

Marketing Ethics Practices Of Businesses And Its Effect On Consumer Behaviour And Profitability Position.

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ABSTRACT:

In order to be successful in today's competitive scenario, an Organization should adopt to the changes in the environment. But following the set of values and ethical guidelines in administrative and managerial functions is equally important for long term survival.

In today's business world, in addition to general decisions, managers must also make judgments concerning what is ethical to do. This is not an easy task especially for marketing professionals as marketing is the visible interface with not only customers, but with all other stakeholders, it is important for marketers to take into consideration the marketing ethics. Marketing ethics should be examined from an individual, organizational, and societal perspective. Due to the heavy competition is necessary for marketing manager to attract the consumers towards their product

Keywords: Marketing Ethics, consumer behavior, Ethical issues, profitability position.

INTRODUCTION

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". This definition emphasizes the importance of delivering value and the responsibility of marketers to be able to create meaningful relationships that provide benefits to the society at large. This multiple stakeholder approach takes in consideration the whole

society. As a result, organizations are now under pressure to demonstrate initiatives that to applies the ethics in the areas of marketing

Business enterprises today are acting as a center for entertaining community needs not only for their profit but also with the expectation to meet standards of responsible business conduct that go beyond what had been expected traditionally. Although people more often than not still speak of business in terms of products, jobs, and profits, the world understood and accepted that a business enterprise always remains a member of its community Because of being member of the

community and the growing need of consumers, business enterprises main concern for ethical problems in business, and particularly in marketing have increased over the past decades. Additionally, globalization of economies and the growing internationalization of companies brought an increasing number of managers to confront with various ethical problems in the markets they are operating.

Marketing ethics is the sub set of business ethics which shares similar terms and concepts with business ethics. Accordingly, Marketing ethics deals with the systematic study of how moral standards are applied to marketing decisions, behaviors and institutions.

The awareness of marketing ethics have created a general trend in business thought and practice towards focusing greater attention upon the parallel or intersecting interests of buyers and

sellers within marketing interactions.

Ethical marketing refers to the application of marketing ethics into the marketing process. Briefly, marketing ethics refers to the philosophical examination, from a moral standpoint, of particular marketing issues that are matters of moral judgment. Ethical marketing generally results in a more socially responsible and culturally sensitive business community. The establishment of marketing ethics has the potential to benefit society as a whole, both in the short- and long-term. Ethical marketing should be part of business ethics in the sense that marketing forms a significant part of any business model.

MEANING OF ETHICS IN MARKETING:

Marketing ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing.

Marketing ethics basically promotes fairness and honesty in all their advertisements. Any kind of false claims to the consumers, invading consumer's privacy, stereotyping and targeting the vulnerable audience (like children and elderly) are considered to be unethical behaviour by the companies. Even trying to harm the competitor's image is considered immoral.

marketing strategy and more of a philosophy that informs all marketing efforts. It seeks to promote honesty, fairness, and responsibility in all advertising. Ethics is a notoriously difficult subject because everyone has subjective judgments about what is "right" and what is "wrong." For this reason, ethical marketing is not a hard and fast list of rules, but a general set of guidelines to assist companies as they evaluate new marketing strategies.

Ethical marketing is less of a 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 can help companies to decide on their new marketing strategies. But then it depends on one's own judgement of 'right' and 'wrong'. Any unethical behaviour is not necessarily illegal. If a company is making any kind of claims about their products, and are unable to live up to those claims, it may be called as an unethical behaviour.

Principles of ethical marketing

- All marketing communications share the common standard of truth.
- Marketing professionals abide by the highest standard of personal ethics.
- Advertising is clearly distinguished from news and entertainment content.
- Marketers should be transparent about who they pay to endorse their products.
- Consumers should be treated fairly based on the nature of the product and the nature of the consumer (e.g. marketing to children).
- The privacy of the consumer should never be compromised.
- Marketers must comply with regulations and standards established by governmental and professional organizations.
- Ethics should be discussed openly and honestly during all marketing decisions.

STATEMENT OF THE PROBLEM:

The quality and social relevance of higher education in developing nation are deteriorating due to several reason. Marketing ethics is one of the important factor that shapes the business for countinous improvement. Hence this study identify the importance of marketing ethics and cover the aspects of ethical issues in the area of marketing.

OBJECTIVES OF THE PAPER:

1. To study the importance of marketing ethics
2. To study the various issues in ethics of marketing.
3. To study the change in the consumer behavior.
4. To study how to Developing an ethical marketing plan for long term survival.
5. To understand the desired change in the level of profitability of organization.

RESEARCH METHODOLOGY:

A descriptive study has been conducted by understanding information in the existing literatures and research journals. The secondary data from the books, websites and research journals are used in the study.

REVIEW OF LITERATURE:

Marketing Ethics Practices of Small Businesses and their Effect on Consumer Purchase Intention: An Empirical Investigation from Addis Ketema (Journal of Accounting &marketing)

This paper investigates marketing ethics practices of small business firms, in Addis Ketema sub city and their effect on consumers' purchase intention it was analyzed using descriptive statistics techniques, like tables and percentages, mean, standard deviations, graphs, frequency and logistic regression (inferential statistics). The result of this study showed that small sized cloth shops in Addis Ketema sub-city exhibit unethical marketing practice in the

area of product and price ethics. Additionally, it was found that consumers have purchase intention even if firms' behavior was found to be unethical. Finally, the researcher concluded that the unethical practice of marketers may lead to consumers' lack of confidence in the market and establishment of consumer associations in the area.

An Overview and Analysis of Marketing Ethics (International Journal of Academic Research in Business and Social Sciences November 2014, Vol. 4, No. 11 ISSN: 2222-6990 151)

This paper describe that if the organization maintain good ethics in marketing can have a positive economic impact on the performance of firms. Many statistics support the premise that ethics, values, integrity and responsibility are required in the modern workplace. For consumer groups and society at large, research has shown that good ethics is good business. This study defines and traces the emergence and evolution within the business literature of the concepts of values, business ethics and corporate social responsibility to illustrate the increased emphasis that has been placed on these issues over time. In this research Two organizations that have successfully dealt with these issues were analyzed to identify the links among values, ethics, and corporate social responsibility as they are incorporated into the culture and management of a firm. This study identified the presence and implementation of values, business ethics, and CSR actions.

Marketing Ethics (International Journal of Management and Applied Science, ISSN: 2394-7926 Volume-2, Issue-11, Nov.-2016)

This paper describe how to win customer loyalty by reinforcing the positive values of the brand, creating a strong citizen brand. This can happen only through ethical marketing. However ethics in professional life is not a new thing. Ethics have around ages. Today every profession have its own ethics. Marketers are no exception. So we have to remember that wherever we go and whatever we do we should follow ethical code of conduct. Keywords— Descriptive, prescriptive, Business opportunities ,Ethical code of conduct

IMPORTANCE OF ETHICS IN MARKETING:

In this era of globalization and multinational competition, ethical practices in marketing are important as relationships with various suppliers and customers are shaped by ethical practices and mutual trust. Therefore, adaptation of ethics in the market place is so important in today's corporate world. Conducting a business the right way is imperative for organizations to build a public image and stay in the competition. By following ethics in marketing, organizations can make correct judgements and decide what is right and wrong for them. To make profit and for the survival of the business, implementing and managing ethics in their course of action is essential for the management. The increasing trend of **fair trade** is an example of the impact of ethical marketing.

Following are the main points which explain the importance of ethics in marketing

1) Customer Loyalty

The first and the most crucial factor in the list of Importance of Marketing Ethics is that it helps the company to win the trust and loyalty of its customers on the long-term basis as it is the basic human nature and tendency to go for the brand that is genuine in its nature, its products and services offered are authentic, and they sell the exact products and services that are shown during the marketing campaigns and artworks. Hence, it is always imperative for the management and the marketing department to display the company attributes and the details of products and services offered that are true and bonafide in each and every aspect.

2) Long-term gains

Understanding the Importance of Marketing Ethics is not only the long-term goal and objective of the company but there are various long-term gains attached to following the same such as customer loyalty, high credibility in the market and in the minds of the customers, increased market share, enhanced brand value, higher sales, and elevated revenues amongst others with the company able to accomplish its both short term and long term objectives in a successful manner.

3) Builds credibility

When the company follows the intricacies and the nuances of the marketing ethics on a consistent and continuous basis in all its marketing and promotional campaigns, it slowly and gradually builds its distinctive niche in the market as a genuine and authentic brand that also results in the factor of credibility building for the company within the industry amongst its peers, contemporaries, investors, and other stakeholders plus in the minds of the customers as well.

4) Leadership

When the company grasps and understands the intricacies of the Importance of Marketing Ethics and formulates it as one of its crucial objectives, it attains the status of a leader in the market with the competitive brand trying to benchmark its practices and strategies owing to the company laying and following the rare path of marketing ethics that results in the various benefits such as loyal base of customers, higher sales, and increased market share, working as a source of inspiration for one and all in the market.

5) Satisfies basic human needs and wants

Following the Importance of Marketing Ethics makes the company fulfill and satisfy the basic human needs and wants of trust, faith, and integrity as these are the basic factors that the customers look forward from the brands whilst indulging in the purchase of the products and services offered by the firm. And when the company is able to satisfy the basic needs and wants of the customers, it will enjoy the long-term benefits such as customer loyalty, trust in the brand, faith in its offerings, and the word of mouth publicity that will earn various referrals to the company.

6) Displays rich culture

When the company follows the path marketing ethics, it only enjoys the various benefits from the external environment of the business but even the internal environment comprising of the staff and employees is well defined and systematically aligned as it displays and boasts of the rich and authentic culture. The internal staff is highly motivated and continuously strives to

help the management attains the overall business objectives as it provides the required impetus to their professional career graph as well. Plus they take immense pride in working and their association with the company and express the same to their social circuit that showcases the rich and genuine culture of the firm in the market.

7) Attracts talent

It helps the company to attract the talented professionals who wish to get associated with the company as internal employees, vendors or consultants as getting attached and associated to the firm that understands and follows the Importance of Marketing Ethics will surely provide the boost to their professional trajectory as well. Plus it helps the company to attain its aims and objectives in a short period of time and in a successful manner.

8) Attains financial goals

In order to grow and the expand its business operations, the management of the company always needs investors and financial partners who provide the required funds and investments that will facilitate to launch the new line of products in the market, tap new market locations, and try out innovative marketing and promotion techniques. Hence, to attain the financial goals, it is vital for the company to understand and follow the Importance of Marketing Ethics as it gives the firm a tag of the brand that is genuine in its business operations and offerings.

9) Enhanced brand value

The overall market fraternity, competitors, and the customers look up to the company as the one that follows the marketing ethics in the most dedicated manner, sells what it displays in its advertisement campaigns, exceed the expectations of the customers, sell products and services that are high on the realms and objectives of quality, and sets a new benchmark in the market for the competition to match and follow. All these factors result in the enhanced brand value of the firm making it the most trustworthy and reliable brand in the market.

ISSUES IN ETHICS OF MARKETING

Marketing has gripped with ethical mistreatment because marketing manager face some of the most difficult ethical problems in business. Ethical problems occur only when an individual interacts with other people. Ethics can be viewed in terms of the needs of the individual and the needs of applicable others. The value system of each individual consists of perceived sets of obligations toward recognized the major ethical problems that must be removed from business process such as

1. Gifts, gratuities, bribes.
2. Price discrimination and unfair pricing,
3. Dishonest advertising,
4. Miscellaneous unfair competitive practices,
5. Cheating customers, unfair credit practices, and overselling,
6. Price collusion by competitors,
7. dishonesty in making or keeping a contract,
8. unfairness to employees and prejudice in hiring.

Ethical conflict occurs when people perceive that their duties toward one group are inconsistent with their duties and responsibilities toward some other group (including one's self). They then must attempt to resolve these opposing obligations. Basically, Ethical conflicts in marketing can mainly arise in two contexts; firstly the difference between the needs of company, industry, and society. Secondly, the conflict arises when the interest of individual and organization is different/

Marketing ethics denotes morals and standards relating to marketing practices, including those related to 'four P's of marketing' and 'marketing research'

Ethical issues in marketing arise from the conflicts and lack of agreement on particular issues. Parties involved in marketing transactions have a set of expectations about how the business relationships will take shape and how various transactions need to be conducted. Each marketing concept has its own ethical issues.

Ethical Problems in Market Research

Market research has experienced a resurgence with the widespread use of the Internet and the popularity of social networking. It is easier than ever before for companies to connect directly with customers and collect individual information that goes into a computer database to be matched with other pieces of data collected during unrelated transactions.

The way a company conducts its market research these days can have serious ethical repercussions, affecting the lives of consumers in ways that have yet to be fully understood. Further, companies can be faced with a public backlash if their market research practices are perceived as unethical.

Grouping the Market Audience

Unethical practices in marketing can result in grouping the audience into various segments. **Selective marketing** may be used to discourage the demand arising from these so-called undesirable market segments or to **disenfranchise** them totally.

Examples of unethical market exclusion may include the industry attitudes towards the gay, ethnic minority, and plus-size groups.

Ethics in Advertising and Promotion

In the early days of existence of corporations, especially during 1940s and 1950s, tobacco was advertised as a substance that promotes health. Of late, an advertiser who does not meet the ethical standards is considered an offender against morality by the law.

- Sexuality is a major point of discussion when ethical issues in advertising content are considered. Violence is also an important ethical issue in advertising, especially where children should not be affected by the content.
- Some select types of advertising may strongly offend some groups of people even when they are of strong interest to others. Female hygiene products as well as haemorrhoid and constipation medication are good examples. The advertisements of condoms are important in the interest of AIDS-prevention, but are sometimes seen by some as a method of promoting promiscuity that is undesirable and strongly condemned in various societies.

- A negative advertising policy lets the advertiser highlight various disadvantages of the competitors' products rather than showing the inherent advantages of their own products or services. Such policies are rampant in **political advertising**.

Delivery Channels

Direct marketing is one of the most controversial methods of advertising channels, especially when the approaches included are unsolicited.

Some common examples include TV and Telephonic commercials and the direct mail. Electronic spam and telemarketing also push the limits of ethical standards and legality in a strong manner.

Deceptive Marketing Policies and Ethics

Deceptive marketing policies are not contained in a specific limit or to one target market, and it can sometimes go unseen by the public. There are numerous methods of **deceptive marketing**. It can be presented to consumers in various forms; one of the methods is one that is accomplished via the use of humor. Humor offers an escape or relief from various types of human constraints, and some advertisers may take the advantage of this by applying deceptive advertising methods for a product that can potentially harm or alleviate the constraints using humor.

Anti-Competitive Practices

There are various methods that are **anti-competitive**. For example, **bait and switch** is a type of fraud where customers are "baited" through the advertisements for some products or services that have a low price; however, the customers find in reality that the advertised good is unavailable and they are "switched" towards a product that is costlier and was not intended in the advertisements.

Another type of anti-competitive policy is **planned obsolescence**. It is a method of designing a particular product having a limited useful life. It will become non-functional or out of fashion after a certain period and thereby lets the consumer to purchase another product again.

A **pyramid scheme** is also an anti-competitive process. It is a non-sustainable business model that promises the participants payment or services, mainly for enrolling other people

into the scheme; it does not supply any real investment or sell products or services to the public.

This business practice demands the initial investor or the "captain" to enroll other people for a fee to them who again will further enroll more people in order to be paid by the company.

Pricing Ethics

There are various forms of unethical business practices related to pricing the products and services.

Bid rigging is a type of fraud in which a commercial contract is promised to one party, however, for the sake of appearance several other parties also present a bid.

Predatory pricing is the practice of sale of a product or service at a negligible price, intending to throw competitors out of the market, or to create barriers to entry.

Today's consumer product industry is highly competitive, making an understanding of the factors that influence consumers' purchase decisions very important. Every firm attempts to gain a desired share of the market by providing the consumers with high quality products that are readily available at a reasonable price, by providing excellent service, and so on. If consumers perceive little difference between competing products or brands based on the factors that have been discussed above, corporate ethical behavior might be one of the factors that can be used to differentiate their products on the basis of the ethicality of their firm's actions, aside from the differentiation based on products, price, place and promotion. The results suggest that consumers care about corporate ethical behavior towards: stockholders, middlemen, ultimate consumers, suppliers, employees and host communities and they are willing to reward the ethical firms via their purchase decision and also consideration of the consumers for corporate ethical behavior towards stockholders, middlemen, ultimate consumers, suppliers, employees and host communities positively influence consumers' purchase decision.

This study suggest that the perceived ethics of a firm plays an important role during purchase decisions. Consumers do care about corporate ethical behavior towards many groups of people and this affects their purchase decision. Corporate behavior directly affects only consumers in the purchase decision but that decision is also based on the ethically relevant

effect on stockholders, middlemen, suppliers, employees, and host communities. Ethical behavior can thus provide an effective way of differentiating a product in consumer's perceptions. Furthermore, the study also suggests that these perceptions do affect purchase decisions. This indicates that ethical behavior can affect the business performance of a firm. These findings indicate that the firms should encourage ethical behavior not only as corporate citizens but because this behavior may benefit the enterprise in a world where consumers care about business ethics and are willing to back up this concern with action when making purchases

The above studies shows that If any organization is adopted any unethical practices in any marketing mix it does not attract the customers for a long term and it results in decreases the level of profit of the organisation.

Developing an ethical marketing plan.

Ethical marketing offers tools so businesses may evaluate their marketing strategies. A strategic decision must be made -- should marketing increase profits or polish an image? Once a strategic decision is reached, steps to modify the current strategy are taken. Sometimes this means minor changes.

The initial step for any business involved in ethical marketing is a corporate analysis including customers and marketplace. Once a company has decided to pursue ethical marketing, it must decide which ad features to follow. The business ad campaign must deliver and strike a delicate balance between sustaining truth and persuading the customer. For most businesses, knowledge of doing the right thing will not be sufficient. Ethical marketing highlights the choices a company has made in boosting their public reputation a powerful way to connect with consumers. Doing it wrong can seem self-congratulatory.

CONCLUSION:

Today, several forces are driving companies to practice a higher level of ethics: rising customer expectations, changing employee expectations, government legislation and pressure, the inclusion of social criteria by investors, and changing business procurement practices. Companies need to evaluate whether they are truly practicing ethical and socially

responsible marketing. Marketing ethics still remains a complex area; although, marketing practice apparently has been brought into close conformity with prevailing ethical standards, marketing will be under pressure from organizational efforts to institutionalize formal ethics programs in order to satisfy stakeholder demands. Both normative and descriptive understanding will be required to improve marketing ethics. There are many opportunities to contribute to the advancement of knowledge in this important area of marketing.

To summarize, the ethics of marketing and its bond with the clients forms a basis to the victory of the organization. Ethics are the honest values and principles that govern the actions and verdicts of an entity or cluster. It is normal that customers anticipate to be treated in a fair manner and with regard. Reliability of service, trustworthiness, responsiveness, understanding and reception of value addition to products are some of the expectations of the customers. They do not want unrealistic promises, or deceptive offerings. There are some ethical dilemmas for marketers to meet expectations of customers. Ethical issues arise due to the dissimilarity between the individual and company's values and norms. When the products are not disclosed properly then they are dishonourably marketing their product. To control these unethical behaviours are by control them properly and then by making sure that everyone follow it. If someone does not follow rules then the proper actions must be taken against them for breaching the codes of conduct.