

# Ethical issues in marketing assignment

[Art & Culture](#)



**ASSIGN  
BUSTER**

TABLE OF CONTENT S. NO  Particulars  Page no	1.   EXECUTIVE SUMMARY	5
2.   INTRODUCTION	ETHICAL ISSUES IN MARKETING	6
3.   FAMOUS CASES (UNETHICAL MARKETING PRACTICES)	9	4.   PRIMARY STUDY
12	5.   REPRESENTATION OF DATA	13
6.   INTERPRETATION	23	7.

RECCOMENDATION| 24| EXECUTIVE SUMMARY This report outlines the concept of ethics in marketing and the famous cases that have emerged in the past regarding unethical marketing practices by businesses. hrough this report we have also tried to find out how sensitive are the common people to the issue of ethics in advertisements and how do they perceive the contents shown in the advertisements nowadays. For this purpose we had conducted a study amonga sample of 50 students of age group 20 to 24 yrs. The research tool used in the study was that of a questionnaire. The study reveals that while most of the people are sensitive to the issue of unethical advertisements, there are also a few who believe that nothing much can be done in this respect and are a little ignorant towards such issues.

They have been and will continue purchasing a brand even after perceiving its advertisement as unethical. Our recommendations to the companies that deal in such practices is that they should thrive to stick to their ethics and moral value and instead should concentrate on providing their customers with such services and products that will add value to them and their lives.

MARKETING AND ETHICS Marketing industry is a very broad industry and also one of the core business functions that every business enterprise practices in order to effectively cater to the needs of the customers. arketing leaders thrive to create the look and feel of a brand and to make strategies to engage and inform customers about the same. for this purpose the

marketers are today using print , electronic and social media as their vehicles, as these mediums are pervasive and their powerful forces shape attitudes and behavior in today's world. The reason for this is the tremendous growth and development in the field of ?? Information and Communication technologies.

If yesterday it was television that revolutionized the way advertisements could create a lasting impact on the consumer, then today the internet and phone text messages are doing just the same. also , Rapid economic expansions in countries like China and India have meant that marketers have to quickly respond to the changing socio-economic scenarios. But at the same time these developments have given rise to a number of ethical issues. the globe is indeed becoming a smaller place but the marketers have to bear in mind national, local and cultural sensitivities.

Very often, in the hope of capturing a large share , marketers jump in new markets without keeping in mind ethnic and social issues associated to certain areas. marketers today ignore and exploit the social sentiments and factors of the customer groups , in order to maximise their profits and make fast bucks. this leads them to engage in unethical marketing practices. unethical marketing decisions can be made in following marketing areas: \* Supply chain \* Advertising \* Pricing \* Product Supply chain: Only being an ethical company is not sufficient.

These days, leading brands are judged by the company they keep. Consumers, investors, business partners, regulators, and media organizations now expect a company and its entire supply chain to be

ethical. every company is a part of a supply chain since almost every company buys unfinished inputs provided by many other companies before refining them and passing the finished goods to the consumers. Supply-chain management is a strategic issue. It has an effect on a company's brand and it now concerns managers and board members. Excellent companies are the most ethical in their practices .

Excellent companies lead on best practices. A business is said to be having an unethical supply chain if any of the elements of its supply chain ie suppliers/contractors/distributors/sales agents are practising unethical practices like, use of child labour or forced labour, production in sweatshops, violation of basic rights of workers, ignoring health safety and environmental standards. Advertising: Advertising is the most important tool for marketers to promote their products and to make the consumers aware about the same.

Advertisements play an important role in inclining and attracting the potential customers towards the product. However nowadays advertisements are under scrutiny for being unethical. Unethical advertisements include misleading advertisements that make false claims, obscene /offensive and indecent ads that hurt religious or social sentiments of people. To sum up, some of the ethical issues in advertising are: Vulgarity/obscenity Misleading advertisements and deception Puffery Stereotype Racial issues

Feature of Unethical advertisement on television has been a hot issue in the past days in our country, with the Advertising Standard Council of India receiving 777 complaints regarding 190 ads. it has been discussed later in

<https://assignbuster.com/ethical-issues-in-marketing-assignment/>

the project and also a primary study has been conducted regarding the ethics in advertisements in our project. Pricing: Pricing is a very important part of marketing mix and is a decision of strategic nature. a company has to do sufficient amount of analysis to decide on the price of its product. Companies can sometime deal in unethical and even illegal pricing. Unethical pricing practices cause customers to believe that the price they pay for some unit of value in a product or service is lower than it really is. This might also include making false price comparisons, providing misleading suggested selling prices, omitting important conditions of the sale, or making very low price offers available only when other items are purchased as well. Other unethical pricing strategies include: price discrimination, price skimming, price fixing.

Product: Several product-related issues raise questions about ethics in marketing, most often concerning the quality of products and services provided. Among the most frequently voiced complaints are ones about products that are unsafe, that are of poor quality in construction or content, that do not contain what is promoted, or that go out of style or become obsolete before they actually need replacing. An organization that markets poor-quality or unsafe products is taking the chance that it will develop a reputation for poor products or service.

False or greatly exaggerated product or service claims are also deceptive. When packages are intentionally mislabeled as to contents, size, weight, or use information, that constitutes deceptive packaging. Selling hazardous or defective products without disclosing the dangers, failing to perform promised services, and not honoring warranty obligations are also

<https://assignbuster.com/ethical-issues-in-marketing-assignment/>

considered deception. Other product related issues include animal testing and manufacturing products that harm the ecology and environment and exploit the already scarce natural resources. FAMOUS CASES

LOREAL (UNETHICAL ADVERTISEMENT AND PROMOTION STRATEGY) Loreal is amongst the biggest brand names in personal care and beauty products in the world with a huge line of products and brands under its umbrella , operating in over 130 countries around the world. However this company has been in news recently , but for wrong reasons. The company has been time and again been accused of airbrushing its models in order to make them look fairer. The latest addition in its line of controversies is its advertisement that features indian origin actress Freida Pinto.

This ad has created controversies because of the fact that the actress appears to be airbrushed as her skin tone has been lightened . Earlier same controversy of airbrushing happened when singer Beyonce featured in one of Loreal's ad. The company is seemingly promoting fair skin tones as compared to dark skin tones and is inculcating a sense of insecurity amongst women around the world with regard to their complexion. another case of Loreal's criticism over fakery in its advertising is of year 2007. the company was condemned for producing ' misleading' mascara adverts featuring Penelope Cruz.

The TV and magazine advertisements claimed that women could have up to 60 per cent longer eyelashes with its Telescopic mascara. But actually it was later revealed that Cruz was wearing false eyelashes in the ads for Telescopic, and the company was forced to include disclaimers during its

advertisements making such issues clear. It is for these reasons that the company is viewed by activists as the face of modern consumerism - a company that tested its cosmetics on animals, exploited the sexuality of women, and sold their products by making women feel insecure.

Moreover, Nestle owned 26 percent of L'Oreal. Nestle was one of the most boycotted companies in the world for its alleged unethical business practices and aggressive promotion of baby milk in developing countries as discussed above. NIKE AND APPLE INC. (UNETHICAL SUPPLY CHAIN PRACTICE) Nike ?? has been accused of having a history of using?? sweatshops, a sweatshop is a working environment or manufacturing centre where the working environment is considered to be dangerous and difficult because workers can be exposed to hazardous materials, harmful situations, extreme temperatures, and abuse from employers.

Sweatshop?? workers often work long days, sometimes exceeding 14 hours, and earn pay far below a living wage. In 1990s , Nike's suppliers in developing countries like indonesia, china and vietnam operated sweatshops in which the workers were made to work in hazardous conditions with minimal wages. this case is an ideal example of unethical supply chain in marketing. a brand as big and famous as Nike has been associated with unethical practise in this particular field of marketing. It was unbelievable and shocking on part of the people who were its loyal customers.

The company initially denied all such accusations and then in the year 2001 a very irresponsible statement was made by Nike director Tom McKean saying that the company cannot control what goes on around the world as they do

not own these factories. Another famous company involved in a similar unethical practise is Apple Inc. in the year 2010 , one of Apple's suppliers in china was accused of using child labor. since companies are under immense pressure to find lowest cost providers , they end up dealing with suppliers in developing countries like china , where such unethical practises are common. o this Steve Jobs (Apple head) said that this was not merely Apple's problem but a world problem with regard to priorities and a lack of enforcement by local agencies in various deneloping nations. Too many companies are turning blind eye towards their suppliers and end up being associated with unethical business practices. May be this is the reason why Apple , one of the most image conscious and credible company could not escape this trap. NESTLE (UNETHICAL AND IMMORAL PRODUCT ) Nestle a big name in FMCG industry , has been involved in numerous unethical marketing practices.

This company was highly criticed for its disregard for the health of infants shown by its irresponsible marketing of breast milk substitutes. it had been continously breaching the WHO code regulating the marketing of breast milk substitutes. it encouraged bottle feeding and carried on promotional and advertising activities for its baby foods by giving away free samples of baby milk to hospitals . also the company was accused of misinforming mothers and healthworkers during its promotions.

It stated that malnourished mothers and mothers of twins and premature babies were unable to breastfeed , despite health organisations claiming that therrre was no evidence to support such theory. Nestle advertised directly to mothers in over twenty countries such as thailand and south  
<https://assignbuster.com/ethical-issues-in-marketing-assignment/>



africa. Also the baby foods/milk product were sold in the market without any health warning and even instructions on the packaging and if present they were in an inappropriate language. Thus company violated the code regulating the marketing of baby milk formulas.

According to WHO bottle fed babies are up to ten times more likely to develop gastro intestinal infections. Therefore this company till date is highly criticised for its unethical practice of immoral marketing and promotion of an unethical product. Other accusations of the company include exploitation of workers at its Brazil chocolate plant including discrimination of women workers and supporting brutal and repressive regimes MICROSOFT (PRODUCT BUNDLING CASE) Microsoft is a large diversified computer software manufacturer with one of the highest valuations in the world.

Microsoft produces the Windows family of operating systems for personal computers and servers. It also produces applications software that run on the Windows family of operating systems, most notably the very successful MS- Office Suite. Almost all Microsoft products are complementary to a member of the Windows family of operating systems for personal computers and servers. United states Vs Microsoft was a civil action filed against Microsoft Corporation by United States Department Of Justice(DOJ).

The allegation on Microsoft was that it abused?? monopoly?? power on Intel-based personal computers. The issue central to the case was that whether Microsoft should bundle its Internet Explorer web browser software with its Microsoft Windows Operating System. Bundling IE with the operating system was considered as a victory of Microsoft in the browsers war as all the

Windows users had a copy of IE which had started restricting the sales of the other web browsers such as Netscape Navigator and Opera which were slow to download or had to be purchased at a store.

Microsoft said that the bundling of IE with Windows was an innovation and the result of competition and that now both were a same product. The opposition said that IE should not be bundled with Windows as a separate version of IE was available for Mac OS. They also countered that IE was actually not free with Windows as its development and marketing costs must have increased the price of Windows than what it might actually have been. This had put up a question that whether Microsoft was unethical in bundling its product or was it an innovation. Was it right to increase the sales by almost stopping the sales of others?

The strategy which Microsoft adopted was not ethical as the others were suffering because of this and had no choice left before them. Hence what Microsoft did was against the ethics of the marketplace. RESEARCH STUDY (ADVERTISEMENTS AND ETHICS) In this project we have attempted to conduct a research concerning the public's opinion about the level of ethics in advertising. Through this study we want to address the problem of the level of ethics in advertisements nowadays and what is the people's reaction and how sensitive they are towards the issue of ethics in advertising.

For the purpose of this study, questionnaires were distributed to a sample of 50 students and were asked to give their honest opinion regarding this issue.

DATA REPRESENTATION Q. Do Advertisement shows an accurate view of reality? Here , 15 people strongly disagree with the situation that

advertisement shows exact reality and 10 people are strongly agreeing and 10 are disagreeing with the situation which shows that every individual is having different opinion according to their thinking. Q. Do you think general television advertisements promote materialism?

In this out of 50 respondents , 27 respondents think that advertisements promote materialism while other 22 people think they don't Q. How do you view the level of ethics in general advertising? Q. Which off the following issues in general advertising would you consider being unethical ? A relatively mixed reaction is noticed in this answer. while majority believed that they perceived " lack of trust" issue in advertisement as unethical. A good lot also believed that advertisements of cigrattes and alcoholic beverages were also unethical. Q.

Mention a brand name in front of the product categories mention below ? Q Would you still buy the same brand of shoes if that company is dealing in wrong practices ? For e. g. child labor 43 of sample respondents said that they will not purchase a particular brand having known that the brand deals in unethical practise. Q. Have you ever decided not to buy a product or a service due to an advertisement that you perceived as unethical? 19 respondents said they have not purchased a product having perceived its advertisement as unethical while the majority continued purchasing .

Q . Is it fine to use unethical practices to increase profitability of the company? Almost all the respondents believe that it is not right for business houses to engage in unethical practices to maximise their profits.

INTERPRETETION AND CONCLUSION The survey done through the

<https://assignbuster.com/ethical-issues-in-marketing-assignment/>

distribution of questionnaires revealed following facts: The students interviewed believe that advertisements today have a very unreal appeal to them and do not promote reality while there are a few who also believe that advertisements present a true picture of the real world.

The students also believe that advertisements do promote materialism but there was a mixed reaction when asked whether such promotion is ethical. However majority of the people failed to justify their answer and give valid reasons for the same. A huge number of them also think that advertisements do not promote materialism. Also people's view regarding the level of ethics in the general advertisements was very generalised, for them ethical level in advertisements is neither too high nor too low.

As far as unethical advertisements are concerned, for a majority lot, advertisements which lack trust quotient and are highly exaggerated and misleading are the most unethical. While for others, advertisements promoting cigarettes and alcoholic beverages are also unethical. When asked to name a brand that hit their minds instantaneously corresponding to the products : shoes, deodorant, fairness cream and mobile phone, people had different brand names in their minds as their favourites (most of them being big names).

In continuation of this question, respondents were asked if they would still purchase the same brand if they discovered that the brand was associated with unethical practices. To this their response was predictable as most of them refused while a few were not sure. Majority of the respondents have responded that they have decided not to buy a product, if they have

perceived its advertisement as unethical . this shows that a lot of people are sensitive to such issues and have expressed their dissatisfaction by discontinuing their purchase.

While some of the respondents were ignorant and continued purchase. On the other hand most of the respondents believe that it is not right for companies to compromise on their ethical values in order to achieve high profits. RECOMMENDATIONS Considering the high level of unethical issues that are emerging everyday, businesses need to realise that they have to find an alternate to unethical practices. They need to realise that unfair practice may help them earn profits faster, but the profitability would not last for long .

The consumers today are becoming highly aware and such issues cannot escape their knowledge. Thus it is better if companies should strive for using ethical marketing practices . they should Focus on providing good products with lots of benefits, and in this way they will be able to make their marketing honest and irresistible for the customers. They should make sure there is always an exchange of value between two parties with their marketing efforts. Business houses should keep in mind that business tactics should always be ethical. they should be persuading a person to buy a product because they really need it, and when the companies are certain that this product will bring value into their lives. Ethical business practice is the ability to truly give somebody the power of choice, and not forcefully loading a product onto the customers, which they know in the back of their minds they will never have any use for. QUESTIONNAIRE NAME:- AGE:- Q1) Advertisement shows an accurate view of reality? a) Strongly agree b) Agree <https://assignbuster.com/ethical-issues-in-marketing-assignment/>

c) Disagree d) Strongly disagree ) No opinion Q2) Do you think general television advertisements promote materialism? a) yes b) No c) Can't say Q3) if yes, do you perceive it as ethical or unethical and why? Q4) How do you view the level of ethics in general advertising? a) Very high b) High c) Average d) low e) Very low Q5) Which off the following issues in general advertising would you consider being unethical ? a) creation of irrational desires , and needs b) comparative advertisement c) advertisement with lack of truth d) puffery ( increased value or attributes) e) alcoholic beverage advertisement ) cigarette and tobacco advertisement Q6) Mention a brand name in front of the product categories mention below ? a) shoes b) fairness cream c) deodrant d) mobile phone Q7) Would you still buy the same brand of shoes if that company is dealing in wrong practices ? for e. g child labour a) yes b) no c) cant say Q8) Have you ever decided not to buy a product or a service due to an advertisement that you perceived as unethical? a) yes b) no Q 9) Is it fine to use unethical practices to increase profitability of the company ? a) Yes b) No c) Can't say