

## “AN ANALYTICAL STUDY OF THE MARKETING PRACTICES WITH REFERENCE TO PROFESSIONAL ETHICS IN PUNE”

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### I. INTRODUCTION

The Globalization and liberalization has led to fierce competition since it has made the dream of becoming an overnight billionaire possible. The sky is the limit for expansion, improvement and profit making. The world has witnessed paradigm shifts in marketing function like never before. Marketing is interlinked to other functions in business world. The customer is supposed to be a king but are the business activities and functions really customer oriented? Or they are just commercial ventures and profit making opportunities with a quick -buck style.

The world has witnessed the success stories of business Icons such as Mittal in Steel, Dhirubhai in Textiles, and Tatas in Automobile business .But at the same time the companies such as Bofors and Satyam reveal the negative aspects. Of business. We also know the stories of fast rise and fall of notorious Stamp business by Telgi and the stock exchange scandals by Harshad Mehta.

The total of this scams is coming upto Rs. 910,603,234,300,000, which is equal to USD 20.23 trillion. With this huge amount, India will become a super-power overnight and can permanently kill all social problems mainly poverty and unemployment.

This study aims at exploring the cause and effect of effective marketing (Ethical and Non-ethical) for the long term benefit or success.

The effects of different styles in marketing will be studied, so that it can serve as a guideline for upcoming entrepreneurs in future. Man is a social animal and can not live like an Island in isolation. Along with the personal

growth /gains he must also achieve social change as he grows in every field to achieve balanced growth in business all the three i) Profit making, I) customer satisfaction, and iii) Social responsibility can achieve complete success. The marketing function in business should be in congruence and in accordance with the other business activities. The ethical marketing practices in marketing and its impact will be the main focus of this present study.

Marketing, like Human life is all about relationships and for today's marketing firms, the relationships with customers, dealers, suppliers, government agencies, and other marketing people are shifting the focus from mere profit maximizing to maximizing mutually beneficial relationships. Marketers have to be in constant touch with their customers. They need to understand the changing and growing needs of the customers. It is no longer enough to just satisfy customers, but equally important to delight those by meeting their expectations and at times provide them with unexpected products, sales promotion schemes, and other marketing activities. Marketing means managing markets to bring about profitable exchange relationships by creating value and satisfying needs and wants. In the words of Philip Kotler, "A social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others."

The societal marketing concept calls upon marketers to build social responsibilities among society into their marketing practices. It stresses the need for an organization to balance three factors while taking marketing decision: Consumer satisfaction + Company's profit + Society's well-being. In other words, firms should not just make consumer satisfying goods but also 'environmental friendly' and 'consumer health oriented products'. Firms are established largely to offer goods and services to people and their aim is to maximize profits. In their profit maximizing efforts, their responsibilities towards society are almost forgotten. As consumers now realize the need to protect environment and society, companies are also supposed to realize their responsibilities towards society and environment.

Consumers are becoming increasingly aware of the social commitments of organizations and some prefer to buy products of that firm that are socially responsible. Organizations are gradually realizing that following unethical practices for short-term gains, would spoil a

company's image in the long run and the costs incurred in becoming socially responsible would improve organizational sustainability in the long run. Firms must give maximum importance to the customers they are serving. Consumers' needs and their purchasing power should be kept in mind while developing products and services. Products should satisfy the quality requirements of target customers. Companies must also ensure that they deal with customers in a fair and respectful manner at all points of contacts. Several companies have been criticized for misleading customers through advertisements, pricing and packaging.

Many organizations have begun to realize their responsibility towards society. For example, Companies need to be environment conscious, and sensitive towards issues like global warming and ozone layer depletion. Till recently, CFC (Chloroform Carbon) that damages the ozone layer was used in most countries to manufacture compressors for refrigerators. However, of late, many companies have developed alternate ways of manufacturing and have banned the use of CFC in any product and processes.

They should also adopt fair practices of employment like, giving equal opportunities to both men and women of the community, and provide a safe and healthy work environment for employees along with adequate compensation packages.

The characteristics that define acceptable conduct in marketing are called Marketing Ethics. 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 other words, Ethics in Marketing is a sub-set of business ethics and examines the moral issues relating to marketing decisions made by organizations. 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. An organization achieves an advantage when it does a better job than its competitors at satisfying the product and service requirements of its target markets. Those organizations that develop a competitive advantage are able to satisfy the needs of both customers and the organization. According to Kotler, in recent years, people have started questioning the value of marketing concept, when the world is faced with environmental degradation, resource shortages, hunger and poverty and

neglected social services. Ethics are a collection of principles of right conduct that shape the decisions that people or organizations make. Those organizations that develop a competitive advantage are able to satisfy the needs of both customers and the organization.

Marketers must develop ethical standards that are followed by the entire organization and ensure that these standards are never compromised. A firm which strictly adheres to these standards without compromising on them for short-term benefits would definitely find itself in a profitable position in the long run. Though it might be legal to use children in advertisements, it may be unethical to use them. Similarly, a Pharmaceutical Company can provide technical details about its products in advertisements, but can hide critical information about their side effects. In such a case, the Company might not be breaking any rule, but it will be morally incorrect to deprive customers of the information which may affect their health adversely.

A salesperson of a financial services company can sell a product to a customer, which does not best suit his needs.

There is a myth that if a Company acts ethically, its profit objective will be adversely affected. It actually adds to profitability in the long run. For example, good safety standards and employment policies can improve productivity.

Because not all managers have fine moral sensitivity, Companies need to develop corporate marketing ethics policies-broad guidelines that every one in the organization must follow.

Organizations following the best business practices are being encouraged through awards like Business Ethics which include 100 best corporate citizens who adheres marketing ethics and its responsibility towards society. One of the leading organization among the list of 100 best corporate citizens is Hewlett - Packard (HP). HP's started its tradition of serving the community from the year 1939, when its founders Hewlett and Packard donated \$ 5Mns to charity in their first year of business. HP's have gained people's faith and goodwill of the organization by getting involved in social welfare activities, thus reflecting the concept of responsibilities towards society.

After a detailed study on this topic we have come to know

that there is a great impact of social responsibility and ethics on marketing. This impact not only reflects its negative side but also its positive side on marketing a product.

Marketing done in ethical manners following the societal responsibilities side to side shows a positive flow of business which enables a marketer to not only maximize his profit but also increase the credit worthiness of his organization, gaining goodwill. And on other hand, marketing done in unethical manners, not following the laws and regulations results in losses, poor reputation, which takes a long time for a marketer to retain its goodwill because business standards and practices vary from country to country. The issue of social responsibility and ethics poses challenges for marketers. The growing consensus among today's marketers is that it is important to make commitment to a common set of shared standards worldwide.

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The American Marketing Association, for example, has developed a code of ethics (which can be viewed on its Web site at [www.ama.org](http://www.ama.org)). Self-regulation not only helps a firm avoid extensive government intervention; it also permits it to better respond to changes in market conditions. An organization' long-term success and profitability depends on this ability to respond. When a product or service does not provide expected value, customers will often seek a different source.

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. In addition, it may be putting itself in jeopardy for product claims or legal action. Sometimes,

however, frequent changes in product features or performance, such as those that often occur in the computer industry, make previous models of products obsolete. Such changes can be misinterpreted as planned obsolescence.

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 competitor's products, promising shipment when knowing delivery is not possible by the promised date, or paying vendors to carry a firm product rather than one of its competitors are also unethical.

Research is another area in which ethical issues may arise. Information gathered from research can be important to the successful marketing of products or services. Consumers, however, may view organizations efforts to gather data from them as invading their privacy. They are resistant to give out personal information that might cause them to become a marketing target or to receive product or sales information. 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. Without self-imposed ethical standards in the research process, management will likely make decisions based on inaccurate information.

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. For example, studies linking relationships between tobacco and alcohol marketing with youth consumption resulted in increased public pressure directly leading to the regulation of marketing for those products.

The proliferation of direct marketing and use of the Internet to market to children also raises ethical issues. Sometimes a few unscrupulous marketers design sites so that children are

able to bypass adult supervision or control, or sometimes they present objectionable materials to underage consumers or pressure them to buy items or provide credit card numbers. When this happens, it is likely that social pressure and subsequent regulation will result. Likewise, programming for children and youth in the mass media has been under scrutiny recently.

In the United States, marketing to children is closely controlled. Federal regulations place limits on the types of marketing that can be directed to children, and marketing activities are monitored by the Better Business Bureau, the Federal Trade Commission, consumer and parental groups, and the broadcast networks. These guidelines provide clear direction to marketers.

Unlike the legal protections in place to protect children from harmful practices, there have been few efforts to protect minority customers. When targeting minorities, firms must evaluate whether the targeted population is susceptible to appeals because of their minority status. The firm must assess marketing efforts to determine whether ethical behavior would cause them to change their marketing practices.

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.

Examples of demeaning stereotypes include those in which women are presented as less intelligent, submissive to or obsessed with men, unable to assume leadership roles or make decisions, or skimpily dressed in order to appeal to the sexual interests of males. Harmful stereotypes include those portraying women as obsessed with their appearance or conforming to some ideal of size, weight, or beauty. 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.

“‘Ethics’ most often refers to a domain of inquiry, a discipline, in which matters of right and wrong, good and evil, virtue and vice, are systematically examined. ‘Morality’, by contrast, is most often used to refer not to a

discipline but to patterns of thought and action that are actually operative in everyday life. In this sense, morality is what the discipline of ethics is about. And so business morality is what business ethics is about” (Goodpaster, 1992, p. 111). This quotation offers a simple and fruitful entrance into a discipline. Questions about moral acceptability in business contexts and others can be asked (and answered) descriptively or critically. A descriptive (or empirical, or social science) question could be what given individuals and groups themselves actually do accept as right or wrong. Such a question cannot be answered without empirical data. A critical (or normative, or ethics) question would focus on why choices, consequences, or system states are acceptable (or not). Such questions cannot be answered without good reasons, arguments, and criteria. Ideally, asking and answering do not stop before the facts are clear (enough) and good (enough) reasons are found and offered, or before at least good enough discussion procedures are followed.

Marketing ethics a preliminary portrait of marketing ethics could simply extend the above quotation. Marketing ethics examines systematically marketing and marketing morality, related to 4P-issues such as unsafe products, deceptive pricing, deceptive advertising or bribery, discrimination in distribution (cf. Smith and Quelch, 1993, p. 13). Other issues are related to exploitation of consumer weakness (see *ibid*, p. 30) or using PR for preventing critical journalism and public debate. If business ethics as an academic field is about moral criticism and self-criticism of business and business education, this would include criticism and self-criticism of marketing as well, as its most out-going and aggressive part, with its specific Johannes Brinkmann, Ethics, Teaching Business Ethics, Business Ethics: European Review as well as two books about business ethics (1993, 2001, in Norwegian). Business and Marketing Ethics as Professional Ethics. Concepts, Approaches and Typologies Johannes Brinkmann Journal of Business Ethics 41: 159-177, 2002.

## 2 a) OBJECTIVES OF THE STUDY

The main objective of the study is :

To study the Present marketing practices w.r.t. professional ethics in Pune Region.

### WHY STUDY MARKETING PROFESSIONALS ?

In the age of liberalization, privatization and globalization,

organizations are forced to thrive on the cutting edge of competition. They have to convert their core competency into competitive advantage on an ongoing basis. The organization has to keep moving ahead even to stay on the same spot since the competition is tremendous. The pressure of this market driven economics is felt most on the Marketing Professionals who have to prove their worth consistently. In order to do so they often may be tempted to cut corners and do things that are not strictly ethical. The investigator wishes to see whether marketing as a profession is capable of bringing out ethical leaders in the years to come for developing business.

The investigator wants to check whether the time has come to visualize the future leader as the ethical leaders who can stand up to be counted and walk his talk. Certain innate core values and ethics that govern his actions guide the leader. If an organization has to thrive on the cutting edge of global competition then the marketing professional above all else must be ethical.

The investigator himself is a marketing specialist and would like to see as to what extent marketing professionals in the corporate world are ethical and what particular values guide their ethical conduct. [Value is a thought-based concept while ethics is an activity-based concept.]

The short cut methods in business in General and in Marketing in particular are common and we see that short sighted goals are affecting the economy and welfare of the nation. The examples of 'Stamp Scan', bofors, kickbacks, defense deals are not good examples and the country can not improve its economy and good will and productivity which are very vital for the progress of the nation. We can only dream of better Shinning INDIA when the life style & living standards of the common people changes and that is possible only by improving productivity and distribution of the benefits of Globalization and modern high-tech, knowledge based society to the grass roots. That is only possible through practicing high ethical standards in every sector including marketing too.

The effects and the inter dependency of the ethical Marketing will help to a great extent. The business of various sectors in future can play a leading role to contribute in the welfare and progress of the nation.

**2b) HYPOTHESIS**

The hypothesis of the research study is :

- a) Professional Ethics is a vital component of marketing for the rapid growth of business.
- b) The Ethical Attitude of the managers in the modern corporate sector needs overhauling.

**3 RESEARCH METHODOLOGY**

The research process is carried out by

**(a) SELECTING THE SAMPLING DESIGN**

The items i.e. Large Scale / Small Scale Industries of different types will be selected from the Pune region (Universe/population)

- (b) The type of sampling method used is random area sampling where different areas having different types of Industries will be considered for doing the sampling work. About 100 (Hundred) managers from various types of industries will be interviewed and questionnaires will be filled in by them. Also 300 (three - hundred) customers has been interviewed and questionnaires are filled up from them.

**(c) DATA COLLECTION**

The data is collected by carrying out a systematic survey. The data can be collected by one of the following ways.

- By observations.
- Through personal interviews.

- Through telephone interviews.
- By mailing the questionnaires.

The project was executed with efficient time management. The data will be collected with the help of structured, well planned questionnaires.

**4 ANALYSIS OF DATA**

**A) THE DATA PROCESSING**

Preparing Data for Analysis

The data collected are first processed through following steps in order to prepare the data for actual analysis.

- (a) Editing
- (b) Coding
- © Classification
- (d) Tabulation
- (e) Using percentages

**B) ANALYSIS OF DATA**

- (a) Descriptive and
- (b) Statistical analysis will be carried out.

**C) FINDINGS**

The findings are based on the analysis of the data of research study. Conclusions and suggestions depend on the findings.

The research process has been carried out systematically and scientifically.

Table No. 1

Question	Yes	No	Total Respds	Yes (%)	No (%)	Total (%)
B1 : Has the product served your needs and expectations promised by the company or the shopkeeper ?	44	248	292	15	85	100
QB2:--Were you provided with all the detailed information about the product with respect to its advantages and limitations	82	210	292	28	72	100
QC1:--Do you feel you are cheated in the price and in quality of the product offered to you?	180	111	292	62	38	100
QC3:- Do you believe you have got the best product to be offered the best value for the money?	127	165	292	43	57	100
QC5:-Were you satisfied with the price of the product explained to you?	103	189	292	35	65	100
QD1:-Was this product available as per your needs and required convenience?	41	251	292	14	86	100
QE1:-Does your product have all the benefits and features mentioned to you by salesman or through the advertisements seen by you?	249	43	292	85	15	100

Only 15% customers are satisfied with the claims made by the company or shopkeeper and 85% on the other hand remain dissatisfied with the false claims and promises during Marketing.

Only 28% customers received detailed information of the product about its Advantages & Limitations.

But 72% customers were not given the vital information about the advantages & limitations. This indicates that managers are hiding the information from customers which confirms /highlights the unethical practices by the marketing managers.

62% of the customers felt that they have been cheated with respect to price & Quality of the product offered to which indicates the customers were deprived of a fair price & good quality of the product offered to them.

57% respondents are saying that they have not received the best product for the price the customer paid.

65% of the customers were unsatisfied with the justification of the price of the product explained to them. That is the facts about the actual price of the product and its total information was not given. This fact reveals the unethical practices of the managers.

Table No. 2

Question	SA	MA	N	MD	SD	Total
QA1:Do you think the manager or the company follow the good ethical practices while supplying the product?	72	163	43	14	0	292
QA4:- Do you think the business would be affected adversely due to unethical practices?	192	77	18	2	3	292
QE2:-The superiority of the product claimed by the company in the advertisement is correct. Do you agree?	81	148	42	17	4	292



Maximum 81% percentage of customers do disagree that the managers follow good ethical practices while supplying their products.

92% of the respondents believe that the unethical practices do not affecter the business adversely.

It signifies that that the marketing managers generally are

involved in unethical practices and getting away with it scot free and the practice continues.

79% customers do agree to the superiority of the product claimed by the company in advertisement .That proves the point that only main positive features and benefits and strengths are highlighted and negative aspects such as higher price charged for such high end products are hidden.

**Table No. 3**

Q A2:- What is your opinion or impression about ethics used in buying the product?		
RESPONSE	FREQUENCY	PERCENTAGE
DETAIL INFORMATION ABOUT THE PRODUCT	79	27
FAIR PRICE	128	44
GOOD SERVICE AFTER SALES	36	12
QUALITY PRODUCT	42	14
ANYOTHER	7	2
TOTAL	292	100

If the customers received the product for the fair price, according to them it is considered to be good ethical practices by the Managers?

**Table No. 3**

QA3:- What is your idea of the business ethics that must be followed by salesman or the shopkeeper from where you have purchased the product?		
RESPONSE	FREQUENCY	PERCENTAGE
DETAIL INFORMATION ABOUT THE PRODUCT	102	35
FAIR PRICE	71	24
GOOD SERVICE AFTER SALES	77	26
QUALITY PRODUCT	40	14
ANYOTHER	2	1
TOTAL	292	100

Detail information about the product 35%, good service after sales 26% & Fair price charged to them 24% believe that good ethics followed by the salesman or shopkeepers.

TABLE NO. 5

QE3: -Has the product satisfied you with respect to		
RESPONSE	FREQUENCY	PERCENTAGE
PRICE	28	10
NEED	102	35
PURPOSE	117	40
LIFESTYLE	15	5
STATUS	8	3
NONE	22	8
TOTAL	292	100

75% of the customers are satisfied with respect to purpose and needs but that results in low price related satisfaction. It signifies that high price is charged for better features.

#### CONCLUSION

- 1) The code of conduct should be followed by the Marketing managers.
- 2) The marketing practices of manager's w.r.t. Business Ethics requires complete overhauling.
- 3) The company should appoint controlling authorities to control the marketing activities strictly as per norms, policies and code of conduct.
- 4) The managers plan long term strategies considering ethical issues.

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