



International Journal of Engineering, Business and Enterprise Applications (IJEBA)

(Open Access, Double Blind Peer-reviewed, Refereed and Indexed Journal)

www.iasir.net

Current Scenario of Ethical Issues in Marketing Mix

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Abstract: Human values and ethics play a vital role in decision-making. As marketing concept, rely on identification of needs, wants of target market and to satisfy those needs more effectively and efficiently than competitors. So, marketing managers should ensure that all the decisions related to Marketing Mix i.e. Product, Price, Place and Promotion should follow the ethical principles. In this paper, we intend to give more light on the concept of ethics in marketing Mix as well various factors that influence the ethical behavior.

Keywords: Marketing Mix, Ethics, Marketing, Product, Advertising

I. INTRODUCTION

The concept Marketing Mix includes McCarthy's 4P, i.e. Product, Price, Place and Promotion. It also includes the service aspects of 3 P's of People, Physical Evidence and Process. Managing all these 7 P's is an important task of Marketers as they play a key role in the marketing decision making and framing strategies. Marketing concept relies on identification of needs, wants of target market and to satisfy those needs more effectively and efficiently than competitors. So, marketing managers should ensure that all the decisions related to Marketing Mix i.e. Product, Price, Place and Promotion should follow the ethical principles. Ethics is an art and science of determining good and bad or right and wrong moral behaviour. Marketing ethics concerns the application of ethical considerations to marketing decision making. It is a systematic study of how moral standards are applied to marketing decisions, behaviours.

Marketing ethics can be considered as moral judgement and behaviour standards in marketing practice or moral code or system in marketing area. In other words, marketing ethics is the research of the base and structure of rules of conduct, standards, and moral decisions relating to marketing decisions and practices. Marketing executives who are responsible for strategic decisions often faced with ethical conditions and their decisions that are related to all sides of marketing mix as product, price, place and promotion. Marketing executive's ethical decision making process related to these decisions is affected by miscellaneous ways as philosophical, economical, sociological, psychological, and religious. In this study, marketing ethics is studied according to elements of marketing mix as product, price, place, promotion, people, process and physical evidence.

II. OBJECTIVES

- ❖ To explain the ethical issues involved in the marketing mix.
- ❖ To present several areas concerned in marketing mix ethics.
- ❖ To study the factors that influence ethical behaviour.

III. RESEARCH METHODOLOGY

This study is descriptive study to present the concept of ethics in marketing and various issues related to marketing mix. This study is based on secondary data.

IV. REVIEW OF LITERATURE

Reddy studied the various issues and their impact on whole society. The researcher observed that the major misconducts like over-billing clients, deceptive sales method and price-fixing destroy the image of the company. It was suggested that companies should set guidelines to set content in online advertising, television & radio commercials. Every business should treat 'E' in marketing just like 4Ps of marketing mix.

Siham (2013) analysed the some practices of Marketing mix that may be seen as unethical. The researcher observed various unethical marketing practices such as deceptive marketing, price collusion, stereotyping, objectionable marketing and issues in marketing to children. The researcher concluded that marketer should recognize and manage ethical risks associated with marketing and all other business activities.

In another study it was felt that there is a need for major policy changes regarding advertising, especially for cigarettes and demand their advertising campaign to be banned. Successful ad campaigns push sensitive products such as tobacco and alcoholic beverages which influence susceptible minds by showing such products as trendy, cool, fashionable and subject to consumption through peer pressure and pleasure. Such appeals in advertisements

encourage youth to adopt harmful habits like smoking and drinking and prove offensive to the society (Martin Jr., 1994).

V. WHY WE NEED ETHICS???

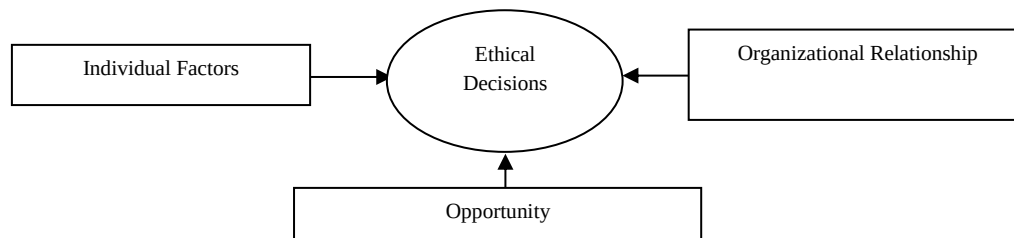
- ❖ To create values or trust with key stakeholders
- ❖ To build good image about the organisation in the minds of customer
- ❖ To develop the positive attitude of customers about the firm.

VI. IMPORTANCE OF ETHICS

Ethical Marketing is a philosophy that focus focuses on honesty, fairness and responsibility. it is a general set of guidelines can be put in place to ensure the company's intent is broadcasted and achieved. Principles of this practice include:

- A shared standard of truth in marketing communications.
- A clear distinction between advertising and sensationalism.
- Endorsements should be clear and transparent.
- Consumers' privacy should be maintained at all times.
- Government standards and regulations must be adhered and practiced by marketers.

According to O. C. Ferrell, the three factors influence the ethical decision making process: individual factors, organizational relationship and opportunity.



As it is shown in Figure, individual factors mean that individuals substantiate their decisions on their own concepts of right/ wrong act and act accordingly to their daily lives. An organisational culture can be defined as a set of values, beliefs, goals, norms, and rituals that the members or employees of an organisation share. The culture of accompany may be expressed formally through work habits, dress codes, extra-curricular activities and anecdotes. The culture of an organization gives its members meaning and suggests rules for behavior and dealing with problems within an organization” (Ferrel, 1998). An Opportunity could be described as a favorable set of the conditions that limit barriers or provide rewards.

VII. ETHICS IN 4 P'S OF MARKETING

1. Product: A product can be defined as something that satisfies the consumer need and from which he/she can derive value for the price he/ she pays. Products have their own identity and personality. Updation in consumer products is considered an ethical aspect if that Updation leads to the original product having to be replaced with the updated one. As a product gets updated, it loses its basic features. If the organisation discontinue the original product and replaces it with an updated version, a section of consumers who still prefer the original product will be deprived of it. Also spare parts of the original are discontinued. This leads to consumer dissatisfaction and such consumer may no longer be interested in buying a new product from that company.

This scenario is also applicable to financial companies. As per the Harness and Makay (1994) conducted a study that financial companies which failed to provide information to the consumers on their new financial packages lost many loyal customers. Companies need to add new features to a product to fuel market growth without stealing the product's basic identity and provide information to its customers.

2. Price: Price is not always visible as it is based on the demand for a product. For instance, Buyers may pay more for healthy and nutritious products or for products that are priced higher than the usual because of the high demand for them. The ethical issue here is whether it is valid for a company to charge more for products that are in great demand. Experience buyers and sellers can tell a particular price for a particular product of a particular quality is fair. However most consumers do not have an idea whether a product is priced fairly or not.

It is unethical if companies increase prices merely due to consumer's ignorance. At times, large companies use price as a tactic to weed out small players from the market. Ethically, price should be proportional to benefit which is taken by the consumers. Other ethical issues related to pricing include non-price price increases, misleading price reduction, price advertisements which can be misleading or considered as deceitful and their limits are not explained well.

3. Place: Place refers to all the location through which the product moves from the supplier to the consumer. It is a point at which the customer is able to access information about a particular product or service and get the final product. It also includes the process of distributing the product and the type of delivery service that is offered to the final consumers. It is unethical if a marketers stops distributing a product to a place because there are no profits being earned.

It is unethical as customers who frequently purchase it from that place are deprived of the opportunity of getting it and have to go to other places to buy it. Another ethical aspect is whether the product is safe or not. Stricter codes are adopted by companies to protect the products from contamination to keep up their reputation and sales. At power relationship in the channel, if channel members to put their power which they have into bad use, this may cause an ethical problem. For example, a powerful manufacturer may force retailer to conduct in different ways in subjects such as choice of retailer locations, minimum order size, product mix selection, restriction on alternative supply resources and arrangement of physical condition in retailer's location.

Other ethical issues eventuate in various areas as retailing decisions, direct marketing, supply and channel Management. Ethical issues related to retailing decisions are such as buying, product assortment, pricing, selling, forward buying and slotting allowances. Ethical issues in direct marketing are the subjects which are privacy and confidentiality.

Ethical problems which are faced while using of internet for marketing are reliability of operations, illegal activities, privacy, accuracy, pornographic, product guarantees, burglary, aiming at children, spams, deceptive advertisements.

4. Promotion: Companies use advertising and public relations strategies to attract customers. These strategies are scrutinized by the consumers and by regulatory authorities, which laid down the advertising code of ethics. Consumers bring out changes in business practices and laws which govern how business must operate. T.V. & Radio programs publicize practices that easily deceive consumers. Selling practices includes hard selling and soft selling techniques. Hard selling techniques involve attracting a consumer toward a product through price reduction, gift coupons etc. Soft selling techniques involve selling strategies based on the desires and emotions of customers. Firms can build customer loyalty and trust by training sales executives to provide efficient service to the customers at the right time.

Sometimes to promote the product, Advertiser say that the product is the best in terms of value and quality, even if they know that it is not true. This is an unethical practice & is similar to lying about the product. The relationship between advertising and ethics can be analysed from the point of view of persuasive trait of advertising, deception, puffery and making promises that cannot be kept. Other ethical issues related to advertising include advertising to children, demonstrations, mock-ups, endorsements and testimonials.

5. People, Physical Evidence and Process: People, Physical evidence and process are the service aspects of the marketing mix. Customer service is an important aspect of marketing management which brings repeat customers. Retaining existing customers is an easier & more economical task than attracting new ones. Customers assess a firm on the relationship & the course of action that a firm demonstrates to them. Importance of trust plays a vital role in Customer Relationship Management (CRM) as it the degree to which customers are ready to share sensitive information with firms.

VIII. FACTORS THAT INFLUENCE ETHICAL BEHAVIOUR

There are some factors which influence ethical behaviour.

- ❖ What is morally right and wrong can be stated through the societal cultures and norms.
- ❖ Organisation culture and business culture and industry practices affect ethical conduct both in the exchange relationship between buyers and sellers.
- ❖ Full commitment of employees and top management towards the code of ethics.
- ❖ Personal values differ from organisational ethics code but in professional employees should think about corporate social responsibility (CSR).

IX. ETHICAL ISSUES FACED IN MARKETING

Ethical marketing can guide advertising, research and data use, strategies for gaining an edge over the competition and company policies. However, there can also be some problems that arise from trying to employ an ethical marketing strategy.

- **Irresponsible Market Research:** Improper market research can lead to stereotyping that shapes undesirable beliefs and attitudes and consequently affect marketing behavior. For example, assuming that all women like pink and therefore basing an entire advertising campaign on that belief could be a costly mistake.
- **Unethical Advertising and Promotion:** False claim about the product and its importance is an unethical way to gain profit. For many years, Nestlé has been the target of many boycotts for predatory and aggressively marketing baby foods, especially to women in poorer countries as a better substitute to breastfeeding. This manipulative marketing technique has caused a lot of damage and loss to these children and their families.

- **Delivery Channel practices:** Marketing in ways like cold calling through telemarketing companies that purchase leads is not only annoying, they are disruptive and untrustworthy. An unsolicited approach is almost synonymous with direct marketing and has left the industry with a tainted reputation. So have television commercials, email spam and direct mail, which people are going to significant lengths to avoid.
- **Dealing with competitors:** Many companies advertise cheap prices as a “bait” and then once they draw in the customers, “switch” them over to a more costly product, because the advertised good was not available, insufficient or not of any value to the customer. Many online surveys and work at home opportunities use this unethical marketing technique.
- **Pricing strategies:** Predatory pricing cannibalize the market and restrict the competition is an unethical pricing strategy. And setting up barriers that prevent smaller companies from entering the market is unethical as well.

X. CONCLUSIONS

Due to the globalization of markets and businesses, there is a great need to deal with ethical issues that impact greatly on the marketing mix of any organisation. Marketing managers should ensure that all the decisions in promotion mix i.e. 4P's follows ethical principles and should be responsible for consequences of all the activities. For the business success and continually satisfying the customer and other stakeholders are closely tied to adoption and implementation of high standards of business by expanding their production base and market share. Human values and ethics should be given major priority at the time of decision making. Ethics always play crucial role in attracting the attention of customers. The transparency in selling or buying is always liked by people and they show great interest in the product /service. It helps the customers to take right and fast decision in choosing a particular product. Ethics synergize mutual relationship between the customer and the organisation which is built on trust, good faith and fair dealing in their interaction.

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