



## **UNETHICAL ISSUES IN MARKETING**

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### **ABSTRACT**

*Ethical marketing is a procedure through which organizations produce client enthusiasm for items/administrations, construct solid client intrigue/connections, and make an incentive for all partners by joining social and ecological contemplations in items and advancements. The focus of this paper is to study the ethical issues that arise in print and television advertising and also analyzing the various types of unethical advertisement in India with references. over the years advertising and marketing communication messages have created debatable ethical issues like surrogate advertising, puffery, unverified claims, women stereotype, comparative advertising, use of children in advertising etc. In today's competitive market, advertisers are sometimes following the unethical practices to fight the competition.*

**Keywords-** *Ethical Marketing, Ethical issues, Unethical Advertising, Unethical Practices...*

### **INTRODUCTION**

Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. Practicing ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behavior, and practice in the organization. In a market economy, a business may be expected to act in what it believes to be its own best interest. The purpose of marketing is to create a competitive advantage. Those organizations that develop this advantage are able to satisfy the needs of both customers and the organization.

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Psychologist Lawrence Kohlberg famously identified three levels of ethical development that individuals typically progress through. By looking at these stages, we can begin to talk about whether behavior is ethical and what its motivations might be. The first level of ethical development is called pre-convention morality. This level of ethics is most childlike. The best example would be to think of how a toddler acts during a day. They're very self-centered and only driven by rewards or punishment, such as a lollipop or a time out. Most business people have already moved beyond this level of ethical development...well, hopefully.

The second level of ethical development is called conventional morality, which means behaving in accord with society's rules and expectations. This level is when a marketing manager would be concerned with breaking a law and how it could be viewed by outsiders. Another way to look at this is peer pressure or doing what others would do.

The last level is called post-conventional morality and revolves around the idea that people are more concerned about how they view themselves and not what others may think. Internal pressure to behave correctly and follow a moral path is the central theme. A marketing manager who has reached a level of post-conventional morality would not just consider the legal ramifications of a decision, but also how it could possibly hurt the environment or, potentially, the customer.

## **REVIEW OF LITERATURE**

When we study unethical advertisements and how they affect how consumers feel about the company's brand and product, the most important to first study ethics in advertising. It is important to understand how consumers judge or understand advertisements so advertisers can approach the creation of an advertisement with an idea of how it will be received by the customer.

Githui Donatus Mathenge (2013) defined that it is very difficult to identify what is or not ethical conduct in integrated marketing communicating as it varies from country to country. Ethical values as situation specific and time oriented. Nevertheless everyone both in business, marketing and specifically in advertising and marketing communications must have an ethical base that applies to conduct in the business world and in personal life morals.

Nageshwara Rao.S.B. (1987) stated that "The code of ethics in advertising", suggested that the advertising should make the life of the consumer easier, more comfortable and pleasant. Thus, he emphasizes on ethics and honesty in advertising.

Much of ethics research in business has focused on the ethical behavior of marketing professionals, including that of marketing researchers (Akaah and Riordan, 1989; Crawford, 1970;

Hunt, Chonko, and Wilcox, 1984; Tybout and Zaltman, 1974), marketing executives (Chonko and Hunt, 1985; Ferrell and Weaver, 1978; Trawick and Darden, 1981), advertisers (Krugman and Ferrell, 1981; Hunt and Chonko, 1987), purchasers (Browning and Zabriskie, 1983; Rudelius and Bucholz, 1979), salespersons (Chonko and Burnett, 1983; Dubinsky, Berkowitz, and Rudelius, 1980), and retailers (Dornoff and Tankersley, 1975–76). While ethics literature is extensive, the review that follows is limited to areas pertaining to the specific objectives of this study. By its very nature, the practice of marketing often presents ethical dilemmas. In addition, marketing professionals are often near the bottom in terms of ethical conduct and honesty ratings (Nussbaum 2002). Within the broader discipline of marketing, marketing research has been cited as one of the most troubling in this regard (Lund 2001). Discussions about the ethicality of various marketing research tactics and the misuse of research data are often in the news (Phillips 2010).

Marketing academics have investigated marketing research ethics issues in a number of ways (Hunt and Vitell 1986) including developing models of marketing research ethics to help understand various decision-making approaches used by professionals (cf. Murphy and Laczniak 1992), and creating empirically and conceptually derived lists of ethical issues (cf. Hair and Clark 2007; Malhotra and Miller 1998; Skinner et al. 1988; Tybout and Zaltman 1974).

Considering the importance of ethics in sales and marketing, academic researchers have developed multiple ethical decision-making frameworks and examined individual as well as organizational-level variables (for a detailed literature review, please refer to McClaren 2000 and O’Fallon and Butterfield 2005). Although past research provides some rich insight into the ethical decision-making of salespeople, “sales ethics remains a complex area to understand and offers a great opportunity for research on many dimensions” (Ferrell et al. 2007).

Anandsen Gupta (2002) described in his research on “Ethics in advertising” stated that the success of advertising depends on public confidence and no practice should be permitted to resort to immorality and indecency. Advertisers should fulfill their obligations towards the society.

Weil (2007) analyses Hewlett Packard confirmed its commitment towards ethical integrity. Bill Hewlett who worked as CEO for six-years stated as “Some of the most important choices I ever made were firing people who weren't conducting themselves with integrity”.

## **Conceptual Framework of Marketing Ethics**

### **Definition of Marketing Ethics**

Marketing ethics concerns the application of ethical considerations to marketing decision making (Smith, 1993: 10). Marketing ethics can be considered as moral judgment and behavior standards in marketing practice or moral code or system in marketing area (Gaski, 1999: 316).

### **Ethics and Product Decisions**

Marketing executives face with a lot of ethical problems related to planning and application of product strategies. For example, in new product development process, since ethics and legal subjects are discussed less than it is needed, faulty products are put on the market and so these products damage consumers (Morgan, 1993: 350-351). Other ethical issues related to product decisions, information on labels can sometimes be used as deceptive although it is technically true.

### **Ethics and Pricing Decisions**

Ethically, price should be equal or proportional to benefit which is taken by the consumers (Kehoe, 1985: 71-72). However, when monopolistic power is had, it is seen that unreasonable price increase is set (Ortmeyer, 1993: 401). Other ethical issues related to pricing include non-price price increases, misleading price reduction, price advertisements which can be misleading or considered as deceitful and their limits are not explained well, the practices of price fixing that affect the structure of competition, predatory pricing which aims to have monopolistic position, discriminatory pricing, pricing applications of products according to the products' unit or quantity basis and practicing of misleading pricing methods (Chonko, 1995: 210-217).

### **Ethics and Distribution Decisions**

Other ethical issues result in subjects as retailing decisions, direct marketing, and supply and channel management. Ethical issues in direct marketing are the subjects which are privacy, confidentiality and intrusion (Chonko, 1995: 271-280).

## **Ethics and Promotion Decisions**

Ethical issues related to promotion can be analyzed under two headings as advertising and personal selling. Today, advertisements have turned out to become “an authority in society”. Advertisements tell consumers many things. They show us how to have an image for a model; to buy something, use it, and then buy something else to substitute it with. Consumers also learn from advertisements that they can purchase success, happiness and love when buying the goods and services being advertised. Due to this role that advertisements have developed in our society, ethical examination has emerged.

## **Introduction and Examples of Ethical Issues in Marketing**

Here are some examples of potential ethical issues in marketing:

### **Market research:**

- Invasion of privacy (e.g. obtaining research data without permission)
  
- Stereotyping – drawing unfair or inappropriate conclusions: Stereotyping occurs because any analysis of real populations needs to make approximations and place individuals into groups. However if conducted irresponsibly, stereotyping can lead to a variety of ethically undesirable results. In the American Marketing Association Statement of Ethics, stereotyping

### **Target customers and market**

- Targeting the vulnerable (e.g. children, the elderly)
- Excluding potential customers from the market (e.g. discouraging demand from undesirable market sectors or simply refusing to sell to certain customers)

### **Pricing**

- Price fixing: Price fixing is illegal. It is considered to be anti-competitive as well as unethical.
  
- Price collusion (agreeing with other competitors to set prices in a market to the detriment of competition and consumers)

### ***Advertising and promotion***

- Issues over truth and honesty: In the 1940s and 1950s, tobacco used to be advertised as *promoting* health. Today an advertiser who fails to tell the truth not only offends against

morality but also against the law. However the law permits "puffery" (a legal term). The difference between mere puffery and fraud is a slippery slope: "The problem... is the slippery slope by which variations on puffery can descend fairly quickly to lies."

- Issues with violence, sex and profanity. 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.
- Taste and controversy. The advertising of certain products may strongly offend some people while being in the interests of others. Examples include: feminine hygiene products, hemorrhoid and constipation medication. The advertising of condoms has become acceptable in the interests of AIDS-prevention, but is nevertheless seen by some as promoting promiscuity. Some companies have actually marketed themselves on the basis of controversial advertising - see Benetton. Sony has also frequently attracted criticism for unethical content (portrayals of Jesus which infuriated religious groups; racial innuendo in marketing black and white versions of its PSP product; graffiti adverts in major US cities).
- Negative advertising techniques, such as attack ads. In negative advertising, the advertiser highlights the disadvantages of competitor products rather than the advantages of their own. The methods are most familiar from the political sphere: see negative campaigning.

## **UNFAIR OR DECEPTIVE MARKETING PRACTICES**

Marketing practices are deceptive if customers believe they will get more value from a product or service than they actually receive. Deception, which can take the form of a misrepresentation, omission, or misleading practice, can occur when working with any element of the marketing mix. Because consumers are exposed to great quantities of information about products and firms, they often become skeptical of marketing claims and selling messages and act to protect themselves from being deceived. Thus, when a product or service does not provide expected value, customers will often seek a different source.

Deceptive 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. The deception might take the form of 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. Promotion practices are deceptive when the seller intentionally misstates how a product is constructed or performs, fails to disclose information regarding

pyramid sales (a sales technique in which a person is recruited into a plan and then expects to make money by recruiting other people), or employs bait-and-switch selling techniques (a technique in which a business offers to sell a product or service, often at a lower price, in order to attract customers who are then encouraged to purchase a more expensive item). 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 considered deception.

### **Offensive Materials and Objectionable Marketing Practices**

Marketers control what they say to customers as well as and how and where they say it. When events, television or radio programming, or publications sponsored by a marketer, in addition to products or promotional materials, are perceived as offensive, they often create strong negative reactions. For example, some people find advertising for all products promoting sexual potency to be offensive. Others may be offended when a promotion employs stereotypical images or uses sex as an appeal. This is particularly true when a product is being marketed in other countries, where words and images may carry different meanings than they do in the host country.

### **Ethical Product and Distribution Practices**

Ethical questions may also arise in the distribution process. Because sales performance is the most common way in which marketing representatives and sales personnel are evaluated, performance pressures exist that may lead to ethical dilemmas. For example, pressuring vendors to buy more than they need and pushing items that will result in higher commissions are temptations. Exerting influence to cause vendors to reduce display space for competitors' products, promising shipment when knowing delivery is not possible by the promised date, or paying vendors to carry a firm's product rather than one of its competitors are also unethical. When data about products or consumers are exaggerated to make a selling point, or research questions are written to obtain a specific result, consumers are misled.

### **Does Marketing Overfocus On Materialism?**

Consumers develop an identity in the market place that is shaped both by who they are and by what they see themselves as becoming. The proliferation of information about products and services complicates decision making. Sometimes consumer desires to achieve or maintain a

certain lifestyle or image results in their purchasing more than they need or can afford. Does marketing create these wants? Clearly, appeals exist that are designed to cause people to purchase more than they need or can afford. Unsolicited offers of credit cards with high limits or high interest rates, advertising appeals touting the psychological benefits of conspicuous consumption, and promotions that seek to stimulate unrecognized needs are often cited as examples of these excesses.

### **Special Ethical Issues in Marketing to Children**

Children are an important marketing target for certain products. Because their knowledge about products, the media, and selling strategies is usually not as well developed as that of adults, children are likely to be more vulnerable to psychological appeals and strong images. Thus, ethical questions sometimes arise when they are exposed to questionable marketing tactics and messages.

### **Ethical Issues Surrounding the Portrayal of Women in Marketing Efforts**

As society changes, so do the images of and roles assumed by people, regardless of race, sex, or occupation. Women have been portrayed in a variety of ways over the years. When marketers present those images as overly conventional, formulaic, or oversimplified, people may view them as stereotypical and offensive. When images are considered demeaning or harmful, they will work to the detriment of the organization. Advertisements, in particular, should be evaluated to be sure that the images projected are not offensive.

### **Further issues in marketing ethics**

Marketing ethics overlaps with environmental ethics in respect of waste problems associated with the packaging of products. Some, such as members of the advocacy group No Free Lunch, have argued that marketing by pharmaceutical companies is negatively impacting physicians' prescribing practices, influencing them to prescribe the marketed drugs rather than others which may be cheaper or better for the patient.

## **HOW ETHICAL ISSUES ARISE IN ADVERTISING\*\***

**Ways of unethical advertisements** There are several types of advertisement which led to unethical advertisement

## **Surrogate advertising**

Surrogate advertising is advertising which involves a brand or product message inside an advertisement which is telecasted for another brand or product. Surrogate advertising came into existence after the Government took initiative to ban advertisements of products that are injurious to health or body. After implementation of it the major companies of liquor & tobacco were badly affected so they found other ways of advertise their products. They have found an alternative path of advertising which helped them to keep on reminding the people of their liquor/tobacco brands: they have introduced various other products with the same brand name in their product line.

The advertisements for such new products are called or placed under the category of "Surrogate Advertisements". The main objective of this type of advertisement is to compensate the losses arising out of the ban on advertisements of one particular product (i.e. liquor). The companies always say that the order of the government is being implemented and advertisements of liquor are banned, but the objective of the Government imposing the ban is not fulfilled. It's a new weapon of Proxy War. (Mary McMahon, 2015) (Rima Bhardwaj, 2009)

### **Analysis of some Surrogate advertisements**

**Diageo:** Diageo has built associations with its brands Smirnoff and Johnnie Walker. **Smirnoff** with its cult associations with electronic music with events such as ‘**War of the DJs**’, Nightlife Exchanges etc, and **Johnnie Walker** with its famous advertisements on ‘**Keep Walking**’ with celebrity achievers such as Vijay Amritraj and Narayan Murthy, successfully associating Johnnie Walker with success and also making the brand logo well known (the famous ‘**Striding Man**’ logo, which also has a society in its name – the Striding Man society, for Johnnie walker drinkers)

**Sab Miller:** Sab Miller has been promoting Haywards 5000 with campaigns featuring Bollywood actors such as Sunil Shetty and Sanjay Dutt. The catch of course is that they are shown to be promoting Haywards 5000 soda, and not the beverage. And soda promotion is perfectly acceptable.

**Bacardi:** Many can recall the Bacardi ads of yore with the famous Bacardi Music! Again, it was not the beverage brand that was being promoted. The direct promotion was for the Bacardi Soda and the Music CDs, but indirectly, a brand name for Bacardi was built

**Kingfisher:** It is basically beer brand; without doubt, this is one of the most successful examples of surrogate advertising. The extension of the Kingfisher brand to the airline gave a great push to the original category, beer. The Kingfisher brand has also been successfully extended to other categories such as mineral water and club soda.

### **Puffery**

Puffery is an exaggerated statements made by the companies for the purpose of attracting buyers to a particular product or service. Puffery advertisement is basically used by the business in order to rise up the image of their product. Statements made in puffery are usually of subjective opinions rather than objective representations of facts. It is assumed that puffery act as an opinion for the consumers that cannot be verified. A sensible person would not take puffery literally. The difference between puffery and factual representations is the degree of specify their claim towards the product. Puffery contains broad, general claims, as in the motto “The Best burger in the West”, No one can prove the burger is really the best, but no one can prove it is not (Ken LaMance , 2014)

### **Analysis of some Puffery Advertisements**

**Red Bull:** The famous energy drink Red bull shows in advertisement that after drinking it gives you wings i.e. Red bull gives you wings but we actually knows that it does not grows wings on your back after drinking it

**Axe Deodorant:** Axe deodorant (chocolate fragrant) ad which shows that after spraying it that person’s whole body turns to chocolate which is practically not at all possible.

## **“A STUDY ON ETHICAL ISSUES IN ADVERTISING AND ANALYZING DIFFERENT UNETHICAL ADVERTISEMENTS WITH RESULTS OF ASCI DECISIONS: AN INDIAN PERSPECTIVE” in ECO-FORUM.**

**Neha Munjal**

### **Unverified claims**

These are those kind of advertisement in which the company who is advertising its particular product makes a false statement or commitment about its product. The unverified

claims are generally seen in energy drinks which commit to increase your stamina, foods that increase your child brain or a breakfast that makes you fit. But as the

consumer use them, they see that their stamina is still the same, their child is just as regular as he was, and their figure hasn't changed an inch. Advertisements like these convey information that's false, scientifically wrong and misleading. (Roshani Dhamala, 2014)

### **Analysis of some Unverified Claims**

**Kellogg's Special K:** Kellogg's special k claims that after having it as your breakfast one will become slim and trim but there is no scientific proof for it. Thus it's a wrong or misleading statement committed by the Kellogg's company.

**Horlicks:** Horlicks claims that it makes your boy taller, stronger and sharper but practically a boy cannot be taller, stronger and sharper just by drinking milk with mixed with this product horlicks.

### **Woman stereotype**

Television remains of the most predominant mediums that promote stereotypical about the gender roles with the help of advertisement. "Media has become an important source of creating stereotypes because they are sometimes the only source of information we have about other groups and they often represent a distorted view of those groups". NO matter what type of life a woman lives, the society will create some sort of stereotype about the women's. Generally the entire household product such as soap, washing powder etc. mainly uses women in order to advertise it which generate or add to the stereotype in the society about the women's that they are limited within the boundaries of their house only.

**Detergent powder:** The famous washing powders like Rin, Tide, Fena, wheel etc always uses a woman in order to promote their brand as well as their product.

### **Comparative advertising**

According to academic literature, "Comparative ads are those ads which involves directly or indirectly naming competitors in an ad and comparing one or more attributes in an advertising medium."

Comparative advertising, as the name suggests, is advertising where a party (the advertiser) advertises his goods or services by comparing them with the goods or services of another party.

Such other party is usually his competitor and is often the market leader in the particular trade. The comparison is made with a view towards increasing the sales of the advertiser. This is typically done by either suggesting that the advertiser's product is of the same or a superior quality to that of the compared product or by denigrating the quality of the compared product. The more blatant form of comparative advertising refers to the product by name and this is generally known as comparative brand advertising. (Smriti Chand, 2015)

### **Analysis of some comparative advertisements**

One of the famous controversial comparative advertisements was Rin and Tide Natural where in the ad of Rin it directly showed the competitor product Tide and committed that it is a better and superior washing powder than that.

Another controversial comparative advertisement was colgate and pepsodent where pepsodent claimed directly that pepsodent now better than colgate strong teeth delivers 130% germ attack power.

### **Use of children in advertisement**

Nowadays market is very highly influenced with children's entering into advertisement. Marketers are using children in their commercial advertisements to push their sales. This is done because Indian children are allowed to watch each & every advertisement in the television, so marketers are taking advantages of it. As in the present time there is a rapid increase of use of children in advertisement. This leads to influence our Indian culture as well as Indian children's to push their parent for particular products. Some of the advertisements are very relevant to children where marketers should use children to promote their products in the market otherwise they can't. For instance, ads of Horlicks, Johnson & Johnson etc. But apart from this there are many commercial ads where marketers use children even the products are not for children like, Super Nirma, Surf Excel etc. which is irrelevant for marketing point of view. These types of ads are basically to win emotion of the customers. Using children in advertisements particularly in India where many people can't afford the products but children force them to buy those products which affect their economic levels, so marketers should go for children advertisement for their relevant products only. (toostep, 2015)

## **Analysis of some children advertisements**

**McDonalds:** McDonalds is advertising the McAloo Tikki burger and Fries in what has become a popular and controversial advertising campaign in India. The Boyfriend/Girlfriend television commercial at the centre of the campaign features two young children sitting on a bench. The girl asks the boy if he would consider them boyfriend and girlfriend. He refuses the proposal, saying that girlfriends demand too much. He changes his mind when she says that she'd be satisfied with a McAloo Tikki Burger.

**IDBI Bank:** IDBI bank uses children in order to show their friendship which will be continued by the bank also. The concept of this advertisement was quite unique but it was not at all necessary to use small children in it as a true friendship is followed by adult also. They were just used to win the emotions of the customers.

## **Conclusion**

Ethical marketing is about making marketing decisions that are morally right. The morality of the marketing decision can encompass any part of marketing including sourcing of raw materials, staff employment and product advertising and pricing. Each person's view of morality is different; it is based on personal values and experiences. This creates a challenge for companies who want to pursue ethical marketing in a manner that will appeal to their target market. Ethical marketing requires marketing strategies that are ethical and reflect consumer expectations. The world of advertising has come a long way from a small industry to a large scale industry. For some people it is an important source of getting information while for other describes it as an untrue, misleading and obscene. Advertising Industry has been facing a lot of criticism in the recent times as the advertising practices have not always been ethical. In today's competitive market, due to free allowances, the advertisers are sometimes following the unethical practices to fight the competition. The ethical aspect of Indian advertisement is extremely important for restoration of our Indian culture and heritage. Indian culture is getting diluted by the western culture which influences our country to a great extent. To save our culture, norms and ethics regulations of such unethical advertisements are extremely essential. But today the numbers of unethical and obscene advertisements are increasing in numbers instead of decreasing. This clearly shows that implementation of the laws controlling advertisement is not properly done. The lacks of implementation of the laws are leading to more and more unethical and obscene advertisements. Hence, it is an urgent need for proper implementation of the laws in our country.

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