

Major Ethical Issues in Marketing “A Descriptive Approach”

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Abstract: A significant number of studies have been conducted in order to show the importance of ethical conducts in the marketing practice, caused by irresponsible practices. The purpose of this paper is to provide a set of marketing ethical issues governing marketing practices, through a conceptual perspective, the proposed framework is based on the presentation of the marketing ethics definition, its role in improving marketing outcomes, and finally, a list of the major ethical issues have been highlighted.

Keywords: ethics, ethical issues, marketing, marketing ethics.

(JEL) Classification: XN2 ·XN1.

1. Introduction

Companies are playing a significant role in satisfying individuals and society's needs by providing them with values the bought products include and protecting the society and environment interests.

In current so fast changing business circumstances, marketers are in need to evaluate their decisions within an ethical framework, since decisions have become multidimensional in terms of the outcomes carrying positive and negative impact on target customers.

The profit oriented perspective in running marketing activities has made an actual paradox in judging the marketing performance in multidimensional way as it is done in former stages within the conception of marketing stimuli.

The Companies perceive the role of ethical conducts in dealing with target customers in gaining competitive advantages within a business environment including noticeable unethical marketing practices causing harms for customers.

We aim through this study highlighting the concept of marketing ethics in different approaches, as it has become necessity for the strategic orientation of the company to be the guidance of any marketing decision by anticipating the causes of harms for customers.

2. Ethical marketing

2.1. Ethical values in marketing

Ethics is a very complex subject. Marketing ethics is a subset of business ethics which itself is a subset of ethics. Research on marketing ethics has so far been confined to general marketing issues, such as product safety, pricing, advertising and marketing research (Fan, p. 3). Moreover, marketing ethics involves fundamentals and values which direct marketing decisions and practices by determining what is wrong and right and avoiding any potential harm the marketing outcomes may carry to target customers or to the society and environment at large.

The marketing ethics marketers should follow are: (KRISHNA RAJAN, p. 195):

- Honesty: Be forthright in dealings and offer value and integrity.

- Responsibility: Accept consequences of marketing practices and serve the needs of customers of all types:
- Fairness: Balance buyer needs and seller interest fairly:
- Respect: Acknowledge basic human dignity of all people.
- Transparency: Create a spirit of openness in the practice of marketing.
- Citizenship: Fulfill all legal, economic, philanthropic and societal responsibilities to all stakeholders.

2.2. Deceptive marketing

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 vary (Siham, p. 23).

The deception in Marketing seems by comparing between the stage that precedes the purchasing act and the post purchasing stage, while the first stage is full of promises customers get from marketers, the last stage includes the emergence of feelings customers form after entering into a purchase experience, comparing with the great image formed in the first stage is desired to get realized in the purchases he/she sacrificed sums of money. Hence, marketers must care more about the expectations they made in customer's mind by different stimuli, designed particularly to create a purchasing behavior, rather than getting strategically oriented by an actual and honest service provided to customers in a well defined level of quality that must be clear and less exaggerated. In fact, deception in Marketing may more likely occur because of conflicts happening between two forces related to interests of company under fear of high risks, and other major reasons which we identify as follows:

- **Negative opportunities**

The determination of opportunities refer to the moral values, for instance; marketing of sweets including too much quantity of sugar at low prices to unaware children might not be considered as an opportunity for a company whose business is ethically driven. Thus, the sense of opportunities is so large within the market where businesses are mostly managed by two main paradigms; gain and loss, which strongly misleads managers to take irresponsible decisions.

- **Perceived returns of ethical adherence.**

Marketers are more likely to adopt deceptive conducts if the benefits of ethical conducts are quite unclear to managers, or the costs are high, in addition, the deceptive conduct is strongly adopted at markets where customers having low interest in ethical issues, and they merely focus on the low prices and apparent attributes of offerings. Also at markets of weak regulatory control in terms of offerings performance, or agents are ready to receive bribery and allowing the law break. However, at well regulated markets and high customers awareness, marketers tend more to adopt moral marketing decisions, because the vast majority, from an economic perspective they perceive the financial costs that they may face. In sum, the relationship is significant between dimensions, such as ethical conducts and its perceived return on investment.

As it is noted that customers are exposed to large amounts of marketing stimuli, designed to urge them to buy more, even though the offered products don't represent real necessity as it has been promised to customers in the previous stage before the purchase act, probably the most important motive is to cover the growing costs of advertisements by making a greater sales volume. As it is observed that marketing relies more widely, in different companies, on advertising as one

activity marketers see so effective and bringing them back more financial returns in the short term. On the other hand, most criticism have come to marketing was about communication practices, that carry promises to customers about future potential benefits.

- **Less strategic orientation**

Companies cannot be quite successful in making ethical decisions if they don't possess a real strategy based on a deep understanding of the environment where they operate, since knowledge for the manager is a major asset that can be used in an ethical investment by allocation of large resources. In addition, the strategy shows the manager the long term course, which minimizes the conduct of an opportunist by capturing harmful benefits. Obviously, the strategy takes part in the whole ethical vision of the manager, otherwise, small businesses which invest without a clear strategy will more likely to make unethical decisions.

Therefore, due to deceptive practices marketing has tended to receive moral values so that it solves problems generated by the deception.

At worst, besides direct harm to consumers marketing managers' dishonesty and malevolence can cause negative long-term effects, including distrust and suspiciousness of any marketing activity. Unethical companies' marketing actions can lead to persistent changes in consumers' attitudes and behavior. One of the outcomes is over-consumption or promiscuous consumption, which can cause stress, fatigue and disillusionment (Woźniczka, p. 197).

Additionally, customer is a corner stone according to the marketing concept, thus, all offerings are designed in a way that makes customers highly motivated to buy, namely, and marketing is always searching for creating stimuli including powerful impact on customers, so that they are pushed to buy company's products. Thus, marketing has the ethical responsibility of educating consumers about what products and services actually offer, but instead there are implied deceptions in many messages are sent out to consumers, which do not explicitly state what impact products or services may have (Nicolaidis, p. 6).

2.3. Importance of ethics in marketing

The main ethical issues facing marketers as the “key values of trust, honesty, respect and fairness”(Smith, p. 11)

Murphy noted the various significant personal, organizational and societal costs involved if they do not do so (Laczniak G. R., p. 262).

Commitment is related to integrity and reliability, aspects of trust, and commitment between buyers and sellers. And in a relationship marketing context, commitment provides the impetus for buyer and seller to cooperate for their mutual benefits (Fisher, pp. 101-102).

Ethics have a significant impact on marketing performance, namely; numerous benefits can be realized through employing moral principles, for instance and not limited, the company cannot survive without gaining its customer's satisfaction and loyalty, which is mainly based on the trust, built basically by adhering to honesty throughout all marketing activities, for the reason that loyalty is a long term goal being accomplished inside an integrated marketing whose broad orientation is honest and fair perspective.

In addition, it is stated, in Marketing literature, that customer loyalty relies widely on loyal employees, who are charged to serve customers in a unique way, seemed in a harmonious service different company's divisions deliver to target customers.

Financially, ethics can contribute in high financial performance of marketing activities, through decreasing the costs generated from basically the loss of customers who switch to competitors behaving more ethically. On the other hand, a growth in long term profits made of the ethical competitive advantages, allowing the marketers to get empowered in affronting competition by providing the market with a greater value included in marketing offerings.

3. Unethical practices in marketing

Marketing involves a broad range of practices, which are on the increase, as there has been a significant necessity to solve different faced problems at the marketplace.

On the other hand, those practices have been criticized from an ethical perspective to show the harm caused by various marketing outcomes.

Below major unethical marketing practices categorized into five key subsets.

3.1. Ethical product

The product is the item involving the value customers search for, as it aims to satisfy human needs and wants. Marketers therefore focus so strongly on providing the market with innovative products, made up of components different from those of competitors. Since the product is a set of complex components, thus, many ethical issues have been raised, such as; safe and reliable products.

For instance, Nestle were propelling mother to stop breast feeding their children that is nature's gift for children and that is free of any infections. But most people who support Nestle said that it was individual's fault. This brings out the fact that Nestle attracts people towards bottle feeding by showing the favoring and advantageous factors of the formula milk (Al-Nuemat, p. 57).

Also, it must be noted that displayed products are a complex mixture of chemical components, carrying mostly an actual harm to customers and many dangerous diseases which doctors have been warning about. So, from an ethical perspective marketers should take their responsibility in terms of supplying the market with safe and healthy products involving examined in terms of positive consequences, whether by ensuring relevant components or selecting the best way they are processed, instead of focusing on products expected to satisfy an unaware customer. So experts must take part in the operation of determining any potential risk customers may be exposed to after consumption.

For instance, the supplement diet is a good practice when it is framed by an expert knowledge to ensure benefits. Moreover, the lack of clinical trials proving the safety and efficacy of dietary supplements can be explained because the regulations do not demand it as opposed to pharmaceuticals that are vetted for a certain degree of proven efficacy and safety. (Diana Cardenas, pp. 135-136).

Similarly, there are packaging's issues which must be discussed from an ethical perspective, since the packaging may be made up of dangerous substances impacting the environment after customers dispose of.

In addition, the packaging is made up for protecting the product to stay effective and keep its safe and healthy performance, which seems in the case of food and drug package.

Obviously, chemical interactions between the product components and the packaging substance raise ethical questions regarding the healthy impact of those interactions. Furthermore, the

packaging must be well examined to keep protecting the effectiveness, as it must be clearly mentioned to users the usage method.

Moreover, marketers are actually responsible for choosing the relevant package according to technical requirements since it is sensitive to damage.

3.2. Ethical pricing

The price is one element of the marketing mix that is related to the quality, and the customer's purchasing power. On the other hand price is an essential element; basically customers use the price as a major criterion in the selection among alternatives at the marketplace. In addition, some authors in the marketing field consider the price the sacrifice made by customers. That is why marketers tend to set relevant prices at the levels of customers purchasing power by making changes in quantity of the product or its quality in the essence. Consequently, many issues have occurred in this context, which calls to criticize the price within an ethical framework.

Price-related ethics includes the proportion principle and fairness principle. Price-related ethics should be equal or proportional to benefit, which is taken by the consumers (Jin, pp. 2-3).

For instance, companies show reduction in prices, although, the real value, whether in quality or quantity is reduced simultaneously. As many customers of low prior purchasing experience perceive the quality of products through the level of their price, in this context, high prices are set merely as a deceptive technique, and do not reflect, in opposite the actual quality.

In addition, some of the methods related to pricing area: a) Hidden fees. b) Wrongful use of the word "free". c) Warranty & Guarantees. d) Contest & Prizes, The usual meaning of "free" is means that it is devoid of any cost or obligation. (Surya Rashmi Rawat, pp. 24-25).

3.3. Ethical advertising

Advertising is a broadly used activity, comparing with other activities constructing the marketing mix, since it is the most effective in creating the demand at the market place.

Most agencies appeared to provide companies with marketing communication services designed as a solution for the company to boost their sales; as a result, those agencies have been making a large market where they compete to offer so called creative and more influencing communication messages, therefore, since agencies were going to be deeply specialized in the field and getting large abilities evolved under the competitive pressures and the higher demand generated by growing needs of companies operating at competitive markets. As a result, many advertising practices have been receiving a lot of criticisms from ethical approaches.

Ethical issues must be considered in all integrated marketing communication decisions. Advertising and promotion are areas where a lapse in ethical standards or judgment can result in actions that are highly visible and damaging to a company and society at large (Mathenge, p. 11).

Misleading advertisement violates consumers' right to information, right to choice and right to safety (Surya Rashmi Rawat, pp. 24-25).

3.4. Ethical distribution

Distribution is an activity or an element belongs to the marketing mix, which is used to ensure the availability of products and services at the time and place needed. For this purpose, there are several policies to build effective distribution channels including generally intermediaries whose work is to help the company to promote and sell its products at the marketplace, where unethical conducts may appear as results of conflicts in the distribution channels, due to financial considerations, such as; searching for more gain, or receiving bribery to get more privileges.

Historically, for example, pharmaceutical companies have offered medical doctors lavish entertainment and gifts. The drug companies have argued that these amenities are not being provided to influence physician prescription decisions (Laczniak G. R., pp. 317-318).

3.5. Ethical marketing research

Most of the ethics research pertains to the duties of researchers toward respondents and clients. And almost all studies on ethics in marketing research have focused on either delineating the responsibilities and obligations of researchers toward respondents and clients or exploring whether various groups perceive certain marketing research practices to be ethical or unethical. (SHEIBY D. HUNT, pp. 309-310).

Furthermore, marketing research is a process through which data is gathered, processed and then reported to decision makers, thus, researchers might be accused of causing many ethical dilemmas, as nearly all subjects are so tightly related to customers, since they cause a serious impact on the company's performance, and marketers believe most marketing problems can be solved by data that the target customers acquire.

On the other hand it is obvious that ethical problems here are to be raised whether in the way personal data are collected from customers, or in different procedures are used to define the research problem or how data is processed.

So, marketing researchers must take a big responsibility in defining fairly the research problem, that is the core of the whole process, and shapes the hardest step in the entire research system, where the research has to take the necessary actions to understand deeply the actual variables caused the problem, because, the research outcomes quality will have a direct impact on the customer. Additionally, an irresponsible researcher may determine the problem in the convenient way helping to gather data fast and at least costs. Consequently, the research is crucially in need to conduct various studies in a moral way, rather than being guided by an economic approach, that focuses merely on which facilitates overcoming various challenges, through the research, as rapidly as possible, and at the lowest possible costs.

4. CONCLUSION

Marketing ethics is a subset of business ethics which itself is a subset of ethics. The term “ethics” refers to a set of moral norms, principles or values, and the nature and grounds of morality that guide people's behavior such as moral judgments, standards, and rules of conduct.

The shift towards ethical and socially responsible marketing management is accompanied by the widespread recognition of multiple unfair and deceptive everyday practices of marketers, such as; ethical dilemmas related to product safety, product liability, and product imitation, in addition to price policy that must determine prices which are equal or proportional to benefit. As well, marketers must adhere to moral ethics, such as honesty and integrity in designing various communication campaigns, and avoiding misleading appeals, or giving bribes, and taking the responsibility in treating others information fairly.

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