

FUNDAMENTAL ISSUES IN THE ETHICS OF MARKETING

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Abstract:

Marketing ethics deals with the moral principles behind the operation and regulation of marketing. The importance of ethics in marketing is growing. Recognition and respect for ethics, covering a wide range of issues can be used as USP for a company or organization. Each society will have its own unwritten code of behavior; however, view of matter will change over a time. Due to this societal marketing concept has emerged which requires that marketers adhere to socially responsible and ethical practices in the marketing of goods and services. So we can say that ethics is a principle of right of good conduct or a body of such principals. Marketing ethics is the 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.

Contrary to popular impressions, not all marketing is adversarial, and not all marketing is stacked in favor of the marketer. In marketing, the relationship between producer/consumer or buyer/seller can be adversarial or cooperative. For an example of cooperative marketing, see relationship marketing. If the marketing situation is adversarial, another dimension of difference emerges, describing the power balance between producer/consumer or buyer/seller. Power may be concentrated with the producer (caveat emptor), but factors such as over-supply or legislation can shift the power towards the consumer (caveat vendor). Identifying where the power in the relationship lies and whether the power balance is relevant at all are important to understanding

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the background to an ethical dilemma in marketing ethics. A populist anti-marketing stance commonly discussed is that any kind of marketing is inherently evil. The position is based on the argument that marketing necessarily commits at least one of three wrongs:

Damaging personal autonomy. The victim of marketing in this case is the intended buyer whose right to self-determination is infringed.

Causing harm to competitors. Excessively fierce competition and unethical marketing tactics are especially associated with saturated markets.

Manipulating social values. The victim in this case is society as a whole, or the environment as well. The argument is that marketing promotes consumerism and waste. See also: influenza, ethical consumerism, anti-consumerism.

Marketing has a major impact on our self-images, our ability to relate to one another, and it ruins any knowledge and action that might help to change that climate. Marketing/Advertising creates artificiality and influences sexual attitudes.

Key words: issues in ethics, marketing, social responsibility, values, advertising.

Specific Issues in Marketing Ethics:

Market research: Ethical danger points in market research include: Invasion of privacy.

Stereotyping: Stereotyping occurs because any analysis of real population needs to make approximations and place individuals into groups. However if conducted irresponsibly, stereotyping can lead to a variety of ethical undesirable results. Stereotyping is countered by the obligation to show respect.

Market audience: Ethical danger points include: Excluding potential customers from the market: selective marketing is used to discourage demand from undesirable market sectors or disenfranchise them altogether.

Targeting the vulnerable (e.g. children, the elderly).

Examples of unethical market exclusion or selective marketing are past industry attitudes to the gay, ethnic minority and obese ("plus-size") markets. Contrary to the popular myth that ethics and profits do not mix, the tapping of these markets has proved highly profitable. 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 ground is also controversial.

Other vulnerable audiences include emerging markets in developing countries, where the public may not be sufficiently aware of skilled marketing ploys transferred from developed countries, and where, conversely, marketers may not be aware how excessively powerful their tactics may be. See Nestle infant milk formula scandal. Another vulnerable group are mentally unstable consumers. The definition of vulnerability is also problematic: for example, when should indebtedness be seen as vulnerability and when should "cheap" loan providers be seen as loan sharks, unethically exploiting the economically disadvantaged?

Pricing ethics: List of unethical pricing practices:

Bid rigging

Dumping (pricing policy)

Predatory pricing

Price discrimination

Price fixing

Price skimming

Price war

Supra competitive pricing

Variable pricing

Ethics in advertising and promotion: Ethical pitfalls in advertising and promotional content include:

Issues over truth and honesty. In the 1940s and 1950s, tobacco used to be advertised as promoting health. Today an advertiser who fails to tell the truth not only offends against morality but also against the law.

Issues with violence, sex and profanity. Sexual innuendo is a mainstay of advertising content, and yet is also regarded as a form of sexual harassment. Violence is an issue especially for children's advertising and advertising likely to be seen by children.

Taste and controversy. The advertising of certain products may strongly offend some people while being in the interests of others. Examples include: feminine hygiene products, skin whitening creams & lotions etc. etc. The advertising of condoms has become acceptable in the interests of AIDS-prevention, but are nevertheless seen by some as promoting promiscuity. Some companies have actually marketed themselves on the basis of controversial advertising - see Benetton. Sony.

Negative advertising techniques, such as attack ads. In negative advertising, the advertiser highlights the disadvantages of competitor products rather than the advantages of their own. The methods are most familiar from the political sphere.

Delivery channels: Direct marketing is the most controversial of advertising channels, particularly when approaches are unsolicited. TV commercials and direct mail are common examples. Electronic spam and telemarketing push the borders of ethics and legality more strongly. The use of ethics as a marketing tactic: Business ethics has been an increasing concern

among larger companies, at least since the 1990s. Major corporations increasingly fear the damage to their image associated with press revelations of unethical practices. Marketers have been among the fastest to perceive the market's preference for ethical companies, often moving faster to take advantage of this shift in consumer taste. This results in the expropriation of ethics itself as a selling point or a component of a corporate image.

The Body Shop is an example of a company which marketed itself and its entire product range solely on an ethical message.

Green Wash is an example of a strategy used to make a company appear ethical when its unethical practices continue.

Liberation marketing is another strategy whereby a product can masquerade behind an image that appeals to a range of values, including ethical values related to lifestyle and anti-consumerism.

"Liberation marketing takes the old mass culture critique — consumerism as conformity — fully into account, acknowledges it, addresses it, and solves it. Liberation marketing imagines consumers breaking free from the old enforcers of order, tearing loose from the shackles with which capitalism has bound us, escaping the routine of bureaucracy and hierarchy, getting in touch with our true selves, and finally, finding authenticity, that holiest of consumer grails." (Thomas Frank)

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 behaviour, rather than modifying their own behaviour 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.

A list of known unethical or controversial marketing strategies:

Anti-competitive practices

Pyramid scheme

Bait and switch

Vendor lock-in / Vendor lock-out

Planned obsolescence

Viral marketing

Controversial marketing strategies Spamdexing
associated with the internet:
Embrace, extend and extinguish
Search engine optimization

Further Issues In Marketing Ethics: Marketing ethics overlaps with environmental ethics in respect of waste problems associated with the packaging of products. Some, such as members of the advocacy group No Free Lunch, have argued that marketing by pharmaceutical companies is negatively impacting physicians' prescribing practices, influencing them to prescribe the marketed drugs rather than others which may be cheaper or better for the patient.

Ethically thinking is responding to situations that deal with principles concerning human behavior in respect to the appropriateness and inappropriateness of certain communication and to the decency and indecency of the intention and results of such actions. In other words, ethics are distinctions between right and wrong. Businesses are confronted with ethical decision making every day, and whether employees decide to use ethics as a guiding force when conducting business is something that business leaders, such as managers, need to instill. Marketers are ethically responsible for what is marketed and the image that a product portrays. With that said, marketers need to understand what good ethics are and how to incorporate good ethics in various marketing campaigns to better reach a targeted audience and to gain trust from customers. Marketing ethics, regardless of the product offered or the market targeted, sets the guidelines for which good marketing is practiced. When companies create high ethical standards upon which to approach marketing they are participating in ethical marketing. To market ethically and effectively one should be reminded that all marketing decisions and efforts are necessary to meet and suit the needs of customers, suppliers, and business partners. Ethical behavior should be enforced throughout out company culture and through company practices.

Regulation and enforcement: Marketing ethics and marketing law are related subjects. Relevant areas of law include consumer law which protects consumers and antitrust law which protects competitors - in both cases, against unethical marketing practices.

Although marketing ethics overlaps with environmental ethics but up to certain extent business for profits can also be undertaken ethically looking into account the pricing ethics and other related issues in ethical marketing specially on unethical or controversial marketing strategies.

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