



ETHICAL CONSIDERATIONS IN MARKETING

INTRODUCTION

- Ethics are **moral guidelines** which govern good behaviour. So behaving ethically is doing what is morally right.
- Behaving ethically in business is widely regarded as **good business practice**.
- An important distinction to remember is that behaving ethically is not quite the same thing as behaving lawfully:
 - Ethics are about what is right and what is wrong, from a moral or cultural perspective
 - Law is about what is lawful and what is unlawful, in the legal frameworks

INTRODUCTION (Cont'd)

- Ethical considerations in marketing relates to moral and value judgements across a spectrum of marketing decisions i.e. with respect to product, price, promotion, place and other strategy decisions.
- An ethical decision is one that is both legal and meets the shared ethical standards of the community.

ETHICS IN PRICING

- Price Discrimination
- Bait and Switch Tactics
 - is a form of fraud where customers are "baited" by advertising for a product or service at a low price; second, the customers discover that the advertised good is not available and are "switched" to a costlier product.
- Predatory Pricing (destructive pricing)
- Price wars
- Price collusion (agreeing with other competitors to set prices in a market to the detriment of competition and consumers)
- Price fixing (see below)

PRICE FIXING (In detail)

Price fixing is illegal. It is considered to be anti-competitive as well as unethical. So a business cannot:

- Agree prices with its competitors (e.g. it can't agree to work from a shared minimum price list)
- Share markets or limit production to raise prices (e.g. if two contracts are put out to tender, one business can't agree that it will bid for one and let a competitor bid for the other)
- Impose minimum prices on different distributors such as shops
- Agree with competitors what purchase price it will offer suppliers
- Cut prices below cost in order to force a smaller or weaker competitor out of the market

ETHICS IN PRODUCT

Counterfeit Goods and Brand Piracy

- Last year Samsung had close to a 2/3 decrease of profits, largely due to the counterfeits Chinese knock-off that have proliferated the markets
- Also in addition to that, they feature the exact same Brand Name with the original

Copying brand packaging

- Some brands even attempt to present their products the 'Samsung' way in order to lure unconscious customers into believing these products are really from Samsung only to discover they are made by M-Horse, YXTEL and the likes

Samsung Galaxy Note 3 (N9000)

M-HORSE N9000W



ETHICS IN PRODUCT DEVELOPMENT

Cosmetic testing on animals

- Most companies, mainly those making beauty products for women, test their products on animals such as mice, rats, rabbits and monkeys

Planned Obsolescence

- is a policy of designing a product with a limited useful life, so it will become unfashionable or no longer functional after a certain period of time and put the consumer under pressure to purchase again.
- Apple Inc, is one main example that has been criticized for it

APPLE INC, iPhone 3G

This model released in 2008, was the best in the days. In 2010, Apple announced its discontinuation. It last received a software update in the same year. This meant that developers would no longer make apps for it. For instance, this phone can't support WhatsApp.



ETHICS IN DISTRIBUTION

Exclusive dealing agreements

- refers to an arrangement whereby a retailer or wholesaler is 'tied' to purchase from a supplier on the understanding that no other distributor will be appointed or receive supplies in a given area

Tying agreements

- the practice of selling one product or service as a mandatory addition to the purchase of a different product or service
- E.g., When you intend to buy only a CD of a particular artist, then you are forced to buy the DVD since they are a bundled product

ETHICS IN ADVERTISING AND PROMOTION

- **Deceptive Advertising** - In the 40s, in the US, Tobacco used to be advertised as promoting health. Although, the law permits **puffery** (*simplex commendatio* - a legal term) misrepresentation is illegal.
- **Puffery** – When an advertiser relies on subjective rather than objective claims, they are puffing up their products. Statements like “the best tasting coffee” cannot be confirmed objectively.
- **Indecent Advertising** - 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. The advertising of condoms has become acceptable in the interests of AIDS-prevention, but are nevertheless seen by some as promoting promiscuity.

ETHICS IN ADVERTISING AND PROMOTION (Cont'd)

- **Surrogate Advertising** – In certain places there are laws against advertising products like cigarettes or alcohol. Surrogate advertising finds ways to remind consumers of these products without referencing them directly.
- **Exaggeration** – Some advertisers use false claims about a product's quality or popularity. A Slogan like “get coverage everywhere on earth” advertises features that cannot be delivered.
- **Unverified Claims** – Many products promise to deliver results without providing any scientific evidence. Shampoo commercials that promise stronger, shinier hair do so without telling consumers why or how.

ETHICS IN ADVERTISING AND PROMOTION (Cont'd)

- **Stereotyping Women** – Women in advertising have often been portrayed as sex objects or domestic servants. This type of advertising traffics in negative stereotypes and contributes to a sexist culture.
- **False brand comparisons** – Any time a company makes false or misleading claims about their competitors they are spreading misinformation.
- **Negative Advertising** -the advertiser highlights the disadvantages of competitor products rather than the advantages of their own. These methods are especially used in politics.

ETHICS IN ADVERTISING AND PROMOTION (Cont'd)

- **Internet Issues** – This is a fairly recent field, but it deals with a lot of controversial issues like cookies that register themselves automatically to capture which ads do you respond to the most, pop-up ads, bundled adware and so on...
- Examples of these, include apps that request to install on your machine on the premise that they will download software, while they also go on to hijack homepages on the browsers

EXAMPLE OF A TOOLBAR CLUTTERED BROWSER (most of us have seen this)



ETHICS IN MARKET RESEARCH

Invasion of privacy (e.g. obtaining research data without permission)

- E.g., Companies like Facebook, Apple, LinkedIn and Google have been heavily criticized for harvesting and using user data for marketing purposes

Unsolicited contacting

- This includes companies that send you spam emails, SMSs and calls.
- Usually a user won't have subscribed to the services
- A good example is the annoying number of texts from Econet's 34443

ETHICS IN MARKET AUDIENCE

- **Selective marketing** is used to discourage demand from so-called undesirable market sectors or disenfranchise them altogether. Examples of unethical market exclusion are current industry attitudes to the gay and plus-size markets.
- Another ethical issue relates to **vulnerable audiences** (e.g. children, the elderly) in emerging markets in developing countries, as the public there may not be sufficiently aware of skilled marketing ploys.

ETHICS IN MARKETING STRATEGY

- **Corporate espionage** – Done mainly in three ways:
 - By recruiting insiders working for competitor companies and research institutions that typically share the same national background.
 - Using methods such as bribery, cyber-attacks, “dumpster diving” and wiretapping.
 - Establishing seemingly innocent relationships with competitor companies to gather economic intelligence including trade secrets.
- **Bribes and kickbacks** often disguised as consultant fees, gifts & favours

REGULATION

- To protect the citizens, the Government of Zimbabwe has the following Acts:
 1. Access to Information and Protection of Privacy Act
 2. The Competition Act
 3. Advertisement Regulations Act
 4. Broadcasting Services Act
 5. Censorship & Entertainment Control Act
 6. Official Secrets Act
 7. Public Health (Control of Tobacco) Regulations
 8. Children's Act

REGULATION (Cont'd)

- In Zimbabwe, there is no statutory organization mandated with the initiative of regulating ad campaigns
- The industry is self-regulated
- There used to be Advertising Media Association (AdMa) but it's activeness has quietly been swept under the carpet since the political turmoil of 2008
- Standards Association of Zimbabwe (SAZ) has been responsible for handling and mediating disputes on a voluntary basis within the industry.

UNETHICAL BEHAVIOURS BY CONSUMERS

- On the other hand, it should be noted that even consumer practices are sometimes unethical.
- Pirating music, software & movies from the internet
 - Largely done by people who use torrents and cracks
- Submitting false information to service providers (misrepresentation)
- Unauthorized access (hacking and bribery) to products or services



ENVIRONMENTALISM

INTRODUCTION

- **Definition of Environmentalism**

An organized movement of concerned citizens and government agencies to protect and improve people's current and future living environment.

Philip Kotler, Gary Armstrong (2014)

- Activists, often called **environmentalists**, are concerned with marketing's effects on the environment and the environmental costs of serving consumer needs and wants.

ENVIRONMENTAL SUSTAINABILITY

- **Environmental sustainability** - A management approach that involves developing strategies that both sustain the environment and produce profits for the company.
- Some companies partially respond to consumer environmental concerns just to keep environmentalists quiet
- However, 'enlightened' companies, take action even when they are not being forced because it's the right thing to do—for both the company and the planet's environmental future

THE ENVIRONMENTAL SUSTAINABILITY PORTFOLIO

Today: Greening

Tomorrow: Beyond Greening

Internal	Pollution prevention Eliminating or reducing waste before it is created	New clean technology Developing new sets of environmental skills and capabilities
External	Product stewardship Minimizing environmental impact throughout the entire product life cycle	Sustainability vision Creating a strategic framework for future sustainability

ENVIRONMENTAL SUSTAINABILITY IN ACTION

A few examples to demonstrate environmental
sustainability in action



EFFECTS ON MARKETING STRATEGY

- As we have seen from previous examples, a move to switch to solar may be costly at first but is likely to be very financially benefitting in the long term.
- Linking with *Societal Marketing*, a company which has 'went green' usually enjoys a high consumer perception of its brands, e.g. WalMart, Apple, Chevrolet in the US
- As a result, 'going green' not only gives any company a sustainable competitive advantage but also plays an important role in saving the planet.