentiate their business compared to their competitors and avoid agreements that can minimize their competitiveness (DCCA, 2013).

The Marketing Law is supervised by the Consumer Ombudsman, whose primary purpose is to monitor that companies comply with the law. The first case about advertising and manipulation of the consumers occurred in 1994 where the Consumer Ombudsman was investigating the extent of product placement in cinemas and TV due to the development in foreign countries. Since the level of such advertising was not remarkable, he did not found a need for guidelines. In 1996 a case about scent marketing came on the agenda, as an advertising company wants some guidelines for the technic and this time it was concluded that this kind of manipulation might be suspicious taken each case into consideration. During the 2000s there have been several cases with advertising in magazines, sending of packets to blind tasting and even product placement in artwork, which indicates that DCCA is dealing with cases where companies try to manipulate the consumers (Forbrugerombudsmanden, 2014).

Since the globalization started to evolve and the countries became more closely connected and interdependent, the necessity for cooperation between the Danish and foreign authorities has increased. 80% of the products that are exported from or imported to Denmark today are from other European and Western countries, but since it has become easier to establish foreign contacts and cross the borders, more of the transaction goes to the East and Asia. DCCA have therefore made cooperation with international organizations like EU and OECD, and established a special Nordic Consumer Cooperation with Norway, Sweden, Finland, Faroe Islands and Iceland in order to make good consumer conditions cross the borders. This is due to the increasing competition and globalization, and that they have to deal with more international relationships as companies in every country want to grow and be competitiveness (Regeringen, 2005; Udenrigsministeriet, 2006; Forbrugerombudsmanden, 2014; DCCA, 2013).

## **1.4 The balance between competition and consumers**

The globalization has an influence on the Marketing Law and policies made both nationally and internationally. When the purpose of DCCA's work is to create an efficient market with growth and consumer welfare based on the interaction between companies and consumers, changes in current laws or development of new are often necessary in order to meet the ever-changing world of business - especially since the globalization is seen as both an opportunity and a challenge when creating an interplay between the authorities. Many believe that the globalization only focus on economy and a capitalist system, and thereby undermines the democracy and human welfare. However, globalization can conversely be seen as the process which started the economic development after World War 2 and the fall of the Berlin Wall, and which made the technological developments possible (Ramsay, 2006; Forbrugerombudsmanden, 2014; Smedgaard & Bang-Nielsen, 2005).

## **1.5 Problem Statement**

It has been documented in many analyses that ethical marketing is good business for the companies, but the press and DCCA still have cases where companies use manipulation in their marketing strategy. This has made the consumers more sceptical to the companies, which affects the international competition and create a pressure to establish policies to deal with the public distrust (Kimmel, 2005; Schiffman *et al*, 2012; Ramsay, 2006). If DCCA can gain insight into how companies are manipulating the consumers, it becomes easier to adopt policies that can reduce the unethical techniques. However, they still need to be aware of the Danish competitiveness. The focus on these issues will justify the following research questions:

- **What is the existing theoretical knowledge about ethics, manipulation in marketing and globalization?**
- **To what extent is the theoretical knowledge reflected in DCCA's policies and actions both national and international?**
- **How do key actors as companies, trade organizations and political parties assess the quality of consumer protection against manipulative marketing?**
- **What future actions need to be taken by DCCA?**

## **1.6 Brief presentation of Key Concepts**

To answer the research questions it will be necessary to gain a deeper understanding of the theoretical aspects of ethics, manipulation in the marketing and the context of globalization.

In order to create this understanding, the theoretical foundation of the thesis will deal with the following key concepts:

### **1.6.1 Ethics & Consumer Welfare**

Ethics is an important part of marketing and the Marketing Laws, but since the perspective may differ depending on society, situations and culture, it is necessary to understand what ethics is and how it is used in the society. This knowledge should be used in the discussion of what kind of ethical considerations there is behind the development of marketing policies when the goal is consumer welfare and competitiveness.

### **1.6.2 Manipulative Marketing**

When the competition in the market place has become tougher, companies start to develop more creative marketing methods to catch the consumers' attention. Manipulation can however be understood differently depending on whom the person is and in which situation the manipulation is used. It is therefore necessary to get a deeper knowledge of which persuasion methods there are considered to be manipulative.

### **1.6.3 The context of Globalization**

With increasing competition, but also possibilities for cooperation, globalization has had a huge impact on the development and changes in the society and the legislations. It has been questioned if globalization is only focusing on economy, and if cultural differences can have a negative impact. There is therefore a need to understand how globalization has evolved and affected the Marketing Law and related policies.

## **1.7 Structure of the Thesis**

In order to investigate the research topic and the research questions, the following design provides an overview of the structure on the project:

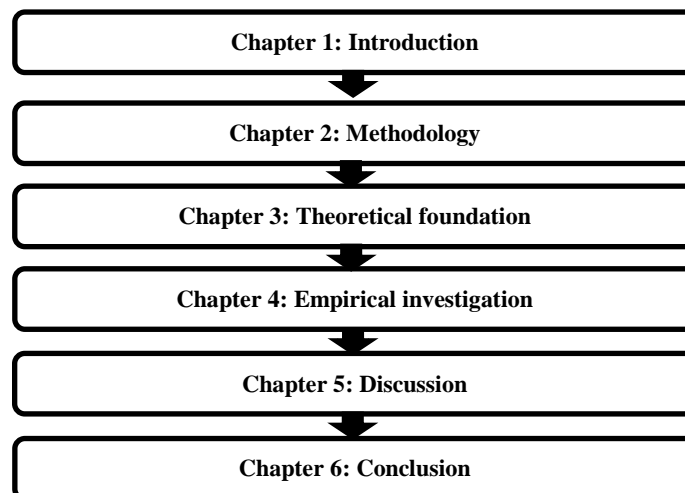


Figure 1: Project Design (Own Creation)

## 2. Methodology

In order to create a logic research design for both the researcher and the reader, the purpose of the methodology section is to determine the paradigmatic viewpoint and create a link between the way of thinking; the methodological view, and the way of acting; the study area (Arbnor & Bjerke, 2009).

### 2.1 Paradigm: the concept

What controls the actions in a research is the choice of paradigms and the investigator's set of values. The way we see reality, the way we believe reality is created, and the way we considered the connections between human kinds is what makes the direction of our actions. If there is not a link between the problem statement and the analysis, the research will not be valid or consistency. However, before we and other researcher can decide which directions to take, it is necessary to know what a paradigm is, how the different kind of paradigms differ from each other and what the motivations for solving the problem are (Voxted, 2008; Kuhn, 1970).

It can often be difficult to define what a paradigm is. According to Masterman's review in 1970 (Guba, 1990; Bryman & Bell, 2007), Thomas Kuhn, who brought the concept to the scientific world, should have used the term in more than 21 different ways. Kuhn believed that researchers who shared the same paradigm will also share the same rules and standard, and a paradigm can only be accepted if a theory is more useful than its competitors when solving one or more problems. Some of Kuhn's (1970: 23-24) definitions of paradigms are *"an accepted model or pattern"*, *"an object for further articulation and specification under new of more stringent conditions"* or *"to investigate some part of nature in a detail and depth that would otherwise be unimaginable"*.

Guba's (1990:17) definition of a paradigm is *"a basis set of beliefs that guides action, whether of the everyday garden variety or actions taken in connection with a disciplined inquiry"*. Common for Kuhn and Guba is that they both see a paradigm as elements, which should guide the researcher in the direction that is most suitable for the given problem. These elements could be questions, structure and interpretation (Kuada, 2012). This is also these three elements, which Bryman & Bell (2007:25) refers to in their definition of a paradigm: *"a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studies, how research should be done, [and] how results should be interpreted"*. By selection the right paradigm, the theory of the paradigm will directly attributed to the design, which can help solving the problem (Kuhn, 1970).

There has however been a common opinion in social science that knowledge is developed linearly and in combinations. This is questioning the analysis developed by Kuhn, as he belongs to the natural science, where paradigms are seen as inconsistent because of their assumptions and research methods (Bryman & Bell, 2007). However, according to the social science, which business theories and thereby this thesis belong to, the paradigms evolves alongside each other. This occurs since business models and business theories are having a close relationship with the philosophical assumptions - the way researchers understand, explain and improve - and the practical reality where business develops and conducts (Arbnor & Bjerke, 2009). The link between the methodological view and the study area is called *Operative Paradigm*, where the definition for operative is “*being in effect*” or “*Engaged in or concerned with physical or mechanical activity*” (Houghton Mifflin Company, 2009). The Operative Paradigm can therefore change during the research, as it depends on the character of the study and is supported by the various view of reality.

## 2.2 Theory constructions and knowledge creation

Even though Burrell & Morgan (1992) and Morgan & Smircich (1980) were among the first to investigate and publish their research about social science - and could be seen as the founder of methodological research - it will be Arbnor & Bjerke’s methodological research methods there is chosen for this thesis. When Arbnor & Bjerke in 1994 published their 1<sup>st</sup> Edition of their book about methodology, they were among the first to identify the meaning of methodology in business content (Arbnor & Bjerke, 2009). Since the purpose of the thesis is to investigate the existing theoretical knowledge about ethics, manipulation in marketing and globalization, the use of the knowledge in DCCA’s policies and actions and the assessment of the quality by the key actors, the approach made by Arbnor & Bjerke would be the most appropriate.

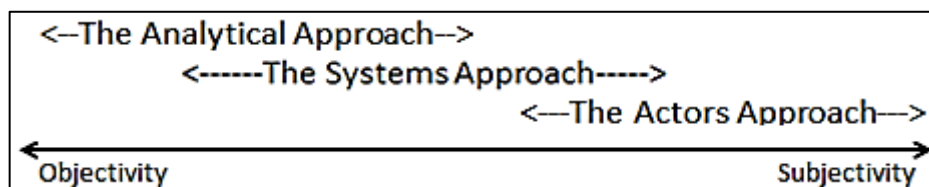


Figure 2: Methodological view (own creation based on Arbnor & Bjerke, 2009, and Kuada, 2012)

Figure 2 illustrated Arbnor & Bjerke’s three approaches to create knowledge. It is necessary to understand the classification of the three approaches and how it can be applied in the research before it is possible to identify the right position of this thesis. By comparing the three approaches and their perception of reality, it will facilitate the decision in the paradigmatic view.



### **2.2.1 The Analytical Approach**

*“...has a sole ambition to explain reality, a reality that it looks at as fact-filled with objective and subjective facts which are summative, that is, its parts can be considered in isolation from other parts” (Arbnor & Bjerke, 2009:50).*

In other words, the approach is based on a positivistic point of view, where the reality exists independently and is driven by natural laws and mechanism. Reality is objectively, and to get a whole picture of the world, the person who observes the reality need to analyse all the parts separately before they are collected. The analytical approach sees the world as stable, highly predictable and containing of a sum, where the only way to create knowledge is to understand each facts. To get this knowledge, the human need to have a neutral position and only observe the process, as it is necessary to have a distance to the respondents so current knowledge and values of the observer will not influence the obtained knowledge. The knowledge will often be obtained through controlled experiments or manipulations based on questionnaires and/or hypothesis, since the analytical approach has an extreme objective position (Kuada, 2012; Guba, 1990).

### **2.2.2 The Systems Approach**

*“...may have as an ambition either to explain or to understand. In both cases it looks at reality as full of facts as well.... it looks at reality as systemic, that is, its parts cannot be seen in isolation from each other but as more or less structured as relative wholes, called systems” (Arbnor & Bjerke, 2009:50).*

As the quote says, the reality is more seen as a system, which is constructed by groups, organizations or a community, and consists of constituent elements. Post-/Neo-positivism is a basis dimension in the system approach, where reality exists more unpredictable than the analytical approach, but still independently from the humans, as they will never be able to fully apprehend the reality. The reality will exist between the constituent elements, where each system has a specific character depending on the elements and the relations between. The knowledge is created when the human try to find out how changes in one element can affect changes in another element in the system. To analyse the reality the observer still has an objective position, but since the conditions is constantly changing and the values of the humans can have a small effect on the inquiry, the knowledge need to be revised more than once. The methods for analysing the reality is more modified experiments/manipulations, where qualitative methods have gained room. The systematic approach still has an objective perspective, but a combination of the objective and subjective perspective has changed the way to see reality (Kuada, 2012; Guba, 1990).

### 2.2.3 The Actors Approach

*“..has as its ambition to understand reality, seen as socially constructed . Whenever the actors view comes up with models as metaphors, structural images, narratives and the like, however, they are seen as constituting reality (being a part of it), not only representing it (as stand-alone pictures)”* (Arbnor & Bjerke, 2009:51-52).

An extreme subjective perspective is what characterizes this approach. The reality is created due to the interaction between individuals and is affected by the observer's and participants' mental constructions and experiences. The Actors approach is based on Constructivism, where interaction and sharing of subjective knowledge together with a common understanding between the numbers of people is what creates the reality. The most important word is interaction, where dialog and interplay takes place equally between the observer and the participants (Kuada, 2012; Guba, 1990).

### 2.3 The paradigmatic foundation of the thesis

It is necessary to connect the three methodological approaches to the topic of the thesis when selecting the paradigmatic foundation. Different from Burrell & Morgan (1992) and Morgan & Smircich (1980) terms *Ontology, Epistemology, Human Nature and Methodology* in the social science, Arbnor & Bjerke are using the four concepts: *Conception of Reality, Conception of Science, Scientific Ideal and Ethical/Aesthetical Aspects* to describe the basic philosophical assumptions in the research; how to understand, explain and improve the research (Arbnor & Bjerke, 2009; Kuada, 2012).

In more details, **Conception of Reality** is how reality is constructed in the philosophical perspective. The differences are if reality is seen as ordered and logical in the grounds and impacts, or if it is related to a dissension with non-linear- or chaotic relations, or it is some of all realities at the same time. **Conception of Science** is about the knowledge we have gained and how this affects our beliefs and concepts related to the objects and subjects which are investigated. **Scientific Ideal** is how the researcher as a person acts in the research and is related to the beliefs and desire. It all depends on the *concept of reality*; if the reality is seen as objective and cannot be affected, or it is subjective and impossible to be neutral and therefore will affect some of the aspects in the society. **Ethical/Aesthetical Aspects** is what there is morally accepted or unaccepted to do when investigating the topic(s) in the research and how the result is presented (Arbnor & Bjerke, 2009).

	Analytical approach	Systems Approach	Actors Approach
Conception of reality	Reality consists of facts and is independent of human perceivers. Objective elements, which are seeing as isolated from other parts, are summarized to create the reality. Ethics, manipulative marketing and globalization can therefore be understood and explained without being an internal part of the process, and results are created through assumptions and hypothesis about true and false.	Reality consists of both objective and subjective facts, which influence each other. Reality is therefore seen in a context like a system, where not only the whole, but also the relations are important. The goal is either to explain or understand reality. Ethics, manipulative marketing and globalization can be observed externally, but the result will be improved when the parts are seeing in context	Reality is seen as a social construction, where the humans is a part of the interaction and thereby the reality. The understanding of ethics, manipulative marketing and globalization is created by negotiating and sharing of individual meaning. The reality is therefore based on one owns opinion and carries different meanings.
Conception of science	By remaining all other things equal, the results will be improved by creating more knowledge. Facts are defined on logics and mathematics and separated from morality. A choice is based on the consequences and not the action itself. This means that reality of ethics, manipulative marketing and globalization is created based on the outcome and not the process.	Since each fact cannot be isolated, the understanding and explanation of each result will add value to the whole system. There is a synergistic effect between. For ethics, manipulative marketing and globalization it means that the process and outcome of one research will affect the process and outcome of the other research.	All previously scientific research needs to be taken into consideration, as this may be important to get a real understanding. When investigating ethics, manipulative marketing and globalization it means that all kind of knowledge in both the process and the outcome is important in order to understand reality.
Scientific Ideal	By making common agreements about subjects, central questions and how to tackle these questions, it is necessary to create theories, hypotheses and statistics analysis. Knowledge about ethics, manipulative marketing and globalization has arisen due to assumptions and hypothesis, and the more results that can be made, a more complete explanation and prediction of the consequences is possible.	The goal is to create a result that is better than the last when researchers include new results into the research. The process will make the structure of previously systems more valid. Therefore what is investigated in the ethical part will both improve previously research and affects what have been investigated about manipulative marketing and globalization, and vice versa, since the research belongs to a system.	By letting the interaction be an important part of the knowledge creating, the outcome will differ since it depends on the human's opinion and meaning. How ethics, manipulative marketing and globalization is investigated depends on the individual understanding.
Ethical/ aesthetical aspects	Since the humans are not an internal part of the research, it is not necessary to take responsible for the outcome. They can make advices based on the statistical results. For ethics, manipulative marketing and globalization it is important to discover and explain, but not to take responsibility for the outcome.	Responsibility is more important, since each component in the system - employees, founders, and researchers - depend on other's research. For researchers of ethics, manipulative marketing and globalization it means that their additions to the research will affect the others since there are connections between.	Taking responsible for the research is important as the humans are an important part of the creation and that a disclosing can both describe and change knowledge. In ethics, manipulative marketing and globalization meaning is what creates the process and result.
Research Techniques	Sampling Validation Techniques	Historical Studies Case Studies	Dialogue Language Development

**Table 1: Schematization of the three approaches related to the problem statement**  
(own creation based on Arbnor & Bjerke, 2009)

Table 1 on previously page provides a general comparison of the three approaches and the four concepts applied to this thesis, which is used when deciding the paradigmatic perspective in this content with investigating the existing theoretical knowledge about ethics, manipulation in marketing and globalization, the use of the knowledge in DCCA's policies and actions and the assessment of the quality by the key actors.

### 2.3.1 Research design and -method

To understand the extent of theoretical knowledge there is reflected in DCCA's policies and action, it is important to explain what ethics and manipulative marketing are, and what impact the globalization has had. In order to understand the need for future action, it is necessary through interaction with key actors to assess the quality of consumer protection against manipulative advertising. The most appropriate paradigmatic perspective will therefore be both the Systems Approach and the Actor Approach as figure 3 shows, since the objective and subjective perspective will have an impact.

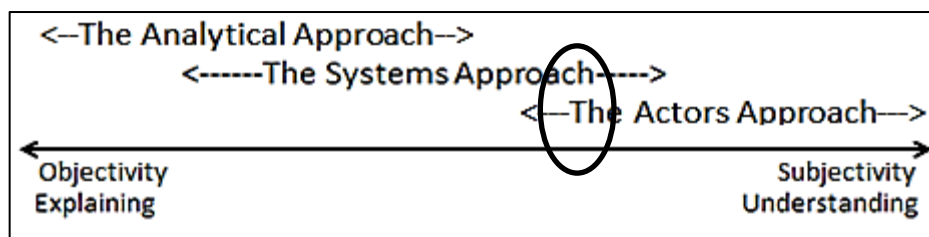


Figure 3: Boundaries between explaining and understanding (own creation based on Kuada, 2012)

The research design will have a pragmatist approach, since it is the nature of the research task that decides the view of reality; a combination of both an objective and subjective perspective of reality is therefore most appropriated when solving the problem statement (Kuada, 2012). The research will therefore be based on the Symbolic Interactionism and its three simple principles (Arbnor & Bjerke, 2009:401):

- *Human beings act towards things on the basis of the meanings that the things have for them*
- *The meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows*
- *These meanings are handles in, and modified through, an interpretative process used by the person in dealing with the things he encounters*

The Symbolic Interactionism studies how the social reality is defined and understood by individuals through interactions. The major assumption is that the human acts on the basis of meaning, so the purpose of the paradigm is to explain and understand how humans alone and

in groups create these meanings and how they act on behalf of these meanings. One of the important parts of this creation of meaning is the use and sharing of symbols. The symbols can be anything from spoken/written words to nonverbal gestures. Meaning arises when humans interact, but since a social context can differ, the symbols will also have different meaning (Franzoi, 2007; Jackson II & Hogg, 2010; Benzie & Allen, 2001).

When humans interact with others, they respond to the meaning and reflect their actions based on the symbols in the environment and on the way they believe others are evaluating them. It is how their actions will affect others and how they will appear to others that make them behave through a specific identity; an identity which depends on the historical, social, cultural and structural forces in the groups, organizations and demographic placements the human is positioned. The human perspective can tell the truth about the meaning and action in the society, since humans are active players in the social world (Miller, 2005; Franzoi, 2007; Jackson II & Hogg, 2010; Oliver, 2012). By including the key actors in the research design is therefore suitable when discussing ethics and manipulative marketing, since the arising and development depends on the interaction among and positioning of the human in social context.

Symbolic Interactionism is an important part of the interpretive scholarship. Interpretation highlights the importance of understanding how humans define situations and meanings, and how it can make sense in context (Oliver, 2012; Kuada, 2012). The understanding is never isolated, as it is interpreted in the context with other humans, and there will never be a final understanding, since a re-interpretation can lead to new and deeper knowledge. Re-interpretation is a *“continuing, open-ended process through which increased understanding of the research area and better understanding of the research problem inform each other”* (Boell & Cecez-Kecmanovic, 2010:130). The “Scientific Ideal” of the System Approach is to create a result that is better than the last, which also makes the symbolic interactionism suitable in this thesis.

A systematic review will follow a basis guideline as to identifying and critically analyse existing and potential relevant theoretical literature based on a clear understanding of the relationship between the problem statement and the chosen research methods. However, as the awareness of important questions in social science can change during the research, it may be needed to extend the study area or investigate it from new angles. According to the neo-positivism, which the System Approach is related to, it is not possible to be 100% objective and neutral in the research since the result will be affected by own values and beliefs and it is

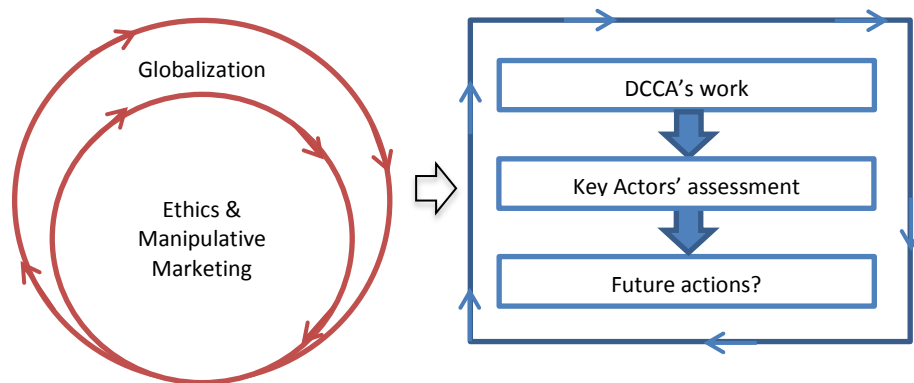
the researcher who decides which literature to include and what parts to notice in the literature (Boell & Cecez-Kecmanovic, 2010; Oliver, 2012; Voxted, 2008). Therefore, the result of this thesis will not necessarily be the result that is to be found in another research.

Often it has been qualitative research that has been used in the Symbolic Interactionism to understand the human's world, but due to the pragmatism view there is basis for quantitative research (Benzies & Allen, 2011). Since the thesis follows the System- and Actor approach, the research will include qualitative research. However, as there will not be a direct contact between the researcher and the key actors, the research is affected by an objective view, as the researcher is not personally involved in the qualitative data. The result, which should answer the research questions, will be found through observations and interpretations of available literature and data analysis.

To explain the existing theoretical knowledge of ethics, manipulative marketing and globalization, and how it is reflected in DCCA's policies and actions, secondary sources as research papers, chapters from books and article and various webpages will be use. This method is chosen as the purpose is to see if there is a fit between the way DCCA works and the theoretical knowledge, and to this a review of relevant theories will be appropriate. When the goal is to understand the assessment of the quality of consumer protection against manipulative marketing and if future action is needed, social media as Facebook and private webpages will be included as a primary source together with the secondary sources. The data is obtained directly to this purpose and should provide new insight of how the quality of the consumer protection is assessed by the key actors and if further actions are needed. The result will however be affected and structured by the researcher's subjective understanding, which again may not result in the same result as if another researcher used the same sources to the same research questions (Zikmund *et al*, 2013).

Using primary and secondary sources is beneficial in this thesis as the thesis consists of two parts, where the first part has a direct effect on the second; the theoretical knowledge of ethics and manipulative marketing in a global context will be used to manage the discussion about the assessment of the quality. The goal is to create a systematic and logic approach to investigate and understand the assessment the quality of DCCA's work and to what extend future action is needed based on the key actors' opinion. The primary sources will be important in the second part, as the discussion will include how the findings in the primary sources fit with the theoretical knowledge achieved in the first part. Figure 4 on the next page illustrates the relationship between the theories and the interpretation. The circle's arrows

indicate that a deeper knowledge can be obtained by re-interpretation the process with other sources, but this will not be done in this thesis.



**Figure 4: Relationship between the literature, data sources and the interpretation (own creation)**

It is worth noting that the chosen research methods is researcher-dependent, so when the research consists of secondary sources, the result will depend on the researcher's understanding and the importance of the selected data. This is also the case with the secondary data itself, as these were developed and obtained to other purposes, and relates to that specific researcher's understanding. The control of the data quality is thus limited (Zikmund *et al*, 2013; Bryman & Bell, 2007). However, based on the Symbolic Interactionism it is argued that the result will be valid and representative as long as the meaning is based on the same understanding of ethics, manipulative marketing and globalization. At the same time, the use of secondary data makes the process faster, cost-efficient and gives more time to analyzing the data, as it will be time consuming to identify and obtain all the needed information by yourself (Zikmund *et al*, 2013; Bryman & Bell, 2007).

### 3. Theoretical foundation

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*“The increasing efforts by marketers to target diverse groups of consumers call for a closer examination of the ethical implications of market segmentation and differentiated marketing”*  
(Geng Cui & Pravat Choudhury, 2003)

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The relationship between marketers and the consumer can often be quite complicated due to the question of ethics. When the marketer’s job is both to inform the consumer about products and services, and to persuade them to actually go and buy them, it can be difficult to determine if a particular marketing technic is manipulative and if it is actually unethical (Sher, 2011; Crane & Matten, 2010). Prior research in marketing ethics have mainly been concerned with marketing of harmful products, exploitation of vulnerable consumers like children and elderly, using comparable messages, and targeting and/or discriminating a specific consumer group, but since companies have started to involve consumer’s needs and wants in the marketing, a focus on unconsciously persuasion has generated. In the modern marketing concept, the purpose of the marketing strategy is to satisfy the consumer in a way that protect and strength the welfare, but the outcome has not always been in the best interest of the consumer or the authorities (Cui & Choudhury, 2003; Schiffman *et al*, 2012).

The purpose of the theoretical foundation is to create a deeper knowledge about the key concepts of ethics, manipulative marketing and globalization, and how they have affected each other. The chapter will start with a theoretical and meta-theoretical analysis of ethics and consumer welfare; then it will deal with the theoretical and meta-theoretical analysis of manipulative marketing; and last it will be the theoretical and meta-theoretical analysis of globalization. In the end the three key concepts will be linked together in an analytical model based on their strengths, weaknesses and similarities, which will be the basis for the empirical analysis.

#### 3.1 Theory of Ethics & Consumer Welfare

The definition of ethic can be quite indefinite depending on which context it is used in. In business ethics it *“is the study of business situations, activities, and decisions where issues of right and wrong are addressed”* (Crane & Matten, 2010:5). In marketing ethics it is a decision that would benefit or protect consumer and members of the marketing channel, (Ferrell *et al.*, 2013) and when it comes to ethics in culture, the *“national differences in ethical attitudes may be attributed to differences in underlying cultural values* (Jackson, 2001:1268). What can be determined based in the three ethical perspectives is that ethics deals



with the choice of right and wrong, it should benefit and protect the humans and it can differentiate depending on the culture.
















The research on marketing ethics has followed three periods in the twentieth century: 1900-1920, 1920-1950 and 1950-1980. The first two periods focused mostly on the costs and fair pricing for the consumers and the role of advertising and sales methods. It was more the outcome of the decisions than the decision itself there was focus on. In the third stage the perspective changed and now it was more the decision that was an ethical concern, since marketing research, the development of new products and advertising can be complicated to implement. Also the cultural aspects got a major interest, since the decisions and actions was analyzed based on the society's ethical beliefs, and it was in this period the majority of marketing policies were adopted (Ferrell *et al*, 2013; Silber, 2006; Cseres, 2005).

### **3.1.1 Ethical Climates in the decision making**

Cullen *et al.* has made a research about ethical work climate, where *“organizations take into responsibility for any ethical or unethical actions that take place among their employees and likewise can initiate and implement ethical work climates... Ethical climates are conceptualized as general and pervasive characteristics of organizations, affecting a broad range of decisions”* (Venezia *et al*, 2010:78). Seven ethics climates have been developed to identify the environmental impact on the ethical behavior. Based on the two theoretical typology of ethical climates; *ethical criterion* and *locus of analysis*, Cullen *et al.* came up with nine theoretical dimensions, wherein the following seven ethical climates exist: 1) rules/codes, 2) caring, 3) self-interest, 4) social responsibility, 5) efficiency, 6) instrumentalism, and 7) personal morality. The climates are defined as *“the shared perception of what is correct behavior, and how ethical situations should be handled”* (Mayer *et al*, 2009:182), and can influence the decision-making through the ethical consideration, the process of resolving the conflict and the characteristics of the resolution (Venezia *et al*, 2010; Ferrell *et. al*, 2013).

The **Ethical criteria** consist of Egoism, Benevolence and Principle and are the dominating moral philosophy used to maximize the self-interest, the joint interest or adherence to principle. The dimension is labeled as a group or organizational concept, so it does not follow the perception or behavior of one individual. **Locus of individual** represents the source of influence or motivation in the ethical decision. It shows that an ethical climate is the concept of the organization, and concerns self-interest (Individual), company's interest (Local) and society's interest (Cosmopolitan). How the individual perceives the decision depends on the perception of the environment from own point of view, and the person who has referenced the

actions (Mayer *et al*, 2009; Venezia *et al*, 2010; Shacklock *et al*, 2011). Combining the two theoretical typologies has resulted in nine different theoretical dimensions that can describe the moral reasoning and within these the seven ethical climates is created. Table 2 illustrates the seven ethical climates in the combination of Ethical Criterion and Locus of Analysis and what the decision in each criterion puts emphasis on:

<b>Ethical Criterion</b> <i>Moral philosophy used to maximize</i>	<b>Principle</b> (Adherence)	<b>PI</b> (=Personal Morality)  	<b>PL</b> (=Company rules /procedure)  	<b>PC</b> (=Laws and Codes) 
	<b>Benevolence</b> (Joint-interest)	<b>BI</b> (=Friendship)  	<b>BL</b> (=Team interest) 	<b>BC</b> (=Social Responsibility)  
	<b>Egoism</b> (Self-interest)	<b>EI</b> (=Self-interest)  	<b>EL</b> (=Company profit)  	<b>EC</b> (=Efficiency) 
		<b>Individual</b> (Self-interest)	<b>Local</b> (Company-interest)	<b>Cosmopolitan</b> (Society-interest)
	<b>Locus of Analysis</b> <i>Source of influence/motivation</i>			

**Table 2: Ethical Climate (own creation based on Venezia et al, 2010)**

1. Rules/Codes wants to stick to rules, procedures, laws and codes in order follow the company's procedure and be social responsible (Dark blue).
2. Caring find it more important to establish and maintain good relationship, where both the self- and the team-interest are important (Red).
3. Self-interest wants to satisfy personal interest, but also to keep the personal morality high (Green).
4. Social Responsibility put emphasize on social awareness or responsibility when making the decision, but it should result in a high benefit for the company (Purple).
5. Efficiency is to make a decision that is efficient in others eyes and that maximize the benefits (Black).
6. Instrumentalism bases a decision on different purposes. By following certain means or aids, the humans try to find an efficient solution for certain circumstances when they occur (Light blue).
7. Personal Morality want to take a moral responsibility without others affection when deciding between right and wrong/ethical and unethical (Orange).

Between the public and private sector, there are a significant different in which ethics climates they appear to. The problem between the two sectors arises when a behavior is accepted in one area, but not in another. The public sector focuses on bureaucracy and wants to service the public through rules and laws. It is therefore mostly rules/codes, caring, self-interest, social responsibility and instrumentalism there are focus on. The private sector emphasizes entrepreneurship and risk-taking, and wants to challenge the factors of laws and policies. This sector perceives the ethical climates of efficiency and personal morality. (Ferrell *et al*, 2013). As this thesis deals with companies' ethics and manipulative marketing and how DCCA's can protect the consumers against this, the theoretical analysis will follow the private perspective with the ethical climates of efficiency and personal morality. DCCA need to look at what the companies base their ethical decision on; what is seen as efficient to others; what creates the greatest benefit for them; and if they take a moral responsibility for their choice of right and wrong.

### 3.1.2 Evaluating the ethical view

The decision about right and wrong should be based on systematic, rational and understandable arguments, but this is however not possible since prior knowledge and own values will come into play. Normative ethical theories are therefore important, since it attempt *"to prescribe what marketing organizations and individuals ought to do or what kind of marketing systems a society ought to have"* (Ferrell *et al.*, 2013:53). The theories try to recommend when the organization's or individual's act is morally correct, and can help creating decisions models in research, standards and principles. **Ethical absolutism** sees the choice of right and wrong as objective qualities there is rationally determined and cannot change. The theories want to set out universal rules that are applicable to any given situation. **Ethical relativism** sees ethics with no universal right and wrong, since it more depends on context, person, culture or historical period where the decision is taken. The logic in this ethics is that everything is just different and nothing is wrong. **Pluralism** is the middle ground and accepts different moralities when there are basis principles and rules to follow (Crane & Matten, 2010; Ferrell *et al.* 2013; Ask, 2014; Houghton Mifflin Company, 2005).

There exist two major focuses within the normative framework: 1) the non-consequential, which has a focus on the action of the decision, and contains of the theories of *Ethics of Duties* and *Rights & Justice*, and 2) the consequential, which focus on the outcome of the decision, and has the theoretical perspective of *Egoism* and *Utilitarianism*. The non-consequences are also referred to as deontological, while the consequences is called teleological, as they are based on the Greek words for respectively "duty" and "goal".

Figure 5 shows that both views arise from the motivation behind the decision-maker and the underlying principles of ethics (Crane & Matten, 2010; Ferrell *et al*, 2013, BBC, 2014).

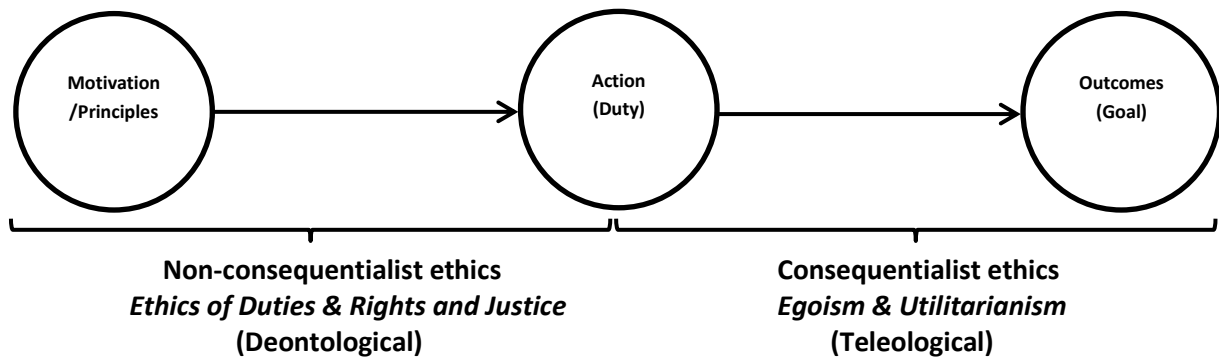


Figure 5: Consequentialist and Non-consequentialist theories (own creation based on Crane & Matten, 2010)

**The non-consequentialist** will evaluate whether the action is ethical and if it respects the rights of others based on norms, personal values or behavior. Even though the outcome can have a negative consequence, people still need to do what is considered to be right. The difference between the two approaches is that *Ethics of Duty* is the duty of humans to make a decision there is considered to be the right instead of what gives the best outcome, while at *Right & Justice* is it ethical if it follows the legislation in the given society. **The consequentialist** looks at the outcome, where an ethical right decision will be the one that has a positive outcome. *Egoism* relates like the name to the decision-maker itself, where the decision will be the one that maximizes the positive outcome for the single person, while *Utilitarianism* tries to maximize the positive outcome for the greatest amount of people. However, the Utilitarianism makes also a distinction between one single case (act utilitarianism) and a class of actions with their overall perspective (rule utilitarianism) and the amount of pleasure and pain it creates in the society (BBC, 2014; ICR, 2014; Crane & Matten, 2010).

### 3.1.3 More than one ethical perspective

Besides the division of non-consequentialist and consequentialist, it may also be needed to take the ethical perspectives of virtue, feminist, discourse and postmodern into consideration. **The virtue ethics**, which is related to integrity, has the main argument that “*good actions come from good people*” (Crane & Matten, 2010:118) since it is wisdom, honesty, loyalty, patience and friendship acquired through life that creates the moral behavior. It will be culture and traditions that create the solution, and the knowledge is required through experience and participation. **The feminist ethics** based on relationship can also be important to consider. It states that the difference between men and women’s attitudes to the social life will have an

effect when handling ethical problems. The theory is often called *ethics of care* since it prioritize harmonious and social relationship, where people take care for each other and past experiences are used instead of principles and rules. Through the **discourse ethics** it will be possible to find a solution when “*all rational human beings share the experience, and the norm of peaceful resolution of conflicts is the best way to organize social interaction*” (Crane & Matten, 2010:122). It can end up in a solution that everyone is interested in, but it requires that people are able and willing to start a dialogue and exchange arguments based on their norms. In **the postmodern ethics**, empathy is one of the core thoughts as the theory has a subjective and emotional belief, which is based on experiences, instincts and sentiments. It questions the different between rationality and morality, since it wants humans to question practices and rules and instead follow their emotions when deciding what is right and wrong (Crane & Matten, 2010)

### **3.1.4 Establishment of policies to consumer welfare**

The growing concern in the third period gave a tendency to see the perspective from the consumer's side in the marketing policies, since the marketer's perspective can be in conflict with the consumer's and societies', and the marketing can result in a change in the consumer's beliefs and preferences (Ferrell *et. al.* 2013; Cui & Choudhury, 2003; Sher, 2011). A consumer can be defines as “*a person or organization that purchases or uses a commodity or service*” (Random House, 2010) and “*everybody who participates on the market or can be demarcated from other social groups especially from the group of producers*” (Cseres, 2005). A society is “*the community of people living in a particular country or region and having shared customs, laws, and organizations*” (Oxford, 2014), but because of the globalization, it has become more or less a worldwide community (Crane & Matten, 2010).

As the definition of consumer declares, there is a clear differentiates from the producer-group, which is the reason for the importance of marketing policies; the policies try to protect the consumer from the producer's exploitation. Marketing policies want to take both the individual and the collective interest of the consumer into account, since everything encircling the consumer. Most of the concern is a collective interest, since it is difficult to create marketing policies that protect each consumer's interest and needs (Cseres, 2005).

Normative expectations - the norms - are a fundamental concern in marketing policies, since the function of the policies is to select which expectations, e.g. the consumer's interest, needs and economic role, there is worth to protect and then stabilizing the expectations. If it is not possible to make the norms become a part of the legal system, the chance for making it a integral part of the civil society is low. The content of the legal system is characterized by a

country's legal origin, which is affected by the management of society and economic. The focus has been on the outcome of the policies, as the policies are meant to solve particular problems under certain circumstances and are based on history and past decisions-making and to this the experiences. A marketing law and policies can however be subject to legal, social and political laws in the national system (Cseres, 2005; Svetiev, 2013).

### **3.1.5 Meta-theoretical analysis of Ethics and Consumer Welfare**

Marketing ethics is based on the individual's values and influences by the environment; personal relations, culture, organizations and community (Ferrell *et al*, 2013). There has been a growing focus on the decision-making (non-consequentialist) in the last stage of marketing ethics; however the utilitarianism will be the optimal ethical theory to follow when the goal is to protect the consumers, since the decision should maximize a positive outcome for the greatest amount of consumers. When dealing with marketing ethics in a private concern, the focus is on efficiency and personal morality, where DCCA needs to understand how the companies' are thinking and what influence this has on the consumers. The morality can however differentiate depending on the cultural foundation. The policies are founded based on the *rule utilitarianism*, since it is the collective interest there is important in marketing ethics and the policies are created based on the argument that it is not possible to protect each individual consumer with a specific sets of policies, but it is a class of actions that determines. The authority develops their principles and values based on their cultural norms and the way it shares these with others. The *discourse ethics* has therefore also an important influence on the ethical view. To create the understanding of marketing ethics and consumer welfare, the grounded theory of interpretive scholarship recommends a comparative process, where collected data from empirical observations and past research is the foundation. The data cannot be considered isolated, and the process and analysis is ongoing and can take various forms depending on the chosen data (Miller, 2005).

The **conception of reality** is pluralism and seen in a System Approach according to Arbnor & Bjerke. When dealing with marketing ethics and creating marketing policies, it is important to create some universal policies that are applicable to any given situation, but it should take the culture of the society into consideration. The outcome and the individual perceptions are important in the evaluation of right and wrong. The **conception of science** is therefore that marketing ethics and marketing policies are created through interactions in the system - companies, consumers and authorities - with the goal of creating the greatest benefit which is applicable to all individuals. Each opinion will add value to the evaluation. The **Scientific ideal** in creating marketing policies is to make use of previously decision-making and these

experiences in both the national and the interaction context. **Ethical and aesthetical** considerations are important, since the outcome the marketing policies will affect the ethical consideration and foundation to protect consumer welfare and create competitiveness. A comparison of historical analysis and case studies will be among the best **techniques** to understand ethics and marketing policies.

### 3.2 Theory of Manipulative Marketing

Differentiation and targeting in the marketing strategy can be an important competitive advantage for many companies (Cui & Choudhury, 2003). A strategy has been a success if the consumer has perceived the message in a meaningful way, but since the perception depends on past experiences, culture and mood, it may not be possible to expose the same stimuli under the same conditions to two consumers and get the same reaction. In order to get through the marketing from other companies, marketers are using sensory marketing based on the five senses and persuasion technics in their marketing to affect the consumer's perception, which can happen both above and below the consumer's awareness. Perception is when the consumer understands the message, but the process can be complex to succeed with, as the consumer will interpret the sensory- and persuasion stimuli differently (Severin & Tankard Jr., 1997; Schiffman *et al.*, 2012; Krishna, 2012).

Marketing strategies can be manipulative in two ways: 1) *"by deceiving consumers in some way"*; or 2) *"playing off a weakness that the marketer believes exists in the consumer's normal decision-making process"* (Sher, 2011:103). Manipulation is placed in the middle between rational persuasion and coercion, where both verbal and nonverbal communication technics are used to stimulate the emotions. A marketing strategy is considered to be manipulative, if it attempt to motivate in a deceptive, vulnerable and immorally way (Sher, 2011).

#### 3.2.1 Possible approaches for manipulating

Just like the thousands of advertising which flourish in the environment, humans are also being bombarded with stimuli every day. The world is constructed by an endless number of constant changing and discrete stimulus. The consumer can receive two kinds of stimuli; **physical stimuli** from the environment and **individual stimuli** based on their expectations (previously experiences) and their motives (needs, interest). It is the individual stimuli that choose and accept physical stimuli, which is why it is not possible to affect two consumers subconsciously with the same triggers in the same way (Schiffman *et al.*, 2012). Krishna's (2012) review of the five senses and Cialdini's (2001) five out of six principles of persuasion

show how companies use the physical stimuli as subconscious triggers on the individual stimuli to engage and attract the consumer to their products.

### **3.2.1.1 Sensory stimulation**

Krishna's (2012) review of the five senses showed that touch is important in in-store and events, since customers will be more willing to buy a product if they can touch it. The temperature like a warm handshake can have an effect on social judgment, since it generates interpersonal warmth, and a waitress physical touch in a restaurant can increase the amount of tips. Touch is said to be the first sense the humans develop and the last to vanish.

Smell is one of the senses which last longest and which can have the largest coding in the memory. It is an important stimulus to use in stores and restaurants, since it can be overpowering, create emotional importance connected to the memory and improve the evaluation and buying mood (Krishna, 2012; Oort, 2012; Sher, 2011). As Martin Lindstrøm mentioned in his book "Brandwashed", shopping malls are using scent to improve the shopping experience (Tartakovsky, 2011). The same technics is used with audition, since *"ambient sound, such as music heard in hotels, restaurants, retail stores, and supermarkets, can influence consumer mood, actual time spent in a location, perception of time spent, and actual spending"* (Krishan, 2012:341). Voices and jingles used in advertisings can also improve the emotional connection. E.g. the English language can symbolize a modern, sophisticated and cosmopolitan identity (Krishna, 2012), and by letting the waitress repeat orders in a restaurant will also increase the tips (van Baaren *et al.*, 2003).

Companies have also started to manipulate through the sense of taste. Producers of soda have replaced sugar with corn syrup, which is far less healthy and taste much sweeter than sugar. If the soda is sweeter, the consumers can become addicted to the sweet taste and will start to buy more (Oort, 2012; Sher, 2011). Low-fat nutrition can also make people believe that a product is healthier and thereby increase the consumption. However, what consumers might perceive as tasty can be affected by other senses. The vision can for example affect the consumption of beverage. A tall-thin glass is judge to contain more than a short-fat glass, and consumption will increase when there are more varieties or larger portions/packages. The larger portions/packages will make consumers feel they get value-for-money. It is also possible to affect the consumer's perception by using babies and attractive models in advertisings, or through product placement, as this subconsciously can affect emotions or cognition (Krishna, 2012; Wansink, 2004; Oort, 2012).



### **3.2.1.2 Principles of persuasion**

As mentioned in part 3.2: *Manipulative Marketing*, the perception will depend on past experiences, culture and mood. The attempt to motivate the perception and thereby persuade can therefore be affected by the consumer's intention for the purchase. When the intentions are high, the persuasion will primarily take place through rational behavior, while at low intentions the persuasion is based on emotions. The definition of persuasion is "*a simple human communication designed to influence the beliefs and attitudes of others*" (Kimmel, 2005:31).

Certain interactions in the communication can lead consumers to "*concede, comply or change*" their behavior (Cialdini, 2001). By playing on the vulnerability at the consumer's emotions, the companies can affect their ability to make good decision. According to the principle of Reciprocity, customers will feel that they have to give something back, e.g. a purchase, if they have received a good service, a product sample or a gift. If the sales person or spokesperson simultaneously has something in common with the consumer, the principle of Liking will occur. Similarity can draw people together, but also if the consumer admires the service they get from the sales person. Admiration can also be related to the principle of Social Proof, where consumers search for cues from the sales person on how to think, feel and act. The persuasion can be very effective if the sales person is peer to the consumer, which is why the application of the principle can be very powerful. The application goes likewise back to the principle of Liking (Sher, 2011; Cialdini, 2001).

"*Believe an expert*" is a sentence which the consumers often will follow as an expert can give the valuable information the consumers does not possess in the decision-making. The principle of Authority is therefore applicable when trying to persuade consumers who do not possess the needed information. The same can almost be applied in the principle of Scarcity. The principle addresses that products become more valuable when they are less available. When a company markets a product as limited, the consumers will lose the opportunity to purchase later if they do not act now. If the consumers do not possess the needed information or have exclusive information about an offer, it is possible for the company to manipulate the consumers to a purchase (Cialdini, 2001).

Cialdini's (2001) sixth principle of persuasion is Consistency. Here the consumers feel committed to do what they have been told to do, e.g. the purchase, because the commitment has become active, public and voluntary. However, as Consistency cannot be applied unconsciously, it cannot be considered to be manipulative marketing even though it is a persuasion technique.

### 3.2.2 Deceptive, vulnerability and immorality marketing

In Wansink's (2004) experiment of environmental factors he concluded that it was possible to increase or decrease food intake and consumption volume only by changing some basis influences in the eating environment as light, music, noise, temperature, variety, size or odor; a result there is quite similar to Krishna's review. A marketing strategy can be seen as deceptive, vulnerable and immorally when it can affect unconsciously and has weak, sensitive and susceptible consumers like children and elderly as the target group. These groups do not have the needed level of knowledge or experience as rational customers; a group that is able to comprehend the benefits and risks with a product and an advertising. It will also be deceptive and immorally if the producer abuse that a consumer does not have the needed information to judge if the needs can be fulfilled, or if the given information is misleading and manipulative (Cui & Choudhury, 2003; Cseres, 2005).

### 3.2.3 Meta-theoretical analysis of Manipulative Marketing

Related to the statement of Martin Lindstrøm in the Introduction about how companies try to *"seduce, sooth, tempt and scare"* consumers in the marketing strategy, it is clearly that some marketing technics can be manipulative. To understand when a marketing technic is manipulative, the human's different opinions and meanings need to be taken into consideration and understood. The result can however differ due to past experiences, culture and mood and the consideration of what is above and below consciously awareness. This is why it is not possible to get the same effect with the same trigger in the marketing. The interpretive scholarship has an important role in the understanding of manipulative marketing, as it reflects how complex the social world and the process of social construction can be. The general interpretive theory wants to gain knowledge intersubjective, where each individual come up with their own understanding. The theory gets the understanding *"from the point of view of the social actor rather than from an external and casual point of view"* (Miller, 2005:61).

The meta-theoretical view of manipulative marketing is placed in the Actor Approach of Arbnor & Bjerke's scientific research. The **conception of reality** is subjective, since the reality it constructed by the humans' interaction and sharing of meanings. By including individual's own understanding and experiences in the **conception of science**, it may be possible to get a deeper understanding of manipulative marketing and explain the issues of different understanding. The **Scientific ideal** can however differ, as the investigation depends on how the individual sees and understands manipulative marketing, and how they interact in their given culture, e.g. share their opinions. The **Ethical and aesthetical** consideration is

therefore that the final definition of manipulative marketing can affect future cases, since humans are an important part of the creation of knowledge. The best **technique** to understand manipulative marketing will be dialogues with companies, trade organizations and political parties; those *social actors* who want to affect or will be affected by manipulative marketing. Consumers will not be included since the problem of self-interest will be greater for them than with the other key actors. The risk that they would focus more on consumer welfare than market growth and competitiveness can namely arise.

### **3.3 The context of Globalization**

Globalization has had a huge impact on each country's productivity, economy, investments, taxes, mobility and the access to cheap capital, since the liberalization of free markets in Western Europe and USA has opened the chance for sustainable growth. As Eastern Europa and South Asia have started to liberalize their economy and open the borders, the export and import have grown rapidly. From the end of 1950s and till today, the exchange of products and services - and indeed money, information, and ideas - between countries has doubles more than a hundred times, and has made many benefits and opportunities for the humans, as it is seen as significant to human welfare and competitiveness (Skovgaard, 2013; Sodhi, 2011; Stevnhoved, 2006; Helbing, 2013; Pedersen, 2011).

#### **3.3.1 Cultural differences in the global system**

The world has due to the globalization evolved to be *“a global information society, characterized by increasing interdependency, interconnectivity and complexity... interdependent decisions, and networks of networks”* (Helbing, 2013:53-54), where implications can emerge if there not exist an understanding of how to make the system within the globalization work well. This understanding includes among other things the diversity in ethics, social norms and culture, since a lack of this will influence the relationship and loyalty between consumers, companies and the authorities (Helbing, 2013; Jackson, 2001). The definition of culture is *“the total sum of learned beliefs, values and customs that serve to direct the consumer behavior of members of a particular society* (Schiffman *et al.*, 2012:342), which is important to know when understanding how culture can influence the behavior. It can be difficult to deal with cultural differences, since humans are often unaware of the behavior, as values and beliefs is learned from an early age and based on the cultural framework in their environment.

To deal with the difficulty of cultural differences, Hofstede (2011) has made a classification of six cultural dimensions that can be used to measure the differences between cultures. He

sees culture as a collective phenomenon, but the phenomenon has different collectives due to the distinction “*from economic, political, legal, religious, linguistic, educational, technological and industrial environment in which people find themselves*” (Soares *et al*, 2007:277). The dimensions can help to understand the internal logic in the culture and the implications the differences can have. The following section will consist of a review of the six dimensions and discuss how culture will influence the understanding of ethics and manipulative marketing (Hofstede, 2011; Soares *et al*, 2007; Jackson, 2001).

### **3.3.1.1 Individualism vs. collectivism**

The dimension describes “*the relationships individuals have in each culture*” (Soares *et al*, 2007:280). In an individual culture it is expected that the humans look after themselves and their immediate family. The consciousness has focus on the “I” and the self-interest, so ties between humans are seen as loose, which leave room for privacy and personal opinions. The implementation of laws and policies is used to protect individuals’ rights. In the collective culture, humans have a strong relationship with others and have from birth been integrated into strong groups which look after each other because of loyalty. They seek for harmony and organizational commitment, where opinions and votes are decided in the in-group. The “We”-consciousness is what leads the culture, so an interest for one person is the same as the interest for the entire group. Based on Hofstede (2011), Vitell *et al.* (1993) and Moon & Franke (2000), it will be well-developed countries like the Western there is individualists, while less-developed countries as the Eastern and Asian will be collectivists. Japan will have a middle collectivistic position.

With the ethical concern, an individualist will due to the lack of group feeling be less influential from others and from policies, since it is the personal goal there is important. Individuals will find unethical behavior and thereby unethical marketing practice more acceptable if it can benefit the self-interest. However, lying is seen as violating the social norms and a serious crime. Therefore, policies are used to protect the individual’s rights. The ethical choice will be based on what is right and wrong like the Ethical absolutism. For collectivism, emphasize is put on the group, since the stakeholder/owner of the company is more important than the individual. A strong collectivism can create high innovation and a great performance in service and advertising appeals, since humans want to serve the company’s interest. If an unethical behavior or a lie can benefit the group, it is considered to be ok. Corruption can however be reduced if it harm the group, since misbehavior will result in a feeling of shame. The action and the ethical decision will depend on the group, as there is

a correlation between collectivism and marketing ethics (Vitell, 1993; Franke & Nadler, 2008; Sweidan, 2011; Moon & Franke, 2000; Soares *et al.* 2007; Jackson, 2001).

#### **3.3.1.2 Weak vs. Strong Uncertainty Avoidance**

The Uncertainty Avoidance (UA) is when humans feel a threat from uncertainty, and tries to minimize or avoid these through well-defined laws and a belief about only one truth. It is important to bear in mind that it is not the same as risk avoidance, since UA deals with the tolerance for ambiguity and situations there is unknown, surprising and different from the usual. Having a weak UA can result in high self-control, and a tolerance of deviant persons and ideas. Humans consider themselves as important, and it is more acceptable to take a risk, since they are comfortable with ambiguity. A strong UA will lead to a need for clarity, structure and laws, since humans want to fight uncertainty. There can be a low score on subjective health and well-being due to higher stress and inner nervous energy. Often it will be English-speaking cultures or the Nordic and Chinese countries there have a weak UA, whereas German-speaking cultures and East- and Central Europe, African America, Japan, Korea and Latin countries will have a strong UA. The stronger UA the higher will the level of laws be (Hofstede, 2011, Vitell *et al.*, 1993; Moon & Franke, 2000).

When humans within the weak UA are more likely to take a risk, they will also be more likely to have an unethical behavior. Even though they respect policies and laws, they do not like them and thereby see them as less sacred. The unethical behavior will involve consequences and uncertain probabilities, but due to the tolerance for risk and uncertainty, the possibility for unethical marketing technics can take place. Humans are more sensitive to ethical problems in the strong UA and are more likely to focus on the negative consequences. They believe in the deontological ethics of Right & Justice, since there is a high need for written laws and these should not be broken even if the break can benefit the company. It is the owner/stakeholder there is most important, since the loyalty is based on the ethical virtue of friendship and honesty. This relates to Cullen *et al.*'s ethical climates of Caring and Instrumentalism. Basically, humans with strong UA will reject illegal activities, but it all depends on the company's policies (Vitell *et al.*, 1993; Moon & Franke, 2000; Swaidan, 2012; Franke & Nadler, 2008).

#### **3.3.1.3 Small vs. Large Power Distance**

When a culture has a small power distance, the level of hierarchy and dependence relationship to one's family is low. The level of income is rather even, and corruption is rare. Humans do not accept that power can be distributed unequally. Large power distance is more based on

hierarchy, since older people, teachers and priests are perceived with more respect and fear. The income distribution will therefore be more uneven and corruption occurs more often. Hofstede (2011) has stated that all societies will have some kind of inequality, but in some cultures there will be a larger power distance. This applies, among others, France, Belgium, East Europe and the Latin-, Asia- and Africa-cultures, while Costa Rica and the German- and English speaking Western countries will have a small power distance.

The small-power-distance-cultures questions the authority, there takes place in large-power-distance-cultures. Ethical cue and informal norms taken from fellows are considered to be important, which will have a positive effect on the impact of innovation and advertising appeals. The culture views questionable business practice as unethical and will therefore reject these kinds of practice. Technics as manipulative marketing will likely not occur here. The cues in the large-power-distance-cultures are taken from superiors, who expect that each individual will follow orders and scarify ethics to create benefit for the company; even cover-ups of a corrupt business practice is accepted. The deontological ethics is dominating, since it is the human's duty to follow the formal codes in the company. With a low level of marketing ethics and a minimum attention on ethical standards, a negative influence on the ethical attitude can be high. There will therefore be a high need for good ethical examples, because if the management do not tolerate unethical practice, it is more unlikely to occur (Vitell *et al*, 1993; Moon & Franke, 2000; Swaidan, 2012; Franke & Nadler, 2008).

#### **3.3.1.4 Femininity vs. Masculinity**

The dominant values in a feminine culture will be caring for others and the quality of life. The goal is to find a balance between family and work, where both women and men deals with facts and feelings. Women have a larger voice within the household and politics, since the different between the genders is on a minimum. The gap between genders is however larger in a masculine culture, where there often will be a taboo around feelings and caring. It is the men who should be ambitious and deals with facts and choose work over family. The dimensions of femininity and masculinity are more fluid distributed between the different cultures. Femininity is high in the Nordic countries and the Netherlands, while it is moderate to high in France, Spain, Portugal, Chile and Thailand. The masculinity is dominating in Japan, Korea, Italy, Mexico and German-speaking countries, whereas it in English-speaking Western countries will be moderately high (Hofstede, 2011; Moon & Franke, 2000).

Femininity believes in collectivism and wants to enhance the relationship between the company and their consumer. They sees high-pressure-selling as unethical and are “less

*tolerant of aggressive, dollar-driven-behavior*” (Swaidan, 2012:205). Unethical behavior will lead to conflicts, which is why femininity rejects illegal behavior. The masculinity however, will encourage to individualism and enhance egoism as in the consequential ethics. Since the culture emphasis competitiveness and are goal-orientated, the level of innovation and service performance will increase, but humans will also be more tolerant to questionable aggressive behaviour as high-pressure-selling. This can result in greater corruption and a low sensitivity to the consumers (Vitell *et al*, 1993; Moon & Franke, 2000; Swaidan, 2012; Franke & Nadler, 2008).

#### ***3.3.1.5 Short-term vs. Long-term Orientation (Normative vs. pragmatic)***

The attitude to time is said to have a strongly correlation to economic growth, since the different focus on humans, history, traditions and innovation can result in different economic developments. In short-term orientations the most important events has occurred or is happening now. There is an imperative to follow in the family life, and it would violate the traditions if these were changed. Humans should be proud of what their country has achieved. For poor countries this perspective has however resulted in a slow or no economic growth. This situation has not been the case for long-term orientated cultures, since the important events will take place in the future; humans try to learn from other countries and adapt their traditions due to changing circumstances. This innovative technic can result in a high level of prosperity. Hofstede (2011) and Moon & Franke (2000) has in their research proved that the long-term orientation takes place in East Asia and Eastern- and Western Europe, while the short-term orientation is seen in U.S., Latin America, Australia, Africa and countries with a Muslim tradition. A medium orientation can be found in South- and North Europe and South Asian.

The short-term cultures focus on the ethical absolutism and being normative, where moral responsibility is based on personal stability and the respect for traditions, norms and religions. By focusing on the future and economic development has given a pragmatic ethical behavior in the long-term cultures. The interactions with other countries and a virtual ethics perspective have had a positive influence on ethical behavior, because they think innovative and that good behavior comes from good people (Franke & Nadler, 2008; Moon & Franke, 2000) The risk for manipulative marketing is not huge in the long-term culture, but because the short-term not want to break tradition, an unethical behavior can continue to occur if it already exist in the culture.

### **3.3.1.6 Indulgence vs. Restrained**

The “happiness research” is what characterizes this orientation, since the percentage of happy people, personal life control, freedom of speech, importance of leisure involvement in sport and restrictions on sexual norms will affect the level of happiness. In countries with indulgence, the society will allow relatively free behavior and free speech, so humans can enjoy life and have fun. This tends to be South- and North America, Western Europe and some parts of the Sub-Sahara Africa, while countries in Eastern Europe, Asia and the Muslim world will have a society of restraint with strict social norms and specific laws to follow (Hofstede, 2011).

The ethical concern is assumed to be seen equally in the two cultures. When the indulgence has the freedom to speak and it is not having a high priority to maintain order, the freedom to behave unethically and create manipulative marketing may be tempting. However, to maintain the positive balance with happiness and freedom of speech, the ethical climate could be Caring, Social Responsibility and Efficiency, but the Self-interest still has a major position. For a restrained culture, the importance of social norms and amount of laws will affect the behavior. If an unethical strategy is used basically, it can end up being normal to follow this. The ethical climates could be Rules/codes, Instrumentalism and Efficiency, since humans follow the authorities recommendations (Hofstede, 2011; Venezia *et al*, 2010)

### **3.3.2 Ethical concerns regarding cultural differences**

*“Ethical standards usually differ from one culture to another, and so actions regarded “right” by one culture may be in conflict with and judged unethical by another culture”* (Swaidan, 2012:204). It can therefore be difficult to identify and compare cultures. However, the cultural systems in the different countries are quite stable without major changes over time, so it is possible to use one country as a proxy for the culture in an area, since the different countries will share history, religion, ethical understanding and sense of identity (Soares *et al*, 2007).

### **3.3.3 Meta-theoretical analysis of the context of Globalization**

The global thought of free markets and affection of cultural differences have given the ethical challenge that consumer protection can have different standards across the world. This is both policies made by the authorities, but also standards made by the companies. Advertising to consumers have reach a global scale and is difficult for authorities to monitor and control (Crane & Matten, 2010). The grounded theory of interpretive scholarship will like in the Ethics and Consumer Welfare be a recommended method to the research, since multiple dimensions in the global interaction is needed to be compared to get the full understanding.



Even though culture does not change rapidly, the process of analyses should be ongoing, since the globalization will change competition and dataset.

The **conception of reality** in globalization depends on the interactions between humans in each country. It can be understood by both observing the outcome, but it is also needed to go deeper and understand how humans interact. The **conception of science** is represented by the system of organizations, companies and consumers, which the interaction is a part of. By understanding the system, it will become easier in the **Scientific ideal** to explain how globalization works. Previously and future research will improve the current knowledge, and therefore is the **Ethical and aesthetical** consideration important, as the presented knowledge - taken the context into consideration - can be useful for other researchers. By looking at historical analysis will give a good explanation of how globalization has affected and will affect the marketing policies.

### **3.4 Balance between Ethics and Competitiveness in the Global context**

The development of the global system has influence the way the Marketing Law and -policies have been created. When the competition has increased rapidly, many of the authorities have embraced the global competitiveness to be their central political goal, but they still need to focus on the consumer welfare. Policies have often been developed due to scandals and disasters, since these can create a *crisis consciousness* and a political pressure (Ramsay, 2006). The average consumer could often judge the fairness of an act, but it has been questioned who that consumer is. According Howells (2006:21), *“the average consumer is reasonably well-informed and reasonably observant and circumspect, taking into account social, cultural and linguistic factors”*. A problem here can be the part *social, cultural and linguistic factors*, since what is acceptable and not acceptable will differentiate between the cultures: an advertising or trademark that is not misleading for the consumers in one culture might be misleading for consumers in another culture. Because of the globalization, the technological development and the increase of consumer products and services, many of the policies in consumer ethics made in the third period from 1950 to 1980 needs to be reviewed, as they focused on the decision instead of the outcome; were based on experiences and problems faced back then; and could have an inefficient, costly and negative consequence today. Today there is a greater need for protecting the consumers, the competition and the public, as policies which should protect the consumers will have an indirect effect on the international competition and the interest of the national public (Cseres, 2005; Silber, 2006; Howells, 2006).

### **3.4.1 The development of universal policies**

The globalization will affect the creation of policies in the Marketing Law due to the increasing interacting and networking. While the normative theories in the latest decades have tried to define some fundamental principles in order to prescribe what companies and individuals ought to do, other theorists have proposed the creation of universal policies of marketing ethics, which should cover the issues in advertising, sales and marketing research. The emphasis on global competitiveness needs the policies in order to adjust the balance in competition, but also to have a human perspective. The authority has a major role in developing and implementing the policies, which will often cover areas as control of advertising, specification of legal rights of consumers and producers and the providing of clear information. Some of the most important policies have been against selling techniques, comparative advertising, misleading advertising and -products regarding information and labelling. It is expected that the policies should give the consumer a better position in the trade (Ramsay, 2006; Cui & Choudhury, 2003; Winn, 2006; Howells, 2006; Cseres, 2005).

### **3.5 Summary of existing theoretical knowledge**

The summary of the existing theoretical knowledge will analyse how the theories are applicable in today's business content, where a discussion of the strengths, weakness and similarities will be an important foundation for the analytical model in the empirical analysis. This model will also be based on how DCCA based on the theories can achieve their goal of creating laws to protect the consumer and make the market work well. The analytical model for the empirical analysis will be presented in the end.

#### **3.5.1 Theoretical knowledge of Ethics & Consumer Welfare**

On page 19-20 it was stated that "*ethics deals with the choice of right and wrong, it should benefit and protect the humans and it can differentiate depending on the culture*". With this in remembrance, a foundation with the *Ethical Climates* developed by Cullen *et al.* (Venezia *et al.*, 2010) and the *Ethical View* presented by Crane & Matten (2010) was created. By using the ethical climates in conjunction with DCCA, the theories showed that the public sector often will follow Efficiency and Personal Morality in the moral reasoning, where the behavior should maximize the benefit taken the company's and societies' norms into consideration, but still be based on own affection. If DCCA want to understand how companies understand an ethical correct behavior, they need to follow these climates and look at how the ethical norms are based on the society's beliefs and interaction.

The two ethical climates are attributable to the ethical view, as it related to Efficiency is important for the companies to look at the consequence of their behavior, since this can affect

the industry and the way other companies and organizations consider them. This is why DCCA should make policies based on Pluralism and rule utilitarianism. The motivation to create the greatest benefit for the greatest amount of people, both consumers and companies, is what makes the difference between right and wrong, and since they cannot look at each case, the policies should be applicable to every given situation.

To find out what is ethical correct in the industry, it is important to have an ethical discourse and find out what are the normative expectations in the society and industry. The history showed that the industry earlier focused on the outcome of their behavior, but the focus had changed to be on the action instead. This needs to change again, as the outcome of the decision is considered to be most important. The work with the ethical decision takes place in a system, where culture, norms and ethical consideration is created and shared through interaction between authorities, companies and consumer, and where a common understanding is needed in order to find a balance between consumer welfare and competitiveness.

### **3.5.2 Theoretical knowledge of Manipulative Marketing**

When companies are manipulating in the marketing, the research showed that Krishna's (2012) theory of sensory stimuli and Cialdini's (2001) principles of persuasion could have an unconscious effect on the consumers' physical stimuli, and thereby affect the consumer's individual stimuli. It is however not possible to get the same effect through the same stimuli with two consumers, as their individual understanding, past experiences, culture and mood will give different outcomes. Related to Krishna's and Cialdini's research, the manipulation can take place in an ordinary buying situations as the service in a restaurant, the environment in a shopping-mall through scent and audition, or in the interaction between sales persons and consumers with sales technics or creating a feeling of authority.

For the companies, the goal is to make a marketing which differentiate from the competitors and target the consumer correctly in order to affect them to purchase, but they need to take the cultural aspects into consideration. Due to cultural differences and sharing of meaning, the understanding of what is manipulating marketing, and when it is unethical, can differ. It is however said that if the marketing is seen as deceptive, vulnerable and immorally, it is considered to be unethical. This can be in cases where the company is targeting sensitive and susceptible consumers as children, or if the company does not give the correct information or abuse that the consumer does not possess the information. However, the definition depends on how individuals based on their experiences and shared opinions understand manipulation. Like in the theories of ethics, the understanding of manipulative marketing is affected by

culture and how it is shared among the humans. The benefit, which the companies want to achieve through their marketing, is a purchase from their consumers, but it all depends on the culture and interaction between the company and the consumer.

### **3.5.3 Theoretical knowledge of Globalization**

The cultural differences have become an issue for companies and authorities due to the growing globalization, but a global world has also provided the opportunity for technological and economic development, and thereby improved the consumer's welfare. The globalization has however also made the world more heterogeneous and affected by irregular interactions, interdependent decisions and networks of networks because of the global and free market.

Today the world consists of a collective phenomenon of culture, but it can be difficult to deal with culture, since there can be a diversity in ethics and social norms. Hofstede's six dimensions of culture is a classic example of how difficult a classification of culture can be. The six dimensions can differ in the context they are put together, so even though culture is quite stable over time, there can be cultural complications because of their history, religion and ethical understanding. Even though DCCA would follow the discourse ethics and together with other organizations creates a Marketing Law there could be applicable in every given situation, it will be difficult to take all social, cultural and linguistic factors into account. The goal of creating a balance between consumer welfare and competition can be a challenge because of the diversity of ethics and culture, and how the culture assesses the ethical consideration - also within a given society. To make a system like the global world to function properly, it is important to understand how the humans within interact, how the cultural dimensions can differ and what each individual perceives as the greatest benefit.

### **3.6 Strengths, weaknesses and similarities in the theories**

The existing theoretical knowledge can in many aspects cover the questions of ethical decision-making, how companies can manipulate in their marketing and what impact the globalization has on this, which is related to this thesis. Common for all the three key concepts are their factors of cultural differences, interaction between humans and maximizing of benefits. In the ethical theory, the understanding of ethics can differentiate because of the cultural impact, but based on interaction within the system of authorities, organizations and companies it can be possible to find a common understanding of what ethics are and what ethical decisions which can maximize the positive outcome - aka the greatest benefit - for the greatest amount of people. In manipulative marketing the cultural differences can be an obstacle when discussing what manipulative marketing is and when it is considered to be

unethical. The understanding depends on each human's past experiences, culture and mood, but also how they interact with each other. The benefit for the company by using manipulative marketing is to create a purchase from the consumers. Globalization is also dealing with the three factors. The development of the technology and economic, and the increasing interaction in the trade, has given the humans several benefits and increased their welfare through the competition in the market, but as Hofstede's dimensions illustrates, the culture and development of globalization can make the understanding of ethics and manipulative marketing difficult to handle. The three factors of culture, interaction and benefits will be the focus in the empirical analysis, as these illustrates what DCCA should be aware of when trying to achieve their goal of creating a Marketing Law, which can benefit both the consumer and the companies, but also where the need to focus on culture and how they interact with the surroundings.

The theoretical knowledge is however not directly applicable to the research questions, as the aspects of the Danish culture and DCCA needs to be taken into consideration in this thesis. Many of the theorists are focusing on how a public sector has used the theories, but the research has either been collected on another continent, e.g. Asia (Venezia *et al*, 2010) or Australia (Shacklock *et al*, 2011), or the population has been too broad, e.g. used the European market (Crane & Matten, 2010). None of the theorists are focusing on the Danish society and how ethical decision is taken here, which will be beneficial in this thesis.

In addition, the theories of manipulative marketing are mainly a review of the methods (Krishna, 2012; Cialdini, 2001; Wansink, 2004), and discuss how companies can use the manipulation in practice and which effect it can have on the perception (van Baaren *et al*., 2003). None of them deals with the discussion of how to prevent manipulation in the marketing, which will be beneficial to know in the growing competition, if the consumer's welfare should be kept. In the review of Hofstede's 6 dimensions, the theories deals with the ethical consideration in business context, which is useful in this thesis, but it is not always all the 6 dimensions are included (Jackson, 2001; Moon & Franke, 2000), and if Denmark or North Europe is used as an example, the sample is not considered to be representative, as the result is quite similar to countries which should have more different culture, e.g. Pakistan or Tanzania (Franke & Nadler, 2008). To understand the Danish culture and how it fit with ethics and manipulative marketing, it will be needed to collect other secondary data and compare them to see if there are similarities.

### 3.7 Analytical model for empirical analysis

Based on the theoretical knowledge achieved in part 3. *Theoretical Analysis*, figure 6 illustrates how the three key concepts are centered on the factors of culture, interaction and benefits, and how they are influential. These aspects should be in focus in DCCA's work, if they want a balance between consumer welfare and a greater competitiveness for Denmark. However, in many situations it seems that the Danish companies are facing a larger problem than DCCA when it concerns the three key concepts. The companies need to think about their own and their customer's interest, to follow their competitor's behavior and be aware of cultural differences in their marketing, so for this reason it will be applicable to have the Danish companies in the center of the analytical model together with DCCA. DCCA should therefore assist and interact with the Danish companies in their work, just like they want the companies and consumers to do (DCCA, 2013).

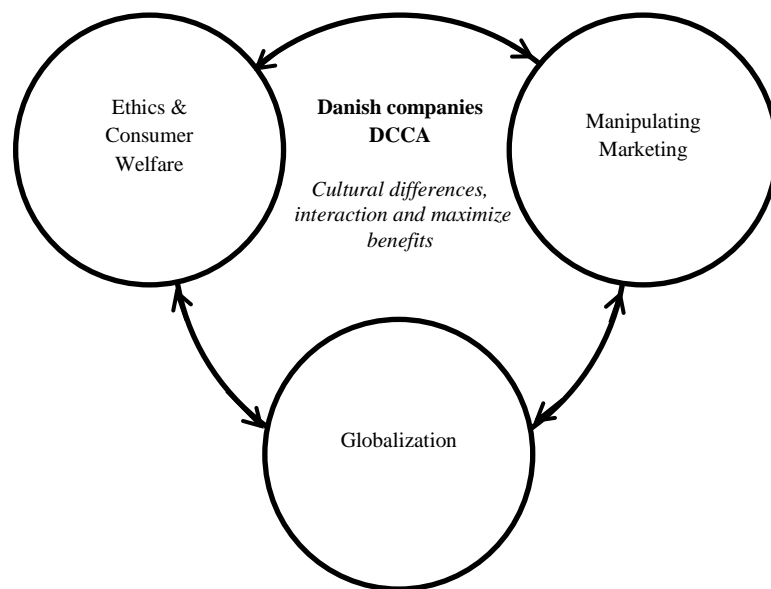


Figure 6: Analytical model (own creation)

The motivation behind this thesis is to find out how DCCA has used the theoretical knowledge of ethics and manipulative marketing in their work and to what extent the globalization has affected this. At the same time it is needed to investigate how the key actors as companies, trade organizations and political parties work with the three key concepts and find out how they consider the balance can be found. By linking DCCA's work and the key actors' assessment, the discussion about future actions from DCCA can be made.

## 4. Empirical investigation

With cultural differences, interaction between humans and maximizing of benefits as the three factors that can affect both ethics, manipulative marketing and globalization, it will be useful to see in which way these affects or are used in DCCA's policies and actions, and to what extend the companies follow the policies. If the work is satisfied or there is a need for future changes, key actors as companies, trade organizations and political parties would give an answer on this based on their opinion of the quality of consumer protection.

### 4.1 The Danish culture according to Hofstede's six dimension

At first, when culture is considered to be important in ethics, marketing and globalization, it is important to understand how the Danish culture appears based on Hofstede's six dimensions, as this can provide an indication of how DCCA and the key actors may consider ethics and marketing manipulation, and chose to behave when the increasing competition can threaten the companies and the consumer welfare. According to the theoretical discussion of culture and ethics in section 3.3.1 *Cultural differences in the global system* and Geert-Hofstede's (2014) research, the Danish culture are high in Individualism and Indulgence, low in Power Distance, Masculinity and UA, and more normative than pragmatic and therefore have a short-term orientation, referenced to figure 7. The following analysis is made with a focus on the companies, and their management and employees, as DCCA needs to understand their way of thinking.

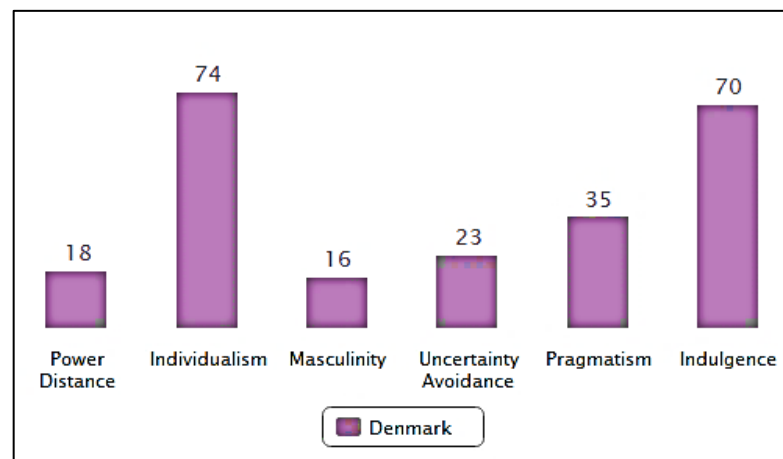


Figure 7: The Danish culture based on Hofstede's six dimensions (Geert-Hofstede, 2014)

A low power distance follows well in line with a low level of corruption and that power and rights should be distributed equally. The management will reject unethical marketing practices and trusts their employees to behave ethically, which is due to the common cues and social norms shared with fellows. With the high score on Individualism, companies are less likely to be influenced by others to behave in a certain way, and policies are only set out in

the society to protect the individual's rights, as it will be the shared social norms and common cues there will control the society. Even though it can benefit the company, lying and thereby unethical marketing practices are seen as violating the social norms.

Having a low score on masculinity - and thereby is a feminine culture - consistent with a society there care for others. Despite Danes are individualists and focus on their own benefits, they would also like to maintain a balance in their society. Aggressive marketing technics are seen as unethical, since these can lead to conflicts. Danes are however also highly creative due to a low UA, so being highly individual and having a low need for structure and laws can leave room for risk-taking, since there is a high self-interest and a need for doing things there are considered to be differently.

Denmark is placed as a relative short-term culture with a normative perspective on the pragmatic scale. Even though they want to do things differently, there is still a need for personal stability and respect for traditions. By not having a tradition for corruption and other unethical behavior, these will not occur in the business practice. This could be one of the reasons for the high score in Indulgence, also called *happiness research*". The desire to have fun, speak free and positives attitude will affect the creativity, but still maintaining a positive balance in the society.

## **4.2 DCCA's attention on ethics, manipulative marketing and globalization**

Besides the issues with ethics and manipulative marketing in the society as mentioned in the introduction, DCCA is also aware that cultural differences due to an increasing globalization can be an obstacle in their work. In a research made to DCCA by the English consultancy London Economics, one of their focus areas was that culture could be a social barrier together with traditions when dealing with competition. Additionally could a lack of transparency through asymmetric information be a barrier on the market, as this would decrease the competition (London Economics, 2010). The following section will discuss how the theoretical knowledge of ethics, manipulative marketing and the Danish culture applies in DCCA's policies and actions, when they are aware of the ethical and cultural issues related to the globalization.

### **4.2.1 Policies and actions against unethical and manipulating marketing**

According to EU and their European Parliament and Council Directive, the most frequent unethical marketing technics are deceptive and aggressive marketing (EUR-Lex, 2005). With increasing marketing activities, the level of policies against the activities will often follow up to ensure that consumers can act safely in an open market and the competition is fair. DCCA



wants the companies to give correct and clear information to the consumer, so the consumers continue have confidence to the market. If the consumer does not have the confidence, the market will be inefficient. As stated in the introduction, DCCA has had several cases regarding manipulating marketing, so in order to deal with the ethical problem, they have made a guideline about advertising identification and what kind of marketing there is considered to be unconscious and thereby can manipulate (DCCA, 2006<sup>1</sup>). Related to §8 in the Marketing Law about children and teenagers, a guideline for how to behave ethically correct towards them was published in 2011, since they are considered to be vulnerable. An announcement about unfair marketing and a guideline about sales promotion have together with the two first guidelines several paragraphs there take the five sensory stimulation and the five principles of persuasion into account. Many of the paragraphs cover both more kinds of sensory stimulation and the principles of persuasion, and do also express when the marketing is considered to be deceptive and vulnerable (Forbrugerombudsmanden, 2006<sup>1</sup>; 2007; 2011<sup>1</sup>; 2011<sup>2</sup>).

#### ***4.2.1.1 Policies against sensory stimulation***

According to §4 in the Marketing Law, the consumer should not have any doubt when seeing an advertising, regardless the marketing channel (Forbrugerombudsmanden, 2006<sup>1</sup>; 2011<sup>2</sup>). Examples which include the sensory stimuli of vision, smell and audition can be an advertising for a product shaped as an article, an artist who imports a product or message into his work, musicians appear as guests and promote their music in a TV show, or product placement in movies and TV-shows. The same problem can occur when using both known and unknown ambassadors to promote the products. An unrealistic beauty and body ideal in this kind of marketing can affect the confidence of the consumer, and is a violation of §1 and §8: good marketing practices and advertising directed at children and young people. Affecting the sense of taste, e.g. by using corn syrup instead of sugar or stating that a product is low calorie, is related to marketing of unhealthy food, where companies should show a responsibility. The problematic is together with scent marketing - affecting the consumer's sense of smell - against §3, if the consumer is misled to believe that the products possess special properties. Pictures, sounds, text and smell can therefore affect the boundaries between information and advertising (Forbrugerombudsmanden, 2006<sup>1</sup>; 2007; 2011<sup>2</sup>).

#### ***4.2.1.2 Policies against principles of persuasion***

The problematic about principle of persuasion is tried to be solved through several of the guidelines. Related to §9 in the Marketing Law: *disclosure requirements in the promotion*, there is a focus on the principles of Scarcity, Reciprocity, Liking and Authority. Known sales

promotions could be gift-giving, special offers, ambassadors or good service to highlight a special product. The techniques are used to make the products or services more attractive. When having a special offer, the companies are required to inform the consumer's about the limited amount and the conditions for the offer, so the information is not deceptive for the consumers. The use of gift-giving or ambassadors like attractive models or children should also be well thought out, since this can affect the credulity of especially children, seem tempting or be considered as the opinion from an expert (Forbrugerombudsmanden, 2006<sup>1</sup>; 2007; 2011<sup>1</sup>; 2011<sup>2</sup>; EUR-Lex, 2005).

The announcement about unfair marketing is specified according to the Marketing Law's §3; which kind of marketing there is considered to be deceptive. If the company plays on Authority or Reciprocity, and claims to have a specific certificate, that their product can cure diseases or the consumers can receive a free product, it is considered to be illegal if it is untrue. The same is applicable to product placement, which not clearly appears as an advertising (Forbrugerombudsmanden, 2007; EUR-Lex, 2005).

#### ***4.2.1.3 Policies against deceptive and vulnerable marketing***

The guideline about marketing to children and teenagers is a clear indication that this group of consumers is seen as vulnerable and that marketing there is deceptive can be misinterpreted by them. Children cannot understand the effect of product placement or ambassadors, or the danger of unhealthy food. The companies have an ethical responsibility, but if they chose to evade or ignore this, and direct encourage children to persuade their parents, the marketing will be immorally. This relates to §3 in the Marketing Law: it is illegal to use incorrect, deceptive and incomplete information in the marketing. If §3 is violated, it does not matter if the companies follows other paragraphs, such as §9 about disclosure requirements in the promotion (Forbrugerombudsmanden, 2006<sup>1</sup>; 2007; 2011<sup>2</sup>).

#### **4.2.2 The international cooperation**

As mentioned in section 1: *Introduction*, DCCA has made cooperation with EU and OECD, and established a special Nordic Consumer Cooperation with the Nordic countries. The purpose with the cooperation is to create good consumer welfare in the European markets, where DCCA's goal is to make the Danish Marketing Law interact with especially EU's policies, so they together can provide the benefit of consumers' confidence and strengthen the free market in Europe. One of EU's objectives is to remove unfair commercial practices including deceptive and aggressive marketing, and omission of information, since they consider the unfair practices to be directly damaging to the interests of consumers and indirect to the competitors' interest. To decide what good marketing practice is, DCCA and the

Consumer Ombudsman find inspiration from ICC's International Code of Advertising and Marketing Communication Practice. The code is a foundation for ethical standards and good marketing practice both national and international. It is not considered to be binding, but is used as a foundation for self-regulation (Regeringen, 2012; Forbrugerombudsmanden, 2011<sup>2</sup>; DCCA, 2011; EUR-Lex, 2005).

Even though DCCA interact with EU to avoid unethical marketing practice, and the inspiration is found from ICC, it is still possible to maintain or introduce own restrictions and prohibitions in the Danish Marketing Law, if it is argued that this will protect the consumers. However, if the different foreign marketing laws are harmonizing, it can increase the global level of protection for both consumers and companies (Forbrugerombudsmanden, 2006<sup>2</sup>; EUR-Lex, 2005).

#### **4.2.3 Marketing laws and codes in foreign countries**

It may be needed to look at other countries and how they handle the issues related to marketing policies when DCCA has a focus on international cooperation. At the end of 2014 most of the Danish trade went to Europe with Germany, Sweden and the Netherlands as the greatest. Outside Europe the trade took place with especially China (Danmarks Statistik, 2014). However, a change in the distribution has started, since the export in 2014 increased with 58,4% to Brazil and with 40,4% to South Africa (Lønstrup, 2013). The discussion of cultural complications will therefore be based on Brazil, South Africa and Germany related to the increasing export to Brazil and South Africa, and high level of trade with Germany. It would be interesting to see how Brazil and South Africa as two upcoming trading- countries work compared to Germany, which for a long time has traded with Denmark.

##### ***4.2.3.1 Consumer welfare and competitiveness in Brazil***

Brazil has become a very competitive market and it is estimated that the amount of advertising will make Brazil the 5<sup>th</sup> largest advertising market in the world. The use of the internet has increased the use of contextual branding, where companies analyze the consumer's behavior based on their online consumption and used it to market the target group directly. The previously dictatorship has encouraged advertising agencies, media and companies to create a self-regulated marketing code, which today is managed by CONAR. Even though the code is not binding and CONAR is a non-governmental organization, their decisions are used as guidelines by companies, which normally will accept them. CONAR want to keep the competition fair, so by having main principles of "*social responsibility, commercial principles of fair competition, [and] conformity to the purposes of national economic, educational and cultural development*" (Rocha, *et al*, 2003:2) they want to keep

the advertising ethical correct. Especially honesty, a truthful presentation, identification and respect for children's lack of experience should be followed by the Brazilian companies in the marketing (Acir, 2011; Mello, 2012; Rocha *et al*, 2003).

#### **4.2.3.2 Consumer welfare and competitiveness in South Africa**

The economy in South Africa has grown rapidly in the latest years and in 2010 the country was placed as the 32<sup>nd</sup> largest economy in the world measured on the GDP - just one place behind Denmark. Even though the import from South Africa to Denmark has decreased, this can change due to the know-how and technology Denmark is exporting to South Africa. Being the 9<sup>th</sup> most wine-producing country with an increase of 11% from 2007 to 2008, the economy in South Africa is strengthened and the foreign trade is increasing (Eksportrådet, 2010).

The marketing code in South Africa is just like Brazil self-regulated and managed by the non-governmental organization *Marketing Association of South Africa*, also known as MA(SA). The organization consists of advertisers, advertising agencies and the media, and wants to be the voice of South Africa's marketers. They are joining international organizations and want to establish ethical standards and policies by following ICC's International Code of Advertising and Marketing Communication Practice. However, they would also like to resist unnecessary and unworkable policies, so the codes made by ICC are integrated into national policies, which are based on the national priorities, cultures and sensitivities (DWCadmin, 2013; MA(SA), 2014).

#### **4.2.3.3 Consumer welfare and competitiveness in Germany**

Having the position as Europe's largest economy and being one of the founding countries of EU, Germany is an important part of the sales between foreign countries. Their economy remained strong during the economic crisis, where the unemployment rate even fell, and it has been estimated that the GDP will increase with 1,8% in 2014. Germany is one of the countries which has contributed most to the technological and innovative development, and has won several Nobel Prizes for their scientific work (Santa, 2014; Danmarks Ambassade, 2014<sup>1</sup>; Danmarks Ambassade, 2014<sup>2</sup>; Shutterstock, 2012). The Ministry of Justice has the responsibility for the German marketing law; *The Act Against Unfair Competition*, in which they cooperate with EU. The purpose of the Act is to protect both consumer welfare and the public's interest in fair competition based on civil law remedies. They also focus on unfair and misleading advertising, wherein advertising to children should be hugely restricted (Bundesministerium, 2010; Seifried, 2011).

#### **4.2.4 Cultural complications in the cooperation**

The Danish Marketing Law regulates the market and should ensure a balance between the three main considerations; the consumers, the companies and the general interests of society. When the Danish culture are in favor for an ethical marketing behavior, it should not be relevant to establish the policies and monitor the behavior in marketing, but due to the liberalization of markets and the increasing competition, DCCA and the Consumer Ombudsman need to keep an eye on the market. Since each country's marketing law or codes are affected by culture, there can be a significant difference between them, which can distort the competition and impede the proper functioning of the free market. These obstacles can only be solved if the marketing laws or codes are identical, and they want to achieve the same goal (DCCA, 2012; EUR-Lex, 2005).

It could therefore be a question of compromising one's own culture and the norms if identical policies should be found. Both DCCA and other countries - as the Brazilian - interact and use ICC's International Code of Advertising and Marketing Communication Practice as an inspiration to avoid great cultural differences between the marketing policies, but if they afterwards adapt them to one's cultural dimensions - as South Africa does - it can be difficult to find a solution for an identical legislation and guidelines. This also relates to when they have the same common goal of creating better conditions for the consumers and a fair competition, as this depends on each country's culture, how they interact and what benefit they can achieve.

#### **4.2.5 DCCA's ethical and manipulative focus**

Hofstede's analysis of the Danish culture fits well with the way DCCA work with their policies. When DCCA chose to interact with several trade organizations, and support an interaction between the consumers and companies, it show that the power distance is low and the key actors can make use of the high indulgence and share their opinion in the debate in order to find solutions. DCCA is also a feminine organization as they want to make benefits for both consumers and companies. For this, they interact with organizations as EU and ICC in order to provide guidelines of how to avoid consequences in the marketing as bad reputation for the company or industry, or a lack of trust from the consumers. This can give some kind of balance in the society and between countries, which is the illustration of a feminine culture. The need for policies is on a low level, as the low power distance creates an understanding of the same norms and together with individualism makes the companies less likely to be influenced by others. The Marketing Law and related policies, which are implemented, are used to protect the citizens' rights, as the protection of own interest is

important. Even though DCCA has come up with supplementary guidelines and announcements to the Marketing Law, there have only been two larger changes since it was implemented in 1974. These changes took place in 2005 and in 2009 (Forbrugerombudsmanden, 2013). The lack of updates or renewal fits well with the more normative approach, where the humans want to sticks to traditions and current ways of doing things.

On page 22 it was stated that a public sector would follow the ethical climates of rules/codes, caring, self-interest, social responsibility and instrumentalism, while it for the private sector is efficiency and personal morality. When it concerns DCCA's policies and action, the ethical climates will still be these five, but the rules/codes can more be replaced by guidelines or recommendations. It is required that the laws and codes must be followed, but through interaction they can discuss the issues before a possible policy is developed. Although interaction with the key actors has become an important part of DCCA's work, it will also be needed to follow efficiency in the development of the rules/codes and recommendation, as they should be efficient in both the Danish society and in the interaction with EU and ICC. This is also here Caring comes into play, as the globalization has made both the self- and team-interest important.

The growing interaction within and between borders, and problematic with cultural differences and the goal to achieve the greatest benefit for consumers and companies, can cause complications as the right solution can be difficult to find. Even though DCCA and the key actors seek for a solution to avoid unethical marketing, is can be difficult to find the right balance between consumer welfare and the company's competitiveness due to a different priority. Two questions therefore need to be answered by the key actors before a discussion about the quality and future actions can be made:

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**1) When is the marketing considered to be manipulative and unethical?**

**2) What kind of policies are needed - if so - to avoid an unethical behaviour as manipulation and to get the balance between consumer welfare and competitiveness?**

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#### **4.3 The quality of consumer protection against manipulative marketing**

The empirical investigation of DCCA's policies and actions related to the theoretical knowledge showed that DCCA try to address the problem of manipulative marketing through laws or guidelines, but the discussion about cultural differences with Brazil, South Africa and Germany showed that the marketing policies can also be handled by private organizations.

The questions to be answered from the key actors were as following: 1) When is the marketing considered to be manipulative? and 2) What kind of policies are needed - if so - to avoid an unethical behaviour as manipulation and to get the balance between consumer welfare and competitiveness? The way they consider the quality of DCCA's policies and actions based on their ethical opinions and -experiences is what determines if future actions are needed to be taken related to the Danish Marketing Law. The Actor approach is the best way to look at the reality and through interaction with the key actors, the reality can be understood. This is done based on qualitative data, which is collected primary to this purpose from Facebook, private webpages and various newspapers.

#### **4.3.1 Companies' efforts to behave ethically**

DCCA made in 2012 an analysis of Danish companies' effort to comply the Marketing Law. Approximately 1,800 companies were representative selected to participate in the analysis and based on interviews asked how they were motivated to behave ethically correct and if culture have an impact on their work. The greatest motivation for many of the companies was moral correctness and that good marketing practices could create good business. When the Marketing Law has a great attention in the society and the unethical behavior as manipulative marketing can be more visible than unethical behavior internal in the industry, the risk of being caught increases. It is therefore the lack of efficiency and risk of having a negative reaction from consumers, the media and the industry, which held them from breaking the law (DCCA, 2012).

The culture within the company can affect the extent of complying through the way the management and employees understand and see the relevance of the policies, e.g. by their own values and beliefs. By having a culture of low power distance and being individual, it is the common cues and social norms within the company there will affect the behavior. However, the normative approach and indulgence will through respect, moral responsibility and a wish to maintaining a positive balance in the society create a common understanding across companies. The companies in the analysis want to create a good business and increase their revenue, which should include good marketing practice. It can have a negative consequence on them and others if the marketing behavior is seen as unethical (DCCA, 2012).

The market situation can also have an impact on the ethical behavior, if the competition is tough and the competitors are moving into a gray area where legality is debatable. The companies are observing both the Danish and foreign companies' behavior, but claim that they still behave ethically, since a break of the laws will create a bad reputation. To get answers to legal issues and advices to behave with good marketing practice, many of the companies

interact with business-specific trade organizations, since they see these as an important information channel (DCCA, 2012). The consequence of the unethical behavior has a huge impact on the companies' marketing practice, so often they need an advice in order to understand how the greatest outcome based on social responsibility, efficiency and self-interest can be achieved, which will be satisfied customers and a competitive business.

#### **4.3.2 Trade organizations' role as information channel for companies**

Being used as an information channel for the companies, the trade organizations have an important position and voice in the discussion about manipulating marketing and what is considered to be ethical correct. Some of the most important organizations within marketing, communication and trade are *Kreativitet & Kommunikation* (KK) and *Dansk Industri* (DI), and DI's two industry-oriented departments DI Handel and DI Fødevarer. In addition, ICC's International Code of Advertising and Marketing Communication Practice plays an essential part in the advice.

##### **4.3.2.1 *Kreativitet & Kommunikation***

The low power distance and high indulgence have given KK room for presenting the policies they consider to be important. The organization is hearing officer in DCCA, where they have a decisive influence on the development of policies in consumer and marketing, and at the same time they are also Presidency of the marketing committee under ICC Denmark. Because of their position and knowledge, KK provides guidance for companies regarding the Marketing Law (KK, 2013) and has a special offer where companies can get help from specialists within law and lobbyism. KK want to create the best conditions for Danish companies working with creativity, communication and innovation and want the marketing policies and -guidelines to be clear and easy to follow. For this they are against a tax on advertising, as this will affect the consumer prices and work places negatively.

The high individualism is reflected in their attitude, as KK are advocating self-regulated codes. They consider them to be more efficient and believe that a common European marketing code can create the balance between consumer welfare and market growth. To this, they consider DCCA's Marketing Law to be obsolete as it does not follow the marketing technics there is used today. Besides the cooperation with ICC Danmark, they have also chosen to follow international ethical guidelines made by EASA, which is a self-regulated system for the advertising and communication industry in Europe (EASA, 2013). The guidelines are developed in cooperation with among others consumers, employees, advertising agencies and investors, and want to take the society, consumer, competition and other stakeholder groups into account when solving upcoming issues. By following the ethical



view of discourse, and having common codes across borders, it becomes easier for companies to know the policies and act ethically correct according to these. KK has developed specific guidelines for advertising- and media agencies and event marketing, where they emphasize that marketing should follow good marketing practices. The development takes place through interaction and open dialogue, as this indicate a commitment to the society (KK, 2013; KK, 2005).

As KK wants to create the best conditions for Danish companies and want the marketing policies and guidelines to be clear and easy to follow, they focus on the ethical outcome of the marketing decision. If the Danish companies should make the right decision between right and wrong in their marketing and thereto follow the developed law and codes, they needed to know what the consequences can be if the choice is not considered to be moral correct by others in the industry. The greatest outcome can therefore be achieved if the Marketing Law and self-regulated codes are common, easy to follow and related to the Danish culture and norms. Even though the society and consumers are taken into account, it is the competitiveness that is considered to be weighted highest for KK, since they has a high focus on the companies' working-conditions and even offers the companies guidance about lobbyism. The ethical climates of self-interest and efficiency are what create the ethical behaviour, as their own and the companies' benefits are most important.

#### ***4.3.2.2 DI with the industry-oriented departments DI Handel and DI Fødevarer***

DI and their industry-oriented departments DI Handel and DI Fødevarer are the voices for trading- and food companies on both B2B and B2C market. Their job are to advise and guide the companies regarding networks and policies, so they can become more innovative and competitive. This includes among other that they should follow good marketing practices; that the marketing cannot be false, deceptive or deficient in information, and all claims must be documented. One of their key issues is how Danish companies can understand each consumer's needs and wants and thereby create growth, but still behaves ethically correct according to national and international laws and codes. The organization wants to avoid inadequate regulatory control and make sure that the policies can give companies the opportunity to develop, create a healthy business and have room for marketing activities. For this, DI has among other made use of lobbyism and cooperated with the Danish government to promote DI and the members' interests and point of views in the political process. The lobbyism has however had the consequence that the organization has been accused for being deceptive to a Climate Change Conference for parliamentarians of EU. A possible registration of lobbyists, which has been discussed by the government, is supported by the organization as

they then can increase the focus on establishment of laws and policies, and for this they have made principles on how to create good lobbyism. The principles are however seen as a compromise in the debate (DI Handel, 2014; DI Handel, 2008; DI Fødevarer, 2014; Bræmer, 2013; DI Videnrådgiveerne, 2014; Crone, 2013; Fruensgaard, 2012; Ankerstjerne, 2014; Bang & Flink, 2013).

DI Handel is a member of Business Europe and ICC, where they based on their members opinions and experiences focus on marketing and sales, and tries to disseminate and implement new and better policies and guidelines in order to enhance the international trade (DI Handel, 2000). Their focus is how the consumer can be treated best without being a burden for the companies. DI Fødevarer is fighting for the free market with fewer barriers and will be basing their codes on EU's international laws, which provides increased transparency for the companies (DI Fødevarer, 2014).

The national laws and codes can be a great problem according to DI. They therefore believes that there should be more interaction between the authorities and companies national and international, as this could strength the cross-border cooperation and create great benefits for consumers and competition, and thereby the companies. If new national policies are being implemented they should first be tested to make sure that they are not a barrier. DI wants Danish companies and trade organizations to support EU's decisions, since this can improve the certainty and make the policies better (DI, 2007). With a great focus on the working-conditions for Danish companies', DI advocates the Marketing Law, and -codes, there are easy to follow and can improve the transparency of the marketing technics' consequences. Making use of lobbyism in their work and having a great focus on the companies' working conditions is a signal of the ethical climate of self-interest, where the companies and the competitiveness are weighted highest. They have however also a focus on the social responsibility and efficiency, as they want the lobbyism to be registered, has made their own principles for good lobbyism and want to respect EU's decision.

#### ***4.3.2.3 Self-regulated codes of marketing***

KK and DI Fødevarer have together with eight other organizations exploit the indulgence and low power distance, and established *Forum on Food Advertising* (FFA), which through self-regulated codes have made it illegal to advertise unhealthy food to children in a variety of media and there are special restrictions on soft drinks and alcohol. The self-regulated code is a supplement to the existing Marketing Law and DCCA's guideline for how to behave ethically correct to children and a signal that they are a feminine culture and take a social responsibility. Since the marketing technics and communication forms are constantly

changing, the ten organizations found it necessary to have a code, which was up-to-date, flexible and dynamic to changes (FFA, 2009; 2010). Besides the self-regulated codes against marketing of food towards children, KK has also with seven other organizations established a self-regulated code about advertising of alcohol. Three of these organizations and KK have also established a self-regulated code for soft-drinks (KK, 2013). Even though KK and DI are affected by the ethical climates of self-interest and efficiency when talking marketing ethics, the social responsibility and caring are also important for them. This is illustrated in the motivation to create own guidelines although it can give the advantage of good reputation for the organizations and companies, which will be a benefit.

#### **4.3.2.4 ICC and their international work**

ICC's International Code of Advertising and Marketing Communication Practice is "*an efficient, cost-effective approach to ethical marketing and advertising communications practices*" (ICC, 2014: About Self-regulation). The codes are deemed to be gold standard for self-regulated marketing policies, as they focus on marketing there is "*honest, legal, decent and truthful*" (ICC, 2014:Marketing and Advertising), which could be a reason for why DCCA and organizations as KK, DI and MA(SA) are using the codes as an inspiration in their policies and guidelines. ICC wants to avoid marketing targeting children, and especially when it concerns products there are related to obesity. The same focus is on products and companies market as *green* and *more sustainable*, as this will meet great criticism if it is shown not to be true. For these two areas, ICC has developed respectively the Framework for Responsible Food and Beverage Marketing Communications and Framework for Responsible Environmental Marketing Communications (ICC, 2014).

ICC is a major player in lobbying and has made use of lobbyism to a great extent. They have aggressively tried to affect national and international authorities and other organizations, and because of their enormous group of members in more than 120 countries they have the foundation to create a strong capacity of lobbyists. They have among other being successful in their work with OECD when it concerns the global economy, and has an important position in EU where they can communicate directly to national authorities. ICC has especially an important position when UN was developing laws to protect competition and consumers in 1998, as ICC made sure that UN was receiving a high amount of money to their work. The way ICC understands ethics and manipulative marketing, and the consequences related to this, will affect DCCA, KK, DI and MA(SA)'s understanding and the way policies within their society are created, as ICC can speak for different enterprises in all kind of sectors in the

world (CEO, 2014; Corporate Watch, 2014; Slob, 2012). For them, the ethical climates of self-interest, achieved through rules/codes as an important tool, is the most important.

#### **4.3.3 Assessment and support from the government**

The Danish Marketing Law came into force in 1974, when the government was led by the right-supporting party Radikale Venstre. It was implemented due to the rapid development of the modern society, where the law should deal with competition- and marketing policies in order to make the advertising, price and quality more transparent. The law has ongoing been updated with the largest changes in 2005 and in the current law from 2012 (Markedsføringsloven, 1973; Forbrugerombudsmanden, 2013). In the period before the entry into force, the government was respectively headed by Venstre (the Right Wing) and Socialdemokraterne (the Left Wing) (Den store Danske, 2014). The opinion about policies against unethical marketing practice will therefore be discussed for Venstre, Radikale Venstre and Socialdemokraterne, and in the end the opinion of the supporting parties Liberal Alliance (LA), Konservative, Dansk Folkeparti (DF), Socialistisk Folkeparti (SF) and Enhedslisten will be included as a supplement.

##### ***4.3.3.1 Venstre and their room for individualism***

Venstre is with its 47 seats one of the two largest parties in the government (Clemmensen, 2014). The party support the principle of subsidiarity, where the government's intervention should be on a minimum, since decisions needs to be taken as close to the citizens as possible. It therefore all depends on the situation, if the decision is taken nationally or internationally, or by the government or an organization. The law and policies made by the government should not be an obstacle to the companies' innovation and independency, and for Venstre, the important in a free market is the stimulation and inspiration between the countries. Their former Minister of Food - and now Chairman of the European Affairs Committee - Eva Kjer Hansen expressed at the launch of the *Forum on Food Advertising* (FFA) that she is in favor of self-regulated codes as long as it can be documented that the self-regulated code has the same effect like a governmental law. She would like to give the citizens less policies and thereby more freedom and room for individual solutions and responsibility, since this can improve the solutions and situations. The party believes that a good society can only be established if humans take a personal responsibility and there is an unbreakable respect for human integrity; that all individuals are honest and follow the moral and ethical principles in the society (Venstre, 2014; FFA, 2010; Hansen, 2014; Random House, 2014). In their youth department, Venstres Ungdoms (VU), the values are built upon liberalism, where the companies should have freedom with less business regulations. Especially the tax on

advertising should be abolished, so it will become easier for companies to market their company and products. At the same time, it should be the citizens who should decide what good culture is considered to be (VU, 2013).

Cases about labeling of food, where the companies can manipulate the consumer, have been in Venstre's focus the latest year. The party believes that companies should make the consumers aware if their meat has been centrifuged or if an addition of vitamins in food and drink can be a supplement for vegetables. As long as the consumers are gifted and the companies' claims are correct and is labeled, it will be accepted to centrifuged meat and market food with added vitamins as healthy (Landbrugs Avisen, 2005; Ritzau, 2012). Marketing towards children has also been discussed as the party wants to include the children in the discussion about consumer protection, but believe that the protection is on a satisfied level and that a growing concern is not necessary as there for a long time have been policies in the area (Haslund, 2013). Due to the economic crises, the banks' consulting has also been a concern as the party believes that consumers can have difficulties to navigate between the different offers, and that the banks are exploiting the consumers' lack of information and vulnerability, and needs to take an ethical responsibility. If the banks do not follow the rules on good business practice, a labeling of the advisory level could be a possibility, but the banks should also have room for self-regulation (Larsen, 2010; Jørgensen, 2013). The idea of self-regulation is also supported when it concerns inflated pre-prices in an offer. Venstre wants to increase the effort of control to prevent these kinds of sales promotions, but the self-justice should be made by the industry itself (Ritzau, 2008). Venstre consider marketing to be unethical when it becomes dishonest and disrespect the individual's integrity as the cases about food, banking and inflated pre-pricing illustrates.

To give humans more personal responsibility and follow the principle of subsidiarity, lobbyism is seen as an important part of the political work, where the politicians and lobbyists should have room for private meetings. The political suggestion about registration of the parties' and lobbyists' meetings is seen as a bad idea, as this can make the political work suspicious and decrease the confidence to the political work (Venstre 2014; Fruensgaard, 2012). The high focus on individualism and to give the companies room for regulating the industry themselves can be considered as an ethical view, where the benefits for companies are precedence over the consumers'. The ethical climate of self-interest and social responsibility is what controls the decision-making. This is also related to their viewpoint about lobbyism, where they consider them to be important and do not want to register the meeting taking place. The party is focusing on immorally marketing, where companies can

make deceptive information or exploit the consumer's vulnerability, but often there is given room for the company to regulate the rules by themselves. The support for principle of subsidiarity is a signal of a more pragmatic culture, and a culture there is more affected by masculinity and individualism than the general Danish. As long as the policies and the ethical behavior can make the industry and consumers satisfied, the work is satisfied.

#### ***4.3.3.2 Radikale Venstre and their decent responsibility***

The party, which held the post of Prime Minister when the Marketing Law came into force in 1974, is with 17 seats the 4<sup>th</sup> largest party in the government (Clemmensen, 2014). Like Venstre, they support the principle of subsidiarity, as it is only those who have influence, who can take responsibility. Due to the globalization, the Danish society should be open, constantly evolving, see the possibilities, and take a decent responsibility in the protection of human welfare and safety. This responsibility is reflected in the adoption of the Marketing Law, where a future step could be a system of collective security between the European countries and North America. A modern society is based on freedom, liberalism and common sense, where it is important to follow own ideas and principles, but also respect others. If this respect does not exist in the market, the implemented parties should be held responsible for their actions. Their youth department, Radikal Ungdom, wants a democracy based on transparency, active and well-lit citizens, and a free and public debate. They support common marketing policies, and if this can be solved well by national or international organizations, self-regulated codes are the solution; but if not, it should be regulated by the government. They see the globalization and EU as an opportunity to shape the future, where an ethical concern should be based on each human's possibilities and consequences. Related to this ethical point of view, the department has established a committee for *Culture, Law, and Ethics* (Radikale, 2014, Radikal Ungdom, 2008).

The ethical consideration is also reflected in the mother party, as Radikale Venstre has the ambition to be the leading political party when it concerns ethics and personal values in decision-making, but this has mainly been reflected in a discussion about meat-paste; meat which has been composed by enzymes, and how this can manipulate the consumer. A solution to this issue should be found in a dialog with the companies, but the party has also considered a total ban of the paste or at least a labeling on the products (Erngaard, 2005; Sheikh, 2010). Radikale Venstre supports lobbyism, as the lobbyists' work can increase the politicians' knowledge. To some extent the work of lobbyism should be self-regulated, and to this they support DI's self-regulated principles as this is a democratic, transparent and Danish way to regulate lobbyism. If the company or the organization has an unethical behavior and do not

respect the norms in the society, the market would through bad reputation make the consequence (Ankerstjerne, 2014).

Marketing technics should respect the consumer and the society, and if the companies follow the law made by the government or the self-regulated codes, they have room for doing what they want. The focus will be on the consequence of the marketing, which is also reflected in the consideration of lobbyism; that the consequence of bad lobbyism is bad reputation. Radikale Venstre supports the ethical view of discourse and the ethical climate of rules/codes, caring and social responsibility. They are considered to be more feminist and have a higher power distance than Venstre, as they feel the companies have a responsibility to act ethically correct, but if the behavior is against the proposed laws and codes it should have consequences. The laws and codes against manipulative marketing are found through interaction with other authorities and organizations.

#### ***4.3.3.3 Socialdemokraterne and their wish to strength the Consumer Ombudsman***

With 47 seats in the government, Socialdemokraterne is the second of the two largest parties (Clemmensen, 2014). The party supports EU and its democratic and obligating cooperation, but still believes that the market must be regulated by the Danish government and the Marketing Law must be controlled by DCCA and the Consumer Ombudsman. The law is however not up-to-date due to the globalization and new marketing technics, since these have challenged the values of human rights, -responsibility and access to information. The law therefore needs an inspection to keep up with the changes, which is among other advertising of food and soft drinks towards children. The party supports Radikale Venstre's ambition to be the leading party concerning ethics and values, as they want a similar ethical profile. The party therefore wants to give the Consumer Ombudsman new sanctions and increase the annual financial allocation in order to increase the political knowledge. It is important to have uniform policies in a global world to make sure that the competition is fair, that foreign companies are not violating the law and that the consumers can avoid deceptive information. Humans should have the freedom to create the life they dream of and is able to create, but only when it applies to everyone in society. Companies have therefore the freedom to create the marketing they want as long as every company can do it and it follows the common values in a modern and balanced society: *Freedom, equality and solidarity*. The freedom in a lobbyist's work is however seen as disturbing, so the party is initiators to the registration of meetings and has also invited to attend about lobbying and ethics, as they see a lack of openness and transparency if lobbyism is not public. At the same time it is necessary to look at the principles of lobbyism, so they can become more identifiable and increase the ethical

standards (Socialdemokraterne, 2010; 2011; 2014; Erngaard, 2005; Sørensen, 2013, Fruensgaard, 2012; Engelbrecht, 2013).

Dansk Socialdemokratisk Ungdom (DSU), the youth department in Socialdemokraterne, shares basically the same values as the mother party with their *tolerance, liberalism and solidarity*. They see positive on the globalization, as it may disseminate the Danish values to other countries, and the interaction between the Danish government and EU can help regulating the market and create a better international cooperation. They will, among other things, have a strong consumer control in order to avoid hazardous elements in the products (DSU, 2008). This desire for better control can be inspired by Socialdemokraternes' consumer affairs Benny Engelbrecht. In several newspapers he has argued that more control is needed. This is among other the discussion about inflated pre-prices, where the Consumer Ombudsman should have more resources and the involved shops should have a fine and be published on the Internet (Ritzau, 2008). Benny Engelbrecht has also commented the case about banks' consulting, where he does not consider consumer protection to be high enough and want a more severe punishment for breaking good business practice (Jørgensen, 2013). Focus has also been on a case about chicken pumped with water and sold as neutral marinated, as this is considered to be manipulative, seriously deceptive and is a violation of the Marketing Law (Landbrugs Avisen, 2009; MaskinBladet, 2009). Benny Engelbrecht is also skeptic in the case about vitamins added in food and drink, as a permit will give the industry more influence (Ritzau, 2012). Other areas which need more control is 1) the advertising of junk food towards children as it will affect the children's vulnerability and it is unethical to link e.g. toys and unhealthy food as McDonalds do; 2) the broadband providers' minimum speed, as it is considered to be insufficient and often the advertising contains deceptive information. A change of the Marketing Law was considered to be a solution to the issue, and 3) the telecommunications market, where it can be difficult for the consumer to figure out the prices, and Benny Engelbrecht therefore demands action from Konservative's Minister of Science (Thingstrup, 2010; Rasmussen, 2009, Lolk, 2012; Newspaq, 2011).

In the question of how to balance competitiveness and consumer welfare, the ethical concern has been focused on consumers. Benny Engelbrecht has together with the rest of Socialdemokraterne focused the consumer's perspective, and when it concerns the political standpoint, the party believes that the Marketing Law should be regulated by the government and the Consumer Ombudsman, as this would give a greater benefit for the society. This is also why lobbyism should be kept public, as the society needs transparency in both the underlying dialog and in the marketing practice. The interaction with EU may be a solution to



find a common comprehension for ethics and manipulative marketing. To this, the ethical climates of rules/codes, caring, personal morality is what leads the party together with the ethical view of discourse and feminist - a view which fit well with the general Danish culture of femininity, but there exist a more collective responsibility in the party. Socialdemokraterne is more normative than Venstre and Radikale Venstre, which can be seen in their attitude to the Marketing Law and that the responsibility should be kept by DCCA and the Consumer Ombudsman.

#### ***4.3.3.4 Supporting parties and their opinion***

Because of the globalization, both LA - being the 7<sup>th</sup> largest party with 9 seats - and Konservative - being the 8<sup>th</sup> largest party with 8 seats - want to be pragmatic and able to adapt continuously. The right to liberty and self-regulation is considered to be the way forward, so by getting rid of unnecessary policies and gives concrete people more responsibility, the personal freedom and wealth can be improved, which is considered to be important (LA, 2014; Konservative, 2013) In the case with the bank's consulting, LA wants the companies to take a responsibility by themselves instead of having a labeling of the quality (Larsen, 2010), which is also reflected in a case about product placement and general marketing towards children, as it should be the parents responsibility to guide the children instead of having more political control. They consider the technics as product placement to be critical, but the politicians should also be cautious about their policies (Toft, 2012). LA's youth department, LA Ungdom, supports liberalism, where it should be free to do what you want as long it does not damage others or restricts the liberty. The globalization can give Denmark several possibilities, but at the same time it should not be possible for EU to put limitations on the consumption or ban certain products; LA Ungdom supports therefore an exit from EU (LA Ungdom, 2012).

Konservative has an opposite opinion in the case with centrifuged meat then Venstre, as they believe it should be accepted, but there is an ethical question involved (Landbrugs Avisen, 2005). The same consideration exists in a case with the telecommunications market where Socialdemokraterne consider it to be lacking in transparency, but Konservative does not want to make more policies, as more transparency and fewer policies should be the solution (Newspaq, 2011). Lobbyism is also on the agenda for Konservative, as they have been contacted by lobbyists, but as being a part of the opposition together with Venstre, Konservative is against a registration (Nielsen, 2011; Fruensgaard, 2012). The youth department, Konservative Ungdom, supports the principle of subsidiarity - also when it is related to EU - as the government's responsibility depends on the task. Their motivation to

politics is found in the balance between personal freedom and rights, and the necessity of a government (Konservative Ungdom, 2014).

The economic perspective is together with the masculine, individual and pragmatic culture in the center of both parties. In each case of the mentioned marketing technics they admit that there is an ethical problem, but consider it to be the industry's or the consumer's responsibility to figure out a solution and self-regulate, as they want to be cautious with the policies and do not want to increase the number. Having an ethical climate of self-interest and social responsibility gives a higher focus on the competitiveness than on consumer welfare, which the opinion in the mentioned cases also indicates.

DF and SF have the opposite opinion when it concerns the regulations; that it should be the government who controls the law. Both can see the benefits with an international cooperation like the one with EU, but believe like Socialdemokraterne that the Consumer Ombudsman should control the Marketing Law. DF - being the 3<sup>rd</sup> largest party with 22 seats - wants to keep the sovereignty of national laws and the Danish values in the law, where to the party wants to play an important role. Only by keeping the Danish values of tolerance and freedom of expression can create a society of democracy and human welfare. DF and their youth department DF Ungdom are against EU, and consider EU's laws to be a minimum requirement, which the government should improve. SF and their youth department want to create trust through transparency and information, and especially the protection of children and teenagers is important due to their vulnerability; therefore they want to investigate if children have a high enough protection when the technology and marketing technics are evolving as it is. They believe that market capitalism will decrease the welfare and environment, which they want to fight through a highly democratic society. SF is the 5<sup>th</sup> largest party in the government (DF, 2002; DF, 2009; DF Ungdom, 2014; SF, 2014; SF Ungdom, 2012; Haslund, 2013; Clemmensen, 2014).

Enhedslisten states that they are against EU and instead want an international cooperation, where there should be a greater focus on consumer welfare than economic growth. The only way to create a democracy is through transparency and a constitution that protects humans and the society (Enhedslisten, 2011). This opinion is also found in a supporting youth department Socialistisk Ungdomsfront (SUF), as they believe EU focus more on the company's profit than the consumer welfare, which is why they are against EU's laws, as these affects the Danish market negatively (SUF, 2014). Enhedslisten has together with SF been contacted by lobbyists, and for SF's member Pia Olsen Dyhr it makes good sense to

have a dialog with those who has an interest in politics, as they can make clear arguments to the political discussions. The registration is strongly supported by Enhedslisten, as a registration will give more openness in the political work (Nielsen, 2011; Fruensgaard, 2012).

The ethical climates for the three parties - DF, SF and Enhedslisten - are influenced by rules/codes, caring and personal morality, where common marketing policies can be found based on the ethical view of discourse. What characterizes the three parties mostly are the higher degree of power distance, femininity, collectivism and being normative; if the consumer welfare should be weighted highest, as they all want, it is necessary to continue the interaction with other countries and keep the Marketing Law in DCCA's hands. EU's interference is not regarded favorably due to the favoring of the companies, which will damage the consumer welfare. To get more knowledge about the technological- and marketing development - and the impact it has on especially children - the Consumer Ombudsman should have added more resources, but the consideration of lobbying could also be a solution as long as the meetings are public and transparent.

#### **4.3.4 The assessment of the quality related to the two questions**

The purpose of section 4.3: *The quality of consumer protection against manipulative marketing* was to investigate how the key actors as companies, trade organizations and political parties assess the quality of consumer protection against manipulative marketing. The two questions which the key actors needed to answer were:

**1) When is the marketing considered to be manipulative and unethical?**

**2) What kind of policies are needed - if so - to avoid an unethical behaviour as manipulation and to get the balance between consumer welfare and competitiveness?**

##### **4.3.4.1 Companies seek advice to good marketing practices**

As it is the companies which deal with the greatest ethical problem, their opinion would be one of the first to focus on. They need to focus on their own and consumer's interest, but also to be competitive in the growing competition affected by cultural differences. They do not come with a specific definition of manipulative and unethical marketing, but points out that it is considered to be unethical if it creates a bad reputation for the company and the industry, and does not follow good marketing practices and the society's shared norms and culture. Good marketing practices are as stated on page 6 when the "*advertising should take the consumer, other companies and society into account*". The lack of a specific definition is related to their uncertainty of how to act in the growing competition and therefore seek advice at the trade organizations and their definition and opinion about policies, as the trade organizations are interaction with other trade organizations, DCCA and the political parties in

the government. The responsibility for making the right ethical decision is therefore imposed on the trade organizations and the suggestions they make together with other trade organizations, DCCA and the government.

#### ***4.3.4.2 Trade organizations support good marketing practice, self-regulation and lobbyism***

KK, DI and ICC were among the most influential trade organizations within marketing and communication, and especially ICC has an important position based on their self-regulated codes and great network. All three organizations sets the marketing to be manipulative and unethical when it does not follow good marketing practices - as the companies also stated - and when it includes children and teenager's vulnerability, or alcohol and soft drinks which is considered to be unhealthy and can cause obesity. If the marketing is dishonest, illegal, indecent and untruthful, and at the same time deceptive and has a lack of information, it will be unethical and can manipulate. To deal with the issues and make policies which can maintain good marketing practices, KK and ICC supports self-regulated codes, as they take the key actors into account and include their opinion, and is more efficient and easy to follow than national laws. The including of key actors is also why lobbyism is an important tool for them. DI support both a governmental law and self-regulated codes, but believe the policies should be established in cooperation with other organizations, authorities and EU to make sure that they not become an obstacle. EU's laws are especially important to follow, as they can affect many people at the same time.

#### ***4.3.4.3 Politicians fight against dishonest and vulnerable marketing in two different ways***

As it normal is in politics, there are two sides and thereby two opinions to a dilemma. This is also the case here, even though the eight parties support the same description of unethical and manipulative marketing; if it becomes dishonest, do not respect the human's integrity, cannot be seen as transparent and exploits children's vulnerability, is it unethical. Product placement is an example of a technic, which can be seen as manipulative. The great different between the parties is if the marketing policies should be self-regulated by the industry or if it should be controlled by DCCA and the Consumer Ombudsman. Venstre, LA and Konservative want the industry and consumers to take more social responsibility and thus support the principle of subsidiarity. The cooperation with EU is therefore not supported, but the use of lobbyism is. Radikale Venstre does also consider self-regulation to be a solution if the industry can handle the job better than the government. The most important is just that the law and code are respected and the solution is found through interaction.

Socialdemokraterne, SF, DF and Enhedslisten want to keep the responsibility at DCCA and the Consumer Ombudsman, but the Marketing Law needs an update to keep up with the

changes in the marketing technics. Uniform and joint-decided policies across the borders are important, which is why the cooperation with EU should be maintained if it should follow Socialdemokraterne's wish, but both DF and Enhedslisten is against this. A comment from SF about EU was not found, but the interaction could include lobbyism if it was under observation to keep the transparency.

#### **4.3.5 Governmental or self-regulatory, and the extent of lobbying**

As the above analysis showed, there is a common agreement about the definition of unethical and manipulative marketing, and that future changes is needed regarding DCCA's policies. The main problem is just to find a common solution to who should control the marketing policies and who should be included, for example EU and the lobbyists. The different opinions show that it is not easy to follow the ethical discourse when "*all rational human beings share the experience, and the norm of peaceful resolution of conflicts is the best way to organize social interaction*" (Crane & Matten, 2010:122), especially not when the two political sides have different focuses on consumer welfare and competitiveness.

Lobbyism is said to be a natural and important part of the democracy, as the organizations through dialog can make the government, authorities, other trade organizations and the society aware of possibilities and consequences of laws and codes (DI Videnrådsgiverne, 2014). When KK and DI provide guidance about lobbyism or when they interact with the government, they want to add their knowledge and opinions to the discussion and thereby gain influence in the political agendas. In the recent years there has however been a discussion about the credibility to lobbyism, as many politicians or lobbyists do not want to discuss their work (Nielsen, 2011). Ankerstjerne (2014) is therefore questioning if lobbyism is a problem for the political discussion or it is a signal of the democracy. When dealing with the questions about consumer welfare and competitiveness, the work of the lobbyists can give the politicians important knowledge about the market's and globalization's development, and can give them the tools to make the right decisions. However, as the previously mentioned case with DI showed, lobbyists are accused of coming up with deceptive and incorrect information in order to influence the policy in their favor, and when DI afterwards make their own principles for good lobbyism, they are accused for making a compromise for the consequence their work has had. The extent to which lobbyism is used in policies is also a problem, as their definition of ethics and proposed solutions may be more affected by competitiveness than consumer welfare, and they thus will use their knowledge and position to affect the politicians to make policies which can increase their benefit instead of the society's benefit.

## 5. Discussion

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*"Legislation must impose the industry as few constraints as possible so the companies can use their strength to carry on their business"*  
(Nye Veje for Handel)

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It is clear that the issues of ethics and manipulative marketing have become a growing problem in the Danish consumer market, when DCCA and the trade organizations in their policies have to cover marketing there is deceptive, vulnerable and immorally marketing. The growing focus on the marketing techniques in the media and in the political discussions has also made it obvious that something needs to be done if these kinds of marketing should be avoided. The question of when the marketing is considered to be manipulative and unethical meets the same opinions at both DCCA and the key actors, but the question of how to avoid these kinds of marketing techniques has divided the key actors.

### 5.1 DCCA's work and the reason for future actions

DCCA wants to respond to the upcoming marketing techniques with the Marketing Law and implementation of especially §§1, 3-4 and 8-9, where they focus on good marketing practices; marketing which can be deceptive as product placement; transparency in the marketing; marketing toward children and teenagers; and sales promotions as sales offers. In addition, there has been developed special guidelines and announcements for marketing towards children, unfair marketing and sales promotion to be more detailed on these areas. All the paragraphs, guidelines and announcements should cover manipulative marketing like Krishna (2012) and Cialdini's (2001) theories, and since there exist a cooperation with ICC and EU, the Marketing Law and special codes should be more or less identical with other countries' law and codes. Their work is reflected in the ethical climates of rules/codes, efficiency and caring, when they use control and the marketing policies to deal with the unethical marketing and in cooperation with EU and ICC wants to make good consumer protection across the borders. The marketing policies in Denmark should be accordance with the other foreign countries' law and codes.

There is however a need to focus on the ethical climates of self-interest and social responsibility, as this is the reason for the trade organizations' motivation to develop their own guidelines, which should be seen as a renewal and supplement to DCCA's marketing policies. When KK, DI and ICC want more focus on children, alcohol and green marketing, it is a signal of social responsibility, as they consider there is a need for an update here in order to follow the market trends. It is however also a signal of self-interest as they here can make

their own suggestions, which will improve the industry's understanding and work better. By giving the industry more responsibility and make use of codes instead of a law, they argue that the marketing policies will be more effective and take more people's interests into account, like the consumers, companies and other trade organizations. The use of lobbyism will also make sure that their opinion and knowledge are used in the political discussion and decision-making

Both sides of the political parties support the trade organizations call for an update and more influence, where a switch in responsibility or the addition of more resources will be necessary. The right-parties demand more social responsibility and a higher self-interest from the industry, where the use of self-regulated codes could be an option; whereas left-parties seek for caring and personal morality and that the marketing policies are controlled by the government and developed in interaction with other authorities. The work of DCCA does not follow the same logic as trade organizations and the parties, and a reason might be found in their culture and values.

#### **5.1.1 The development of a pragmatic culture**

According to Hofstede's six dimensions of culture, the Danish culture - with its individualism and femininity - wants to create a balance in the society, take care of others and protect the human's rights through policies. The low UA has made the humans creative and given them a high self-control, and with the high indulgence and low power distance - and thereby room for free speak and the share of common cue and norms - the desire for doing things differently has increased. This desire and room for freedom is being exploited by the key actors, since some has suggested a change in the work with and responsibility of marketing policies as a solution, although it goes against the culture's original normative. The freedom and desire have started a search for and interact with other key actors on the basic of the understanding each key actor has to ethics and marketing. This way of action is related to the pragmatic perspective of Symbolic Interactionism and its three simple principles, which was the foundation of this thesis. As it is disclosed below, the three simple principles are (Arbnor & Bjerke, 2009:401):

- *Human beings act towards things on the basis of the meanings that the things have for them*
- *The meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows*

- *These meanings are handles in, and modified through, an interpretative process used by the person in dealing with the things he encounters*

## **5.2 Two scenarios; two different solutions**

On the basis of the Symbolic Interactionism, and by focusing on the political discussion and the questions of ethics and manipulative marketing, there will be two scenarios by grouping the key actors into two groups in the basis of their understanding and opinions. Because of the differences in understanding and opinion, this may lead to two different solutions. The scenarios have been set as the current government or a change of government is likely to have an effect on DCCA's work, and will therefore affect the future actions there are needed in order to meet the growing competition among companies on the consumer market. How the trade organizations will be influential on the politicians' solution will be discussed in each scenario.

As the present government is composed by Socialdemokraterne and Radikale Venstre (Folketinget, 2014), the first scenario with the left-wing will include these two parties even though it will not follow my previous division on page 63-64. However, since their cooperation today will affect the future, it is necessary to keep them together. When Socialdemokraterne won the general election in 2011, SF was a part of the government (Dramshøj, 2011) and will therefore also be included. Enhedslisten is also placed in this group, as they are a left-wing party (Nygaard, 2011). The other group will be composed by Venstre and Konservative. Although DF does not share the same ethical opinions as the two parties, they will be included in this group, as DF was a part of Venstre's and Konservative's government before the change of government in 2011 (Kielgast, 2011). LA is also a part of this scenario, as they earlier have supported a government consisting of Venstre and Konservative (Tang & Brøndum, 2010).

The two scenarios will be based on the Symbolic Interactionism, as this methodological approach fit the current Danish culture and the changes there is taken place. The theoretical and empirical knowledge about ethics and manipulative marketing is used as the foundation, as they are an important part of the discussion.

### **5.2.1 Scenario 1: Future actions related to left-wing parties**

The addition of more economic resources to DCCA and the Consumer Ombudsman is what probably will happen if Socialdemokraterne and Radikale Venstre can decide. They consider that the right solution can be found with a Marketing Law there is developed in interaction with EU - even though Enhedslisten is against - and which focus on the Danish values of



freedom and equality and follow the consumer's perspective. The way the parties understand unethical marketing and use the tools of laws and codes to fight it, will benefit the consumer. The consumer has an important position in the balance between consumer welfare and competitiveness, which is a great benefit for the consumer welfare, but it will also affect the companies negatively as they will be subject to more control and more mistrust. The mentioned cases are examples of situations where the consumer has been weighted higher than the companies and that the parties consider the Marketing Law and -codes to be the best way to solve the problem with manipulative marketing. The companies will be provided some kind of freedom in their marketing due to Radikale Venstre's values of freedom, liberalism and common sense, but if the marketing policies are not respected they should be held responsible for their action. Whatever there can damage the consumer's vulnerability and create suspicion will be considered to be unethical and weighted highest. The structure in developing the marketing policies, and the understanding of unethical behavior, fit the four parties' ethical climates of rules/codes, caring, personal morality and social responsibility.

#### ***5.2.1.1 The impact of lobbyism***

Because of Radikale Venstre and SF's openness towards lobbyism, the trade organizations will have an influence on the political discussion and get the opportunity to add their opinion and knowledge about the market to the discussion. This will improve both the companies' and consumer's interest because of the ethical climates of self-interest, social responsibility and caring. However, the work will be highly controlled because of Socialdemokraternes and Enhedslisten's requirements for registration, which should improve the transparency and trust to lobbyism. The low power distances in the culture will thus be increased and thereby minimize the democracy and the liberalism; two dimensions which is considered to be important in the Danish culture.

#### **5.2.2 Scenario 2: Future actions related to right-wing parties**

If Venstre is going to possess the power in the government after a new selection, it can give the trade organizations and companies more influence, which will change the work-structure when administering the marketing policies. Because of the principle of subsidiarity, an increase in social responsibility and self-interest from the trade organizations and lobbyists will make the marketing policies more switchable and increase the updates. Even though EU has been accused for focusing on the market capitalism, which is also what the right-parties mostly focus on, a cooperating with them is not supported by either DF or LA, or Konservative's youth departments. EU's influence can therefore be minimized in the future. DCCA will still possess the control of the Marketing Law because of the level of normativity

in the culture, but when Venstre, Konservative and LA has a pragmatic perspective, a constant updating from the trade organizations will be used to influence DCCA's work. The cases in the media illustrate how the consumers are asked to take a greater responsibility and that an increasing development and use of the Marketing Law and codes not appreciated. DF can however, with their influence and size, increase the focus of consumer welfare, even though the companies' benefits will be weighted highest so they can continue to be competitive. This is why the high self-interest for the companies and retaining of Danish values in the codes are considered to be important, so if DF does not manage to keep their focus on consumer welfare, and that the trade organizations will increase their influence in the political discussion, the consumers will be put in a less prioritized situation. The understanding of unethical marketing is when the companies make use of technics there do not respect children and is dishonest, but since the consumers also should have a responsibility, the control through laws and codes will be minimized.

#### ***5.2.2.1 The impact of lobbyism***

As all parties with except of DF support the lobbyists' work and the principle of subsidiarity, the influence from KK, DI, ICC and other trade organizations will be crucial. It will be possible for the trade organizations to affect the political discussion with their priorities and exploit the possibility of self-interest and social responsibility, but also to care for the industry because of the development of self-regulated codes and thereby the consumer's satisfaction. The lack of control from Venstre and Konservative can however affect the transparency and create mistrust to the political suggesting as the case with DI showed.

### **5.3 Recommendation to the companies**

Although it is DCCA, which handle the Marketing Law and has the responsibility to develop laws and guidelines for both consumer welfare and competitiveness, the companies are facing the greatest problem. Their marketing decisions and ethical behavior will have a consequence for the consumers and their own competitiveness.

The discussion of how to manage the Marketing Law concern the companies to the extent that they have to follow the marketing policies there is developed, but there can be complications as they also have to follow the market trends. To handle the ethical considerations and to avoid consequences as bad reputation for the company itself and the industry, the companies should hope for a left-party government, where there is also given room for self-regulation and lobbyism. The left-parties' ethical concern for the consumer and interaction with EU will create a Marketing Law there focus on the negative in manipulative marketing; that it is

deceptive and exploit the consumer's vulnerability. At the same time they will take both the Danish and other cultures into consideration, so the benefit of ethical marketing may be applicable to more people in Europe. Enhedslisten's skepticism to EU will make sure that the Marketing Law is still 100% controlled by DCCA and not be subject to EU's demands.

The knowledge, which the trade organizations possess, is highly important for the companies in the growing competition and the globalization's influence on the market trends. For a politician it is difficult to be up-to-date with every aspect in the society. So as SF's Pia Olsen Dyhr has expressed it, then it will help the politicians to include lobbyists and others who have an interest in the market, and have a knowledge which can be beneficial in the problem-solving. When the trade organizations have the direct contact to the companies and other trade organizations, they know what is going on in the industry and which worries the companies are facing. The companies should therefore keep up with the interaction to the trade organizations and be an active part of the political discussion, as their knowledge is just as important as the trade organizations. If they want influence on how to balance their consumer's satisfaction and stay competitive, they need to add knowledge to the other key actors in order to improve the key actors' understanding of the ethical issues the companies are meeting in their work.

#### **5.4 Finding the balance between consumer welfare and competitiveness.**

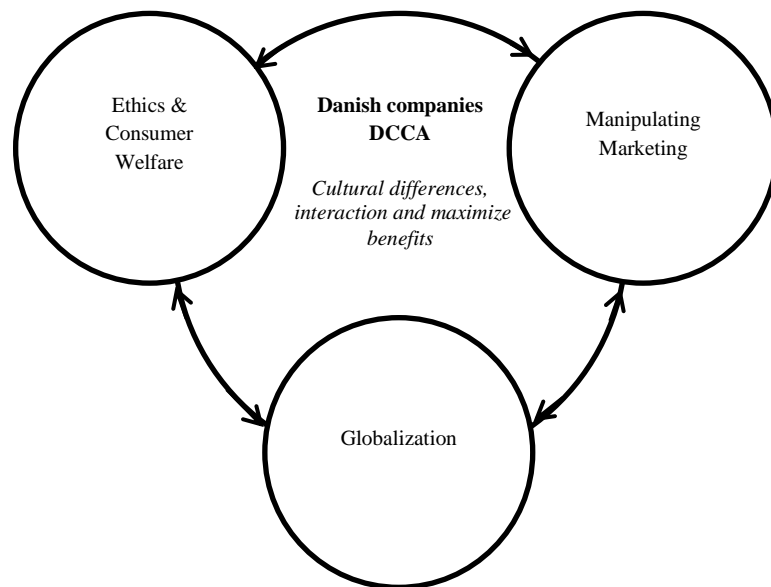
The right solution to solve the ethical issues of manipulative marketing is therefore that there needs to be an ongoing interaction between the government and the trade organizations, so the marketing policies can get the needed update. The government needs the trade organizations knowledge and their help when developing marketing policies and -guidelines, as this can make the policies more applicable and easy to follow, and help the companies to act correctly according to them. When KK and DI are developing their own codes and guidelines, it is a signal of the better knowledge they have to the market and industry, and that the Marketing Law is lacking in the aspects of especially marketing towards children. ICC's understanding of unethical marketing practices is what guides the Danish authority and organizations, and an increasing interaction with them will therefore also be appropriate. The consumers do however need DCCA, the Consumer Ombudsman and the government's support and control, so the market capitalism will not prevail, and this is why the Marketing Law and its policies still should be under the responsibility of DCCA.

As the analytical model of the theories and the Symbolic Interactionism showed, then will the interaction between the key actors, DCCA and international authorities - and a share of their

opinions and norms - could create a common understanding for ethics and manipulative marketing, although there will be cultural differences within and across borders. If this common understanding is created, and DCCA and the key actors manage to find a solution in a peaceful way as the ethical discourse prescribes, it will have a positive outcome for both companies and consumers.

## 6. Conclusion

The aim of the master thesis was to investigate the theories within ethics, manipulative marketing and globalization, and find out how DCCA together with the Danish companies has used the theoretical knowledge in their work with the purpose to maintain the balance between consumer welfare and competitiveness. As figure 8 shows, the investigation made the following important observation:



**Figure 8: Analytical model of the thesis (own creation)**

The theoretical analysis showed that the three key concepts of *Ethics & Consumer Welfare*, *Manipulative Marketing* and *Globalization* can affect each other, but it all depends on the cultural differences, how individuals interact and what benefits there will be achieved. For DCCA and especially the Danish companies, it is important that they due to the growing globalization find a common understanding of ethics and manipulative marketing, as these may differentiate because of the culture e.g. Hofstede's six dimensions. The companies are dealing with the issues that they need to follow up with their national and international competitors and need to break through the great amount of marketing messages that consumers face every day.

In today's marketing, the global- and technological development has given the companies new technics to target the consumers. Among these technics has the sensory stimuli in Krishna's (2012) review of the five senses and Cialdini's (2011) analysis of persuasion technics had considerable attention in the media and in the scientific research, but also marketing towards children places great emphasis. Some theorists have been discussing the ethical concern with manipulative marketing, but none of them discuss how the technics can

be prevented, and not by including an authority as DCCA. Krishna (2012) and Cialdini's (2011) manipulative techniques are areas that DCCA has great attention on in their marketing policies, as they consider these kinds of marketing to be deceptive, vulnerable and immorally.

The empirical analysis showed that the ethical climates developed by Cullen *et al.* (Venezia *et al.*, 2010; Ferrell *et al.*, 2013) and the ethical view described by in Crane & Matten (2010) is not the same for DCCA as it is for the key actors. Both DCCA and the key actors focused on the outcome of the marketing and that the ethical discourse is an important tool when solving ethical questions. However, in contrast to DCCA's ethical climates of rules/codes, efficiency and caring and a great focus on the feminist ethics, some of the key actors had a greater focus on self-interest and social responsibility. The different ethical climates are creating disagreements in the discussion of responsibility and what kinds of policies there are needed to avoid unethical behavior.

DCCA are focusing on deceptive, vulnerable and immorally marketing in the Marketing Law through the paragraphs §§1, 3-4 and 8-9. The great attention in the media and in political discussions on the companies' deceptive advertising and children's vulnerability has made DCCA even more focused on these areas, but according to the key actors opinion and assessment of the quality of consumer protection, there is a need for changes; either through self-regulated codes or an update of the Marketing Law. The right-parties and trade organizations support the principle of subsidiarity and want to take the responsibility for developing a marketing code and -guidelines. The consumers do also have a responsibility in the market place, and for this reason the amount of policies should be kept on a minimum so it leaves room for the companies' marketing practices. The left-parties want to keep the control at DCCA and the Consumer Ombudsman, as the market needs more control to protect the consumers. Both sides do however agree in the definition of unethical marketing, as this is related to the foregoing examples of marketing technics that DCCA has attention on with §§1, 3-4 and 8-9 in the Marketing Law.

The companies, which have the greatest concerns about unethical marketing, are seeking advice at the trade organizations, as these organizations possess the greatest knowledge about the industry and know which marketing policies the politicians are discussion. Based on a greater interaction between companies and trade organizations - and trade organizations and authority - it will be easier for the companies to understand the consequences of unethical behavior and to know how to act in order to keep their consumers satisfied and the company itself can stay competitive. DCCA needs to make future actions to keep the Marketing Law

and its policies updated and effective, but it demands that there exist an interaction and is created a common understanding of what is unethical marketing and when is it unethical. Here they need to take the cultural differences into account, as the sharing of experiences and opinions will improve DCCA and the key actors' cooperation and the marketing policies, so it becomes easier for the companies to act ethically correct to these. The companies should however also be an important part of the discussion, as they know precisely what is going on in the consumer market regarding marketing technics and competition.

### **6.1 Contribution to the study area**

The research is questioning the work of DCCA and to what extend the responsibility should be governmental or self-regulated. It can be contribute to the study area that the needed balance between consumer welfare and competitiveness should be found in the balance between cultural differences, interacting and maximizing of benefits, and this is here DCCA and the key actors should be aware when discussion marketing policies. To this, figure 12: *Analytical model of the thesis*, can act as a guideline. DCCA should be aware that if they will keep the responsibility of the marketing policies, it will include an update in order to follow up with the global changes, which is also affected by the three aspects.

The Danish companies and trade organizations should also focus on the three aspects in their daily work with marketing technics and targeting, since an understanding of the culture and a lack of interaction will not maximize their benefits of sale and satisfied consumers. By including the Danish culture and how the marketing policies are supposed to be handled to keep up with the globalization, the analysis and result has become more tangible. At the same time has the link between theory and practice been improved by relating the theory to real cases and concrete policies and guidelines.

### **6.2 Limitation and future research**

The thesis has limitations which need to be provided in a re-interpretation in order to achieve a greater validity and consistency, and a better understanding to the questions of how the authority or key actors can create the balance between consumer welfare and competitiveness:

First of all a deeper analysis of ICC's International Code of Advertising and Marketing Communication Practice and their international work may be needed, since they have such an important position in both governmental- and self-regulated marketing policies. As they are considered to be the important factor to consumer welfare and competitiveness, it may be needed to get a better understanding of how they work, what their precisely definition of ethics and manipulative marketing are and to what extend the globalization has and can affect

the development of marketing technics and marketing policies in both their and others work. An inclusion of the Nordic Consumer Operation may also have gain a better explanation of how DCCA is cooperating, but since the interaction with the companies, trade organizations and political parties is considered to be more important, the inclusion of the cooperation between the Nordic countries was held off.

Secondly there should have been collected more qualitative data as interviews with the key actors, since this would fit the actor approach better and will increase the understanding to the assessment of the quality and thereby the recommendation. Even though the used information has answered the questions, it is still limited compared to the results that could be achieved with a direct dialogue. An interview with DCCA will also have enhanced the quality of the empirical investigation, as their perspective and opinion could have contributed with important information.

By improving the deficiencies and make a re-interpretation of the process, a future research could possess a better understanding of DCCA's work and the key actors' assessment, and make the empirical analysis even better and more precise. The key actors' opinion will however always change due to who they interact with and how the globalization affects the industry, society and world. The process of re-interpretation will therefore be ongoing, as there always can be added more valuable knowledge to the research, which can improve and maybe also change the result and recommendation.



## Reflections

When living, studying and working in a global world it has become obvious how important it is to differentiate from others. On Facebook, Twitter, Snapchat and other social media your popularity will depend on how many click or likes you get. If your friends and followers are not interested in whom you are and what you do, you will just be one in a million. To be differentiated and get the focus from others, some people might be tempted to embellish their profile a little bit - just to get a few seconds where they acknowledged. The same temptation may be found in the search for the dream job. If the position and company can provide you job security and acknowledgement from your family and acquaintances, you might embellish your CV and application a bit if this can make you appear more interesting and relevant to the position. An act like this can be compared to a company that is manipulating the consumer - just the other way around where you manipulate the company. However, if the company figures out that you have been dishonest in your application and CV, they will not trust you and therefore not hire you - or with other words *buy your product*.

The thesis' focus on ethical discussion and share of values will also be relevant in the just completed election to European Parliament and the choice of a patent court. When the patent court allows you to apply for patents in all countries at once, the situation where a country will find the patent unethical can arise: If a company applies for patent on a lifesaving medicine or a plant that can provide food for poor people, and then sets the sales price at a too high level, it can be discussed if it was ethical correct to give the company the patent. The way people interact and share their opinion will affect the outcome of such an application. It is therefore important to pay attention to how the work will be structured in the European Parliament. Those, who the Danish politicians interact with, will affect their opinion, so to get the best benefit would be to seek for those politicians who share the same opinion and understanding. To make sure that the political work in EU is a success, the politicians need to understand how the European system works and what the possibilities and consequences of their decisions will be - just like in a company and their decisions of how to make their business work well and be a success.

Reflecting on the thesis and the achieved knowledge, it becomes clear that if you want to have influence and draw attention to your opinion and values, you need to interact; not just with those in your acquaintances, but also with people who has a strong influence. If you do not manage to do this, you will never be able to have an effective influence and will just be driven around by those who dare to step forward.

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