

Ethics in Information Technology MG1050 - Principles of Marketing

B2E Case Study 8 “Makin’ a List, Checkin’ It Twice”

Thomas Biggs, the CEO is trying to grow his customer base in the Eastern US for B2E’s medical product line. While dropping off the mail, Hanna overhears Wally telling Paul that by buying lists and using other methods of collecting personal data, B2E can strategically target people who’ve previously bought products like theirs, getting a “bigger bang for their advertising buck.”

Wally wants to use a spyware program he's written to collect consumer information. He explains to Paul that first B2E would offer some freebies- like pill-sorters. But the consumer would have to first read and sign a EULA (End-User License Agreement). Buried in this agreement would be a request to download the spyware onto viewers’ hard drive, along with the freebies. “Because the agreement is so long and boring, almost no one reads them!” Wally says. Once the consumer clicks “Yes” they are actually agreeing to download the Spyware to the hard drive, so the whole thing is legal! The program will secretly gather and send B2E information on the viewers’ product and surfing preferences. The consumer will never know the spyware is installed. Lots of e-commerce companies do this, and- hey! What harm would it do?

All the consumer needs to do is fill out a questionnaire about their medical issues. B2E gets all that valuable medical information. They also get around the HIPAA Privacy Rule (Health Insurance Portability and Accountability Act) this way, because the unsuspecting consumer voluntarily gives them their information!

Hanna thinks the whole thing sounds fishy, so she visits with Terry to ask her about it. After Terry hears the story she’s angry. She explains to Hanna that B2E has a moral responsibility, as well as professional responsibility to be conscientious regarding consumer personal information. She says that though the practice may be legal it’s deceptive and unscrupulous. When the consumer finds out their privacy has been violated, the company loses them as a repeat customer. Terry thinks it’s a pretty poor return for B2E’s marketing investment. Hanna agrees.

Terry is concerned. She knows spyware can be downloaded legally. However she doesn’t believe it’s responsible conduct for a company like B2E, which is trying to gain customer loyalty. She wonders, “How can B2E grow a business when online customers don’t trust them?” Do I want to consult with a company with marketing practices like this?

What would you say? What would you do? How could you be most effective?