

# Ethical considerations in respect of advertising, sales promotion, pricing, produ...

[Business](#), [Marketing](#)



Assignment: Ethical considerations in respect of advertising, sales promotion, pricing, product packaging and obsolescence. 2011 Introduction Ethics is concerned with what is right and what is wrong. Ethics relate to moral evaluations of decisions and actions as right or wrong on the basis of commonly accepted principles of behaviour (Dibb et. al. , 1997), in other words, ethics are the moral principles and values that govern the actions or/and decisions of an individual or group. They serve as guidelines on how to act rightly and justly when faced with moral dilemmas.

Sometimes the line between what is considered ethical and unethical is difficult to distinguish since what is right and wrong differs depending on such factors as nationality, culture, sex etc. Ethics is individually defined and may vary from one person to another. Many people wrongly assume that only actions that violate laws are considered unethical. Some activities can be unethical even though no laws are violated, for example, it can be considered as unethical activity for companies to aggressively promote unhealthy food to children though such promotional practices are generally in the world not viewed as illegal.

It is believed that good marketing is ethical marketing. Practicing ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behaviour, and practice in the organization. While the most basic ethical principles have been codified as laws and regulations to conform to the standards of society, marketing ethics goes beyond legal and regulatory issues. Ethical marketing practices and principles are the main that establish trust, which will help to gain and

maintain the reputation of the company and to build long-term marketing relationships.

The purpose of this assignment is to define and explain ethical marketing considerations in respect of advertising, sales promotions, product quality, packaging, obsolescence, pricing and consumer manipulation. Promotion and advertising Some marketing activities may create ethical issues, for example, false, misleading and negative advertising, manipulative or deceptive sales promotions etc. An ethical issue is an identifiable problem, situation or opportunity requiring an individual or organisation to choose from among several actions that must be evaluated as right or wrong, ethical or unethical.

Any time any marketing activity causes customers to feel deceived, manipulated or cheated, a marketing ethical issue exists, regardless on the legality of that activity (Dibb et. al. , 1997). The visibility of advertising, coupled with its role as persuasive communication, results in it being the area of marketing most affected by ethical issues. The major ethical issues in advertising and sales promotion are their misleading or deceptive aspects and the social harm attributed to advertising.

Unethical actions in advertising can destroy the trust that customers have in the company. First to mention is false, deceptive or misleading advertising. As advertising has the potential to persuade people into commercial transactions that they might otherwise avoid, many governments around the world use legal regulations to control false, deceptive or misleading

advertising. An advertisement is deceptive if there is a representation, omission or practice that is likely to mislead consumers in a material way – and is therefore ethically wrong.

Advertisers must be able to substantiate claims about product performance. Second to mention is advertising that involves ambiguous statement – statements using words so weak that the viewer, reader or listener must infer advertisers' intended messages (Dibb et. al. , 1997). Third to mention is advertising that involves violence, profanity and propaganda of sex. Fourth to mention is attack advertisements that unfairly denigrate competitors, so called negative advertising.

In negative advertising, the advertiser highlights the disadvantages of competitor products rather than the advantages of their own. Sales promotion Personal selling as a type of sales promotions is to be mentioned regarding ethical issues, because some consumers may perceive salespeople as an unethical when persuading and pressing to purchase the products that they neither need nor want, so called high-pressure selling. A common problem in personal selling is judging about what types of sales activities are acceptable and what are not.

Although most sales people are ethical, some do engage in questionable actions, such as aggressive and manipulative tactics, or not telling the customers the truth about the product, or making customers to believe that they will get more value than they actually do. Deceptive or misleading promotion “ includes practices such as overstating the products' features or

performance, luring the customers to the store for a bargain that is out of stock, or running rigged contests” (Kotler et. l. , 2002). Pricing Ethical pricing means such type of pricing so as to avoid taking undue advantage of the highly price-inelastic demand for a product (Schoell, 1990). Price fixing (bid rigging), predatory pricing (dumping), failure to disclose the full price associated with a purchase, price discrimination, price skimming, price cartels and price wars are typical ethical issues in pricing policies. Most of the pricing policies mentioned above are illegal.

The emotional and subjective nature of price creates many situations in which misunderstandings between the seller and buyer cause ethical problems. Marketers have the right to price their products so that they earn a reasonable profit, but ethical issues may crop up when company seeks to ear high profits at the expense of its customers. (Dibb et. al. , 1997). Product packaging Deceptive packaging includes exaggerating package contents through subtle design, not filling the package to the top, using misleading labelling, or describing size in the misleading terms (Kotler et. l. , 2002). Product obsolescence Product obsolescence can be planned and functional, planned obsolescence means a strategy of causing products to become obsolete before they actually need replacement (for example, electronics, fashion and computer industry) (Kotler et. al. , 2002), but functional obsolescence occurs when technological breakthroughs render an existing product out-of-date. Three types of planned obsolescence exist: 1. postponed, 2. nternationally designed and 3. fashion or style. Postponed obsolescence means holding back and adding product improvements until

present inventories run out or demand falls out sharply. Internationally designed obsolescence involves designing a product, or a critical part, to wear out within a given period of time. Fashion or style obsolescence is psychological – new model cars make last year's models obsolete (Schoell, 1990). References Dibb, S. , Simkin, L. , Pride, W.

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