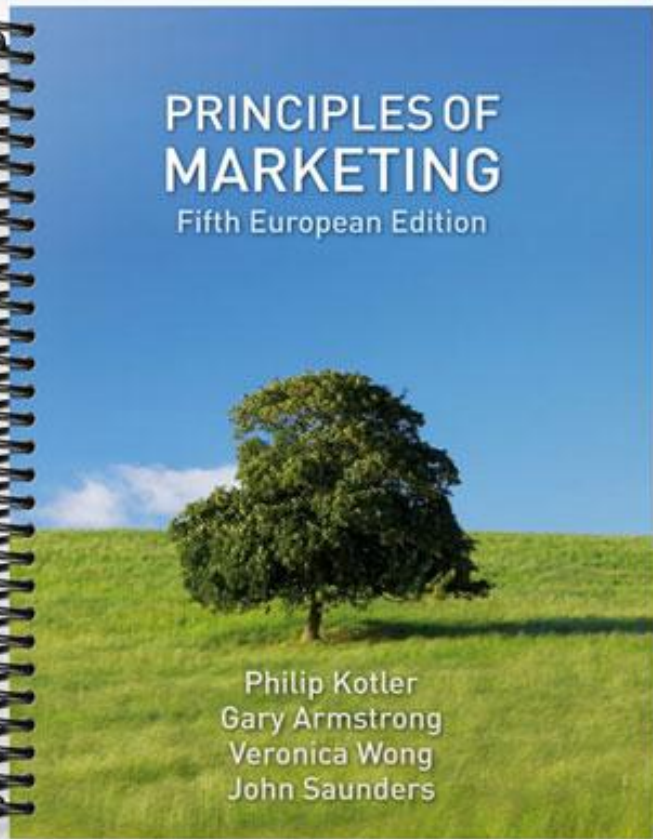


SOLUTIONS MANUAL



PRINCIPLES OF MARKETING

Fifth European Edition



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Chapter 2: Sustainable marketing: marketing ethics and social responsibility

Learning Objectives

1. Identify the major social criticisms of marketing.
2. Define *consumerism* and *environmentalism* and explain how they affect marketing strategies.
3. Describe the principles of socially responsible marketing.
4. Explain the role of ethics in marketing.
5. Understand the dimensions of sustainable marketing.

Chapter Overview

This chapter examines the social effects of private marketing practices. A marketing system should sense, serve, and satisfy consumer needs and improve the quality of consumers' lives. In working to meet consumer needs, marketers may take some actions that are not approved of by all the consumers or publics within the social sector. Marketing managers must understand the criticism that the marketing function may encounter. By understanding the criticism, the manager is better prepared to respond to it in a proactive manner. Some of the criticism is justified; some is not.

The primary criticisms of the marketing function with respect to the impact on individual consumers have been categorised as being (1) high prices, (2) deceptive practices, (3) high-pressure selling, (4) shoddy or unsafe products, (5) planned obsolescence, and (6) poor service to disadvantaged consumers. These criticisms have come from a failure to meet individual consumer welfare needs.

A separate set of criticisms is directed toward the marketing function by society in general. Criticism from this larger public body includes comments on creating (1) false wants and too much materialism, (2) too few social goods, (3) cultural pollution, and (4) too much political power. In addition, critics have also pointed out that marketing's impact on businesses may not be good either. Marketing is accused of harming competitors and reducing competition by acquiring competitors, creating barriers to entry, and using unfair marketing practices.

Concerns about the marketing function have led action groups to participate in consumer and environmental movements and to form protest organisations. Marketing's response to action groups and social criticism has largely been positive and proactive. Many companies that were originally opposed to social movements and legislation that was created to address consumer complaints have now recognised a need for positive consumer information, education, and protection. The most successful of these firms have

reorganised their companies to follow *enlightened marketing*. This concept is based on the principles of consumer orientation, innovation, value creation, social mission, and social orientation. Also, companies are increasingly responding to the need to provide company policies and guidelines to help their managers deal with questions and issues in marketing ethics. These policies generally cover issues in distributor relations, advertising standards, customer service, pricing, product development, and general ethical standards. Companies that are able to harness social change, understand it, and develop meaningful policies that help create new values in a socially responsible way will have dynamic growth and receive the sales reward from the consumer in the future.

Prelude Case

In the prelude case, the NSPCC's Full Stop to Child Cruelty campaign is discussed. The NSPCC has an admirable goal to stop child cruelty but it spends more on promotional efforts than it does on actual services. The case points out the dilemma faced by the NSPCC. Some feel that a charity should focus on providing services. The NSPCC believes its promotional efforts are justified because of its mission to create awareness.

The case poses the following questions for students to consider:

1. Who are the charity's target market and what are the main aspects of the service offered by a charity such as the NSPCC?
2. Assess the role of marketing in assisting the charity to achieve its goals. Should the charity spend more on fundraising, publicity, campaigning, and administration than on direct services to children?
3. Evaluate the NSPCC's current marketing strategy. Has the charity got its current marketing strategy wrong? Or are the problems due to its communication policy?

Instructors may wish to introduce the case to students prior to presenting the chapter material and then revisit the questions at the end of the lecture.

Chapter Outline

1. Introduction

- 1.1. Responsible marketers discover what consumers want and respond with marketing offers that create value for buyers in order to capture value in return. The marketing concept is a philosophy of customer value and mutual gain. Its practice leads the economy by an invisible hand to satisfy the many and changing needs of millions of consumers.
- 1.2. Not all marketers follow the marketing concept, however. In fact, some companies use questionable marketing practices, and some marketing actions that seem innocent in themselves strongly affect the larger society.

2. Social criticisms of marketing

Marketing receives much criticism. Some of this criticism is justified; much is not. Social critics claim that certain marketing practices hurt individual consumers, society as a whole, and other business firms.

2.1. Marketing's impact on individual consumers

- 2.1.1. Consumers have many concerns about how well the American marketing system services their interests. Some accuse marketing of harming consumers in the following ways:
 - 2.1.1.1. High prices
 - 2.1.1.2. Deceptive practices
 - 2.1.1.3. High-pressure selling
 - 2.1.1.4. Unsafe products
 - 2.1.1.5. Planned obsolescence
 - 2.1.1.6. Poor service to disadvantaged consumers
- 2.1.2. Many critics charge that the marketing system causes prices to be higher than they would be under more “sensible” systems. They point to three factors: 1) high costs of distribution, 2) high advertising and promotion costs, and 3) excessive mark-ups.
- 2.1.3. Marketers are sometimes accused of deceptive practices that lead consumers to believe they will get more value than they actually do. Deceptive practices fall into three groups.
 - 2.1.3.1. Deceptive pricing includes practices such as falsely advertising “factory” or “wholesale” prices or a large price reduction from a phony high retail list price.
 - 2.1.3.2. Deceptive promotion includes practices such as misrepresenting the product's features or performance or luring the customers to the store for a bargain that is out of stock.
 - 2.1.3.3. Deceptive packaging includes exaggerating package contents through subtle design, using misleading labeling, or describing size in misleading terms.
- 2.1.4. The toughest problem is defining what is “deceptive.” The advertiser might claim that it is just “puffery”—innocent exaggeration for effect.
- 2.1.5. Salespeople are sometimes accused of high-pressure selling that persuades people to buy goods they had no thought of buying.
- 2.1.6. Another criticism is that products lack the needed quality.
 - 2.1.6.1. One complaint is that many products are not made well and services not performed well.
 - 2.1.6.2. A second complaint is that many products deliver little benefit, or that they might even be harmful.
 - 2.1.6.3. A third complaint concerns product safety. Product safety has been a problem for several reasons, including company indifference, increased product complexity, and poor quality control.

- 2.1.7. Critics also have charged that some producers follow a program of planned obsolescence, causing their products to become obsolete before they actually should need replacement.
 - 2.1.8. Finally, marketers are accused of serving disadvantaged consumers poorly. For example, critics claim that the urban poor often have to shop in smaller stores that carry inferior goods and charge higher prices.
- 2.2. Marketing's impact on society as a whole
- 2.2.1. Marketing has been accused of adding to several "evils" in society at large.
 - 2.2.2. The societal concerns discussed in the chapter include the following.
 - 2.2.2.1. Creation of false wants and too much materialism
 - 2.2.2.2. overselling of private goods at the expense of social goods
 - 2.2.2.3. cultural pollution and
 - 2.2.2.4. Excessive political power
3. Marketing's impact on other businesses
- 3.1. Critics also charge that a company's marketing practices can harm other companies and reduce competition.
 - 3.2. Three problems are involved: acquisitions of competitors, marketing practices that create barriers to entry, and unfair competitive marketing practices.
 - 3.2.1. Critics claim that firms are harmed and competition reduced when companies expand by acquiring competitors rather than by developing their own new products. But, acquisitions can sometimes be good for society. The acquiring company may gain economies of scale that lead to lower costs and lower prices.
 - 3.2.2. Critics have also charged that marketing practices bar new companies from entering an industry. Large marketing companies can use patents and heavy promotion spending, and can tie up suppliers or dealers to drive out competitors.
 - 3.2.3. Finally, some firms have in fact used unfair competitive marketing practices with the intention of hurting or destroying other firms, by setting prices below costs, threatening to cut off business with suppliers, or discouraging the buying of a competitor's products.
4. Citizen and public actions to regulate marketing
- Because some people view business as the cause of many economic and social ills, grassroots movements have arisen from time to time to keep business in line: 1) consumerism, and 2) environmentalism.
- 4.1. Consumerism

- 4.1.1. Western business firms have been the target of organised consumer movements on three occasions.
 - 4.1.1.1. The first consumer movement took place in the early 1900s. It was fueled by rising prices, Upton Sinclair's writings on conditions in the meat industry, and scandals in the drug industry.
 - 4.1.1.2. The second consumer movement, in the mid-1930s, was sparked by an upturn in consumer prices during the Great Depression and another drug scandal.
 - 4.1.1.3. The third movement began in the 1960s. Consumers had become better educated, products had become more complex and potentially hazardous.

- 4.1.2. Consumerism is an organised movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.
 - 4.1.2.1. Traditional seller's rights include the following:
 - 4.1.2.1.1. The right to introduce any product in any size and style, provided it is not hazardous to personal health or safety.
 - 4.1.2.1.2. The right to charge any price for the product, provided no discrimination exists among similar kinds of buyers.
 - 4.1.2.1.3. The right to spend any amount to promote the product, provided it is not defined as unfair competition.
 - 4.1.2.1.4. The right to use any product message, provided it is not misleading or dishonest in content or execution
 - 4.1.2.1.5. The right to use any buying incentive programs, provided they are not unfair or misleading.
 - 4.1.2.2. Traditional buyers' rights include:
 - 4.1.2.2.1. The right not to buy a product that is offered for sale.
 - 4.1.2.2.2. The right to expect the product to be safe.
 - 4.1.2.2.3. The right to expect the product to perform as claimed.
 - 4.1.2.3. Consumer advocates call for the following additional consumer rights:
 - 4.1.2.3.1. The right to be well informed about important aspects of the product.
 - 4.1.2.3.2. The right to be protected against questionable products and marketing practices.
 - 4.1.2.3.3. The right to influence products and marketing practices in ways that will improve the "quality of life."

4.2. Environmentalism

- 4.2.1. Environmentalism is an organised movement of concerned citizens, businesses, and government agencies to protect and improve people's living environment.
 - 4.2.2. Environmentalism was first driven by fringe environmental groups, and later by governments. Now companies are accepting responsibility for environmental needs.
 - 4.2.3. Environmental sustainability is a management approach that involves developing strategies that both sustain the environment and produce profits for the company.
 - 4.2.4. Figure 2.1 shows a grid that companies can use to gauge their progress toward environmental sustainability.
 - 4.2.4.1. At the most basic level, a company can practice pollution prevention.
 - 4.2.4.2. At the next level, companies can practice product stewardship—minimising not just pollution from production but all environmental impacts through the full product life cycle. Many companies are adopting design for environment (DFE) practices that involve thinking ahead to design products that are easier to recover, reuse, or recycle.
 - 4.2.4.3. At the third level, companies look to the future and plan for new environment technologies.
 - 4.2.4.4. Finally, companies can develop a sustainability vision that serves as a guide to the future. It shows how the company's products and services, processes, and policies must evolve and what new technologies must be developed to get there. This vision of sustainability provides a framework for pollution control, product stewardship, and environmental technology.
 - 4.2.4.5. Most companies today focus on the lower-left quadrant of the grid in Figure 2.1, investing most heavily in pollution prevention.
- 4.3. Unforeseen consequences
- 4.3.1. The Law of Unintended Consequences says that almost all human actions will have at least one unintended consequence.
 - 4.3.2. For example, global warming is an unintended consequence of our current lifestyle.
- 4.4. Public actions to regulate marketing
- 4.4.1. Citizen concerns about marketing practices will usually lead to public attention and legislative proposals.
 - 4.4.2. Figure 2.2 illustrates the major legal issues facing marketing management.
5. Business actions toward socially responsible marketing

At first, many companies opposed consumerism and environmentalism. They thought the criticisms were either unfair or unimportant.

5.1. Enlightened marketing

- 5.1.1. The philosophy of enlightened marketing holds that a company's marketing should support the best long-run performance of the marketing system.
- 5.1.2. Enlightened marketing consists of five principles.
 - 5.1.2.1. Consumer-oriented marketing means that the company should view and organise its marketing activities from the consumer's point of view.
 - 5.1.2.2. According to the principle of customer-value marketing, the company should put most of its resources into customer value-building marketing investments.
 - 5.1.2.3. The principle of innovative marketing requires that the company continuously seek real product and marketing improvements.
 - 5.1.2.4. Sense-of-mission marketing means that the company should define its mission in broad social terms rather than narrow product terms.
 - 5.1.2.5. Following the principle of societal marketing, an enlightened company makes marketing decisions by considering consumers' wants and interest, the company's requirements, and society's long-run interests.
 - 5.1.2.5.1. A societally oriented marketer wants to design products that are not only pleasing but also beneficial. The difference is shown in Figure 2.3. Products can be classified according to their degree of immediate consumer satisfaction and long-run consumer benefit.
 - 5.1.2.5.2. Deficient products, such as bad-tasting and ineffective medicine, have neither immediate appeal nor long-run benefits.
 - 5.1.2.5.3. Pleasing products give high immediate satisfaction but may hurt consumers in the long run. An example is cigarettes.
 - 5.1.2.5.4. Salutory products have low appeal but may benefit consumers in the long run—for instance, seat belts and air bags.
 - 5.1.2.5.5. Desirable products give both high immediate satisfaction and high long-run benefits, such as a tasty and nutritious breakfast food.

5.2. Marketing ethics

- 5.2.1. Conscientious marketers face many moral dilemmas. The best thing to do is often unclear. Because not all managers have fine moral sensitivity,

companies need to develop corporate marketing ethics policies—broad guidelines that everyone in the organisation must follow.

- 5.2.2. The finest guidelines cannot resolve all the difficult ethical situations the marketer faces. Table 2.1 lists some difficult ethical situations marketers could face during their careers.
- 5.2.3. What principle should guide companies and marketing managers on issues of ethics and social responsibility?
 - 5.2.3.1. One philosophy is that such issues are decided by the free market and legal system. Under this principle, companies and their managers are not responsible for making moral judgments.
 - 5.2.3.2. A second philosophy puts responsibility not on the system but in the hands of individual companies and managers. This more enlightened philosophy suggests that a company should have a “social conscience.”
 - 5.2.3.3. Each company and marketing manager must work out a philosophy of socially responsible and ethical behaviour. Under the societal marketing concept, each manager must look beyond what is legal and allowed and develop standards based on personal integrity, corporate conscience, and long-run consumer welfare.
- 5.2.4. Many industrial and professional associations have suggested codes of ethics, and many companies are now adopting their own codes.

5.3. Sustainable marketing

- 5.3.1. This concept holds that an organisation should meet the needs of its present consumers without compromising the ability of future generations to fulfill their own needs.
- 5.3.2. Figure 2.4 shows how sustainable marketing and the marketing concept are linked by the dimension of time. The marketing concept recognises that organisations thrive from day to day.
 - 5.3.2.1. The marketing of shoddy goods is not sustainable as customers will eventually forego the goods.
 - 5.3.2.2. Intrinsically harmful and socially harmful goods are not sustainable over time. These are cases of negative externality, in which there are marginal benefits to the buyer but costs are imposed on others. Cigarette smoking is an example.
 - 5.3.2.3. Environmentally harmful consumption is also an issue. This occurs when there is free access to a finite resource ultimately dooming the resource to over-exploitation.
 - 5.3.2.4. Free riders are those who consume more than their fair share of a resource.
- 5.3.3. The sustainable company will take a longer-term view of marketing, and assure the continuity of the business.

In-Class Exercises

Small Group Assignments

1. Form students into groups of three to five. Each group should read the real marketing 2.1 on the Dove Campaign for Real Beauty. Then answer the following questions:
 - a. What marketing criticisms apply to the Dove Campaign? Which of the social criticisms of marketing does Dove seem to be combating the most?
 - b. Is the Dove Campaign one that meets societal concerns while being a sustainable marketing approach? Why or why not?

Each group should share its findings with the class.

Discussion Points

Consider the following questions, formulate an answer, and be prepared to share your answers in class.

1. What is a deceptive practice? Give some examples of marketing practices you felt were deceptive. Explain why they fit the definition of deceptive marketing.
2. What is planned obsolescence? Is it good or bad? Explain your answer.
3. Does marketing have a responsibility to serve all customers? Or only profitable ones? Who decides this?
4. What is consumerism? What are the various “rights” under this concept?
5. List and describe the forms of products shown in Figure 2.3. Which of these are desirable, and which are not?

Student Projects

1. Have you had an experience with a sales person who used a high pressure sales approach? What was it like for you? Do you think criticisms of high-pressure sales tactics are well founded given your experience?
2. Bring an example of a firm that you do not think is being socially responsible to class. How did you determine this? What were the firm’s negative actions? What could the firm do to remove the negative social image?
3. Provide evidence for three different ways that marketing practices are polluting our culture.
4. What do you perceive to be the most critical environmental issue(s) the world faces? How can marketers operate in a manner that would best address such an issue or issues?
5. Interview five fellow students (not from your class) on their feelings about the environment. Do they buy environmentally oriented products? Do they recycle?

- Are they interested in environmental organisations? Have them give examples of positive and negative actions that they take daily with respect to the environment. Are they afraid of any environmental issues? If so, which one and why?
6. Find an example of a company that you perceive is practicing enlightened marketing. Describe why you feel the company qualifies. Is its practice publicised? Should it be?

Student Essay Assignment

1. From your own observations, do you think that more companies today are incorporating principles of ethics and social responsibility into their business strategies? Identify ethics codes for three different companies. Do the statements address the criticisms discussed in the chapter and provide a foundation for the company's decision makers as they seek to market in a societally-beneficial manner? Explain.

Responses to Chapter Questions

Prelude Case - NSPCC

The case poses the following questions for students to consider:

1. Who are the charity's target market and what are the main aspects of the service offered by a charity such as the NSPCC?

The charity has at least three specific targets: 1) the general public with a goal of raising awareness about child cruelty, 2) moderately well to do to wealthy potential contributors, and 3) victims of cruelty, who can benefit from NSPCC's services.

2. Assess the role of marketing in assisting the charity to achieve its goals. Should the charity spend more on fundraising, publicity, campaigning, and administration than on direct services to children?

Marketing is key for both raising awareness of the issue and for fundraising. Student opinions will vary on where the charity should focus spending. It has justified its expenditures for the purpose of raising awareness in the case but it has also suffered criticism for its decisions.

3. Evaluate the NSPCC's current marketing strategy. Has the charity got its current marketing strategy wrong? Or are the problems due to its communication policy?

Again, this is a highly subjective answer. Charities are generally expected to spend most of its revenues on the provision of services. However, because NSPCC defines its mission as increasing awareness, it is appropriate to spend on promoting the mission. In some respects, its problems are related to communication because donors need to know that donations will go in part to advertising initiatives.

Discussing the Concepts

1. Marketing receives much criticism, some justified and much not. Which of the major criticisms of marketing discussed in the chapter do you think are most justified? Which are least justified? Explain.

There has been a tremendous amount of such criticism. Almost all of us agree to a limited extent with these arguments, but business is only one source of these problems. Businesses, and advertisers specifically, would love to think they are as powerful as critics say, but the reasons for increased materialism, a contribution of fewer social goods, increased power base, and cultural pollution go much deeper. To blame it all on the ever-increasing volume of advertising (much of it poorly produced and executed) is myopic.

2. You have been invited to appear along with a sociologist on a panel assessing the marketing of video games. You are surprised when the economist opens the discussion with a long list of criticisms, focusing especially on the undesirable impacts of video gaming on society. Abandoning your prepared comments, you set out to defend marketing in general, and the video gaming industry in particular. How would you respond to the sociologist's attack?

Student responses will vary. The critics may focus on the undesirable impacts of video games but there are also benefits for video game players. They may wish to point out the Law of Unintended Consequences which posits that every thing results in something undesirable, but that does not diminish the benefits. They can also draw upon Figure 2.3 and explain that video games are primarily "pleasing products" that are desired by consumers.

3. The issue of ethics provides special challenges for international marketers as business standards and practices vary a great deal from one country or cultural environment to the next. Imagine that you are a manager working for a global company. Select five moral dilemmas from Table 2.1. Propose an ethical response for each dilemma. Will these responses be the same irrespective of whether the company faces these dilemmas when operating in the U.K., India, or China? Discuss. Should the company adapt its ethical standards when operating in countries with different standards?

Students will differ in their interest in these situations. It would be best to start at the top of the list and ask the students who prepared each question to raise their hands. Then ask one student to read his or her response. Other students can then comment on whether they agree or disagree and why. Finally, a vote by the class in general might be interesting to show how people differ in their beliefs.

4. Can an organisation be focused on both consumerism and environmentalism at the same time? Explain.

Certainly. In fact, the two often go hand in hand. Both result from outward-looking orientations. A company that respects the rights of its consumers will likely also be concerned about the quality of their environment. One example is Abel & Cole, a company that is featured in the chapter case.

5. How might companies benefit from practicing the philosophy of sustainable marketing and is the survival of a business guaranteed by fulfilling the wants and needs of customers?

Companies benefit in many ways through better relationships with their employees, channel members, and customers. Here are some examples:

- *Employees—easier to hire and retain.*
- *Channel members—eager to form partnerships and maintain relationships.*
- *Customers—because this marketer is consumer oriented, customers realise exceptional value and become loyal to the company.*

Applying the Concepts

1. Many corporations support worthy causes and contribute generously to their communities. Check out the websites of one of the following or some other company of your choice and report on its philanthropic and socially responsible activities: Nestle, Virgin, Nike, Tesco, Saab, Toyota, and BP. How does philanthropy by corporations counter the social criticisms of marketing?

Corporations counter social criticisms of marketing by doing good for society. Support for causes is one way a company can provide for society. However, students should note that cause-related marketing can also be criticised given that it is a tool for offering an incentive for consumers that sells product.

2. The growth of consumerism and environmentalism has led to marketing approaches that are supposedly good for society, but some are actually close to deception.
 - a. List three examples of marketing campaigns that you feel genuinely benefit society as a whole. If possible, find examples of corporate communications, including advertising, sponsorships, sales promotions or packaging, to support the examples you've listed. You may also visit the websites of relevant companies to gather more specific information on these campaigns.

Student responses will vary. This is a good question to invite discussion in class.

- b. Find three examples of deceptive or borderline marketing campaigns that appear to use their social concern as a means of selling rather than showing a true commitment to the communal good. How are you able to tell which activities are genuine and which are not?

Again, student responses will vary and in part, this will depend on student perceptions of which social concerns are legitimate. Company reputation will be one way that students will identify genuine activities.

- c. What remedies, if any, would you recommend for this problem?

Students will suggest methods for companies to illustrate that practices are not meant to be deceptive. Education will be important as well as a constant dedication to charitable opportunities.

Company Case Notes

Nestlé: singled out again and again

In this case, Nestlé's continued issues with product bans are detailed. The Church of England led a much publicised ban of Nescafe in 1991 and is doing so again. The call for bans and the criticisms of Nestlé arise from promotional efforts by the company to encourage poor mothers to use baby formula rather than breast-feeding. Because these mothers lack financial resources, they may switch to formula but dilute the formula to save costs. The result is malnutrition – the very problem Nestlé's formula seeks to alleviate.

There are WHO guidelines for promotional efforts which governments are encouraged to accept as policy. Nestlé's corporate policy is to follow government restrictions. Of course, not all governments adopt the WHO guidelines as government policy.

These campaigns against Nestlé have little effect on sales. Further, the sales in these third world areas are inconsequential in Nestlé's business. However, Nestlé remains because of its mission to save children's lives.

Discussion Questions

1. Was and is Nestlé's and the other IFM members' marketing of infant formula 'unethical and immoral'?

Student responses will vary based upon personal opinion; however, Nestlé won its case against the charity that accused Nestlé of immorality in its marketing of infant formula. Both sides can make a case given the inability of the market in third world countries to afford formula but the advantages of using formula for ensuring nutritional health for infants.

2. Is it the case that ethical standards should be the responsibility of organisations such as WHO and UNESCO, and that the sole responsibility of firms is to work within the bounds set?

Answers to this question will also be based upon student opinion. Organisations like WHO and UNESCO seek to set guidelines that will protect people but ultimately firms must decide what is right for their stakeholders.

3. Is Nestlé just unlucky or did its actions precipitate its being singled out by activists? Is the activists' focus on Nestlé unjust and itself dangerous? What accounts for Nestlé's continuing in the infant formula market despite the protests?

Nestlé's continuation goes back to the mission for the very development of its infant formula, to save lives. Again, an argument can be made for both sides of

this question. To some, it may appear that Nestlé is taking unfair advantage of a market, but others will see that it is a cost to Nestlé to remain in the market.

4. Did Nestlé benefit from confronting the activists directly? What other forms of action are available to the company? Should firms withdraw from legitimate markets because of the justified or unjustified actions of pressure groups?
It is unwise for organisations to respond to pressure from other groups; rather, it is important to be responsive to an organisation's stakeholder groups. Nestlé responded as it could, with legal action, while following a public relations strategy to manage the damage. It could be more proactive in educating the public about its mission related to infant formula, and its desire to adhere to WHO guidelines.
5. The WHO code is a recommendation to government. Is it Nestlé's responsibility to operate according to the national legislation of any given country, or to follow WHO's recommendation to that country? Do international bodies setting international standards, such as WHO and UNICEF, have a moral responsibility to make those standards clearly understood by all parties and to demand action by national governments to enact them?

This question too goes to each student's opinion. The company is not obligated to follow WHO guidelines but it does make sense to do so from a goodwill and public relations standpoint. Following WHO guidelines offers some protection against critics. WHO and other such organisations should educate all parties on the standards and the need for those standards but it is perhaps too aggressive to demand action by national governments.

6. How should Nestle respond to the threats from the General Synod? Since Nestle claimed sales increased after the Nescafe boycott in 1991, should it just ignore the problem?

Nestlé's response to the General Synod is not really the relevant issue here. Rather, it is necessary that Nestlé appear to be responsive to criticisms to protect goodwill and corporate image. It can't ignore the problem, but it also does not need necessarily to make changes in its strategy.