

ETHICAL ISSUES IN MARKETING

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ABSTRACT

In this era of cut-throat competition, a lot of companies are exclusively focusing on the bottom-line (profitability) neglecting ethics altogether. One of the functional areas where there is a gross neglect of ethics is that of marketing. The companies just want to sell their product by hook or by crook. In this context, it is extremely important to understand various issues in marketing ethics so as to ensure consumer-welfare.

Marketing ethics relates to ethical methods adopted by companies while marketing their products. Marketing ethics means convincing the potential consumers to buy company's products using ethical means. It is all about providing 'correct' and 'complete' information to the potential buyers about the product and its price. It requires avoiding deceptive and misleading information to prospective buyers about the company's product.

The main objective behind the current paper is to describe various issues in marketing ethics. In other words, the paper tries to bring out different unethical means adopted by modern companies for marketing their products.

The paper has been divided into four sections. The first section provides various definitions of the term 'marketing-ethics' and describes the objectives of the paper. The second section describes various ways of unethical marketing adopted by modern companies to boost their sales. The third section suggests measures to ensure ethics in marketing. The last section highlights the long-term benefits which the companies will reap by adopting marketing ethics.

Keywords: *Marketing Ethics, Correct Information, Complete Information, Deceptive Marketing, Misleading Information, Consumer Welfare.*

1. INTRODUCTION:

If the companies want to generate sustainable profits and obtain long term success, they must display a high level of ethics in various areas of business. One such functional area where ethics is of utmost importance is that of marketing.

Marketing ethics are the moral principles and values that need to be followed during any kind of marketing communication.

They are the general set of guidelines which help companies to decide whether their marketing strategies are right or wrong. But then it depends on one's own judgement of 'right' and 'wrong'. All unethical behaviour is not necessarily illegal. If a company is making any kind of claim about its product and are unable to live up to those claims, it may be called as an unethical behaviour.

Marketing ethics basically promotes fairness and honesty in advertisements. Use of exaggerated and manipulative claims to essentially trick customers into buying products accounts for unethical marketing.

In the above context, the current paper strives to describe various ways of unethical marketing adopted by modern companies with the help of some practical illustrations.

Following are the main objectives of the paper.

- i. To describe various types of unethical marketing tactics followed by modern businesses
- ii. To highlight the benefits of adhering to marketing ethics
- iii. To suggest measures to follow the marketing ethics

2. UNETHICAL MARKETING TACTICS:

The Advertising Standards Council of India (ASCI) looked into complaints against 317 advertisements during August and September of which 64 were promptly withdrawn by advertisers. Several of these ads were from social media platforms like Face book, Instagram and Twitter. According to Manisha Kapoor, secretary general of ASCI, COVID-19 related claims as well as misleading education claims continued to dominate the kind of complaints we received at ASCI during this period. The Independent Consumer Complaints Council (CCC) of ASCI evaluated the remaining 253, of which complaints against 222 advertisements were upheld of these 222 advertisements, 101

belonged to the education sector, 77 to healthcare, eight to food and beverage, seven to personal care, three to finance and investments and 25 were from other categories. Complaints against 32 advertisements were not upheld as they were found to not be in violation of the ASCI code.

Following are some of the ways in which unethical marketing is done.

1. Unfair and deceptive marketing tactics

A. In terms of products: Unfair and deceptive marketing in terms of products occurs when the customers are made to believe that they will get more value from the product than they actually receive. The marketing is done in such a way that the consumers expect high level of satisfaction from the product whereas the actual satisfaction turns out to be much lesser. This is done in the following ways.

a. Misrepresentation- *The actual product is different from the sample shown to the customers. The sample shown to the customer as a part of marketing is superior whereas the actual product is relatively inferior in quality.*

b. False and exaggerated product or service claims: The advertisement is made so impressive that the potential customers feel that the product will be very effective and serve the purpose. This is done through false testimonials and fake pre and post use comparisons. This kind of exaggerated claims are more common in specific products like cosmetic items and weight-losing machines.

c. Selling hazardous or defective products without disclosing the dangers: When the company does not disclose the potential adverse effects to the customers despite knowing them, it also accounts for unethical marketing.

B. In terms of price: Unfair and deceptive marketing in terms of price occurs when the customers are drawn towards the product as they believe that the price they will pay is lower than it really is. The product is advertised in such a way that the customers feel that the price they would pay would be much lower than that prevailing in the market. However, the actual price turns out to be higher.

a. Making false price comparisons: The company compares the price of its product with other similar products available in the market. Company claims the price of its product is lowest in the market. However, this comparison does not involve the comparison of features, quality and facilities.

b. Fake sales and discounts: The Company declares discounts and concessions after first hiking the price. The product worth Rs. 1000 is first labeled at Rs.2000 and then a 50% flat discount is offered to the customers.

c. Existence of hidden costs: The price originally quoted to the customer does not involve some of the taxes and charges. The customer realizes about these additional charges after the purchase has been made.

d. Bait and switch selling tactics: Company offers free gifts in order to attract customers who are then encouraged to purchase a more expensive item.

2. Offensive materials and objectionable marketing practices:

Unethical marketing is not only about deception, exaggeration and misleading the customers. Sometimes although there is no element of cheating in the marketing strategy, the marketing may still become unethical due to the use of offensive and objectionable material used by the company. Some of the examples of offensive and objectionable material are as follows.

a. *When promotion uses erotic/bold images as an appeal.*

b. *When the advertisements use abusive and offensive language.*

c. *When some faith or religion is offended while promotions.*

d. *Annoying telemarketing calls, messages and junk mails are sent by the companies randomly to the people.*

e. *Marketing appeals that take the advantage of inexperienced and young consumers (kids and small children).*

f. *Ambush marketing: When the company tries to promote the product although it is not the official sponsor of the event.*

3. Unethical marketing and distribution of products

The following methods and tactics adopted by the sellers while selling and distributing the products also accounts for unethical marketing.

a. Pressurizing buyers/vendors to buy more than they need (or don't need)

b. Pushing items that will result in higher commissions

c. Promising shipment (delivery) despite knowing that it won't be possible by the promised date

3. MEASURES TOWARDS MARKETING ETHICS:

In order to ensure ethics in marketing, the companies should implement the following.

1. Avoiding false and misleading advertisements: Communications about the offered products should not be deceptive and exaggerated claims about the product should not be made.

2. Companies should ensure that the products are safe for their intended uses: Only after successful testing of the product in laboratory, it should be advertised and sold in the market.
3. Disclosing all substantial risks associated with the product: Statutory warning should be given in case of a side effect. E.g. cigarettes, junk foods etc.
4. Not exerting undue pressure on consumers and retailers to purchase the product: Repeatedly calling the potential buyers and disturbing them is unethical.
5. Avoiding predatory pricing policy: Charging a very low price despite a loss to eliminate competition is unethical and hence should be avoided.
6. Disclosing the full price associated with the product: There should not be any hidden costs. The final price which the consumer will have to pay should be quoted.
7. Protecting personal information of the consumers: The Company should not share the personal information given by the consumers with others.
8. Standing behind the product if it fails to deliver the claimed benefits: The Company should respect any guarantee or warranty which it has given to the buyers, if the product fails. The customer should be duly compensated.
9. Recognizing the special commitments to vulnerable sections: Company should not market the product in front of small kids and children as they can't analyze the risks associated with the product.
10. Accepting constructive criticism from the customers and stakeholders: Instead of being over-confident about the product, the company should take criticism by the consumers seriously for further improvement in the product
11. Adherence to all applicable laws and regulations: All government rules and regulations regarding the marketing of the product should be followed.
12. No use of internet marketing that would be unethical or illegal: Avoiding sending marketing mails and creating pop-up websites.

4. BENEFITS OF MARKETING ETHICS:

The company may get some short-term benefits through unethical marketing, however in the long run; unethical marketing will backfire reducing the sales and profits. Some of the advantages of following marketing ethics are as follows.

Protecting the image of the organization (better public image): Since the company consciously avoids unethical marketing practices, its image in the market remains good. The company is known for its ethical practices. Customers trust the company's communication and repeatedly purchase the product from it. On the contrary, the companies involved in unethical marketing are successful in selling the product in short-term but they invite the wrath of the consumers when the latter realize that the claims made by the company about the product were misleading and false. Such customers will do a lot of negative publicity about the company and its product. Hence, marketing the product ethically and honestly is the only way to ensure good and respectable image in the long run. This in turn will result into higher sales and better profits.

B. To avoid government regulation and penalties: Most of the countries including India have numerous marketing laws and regulations. These regulations are aimed at preventing unethical marketing practices by the companies. The customers have an option to file cases against the companies selling defective and sub-standard products. Besides tarnishing the image of the company, such litigation is costly. At times, the penalties against the companies run in to lakhs of rupees. Hence, the companies following ethics during marketing are better placed. They save a lot of their money and energy allowing them to focus on their core business.

5. CONCLUSION:

To sum up, it can be argued that there are numerous instances of loss of consumer-welfare due unethical marketing tactics of the sellers. A lot of consumers feel that they have been cheated with a higher price or a poorer product than what they had imagined while purchasing. There is no doubt that such deceptive marketing benefits the companies in attracting customers and enhancing sales. However, soon such companies are exposed as the customer dissatisfaction and the feeling of being cheated among the customers create a negative image of the company in the market. This gradually reduces the sales and invites government intervention. On the contrary, the companies which stick to marketing ethics gain in long-run despite some short-term loss. They enjoy goodwill and command respect. Neither are there any legal issues and government interventions.

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