
Marketing meets ethics – with the sample of an Austrian chocolate factory

Adrienn Woerle¹

The aim of this study is to introduce the meaning of quality and to show how customers recognize the quality what companies offer. Quality – and recently ethics, too – are main points during shopping and consumption therefore they should be considered while creating the right marketing mix for a product or service. The aims of the researches in Germany and Austria were, to figure out why customers might become disappointed concerning quality and promises and what consumers think about quality and ethics. The results of these researches - made about furniture in Germany and about organically, handmade chocolate in Austria - are useful for all companies; giving hints how they can improve their performance to reach target customers easier and to meet the customers' needs the best possible way.

Keywords: quality, marketing mix, ethics, customer behavior, interactive communication

JEL Classifications: M310

Introduction

Based on researches in Austria and Germany (lasted more than 2 years) several similarities could be found among international

¹**Adrienn Woerle**, Faculty of Economics, University of West Hungary, Sopron, Hungary, feherwhite@yahoo.co.uk

companies concerning about the way of thinking and about expressing of the importance of the quality and ethics in marketing.

The empirical data used in this article are of a German furniture shop called Böck and mainly of the Austrian chocolate company called Zotter. Though these two companies are in completely different braches there could found many similar strategic points concerning their marketing activities and expressing their promises about quality and ethics. After introducing the main definitions, the relationship between marketing mix and quality will be shown, introducing a successful way of marketing to make customers more satisfied and more confident about choosing products made and traded with ethics.

Objectives of the study

The study has been taken up with the following objectives:

To have an overview what about the meaning and importance of quality and ethics (in the German furniture and in the Austrian chocolate company)

To determine similarities or differences between these two companies concerning their definitions about quality

To get samples of “best practice” for creating marketing mix based on quality and ethics

Methodology

This study is based on 2 researches made in Germany and Austria.

Research 1.: Furniture industry, Germany

The research was made about the customer behaviour and trends in the furniture industry with additional questions about quality and ethics, in Germany (Frankfurt, Bavaria and Baden-Württemberg 2-2 small, middle sized and big cities (in total 13 cities). Method: research with questionnaire in the various furniture shops, age between 14 and 70 years n=246), period: 15-25. March 2010.

Research 2.: Communication and ethics, organical products and services in the region in Germany and Austria

This research focused on communication and ethics in the area of Fair Trade and other biological and organical products (Bavaria and Baden-Württemberg 2 small, 2 middle sized and 2 big cities, Reutte in Tyrol, Innsbruck and Vienna (in total 15 cities). Method: research with questionnaire in the various food stores and organic shops, age between 20 and 70 years n=145) in the year 2010 and 2011, followed by face-to-face interviews (n=20), period: 01-11. December 2011.

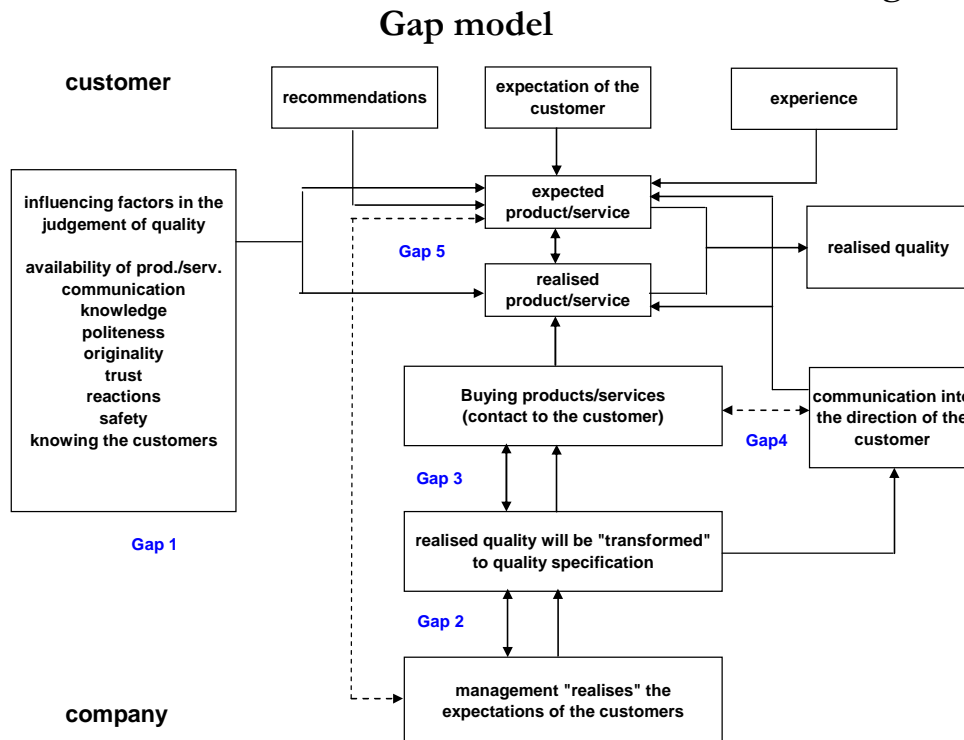
Review of Literature

What does „quality” mean?

Among several classic and modern definitions this explanation fits the best to my experience: “You cannot separate the process and the human factor, therefore I believe that quality, when built into a product, generates emotions and feelings within those who have taken part in its creation. When you have made something that you are proud of, when you have produced a product that brings smiles to your customers, then you have achieved Quality.”² Berry and Co. (1985) have shown in their analysis that there are gaps in the quality steps, which are summarized in a GAP model. This model shows that there are several differences in the flow of communication and realized quality. These differences cause the feeling of dissatisfaction and claims.

² <http://www.qualitydigest.com/html/qualitydef.html>, 19.01.2012

Figure 1



Source: Seaton, A.V. and Bennett, M.M. (1996), "Marketing Tourism Products: Concept, Issues and Cases", International Thomson Business Press, Oxford, p. 447

The main gaps might be the following:

Gap 1 (G1): differences between the wishes of the customers and realised value.

Gap 2 (G2): differences between customers 'expectations and quality specification

Gap 3 (G3): differences between the planned and delivered services

Gap 4 (G4): differences between the promised and delivered quality/services

Gap 5 (G5): differences between the accepted and realised quality.

In this gap model (figure 1) there are the quality parameters as basic points to compare to. The satisfaction of the customers depends on

the success of the communication. Differences (gaps) cause disappointment and claims.

According to the figure $G5 = f(G1, G2, G3, G4)$ the customers' "final satisfaction" depends on the other four facts or feelings which should be without any gaps. As result the target is the reduction or avoiding of communication mistakes. The secret of the success is to know the places of the possible gaps and to know where can be "quality defects". If the places are known then companies have to do their best to avoid misunderstandings and bad results.

During the empirical research the international companies do the followings to avoid the gaps:

Human resources:

Careful selection of employees

Clear targets and task for the employees

Internal qualification and trainee programs

Balance between individual tasks and team work and improving communication and internal marketing.

Reducing and avoiding gaps – step by step

Gap 1: Get to know the expectations of the customers

The way of getting information: marketing researches, handling of claims, open communication between the customers and management, communication between the workers and management.

Gap 2: Using standards (very typical in Austria and Germany)

Usual standards in the analyzed two countries are:

Expectation of engagement and loyalty of the people in the top management

Standards about the internal and external processes, especially processes with the customer

Quality-oriented trainee programs and further education of workers and management

Standardisation of daily tasks to ensure the same level of quality
Definition of goals and priorities and explaining them to all employees
Measuring performance and giving feedback on a regular basis
Analysing differences between targets and actual results.

Gap 3: Ensuring the execution of standards

The main factors are:

Teamwork

Interviewing customers before and during sales (brainstorming, efficient claim management)

Internal trainings, rewards

How important internal training – aiming the improvement of the service quality – shows the following statement of the consulting company eHow: “empower your front-line staff with effective communication and regular training. Keep your customer service representatives in the loop by ensuring that they are the first to know about all about corporate news and product releases. This will build strong brand ambassadors and confident phone representatives---adding up to great customer service.”³

Gap 4: Performing as promised

The following methods and tools are common in the analysed companies:

Collecting experiences, ideas of customers, using those information in the product innovations and commercials

Testing products and commercials before issuing

Internal marketing campaigns

The same quality level of all links in the chain (especially in case of franchise systems and international companies)

Difference in the value for money, having different types of products with different price level.

³ http://www.ehow.com/how_6137483_improve-service-quality-marketing.html, 18.01.2012

In the analyzed countries companies emphasize the origin and the quality of the products and services. Almost on all products are the following printed: „made in Germany/Austria” and services are offered like: “German/Austrian quality

It is not enough to have a “good” product or a unique product/service, it is much more important to ensure the 100% quality, which is the base of the customers trust and finally the companies’ success.

Relationship between quality and marketing mix

Product/Service and quality

Products and services are called quality products/services if they can successfully fulfil the customers’ needs and expectations.

Relationship between product and quality:

A product with its physical characteristics represents the quality (for example: the seats and the comfort through the seats in a car)

The service elements of a product including the attitude and competence of services provided can show the level of the quality

Reliability or the lack thereof (whether the company keeps promises or not)

The quality of complaints handling and speed

The image of the product and the reputation of the company can impress customers especially before and during the first purchase.

Market researches, collecting customers’ ideas and opinion are crucial to improve products and product quality. For an interactive way there is an excellent example of the Austrian chocolate factory called Zotter.

There is a question in the product magazine issued: “how do you like our drinking chocolate: shaken or mixed?” (With a question like this the company can collect tremendous ideas and can pull the attention to a new (or even old) product and can raise interest. The question lets people think about the product and about the company and even later people will not forget them.

Price and quality

Quality is never an absolute category. The level of quality people buy is what they can afford. Despite the fact that many people think that higher prices represent higher quality, quality exists on all price level though the characteristics of quality are different. Therefore value ratio detection is present during all purchasing processes. For example in some museums the entrance is free therefore people might tend to evaluate those museums' level lower as if they should have pay a high price for it.

Distribution and quality

The accuracy of the information provided, the service and the convenience in case of purchasing are the main points during checking the quality through the distribution channel. The guarantee of quality will be emphasized also by the German furniture shop called Böck. An independent quality check commission made a number of checks and tests with the aim: measuring and comparing the quality and customer satisfaction among similar shops and companies. The result in case of this shop was a rating "good", which is a very nice result in a five score scale (very good, good, usual, poor, very poor). This information is shown proudly on the front door of the shop.



Main entrance of the furniture shop Böck, Kempten, Germany, April, 2010.

Promotion and quality

The quality and realization of all the single elements of the promotion mix (performance, physical construction, delivering correct information, proactive communication) are all converted to the quality (for example: advices, tips about the usage of the products, blogs and other chat portals for the customers). Customers expect a very interactive communication because it belongs to the marketing mix and the way of communication can effect the judgement about the quality. "...customers no longer accept what you tell them at face value. They make judgments about your company through what their friends are saying on blogs, forums, social media tools, review sites and more. ...Be open and honest and don't be afraid of starting a blog or a presence on leading social media sites. Keep the conversation going and your service will improve."⁴ More and more common are the emails and the blogs, which have a highlighted critical ethical point: the safety of private data and human privacy. Despite the fact it is well known that synchronized digital campaigns in conjunction with direct mail campaigns can increase the revenue, the privacy of the users must not be damaged.

Ethics

What does ethics mean?

As you can read on the page of the Californian Santa Clara University, "some years ago sociologist Raymond Baumhart asked business people, "What does ethics mean to you?" Among their replies was the following: "Ethics has to do with what my feelings tell me is right or wrong."...Ethics refers to well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights,

⁴ http://www.ehow.com/how_6137483_improve-service-quality-marketing.html, 18.01.2012

obligations, benefits to society, fairness, or specific virtues....Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty. And, ethical standards include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. Such standards are adequate standards of ethics because they are supported by consistent and well-founded reasons.”⁵

Code of ethics

Based on my experience the following points are analyzed in the companies:

Corporate leadership and culture (culture and discrimination in general and within the company)

Employees and organization (organizational structure in the company)

Internal and external processes, technical/professional knowledge.

It is important that the company has an as clear as possible picture (not only mosaic pieces) about its potential customers ‘needs, experiences and the buyer can get enough information about the whole company and not only some (and often unclear) information. There is an excellent example of a mutual understanding an great communication: the magazine of the Zotter chocolate factory in Austria. It informs about the company, about the products and motivates readers to get new ideas and to start communication with the editors.

Customers want to know every detail, but perhaps the most important information – and it is typical in the food industry – the origin of the various ingredients. The Zotter chocolate factory lists not only the business results and the social activities; they show on the package the origin of each component with the information if the material is of biologically controlled fields and processes. Moreover there are comments about the graphics and designs themselves. This handy

⁵ <http://www.scu.edu/ethics/practicing/decision/whatisethics.html>, 19.01.2012

communication tool gives not only information but also a culinary experience. The designs of the handmade chocolates have a real artistic value. Another important element is the communication code of ethics (code of conduct) made public, because, that company does not hide any details and feels free to print the guidelines. Consumers compare the written guidelines with the experiences and depending on the experiences the image of the company can be better or even worse. Judgments spread extraordinary quickly during oral communication or via internet using blogs and chat panels. So, companies which allow the customers to have a look into the “cards”, show usually a very high quality can win more and more new customers and loyalty of present customers. The analyzed German and Austrian companies have a code of ethics; the basic points are summarized below.

Table 1**Code of ethics basic points**

Prohibition of work under 14 years (even part-time work or seasonal work)
Prohibition of forced labour
Using reliable and non-toxic materials, preferably organic production
Following the international association and export-import rules
Discrimination is prohibited
Penalties (checking the law and contracts of supplier countries and companies)
Working time regulations
Payment and compensation
Management responsibility (human capital, environment etc.)
Saving the environment
Reporting system, monitoring
Prohibition of bribes

Source: Based on a CoC (Code of Conduct) of a Japanese supermarket chain⁶

⁶ Nikkei Business Management (spring 2008)

Also the following international companies (see picture below) are samples for particular emphasis on Code of Ethics:⁷



While the first logo “German Stiftung Warentest” (an organization of independent quality inspection with the main targets surveys and classification) shows only the quality, the other two logos symbolise the harmony between quality and ethics which are closely linked. These logos refer to the human characters even at international markets. According to the result of the author’s questionnaire 90% of the Austrian and German people knew these logos and could say, that they concern to certifications or companies concerning to ethical trade and good quality. 73% of the answers said, that ethical products/services are equal with good (or very good) quality and cause trust and the feeling of responsibility. 16% stated that ethics and quality have no relationship, because even fair trade products can have

⁷ Source: FairTrade magazine, Report of the business year 2009/10, Austria

bad quality. These people rather trust certifications of independent control associations/organizations. (The other 11% had no clear opinion about quality.) During the survey one point was clear: almost all of the people (89%) get information of friends or via blogs and internet chats before and after shopping to discuss the experienced quality. These people like the open blogs and facebook pages of the companies and feel that there is nothing hidden and always a good quality is offered. Also this point underlines the importance of the interactive communication.

Conclusion

“The word "quality" represents the properties of products and/or services that are valued by the consumer.”⁸

According to the research most of the companies understand the word quality as the quality of a given product and it will be emphasized in their marketing mix, too. Nowadays more and more companies try to show the human side and instead of the material word try to pull attention to the human values. Though there are several companies with certifications and with the code of ethics we must take care which are really serious and if they really follow the codes and fulfil all the promises concerning quality and ethics. There are several national and international independent monitoring and control organizations and associations (like the German Stiftung Warentest). The oral propaganda, personal recommendations and communities can be a useful, because this way customers get information of several experiences. Summarizing the “best practice” of the Austrian company Zotter - to ensure excellent quality - can be helpful for various companies to improve their performance and even their strategies: showing responsibility and indicating the origin clearly, if possible dealing with goods and services of the region; being certificated or controlled by an independent association are essential.

⁸ <http://www.qualitydigest.com/html/qualitydef.html>, 19.01.2012

As for the marketing communication: companies should be interactive and communicate using the newest trends: blogs and chat pages.

References

1. Courrier Japon – Marketing and economics magazine, April 2009
2. Geml, R., Geisbüsch, H.G. and Lauer, H. (1999), „Das kleine Marketing-Lexikon“, Schäffer-Poeschel Verlag, Düsseldorf
3. FairTrade magazine, Report of the business year 2009/10, Austria
4. Horizont magazine (Zeitung für Marketing, Werbung und Medien) 10.09.2009
5. Horner, S. and Swarebrooke, J. (1996), “Marketing tourism hospitality and leisure in Europe”, Chapman and Hall, London, p. 411
6. Japan.Inc (Business, People, Technology) magazine, winter edition 2008/09.
7. Nikkei Business, Management magazine, spring edition 2008
8. Kothler, P. and Bliemel, F. (2001), „Marketing Management“, Schäffer-Poeschel Verlag, Stuttgart, Auflage 10
9. Porter, M. E. (1998), “On competition”, Harvard Business School Press, Boston
10. Seaton, A.V. and Bennett, M.M. (1996), “Marketing Tourism Products: Concept, Issues and Cases”, International Thomson Business Press, Oxford, p. 447
11. Wittmann, R. G. and Reuter, M. (2007), „Unternehmensstrategie und Business Plan“, Redline Wirtschaftsverlag, Heidelberg
12. Zotter Nachrichten (Zotter magazine), 2010/1.

Internet pages and interviews:

13. Interviews on the exhibition „Sales Marketing Messe”, Munich, Germany, 23.03. 2010
14. Interviews on the exhibition „IFFA”, Frankfurt, Germany, 08.05.2010
15. Interviews in the shop Weltladen (Fairtrade), Reutte, Austria, 31.07-10.08.2010
16. www.zotter.at Accessed on 10.01.2012
17. www.weltladen.com Accessed on 05.01.2011
18. www.weltladen.at Accessed on 05.01.2011
19. <http://www.scu.edu/ethics/practicing/decision/whatisethics.html>, Accessed on 19.01.2012
20. <http://www.qualitydigest.com/html/qualitydef.html>, Accessed on 19.01.2012
21. http://www.ehow.com/how_6137483_improve-service-quality-marketing.html, Accessed on 18.01.2012

