

## Ethical issues in marketing: A conceptual approach

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### Abstract

In modern times, marketing means learning from customers, listening to customers and transforming the organisation around customers. India is emerging as a large market for a number of goods and services such as consumer goods, durables, financial services, education, healthcare, tourism, telecommunication etc. The return of the multinationals such as Coca-Cola & IBM to India and entry of many other MNCs such as General Electric, Pepsi, Motorola, Procter & Gamble, Nokia, LG, Sony, Ford, Hyundai and Samsung clearly moves that India has a vast market, rising incomes a booming middle class, rising rural elites with adequate purchasing power, offering long term opportunities for Indian as well as foreign industries. In the present days of intense competition, many companies focus too much on increasing sales volume, market share and profit, even at the cost of consumer satisfaction. Marketers adopt an aggressive sales approach in selling unsought or unwanted goods. Many trade associations and their apex bodies like FICCI, ASSOCHAM, IMC, AIMO and ASCI have adopted code of ethics for their members.

**Keywords:** Federation of Indian Chamber of Commerce & Industry, Associated Chambers of Commerce and Industry in India, *Marcatus*' meaning goods or trade or a place where business is conducted.

### Introduction

In modern times, marketing means learning from customers, listening to customers and transforming the organisation around customers. Marketing is a total integrated process and advocates customer orientation, marketing information system, integrated marketing activities and business success through customer satisfaction. India with a population of 124 crores is one of the biggest markets in the world. Our country based on socialistic pattern of growth and development has moved away from centrally controlled system to free economy. The result has been a sharp rise in income and consumption, especially among the growing middle class in urban and rural areas.

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### Marketing Ethics

Ethics focuses on standards, rules and codes of conduct that govern the behaviour of individuals or groups. It is the science of morals which is concerned with human character and conduct. It also refers to the code of conduct that guides an individual while dealing with a situation. The term '*Ethics*' comes from Greek word '*ethos*' meaning character, guiding beliefs or ideals that pervade a group, community or people. The word '*market*' is derived from the Latin word '*Marcatus*' meaning goods or trade or a place where business is conducted. Marketing Ethics are all moral principles that define right or wrong, fair or unfair behaviour in the world of marketing. What is fair or unfair, right or wrong behaviour is determined by public interest groups, business organisations and individuals

personal values and morals. The concept of marketing ethics is wider, as it deals with norms in relation to customers, shareholders, employees, dealers, Government and competitors. Dealing/transaction with public should be honest and fair. Marketing ethics deals with moral standards and extend beyond legal limit. The statement "if it is legal, it is ethical too". Example giving inadequate information in an advertisement may be legally permitted, but is unethical. The popular statement "if it is business, than it cannot be ethical and if it is ethical it does not represent business at all" amounts to saying that business can make profits only by being unethical. Ethical judgements might be made across the entire gamut of marketing activity, be it marketing research, market segmentation, or in relation to marketing mix elements such as pricing or product policy. Thus, questions about the ethics of marketing practice commonly arise, for example, in regard to fairness in pricing, truth in advertising and other marketing communications, and product safety. Increasingly media attention focuses on ethical issues in relation to marketing practices online (e.g., privacy in marketing through social networks) and marketing sustainability (e.g., where marketing is seen to promote increased consumption and a disposable society). In many respects, marketing ethics came of the age in 1990s. At that time, substantial attention was devoted to it in the academic literature and the business press. Marketing ethics moved from being regarded as an oxymoron in some quarters to a position of relative academic legitimacy.

### Marketing Research

There is an extensive literature on ethical issues in marketing research, one reason being perhaps, being that there are often similarities if not overlaps in methods and issues faced in academic research with those of commercial research. An early contribution was the 1974 *Journal of Marketing Research* Paper by Tybout and Zaltman identified right of research participants (to choose, to safety, to be informed) and the possible implications of how these rights may be violated in

research. As well as identifying possible solutions, Tybout and Zaltman highlighted how undermining participant rights might result in poorer quality research data.

Kimmel and Smith, in a 2001 *Psychology and Marketing* article focused more directly on academic marketing research and the ethical, methodological and disciplinary implications of the use of deception. They showed how and why deception is used and then presented a normative ethical analysis of deception in research from both a consequentialist and a deontological perspective.

### Advertising

Deception is also a particularly relevant consideration when it comes to advertising. Becker's 1970 *Journal of Marketing* article took issue with Kottman (1969), who suggested that concerns over truthfulness in advertising were overstated. Kottman used the analogy of advertising as a game. Levitt also wrote in 1970 about a heightened criticism of advertising in a *Harvard Business Review* article and concerned about distortions, exaggerations and deceptions found in contemporary advertising. However, while he argued against duplicity he made a case for embellishment, observing that the consumer "wants" "truth" but he also wants needs the alleviating imagery and tantalizing promises of the advertiser and designer.

### Privacy

Advertising and other marketing communications are increasingly online. This has given rise to heightened concerns around privacy. Caudill and Murphy examined the legal and ethical issues in consumer online privacy in an article published in the *Journal of Public Policy & Marketing* 2000 initially examined Federal Privacy regulation that began in the 1970s. Online privacy at that time was evolving into a major ethical and public policy issue. Their concluding comment in the article holds true today: "Our aspirations for consumer privacy suggest an integration of business, ethical and public policy standards to mitigate what some see to be an inevitable erosion of privacy."

### Personal Selling and Sales Management

Ethical problems that arise from the selling process are an ongoing ethical concern in marketing. Mc Claren in a 2000 *Journal of Business Ethics* article developed a literature review similar to the reviews of marketing ethics. He examined individual factors that influenced the ethical posture of sales persons: gender, age, education and training, personal values and ethical perspectives and Machiavellianism. The organisational factors he identified that influence sales ethics are: selling role and organizational offering, income and competition, supervision, discipline, rewards and punishment, and code of ethics, climate and culture.

### Marketing Strategy

Quelch and Smith provided an overview of the ethical issues in marketing strategy formulation and implementation. They argued that ethical issues should be considered in the process of formulating marketing strategy to reduce the chances of unforeseen ethical dilemmas surfacing during the design and implementation of marketing programs. They gave particular attention to how ethical issues can arise in the interacting, allocating, organizing and evaluating areas of marketing implementation.

### Ethical Consumerism

Ethical consumerism occurs where consumers are influenced in purchase and consumption by ethical considerations as they perceive them. With negative ethical consumerism, consumers might choose not to buy a product because it is perceived to be unethical in itself or in the processes by which it was produced, or because it is coming from a company or country regarded as unethical in some way. By contrast, positive ethical consumerism is where consumers choose to give preference to products or companies perceived to be more ethical than alternatives. This purchase preference is often the other side of the same coin.

### Consumer Boycott

Klein Smith and John examined motivations for participation in a consumer boycott in an article in *Journal of Marketing* in 2004, tested a cost-benefit framework derived from the help in behaviour literature in psychology. There are four factors were found to predict boycott participation: the desire to make a difference, the scope for self enhancement, counter arguments that inhibit boycotting, and the cost to the boycotter of constrained consumption. Self enhancement and constrained consumption were also found to be significant moderators of relationship between the perceived egregiousness of the firm's actions and boycott participation.

Ethics are moral principles that define right or wrong behaviour in the world of business. In the present days of intense competition, many companies focus too much on increasing sales volume, market share and profit, even at the cost of consumer satisfaction. Marketers adopt an aggressive sales approach in selling unsought or unwanted goods. Many trade associations and their apex bodies like FICCI, ASSOCHAM, IMC, AIMO and ASCI have adopted code of ethics for their members.

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