

Ethical Issues in Marketing Practices in India

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Abstract

Ethical marketing is a procedure through which organizations produce client enthusiasm for items/administrations, construct solid client intrigue/connections, and make an incentive for all partners by joining social and ecological contemplations in items and advancements. This paper portrayed the idea of moral advertising and hypothesis of morals prompting change the estimation of items and administrations. Many promoting hones have almost no ethical effect. For instance, much ado was made of the way that an online networking influencer didn't compose the greater part of his own web-based social networking posts. Other online networking professionals denounced that as inauthentic. On the off chance that you drive yourself to make the most extreme measure of good conceivable, there's a solid possibility that you'll think of some creative better approaches for doing likewise old things. That in the end prompts change of your items, administrations, practices, and organization, one that you can be glad to work at and pleased to showcase as uproariously as conceivable to the world.

Keywords- Ethical Marketing, Ethical issues, Marketing strategy, Theory of ethics

Introduction

Marketing ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Some areas of marketing ethics (ethics of advertising and promotion) overlap with media ethics.

Business ethics determine companies' everyday conduct. They include both laws and morals, which determine how an employee will act in the business world. Laws define the boundaries of what is legal and are the written guidelines that must be followed in society. Morals are the rules people develop as a result of cultural norms and values and are, traditionally, what employees learn from their childhood, culture, education, religion, etc. They are usually described as good or bad behavior. Would a salesperson have good morals if they pushed a product on a customer that they knew was not going to help them solve a problem.

Psychologist Lawrence Kohlberg famously identified three levels of ethical development that individuals typically progress through. By looking at these stages, we can begin to talk about whether behavior is ethical and what its motivations might be. The first level of ethical development is called preconvention morality. This level of ethics is most childlike. The best example would be to think of how a toddler acts during a day. They're very self-centered and only driven by rewards or punishment, such as a lollipop or a time out. Most business people have already moved beyond this level of ethical development...well, hopefully.

The second level of ethical development is called conventional morality, which means behaving in accord with society's rules and expectations. This level is when a marketing manager would be concerned with breaking a law and how it could be viewed by outsiders. Another way to look at this is peer pressure or doing what others would do.

The last level is called post conventional morality and revolves around the idea that people are more concerned about how they view themselves and not what others may think. Internal pressure to behave correctly and follow a moral path is the central theme. A marketing manager who has reached a level of post conventional morality would not just consider the legal ramifications of a decision, but also how it could possibly hurt the environment or, potentially, the customer.

Literature Review

Githui Donatus Mathenge (2013) defined that it is very difficult to identify what is or not ethical conduct in integrated marketing communicating as it varies from country to country. Ethical values as situation specific and time oriented. Nevertheless everyone both in business, marketing and specifically in advertising and marketing communications must have an ethical base that applies to conduct in the business world and in personal life morals.

Nageshwara Rao.S.B. (1987) stated that “The code of ethics in advertising”, suggested that the advertising should make the life of the consumer easier, more comfortable and pleasant. Thus, he emphasizes on ethics and honesty in advertising.

Anandsen Gupta (2002) described in his research on “Ethics in advertising” stated that the success of advertising depends on public confidence and no practice should be permitted to resort to immorality and indecency. Advertisers should fulfill their obligations towards the society.

Weil (2007) analyses Hewlett Packard confirmed its commitment towards ethical integrity. Bill Hewlett who worked as CEO for six-years stated as “Some of the most important choices I ever made were firing people who weren't conducting themselves with integrity”.

Research Paper Objectives

1. To study the concept of ethical issues practices in marketing.
2. To study the different types of theories of ethics.

Research Paper Methodology

The present study is based on the collection of data from secondary sources. Secondary data is obtained from internet, various published and unpublished records, magazines, books and journals.

Ethics in marketing

Market research

Market research is the collection and analysis of information about consumers, competitors and the effectiveness of marketing programs. With market research, businesses can make decisions based on how the responses of the market, leading to a better understanding of how the business has to adapt to the changing market. It is used to establish which portion of the population will or does purchase a product, based on age, gender, location, income level, and many other variables. This research allows companies to learn more about past, current, and potential customers, including their specific likes and dislikes.

Ethical danger points in market research include

Invasion of privacy

As companies conduct research they also come into contact with confidential and personal information, which comes with a level of risk for both the business as well as the individual. Now day's consumers are bombarded with mail after using their email address to enter in a competition thus becoming part of a

business's mailing list. Therefore, companies are provided with critical information, which they must not take advantage of but use in an ethical manner.

Stereotyping:

Portraying an ideal body, weight or physical appearance can have potential harmful effects on the individual such as low self-esteem issues or anorexia. Good marketing is ethical marketing; it is about pleasing and developing a strong relationship with customers in a caring manner by not primarily only focusing on achieving results in order to generate profit.

Approaches to privacy can, broadly, be divided into two categories: free market, and consumer protection. In a free market approach, commercial entities are largely allowed to do what they wish, with the expectation that consumers will choose to do business with corporations that respect their privacy to a desired degree. If some companies are not sufficiently respectful of privacy, they will lose market share. In a consumer protection approach, in contrast, it is claimed that individuals may not have the time or knowledge to make informed choices, or may not have reasonable alternatives available. Stereotyping occurs because any analysis of real populations needs to make approximations and place individuals into groups. However, if conducted irresponsibly, stereotyping can lead to a variety of ethically undesirable results. In the American Marketing Association Statement of Ethics, stereotyping is countered by the obligation to show respect ("acknowledge the basic human dignity of all stakeholders").

Market audience

Excluding potential customers from the market: selective marketing is used to discourage demand from undesirable market sectors or disenfranchise them altogether.

Examples of unethical market exclusion or selective marketing are past industry attitudes to the gay, ethnic minority and plus size markets. Contrary to the popular myth that ethics and profits do not mix, the tapping of these markets has proved highly profitable. For example, 20% of US clothing sales are now plus-size. Another example is the selective marketing of health care, so that unprofitable sectors (i.e. the elderly) will not attempt to take benefits to which they are entitled. A further example of market exclusion is the pharmaceutical industry's exclusion of developing countries from AIDS drugs.

Examples of marketing which unethically targets the elderly include: living trusts, time share fraud, mass marketing fraud and others. The elderly hold a disproportionate amount of the world's wealth and are therefore the target of financial exploitation.

In the case of children, the main products are unhealthy food, fashion ware and entertainment goods. Children are a lucrative market: "...children 12 and under spend more than \$11 billion of their own money and influence family spending decisions worth another \$165 billion", but are not capable of resisting or understanding marketing tactics at younger ages ("children don't understand persuasive intent until they are eight or nine years old"). At older ages competitive feelings towards other children are stronger than financial sense. The practice of extending children's marketing from television to the school grounds is also controversial (see marketing in schools). The following is a select list of online articles:

Targeting the Vulnerable

Marketing targeting strategies for products that may cause economic, physical and psychological harm has become an aspect of marketing which is criticized a considerable amount, especially in marketing literature with a particular focus on vulnerable consumers

Pricing ethics

Pricing along with product, place and promotion are the four functions of marketing. Retailers and producers must ensure that ethical pricing strategies are performed in order to earn profits without deceiving competitors or consumers.

However it is obvious that buyers and sellers have different goals and perceived outcomes in the exchange process. Usually buyers are seeking to gain products and services at the best possible price whereas sellers are generally concentrated on generating maximum profit.

Ethics in advertising and promotion

Advertising is mass and paid communication, with a fundamental purpose to deliver information, acquire attitudes and induce action beneficial to the advertiser – generally the sale of the product or service. Advertising and promotion have a significant influence on people, society in large, while shaping their attitudes, behaviors and priorities. Some scholars believe that advertising supports ethical issues. It is also considered unethical to shame a substitute or rivals product or services (Srivastava & Nandan, 2010). Other ethical issues include mistreatment of women, advertising to children, misleading advertising and other issues, which lead to ethical decline of society. Mistreatment of women is evident immensely in advertisements.

Marketing strategy

The main theoretical issue here is the debate between free markets and regulated markets. In a truly free market, any participant can make or change the rules. However, when new rules are invented which shift power too suddenly or too far, other participants may respond with accusations of unethical behavior, rather than modifying their own behavior to suit (which they might not be able to anyway). Most markets are not fully free: the real debate is as to the appropriate extent of regulation.

Theories of Ethics

1. Virtue Ethics

We judge a person's virtue rather than his 'conduct' focuses more on virtues of the agent rather than consequences of his actions. Plato gave four Cardinal virtues of a "good man": Wisdom, Courage, Temperance, and Justice. Aristotle Proposed "Golden Mean". This means avoiding extreme good and extreme bad. Avoiding altruism (Maximum happiness to others while ignoring yours) and avoiding hedonism (maximum pleasure for you). Buddhist philosophy of "Madhyamapratipad" proposes the same 'middleway'. Although it can't be applied to all cases. e.g. if someone alleges "you're a madman", you can't say "I'm halfmad"!

2. Conduct

Ethics we focus on 'conduct' rather than 'person'. Further If we focus on course/means/action: Deontological If we focus on goal/end/outcome: Teleological / consequentialism. Teleological: Consequentialism

Examples: (1) Utilitarianism (2) Hedonism (3) Egoism

Focus on "End/Goals/Consequences"

We'd have gained independence sooner, had we used violence against the British, and sooner we gained independence, faster we'd have become a 1st world country, so, use of violence is right, because end goal is noble

Utilitarian Theory

Utilitarianism says you should work for greatest happiness for greatest number of people. A lynch mob kills a person believing a committed a crime. In this case say 100 people's happiness minus 1 dead guy's unhappiness = 99 units of happiness. So, is it an ethical action after all it led to maximum happiness for maximum people? Thus, in traditional "Act Utilitarianism" theory, lynch mob is justifiable.

Hedonism

Hedonism says maximize your own pleasure/happiness. Among Indian philosophical schools, Charvaka school (Lokayatmat) advocates the same.

Egoism

Egoism says maximize your own self-interest. Because (1) it is in human nature to avoid pain (2) it is irrational for a man to ignore his self-interest. Deontological: Nonconsequentialism.

Examples (1) Varnashram dharma (2) law of Karma (3) religious scripture Focus on "means/methods/actions" Also known as Duty based ethics

3. Rights based Ethics

We give 'rights' to an individual. By xyz action, whether 'rights' of Mr.ABC are violated or Not? On that parameter we'll evaluate the action.

Conclusions

Ethical marketing is about making marketing decisions that are morally right. The morality of the marketing decision can encompass any part of marketing including sourcing of raw materials, staff employment and product advertising and pricing. Each person's view of morality is different; it is based on personal values and experiences. This creates a challenge for companies who want to pursue ethical marketing in a manner that will appeal to their target market. Ethical marketing requires marketing strategies that are ethical and reflect consumer expectations. It is not easy to define the term ethical or identify which ethical decisions cater to market expectations. An individual's view of ethics and morality is influenced by a variety of things including their culture, family upbringing, peers, community, religion and country. Balancing ethics and remaining competitive can be difficult. If ethical marketing involves considering the needs and welfare of suppliers, employees and customers it could add to business costs. For example "Fair Trade" products provide producers with a minimum price. When business costs increase profit margins reduce or the costs are passed onto customers through price increases. However if firms can adopt ethical marketing which reflect market expectations, it may make them more appealing to customers and therefore create a competitive edge.

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