A REAL-LIFE SITUATION*

Kent was getting pressure from his boss, parents, and wife about the marketing campaign for Broadway Corporation's new video game called "Lucky." He had been working for Broadway for about two years, and the Lucky game was his first big project. After Kent and his wife, Amy, had graduated from the same college, they decided to go back to their hometown of Las Cruces, New Mexico, near the Mexican border. Kent's father knew the president of Broadway, which enabled Kent to get a job in its marketing department. Broadway is a medium-size company with about five hundred employees, making it one of the largest employers in Las Cruces. Broadway develops, manufactures, and markets video arcade games.

Within the video arcade industry, competition is fierce. Games typically have a life cycle of only eighteen to twenty-four months. One of the key strategies in the industry is providing unique, visually stimulating games by using color graphics technology, fast action, and participant interaction. The target markets for Broadway's video products are children aged 5 to 12 and teenagers aged 13 to 19. Males constitute 75 percent of the market.

When Kent first started with Broadway, his task was to conduct market research on the types of games that players desired. His research showed that the market wanted more action (violence), quicker graphics, multiple levels of difficulty, and sound. Further research showed that certain tones and types of sound were more pleasing than others. As part of his research, Kent also observed people in video arcades, where he found that many became hypnotized by a game and would quickly put in quarters when told to do so. Research suggested that many target consumers exhibited the same symptoms as compulsive gamblers. Kent's research results were very well received by the company, which developed several new games using his information. The new games were instant hits with the market.

In his continuing research, Kent had found that the consumer's level of intensity increased as the game's intensity level increased. Several reports later, Kent suggested that target consumers might be willing, at strategic periods in a video game, to insert multiple coins. For example, a player who wanted to move to a higher level of difficulty would have to insert two coins; to play the final level, three coins would have to be inserted. When the idea was tested, Kent found it did increase game productivity.

Kent had also noticed that video games that gave positive reinforcements to the consumer, such as audio cues, were played much more frequently than others. He reported his findings to Brad, Broadway's president, who asked Kent to apply the information to the development of new games. Kent suggested having the machines give candy to the game players when they attained specific goals. For the teen market, the company modified the idea: The machines would give back coins at certain levels during the game. Players could then use the coins at strategic levels to play a "slot-type" chance opening of the next level. By inserting an element of chance, these games generated more coin input than output, and game productivity increased dramatically. These innovations were quite successful, giving Broadway a larger share of the market and Kent a promotion to product manager.

Kent's newest assignment was the Lucky game—a fast-action scenario in which the goal was to destroy the enemy before being destroyed. Kent expanded on the slot-type game for the older market, with two additions. First, the game employed virtual reality technology, which gives the player the sensation of actually being in the game. Second, keeping in mind that most of the teenage consumers were male, Kent incorporated a female character who, at each level, removed a piece of her clothing and taunted the player. A win at the highest level left her nude. Test market results suggested that the two additions increased profitability per game dramatically.

Several weeks later, Brad asked about the Lucky project. "I think we've got a real problem, Brad," Kent told him. "Maybe the nudity is a bad idea. Some people will be really upset about it." Brad was very displeased with Kent's response.

Word got around fast that the Lucky project had stalled. During dinner with his parents, Kent mentioned the Lucky project, and his dad said something that affected Kent. "You know, son, the Lucky project will bring in a great deal of revenue for Broadway, and jobs are at stake. Some of your coworkers are upset with your stand on this project. I'm not telling you what to do, but there's more at stake here than just a video game."

The next day Kent had a meeting with Brad about Lucky. "Well," Brad asked, "what have you decided?"

Kent answered, "I don't think we should go with the nudity idea."

Brad answered, "You know, Kent, you're right. The U.S. market just isn't ready to see full nudity as well as graphic violence in arcades in their local malls. That's why I've contacted an Internet provider who will take our game and put it on the Net as an adult product. I've also checked out the foreign markets and found that we can sell the machines to the Mexican market if we tone down the violence. The Taiwanese joint venture group has okayed the version we have now, but they would like you to develop something that is more graphic in both areas. You see, they already have similar versions of this type of game now, and their market is ready to go to the next level. I see the Internet market as secondary because we can't get the virtual reality equipment and software into an Internet mode. Maybe when PCs get faster, we'll be able to tap into it at that level, but not now. So, Kent, do you understand what you need to be doing on Lucky?"

QUESTIONS • EXERCISES

1. What are the ethical and legal issues?
2. What are Kent's options?
3. Discuss the acceptability and commercial use of sex, violence, and gambling in the United States.
4. Are marketing sex, violence, and gambling acceptable in other countries if they fit their culture?

*This case is strictly hypothetical; any resemblance to real persons, companies, or situations is coincidental.

Check Your EQ

ETHICS QUOTIENT

Check your EQ, or Ethics Quotient, by completing the following. Assess your performance to evaluate your overall understanding of the chapter material.

1.	Social responsibility in business refers to maximizing the visibility of social involvement.	Yes	No
2.	Stakeholders provide resources that are more or less critical to a firm's long-term success.	Yes	No
3.	Three primary stakeholders are customers, special-interest groups, and the media.	Yes	No
4.	The most significant influence on ethical behavior in the organization is the opportunity to engage in unethical behavior.	Yes	No
5.	The stakeholder perspective is useful in managing social responsibility and business ethics.	Yes	No

ANSWERS: 1. No. Social responsibility refers to an organization's obligation to maximize its positive impact on society and minimize its negative impact. 2. Yes. These resources are both tangible and intangible. 3. No. Although customers are primary stakeholders, special-interest groups are usually considered secondary stakeholders. 4. No. Ignorant others have more impact on ethical decisions within the organization. 5. Yes. The six steps to implement this approach were provided in this chapter.