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CASE STUDY 9

NESTLÉ AND ADVERTISING: AN ETHICAL ANALYSIS

CHRIS RAGG

Case Description

Since the 1970s, the Nestlé corporation has been the subject of an international boycott resulting from their methods of advertising. Nestlé, which owns Carnation, boasts that it is the world's largest food and beverage company. The set of products that have been the source of public outcry are newer versions of a product that Nestlé has been making since its inception in 1866: Baby formula. Boycotters argue that the advertising campaigns promoting the formula in third world countries have been unethical, and have helped cause the death of millions of infants.

According to UNICEF and the World Health Organization, approximately 1.5 million infants die each year from bottle-feeding, many from what has been called "baby bottle disease." This disease is an effect of the combination of the diarrhea, dehydration and malnutrition which result from unsafe bottle feeding. A typical case of baby-bottle disease might arise as follows: A poor set of parents purchase baby formula for their infant. Since the local water supply is contaminated and unsafe, however, the baby's ingestion of the diluted formula can soon lead to diarrhea, a common indicator of gastrointestinal

distress and a cause of dehydration. Furthermore, due to the cost of the baby formula, the parents will often over-dilute it or spend less on additional food supplies, which can lead to malnutrition.

When growing up in an area with contaminated water, a bottle-fed child is 25 times more likely to die from diarrhea than a breastfed child. Even in areas with cleaner water, such as the United Kingdom, a bottle-fed child is ten times more likely to suffer the same fate. In most cases, in fact, doctors highly recommend that a mother breastfeed her child. Breastfed babies need no other food or drink for about the first six months of life, and have reduced risk of diabetes, pneumonia, ear infections, and some cancers. Further studies have shown that women who breastfeed may have a lower risk of breast and ovarian cancers. This does not imply, though, that bottle-feeding is never the best option. There are some cases where baby formula can be beneficial and, with the right information, mothers can decide whether or not theirs is such a case.

This requisite information, however, was not made available to many women in these poorer nations. In the 1960s and 1970s, Nestlé had extensive advertisement campaigns for its baby formula

worldwide. Pamphlets were distributed highlighting the potential benefits of baby formula while ignoring the drawbacks. Free samples were also dispersed among the public. Nestlé's profit-driven actions began to outrage the public. Although they were not illegal, many of the boycotters claimed that Nestlé's actions were immoral and socially irresponsible. While corporations can justifiably try to turn the largest profit available, the boycotters claim that an ethical corporation must avoid deliberate harm in its pursuit of success.

Ethical Analysis

Advertisements are all around us; it would be difficult to go even one day without coming into contact with at least one. In our capitalist society, a good marketing strategy can be the difference between a successful and failed business venture. In light of this, it is not all that surprising that in some countries Nestlé reportedly spends more money promoting their product than the government spends on health education. The information available to young mothers, then, can be biased. In the United States there are laws against false advertising, but these laws only protect consumers from lies and unsubstantiated claims. But these are not the only ways that companies can fool the public. Many companies choose to tell the truth, but not quite the whole truth. As was the case with Nestlé's pamphlets thirty-five years ago, an advertisement can explain all the potential benefits of the product while neglecting to mention its potential drawbacks.

In 1981 the policy-setting body of the World Health Organization adopted the International Code of Marketing of Breast-milk Substitutes. Those who agreed to the code swore that they would not provide free samples to hospitals or mothers, promote their product for use with children under six months of age, or promote their product to health workers. Nestlé has publicly agreed to abide by these

standards. Nevertheless, it is claimed by IBFAN (the International Baby Foods Action Network) that Nestlé has repeatedly violated the code. In particular, there is evidence that Nestlé has aspired to win the approval of health care and hospital workers by giving them gifts, so that they will personally recommend Nestlé products to young mothers. This is often cheaper and more effective than trying to influence mothers one-by-one. Another strategy used by Nestlé has been to provide free samples to hospitals and maternity wards. A mother will then begin using the formula at the hospital, and by the time she leaves it will have interfered with her lactation process. Once home, the formula is no longer free and the mother is left without much choice but to purchase the product.

It does seem, however, that too many restrictions on advertising may lead us down a slippery slope. Nestlé's chocolate products, for instance, can help cause obesity, which leads to a host of health issues. It might be argued that, if all these restrictions apply to the advertisement of baby formula, then similar restrictions should apply to other unhealthy products. But then where will this proliferation of warnings and restrictions end? Surely manufacturers cannot be held accountable for all misuses of their product.

Study Questions

1. Must a company be forthright with all of the potentially negative side effects of its products? If not all, which ones?
2. Although it is not clear that Nestlé has done anything illegal, have they done something unethical?
3. Are a corporation's only responsibilities to obey the law and attempt to make as much of a profit as possible? Do the basic tenets of capitalism require anything more?
4. Is there a difference in the cases of the baby formula and the chocolate? If so, what is it?

CASE STUDY 10

CHILDREN AND TARGETING: IS IT ETHICAL?

BRENNAN JACOBY

Case Description

On June 3, 2001, Jennifer Smith began work at a large advertising firm. The following fall she was assigned to help with an ad campaign for Puff Fluffs, a new sugar cereal. As she researched her new subject, Jennifer found that previous studies done by the makers of Puff Fluffs showed children ages 6 to 10 enjoying the taste of Puff Fluffs. Since Jennifer's job was to do whatever she could to sell Puff Fluffs, her task became trying to get American youth ages 6 to 10 to buy the cereal, or have it purchased for them.

Jennifer soon started work on devising a full line of television and magazine ads, promoting Puff Fluffs. Being highly skilled in her job Jennifer knew what American youth would be drawn to. Following this knowledge, her advertisements consisted of bright colors, quick transitions, and she even invented a singing mascot to represent the sugar cereal.

In the spring of 2002 when Jennifer's ad campaign was complete, it was broadcast and distributed all over America. Every Saturday morning her television commercials were shown between the most popular cartoons, and her magazine ads could be seen in some of the newest comic books. As a result of Jennifer's advertising, Puff Fluffs saw a year of record sales.

Puff Fluff cereal sales were not the only records made in 2002. The number of obese adolescents in America soared to an all time high. Soon the media began pointing fingers at Jennifer's advertising firm saying that they should be held at least partly responsible for the health issues facing American children. After all, they were the ones targeting children with the unhealthy junk food product: Puff Fluffs.

Perplexed, Jennifer thought to herself, "I was just doing what I was supposed to. I was just doing my job ... wasn't I? Those kids can decide what to eat, or at least their parents should be able to help them! And besides, this is a free country. I was just exercising my First Amendment rights when I advertised Puff Fluffs."

In the following days legislation was passed barring advertisers from targeting youth with products that may have negative effects on their health. Jennifer has since lost her job, and the world of advertising has had to rethink their practices.

While the story of Jennifer and Puff Fluffs is fictitious, the outcome is quite close to reality. The health of America's youth has been dropping, and some have argued that advertisers are to be held partly responsible since they target youth with unhealthy food products. In fact the number of overweight children in America aged 6 to 11 more than doubled in the past 20 years, going from 7% in 1980 to 18.8% in 2004.¹ In addition, in December of 2005, The National Academy of Science issued a report stating that the advertising of junk food poses a threat to the health of young children.²

Made up of respected nutritionists, educators, psychologists and lawyers, the authors of the NAS report urged congress to consider restrictions on the marketing of junk food to children. It was thought that the food industry could play a large role in turning around the eating habits of youth. One of the authors of the National Academy of Science study wrote regarding the food industry, "If voluntary efforts by industry fail to successfully shift the emphasis of television advertising during children's

programming away from high-calorie, low-nutrient products to healthier fare, Congress should enact legislation to mandate this change on both broadcast and cable television.”³ As of yet, legislation barring the targeting of youth by advertisers has not been made.

Ethical Analysis

If it is agreed that the targeting of youth by advertisers of unhealthy products has negative consequences, one must next consider what action should be taken? It seems that there are three possible responses.

First, it may be argued that each individual is an autonomous being with the ability to make decisions for him or herself. If children are unable to navigate such grounds as to what food to eat, parents or closely related individuals may be there to give direction. In other words, health begins at home, advertisers should not be held responsible.

Second, as was suggested by the National Academy of Science, advertisers could be expected to create and monitor their own set of ethical guidelines. Advertisers as a whole might decide that marketing less healthy foods is acceptable but specifically targeting youth with such products is not.

Third, as has been the case in other arenas of advertising, government legislated limitations could be placed on ads targeting youth. Bans have already been enacted that bar the targeting of youth with cigarette advertisements. Such legislation was formed on the basis that cigarettes are poor for one's health. If foods offering virtually no nutrition are viewed in the same light as cigarettes, it would not be too much to respond in the same way.

In her book, *Diet for a Small Planet*, Francis Moore Lappe articulated that,

There is virtually unanimous opinion that high sugar, low nutrition foods—those which monopolize TV advertising threaten our health. So why not ban advertising

of candy, sugared cereals, soft drinks, and other sweets?⁴

How might advertisers respond to Lappe? From the advertisers' perspective, it may seem that they are only doing their job. Companies award advertising firms with large amounts of funding in return for selling their product. Indeed, it is assumed that advertisers will use all the tools they have at their disposal. Regardless of how much sugar is in a product, advertisers are trying to get the product into the world of the consumer the best that they can.

Do advertisers have a right to advertise how they want and target who they will? When advertisers target youth are they doing nothing more than exercising their First Amendment Rights? Again, Lappe asks "... should we include in the definition of 'free speech' the capacity to dominate national advertising? Isn't there something amiss in this definition of rights?"⁵

Certainly, there may be far reaching repercussions of a decision to ban the advertising of junk food to children. Optimistically, such a ban might raise societal awareness to the effect advertising has on individuals of all ages and spark a new breed of consumers who think for themselves.

Pessimistically, advertising that negatively targets youth might be hard to distinguish from a form of targeting that does not harm the consumer. While it may be a rather simple task to count the calories on the panel of a cereal box to see if it is healthy or not, it may not be as easy to discern which toys, or books will help or hurt the constituencies they are aimed at.

Study Questions

1. How far reaching should First Amendment rights be in cases such as advertising to youth?
2. What might be the strengths and weaknesses of government legislating boundaries on advertising to children?