UNETHICAL VIRAL MARKETING IN SOCIAL NETWORK SERVICE

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ABSTRACT

The current research investigates how marketing professionals perceive an ethical issue of viral marketing and what factors are associated with their moral judgment on an ethical problem of a power blogger. In specific, this research considered organizational factors and individual factors of marketing professional affecting judgment on an ethical issue of a power blogger. To answer the research questions, online survey was taken by marketing professionals found in the list that the Korean Economic Institute. Ninety four marketing professionals participated in the online survey. The research found that marketing professional had strong utilitarian perspective on the ethical issue of viral marketing through a power blogger. Individualism among individual factors was significantly associated with deontology, relativism, and utilitarianism, and sense of rivalry was also significantly associated with justice and relativism. However, there were no significant organizational factors associating with each ethical perspective.

Keywords: Viral Marketing, Ethical Perspectives, Power Blogger, Marketing Professionals.

INTRODUCTION

Viral marketing, or word-of-mouth marketing, refers to marketing techniques that recently use social networks to acknowledge products, advertise brands, or to achieve other marketing objectives through social networking such as YouTube, Facebook, Twitter, or blogs. The immense benefit of using such social networks in viral marketing is that the message whether it is about a product, brand, or service can be rapidly spread by highly connected social individuals. The purposes of the current study are to ascertain whether viral marketing has been done unethically through power bloggers in Korea, and how marketing practitioners morally perceive such unethical viral marketing and what factors are associated with their moral judgment on the ethical issue of a power blogger. Specifically, first, multiple philosophical perspectives of ethics will be examined to see how marketing practitioners perceive the power bloggers' actions. Secondly, the study will find out factors associated with the unethical actions of a power blogger, the study will examine the influences of organizational factors and individual factors and they will be explored as significant variables in ethical decision making and ethical evaluation.

LITERATURE REVIEW

Viral Marketing through Power Blogger

Social network service (SNS) is an effective channel that viral marketing plays an important role in marketing strategy. Especially in Korea, a blog is a useful technology for a

personal publishing or as a content management system on the web (Yang & Lim, 2009). Most bloggers interact with readers or visitors, and credible bloggers wield power as a power blogger (Johnson & Kaye, 2004). Bloggers share credible sources with others, provide their interests with others, and collect useful information for their readers. Among bloggers, a power blogger is differentiated by the number of visitors that they have. Since 2003, portal sites in Korea have selected power bloggers based on the quantity and quality of the content, the number of visitors, and comments written by others. Currently, two portal sites, NAVER and DAUM, single out power bloggers annually. Each portal has a different system for selecting a power blogger. In 2013 NAVER singles out 800 power bloggers based on the index of activity and popularity in eight categories (ex. culture, travel, food, photo, sports, and education, living life, and so on. DAUM also singles out 400 power bloggers depending on who has more qualitative information and more interactions with members. If you were selected as a power blogger, you received a gold medal symbol identifying you as a power blogger and then the blogger can make a profit from advertising. Advertisers like to search for a popular power blogger's site and then advertise their products on his or her blog. A power blogger is influential and can affect customers in many ways. The main reason why a power blogger is influential is that he/she has source credibility.

What reasons do a power blogger have to agree to unethical and illegal deal? In general, professional publicity agencies or in-house marketing departments make an effort to publicize their product through viral marketing. In viral marketing, a pivotal messenger is an opinion leader like a power blogger. Using the power blogger for online promotion might be more effective and more influential than a banner advertisement because of information credibility (Kaye, 2005). For that reason, a marketing agency or an in-house marketing professional endeavours to commission a power blogger to advertise a product and then pays him a transaction fee for the effort. Such a phenomenon shows a moral hazard in business and for power bloggers. However, the worst thing is when they do not perceive such activity as unethical. This current study attempts to examine how marketing professionals perceive the ethical issue of a power blogger by approaching with multi-dimensional ethical measurements representing different ethical perspectives. The following discussion deals with ethical perspectives.

Ethical Perspectives

Numerous studies have employed several models of ethical decision-making. In general, there were four different models that have been heavily used in business ethics literature. The first perspective is Deontology. Deontology means that the certain feature of the act itself other than the value it brings into existence, and there is only one basic or ultimate right-making characteristic (Korsgaard, 1996). The perspective assumes that a human being can distinguish whether or not something is right or wrong. In that sense, deontological ethics emphasize on a type of universal ethics. Second, teleologist argues that people should determine the consequence of various behaviours in a situation and evaluate the goodness or badness of all the consequence (Rachels, 2003a, b). On the other hand, a teleologist supports ethical egoism and ethical utilitarianism. Ethical egoism claims that an individual should always try to promote their own greatest good (Sanders, 1988). Ethical utilitarianism is normative ethics holding that an act is right only if the end product for all people results in a greater balance of good very bad than the other available alternative. Third, a theory of justice is regarded as another ethical philosophy. Rawls (1971) published the book, A Theory of Justice, and presented powerful principles for

justice: "*First principle was that each a person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all. Second principle was that social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just savings principle and (b) attached to offices and positions open to all under conditions of fair equality of opportunity*".

Finally, relativists believe that the ethical standard is different depending on the culture, and that no universal ethical rules exist (Hoffman & Moore, 1984).

The multidimensional scales in this study include teleology, justice, relativism, and deontology scales. The mean value of each scale will be compared to find out which ethical perspective marketing professionals mainly abide by. Therefore, the following research question is offered:

> *RQ1. How do marketing professionals respond to four different ethical perspectives regarding the issue of a power blogger?*

Factors Influencing Ethical Behaviour in Business

Using a power blogger is an effective means of communication for a company to first make the consumer aware of the product, to be swayed to have a favourable opinion of the product, and then ultimately to purchase the product. The underlying assumption in this study is that consumers believe that a power blogger provides credible, unbiased, and reliable information about it, will shares his/her experience with it with others, and are not sponsored by the company. Thus, marketing professionals try to search for an influential power blogger and commission him/her to advertise a product and pay him/her a transaction fee for the effort. In turn, marketing professionals both in in-house and in an agency would receive incentives or rewards the power blogger's paid review. Thus, the study suggests the following hypothesis:

> *H1. The self-interest level of the marketing professionals will be directly tied with their ethical perception of using a power blogger to promote a product.*

The second individual factor influencing the ethical decision is the individual sense of rivalry. The individual sense of rivalry indicates the extent to which level an individual perceives his/her environment as competitive and whether he/she wants to be a winner in that environment. The sense of rivalry has ambivalent aspects. Its' positive aspect is that the sense of rivalry motivates self-behaviour and a great incentive for work performance. Its' negative aspect is that the sense of rivalry encourages a tunnel vision focus on result-oriented behaviour and this might result in people ignoring ethics in work. Marketing professionals are always under pressure to survive in a very competitive market situation. In fact, one of the reasons for the unethical use of a power blogger might be driven by such a market environment. Even a marketing professional's individual difference in their sense of rivalry could influence his or her ethical perspective about the issue of using a power blogger as a paid media tool. Regarding such a discussion, this study suggests the following hypothesis:

> *H2: The level of individual sense of rivalry will be associated with marketing professionals' ethical perspective on using a power blogger.*

The third factor considered in this study is the ethical education experience in an academy program or a professional program. The previous studies have found that ethical education in a

business program fosters sensitivity to potential ethical dilemmas (Jian-hong, 2009). In fact, an ethical program in a business curriculum should be included because a profit-driven ideology is generally found in business, and this ideology has a tendency to justify unethical behaviour in the pursuit of profit. According to Joyner & Payne (2002), business students were found to be less ethical than non-business students according to a survey. Thus, ethical education should be necessary for the standard business curriculum, which would positively influence ethical sensitivity. The social learning theory also supports educating students about ethical issues in business in order to improve their moral sensitivity in business practice (Bandura & Walters, 1977). The current study tries to examine how individual experiences in ethical education influence some marketing professionals' perception of the ethical issues paying for a power blogger's positive review. Regarding such a discussion, this study suggests the following hypothesis:

> *H3: An individual's past ethical education will influence how he or she perceives ethically about paying for a power blogger's positive review.*

On the other hand, this study also investigates the organizational factors including organizational ethical climate, corporate social responsibility level, and an organizational sense of rivalry. Among those variables, the ethical climate has been considered a significant factor to predict ethical behaviour in business. The ethical climate is defined as "*those aspects of work climate that determine what constitutes ethical behaviour at work*" (Victor & Cullen, 1988). The literature in business ethics has found that the ethical climate in an organization interacts with other organizational variables. Especially, those who are in leadership and a co-worker's ethical behaviour highly interact with the work ethical climate. The ethical climate found at one's workplace is the company's stated, or unexpressed in some cases, desired ethical standards and practices. Another hypothesis that this study will put forward is:

> *H4: The ethical climate at the office will affect the marketing professionals' ethical perspective on paying for a power blogger's positive review.*

Another organization factor that affects ethical perspectives is corporate social responsibility (CSR). Socially responsible companies are likely viewed as an ethical organization and influences employees' generalized reaction to the organization (Valentine & Fleischman, 2008). There is a growing body of literature arguing that corporate social responsibility should enhance employees' ethical instincts in the work environment. For example, the employees' perceived positive CSR affects their job attitude, productivity, and results in reduced turnover (Trevino & Nelson, 2004). Valentine & Fleischman (2008) investigated linkages between employees' perceptions of CSR and ethical attitude. They found that corporate social responsibility fully or partially mediated the positive association between their ethics and their perception of CSR. This study attempts to examine how marketing professionals' perception of CSR in organization influences their ethical perspective on using a power blogger. Another hypothesis that will be explored in this study is:

> *H5: The marketing professionals' ethical perspectives on using a power blogger will be affected directly with their perception of their work organization's CSR activity.*

The final factor that will be considered in the study is how within the company's sense of rivalry and competition affects their ethical perspectives specifically to the use of power bloggers.

A sense of rivalry has two different levels: individual and organizational. The organizational sense of rivalry is likely formed by the current working climate rather than individual characteristics or the outside environment such as family, public, or private activity. Employees' perception of their organization's sense of rivalry will influence their job attitude, productivity, and their reactions to a potentially thorny ethical issue especially those that will affect their job performance. For example, an inordinate sense of rivalry with competitors could lead to extreme result-oriented organizational climate, and employees are then over-eager to reach a result without considering the ethical issues. Thus, this study suggests the following hypothesis:

> *H6: Employees' perception of the organizational sense of rivalry will be associated with marketing professionals' ethical perspective on using a power blogger.*

RESEARCH METHOD

Sample

Korean marketing practitioners at marketing agencies and departments of various organizations were selected for this study. The online survey was taken by practitioners found in the list that the Korean Economic Institute had in July 2017. Two thousands subjects received email twice requesting their participation in the study with a link provided to the questionnaire. People who finished the online survey got movie ticket coupons as an incentive. A total of three hundred ninety-four marketing professionals participated in the online survey, and 57 % were male and 43% were female. 36.6% were from a small-sized the company, 32.4% from a medium-sized company, and 31.1% from a big-sized company. Of the total, from an independent marketing agency were 52.9% and those from an in-house department is 42.1%.

MEASUREMENT

Multi-dimensional Ethical Perspectives

This study adopted the Hoffman and Moore's contemporary scale and revised it (1984). There were three different normative philosophy scales: Justice Scales, Relativist scales, and Deontology scales. The participants were asked to rank the use of a power blogger according to differently framed ethical perspectives that included questions from a Justice, Relativist, Deontology, and Teleology (Utilitarianism) view in order to test to see how they perceived the issued ethically. The five-point Likert scale was used to ask the participants to what extent that they agreed: with "*1 being that they strongly disagree and with 7 being that they strongly agree*". To test the validity and reliability of the survey, the scale items were submitted to a principal components factors analytic procedure utilizing a varimax rotation. A natural four-factor solution was generated and confirmed. The Cronbach Alpha value of each factor was acceptable.

Four different factors were extracted from the 12 items and subjected to a variant of the multi-trait method analysis (Campbell & Fiske, 1959). The four factors showed high reliabilities of $\alpha =0.945$ for Justice, $\alpha =0.917$ for Relativism, $\alpha =0.933$ for Deontology, and $\alpha =0.673$ for Teleology.

Self-interest was the extent of agreement with the eight items scored from strongly disagree (1) to strongly agree (7). Illustrative items are: I often do my thing. (a) One should live one's life independently of others. (b) I like my privacy. (c) I prefer to be direct and forthright when

discussing with people. (d) I am a unique individual. (e) What happens to me is my own doing. (f) When I succeed, it is usually because of my abilities. (g) I enjoy being unique and different from others in many ways. The Cronbach α reliability is 0.87.

The individual sense of rivalry was measured by six items scored from strongly disagree (1) to strongly agree (7). The items used are: (a) It annoys me when other people perform better than I do. (b) Competition is the law of nature. (c) When another person does better than I do, I get tense and aroused. (d) Without competition, it is not possible to have a good society. (e) Winning is everything. (f) It is important that I do my job better than others, (g) I enjoy working in situations involving competition with others. (h) Some people emphasize winning but, I'm not one of them. The Cronbach α reliability is 0.86.

Ethical education asking respondents whether "*my professional education prepared me to address ethical issues at work and how much ethical education given by academic programs influence sensitivity on an ethical issue*" using a 7-point scale from strongly disagree (1) to strongly agree (7).

The organizational ethical climate was adopted from an Andreoli & Lefkowitz (2008) study, and it was revised considering the Korean organizational culture. Illustrative items are: (a) my company has a formal written code of ethics. (b) My company strictly enforces a code of ethics. (c) My company has policies with regards to ethical behaviour. (d) My company strictly enforces policies regarding ethical behaviour. (e) Top management in my company has let it be known in no uncertain terms that unethical behaviour will not be tolerated and if a salesperson in my company is discovered to have engaged in unethical behaviour that results in primarily personal gain (rather than corporate gain), she or he will be promptly reprimanded. The extent of agreement for each item was scored with a seven-point scale. The Cronbach α reliability is 0.951.

Perception of organization's CSR was the extent of agreement with the four items scored from strongly disagree (1) to strongly agree (7). The items are (a) It is expected that you will always do what is right for the customer and the public. (b)People in this company are actively concerned about the customer's and the public's interest. (c) The effect of a decision on the customer and the public are a primary concern in this company (d) People in this company have a strong sense of responsibility to the outside community. The reliability is 0.88.

Organization's sense of rivalry was the extent of agreement with four items: (a) Decisions here are primarily viewed in terms of contribution to profit. (b) People are concerned with the company's interests. (c)People are expected to do anything to further the company's interests. (d) Work is considered substandard only when it hurts the company's interest. The items were measured by seven-point scale ranging from strongly disagree (1) to strongly agree (7). The reliability is 0.74.

FINDINGS

The Ethical Judgment of Marketing Professionals

Before presenting each result on hypotheses, this study investigated how marketing professionals perceived the issue of employing a power blogger based on four different ethical perspectives. The result showed that mean values of ethical perspectives were 3.75 (Justice), 4.35 (Relativism), 4.58 (Deontology), and 5.42 (Utilitarianism). This study compared ethical perspectives using a paired sample t-test. There were significant differences between Justice and Relativism (t=5.155, p=0.000) and between Justice and Deontology (t=3.943, p=0.000), between

Justice and Utilitarianism (t=7.497, p=0.000), Relativism and Utilitarianism (t=5.575, p=0.000), and between Deontology and Utilitarianism (t=5.278, p=0.000).

The Effect of Individual Factors on Unethical Viral Marketing

To analyse the effect of individual factors on marketing professionals' ethical perception toward the issue of using a power blogger, multiple regressions were conducted. Independent variables were the self-interest level (H1), individual sense of rivalry (H2), and personal education (H3), and the dependent variables were ethical perspectives (Justice, Deontology, and Relativism). Regarding Justice, the sense of rivalry was only significantly associated with Justice (β=0.381, p <0.01). The more participants have a sense of rivalry, the more they thought that using a power blogger for marketing was justified, fair, and ethical. Regarding Deontology, Individualism was only significantly associated with Deontology (β=0.295, p <0.05). The more marketing practitioners are individualistic, the more they regarded using a power blogger as "*to not violate an unspoken promise*," and "*to not violate an unspoken contract*". Deontology indicates that those within the company do not violate ethical principles unwritten or unspoken in the organization. Thus, people who were relatively high in self-interest thought that using a power blogger for a company did not violate the company ethical principles unwritten or unspoken. In this regard with Relativism, Individualism (β=-0.433, p <0.01) and sense of rivalry (β=0.522, p <0.001) were significantly associated with Relativism. Relativism in this study indicated the extent at which marketing practitioners accepted the use of power blogger culturally, in their family, and in their society. The result showed that individualism was negatively associated with Relativism, and a sense of rivalry was positively associated with it. People who were relatively high in a sense of rivalry thought that using a power blogger was culturally acceptable, acceptable to his or her family, and in his or her society. On the hand, people who were relatively low in individualism regarded using a power blogger as unacceptable in their culture, family, and society. It is a very interesting result that individualism is direct opposition to Relativism.

The Effect of Organizational Factors on Unethical Viral Marketing

To answer hypothesis 4(the relationship between ethical climate at office and ethical perspectives, p>.05 for each relation), hypothesis 5(the relationship between CSR activity and ethical perspectives, p>.05 for each relations), and hypothesis 6(the relationship between organizational sense of rivalry and ethical perspectives, p>.05 for each relation), multiple regressions were conducted to see how organizational factors were associated with each ethical perspective. There were no significant variables regarding the four different perspectives. The results indicated that the organizational factors were not critical variables to explain ethical perspectives in the Korean marketing field.

DISCUSSION

The current study examined how marketing professionals perceived the unethical use of viral marketing through four different ethical perspectives: Justice, Deontology, Relativism, and Utilitarianism. Comparing mean scores among them, the study found that Utilitarianism was the highest mean score and significantly different from other ethical perspectives. Only the relation

between Relativism and Deontology was not significantly different. These results suggest that marketing professionals in Korea tended to perceive the unethical use of viral marketing as necessary for organizational success and they see the value in it. From such findings, we should not determine the level of Korean marketing professional's ethical standard, but we must deliberate the reason why marketing practitioners think that way. In fact, the Korean government currently requires a power blogger to disclose whether they receive payments or sponsorship from advertisers when they promote a certain product. The issue became beyond the ethical issue now, but marketing practitioners in this study do not perceive the issue even as an ethical one. The lowest mean score among the four ethical perspectives was Justice, but even then the score was close to neutral (M=3.78). On the other hand, this study might have failed to find significant organizational variables in Korea. For instance, organizational cultures such as collective culture, developing culture, rational culture, and hierarchical culture defined by Quinn and Kimberly (1984) might be a significant factor as an organizational variable. An organization grounded in a collective or hierarchical culture might be different in their ethical climate with an organization of a developing or rational culture. The future research needed to be conducted is a number of in-depth interviews with marketing practitioners to search for meaningful variables in organizations.

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