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# Commercializing Social Interaction: The Ethics of Stealth Marketing

Kelly D. Martin and N. Craig Smith

*Firms striving to reach consumers through today's swell of marketing clutter frequently are employing novel marketing practices. Although many nontraditional marketing messages are effective through clever, entertaining, and, ultimately, benign means, others rely on deception to reach consumers. In particular, one form of covert marketing, known as stealth marketing, uses surreptitious practices that fail to disclose or reveal the true relationship with the company producing or sponsoring the marketing message. In addition to deception, stealth marketing can involve intrusion and exploitation of social relationships as means of achieving effectiveness. In this article, the authors consider the ethical implications using three stealth marketing case studies. They cast the discussion in the context of consumer defense mechanisms by employing literature on skepticism and persuasion knowledge to help explain the effectiveness of these practices. The authors identify the ethical problems inherent to stealth marketing and conclude their analysis with recommendations for marketers and public policy makers.*

**Keywords:** covert marketing, ethics, stealth marketing, consumer skepticism, deception

**M**arketers today face formidable challenges as they try to make their marketing messages heard. Practitioner estimates suggest that consumers are exposed to thousands of marketing communications daily (Marsden 2006; Shenk 1998). Not only has this proliferation of marketing communications created unprecedented levels of perceived clutter, but it has also led to heightened disdain for corporations by many consumers who actively seek to avoid marketing communications from any source (Johansson 2004; Wells 2004). Many firms have responded with innovative approaches to grabbing consumer attention, including highly successful emotional branding campaigns, wild publicity stunts, and creative product placement and awareness generation tactics. Firms such as Virgin, Unilever, Starbucks, and Adidas have been lauded for their fresh approaches to reaching target audiences and their ability to cut through the multiple distractions vying for consumers' attention (Marsden 2006). Although these campaigns proved largely uncontroversial as they broke through the clutter, other marketers wrestling with the same problem have been criticized because they chose to engage in problematic forms of covert marketing. One of the more prominent examples is Sony Ericsson's "Fake Tourists" promotion, which we examine in greater detail subsequently. The firm hired actors to ask people at tourist sights

to take their photograph using the company's new camera phone, but they did not disclose their affiliation with the company, even when praising its features. Sony Ericsson got consumers' attention—indeed, more than it bargained for—but by using deception. In this article, we examine the ethics of these covert marketing practices that rely on deception for their effectiveness.

This subset of covert marketing is commonly classified as stealth marketing, but it has also been referred to as shill, undercover, or masked marketing (Balter and Butman 2006; Petty and Andrews 2008). We define stealth marketing as the use of surreptitious marketing practices that fail to disclose or reveal the true relationship with the company that produces or sponsors the marketing message (see also Balter and Butman 2006; Kaikati and Kaikati 2004; Word of Mouth Marketing Association [WOMMA] 2007a). Stealth marketing is sometimes intended to create positive word of mouth, or "buzz," around a product and thus is closely associated with "buzz marketing" or "word-of-mouth marketing." Specifically, WOMMA (2007a) defines buzz marketing as "giving people a reason to talk about your products and services, and making it easier for that conversation to take place." However, WOMMA, an organization that is viewed by many as the authority on word of mouth and especially the many nontraditional variations (Taylor 2005), disapproves of stealth marketing.

Covert means not openly acknowledged or displayed, but it does not necessarily require that something is intentionally hidden. For example, Burger King's hugely popular "Subservient Chicken" Web site features an actor in a chicken suit who responds to (most) requests typed into a box. It is covert marketing because it is a subtle way of communicating the brand's motto, "Have it your way"; however, the brand sponsor is clearly communicated in

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small print at the bottom of the page. Product placement is also covert marketing. Showing products in desirable usage situations endorses the product, but it does not hide the brand (nonetheless, the practice can be problematic because people may be unaware that the brand marketer paid for the product's appearance). Covert marketing can also include promotions in which the identity of the marketing sponsor is not immediately obvious but becomes apparent, as in many of chief executive officer (CEO) Richard Branson's publicity stunts on behalf of the Virgin brand. However, by definition, covert marketing can extend to practices in which consumers are left entirely unaware of the marketing sponsor, such as the tourists duped by Sony Ericsson. To some critics, this is the marketing equivalent of the stealth bomber; consumers are hit with marketing messages without knowing what (or who) has hit them (Branscum 2004). Unlike military conflict, however, these practices raise important questions of consent in a marketing context.

Kaikati and Kaikati (2004, p. 7) and others refer to the "growing popularity" of stealth marketing, but its increased use is difficult to quantify, in part because it uses clandestine means (Branscum 2004; Taylor 2005). A recent survey of CEOs and other top-level firm decision makers reports that companies now allocate nearly 15% of their overall marketing budget to nontraditional practices, including "word of mouth, buzz marketing, and viral marketing" (Sass 2006). Although other recent evidence suggests a possible decline in the use of viral marketing practices specifically (*Marketing News* 2007), most projections indicate that the overall percentage dedicated to novel marketing techniques will only continue to increase, whereas traditional forms of advertising spending will continue to decline (Sass 2006). Some sources approximate collective buzz marketing spending in the United States at somewhere between \$100 million and \$150 million (Horovitz 2005).

More anecdotally, observers of covert marketing point to prominent examples of its use, especially by major brands, and the factors that drive or facilitate its increasing adoption, including ways consumers can block marketing messages. Specifically, with technologies such as integrated digital video recorders (e.g., TiVo), consumers can almost totally avoid television commercials (Walker 2004), do-not-call registries have effectively blocked telemarketing calls from many consumers' homes (Beard and Abernethy 2005), and online protections effectively guard consumers from spam and other unwanted Internet marketing communications. As these protective devices are refined and become more established among the general population, marketers must find new ways to reach target audiences. Web 2.0 and the rapid growth of consumer-generated Internet content, coupled with its displacement of existing media, are key factors that facilitate stealth marketing and make it potentially more appealing to marketers.<sup>1</sup>

<sup>1</sup>Stealth marketing is not exclusively an Internet-based or even a new phenomenon. Kaikati and Kaikati (2004) cite an example from the 1920s, when the department store Macy's used "brand pushers" to sell a large inventory of long white gloves. Macy's hired 25 well-dressed women to ride the New York subway wearing the gloves and respond to queries from bemused riders (Kaikati and Kaikati do not say whether the women disclosed their affiliation with the store). Web 2.0 is a term being used to describe the move by the computer industry to the Internet as platform and

In addition to concerns about its deceptiveness, stealth marketing is often intrusive or exploitative of social relationships or the kindness of strangers (e.g., Sony Ericsson). Indeed, the consumer advocacy group Commercial Alert cites deception, intrusion, taking advantage of the kindness of strangers, and turning people's friends and families against them, for profit, as the central problems with buzz marketing (see [www.commercialalert.org/issues/culture/buzz-marketing](http://www.commercialalert.org/issues/culture/buzz-marketing)). Although we agree with the problematic nature of these central issues highlighted by Commercial Alert, we consider its critique to be somewhat overdrawn. Specifically, not all buzz or word-of-mouth marketing is deceptive, intrusive, or what we would describe as exploitative. Nonetheless, it is perhaps *because* of the deception, intrusion, or exploitation inherent in stealth marketing that these practices have proved effective.

Some marketers are turning to stealth tactics to circumvent consumer skepticism, a protective mechanism that consumers use to guard against marketing communications (e.g., Brown and Krishna 2004). This heightens concerns about practices designed to communicate a marketing message while purposefully concealing the source of that message. Indeed, advocates of stealth marketing praise its ability to "catch people at their most vulnerable by identifying the weak spot in their defensive shields" (Kaikati and Kaikati 2004, p. 6). Although ethical concerns have surfaced among consumer groups and in the popular and business press (e.g., Berner 2006; Boyer and Ashley 2007; Walker 2004; Wells 2004), there has been little scholarly research to date and, to our knowledge, no formal ethical analysis of stealth marketing.

Central to a meaningful ethical analysis of stealth marketing is knowledge of the facts of the practice and understanding of the relevant underlying issues. Although some practitioners, scholars, consumers, and their advocates assert that some, if not all, covert marketing is ethically egregious, the dimensions that make certain forms objectionable have yet to be conceptually delineated. Our purpose is to contribute to this conceptualization by differentiating between stealth and other forms of covert marketing and to offer an initial ethical analysis and recommendations to both practitioners and policy makers.

In the balance of this article, we present three case studies of stealth marketing. Our subsequent analysis of these cases identifies and isolates the manner and extent to which deception, intrusion, and exploitation of social relationships are involved and how these attributes potentially violate ethical standards. We apply both codes of marketing practice and theories of moral philosophy to ground our discussion. We then evaluate the effectiveness and further discuss the consequences of stealth marketing, augmented by an examination of the role of consumer skepticism and the additional defense mechanisms that it potentially circumvents. In conclusion, we build on our analysis to propose a set of guidelines for marketing practitioners and some recommendations to policy makers. We include a discussion of the potential negative consequences for firms exposed as engaging in stealth marketing and for marketing practice in general.

the accompanying utilization of network effects, including the user as contributor (e.g., in blogs, online reviews, social networking sites).



## Stealth Marketing Case Studies

### Sony Ericsson's Fake Tourists

Passersby at tourist destinations were the target of Sony Ericsson's stealth campaign in 2002, when New York agency Fathom Communications hired 60 actors to pose as tourists in ten cities across the United States on behalf of the company (Branscum 2004; Shin 2006; Thomas 2004; Vranica 2002; Walker 2004). Unsuspecting people were asked to photograph the fake tourists with the newly launched T68i camera phone. The actors were instructed to approach people with the simple request of taking a photo, usually near some tourist attraction, such as the Empire State Building in New York or the Space Needle in Seattle. After the person obliged, the Sony-paid and -scripted actor demonstrated the mechanics of the camera phone and began talking up its benefits and features. The actors did not identify themselves as representatives for Sony Ericsson. Ultimately, hundreds of unsuspecting consumers gained hands-on access to and experience with the Sony Ericsson phone, and many others learned about it through word of mouth. Other initiatives as part of the \$5 million campaign included actresses engaging strangers in conversation in trendy lounges and bars while using the phone and pairs of actresses playing an interactive version of the game *BattleShip* on their phones at either end of a bar.

Fake Tourists was exposed in the *Wall Street Journal* and on the investigative television program *60 Minutes*. Criticized for deceptive practices, Sony Ericsson's director of marketing communications at the time, Jon Maron, argued that consumers would not be offended, asking, "How many times do people that you don't know come up to you and talk to you?... It's very natural, especially in a club or restaurant" (Vranica 2002, p. B1). He further claimed that actors would confess that they worked for the company if asked. Later commenting on the effectiveness of covert marketing in general, Maron attested that covert programs "allow you to get to where consumers live, to where they play, to where they work in a way that is not invasive and doesn't look necessarily like a sales pitch" (Branscum 2004). Dee Dutta, Sony Ericsson's corporate vice president of global marketing, expressed no regrets about the Fake Tourists campaign two years later, saying, "For the kind of money we spend, these campaigns are very effective" (Branscum 2004). Although Fathom Communications has not been involved in any covert marketing campaigns since Sony Ericsson's Fake Tourists, this example set the stage for marketers to convert simple daily occurrences into branding events, commercializing social interaction and "chitchat" in myriad different ways and across multiple product categories (Branscum 2004; Walker 2004, p. 70).

### Wal-Marting Across America

In September 2006, Wal-Mart's public relations firm, Edelman, launched a folksy blog Web site on Wal-Mart's behalf. The site was sponsored by a grassroots organization set up by Edelman and funded by Wal-Mart called Working Families for Wal-Mart. The blog detailed the adventures of Laura and Jim, ostensibly two ordinary people who traveled across the United States on a maiden trip in a recreational vehicle (RV), stopping at Wal-Mart locations to interact

with employees and even camping out in Wal-Mart parking lots. The blog enjoyed popularity until Wal-Mart's sponsorship of the site was exposed by *BusinessWeek* (Gogoi 2006), leading to a surge in criticism from both consumers and influential sources, such as the Consumerist (<http://consumerist.com/>) and Walmartwatch.com. Gogoi (2006) reported that Laura and Jim were (to some extent) "for real" and that the idea surfaced while hiking in the Grand Canyon. Laura and Jim discovered that "RVers" enjoyed free parking in Wal-Mart's lots and decided that they would take advantage of this. Laura (St. Claire), a freelance writer, planned to chronicle the experience. Apparently, the couple sought permission from Working Families for Wal-Mart and were then offered support for their trip, including payment for writing the blog, complete with photographs by Jim (Thresher).

Wal-Marting Across America was "relentlessly upbeat," carrying stories of the company's positive social contributions (Gogoi 2006). The entry "From Cashier to Manager" reads, "Now Felicia is a Project Manager for Corporate Strategy/Sustainability and is very proud of Wal-Mart's efforts to protect the environment.... Wal-Mart is working toward an energy use goal of 100% renewable resources; targeting zero waste from packaging by 2025 and selling products that are good for the world." Laura and Jim's blog carried the Working Families for Wal-Mart logo but did not disclose that Wal-Mart paid for the flight at the start of the trip, the RV, the fuel, and the blog entries. However, it is possible that the too-good-to-be-true accounts of Wal-Mart employees met on the trip (apparently not one had a complaint about Wal-Mart) alerted some readers to the blog's questionable authenticity. These corporate-sponsored or -crafted blogs that deceptively appear to be authored by consumers or unbiased third parties are known as "flogs," or fake blogs (Fernando 2007, p. 9). The Wal-Marting Across America campaign and Dr Pepper's Raging Cow flogs are notable examples, but it is likely that many more flogs exist and continue to deceive consumers as to their authenticity and sponsorship.

### Tremor and Vocalpoint

An influential and ongoing vehicle for stealth marketing involves large networks of agents who are seeded with product samples and encouraged to promote those products to friends, family, acquaintances, and strangers. Perhaps the most prominent is Tremor, the teen network founded by Procter & Gamble (P&G) in 2001. Tremor boasts approximately 250,000 members between the ages of 13 and 19 who are considered "connectors" in their social network of friends. Connectors are early adopters who have deep and wide social networks, often boasting 150 friends on their instant-message buddy lists (compared with a teen average of 25). The value in Tremor's connectors involves their ability to advocate for brands, amplify brand messages, communicate passionately, and persuasively call to action.<sup>2</sup>

Tremor was so successful that in 2005, P&G launched an analogous network of mothers to serve its own brands more effectively (Neff 2006) and now boasts the largest network

<sup>2</sup>Except when indicated, the data sources for this case are P&G Web sites: [www.tremor.com](http://www.tremor.com) and [www.business.tremor.com](http://www.business.tremor.com) (accessed November 3, 2007).

of connectors (Berner 2006). Vocalpoint, a 450,000-member network of moms, has helped create or refine new P&G products, such as Dawn Direct Foam dishwashing liquid and Iams Smart Puppy food. Recent accounts cite more than ten P&G brands involved with Vocalpoint campaigns (Berner 2006). Vocalpoint connectors are highly effective primarily because they talk with approximately 25 people a day, whereas the average mom purportedly talks with 5 people a day. Buzz marketing firms, such as Tremor and Vocalpoint, and others, such as Alloy, BoldMouth, and BzzAgent, successfully exploit word of mouth by providing products to consumers who, in turn, strongly advocate for these products in their daily interpersonal interactions. As Steve Knox, Vocalpoint's CEO, observes, "We know that the most powerful form of marketing is an advocacy message from a trusted friend" (Berner 2006, p. 32).

According to accounts from actual participants, the buzz agent identities or the corporate sponsorships of most of these people are never disclosed (Walker 2004). Indeed, many of the agents within this vast network of stealth product promoters argue that their effectiveness would be compromised if they disclosed their company affiliations (Ahuja et al. 2007; Wasserman 2006). Furthermore, the corporate-sponsored creation and generation of such tactics distinguishes these practices from more traditional word-of-mouth communications in which consumers may advocate for or against products to peers without the directive of a company, on the basis of authentic personal experiences. Procter & Gamble maintains that its connectors can determine whether to disclose the company affiliation (Berner 2006). The Tremor site also notes, "Keep in mind, Tremor never tells its Members what to say—they have the choice to spread the word about the things that Tremor sends them." Moreover, Tremor connectors are unpaid. Although they receive samples and coupons, these are not provided as a form of compensation.

Proponents of stealth marketing argue that no real harm is done when consumers genuinely advocate for products and services to one another, even when the advocacy is company sponsored and scripted and this is not disclosed, if positive results are experienced by the target as a result of the product or service (e.g., Kaikati and Kaikati 2004). However, positive or negative product experience effects may be merely short-term outcomes for the target consumer. The longer-term consequences may have more serious implications for consumer welfare, firm reputation, overall marketing effectiveness, and, ultimately, society as a whole. Moreover, good versus bad consequences are not the only consideration, at least from a normative ethics perspective. Accordingly, we turn our attention to the ethical implications of our three cases.

## Ethical Analysis

Our three cases illustrate different settings used in stealth marketing, including in-person, in which one party unknown to the other is acting on behalf of a company (Sony Ericsson); in blogs, in which the blogger's site is company sponsored (Wal-Mart); and person to person in social contexts online and offline (P&G). They feature major brands and companies with valuable reputations to protect and, in the case of P&G, a company widely recog-

nized for its marketing prowess and careful decision making. However, each has been charged with unethical conduct. We evaluate the basis for such criticism, examining each case according to the key issues of deceptiveness, intrusion, and exploitativeness. The centrality of these issues is evident in our conceptualization of stealth marketing and the cases described, as well as criticism in the media and from organizations such as Commercial Alert. These issues are also well grounded in theories of moral philosophy and ethical standards in marketing consistent with these theories.

In general, theories of normative ethics are either consequentialist or nonconsequentialist (Hunt and Vitell 1993; Kimmel and Smith 2001). Consequentialist theories consider the overall goodness of the consequences as the basis for making an ethical judgment. In contrast, nonconsequentialist theories focus on the nature of the act in question and treat consequences as less relevant or, in the case of some theories, not at all relevant. Ultimately, nonconsequentialist theories rely on other criteria for ethical evaluation, such as moral duties. With deception, familiar duties of truth telling are invoked, whether from religious sources or moral philosophers. For example, deception is problematic under Immanuel Kant's (1724–1804) categorical imperative because a person should "act only on a maxim which you can at the same time will to be a universal law," and thus to lie when it is convenient to do so is not a maxim for action that could be universally adopted (Korsgaard 1992, p. 666).

With regard to the ethics of stealth marketing, it is important to evaluate from both the nonconsequentialist perspective, such as using familiar moral duties that require truth telling, and the consequentialist perspective, considering all the consequences that can be generated by deception. Bok (1992) observes that deception is a way to make people act against their will and is the most common reason for distrust. According to this account, it is often through deception that greater evils flourish.

On the face of it and supported by the cases described, stealth marketing does not appear to lead to some greater evil. Simply put, however, it may be morally wrong because it violates a duty of fidelity to the truth, even if there are no apparent adverse consequences. Indeed, "no harm done" is often the refrain of stealth marketing defenders. However, aside from its disregard of moral duties and other nonconsequentialist perspectives that question deception (e.g., virtue ethics), this judgment may reflect an underestimation of the consequences. There are the immediate consequences for the targets of stealth marketing, including potentially making incorrect inferences about brands or products. Furthermore, on learning that they were deceived, consumers may experience feelings of being duped and associated responses, such as lowered self-esteem. There are potential good consequences too, such as learning useful information about a product or being entertained. However, there are also less obvious and perhaps longer-term adverse consequences, such as denigration of the brand, heightened distrust of business in general and marketing in particular, and the potential social harm of seemingly sincere human interactions proving to be inauthentic.

Various ethical decision-making frameworks have been proposed in marketing (see the review in Dunfee, Smith,

and Ross 1999). For example, Lacznia and Murphy (1993) identify a series of questions to be asked, such as, “Is this action contrary to widely accepted moral obligations? (duties test),” and “Is it likely that any major damages to people or organizations will result from the contemplated action? (consequences test),” consistent with our foregoing analysis. These frameworks point to the ethically problematic nature of stealth marketing and the appropriateness of our focus on the issues of deception, intrusion, and exploitation. However, they lack sufficient specificity for a more detailed treatment.

A specific source of guidance on ethical conduct in marketing practice is the American Marketing Association’s (AMA’s) Statement of Ethics.<sup>3</sup> Stealth marketing is problematic under General Norms 2 and 3 of the AMA code that marketers “must foster trust in the marketing system” and “must embrace, communicate and practice the fundamental ethical values that will improve consumer confidence in the integrity of the marketing exchange system.” More specifically, among the AMA’s six basic values are honesty, fairness, and openness. Honesty is “to be truthful and forthright in our dealings with customers and stakeholders”; this requires that marketers “tell the truth in all situations and at all times.” Fairness is “to try to balance justly the needs of the buyer with the interests of the seller”; this requires that marketers represent their products “in a clear way in selling, advertising and other forms of communication; this includes the avoidance of false, misleading and deceptive promotion.” Finally, openness is “to create transparency in our marketing operations”; this requires that marketers “strive to communicate clearly with all our constituencies.” It is difficult to see how the cases described are consistent with these basic values or statements of norms intended to guide marketing practice.

## Deception

In all three cases, we suggest that consumers were deceived because the marketing agent or commercial sponsor of the activity was not disclosed, consistent with our definition of stealth marketing. Ultimately, the representatives of each company (actors, bloggers, and connectors) were not required to disclose their affiliation. As far as we know, however, they were also not instructed to withhold that information if asked. Such an instruction might well have had legal ramifications for the company, as we discuss subsequently. Media articles indicate that P&G permits individual discretion for disclosure by its program participants (Walker 2004).<sup>4</sup> We must acknowledge that the affiliation was more apparent in situations in which participants were distributing product samples. Similarly, in his comment, Sony Ericsson’s Maron implies that it was obvious that the actresses in the bars, at least, were working for the brand. Laura and Jim’s blog carried the Working Families for Wal-Mart logo but did not disclose Wal-Mart’s financial support for the trip. Their blog comments may have

appeared authentic even if they seemed too good to be true for some readers.

Deception is the intentional effort to mislead people. It raises ethical concerns in itself and also because of its consequences. Lying, which involves falsehoods that are intended to deceive, is considered morally problematic by virtually all major philosophical traditions and religions. Lying involves deception by commission, as in stating a falsehood knowing it to be untrue. However, deception also occurs by omission, and this is more typically the case with stealth marketing. Although connectors or writers of flogs may intentionally make untrue statements about the brands they represent, the core deception occurs through failure to disclose their relationship with the brand sponsor. Laura and Jim’s blog may not have contained any statements about Wal-Mart that they believed to be untrue, but the deception lay in what they *did not* say about their relationship with Wal-Mart. Equally, the fake tourists may not have lied to the passersby they asked to take their photo, but their ties to Sony Ericsson were left undisclosed.

Deceit is hardly an infrequent occurrence in daily life. Indeed, it fulfills useful social functions and is often deemed to be morally justifiable, at least from certain philosophical perspectives—for example, when it takes the form of “white lies” used to avoid greater harms that might result from telling the truth. Nonetheless, stealth marketing does not fall into this category, and it is not justifiable to argue that it is merely part of daily life. More fundamentally, there is the societal expectation that consumers must give consent to marketing. The circumventing of consumer skepticism by stealth marketing (which we delineate in greater detail subsequently) adds to this critique because it removes consent.

Note that the deception in Tremor is one step removed from P&G. Thus, the firm might claim that it is not engaging in anything deceptive *itself*, and its unpaid connectors are free to disparage as well as praise the products they receive. It might be argued, however, that it is disingenuous to suggest that the absence of monetary compensation preserves connectors’ independence of judgment. It seems more likely that there is a tacit understanding in which being included in the network, receiving samples and coupons, and being “in the know” comes with an expectation of positive endorsement. This may be P&G’s vision of “consumers in control” and “consumers wanting to co-create” (Otto 2006), but it is hardly comparable to consumer-generated content when the firm distributes the products and generates the messages that its connectors are expected to discuss and share. Although it does not tell connectors precisely what to say, Tremor provides a word-of-mouth message that research has indicated is likely to be successful and subsequently measures the results of the campaign relative to that message being advocated (see [www.tremor.com](http://www.tremor.com)).

Procter & Gamble, which wholly owns Tremor and Vocalpoint, publishes its ethics principles and lists integrity (“We always try to do the right thing”) and trust (“We respect our P&G colleagues, customers and consumers, and treat them as we want to be treated”) among its values.<sup>5</sup>

<sup>3</sup>See <http://www.marketingpower.com/content435.php> (accessed October 20, 2007).

<sup>4</sup>Multiple attempts were made by the first author to contact P&G regarding its disclosure policies for Tremor and Vocalpoint. Despite e-mail communications by P&G ensuring the request was being processed, at the time of final submission of the article, no response had been received.

<sup>5</sup>See [http://www.pg.com/company/who\\_we\\_are/ppv.jhtml](http://www.pg.com/company/who_we_are/ppv.jhtml) (accessed November 3, 2007).



More specifically, regarding its advertising and promotion policies, it states, “A basic operating principle of the Company is honesty. Neither deceptive advertising nor questionable promotional activity can ever be justified. These are vital tenets of our dedication to consumers and essential to gaining and keeping their continuing loyalty to our brands.”<sup>6</sup> Although P&G is not a member company, these values are not dissimilar to those of WOMMA, whose “Honesty ROI” refers to “Honesty of Relationship: You say who you’re speaking for; Honesty of Opinion: You say what you believe; Honesty of Identity: You never obscure your identity.” More specifically, Clause 2 advises that marketers should “instruct [advocates] to be open and honest about any relationship with a marketer and about any products or incentives that they may have received” (see the Appendix). Clause 5 also extends the Honesty ROI downstream, noting, “we instruct advocates about ethical communications and we never instruct or imply that they should engage in any behavior that violates the terms of this code.”

### Intrusion

Intrusion reflects a violation of privacy. The charge of intrusion arguably can be sustained in the Sony Ericsson case, in which presumably passersby and tourists were interrupted in their journeys and sightseeing for what was essentially an invitation to assist the fake tourists and thus provide them with an opportunity to demonstrate the product. However, the seriousness and severity of the intrusion might be questioned. It seems difficult to argue that this charge of intrusion, in itself, can constitute a major ethical concern as a privacy violation, the deception and exploitation notwithstanding. Notably, the WOMMA code states, “We respect the privacy of consumers at all times” (Clause 6), but it refers more specifically to privacy in relation to data protection (and with commitments to privacy similar to those found on the Tremor site).

Intrusion is difficult to assert in the P&G case; presumably, with both Tremor and Vocalpoint, the interventions by participants on behalf of the program formed part of their day-to-day interactions with message recipients. Furthermore, as a blog that people willingly visit, it is equally difficult to claim any intrusion in the Wal-Marting Across America case.

### Exploitativeness

Exploitativeness criticisms reflect the belief that stealth marketing cynically exploits human good nature, which is wrong in itself and in its possible effect on future individual willingness to help others. Moral duties are potentially violated, and there are possible troubling consequences. In the Sony Ericsson case, the kindness of strangers was the basis for the stealth marketing interaction. The genuine tourists or passersby presumably responded favorably because they wanted to help and assumed that the request of the fake tourists was in good faith. Similarly, Wal-Mart was exploitative of the trust in blogs as reports of authentic consumer experiences. Procter & Gamble’s Tremor and Vocalpoint are exploitative of presumably genuine friendships, or at the very least, the connectors involved are encouraged to

exploit their friendships to serve P&G’s ends as well as their own. There is potentially a heightened concern over exploitativeness with Tremor, given the greater vulnerability of the young teens participating, though they are required to be at least 13 years of age, an age minimum that also corresponds to WOMMA guidelines.

In each case, the harm may seem minor or even non-existent, but again, attention must be given to more indirect and possibly long-term harms. Compared with many multi-level marketing schemes (e.g., Amway), P&G connectors are not trying to sell products directly to their friends, but they are engaged in relationship marketing on behalf of a brand and possibly without target message recipients being aware of their affiliation. As Grayson’s (2007) study of friendships and business relationships suggests, problematic role conflict is a likely consequence for the connector regardless of target awareness, though Grayson also suggests that this conflict can be managed. Exploitativeness is not addressed directly in the WOMMA code, but it may be sufficient for the code to condemn the deception of stealth marketing, consistent with Oliver Wendell Holmes’ (1809–1894) famous dictum: “Sin has many tools, but a lie is the handle which fits them all.” Ultimately, how desirable is a world in which people must question whether social interactions with even their closest friends are really just corporate-sponsored attempts to sell something?

Table 1 summarizes our analysis of deception, intrusion, and exploitation in the three cases. Overall, our ethical analysis has highlighted the importance of evaluating stealth marketing from a nonconsequentialist perspective, especially with regard to well-established, general moral duties (e.g., truth telling) and marketing-specific moral duties identified in industry and company codes. However, managers often rely less on nonconsequentialist than consequentialist reasoning (perhaps because of its similarity with cost–benefit analysis). Moreover, if only because marketers can be expected to point to perceived good consequences for brands, the consequences of stealth marketing warrant a deeper analysis, drawing in particular on consumer psychology to explore consumer consequences more fully.

## Potential Stealth Marketing Consequences

### Firm-Level Effectiveness

Despite the possible marketing benefits, stealth practices are not a panacea for effectively reaching customers. Experts in the field suggest that only a select group of products and services is appropriate for stealth techniques in particular and buzz marketing more generally. For example, Marsden (2006) warns against attempting to generate buzz about “unbuzzworthy” products. Moreover, he insists that buzz or covert marketing works only when products deliver experiences that truly exceed customer expectations and would be recommended by consumers to one another regardless of corporate encouragement. For products that fit the buzzworthy profile, covert marketing is still notoriously difficult to control (Kaikati and Kaikati 2004). As with any verbal communication, and as in the party game known as “telephone” or “Chinese whispers,” the potential for buzz marketing messages to become distorted as they travel through various links in a communication chain is signifi-

<sup>6</sup>See [http://www.pg.com/company/who\\_we\\_are/ppv.jhtml](http://www.pg.com/company/who_we_are/ppv.jhtml) (accessed November 3, 2007).

**Table 1. Analysis of Stealth Marketing Case Studies**

	<b>Deception</b>	<b>Intrusion</b>	<b>Exploitation</b>
Sony Ericsson's Fake Tourists	Yes—paid actors' affiliation not disclosed	Yes—but arguably of minor consequence	Yes—exploiting the kindness of strangers
Wal-Marting Across America	Yes—but some readers might have been suspicious because the blog was too good to be true	No—visited willingly by interested readers	Yes—exploiting consumer trust in blogs in general
P&G's Tremor and Vocalpoint	Yes—but the P&G "connectors" are unpaid, not told what to say, and decide for themselves whether to disclose their affiliation with the program sponsor (some may disclose the affiliation, and it is apparent if they issue samples to their acquaintances)	No—likely to form part of day-to-day interactions	Yes—exploitative of friendships, though at the discretion of the individual connectors involved

cant. Finally, if consumers realize that they have been duped by stealth marketing, the negative backlash can be severe, as Wal-Mart (and Edelman) found with the Wal-Marting Across America campaign and Dr Pepper with consumers "raging about the company's marketing tactics" and even calling for a boycott over its Raging Cow blog, which was part of its efforts to launch the Raging Cow line of flavored milk beverages (Heinzl 2003). These possible weaknesses notwithstanding, industry observers still speculate that stealth marketing will become increasingly popular as marketers' targets become more elusive and difficult to reach (Foxton 2006; Sass 2006).

Firms' difficulties in reaching target consumers are further complicated by the push for greater marketing accountability both within the firm and to investors (Luo and Donthu 2006). Indeed, as advertising costs soar (Urban 2005), marketers are being obliged to provide greater evidence of the effectiveness of marketing expenditures, and marketing metrics and models have evolved to enable firms to better evaluate marketing's contribution to the bottom line (O'Sullivan and Abela 2007; Rust et al. 2004). Because of the surreptitious nature of stealth marketing tactics, however, tracking and quantifying their effectiveness is difficult at best. Although it is widely believed that these techniques have enabled marketers more precisely to reach consumers when they are least defensive and skeptical, data supporting these assertions are still elusive. Nonetheless, recent accounts claim that, in general, covert marketing practices have proved to be effective in reaching target customers with greater accuracy and at substantially lower cost than conventional alternatives (Ahuja et al. 2007; Khermouch and Green 2001; see also [www.business.tremor.com](http://www.business.tremor.com)).

Given its relatively low cost and potentially more precise reach, stealth marketing appears to have garnered considerable short-term benefits for firms such as P&G (Neff 2006). Perhaps, however, there are more far-reaching consequences of stealth marketing that have yet to be fully realized, including the need to address charges of unethical practice, widespread marketplace distrust, and consumer backlash, at least if articles beginning to surface in the popular press are any indication (e.g., Wasserman 2006).

These potential ramifications become more apparent as we explore in detail the consequences for consumers of stealth marketing, especially with regard to diminished consumer defense mechanisms.

### Consequences for Consumers

In conventional marketing exchange, consumers possess three types of information: (1) product knowledge, (2) persuasion knowledge, and (3) agent knowledge (Obermiller, Spangenberg, and MacLachlan 2005). By hiding the marketing sponsor, stealth marketing is intended to undermine both persuasion knowledge and knowledge of the marketing agent or sponsor. By undermining two of these three critical pieces of information (persuasion knowledge and agent knowledge), stealth marketing potentially deprives consumers of defense mechanisms that typically guard them when encountering marketing communications. Indeed, covert marketing practices that fail to disclose a persuasion attempt by a marketing agent may achieve effectiveness specifically because they subvert consumers' defense mechanisms, including persuasion knowledge and skepticism (Kaikati and Kaikati 2004). In particular, skepticism creates general and broad-based consumer tendencies toward disbelief and suspicions of ulterior motives in marketing communications (Obermiller and Spangenberg 1998, 2000).

Furthermore, research on persuasion knowledge (Friestad and Wright 1994, 1999; Wright 2002) has identified the multiple responses consumers exhibit when facing a persuasion attempt. Forestalling, withdrawing, assertively resisting, or confronting persuasion agents are just a few of the possible response mechanisms available to consumers who want to guard against unwanted persuasion attempts (Kirmani and Campbell 2004). Ultimately, consumers often do not choose to avoid marketing efforts and comply with the persuasion at hand. Nonetheless, although a consumer's goals may lead to acquiescence, this response is a concerted choice in which the consumer is cognizant of the compliance. In these situations, consumers can employ additional response strategies to tailor the persuasion experience to



their advantage. Specifically, these goal-seeking strategies can involve asking, connecting, rewarding, directing, or even bargaining on the part of the consumer (Kirmani and Campbell 2004).

It follows that a degree of consumer distrust and skepticism can have positive consequences for consumers (Darke and Ritchie 2007). Indeed, when consumers knowingly process a marketing communication, distrust can heighten their levels of objective systematic processing (Priester and Petty 1995). Furthermore, suspicion of marketers' ulterior motives can increase consumers' accuracy in evaluating marketing communication credibility (Campbell and Kirmani 2000). However, disbelief, distrust, and suspicion are likely to be activated only when consumers are aware of the persuasion attempt and/or presence of the persuasion agent. When either the attempt or the role of the agent is not evident, as in stealth marketing, consumers are left to process concealed marketing efforts without the defense mechanisms that usually guide their responses to persuasion.

So what are the potential long-term effects of stealth marketing and the associated subversion of consumer defense mechanisms? Is it not possible that experiences with stealth marketing could simply strengthen persuasion defenses and ultimately produce more savvy consumers? We believe that though consumers may become more aware of the practice, should it continue, this will not substantially strengthen their defense mechanisms against new stealth marketing campaigns. Applying the literature on persuasion, skepticism, and distrust to stealth marketing, we suggest that far more detrimental consequences can result from widespread consumer distrust and heightened skepticism. Research has demonstrated linkages between consumer distrust and generalized negative stereotypes about advertising (Darke and Ritchie 2007). This phenomenon has potentially damaging effects for firms using stealth marketing, for their competitors, and possibly even for their network of interfirm partners. In addition to the negative reputational and image effects for companies using stealth marketing, consumer distrust requires greater spending and creativity by firms to achieve the same ends (Pollay and Mittal 1993). Beyond this, Obermiller, Spangenberg, and MacLachlan (2005) conclude that too much skepticism can obstruct an efficient market and that worthwhile information can lose its meaning and utility when consumers collectively stop believing it and acting on it.

It is noteworthy that not all covert or buzz marketers advocate a stealthy or deceptive approach. Some maintain a principle of openness in their prescriptions and condemn covert marketing that lacks disclosure (e.g., Foxton 2006; Marsden 2006). Urban (2005) argues more generally for customer partnerships characterized by total transparency. He asserts that today's increasingly savvy consumers have unprecedented access to information and eventually will uncover ethically questionable tactics. Although a belief that the truth will prevail and adoption of marketing prescriptions guided by principles of transparency have merit in this context, it is not clear that this is a sufficient response to the problems posed by stealth marketing. Building on these potential (if somewhat speculative) long-term consequences and our broader ethical analysis, we offer the

following recommendations for marketers and policy makers.

## Recommendations

We have been careful to distinguish stealth marketing from the broader category of covert marketing. Through our analysis, we have concluded that stealth marketing is unethical on multiple counts, not least of which is the deception inherent to stealth marketing. It was clear in the Sony Ericsson and Wal-Mart cases, but it was also evident, to a lesser degree, in P&G's Tremor and Vocalpoint in the apparent failure of its connectors to disclose their affiliation. Such deception is inconsistent with codes of conduct of the AMA and WOMMA, as well as more fundamental ethical analyses that draw on theories of normative ethics and frameworks for ethical decision making in marketing.<sup>7</sup> Stealth marketing also may be unethical because of its potential intrusiveness and exploitativeness. Our first recommendation to marketers should be to act consistently with codes of good conduct and avoid engaging in stealth marketing tactics. In practice, however, practitioners might easily mistake stealth marketing for a relatively innocuous covert marketing campaign. With this in mind, we offer the following guidelines to marketers.

### Seek Alternatives to Deception, Intrusion, and Exploitation

*Connected Marketing*, a respected practitioner manual for covert marketing, opens with the 15 most high-profile and influential viral, buzz, and word-of-mouth marketing campaigns to date (see Kirby and Marsden 2006). Of these groundbreaking examples, including the Sony Ericsson Fake Tourist promotion and P&G's Tremor, most initiatives avoided using deception, intrusion, or exploitation for effectiveness. This compilation provides strong evidence that firms and marketing managers striving to remain at the forefront of innovative marketing need not rely on these unethical practices to capture consumers' attention. What is more, it is apparent through our three case-study examples that even the subset of marketing practices falling under the stealth marketing rubric can vary markedly in terms of these three problematic dimensions (see Table 1). This variance suggests that marketers can continue to reach customers using novel, clever, and entertaining marketing practices without violating those customers' trust, privacy, self-esteem, or faith in social relationships. Indeed, successful examples, such as the Burger King "Subservient Chicken" or the *Halo 2* "ilovebees" alternate-reality game, demonstrate marketing effectiveness using ethically acceptable humor, entertainment, competition, and fun to cut through perceived marketing clutter and reach consumers effectively.

### Beware Backlash of the Duped Consumer

Research findings indicate that marketing or brand transgressions, such as the ethical transgressions committed

<sup>7</sup>Note that none of the three case study companies were members of WOMMA. See <http://www.womma.org/members/> (accessed November 9, 2007).

through stealth marketing, can have lasting and damaging consequences for firms (Aaker, Fournier, and Brasal 2004). Indeed, some transgressions can resonate so powerfully with consumers that even firms' most sincere attempts to repair the damage can have no effect on firm or brand recovery. Aaker, Fournier, and Brasal (2004) identify several long-term outcomes from such transgressions, including extended damage to the self-brand connection, and a significant reduction in consumer satisfaction and commitment. More dramatically, consumer negative voice, a possible response to firm transgressions, may directly affect the bottom line by decreasing stock returns and damaging overall firm performance (Luo 2007). Further problematic potential outcomes include spillover effects, in which firms' reputations suffer owing to scandals involving their competitors (Roehm and Tybout 2006). Avoiding ethical transgressions altogether could well be in the best interests of firms considering covert marketing practices, as well as the best interests of firms' competitors and channel partners. As we discuss next, providing full disclosure may represent a necessary safeguard for preventing perceived ethically egregious practices.

### Self-Regulate Through Disclosure

Organizations boasting prestigious memberships, such as WOMMA, have identified stealth marketing tactics as deceptive, unethical, and not in the long-term best interests of the field. A recommended response to these practices is voluntary disclosure. As part of an Ethics Assessment Tool, WOMMA provides 20 questions on its Web site. The first question is, "Do we insist that our advocates always disclose their relationship with us—including all forms of compensation, incentives, or samples?"<sup>8</sup>

In October 2005, Commercial Alert petitioned the Federal Trade Commission (FTC) to investigate buzz marketing practices, which it claimed were fraudulent and misleading. The Sony Ericsson and Tremor stealth marketing cases were specifically cited. Primarily, Commercial Alert cited the lack of disclosure of the marketing relationship by connectors as a violation of Section 5 of the FTC Act (15 U.S.C. §§ 41–58, as amended). Commercial Alert (2007a) called for an investigation and guidelines to be issued. Although the FTC failed to initiate a formal investigation or issue guidelines, its response suggested the possibility of action on a case-by-case basis should stealth marketers engage in deceptive practices:

[T]he [FTC] agreed with Commercial Alert that companies can deceive people by deploying "sponsored consumers" who hide that they are paid to promote products. The Commission stated that "in some word of mouth marketing contexts, it would appear that consumers may reasonably give more weight to statements that sponsored consumers make about their opinions or experiences with a product based on their assumed independence from the marketer.... In such circumstances, it would appear that the failure to disclose the relationship between the marketer and the consumer would be deceptive unless the relationship were clear from the context." (Commercial Alert 2007c).

Thus, the FTC opinion criticized firms on the matter of disclosure, identifying stealth marketing practices as potentially deceptive. The FTC was especially concerned with deceptive practices in which trust was likely to emerge under the assumption of connectors' presumed independence from a marketing agent (Commercial Alert 2007b).

Marketers that self-regulate by avoiding deception and requiring responsible disclosure of their marketing sponsorship can likely avoid possible future FTC sanctions. Furthermore, self-policing throughout an industry can help ensure that groups of firms or product categories remain in the good graces of consumers and the FTC. Alternatively, if marketers continue to push the envelope with stealthy and undisclosed persuasion attempts, action by the FTC may become a distinct possibility. What is more, marketers that specifically prohibit disclosure by their agents are likely engaging in fraudulent and misleading behavior under the FTC Act (15 U.S.C. §§ 41–58, as amended). Beyond the possible legal ramifications that stealth marketing can generate, marketers might also consider the long-term effects of erosion of trust in marketing, which we described previously. Chronic and prolonged deception of consumers by firms or even entire industries may seriously damage marketing credibility. Thus, as the WOMMA code advises, stringent self-regulation may help preserve the remaining loyalty and positive consumer associations for which marketers strive.

Although we recommend that marketers actively self-regulate, time will tell whether self-policing is sufficient. Public policy makers may become more proactive on stealth marketing. We suggest that the central issues of deception, intrusion, and exploitation serve as a useful starting point for determining whether intervention is required to protect consumers, while taking into consideration the likely diminished scope for consumer skepticism with stealth marketing.

### Conclusion

Stealth marketing threatens a broad spectrum of consumer groups—not just children, adolescents, or the elderly, though certainly we might expect that these groups face a heightened risk. Indeed, consumer advocates and marketers alike should be concerned that an abuse of consumers' defense mechanisms through stealth marketing could create irreversible distrust for future marketing initiatives and traditional interpersonal communication encounters. The difficulties firms now face in reaching target audiences will likely be exacerbated if stealth marketing creates consumer backlash and distrust that, over time, becomes irreparable. Thus, we encourage marketing researchers to build on our analysis of covert marketing in general and stealth marketing in particular. Empirical investigations of covert marketing effectiveness and implications for consumer welfare merit further examination. Our analysis strongly suggests that erecting consumer protections against stealth marketing should become a priority for all who are concerned with preserving the sanctity of social relationships and reducing the increasingly widespread commercialization of human interaction.

<sup>8</sup>See <http://www.womma.org/20questions/read/> (accessed November 9, 2007).

**Appendix. Extract from the WOMMA Ethics Code: Clause 2. The Honesty ROI: Honesty of Relationship, Opinion, and Identity****Honesty of Relationship**

- We practice openness about the relationship between consumers, advocates, and marketers. We encourage word of mouth advocates to disclose their relationship with marketers in their communications with other consumers. We don't tell them specifically what to say, but we do instruct them to be open and honest about any relationship with a marketer and about any products or incentives that they may have received.
- We stand against shill and undercover marketing, whereby people are paid to make recommendations without disclosing their relationship with the marketer.
- We comply with FTC regulations that state: "When there exists a connection between the endorser and the seller of the advertised product which might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience) such connection must be fully disclosed."

**Honesty of Opinion**

- We never tell consumers what to say. People form their own honest opinions, and they decide what to tell others. We provide information, we empower them to share, and we facilitate the process—but the fundamental communication must be based on the consumers' personal beliefs.
- We comply with FTC regulations regarding testimonials and endorsements, specifically: "Endorsements must always reflect the honest opinions, findings, beliefs, or experience of

the endorser. Furthermore, they may not contain any representations which would be deceptive, or could not be substantiated if made directly by the advertiser."

**Honesty of Identity**

- Clear disclosure of identity is vital to establishing trust and credibility. We do not blur identification in a manner that might confuse or mislead consumers as to the true identity of the individual with whom they are communicating, or instruct or imply that others should do so.
- Campaign organizers should monitor and enforce disclosure of identity. Manner of disclosure can be flexible, based on the context of the communication. Explicit disclosure is not required for an obviously fictional character, but would be required for an artificial identity or corporate representative that could be mistaken for an average consumer.
- We comply with FTC regulations regarding identity in endorsements that state: "Advertisements presenting endorsements by what are represented, directly or by implication, to be "actual consumers" should utilize actual consumers, in both the audio and video or clearly and conspicuously disclose that the persons in such advertisements are not actual consumers of the advertised product."
- Campaign organizers will disclose their involvement in a campaign when asked by consumers or the media. We will provide contact information upon request.

Source: WOMMA (2007b).

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