

Ethical Issues and Potential Solutions to Harmful Marketing: A Case Study on The Cambridge Analytica Scandal

Cansin Yavas

Bachelor of Economics and Management for Arts, Culture, and
Communication

Università Commerciale Luigi Bocconi

Advisor/Supervisor: Gabriele Troilo, Associate Professor of the
Department of Marketing

Contents

1	Foundational Perspectives on Harmful Marketing	3
1.1	Introduction: Scope and Significance of Harmful Marketing	3
1.2	Ethical Landscape Beyond Traditional Exchange	4
1.2.1	Limitations of Traditional Marketing Ethics	5
1.2.2	From Traditional Ethics to Broader Frameworks	6
1.3	Core Ethical Frameworks	8
1.3.1	The Common Good and Stakeholder Views	8
1.3.2	Principles of Mutuality and Non-Exploitation	10
1.3.3	Social Contracts, Hypernorms, and Moral Space	12
1.4	Key Concepts in Harmful Marketing	14
1.4.1	Consumer Vulnerability and Manipulation	14
1.4.2	Dark Nudging and Deception	15
2	Manifestations, Contexts, and Responses to Harmful Marketing	16
2.1	Harmful Practices in the Digital Sphere	16
2.1.1	Disinformation and Fake News	16
2.1.2	Data Usage, Privacy, and Targeted Practices	17
2.1.3	Data-Driven Campaigning and Regulation	18
2.1.4	Identifying and Potentially Misusing Influentials	18
2.2	Harmful Marketing in Other Contexts	19
2.2.1	Precarious Network Marketing Schemes	19
2.2.2	Ethical Issues in Social Marketing	20
2.2.3	Marketing of Potentially Harmful Products	21
2.2.4	Ethical Concerns in Supply Chains	22
2.3	Addressing and Regulating Harmful Marketing	22
2.3.1	The Need for Regulation Beyond Markets	23
2.3.2	Current Regulatory Approaches and Challenges	23
3	Case Study: The Cambridge Analytica Scandal	25
3.1	Overview of the Scandal	25

3.1.1	Background and Key Actors	26
3.1.2	Scale and Global Implications	27
3.1.3	Data Acquisition and Methodologies	27
3.1.4	How Data Was Obtained (Facebook API)	28
3.1.5	Psychographic Profiling and Microtargeting	28
3.2	Ethical Violations and Societal Impact	29
3.2.1	Breach of Data Privacy and Consent	29
3.3	Regulatory and Public Responses	29
4	Conclusion	30
4.1	Ongoing Relevance	30
4.2	Lessons Learned	31
5	References	33

1 Foundational Perspectives on Harmful Marketing

1.1 Introduction: Scope and Significance of Harmful Marketing

Marketing, recognized as a fundamental component of market society. It's serving as the mechanism through which products, services, and ideas are communicated and exchanged. Creates bridges between businesses and consumers. Increases innovation and contributes to economic dynamism. Provides offerings and experiences, often aiming to create value for customers, clients, partners, and society at large (Craig, 2010).

Unfortunately, this traditional view overlooks marketing's dual nature. It has a capacity not only to serve and enrich but also to manipulate and exploit. This inherent tension brings forward the concept of harmful marketing, which refers to marketing practices that, whether intentional or through neglect, generate systemic, psychological, environmental, or social damage. These harms may not always arise from clear violations of laws or ethical codes but often emerge as unintended consequences or routine practices that remain within legal boundaries.

Such an act of harmful marketing often blends within other activities and becomes very difficult to trace to a single source or actor. The resulting harms accumulate gradually across platforms and demographics, making them harder to attribute and regulate. Traditional ethical frameworks, which tend to focus on terms like "misleading," "deceptive," or "unfair" within narrow exchanges between firms and consumers, are insufficient to capture these broader, structural harms. There is a need for an expanded ethical vocabulary. One that incorporates concepts from axiology (the study of values), social systems theory, and structural injustice. This broader view acknowledges that marketing can inflict harm not just through explicit deception but also through saturation, exclusion, and symbolic violence. Marketing may shape societal norms by what it normalizes, omits, or reproduces. For this reason, it is affecting individuals and communities without any clear wrongdoing.

Recognizing marketing as potentially harmful shifts the ethical focus. Instead of asking whether an individual consumer was misled, we must ask whether a population, culture, or environment has been negatively impacted, even when no rules were formally broken. This shift is particularly important in contemporary contexts where the intended

goals of marketing actions often diverge from their actual societal impacts.

The underlying cause of harmful marketing frequently lies in a conflict of values. Operating within a capitalist framework, marketing prioritizes economic values such as growth, competition, and shareholder return. These often conflict with ethical values like dignity, justice, and sustainability. While the ideal of a “win-win” alignment between business goals and ethical outcomes is frequently discussed, real-world cases reveal more complexity. Examples include emotional appeals that exploit vulnerability, data-driven targeting practices that lead to “digital redlining,” and the promotion of unrealistic beauty standards or unsustainable consumption.

Even marketing aimed at social good can become ethically controversial. Social marketing campaigns designed to influence public behavior are sometimes viewed as a “two-edged sword,” capable of both benefit and manipulation (Gene, 1979).

Similarly, the pervasive presence of advertising can lead to visual pollution, degrading public spaces, and contributing to overstimulation (Enache, 2012).

Thus, understanding harmful marketing requires an analysis that goes beyond consumer deception to include broader and often indirect or cumulative effects on individuals, vulnerable groups, the environment, and social values. The significance of this inquiry lies in the pervasive influence of marketing activities and their capacity to produce wide-reaching negative externalities that demand ethical and regulatory attention beyond the scope of traditional market frameworks.

1.2 Ethical Landscape Beyond Traditional Exchange

The way marketing operates is not in isolation. It is a fundamental component of market society. Its main goal is to create exchanges and contribute to economic processes. Even though it is a good thing that it generates value and facilitates mutually beneficial transactions between firms and consumers, marketing’s influence extends far beyond these direct interactions. Marketing’s dual nature needed to be analyzed beyond the immediate transaction to understand its broader ethical range. This means recognizing that marketing activities can affect individuals, communities, and systems not directly involved in the exchange. As marketing becomes more embedded in everyday life, it increasingly intersects with complex ethical challenges, including “wicked problems,” paradoxes, and competing interests. Such challenges have limitations in analyzing marketing ethics by

themselves at the level of individual interactions. To understand the ethical dimensions of marketing, we need a perspective that can look for both short-term and long-term effects, as well as impacts that span from individuals to global systems.

1.2.1 Limitations of Traditional Marketing Ethics

“Approaches in business ethics based on classical theories, particularly those that rely on Kantian ethics and utilitarianism, have been criticized as too abstract and general to provide adequate guidance for managers. The problems with utilitarianism are well known. In many cases, utilitarian analysis requires forecasting of unknowable future events (e.g., the percentage of women who would develop medical problems from silicone breast implants). Also, comparing different types of utilities is notoriously difficult. How, for example, should the joy and excitement of riding on a three-wheel, all-terrain vehicle be measured against the associated physical dangers? Finally, the trade-offs required by the underlying principle of impartiality—such that the utilitarian is indifferent to who is hurt and how—strike many people as counterintuitive.” (Thomas, 1999, p. 16) Most of the time, “misleading,” “deceptive,” “unfair,” or similar terms have been the center of the academic and professional works of literature on marketing ethics. Such traditional approaches are typically rooted in deontological (duty-based) ethics, particularly Kantian ethics, which evaluates actions based on adherence to moral duties or principles, regardless of outcomes, and Utilitarianism (consequence-based). Their focus is on assessing intentions behind marketing actions and their direct outcomes, usually within narrowly defined exchanges between firms and consumers. If a specific consumer was misled or an advertisement was over-exploitative, it would be identified as a breach of ethical conduct based on these established norms. However, these traditional approaches often prove ill-equipped to address more diffuse, structural, or cumulative harms. Most ethically problematic marketing practices operate within legal boundaries and involve routine behaviors rather than extraordinary misconduct. As a result, they generate negative externalities that are not easily addressed by narrow ethical models. Using classical theories like Kantian ethics or utilitarianism to resolve complex marketing dilemmas can also be impractical. The philosophical grounding required to navigate such theories confidently is often beyond the training of marketing practitioners. Moreover, frameworks based on rights or justice can produce conflicting conclusions in real-world scenarios

and offer limited practical guidance. Additionally, much of the marketing literature has traditionally emphasized the positive impacts of corporate activity, with adverse effects often overlooked by both scholars and practitioners. Focusing on specific norms like non-maleficence or non-deception remains important, but these norms are often outcomes of deeper ethical principles. Without a broader foundation, they risk being insufficient on their own. "The distributive justice ethical framework most often deployed temporarily within macromarketing is inherently instrumental. However, we contend that it requires a complementary theory to manage global complexities. Distributive justice is used in concert with marketing systems to ensure the fair and equitable distribution of goods and services. It suggests that stakeholders and society should benefit when organizations embrace distributive justice on a collaborative basis. The challenge of applying the distributive justice approach as a blanket solution is that it does not sufficiently manage externalities nor does it address common goods (water availability, air quality, fishing stocks, etc.) that have no identifiable market or operate outside of a traditional market exchange." (Thomas, 2019, p. 303). Therefore, while conventional ethics offer a necessary starting point, their limitations in addressing non-market conditions, systemic inequalities, and cumulative harms highlight the need for broader, more adaptable ethical frameworks in evaluating marketing practices.

1.2.2 From Traditional Ethics to Broader Frameworks

"It is typically bifurcated between positive ethics, which describes what marketing managers do regarding ethical situations, and normative ethics, which outlines the ideals according to which marketers should conform. From the field's inception, macromarketing has been rooted in marketing ethics and has attempted to address marketing's ethical shortcomings by considering the reciprocal impacts of society on the marketing system and the marketing system on society. Scholars have noted that marketing systems are highly adaptive to context because they are social institutions that vary considerably across societies. At the societal level, exchanges of goods and services have a direct bearing on standards of living and generate a wide range of externalities that require attention. Therefore, it is important to study macromarketing while concomitantly discussing the ethical foundations of the aggregated and localized marketing systems." (Thomas, 2019, p. 301) Understanding the full scope of marketing's ethical responsibilities requires

moving beyond the confines of the traditional, dyadic exchange model and considering its wider impacts on society and the environment. In this broader view, harmful marketing includes not only deliberate deceit but also saturation, exclusion, and symbolic violence. Marketing can cause harm not just through explicit claims, but through what it normalizes, omits, and reproduces within cultural and social contexts.

”Whereas research in CMS contends that markets should be studied along with their societal effects, one limitation is that externalities frame negative effects as unrelated outcomes. In ‘An Essay on Framing and Overflowing: Economic Externalities Revisited by Sociology’, Callon proposes notions of ‘framings and overflows’ to correct the conceptual limitations of externalities. Framings establish boundaries of what an exchange entails, and overflows are the unavoidable shortcomings of framing efforts, which are fragile and prone to failure. ‘The frame establishes a boundary within which interactions – the significance and content of which are self-evident to the protagonists – take place more or less independently of their surrounding context’, partly because connections with its surroundings require ‘translations’ that often result in ‘leaks’, and thus, ‘overflows are the norm and framing is expensive and always imperfect’.” (Carlos, 2024, p. 6). This broader lens invites scrutiny of forms of harm that conventional models often overlook. The question shifts from whether an individual consumer was misled to whether a population, an environment, or a culture has been negatively affected, even when no formal wrongdoing has occurred. Marketing activities can generate a wide range of externalities that are not fully accounted for within the market transaction. While economic theory often treats externalities as unrelated or unforeseen outcomes, this framing allows marketers to distance themselves from the consequences of their actions. For example, digital advertisers may unintentionally fund harmful content, such as hate speech, through automated ad placement. When these effects are positioned as externalities rather than predictable outcomes, ethical accountability becomes diluted. The broader societal impacts of marketing include environmental degradation, social disinformation, exploitative labor conditions, toxic work cultures, and human rights violations within global supply chains. These harms often extend beyond the immediate consumer to affect third parties such as workers, local communities, and future generations (N. Craig, 2010). The concept of a “harm chain” expands the ethical scope by allowing us to trace and aggregate negative impacts across systems and actors (Carrigan, Moraes, McEachern, 2013). Marketing

is increasingly recognized as a core social infrastructure with the power to influence public values and cultural norms. It plays a critical role in constructing narratives around what is desirable, acceptable, or aspirational in society. Even social marketing, designed to promote positive behavioral change, is often viewed as a “two-edged sword,” raising ethical concerns around manipulation and social control (Gene, 1979). Furthermore, marketing practices can impact common goods, like clean air, water, and biodiversity, that are not typically mediated through market exchanges yet remain deeply affected by consumption-driven activity (Thomas, 2019). Addressing these impacts requires ethical frameworks that extend beyond individual transactions and incorporate the principles of distributive justice, the common good, and stakeholder responsibility.

1.3 Core Ethical Frameworks

To evaluate the ethical landscape of marketing beyond conventional exchanges, it is necessary to engage with broader ethical frameworks that address systemic impacts and non-market conditions. A comprehensive ethical approach must consider collective well-being, the interdependence of social actors, and the guiding principles that govern relationships within and beyond markets. These frameworks are particularly valuable in addressing ethical dilemmas where no explicit misconduct occurs, yet harm accumulates across communities, environments, or cultural norms.

This section explores three such frameworks that help reorient marketing ethics:

- The common good and stakeholder views,
- The principle of mutuality and non-exploitation, and
- Social contracts, hypernorms, and moral space.

Each of these offers a foundation for evaluating marketing not just in terms of legality or fairness, but in its ability to foster dignity, justice, and sustainability in complex, real-world contexts.

1.3.1 The Common Good and Stakeholder Views

Marketing operates in a broader societal context. Here, individual well-being is not separable from communal health. That’s why the common good approach is highly relevant

to ethical marketing. This tradition has philosophical roots extending over 2,000 years. It envisions a society shaped by shared values and mutual participation. In this view, the common good is not merely an aggregate of individual interests, but a set of conditions that enable all members of a community to flourish. "If macromarketing is to be successful at integrating marketing with issues of society, then aligning it with an approach based on the common good may be the most advantageous for doing so. The theory of the common good suggests that the market is merely a mediating institution that serves to promote the efficient and fair provision of goods and services while simultaneously protecting individual rights. The common good approach, therefore, shares the tenets of the stakeholder approach while maintaining a broader philosophical base that permits the circumnavigation of more complex issues involving cultural relativism. The core idea is that common goods involve all those that enable humans to fully participate in individual and communal development." (Thomas, 2019, p. 304) In the field of macromarketing, the common good provides a powerful ethical foundation. It shifts attention from isolated market transactions to include nonmarket values, collective priorities, and institutional responsibilities. Common goods include both material resources, like clean air, water, and food systems, and social infrastructure, such as education, equity, and freedom of expression. So, marketers and consumers alike to reflect on the kind of society they are helping to create. Consider not just whether a marketing practice benefits a particular firm or consumer segment, but whether it contributes to a shared vision of human and ecological well-being. Importantly, the common good cannot be captured purely by price signals or market preferences. Sometimes it holds intrinsic value that resists commodification. Operationalizing the common good often involves the application of distributive justice, which addresses how benefits and burdens are fairly allocated across society. However, its implementation depends on context. What constitutes the relevant common good must be assessed on a case-by-case basis, requiring sensitivity to local relationships and stakeholder dynamics. This brings us to the stakeholder perspective, which complements the common good approach by expanding the scope of ethical responsibility. Rooted in theories of distributive justice, stakeholder thinking rejects the narrow notion that a business's only duty is to maximize returns for shareholders. Instead, it acknowledges that all groups with a legitimate interest in the firm (employees, customers, suppliers, communities, the environment, and future generations) deserve consideration in ethical

decision-making. "To integrate ethics, social responsibility, and sustainability into business practices, environmental, social, and governance (ESG) has become a widely used framework. This framework allows firms to evaluate their performance in these three areas relative to industry peers using index scores based on performance. Bloomberg established metrics to evaluate firms' ESG data based on public sources on an annual basis. Therefore, ESG combines an ongoing evaluation of sustainability, social responsibility, and formal approaches to implementing business ethics in an organization and is used for financial investing. It assures that there is a holistic view of the corporate culture of the firm that gains market value from risks related to the reputation and promotes investing with a purpose." (Ferrell, 2025, p. 82) The stakeholder model recognizes that these parties have intrinsic value, not just instrumental utility. While it aligns with utilitarian reasoning in aiming to serve collective interests, it does not assign automatic priority to any one group. This broader perspective is especially important in today's interconnected markets, where marketing decisions can affect distant or otherwise overlooked populations. Still, a limitation of traditional stakeholder theory is its tendency to define "legitimate" stakeholders in economic terms, potentially excluding affected parties without direct financial stakes. Here, the common good approach offers a more inclusive foundation. It emphasizes participatory justice and relational interdependence, expanding ethical concern to encompass cultural, environmental, and symbolic dimensions of harm. Modern tools such as Environmental, Social, and Governance (ESG) metrics build upon these principles by offering practical methods for assessing corporate behavior across a wide range of ethical indicators. ESG frameworks help operationalize both stakeholder and common good considerations, creating accountability mechanisms that go beyond basic compliance. Together, the stakeholder view and the common good approach allow for a deeper ethical analysis of marketing. They challenge firms to think not only about what they are doing, but also for whom, at what cost, and toward what kind of society their actions are leading.

1.3.2 Principles of Mutuality and Non-Exploitation

"Different schools of thought in ethics have different views as to the fundamental ethical principle. Kant, for instance, takes as the ultimate ethical principle the categorical imperative; for Aristotle, it is the eudaimonic prin-

ciple; for Bentham, the principle of utility, or maximization of pleasure over pain. Whichever principle(s) a person accepts as fundamental will be taken to apply to all domains of human activity. Thus, for instance, a utilitarian will use the principle of utility to ascertain moral norms in fields as different as business, sexual activity, tax policy, communication, and politics.” (Juan, 2016, p. 69)

In the search for a guiding ethical standard suited to the complexities of modern marketing, scholars have proposed mid-level principles—norms that are broad enough to be widely applicable yet specific enough to offer actionable guidance. One such principle is the **Mutuality Principle (MP)**, which seeks to clarify the ethical responsibilities of marketers beyond abstract ideals like utility or duty.

”I have argued in favour of a principle of mutuality (MP) to guide decisions in the field of marketing ethics. MP encapsulates an idea of reciprocity in the relations between seller and buyer. It does not demand an all-out effort on the part of the seller to give the buyer the best possible service and the lowest possible price to the point of neglecting her interests. Still, it does demand a sincere effort to advance the buyer’s interests in the exchange transaction, and that the seller’s benefits from the transaction be a just (commensurate) reward for the benefits it has provided to the buyer. The basic justification for MP is that it reflects a more basic attitude of non-exploitative cooperation on the seller’s part, which still allows her to advance her interests.” (Juan, 2016, p. 87)

The Mutuality Principle requires that sellers seek reciprocity in their relationships with customers, providing genuine value that contributes to the customer’s well-being and is commensurate with what the seller receives in return. Unlike beneficence, which emphasizes acting solely in the interest of the other, or egoism, which centers exclusively on self-interest, mutuality represents a cooperative relationship based on fairness and shared benefit.

This principle stems from a broader moral commitment to non-exploitative cooperation. It reflects widely supported ethical traditions from Aristotelian virtue ethics (which emphasizes character, moral habits, and the pursuit of human flourishing) to Kantian

respect for persons and consequentialist concern for outcomes. MP operationalizes these philosophies into a practical orientation for marketing: sellers should neither harm nor deceive, and should actively aim to advance the buyer's interests within the exchange.

Several key ethical precepts in marketing flow directly from this principle:

- **Non-maleficance:** Marketers should knowingly do no major harm.
- **Non-deception:** Marketers must avoid misleading or manipulating consumers.
- **Protection of vulnerable groups:** Marketers have a special obligation to exercise care when targeting groups that may lack the capacity to safeguard their own interests (e.g., children, the elderly, or those facing addiction).

Once the rationale for mutuality is accepted, it logically excludes practices that harm, deceive, or exploit. It also provides a more intuitive and accessible ethical tool for practitioners, especially compared to navigating high-level philosophical theories in complex, real-world scenarios.

The value of the Mutuality Principle lies in its practical applicability. It bridges the gap between ultimate ethical ideals and day-to-day decision-making in marketing, offering a stable moral compass without requiring extensive theoretical expertise. As such, it serves as a foundational standard for fair and ethical marketing, anchored in respect, reciprocity, and the shared pursuit of well-being.

1.3.3 Social Contracts, Hypernorms, and Moral Space

Another powerful framework for establishing a normative moral foundation for marketing, particularly relevant for understanding relationships and cross-cultural activities, is **Social Contract Theory**. *Integrative Social Contracts Theory (ISCT)* is presented as a specific formulation that corresponds well to the exchange relationships central to marketing. ISCT provides a coherent framework for resolving ethical issues across different communities (Thomas, 1999).

ISCT is based on two types of social contracts:

- Hypothetical macro-social contract (a heuristic device like those envisioned by Hobbes and Locke),

- Actual micro-social contracts found within living communities. The theory is grounded in the idea of social norms as foundations for rules of behavior within communities, defined as self-defined groups of people with shared tasks, values, or goals capable of establishing their own ethical norms. Corporations, professional groups, trade associations, and even departments can be considered communities in this context.

The macro-social contract includes key terms that structure the ethical landscape:

1. **Moral Free Space:** Local economic communities can specify ethical norms for their members through micro-social contracts. This recognizes that communities are entitled to have differing norms, allowing for cultural and philosophical diversity in ethical behavior. Authentic norms are those supported by a substantial majority of community members.
2. **Protected Informed Consent:** Norm-generating micro-social contracts must be based on informed consent, supported by rights of exit and voice.
3. **Hypernorms:** To avoid excessive relativism, the framework includes a thin set of universal principles known as hypernorms, which constrain the moral free space of communities. Hypernorms are defined as principles so fundamental to human existence that they would be reflected in a convergence of religious, philosophical, and cultural beliefs. Examples of potential hypernorms include negative injunctions against murder, deceit, oppression, tyranny, and the expectation that businesses should honor their obligations in a spirit of honesty and fairness. An authentic norm is considered legitimate only if it is compatible with hypernorms, meaning hypernorms override any inconsistent community norms.
4. **Priority Rules:** In cases of conflict between multiple legitimate norms (common in cross-cultural transactions or when a marketer is part of conflicting communities), ISCT provides a set of priority rules to resolve the conflict. These rules help navigate complex dilemmas where different legitimate norms suggest conflicting actions.

ISCT encourages decision-makers to consider the norms of all relevant communities, thereby ensuring a broad consideration of stakeholder interests, similar to the stakeholder framework but with a more systematic method for identifying and analyzing norms. Its

inherent structure for dealing with cross-cultural applications and its congruence with the marketing concept of exchange make it particularly relevant for marketing ethics. By providing a framework for identifying authentic and legitimate norms and a process for resolving conflicts, ISCT offers a robust normative foundation for marketing ethics (Thomas, 1999).

1.4 Key Concepts in Harmful Marketing

While the previous sections covered foundational ethical frameworks capable of evaluating marketing's broader societal impacts, understanding harmful marketing necessitates a closer examination of specific concepts that show how marketing practices can lead to harmful outcomes, even within legal or traditionally "ethical" boundaries. These concepts move beyond the basic idea of a faulty or dishonest transaction to contain psychological and systemic ways marketing can erode well-being and contribute to societal problems. This section delves into key concepts like consumer vulnerability, manipulation, dark nudging, and deception, which are central to identifying and analyzing harmful marketing practices.

1.4.1 Consumer Vulnerability and Manipulation

A core concept in understanding harmful marketing is consumer vulnerability. This refers to conditions that make certain individuals or groups less able to protect their interests in the marketplace (Juan, 2016). Vulnerability can arise from individual factors (such as addiction or age, particularly in adolescents and children), situational factors, or structural disadvantages (Ania, 2019). Marketers have an ethical responsibility to take extraordinary care when engaging with vulnerable segments, precisely because these consumers are less equipped to safeguard their interests. Marketing's capacity for harm increases when it interacts with or exploits existing vulnerabilities. For example, marketers might use neurotesting to discover how to increase addiction-like responses or target vulnerable groups, such as teenagers, with persuasive ads encouraging harmful behavior, like vaping. To protect vulnerable market segments, we need to apply the Mutuality Principle. This requires sellers to support the buyer's well-being in the exchange. Once mutuality is accepted, practices that harm or exploit vulnerable customers are inherently excluded.

1.4.2 Dark Nudging and Deception

Deception is a long-standing concern in marketing ethics. It means intentional actions that mislead or unfairly manipulate consumers. This directly violates the principle of non-deception, a key precept derived from the Mutuality Principle. Deceptive practices can occur across all elements of the traditional marketing mix. In terms of product, this includes providing a false identity or misleading packaging, exaggerating benefits, or failing to disclose substantial risks or substitutions. Price-related deception may involve charging excessive or fictitious prices, promoting misleading discounts, or engaging in discriminatory or predatory pricing. In promotion, unethical tactics include making promises that cannot be fulfilled, using false advertising, or employing high-pressure or misleading sales techniques. Finally, place (distribution) can involve coercing channel partners, using manipulative delivery methods, or concealing mistakes and defects in the distribution process. Beyond explicit deception, the concept of nudging reveals how consumer choices can be shaped by altering the context in which decisions are made. Though often introduced as a benign way to promote positive behaviors, such as healthier eating or increased savings (Zharekhina Kubacki, 2015), Nudging becomes ethically problematic when it turns dark: manipulating people in ways not in their best interest, bypassing rational deliberation, or exploiting cognitive biases. Marketing often employs such non-conscious influence strategies, which can manipulate psychological tendencies without the consumer's awareness. The critique of marketing as being driven by "hidden persuaders" who shape desires, foster dependency, or encourage unnecessary consumption further highlights its manipulative potential. Today's sophisticated branding techniques extend this concern. Rather than simply presenting functional benefits, modern marketing often constructs aspirational identities and emotional connections that influence consumers at a deeper psychological level. This can involve promoting values that, while seductive, may be harmful, such as greed, status obsession, or unrealistic beauty ideals (Marylyn, 2013)

2 Manifestations, Contexts, and Responses to Harmful Marketing

In Chapter 1, we have covered aspects of harmful marketing that extend beyond traditional notions of unethical conduct to include systemic, psychological, environmental, and social damage. Such damages can exist even within legal boundaries. This chapter will include specific cases of harmful marketing across different contexts, with a particular focus on the digital sphere. Rapid technological advancements and complex ecosystems have advanced the potential for unintended and cumulative harms. After, it covers the societal responses and regulatory challenges associated with these practices.

2.1 Harmful Practices in the Digital Sphere

For marketing activities digital realm can be seen as the current central stage. It offers unprecedented opportunities for reach, personalization, and engagement. However, such expansion also introduced new avenues for harmful practices, often operating through complex systems that obscure accountability. Digital platforms are interconnected, with the vast amounts of data collected and the rise of sophisticated algorithmic tools creating fertile ground for subtle, psychological, and structural harms. This section covers areas where digital practices result in significant ethical challenges: disinformation, data usage and targeting, data-driven campaigning, and identifying and potential misuse of online "influencers".

2.1.1 Disinformation and Fake News

A significant appearance of harmful marketing in the digital sphere is the proliferation of disinformation and fake news (In this case, fake news is defined as false stories appearing as news, spread on the internet or other media, usually created to influence political views or as a joke). Disinformation, more broadly, refers to an orchestrated campaign that spreads misleading and adversarial narratives for political, military, or commercial purposes. Digital advertising has become a significant vehicle for circulating and increasing disinformation. Disinformation researchers claim that digital advertising budgets are diverted to fund provocative influencers and fake news outlets. Industry reports indicate

that digital advertisers unknowingly contribute billions annually to fake news publishers. State-sponsored operatives also use digital advertising technologies (AdTech) without disclosing funding sources to camouflage digital influence campaigns on social media, making them hard to distinguish from legitimate advertisers. To address disinformation, tech firms have policies such as content moderation and demonetization. However, these efforts face challenges. Commercial content moderation can be affected by conflicting interests when platforms benefit from content going viral. Even when platforms demonetize problematic publishers, they may still keep the ad revenue. In this "Post- Truth Era," where emotional appeals can outweigh objective facts, the ease with which information (and misinformation) spreads online means that every citizen bears some responsibility for fanning the flames of hate and misinformation. Despite mounting evidence, marketing academics and practitioners often overlook the harmful effects of online advertising and disinformation, sometimes framing them as "inefficiencies" for which no one is responsible (Which we will explore more in detail in Chapter 3). Sociotechnical imaginaries in programmatic advertising guides can create "loud silences," avoiding sensitive topics like the funding of fake news by focusing solely on marketers' metrics. Framing controversies and harmful effects in digital advertising as 'externalities' is a representational practice used by market actors to claim no responsibility for these outcomes. Ignoring these controversies in internal materials can perpetuate malpractice, even as criticism remains public. This points to an ongoing challenge in getting companies to internalize the societal costs of their actions.

2.1.2 Data Usage, Privacy, and Targeted Practices

The vast amounts of personal data (Any information with direct or indirect links to an individual) collected online are central to digital marketing. Such data enables highly targeted practices but also raises significant privacy and ethical concerns. Uncontrolled use of personal data, including that of social network users, has been analyzed as an unscrupulous situation. Individuals may spread their data carelessly through social networks, often forgetting how big the actual role these platforms play in their lives. Users often accept cookies and disclaimers on websites without understanding what they entail. Targeted advertising leverages this data to deliver personalized messages, increasing its potential impact. While this can enhance marketing efficiency, it also enables subtle

psychological manipulation and the exploitation of cognitive biases.

2.1.3 Data-Driven Campaigning and Regulation

Data-driven campaigning (DDC) represents a new era in political communication. Has a significantly greater size and level of detail of data used. It is enabling personalized or micro-messaging on a mass scale. Such data is typically digitally sourced or digitized, and its analysis often involves statistical and algorithmic modeling. Its results are highly influential and often deterministic in key campaign decisions. It involves applying insights from data analysis to design and distribute personalized messages to individual voters at scale. For example, placing micro-targeted ads on social media. People have concerns about a powerful DDC because of its potential to manipulate and eventually result in harm to democracy. The EU has been implementing highly strict rules, like the GDPR and new regulations on the transparency and targeting of political advertising. They are specifically designed to limit access to online data sources as possible and ensure privacy. However, there are still regulatory gaps like the challenge of regulating non-sponsored or "organic" content and indirect voter targeting. The regulation of DDC is expected to continue evolving, potentially moving into currently less-examined areas. Parties using DDC are increasingly subject to privacy and personal data protection laws, requiring an expanded understanding of the rules governing campaigns beyond traditional financial and broadcasting regulations. The debate on differing approaches to governing the digital realm, whether through gradual extension of existing laws or the design of new regulations, remains particularly relevant.

2.1.4 Identifying and Potentially Misusing Influentials

Online social networks are essential communication tools with high socio-economic value. In these networks, individuals known as "influencers (Reliable people with the ability to persuade others, presenting supported topics and ideas) play a significant role in spreading information. What they say can impact brand recommendations, advertisements, and evaluations. Identifying influencers is a challenging field of study, especially important for marketing. Their ability to influence followers can accelerate or prevent the message from spreading. Companies utilize this by identifying and selecting a limited number of users, providing them with samples or information in the hope that they will influence

their networks. This phenomenon is sometimes referred to as "influence maximization". There are methods for identifying influencers like network structure-based approaches, Content-based methods, and Topic-sensitive approaches. These methods help to analyze the position of the user in a network, the content of posts, or the similarity between texts to determine influence levels. Identifying influencers is a core strategy in digital marketing and data-driven campaigning. However, it also has potential for misuse. Leveraging influencers for the spread of disinformation or manipulation is a huge concern. The structured effort of marketing to communicate value can be distorted when relying on influencers who may not disclose funding sources or affiliations, as seen with provocative influencers funded by digital advertising budgets directed to spread disinformation. The power of online influencers in shaping opinions requires careful consideration of the ethical implications of their identification and use in marketing and political campaigns.

2.2 Harmful Marketing in Other Contexts

Harmful marketing is not limited to online environments. Other contexts outside of digital platforms also increase ethical concerns and potential harms, often involving complex relationships, vulnerable populations, or supply chains with hidden consequences. To understand marketing's ethical responsibilities as a whole, we need to see beyond the limits of the traditional dual exchange model and consider its wider impacts on society and the environment. This section covers several key areas where harmful marketing touches beyond the digital realm. Including problematic network marketing schemes, ethical considerations in social marketing, the marketing of potentially harmful products, and ethical issues included within supply chains.

2.2.1 Precarious Network Marketing Schemes

Precarious network marketing schemes often rely on current members to recruit others. Such an act blurs the lines between genuine endorsement and manipulation. Online platforms make it easy to spread while also making it hard to understand who's truly responsible. This leads to what scholars call "blissful unaccountability". It is a state where no one takes the blame, even as harm continues. Influencers and participants may promote products or opportunities without fully understanding or verifying them, adding to the confusion. All of this shows why we need ethical guidelines that go beyond

individual transactions and consider the broader social impact of marketing.

2.2.2 Ethical Issues in Social Marketing

Social marketing, defined as the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communications, distribution, and marketing research, has gained widespread recognition. Examples include campaigns to market political candidates and their platforms, conserve energy, abstain from smoking, or promote anti-tobacco or anti-alcohol messages. The emergence and expansion of social marketing are considered a "two-edged sword". While marketing thinking can significantly improve the saleability of useful social programs, its widespread involvement in marketing social ideas also carries the potential to cause significant ethical controversies and further turn public opinion against marketers and the marketing field. A major concern raised by experts is the accountability of social marketers. The application of marketing techniques to diffuse social issues and ideas raises significant ethical questions, particularly when services are based largely on the sponsor's ability to pay. Concerns exist that social marketing could ultimately operate as a form of thought control by the economically powerful, allowing those with financial resources to use marketing techniques to communicate ideas that are not necessarily socially beneficial. This highlights questions about ensuring legitimate, impoverished minorities have equal access to marketing expertise. A core ethical challenge in social marketing is the difficulty in separating the ethics of applying marketing techniques from the ethics of the ideas themselves. The majority of experts polled seemed to agree that one cannot separate the techniques used from the idea itself when judging the ethical appropriateness of a campaign promoting a social idea. Marketing practitioners, however, tend to disagree with this separation, possibly because expanded social marketing could provide income and opportunities for the marketing field. This suggests that controversial and ethically "charged" topics, such as political platforms, if promoted with full-scale marketing campaigns, could create ill will for the discipline of marketing. You can promote a good cause (e.g., anti-smoking, safe driving) using typical persuasive tools like emotional ads, repetition, targeting specific groups, etc. You can promote a bad or controversial idea (e.g., discrimination, political manipulation) using those same tools. Despite the potential benefits, marketing professionals venturing into

wholesale social marketing development may acquire considerable social power without adequately assessing the resulting responsibility they must bear. Further research is needed to explore specific ethical questions in social marketing, such as who benefits and who loses, what constitutes a "good" or "bad" product/idea or marketing practice, the responsibility of the firm, and whether individual responsibility sometimes exceeds that of the firm. Understanding how possible abuse of social marketing can be prevented or controlled is also critical. If marketers prefer internal controls, they should probably impose tighter standards than they ideally prefer, since outsiders appear to be more critical of the occurrences of social marketing than marketers themselves. Social marketing may have many ethically controversial dimensions. As social marketing efforts increase, large segments of the public may not distinguish between controversial topics being marketed and the tools used to promote them. This could lead to marketers being perceived as the "neopropagandists" of our society, hardly a positive public badge.

2.2.3 Marketing of Potentially Harmful Products

Marketing ethics literature has long addressed the harm done to consumers by marketing, including the marketing of products that are harmful when used as intended or if misused or abused. Issues such as unsafe and harmful products have been serious ethical concerns for decades and remain so today. Harm to consumers may occur as a result of marketing of products that are harmful when used as intended, such as tobacco, or the marketing of products that cause harm if misused or abused or simply marketed in ways that can be harmful, such as the advertising of cosmetics that promotes an idealized view of feminine beauty. Marketers could survey people about cigarette brands or use neurotesting to increase addiction, potentially leading to negative public health effects. Smokeless tobacco products have also been discussed in the context of harm reduction. Ethical considerations for products require marketers to ensure products and services are safe and fit for their intended uses. They should also disclose information regarding all substantial risks associated with the product or service usage. Marketers should not manipulate product availability for exploitation, not exaggerate or lie about product benefits, not misrepresent the credentials of the product/service provider, and avoid constituent substitutions that materially change the product or its impact.

2.2.4 Ethical Concerns in Supply Chains

The development of dramatically expanded global supply chains has resulted in significant social and environmental problems upstream that are, at least in part, attributable to downstream marketers and consumers. Harm can occur throughout an industry's value chain, often as unintentional impacts or "moral externalities". These problems result in problematic working conditions, including forced labor, child labor, environmental degradation, toxic work environments, and human-rights violations, some amounting to slave labor.

Marketing serves as the crucial link between these problematic environmental and social conditions in the supply chain and consumer decisions. Downstream marketer and consumer decisions can have negative upstream consequences. Addressing these harmful upstream effects requires greater attention to stakeholder marketing, which considers the interests of various groups affected by marketing activities beyond immediate consumers. Stakeholder analysis tools, such as the harm chain framework, can help find where intended or unintended impacts happen by considering all exchange partners. This framework allows firms and public policymakers to consider everyone who is harmed, as well as those who can address the harm throughout the supply chain. It addresses the "negative value chain," referring to the intended or unintended consequences and abuses within the industry.

The fair trade context serves as an example where these ethical concerns in supply chains are directly addressed. The marketing of fair trade products, such as clothing, involves attempts to communicate the "world out there" involved in production through "Producer Stories" and developing labels or certificates as guarantees of the ethics built into the product. Fair trade is seen as creating alternative ethical worlds. However, this also leads to discussions and disagreements among those involved about whose version of the world is most fair and authentic, showing the complexities of achieving transparency and ensuring ethical practices throughout the supply chain.

2.3 Addressing and Regulating Harmful Marketing

Harmful marketing is not only about calling out bad behavior, but also about changing the system that allows it to happen. Sometimes, the usual rules and ethical checklists

aren't always enough. To make real progress, we need broader solutions that go beyond market logic or legal boundaries. That's why stronger regulations and systemic changes are needed. In this section, we will cover this, its reasons, what current efforts are getting right (or wrong), and how we can encourage businesses to make more responsible and thoughtful choices.

2.3.1 The Need for Regulation Beyond Markets

Marketing is a core social infrastructure that shapes identities, economies, urban environments, digital ecosystems, and collective aspirations. It plays a huge role in defining social norms and influencing policy debates. For these reasons, marketing's ethical responsibilities must expand to match its reach.

Harmful marketing can happen through saturation, exclusion, symbolic violence, and by normalizing or omitting certain perspectives. Moreover, it can occur as an indirect effect of marketing activities, particularly regarding extensive global supply chains. In countries with weak governance systems, multinational corporations may be held responsible for the harm caused by their direct and indirect business partners.

While the law provides a minimum standard, ethical conduct in marketing is expected to exceed the obligations embedded in legal requirements. The law alone is not sufficient to ensure the level of honesty and fairness needed for the marketplace to operate smoothly.

There is a need to guide in evaluating ethical issues in marketing regarding the potential for physical and financial harm resulting from unethical decisions regarding product safety, truth in advertising, and fair pricing. Traditional frameworks based on classical ethical theories may be inadequate for the rich, complex context of the marketing function. This shows the need to address harmful marketing through mechanisms that go beyond market-based exchanges and traditional legal compliance.

2.3.2 Current Regulatory Approaches and Challenges

Current approaches to dealing with harmful marketing are a mix of legal rules and self-imposed company guidelines. Marketers are expected to follow certain laws, especially when it comes to things like false advertising. However, these rules often focus only on what is being said, not how marketing is built, spread, or scaled within today's fast-moving digital systems.

One huge challenge is “blissful unaccountability.” This happens when responsibility is so scattered, especially online, that no one can be held accountable. Precarious network marketing on social media is a good example: regulation is often unclear or weak, and harmful content slips through filters that are supposed to catch it. In many cases, companies treat the negative effects of their marketing as side issues or externalities they’re not responsible for. Pretending these problems aren’t theirs just allows the harm to continue, even when the public is calling them out.

When it comes to newer forms of marketing, like data-driven campaigning (DDC), we see creative approaches to regulation. One is a “kaleidoscopic” strategy, slowly adapting old laws to fit new situations. Another is a “designed” approach, which involves building entirely new rules and institutions. The GDPR is a step in the right direction for things like privacy and online ads, but it still has huge gaps, especially around organic (non-sponsored) content or targeting that doesn’t look like traditional advertising. The more political campaigns and companies alike lean more on data, figuring out how to regulate this space fairly and effectively is becoming more urgent.

2.3.3 Promoting Ethical Decision Making and Corporate Responsibility

Promoting ethical decision-making and increasing corporate responsibility are crucial components of addressing harmful marketing. A key element is the development of normative theories that guide ethical evaluation and decision making in marketing. To improve marketing ethics, there are various ways:

- Developing and enforcing codes of marketing ethics,
- Designing compensation systems that reward ethical behavior and discourage unethical conduct,
- Addressing the harmful upstream effects in supply chains necessitates greater attention to stakeholder marketing,
- Implementing a “harm-reduction framework” for marketing ethics and institutionalizing it,
- Universities should revise marketing curricula to include structural ethics and critical media theory,

- Governments should regulate not just marketing content but also its design, deployment, and amplification,
- Emphasizing fundamental ethical principles, such as *primum non nocere* (“not knowingly to do harm”).

Companies more advanced in ethical reporting and practices are encouraged to mentor others in the industry. Ultimately, addressing harmful marketing requires ongoing discussion and collective effort among all involved parties.

3 Case Study: The Cambridge Analytica Scandal

In the digital age, marketing doesn’t just sell products but also influences how people think, vote, and engage with the world around them. When it becomes harmful, it often occurs in complex systems that make it hard to spot where ethical boundaries are crossed. It can happen quietly but with serious consequences. One of the clearest real-world examples of this is the Cambridge Analytica scandal. This case shows in which ways marketing tools, when they have access to personal data and behavioral science, can be used. Such ways are not only unethical but also deeply affect democracy and public trust. It’s an example of how modern marketing can go beyond persuasion and into manipulation, especially when no one is held accountable.

3.1 Overview of the Scandal

The scandal broke in 2018, and Cambridge Analytica collected personal data from millions of Facebook users without proper consent through a personality quiz app. The company gained access to users’ and their friends’ information. With all the information, an enormous data pool was created for political profiling and targeting. After this data was turned into detailed psychological profiles, it was used to send custom political messages to influence voting behavior in major events like the 2016 U.S. election and Brexit.

The scandal showed how easy it is to manipulate people using their data without them even knowing it was happening. It also raised serious concerns about the role of social media platforms like Facebook, which allowed this data collection to go unchecked.

The case highlighted a major gap in regulation and accountability in the digital marketing world, showing how urgent it is to rethink how data, power, and responsibility are handled.

3.1.1 Background and Key Actors

At the center of the Cambridge Analytica scandal was Cambridge Analytica (CA). It is a political consulting firm that operated under the SCL Group, an organization known for its involvement in military strategy and political influence campaigns. CA combined behavioral science, data analytics, and digital advertising to influence political messaging. They claimed to help campaigns more effectively “persuade and motivate” voters. While SCL presented itself boldly as a “global election management agency,” CA adopted a softer, more corporate image.

Alexander Nix, the CEO of CA, directed its operations and strategy. Meanwhile, Aleksandr Kogan, a researcher from Global Science Research (GSR), developed a Facebook personality quiz app that secretly collected personal data from millions of users. This data was then used to build psychological profiles and target voters with customized political content.

The scandal came to light thanks to whistleblowers from within the company. Christopher Wylie, CA’s former research director, and Brittany Kaiser, another former employee, leaked documents and provided testimonies that revealed just how extensive and deliberate the data use had been. As public outrage grew, Mark Zuckerberg, CEO of Facebook, was called to testify. After that, government bodies ultimately accepted responsibility for Facebook’s failure to protect user data. The entire operation was financially supported by Robert Mercer, a billionaire known for backing conservative political campaigns.

The scandal revealed a web of organizations—Facebook, Cambridge Analytica, SCL, AggregateIQ, and GSR—that collaborated to shape political narratives behind the scenes. Ethically, many actors fell short of their responsibilities. Facebook allowed mass access to user data, Kogan enabled its collection, and CA exploited it for strategic influence. All of them left millions of users unaware and unprotected.

3.1.2 Scale and Global Implications

CA's involvement in major political events gained global recognition. The firm provided services to the Ted Cruz campaign in 2015 and the Donald Trump campaign in 2016. They also played a role in the political campaigning for the VoteLeave party during the Brexit referendum in the UK. CA was also involved in elections in other countries, including Trinidad and Tobago and Nigeria. Alexander Nix himself reportedly stated that CA operated in Africa, Mexico, Malaysia, and planned future operations in Brazil, China, and Australia. Millions of Facebook profiles had been unethically harvested. Specifically, 87 million Facebook profiles were violated, and of these, 2.7 million were of Europeans.

The case clearly illustrated the concept of "blissful unaccountability". First, platforms (like Facebook) hosted the app and data, then developers collected and sold the data. Finally, consulting firms used it and made it difficult to assign clear blame within the existing regulatory framework. The fragmentation of responsibility contributed to the perpetuation of harmful systems.

The scandal had significant global implications, triggering governmental concern about data-driven campaigning (DDC) and the use of personal data in elections. European data protection authorities considered the scandal as just the "tip of the iceberg". It resulted in calls for stronger privacy laws and new regulations. They are required to address big data and prevent the abuse and manipulation of the public. The incident contributed to the ratification of the General Data Protection Regulation (GDPR) in the EU, which significantly strengthened data protection laws and applies to companies handling the personal data of EU citizens. These regulations are designed to limit access to online data sources and ensure confidentiality.

Even though Cambridge Analytica and its parent company filed for bankruptcy, particularly as similar companies may emerge from the ashes, reportedly under a new name, Emerdata Limited.

3.1.3 Data Acquisition and Methodologies

While other marketing methods rely mostly on general statistics and broad demographic categories, Cambridge Analytica focused on people's digital footprints. Psychographic profiling and microtargeting allowed them to customise political messages to match each person's beliefs, fears, and preferences. The company's goal wasn't just to inform voters

but to influence them by shaping their decisions and appealing to what mattered most to them psychologically.

3.1.4 How Data Was Obtained (Facebook API)

The method used was a quiz-like Facebook application named “This Is Your Digital Life”. It was developed by Aleksandr Kogan, who is a Cambridge University academic. The application was paying users a small amount (ranging from \$1 or \$2 to a few dollars) to complete it. This was sometimes facilitated via platforms like Amazon Mechanical Turk. The survey was ostensibly for academic use.

Users were logging into the app using their Facebook accounts and authorizing the app to access their data to take the survey. A loophole in the Facebook API allowed apps to collect data not only from the user who took the quiz but also from their Facebook friends. This meant data was collected from friends often without their explicit knowledge or consent for this purpose. Facebook’s “open social graph” service enabled third-party developers to access certain user information. The scale of this data harvesting was huge. Facebook later stated that the data of up to 87 million users may have been improperly shared. Despite Facebook prohibiting the selling of user data collected this way, Kogan had an agreement to sell the data to Cambridge Analytica. Cambridge Analytica was found to be abusing privacy by collecting data without consent by manipulating loopholes in Meta’s privacy policy. Companies that use personal data have a responsibility to use data that has been collected with consent and to use this data ethically.

3.1.5 Psychographic Profiling and Microtargeting

The data was subjected to intensive analysis and used for psychographic profiling and microtargeting.

Psychographic Profiling: CA created analytical tools using expertise from various backgrounds. They combined user data, including psychographic information, Facebook activities (likes, posts, shares), and personality scores, to build user profiles and predict information related to political affiliation. *OCEAN personality model:* This model is based on the user; Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. After analysing each user, they were then given scores based on their data.

Microtargeting: The personality profiles and data analysis insights were used to

target voters with personalized political ads and content. This involved customising messages to each individual based on their psychological profile and predicted interests or weaknesses. The goal was to ensure that “the right commercials were shown to the right users”.

Behavioral Analysis and “Dark Nudging”: This approach drew on behavioral psychology, particularly insights from “nudge theory”. While nudging can be applied positively, CA’s use showed that the application of principles can potentially result in “negative” or manipulative, often referred to as “dark nudging”. The analysis aimed to predict responses to different persuasive stimuli. The systematic, large-scale collection and observation of a population’s habits are key turning points in this conception.

3.2 Ethical Violations and Societal Impact

3.2.1 Breach of Data Privacy and Consent

A central ethical violation was the breach of user data privacy and consent on a massive scale. The company abused privacy by collecting data without consent, specifically by manipulating the loopholes of Meta’s (Facebook’s) privacy policy. Duty of care failure by Facebook, Aleksandr Kogan, and Alexander Nix towards the users whose data they handled. Had one of these three parties acted ethically in their care for their users, the scandal could have been entirely avoided.

3.3 Regulatory and Public Responses

The exposure of the Cambridge Analytica scandal in 2018 by journalist Carole Cadwalladr initiated significant responses from governments, regulatory bodies, and the public. The immediate consequences were the investigations and inquiries across continents. Alexander Nix was suspended, and Cambridge Analytica and its affiliated company, SCL Elections Ltd, filed for bankruptcy proceedings in May 2018. However, Cambridge Analytica reportedly managed to partly reopen under a new name, Emerdata Limited.

Regulatory Actions: In the US, the Federal Trade Commission (FTC) decided to conduct its investigation. Facebook was ultimately fined \$5 billion by the FTC in 2019. Kogan settled with the FTC in 2019, being required to destroy the data he harvested, though not required to confirm or deny allegations. Nix faced similar allegations from the

FTC. The European data protection authorities declared that the scandal was only the “tip of the iceberg”. The EU has been particularly active, implementing stricter rules, including the General Data Protection Regulation (GDPR) and new regulations on the transparency and targeting of political advertising. These regulations are designed to limit access to online data sources and ensure confidentiality. Recommendations emerging from the case explicitly call for strengthening privacy laws to address digital marketing and creating new laws for big data to prevent public abuse and manipulation.

Facebook’s Actions: In response to the scandal, Facebook removed the open graph API tool that facilitated the data harvesting. Mark Zuckerberg apologized and promised to audit third-party organizations, restricting developers’ access to data. Spam-busting features were also launched on Facebook advertising. However, a year after the scandal, some promised measures, like a “clear history” tool, had not been released or updated.

4 Conclusion

4.1 Ongoing Relevance

Persistent Data-Driven Campaigning (DDC): This mode of campaigning is not merely a historical event but represents a continuing evolution in political and commercial marketing. The potential for influencing decision-making processes online and using online data remains. The value of retaining and buying user information grows exponentially, allowing for increasingly accurate predictions, which contributes to trends like political polarization.

Social Media Business Models: The core business model of many mainstream social media platforms, including Facebook, is based on the monetization of personal data. This case shows the risks associated with the usage, exposure, or exploitation of personal data by third parties.

The Challenge of Accountability: Despite the clear failures in the duty of care demonstrated by Facebook, Cambridge Analytica, and Aleksandr Kogan, the sources note the challenge in assigning responsibility and implementing consequences, raising questions about the ongoing safety of digital information. This lack of clear accountability mechanisms remains a relevant concern.

Framing Harm as Externalities: Controversies and harmful effects in digital ad-

vertising can sometimes be framed as “externalities” for which market actors claim no responsibility. Ignoring these controversies in internal materials can perpetuate malpractice, even as criticism remains public.

4.2 Lessons Learned

Strengthening Regulation: The Cambridge Analytica scandal became a wake-up call for policymakers, requiring stronger regulations for data privacy and online political advertising. Experts called for the urgent reinforcement of privacy laws to better govern digital marketing and the growing influence of big data. The European Union imposed stricter regulations like the General Data Protection Regulation (GDPR) and new transparency requirements for political advertising. As data-driven campaigning (DDC) continues to evolve, regulatory frameworks must also expand to cover these emerging areas. One key lesson is that campaign regulation can no longer stop at spending limits and media airtime. It must include privacy laws and digital protections that are suitable for how modern campaigning works.

The Importance of Ethical Marketing and Corporate Responsibility: Ethical marketing must be grounded in truth and transparency, not manipulation. Trust is built over time, and when companies compromise that trust, the consequences can be widespread. The scandal showed that ethical marketing is not just about avoiding bad behavior; it’s about embedding values into the system of how organizations operate. Firms need to move beyond superficial corporate social responsibility (CSR) and instead adopt what’s often called “deep CSR”, a genuine, policy-level commitment to ethical practices. Marketing is not neutral; it can cause global problems or offer solutions. To make it part of the solution, we need a structural shift in the evaluation of ethical impact. We need to look at the broader, interconnected consequences. This means for interdisciplinary approaches that blend ethics, technology, sociology, and business.

Applying Stakeholder Ethics and Mutuality: Stakeholder ethics asks companies to look outside of profits or customers, but at all those affected by their actions, especially in algorithmic environments. This means considering risks and involving diverse voices before damage happens. Marketers shouldn’t treat people as a means to an end but should aim for cooperative relationships where value is created on both sides. The Cambridge Analytica scandal broke this principle by bypassing consent and manipulat-

ing user behavior in ways that undermined autonomy. Using frameworks like Customer Lifetime Value (CLV) can help organizations not only measure customer profitability, but also reflect on the long-term costs of unethical practices—social, reputational, and regulatory.

Raising Public Awareness and Data Literacy: Personal data is valuable, but very few people realize it. This case is exposing an understanding of how data is collected, used, and monetized online. For the public, a key takeaway is the importance of data literacy: knowing what happens when we click “accept,” and being mindful of what we share online. The case shows a powerful teaching tool for examining digital culture, surveillance capitalism, and our relationship with social platforms. It also reinforces the need for responsible behavior from individuals, especially in verifying information before sharing, to help slow the spread of misinformation.

Identifying and Protecting Vulnerability: As public awareness grows, there will likely be more pressure to protect consumers. Particularly those in vulnerable groups from targeted manipulation. This suggests an important area for future research: how vulnerability operates in different marketing contexts, and how to build safeguards against exploitation.

The Need for Continued Research: In summary, the scandal proves how much we still don’t know. Future studies are needed to explore:

1. How can responsibility be effectively enforced in complex digital systems?
2. How do ethical theories apply in real-world marketing?
3. How are evolving practices like DDC shaping politics and society?

Understanding these dynamics will be key to building more ethical, transparent, and democratic digital areas.

5 References

- Bareebe, R. (2022). *The Cambridge Analytica Scandal and Its Impact on Meta*. <https://doi.org/10.13140/RG.2.2.19583.69285>
- Campione, C. (2018). *The dark nudge era: Cambridge Analytica, digital manipulation in politics, and the fragmentation of society* [Master's thesis, Università di Pisa].
- Carrigan, M., Moraes, C., & McEachern, M. (2013). From conspicuous to considered fashion: A harm-chain approach to the responsibilities of luxury-fashion businesses. *Journal of Marketing Management*, 29(11–12), 1277–1307.
- Cho, M. W. (2024). *The Facebook-Cambridge Analytica scandal: An analysis of care* (Bachelor's thesis). University of Virginia.
- Díaz Ruiz, C. (2024). Disinformation and fake news as externalities of digital advertising. *SSRN*. <https://doi.org/10.2139/ssrn.5011355>
- Dunfee, T. W., Smith, N. C., & Ross, W. T. (1999). Social contracts and marketing ethics. *Journal of Marketing*, 63(3), 14–32.
- Elegido, J. M. (2016). Mutuality: A root principle for marketing ethics. *African Journal of Business Ethics*, 10(1), 67–96. <https://ssrn.com/abstract=2923141>
- Enache, E., Morozan, C., & Purice, S. (2012). Visual pollution: A new axiological dimension of marketing? *Annals of the Faculty of Economics*, 1(2), 820–826. <https://ideas.repec.org/a/ora/journal/v1y2012i2p820-826.html>
- Ferrell, O. C. (1985). A contingency framework for understanding ethical decision making in marketing. *Journal of Marketing*, 49(3), 87–96.
- Ferrell, O. C., & Harrison, D. E. (2025). Navigating the nexus: Teaching marketing ethics. *Journal of Marketing Education*, 47(1), 78–88.
- Gibson, R., Bon, E., & Römmele, A. (2023). Operationalizing data-driven campaigning. *Policy Studies*, 45(5), 692–708.

- Harshil, S. (2019). Cambridge Analytica – A case study. <https://indjst.org/articles/cambridge-analytica-a-case-study>
- Korhan, U. (2024). Pazarlama etiği üzerine bir araştırma. *Sosyal Bilimler Dergisi*, 5(2), 123–132.
- Laczniak, G. R., Lusch, R. F., & Murphy, P. E. (1979). Social Marketing: Its Ethical Dimensions. *Journal of Marketing*, 43(2), 29–36. <https://doi.org/10.2307/1250739>
- Madhani, P. M. (2016). Marketing ethics: Enhancing firm valuation and building competitive advantages. *SCMS Journal of Indian Management*, 13(3), 80–99. <https://ssrn.com/abstract=2850273>
- Neyland, D., & Simakova, E. (2009). How far can we push sceptical reflexivity? *Journal of Marketing Management*, 25(7–8), 777–794.
- Pittz, T., Steiner, S., & Pennington, J. (2020). An Ethical Marketing Approach to Wicked Problems. *Journal of Business Ethics*, 164(9–10). <https://doi.org/10.1007/s10551-019-04277-7>
- Pulcini, E. (2018). Cambridge Analytica: Ethics and online manipulation. *Etica & Politica*, 20(2), 92–102.
- Smith, N. C., Palazzo, G., & Bhattacharya, C. B. (2010). Marketing’s consequences: Stakeholder marketing and supply chain CSR issues. *INSEAD Working Paper No. 2010/17/INSEAD*. <https://doi.org/10.2139/ssrn.1577083>
- Sujon, Z. (2019). Cambridge Analytica, Facebook, and understanding social media. In R. Y. Zemmels & C. A. Morozov (Eds.), *Social media, ethics and the digital age* (pp. 117–130). Routledge. <https://doi.org/10.11647/OBP.0162.11>
- Wieckowski, A. G. (2019). When neuromarketing crosses the line. *Harvard Business Review*. <https://hbr.org/2019/01/when-neuromarketing-crosses-the-line>
- Zharekhina, L., & Kubacki, K. (2015). What messages does social marketing advertising send? *International Journal of Nonprofit and Voluntary Sector Marketing*, 20(2), 105–120. <https://doi.org/10.1002/nvsm.1531>

- Zheng, Y., & Wang, Q. (2025). Blood diamonds? Responses of open-source software developers. *Strategic Management Journal*. <https://doi.org/10.1002/smj.3712>