

Questions

1. Are the stealth marketing practices described in this case ethically legitimate means of marketing to consumers? Why, or why not? Explain.

2. Should consumer experts be required to disclose their financial relationships with manufacturers when they appear on television? Why, or why not? Explain. If so, who should enforce such a requirement?

CASE 3. *Sales at World Camera and Electronics*

Sales personnel at World Camera and Electronics are given a financial incentive to sell overstocked cameras; each week, the management identifies a particular camera that salespeople should try to sell over other brands. When such cameras are sold, the salesperson receives a 20 percent commission instead of the usual 10 percent.

Matthew Anderson, a college student, wishes to purchase a camera. After carefully researching different styles, he decides to buy a digital camera that he believes is ideal for student photographers. He finds the exact model that he desires at World Camera. The salesperson agrees that this model would be a fine purchase.

However, rather than simply sell this camera, the salesperson shows Matthew another camera. This one is far more expensive and a bit less practical for his needs. The salesperson has a financial incentive to sell this camera and convinces Matthew that it is indeed a better buy. While this model is widely recognized as having numerous advanced features,

Matthew does not require these additions—and is not likely in the future to need such sophisticated options. In the end, Matthew buys the more expensive camera believing that the salesperson's expertise is valuable in finding the "perfect fit" for his future needs.

Questions

1. Is this a case of deceptive sales? Does the fact that the salesperson sold a "better" camera with sophisticated features justify the sale? Is the fact that she will receive a financial bonus relevant to a moral assessment of her actions?
2. Does the salesperson's "steering" toward a particular product, in this case a more expensive camera, represent a "significant harm" to the customer? Should customers expect salespeople to be objective, with the customer's best interest in mind, or should they accept the principle "buyer beware"?

This case was prepared by David Lawrence.

CASE 4. *Hucksters in the Classroom*

Increased student loads, myriad professional obligations, and shrinking school budgets have

sent many public school teachers scurrying for teaching materials to facilitate their teaching.

From William H. Shaw and Vincent Barry, *Moral Issues in Business*, 10th ed. (Belmont, CA: Wadsworth, 2007).

They don't have to look far. Into the breach has stepped business, which is ready, willing, and able to provide print and audiovisual materials for classroom use. These industry-supplied teaching aids are advertised in educational journals, distributed directly to schools, and showcased at educational conventions. Clearasil, for example, distributes a teaching aid and color poster called "A Day in the Life of Your Skin." Its message is hard to miss: Clearasil is the way to clear up your pimples. Domino's Pizza supplies a handout that is supposed to help kids learn to count by tabulating the number of pepperoni wheels on one of the company's pizzas. Chef Boyardee sponsors a study program on sharks based on its "fun pasta," which is shaped like sharks and pictured everywhere on its educational materials.

The list goes on. General Mills supplies educational pamphlets on Earth's "great geothermic 'gushers'" along with the company's "Gushers" snack (a candy filled with liquid). The pamphlets recommend that teachers pass the "Gushers" around and then ask the students as they bite the candy, "How does this process differ from that which produces erupting geothermic phenomena?" In an elementary school in Texas, teachers use a reading program called "Read-A-Logo." Put out by Teacher Support Software, it encourages students to use familiar corporate names such as McDonald's, Hi-C, Coca-Cola, or Cap'n Crunch to create elementary sentences, such as, "I had a hamburger and a Pepsi at McDonld's." In other grade schools, children learn from Exxon's Energy Cube curriculum that fossil fuels pose few environmental problems and that alternative energy is costly and unattainable. Similarly, materials from the American Coal Foundation teach them that the "earth could benefit rather than be harmed from increased carbon dioxide." Courtesy of literature from the Pacific Lumber Company, students in California learn about forests; they also get Pacific Lumber's defense of its forest-clearing activities: "The Great

American Forest . . . is renewable forever." At Pembroke Lakes elementary school in Broward County, Florida, 10-year-olds learned how to design a McDonald's restaurant and how to apply and interview for a job at McDonald's, thanks to a 7-week company-sponsored class intended to teach them about the real world of work.

"It's a corporate takeover of our schools," says Nelson Canton of the National Education Association. "It has nothing to do with education and everything to do with corporations making profits and hooking kids early on their products." "I call it the phantom curriculum" adds Arnold Fege of the National PTA, "because the teachers are often unaware that there's subtle product placement." There's nothing subtle, however, about the product placement in *Mathematics Applications and Connections*, a textbook used by many sixth graders. It begins its discussion of the coordinate system with an advertisement for Walt Disney: "Have you ever wanted to be the star of a movie? If you visit Walt Disney-MGM Studios Theme Park, you could become one." Other math books are equally blatant. They use brand-name products like M&Ms, Nike shoes, and Kellogg's Cocoa Frosted Flakes as examples when discussing surface area, fractions, decimals, and other concepts.

All this is fine with Lifetime Learning Systems, a marketing firm that specializes in pitching to students the products of its corporate customers. "[Students] are ready to spend and we reach them," the company brags, touting its "custom-made learning materials created with your [company's] specific marketing objectives in mind." Today's 43 million schoolchildren have tremendous buying power. Elementary schoolchildren spend \$15 billion a year and influence another \$160 billion in spending by parents. Teenagers spend \$57 billion of their own money and \$36 billion of their families' money. It's not surprising, then, that many corporations clearly see education

marketing as a cost-effective way to build brand loyalty.

Corporate America's most dramatic venture in the classroom, however, began in 1990, when Whittle Communications started beaming into classrooms around the country its controversial Channel One, a television newscast for middle- and high-school students. The broadcasts are 12 minutes long—10 minutes of news digest with slick graphics and 2 minutes of commercials for Levi's jeans, Gillette razor blades, Head & Shoulders shampoo, Snickers candy bars, and other familiar products. Although a handful of states have banned Channel One, 40 percent of American teens see it every school day.

Primedia, which now owns Channel One, provides cash-hungry schools with thousands of dollars worth of electronic gadgetry, including TV monitors, satellite dishes, and video recorders, if the schools agree to show the broadcasts. In return, the schools are contractually obliged to broadcast the program in its entirety to all students at a single time on 90 to 95 percent of the days that school is in session. The show cannot be interrupted, and teachers do not have the right to turn it off.

For their part, students seem to like Channel One's fast-paced MTV-like newscasts. "It was very interesting and it appeals to our age group," says student Angelique Williams. "One thing I really like was the reporters were our own age. They kept our attention." But educators wonder how much students really learn. A University of Michigan study found that students who watched Channel One scored only 3.3 percent better on a 30-question test of current events than did students in schools without Channel One. Although researchers called this gain so small as to be educationally unimportant, they noted that all the Channel One students remembered the commercials. That, of course, is good news for Primedia, which charges advertisers \$157,000 for a 30-second spot. That price sounds high, but companies are willing to pay it because Chan-

nel One delivers a captive, narrowly targeted audience.

That captive audience is just what worries the critics. Peggy Charren of Action for Children's Television calls the project a "great big, gorgeous Trojan horse. . . . You're selling the children to the advertisers. You might as well auction off the rest of the school day to the highest bidders." On the other hand, Principal Rex Stooksbury of Central High School in Knoxville, which receives Channel One, takes a different view. "This is something we see as very, very positive for the school," he says. And as student Danny Diaz adds, "We're always watching commercials" anyway.

Questions

1. Have you had any personal experience with industry-sponsored educational materials? What moral issues, if any, are involved in the affiliation between education and commercial interests? Does commercial intrusion into schools change the nature of education? What values and beliefs does it instill in children?
2. Do you think students have a "moral right" to an education free of commercial indoctrination? If you were a parent of school-age children, would you be concerned about their exposure to commercials and corporate propaganda?
3. If you were a member of a school board contemplating the use of either industry-sponsored materials or Channel One, what would you recommend?
4. Do you think industry in general and Channel One in particular are intentionally using teachers and students as a means to profit? Or do they have a genuine concern for the education process? On the other hand, if teachers and students benefit from these educational materials or from viewing Channel One, is there any ground for concern?