

## **“Marketing Innovations and Ethics”**

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**ABSTRACT:** *Due to decrease in purchasing power of a rupee people have begun to loose faith in saving. It has resulted into spending attitude, deriving materialistic pleasure by purchasing and consuming new products. Fierce competition has made everything fair, even if it is unethical. The present paper takes a close look at the various ethical issues involved in Marketing innovations and what organizations are doing unethical practices.*

*The concept of ethics is very vague, abstract and unstructured. There is no universally accepted definition of ethics because ethics is dependent on moral standards. Moral standards are dependent on a value system and value systems are dependent on individual's background. Hence, the ethical practices of people are different.*

*Marketing innovations strategy play a very important role in launching a new product in the market competition of the competitors, various channels of distribution, customer segment in the market, network strategy of the distribution of the product etc. all these dimensions are required because it can affect to the purchase level of the customer and product share volume in the market.*

*Now we focus on Marketing Mix which includes Mc. Carthy's & P's : Product, Price, Promotion & Place, are crucial for the marketing decision making process. These 4 P's, is an important task for any marketer as they play a crucial role in framing of strategies.*

*Products have an identity and a personality of their own. Products also embody the ethical decisions made at the corporate level. Socially responsive practice may lead companies to design new products which enable them to develop new sources of competitive advantage Most customers have little idea whether a product is fairly priced or not.*

*Unethical practices arise in 'Place' when the marketer stops distribution at a particular place because of not yielding profits. Customers who frequently purchase a particular product from that particular place are deprived of getting the product from the desired place.*

*We have seen a plethora of a cricketers occupying news paper and television space probably promoting products they never use or understand. The new competition is and will be increasingly between networks rather than single organizations. Successful executives will be those who can effectively manage a ethical working environment, balance stake holder value and build and maintain their personal expertise. Marketing manager must make every efforts to verify that their choices and action serve the best interest of all related customer, organization & society. Most will need to master new skills to address the emerging challenges.*

*If organization makes the ethical practices, they will stand in the market for years with clear image and brand name but if they can made unethical practices they can no more in the market because acceptance and non acceptance of product is totally in the hands of end-user.*

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### **I. Introduction**

In the changing business environment (economic, liberalization, increased competition, availability of more options, more emphasis on quality etc.) Customers are active. Due to decrease in purchasing power of a rupee people have begun to loose faith in saving. It has resulted into spending attitude, deriving materialistic pleasure by purchasing and consuming new products. Fierce competition has made everything fair, even if it is unethical. Organizational outlook of the concept of marketing has changed and so has the consumer's perception. The present paper takes a close look at the various ethical issues involved in marketing innovations and what organizations are doing unethical practices.

#### **Ethics: An Overview:**

The word “ethics” is derived from the Latin word ‘ethics’ and the Greek word ‘ethikos’ which means character or manner. Ethics generally means human conduct which may be good or bad, moral or immoral. Moral conduct refers to the conduct which is generally accepted by society for right living.

The concept of ethics is very vague, abstract and unstructured. There is no universally accepted definition of ethics because ethics is dependent on moral standards. Moral standards are dependent on value

system and value systems are dependent on individual's background. Hence, the ethical practices of people are different.

There are multiple meanings of ethics. Added to this multiplicity of meanings there are themes such as values, morality and ethics always interrelated and defying compartmentalization. But we restrict our discussion to mainly business ethics. According to Peter Drucker, business ethics is plain, everyday honesty. Businessmen we are told solemnly, should not cheat, steal, lie, bribe or take bribes. But nor should anyone else.

Values are those deeply-held beliefs that form the very core of an individual, an organization or society. It is the internal barometer. Our values guided our behavior. Hence, ethical behavior begins with values. Values that lead to ethical behavior include fairness, dependability, integrity, honesty and truthfulness. Values are the real qualities that make up a person's and organizations character. Wherever human beings exist ethics is an important component in their thinking and actions. Business being an important human activity, ethics cannot be far away. Today more and more attention is being paid to the application of ethical practices in business dealings.

If organization wants to exist, survive and flourish in the long run, morality and ethics cannot be separated. To survive in the market organization should gain loyal customers and perform social responsibility. Marketing relies on providing products and services that create value for the customers and also satisfy them.

## **II. ETHICAL ISSUES IN MARKETING INNOVATIONS:**

In an ever-changing global scenario, marketing has become the eyes and the ears of a firm, which provide it with the early warning signals and insights on how to anticipate and prepare for changes. Technology has played a key role in transforming marketing. The most important shift in this new paradigm is the change from a mass marketing mentality to segments, database marketing and mass customization, which has made it possible for companies to reach individual customers economically with customized messages, products & services. We are in a way going back to the Primitive marketing system using electronic barter system.

Marketing innovation strategy play a very important role in launching a new product in the market competition of the competitors, various channels of distribution, customer segment in the market, network strategy of the distribution of the product etc. all these dimensions are required because it can affect to the purchase level of the customer and product share volume in the market. Companies have move from traditional marketing to modern marketing, which calls for more than developing a product, pricing it, promoting it, and making it target customers.

Now we focus on Marketing Mix which includes Mc. Carthy's & P's: Product Price, Promotion & Place, are crucial for the marketing decision making process. These 4 P's, are important for any marketer as they play a crucial role in framing of strategies.

### **Product:**

The most visible changes in the sphere of marketing have obviously occurred with respect to product. Not only has there been a range of truly innovative offerings or new variants of existing products but there has also been a lot of thought and effort expended in devising new designs, new packaging, new features and even modifications to stocks keeping units.

Products have an identity and a personality of their own. Products also embody the ethical decisions made at the corporate level. Tobacco and alcohol advertisements are extremely popular targets for regulations. The tobacco industry faced an ethical dilemma when the Government considered banning its products. The main objective of such a ban is to discourage adolescents from consuming tobacco products from an ethical stand point the Government should discourage the habit, as it is responsible for welfare of its citizens.

The other ethical aspects in product is updating of consumer products. In the process of manufacturing and new product development, products may then lose their basic characteristics, when the product is updated service or spare parts for the earlier versions may no longer be available. This creates a dissatisfaction among customers and they may not be willing to buy a new product from that particular company. To stimulate market growth, companies must add new features without robbing the product of its basic identity and provide information to its customers. This goes in accordance with the basic principles of marketing that lay importance on providing satisfaction to consumers and reaping profits at the same time.

Communication about offered products is deceptive. Misleading information decreases customer satisfaction as the products fail to meet customer expectation.

Socially responsive practice may lead companies to design new products which enable them to develop new sources of competitive advantage. For example, Unilever in India has developed products such as low-cost

tooth powder and fortified staple food stuffs as well as smaller, more affordable pack sizes (sachets). Use and throw – away culture as well as the tendency to upgrade products leading to shorter usage cycles are also a noticeable phenomenon.

**Price:**

Price is the result of the interaction of three C's i.e. cost, competition & customer. The ethical marketing decision involved in price is not always visible. It means that the price of a product may vary depending upon the demand for the product. Questions have been raised about whether it is ethical for a company to charge a higher price products that are in general demand. A report by Petta Cotlee showed that with the increase in demand for low fat food, manufacturers priced these products at around 40% higher than the non-reduced fat-equivalents. The manufactures were criticized for cashing in on the public's demand for low fat food.

Most consumers have very little idea whether a product is fairly priced or not. When companies adapt practices of increasing the prices because of the consumer's ignorance then they are pricing unethically. Some time large companies use price as a weapon to edge out smaller players from the market when this happens there is reduced choice for the customers particularly in the lower income group. I believe that customers will be willing to pay a higher price if the product delivers or exceeds the expectations of the customer. When competition is between organizations of equal standing the practices are unethical. MNC's using a costly advertisement to edge out the smaller players who can produce better quality products. What is the check on various offers advertised by different marketers? For instance, when a low cost airline offers one lakh tickets at, say ten rupees each, how does the common man know how many tickets were actually sold at this price? Some companies are not giving details about the hidden cost such as transport, while making the contract with the client, selling the same product at different prices to different customers. It is unethical. Now creative marketers are engaged in value pricing that is the practice of simultaneously increasing service and product benefits and decreasing price. But some time consumers believe that "lower the price, the lower the quality". In this situation, price fixation is a big challenge to the manufacturers of products.

**Place:**

Place is the point at which the customer is able to access the information about a particular product and get the final product. Place also includes the process of distributing the product and the type of delivery service that is offered to the final consumer. Like other P's the distribution function has also undergone tremendous transformation.

Unethical practices arise in 'Place' when the marketer stops distribution at a particular place because of not yielding profits. Customers who frequently purchase a particular product from that particular place are deprived of getting the product from the desired place.

Technology has invaded outlets with a vengeance. Easily accessible racks, well-lit display panels bar-coded labels, computerized billing, environment friendly packing, credit cards all these are examples of how technology has made difference to the shopping experience. More door-to-door selling, troubleshooting on the web, tele-shopping and M-commerce have all enhanced customer value. Sales force automation in the form of laptop or palmtop computers to process orders have left a positive impact on customer service.

The ethical issues involved here, result, in my opinion, from the fact that these changes also not seem to have percolated much beyond the cities. So are these meant only for the well-heeled? Also, are the increasing use of credit cards and the easier availability of credit leading to greater indebtedness and a higher degree of living beyond one's means? An even more basic issue to be resolved is the optimum level of coexistence between organized & unorganized retail.

### **III. PROMOTION**

We now focus on the last 'P' – Promotion, especially on two major areas, the media used and the message.

As far as the media is concerned, not only have new modes increasingly surfaced but the media mix has itself changed. This is partly due to the technology and also due to the changes in society like the spread of education and increasing economic prosperity, leading to changes in life style. These changes have resulted in more sophisticated media for more discerning audiences.

Keeping in mind the increasingly discerning nature of the audience, obviously the delivery of the message has changed. The nature of the message has become much more competitive and at times, borders on

the verge of bad taste. A much larger portion of advertisements today knock the competitors by name-something. Unfortunately many advertisers in India have not been able to ensure that their advertising messages are authentic & credible. I have always been intrigued by the use of blue-eyed blondes to appeal to black eyed, black haired “Bhartiya Naris” with voiceovers in Indian languages. This seems to be especially prevalent in teleshopping programs on television channels where white Anglo-Saxons extol the virtues of quintessentially western products in Chaste Tamil, Malayalam or Hindi.

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The ethical issues thus in the realm of promotion are whether the changed media mix reflects changes in society and is the tenor of delivering the message in tune with moving social moves?

Advertisers frequently use testimonials by well known people such as sport stars, film stars, and now a days even television stars. In India, testimonials advertisements stimulate sales of products ranging from soft drinks, cough drops and cigarettes. Doordarshan accepted advertisements for such products till recently.

#### **IV. FUTURE CHALLENGES**

The development of the internet and other new technologies will payout differently in different parts of the world and play out differently than we expect. The creation of new channels means that companies need to manage across complex webs of marketing and distribution. Technology creates greater interactivity and transparency, and has transformed the entire supply chain. Therefore the new challenge for global marketers is not just catch up with and stay ahead of new technologies but also to learn and benefit from how consumers interact with technologies. The advent of new technologies e.g. the internet & world wide web, mobile devices, digital TV has opened up marketing opportunities in the development of innovative products and services. The new competition is and will be increasingly between networks rather than single organizations. Successful executives will be those who can effectively manage a ethical working environment, balance stake holder value and build and maintain their personal expertise. Marketing manager must make every effort to verify that their choices and action serve the best interest of all related customer, organization & society. Most will need to master new skills to address the emerging challenges.

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#### **V. CONCLUSION:**

The paper looks at the importance of ethics for an organization. In the context of marketing innovation & Marketing Mix-Product, place, Price & Promotion has been discussed. Unethical practices have been discussed in the marketing mix. The ethical issues related to marketing can cause a huge loss for a company unless some preventive steps are taken. Pursuing ethical values plays a vital role in the growth and survival tactics of an organization. Those organizations that value their customers have a positive influence in the market. The paper concludes with a discussion of future challenges for marketers.

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