

# 2015 ACR Presidential Address

## Marketplace Morality

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Last year, Linda Price gave an inspiring presidential address about having fun while you engage in research. This year, I am going to go 180 degrees away from fun (though I hope not from inspiration). I am going to talk about Morality. (Yes, ACR, this is the year of the superego.)

I've been thinking about moral issues for a long time. The ideas I am presenting today are part of a conceptual paper that I am preparing with two collaborators: Ajay Abraham, who is Assistant Professor at Seattle University; and In Hye Kang, who is a doctoral student at the University of Maryland.

Let me start with a couple of vignettes from my own experience.

I was born in Lahore, Pakistan, where there is a large, beautiful mosque built by a Moghul emperor in the 17<sup>th</sup> century. The mosque can accommodate 10,000 worshippers, while another 100,000 can pray in the courtyard.

Next to the mosque is an area called the Diamond Market. This is the Red Light District of the city, where the diamonds refer to women. I was always fascinated by why the Red Light District was next to the largest mosque in the city. I used to think it was just convenience: killing two birds with one stone. But what drove men to engage in prayer and prostitution in close proximity? Now I know that it could be moral licensing or moral cleansing, depending on which of the two activities came first.

Fast forward to a couple of years ago at a research seminar at the University of Maryland. A fellow marketing faculty member was giving a lecture about his research on eye-tracking to an audience of university-wide faculty and doctoral students. At the end of the talk, a member of the audience raised his hand and asked, "How can you live with yourself? Marketing is so unethical. You manipulate people to do things that they wouldn't normally do so companies can make money." There was a moment of silence. My colleague maintained his poise and gave an answer that was quite reasonable. Later, we learned that the audience member was a professor in the math department.

Now I don't know about you, but I don't like being perceived as unethical. We could dismiss these types of comments as coming from people who don't know what we really do. But we also need to do some soul searching. If this is the popular perception of marketing and what we do, perhaps there is some truth in it. Perhaps we need to see how we can change this perspective. Or perhaps we need to change how we approach consumer research so that it is more transformative and less transactional.

Both these incidents concern the issue of morality; the first is about how people reconcile engaging in moral and immoral behavior. The second is about the perception that what we do is immoral.

We make moral decisions every day in all our roles: as children, parents, friends, workers, etc. The ones relevant here are the moral decisions we make as consumers and consumer researchers.

My talk is divided into two parts. The majority of the talk will be about the morality of consumers. Then, I will address the morality of consumer researchers.

### THE MORALITY OF CONSUMERS

What do I mean by the morality of consumers? The Oxford English Dictionary defines morality as "principles concerning the distinction between right and wrong or good and bad behavior."

Consumer morality would be the principles consumers have concerning the distinction between right and wrong. But not in all contexts. What matters to us as consumer researchers is consumers' beliefs about what is right and wrong in the marketplace. I call this concept

*"marketplace morality."*

Marketplace morality is the consumer's views on what constitutes right and wrong or good and bad behavior in marketplace situations. These might be views about consumers' own behavior as buyers or sellers, the behavior of other consumers; the behavior of entities such as firms, the government or regulatory agencies as they impact the marketplace.

The term has its roots in discussions about the moral economy, which means an economic system that is fair and just. In his introduction to the *Journal of Consumer Research's* Morality curations last year, Kent Grayson (2014) refers to the tension between the "moral economy" and the "market economy." Marketplace morality acknowledges these tensions and how consumers resolve these tensions.

I feel that consumers have a different mindset when they are in the marketplace. This mindset licenses them to act in ways they would not in their personal lives. This mindset may be due to different reasons: the type of relationship; economic self-interest; a competitive orientation; or the salience of different goals, to name some. The result is that marketplace morality may cause consumers to feel that it is okay to cheat large corporations or the government. But it is not okay to cheat nonprofit companies, family-owned businesses or others in our in-group.

Marketplace morality guides our behavior in marketing contexts. It affects our emotional reactions and actions in the moral domain. Therefore, studying marketplace morality would entail not just beliefs, but emotions and behaviors that result from these beliefs.

Let me give you some examples of marketplace morality. The first is trade-offs.

### TRADE-OFFS

Consumers often make trade-offs that involve morality. They decide whether to buy clothing that is attractive, but made in a sweatshop. Whether to buy a cheaper product or a more expensive, environmentally-friendly product. Consumers also make trade-offs between competence and morality.

If I'm selling my house, should I choose a real estate agent who sells houses quickly and for a high price, but is known to cut corners? Or should I choose one who is known to be completely honest, but the houses she sells stay on the market longer and don't fetch as high a price?

This is the type of trade-off that I examine with my co-authors Rebecca Hamilton and Debora Thompson, both at Georgetown University. Do consumers use the same moral values in marketplace

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contexts as in their personal contexts? It turns out they do not. In the psychology literature, which examines communal relationships among friends, family and strangers, morality concerns consistently trump competence concerns. For instance, we prefer to have friends who are honest and caring than friends who are clever and competent. In addition, we react faster to morality-related words than to competence-related words, demonstrating the primacy of morality over competence. The underlying reason is that we want to ensure that others don't harm us and that we can trust them.

What we found in the marketplace domain, however, was the opposite. In marketing contexts, such as consumers' hiring an auto mechanic, our respondents consistently preferred competent service providers over moral ones. And this was true even though they liked the moral provider more than the competent provider. Why might this be?

Consumers' goals differ in personal interactions and marketplace interactions. Whereas being moral and protecting ourselves from harm are important in the marketplace, so is achieving our purchase and consumption goal. And consumers are willing to overlook a service provider's immorality as long as the immorality does not harm them. In other words, the purchase goal subsumes the goal of behaving morally.

As reviewers pointed out when they rejected the paper (twice), you can explain all of this in terms of economic self-interest. Of course, they choose the competent service provider because they're satisfying their purchase goal. So, this is not interesting. End of story.

To fight the self-interest argument, we had to re-invent the paper. We had to come up with a situation in which people behave against their economic self-interest to favor the more moral service provider. We found that consumer preferences shifted to the less competent but more moral service provider when the provider elicited empathy. Empathy makes us more outwardly focused and less self-interested. And empathy is a moral emotion.

But I find it fascinating that so many people are willing to give up their moral conscience in the pursuit of an economic goal. Although they liked the moral agent more than the competent agent, they choose the competent agent. Purchase goals are temporary, but morality stays with you always. Why would you compromise it? What does it say about our marketplace morality? And why are we proud of it? These questions deserve further research.

### CONSUMER CHEATING

The next area of marketplace morality that I want to discuss is consumer cheating. Psychologist Jonathan Haidt has done a lot of research on moral psychology. If you're interested in the topic, I recommend that you read some of his work. Haidt sees cheating as a violation of fairness or proportionality. In other words, people are entitled to the rewards of their labor, but not to undue rewards that might be obtained by others' labor (free-riding) or that might be obtained due to playing by a different set of rules from others.

According to the National Retail Federation, wardrobing (i.e., returning used clothing) cost \$8.8 billion in 2012 (Leibowitz 2013). In fact, Bloomingdales introduced a B tag to try to cut down on returns of used clothing. Other examples of cheating are false insurance claims; and consumers claiming to qualify for a benefit that they haven't earned, such as a student discount.

How do we get consumers to cheat less? In other words, how do we change their marketplace morality? Some research suggests that cheating may be reduced by making either moral identity salient or by making morality salient (Mazar, Amir, and Ariely 2008). For in-

stance, we could get people to sign an honor pledge. Or, based on my earlier research, we could induce empathy. But what else can we do?

My doctoral student at the University of Maryland, In Hye Kang, is examining consumer cheating. In Hye examines the role of construal level in cheating behavior. Prior literature on construal level and self-control has shown that abstract (vs. concrete) construal leads people to weight higher-level, longterm goals against immediate, comfortable temptations (Fujita, Trope, Liberman, and Levin-Sagi 2006). Thus, she predicts that abstract (vs. concrete) construal increases the importance given to the goal of acting honestly, which, in turn, decreases dishonest behavior. Initial studies using actual cheating behavior show support for this effect. When abstract construal was activated, consumers lied less to a firm to qualify for a paid survey, and lied less to another consumer to gain more money.

Another example of consumer cheating comes from Honest Tea. Honest Tea is a line of organic beverages positioned as healthy and honest. Each year, the company comes out with a National Honesty Index. In 27 cities in the United States, bottles of Honest Tea are sold on an honor system in kiosks like this. If you take a bottle, you put \$1 in the collection box. It appears that no one is watching, so it offers the opportunity for cheating without incurring legal consequences.

This year, 94% of the nation was honest. Atlanta was the most honest city; everyone who took a bottle paid \$1. Providence, Rhode Island was the least honest, with 17% cheating. In Washington, DC, the city of politicians who know something about being unethical, someone stole the collection box.

Actually, I was amazed at the amount of honesty shown by consumers in this situation. Until I looked at pictures of some of the kiosks and found that these kiosks are labeled as The Honest Store. Since making honesty salient tends to make us more honest, this experiment may overestimate honesty. I wonder how different the results would be if the product was Snapple, and the store was not labeled as honest.

It is clear from these examples that research on consumer cheating matters to firms (who are losing money). But it also matters to consumers (who may feel guilty or badly about themselves). Moreover, cheating hurts "Honest" consumers, who are penalized by paying more for products and services due to the costs attributable to consumer cheating behavior. Thus, doing research on this topic is beneficial to many parties.

### SANCTITY/RELIGION

The next aspect of marketplace morality that I want to discuss is sanctity. In 1989, Belk, Wallendorf and Sherry made a distinction between the sacred and the profane in the consumption context. They suggested that many types of consumption have become sacralized, with rituals and meanings that go beyond the mundane and ordinary to something transcendent and extraordinary.

More recently, Jonathan Haidt and his colleagues (2009) asserted that sanctity, which refers to that which is sacred and pure, is an important moral foundation. The value on sanctity can be seen in research on contamination and moral cleansing. For example, Zhong and Liljenquist (2006) demonstrate a connection between moral purity and physical purity. Consumers who feel their moral purity is under threat are more likely to prefer cleansing products.

Purity is so important to consumers that we have marks that indicate that the product is kosher, halal, green, all natural, or vegan.

Sanctity can also be seen in recent work by McGraw, Schwartz and Tetlock (2012) on taboo trade-offs. They find that consumers disapprove of commercial practices by religious organizations and healthcare companies. In other words, consumers' marketplace mo-

rality says that sacred domains should not be commercialized. This tension between morality and money is seen in a wide variety of literature.

Increasing attention is also being paid to the role of religion in consumer behavior. In fact, there is a forthcoming review article on religion in the *Journal of Consumer Psychology*. In JCR, A fascinating paper by Sandikci and Ger (2010) describes how Turkish society is changing from secular to religious. Many Turkish women donned Islamic clothing because it gave them freedom, while outsiders saw it as a sign of oppression. Although the new clothing was associated with purity, it was also reactance against the move to ban veils. To the extent that Turkish society is becoming more religious, I wonder if the marketplace morality of Turkish society is also changing.

Thus far, I've discussed psychology, anthropology and sociology. Now let's turn to economics.

### **EXPERIMENTAL ECONOMICS**

There is some evidence from experimental economics that market interaction lowers our moral values. In a 2013 article in *Science*, Falk and Szech ran some experiments intended to test moral behavior in markets. They asked participants to engage in a game in which they could kill a mouse to make money. The game had real consequences; participants could make 10-20 euros and a real mouse was killed.

The experiment had three conditions: individual; bilateral; and multilateral. In the individual condition, participants chose to either get 10 euros or save a mouse from being killed. In the bilateral trading market, there was one buyer and one seller in a double auction market. The seller was endowed with the mouse; the seller and buyer negotiated over how to divide up 20 euros. Either the buyer or the seller could make an offer; when the other party accepted, the mouse would be killed. The multilateral trading market worked the same way, except there were 7 buyers and 9 sellers.

The results were quite interesting. In the individual treatment, 46% of the participants chose to kill the mouse for 10 euros. In the two market conditions, however, the numbers went up to over 70%. The authors use this as evidence that markets make us behave less morally.

The question is why do people behave this way? Although the authors offer some ideas, I think this is a question that consumer researchers are ideally situated to address. This question gets to the heart of marketplace morality.

The choice between money and killing a mouse reminds me of two other markets in which morality would be interesting to understand: the human slavery market and the marriage market.

The marriage market is one of the biggest markets in South Asia. It is not a single market. It is multiple markets segmented by religion, socio-economic status, and geography. Men are in a position of power in this market, while women are bartered like commodities. Third party brokers, either for money or other payments, typically negotiate a match between two families. Money exchanges between the bride's family and the groom's family, though the flow is largely one-sided. In order to secure a husband for their daughter, the bride's family has to agree to pay a large amount of money as dowry—cash, jewelry, clothing, furniture, a house.

The exchange of money does not stop with the marriage. Sometimes, the groom's family demands more money or other resources after the marriage. If these are not forthcoming, the groom's family can send the girl back to her own home, which would bring shame and dishonor to her family. In many cases, rejected wives who do not have financial resources prefer being burnt or taking their own lives to being sent back home in dishonor.

What is the morality underlying these markets? What is the morality that forces poor people to go into a lifetime of debt in order to marry off their daughters? Is the dowry part of a fair trade? I think there is scope in consumer research to investigate these larger moral issues because they are in the context of a market of exchange and because they can be truly transformative.

Economists, psychologists, anthropologists, sociologists, ... all these disciplines, along with others, are examining the issue of morality. As I have shown, consumer researchers have also been examining this question. But I think we end up being somewhat shallow in our explanations. Rather than diving in deeply, we tend to pass marketplace immorality off as self-interest.

To summarize, marketplace morality involves examining consumers' beliefs about what is right and wrong in their marketplace interactions. It includes not just beliefs, but also the emotions and behavior that accompany those beliefs. I've only scratched the surface of the topics that might be covered. Fairness, harm, loyalty, liberty, altruism—these are all moral issues that consumers encounter in the marketplace. Many of you have been working on these topics: Dan Ariely, Darren Dahl, Jen Argo, Kate White, Americus Reed, Deb Small, Karen Winterich, to name a few. I haven't even touched on the related emotions: gratitude, disgust, anger, hope, empathy, compassion, embarrassment, guilt and shame. My basic thesis is that we can do more, much more, from the perspective of the consumer.

### **RESEARCH ON MORALITY IS INTERESTING AND RELEVANT.**

Doing research on marketplace morality is not just an academic exercise. Research on morality is both interesting and relevant. It is relevant to consumers, public policy makers, and companies. Companies are facing morality-related issues all the time. (Think Volkswagen.)

Here's another example of how companies deal with marketplace morality. The Baltimore Ravens overlooked the immorality of their star player Ray Rice when he told them that he punched his girlfriend. His competence was too high to worry about his immorality. Then a video emerged showing him punching his girlfriend, and the video raised a public outcry; all of a sudden, both the Ravens and the NFL found Rice's actions deplorable. How did consumers react? Within a few days, consumers burned or traded in thousands of Ray Rice jerseys because they did not want to be associated with him. The Ravens had to spend a lot of money buying back those jerseys. Thus, morality can have real consequences for both companies and consumers.

### **CONCRETE STEPS**

So, where do we go from here? Besides this call for doing research on marketplace morality, I have a few other suggestions.

First, as Editor-in-Chief of the *Journal of Consumer Psychology*, I am considering a special section or a special issue on Consumer Morality. I invite those of you who might be interested in editing such a special issue to talk to me or to SCP President Susan Broniarczyk.

My second call to action is for cross-disciplinary research on marketplace morality. One advantage of being an interdisciplinary field, is that we do not have to use a single lens to investigate a topic. As I've shown, marketplace morality can be studied with a variety of perspectives and lenses. We can look at it in a more micro fashion as well as a more holistic way. We can consider it from the view of the individual consumer as well as broader systems.

My call for multiple perspectives highlights the theme of this year's conference: Advancing Connections. This theme "was inspired by a desire to build better connections across different research paradigms and approaches." I strongly believe that multi-disciplinary research is necessary for consumer research to make significant advances. And it's our unique selling proposition. I urge you to work with someone who has a different perspective so that we can take advantage of the richness of our field. As a start, I would like to invite ethnographic researchers and empirical modelers to collaborate with me on the topic of marketplace morality.

My third call has to do with marketplace morality in the context of our profession. The marketplace for consumer research is one in which we buy and sell our ideas. This conference is one of the venues in which these ideas are exchanged. What are our moral values as we engage in the production and exchange of research? In other words, what is the morality of consumer researchers?

### THE MORALITY OF CONSUMER RESEARCHERS

A few years ago, our field was hit by scandal and questions about the ethical conduct of research. Along with psychology, medicine, and the sciences, we were discovering that some researchers were not following ethical standards. Data were being fabricated; respondents were being dropped from studies; cells were being dropped from experimental designs. Some research papers were retracted from the journals; reputations of authors, co-authors, and universities were besmirched.

Conversations about ethics proliferated conferences and editorial board meetings. The Association for Consumer Research held a special plenary panel on ethics, at which leaders of the field discussed their point of view on what is and is not ethical. The American Marketing Association adopted a new set of reporting guidelines for its journals, as did the *Journal of Consumer Psychology*. Many of us raised these issues at doctoral seminars.

So, what is the current state of ethics in our field? The effect of the scandal has been increased awareness of the issues among authors, reviewers, and editors. Everyone has become more vigilant, and the bar is higher in order to publish your paper. At *JCP*, I see reviewers inquiring about details of studies they may not have asked for before. Underlying this scrutiny is the concern that the effects should be replicable.

Most of you have probably heard about the Reproducibility Project, which was an attempt to try to replicate the results of some articles published in psychology journals. As reported in *Science*, around 270 researchers attempted to replicate 100 articles in three psychology journals: *Psychological Science*; *Journal of Personality and Social Psychology*; and the *Journal of Experimental Psychology: Learning, Memory and Cognition*. The researchers worked with the original authors to get the stimuli, where possible, and to discuss the conditions under which the studies were run. They used larger sample sizes to enhance power. The results should be of concern to everyone: Only 36% of the replications showed a significant effect.

So, what should we do? In an editorial in the October issue of the *Journal of Marketing Research*, Editor-in-Chief Bob Meyer provides some guidelines for how authors should design and report studies to ensure transparency. I endorse these recommendations, and discuss some of them.

The first is the use of larger sample sizes if you are trying to show subtle, counterintuitive effects. If it's that counterintuitive, you need to have stronger evidence for it.

A second recommendation is one that many people in the field, including Michel Pham and myself, have urged: Reduce the insis-

tence on finding a single underlying process. As I have stated before, we need to embrace the notion that a single paper may not be able to identify a single best explanation. Life is messy, and so are the phenomena we study.

Another recommendation is to be more thorough in terms of what you report about studies. *JCP* has a Methodological Data Appendix, in which you can report all the study details that you may not have space for in the text. I suggest that you go beyond what is required so that reviewers don't reject a paper because there was insufficient information.

I think these are practical suggestions that should become the standard for our field.

The Association for Consumer Research has also experienced cases of ethical misconduct. Both last year and this year, we have received complaints from ACR members who have accused others of ethical misconduct, including plagiarism. This year, the ACR Board approved a policy for how to react to reports of ethical violations, and this policy has been put into practice. And yesterday, the Board considered other ethical proposals as well.

In conclusion, I hope my talk has made moral values salient to the ACR community. Next time someone says that marketing is unethical, I would like to be able to tell them how research on marketplace morality is making both consumers and consumer researchers more moral. As a result, society will benefit.

Thank you.

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