



[Academic Script]

Ethics in Marketing and Contemporary Issues

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Academic Script

1. Introduction

Today we are going to talk about some of the contemporary issues in marketing. The topics that would be covered are ethics in marketing, telemarketing, m commerce, e-marketing, rural marketing and trends in marketing.

Let us begin with the first topic i.e. **ethics in marketing (01)**.

Before we start with ethics in marketing let us understand what is meant by ethics.

Ethics are the principles or rules that govern the behavior of human beings. They are generally referred to as what is right and what is wrong to do. So definitely ethics is subjective concept to be defined because what is considered right to be done by one person may be considered wrong by some other person. So ethics changes not only from culture to culture but also from person to person.

2. Ethics in Marketing

Now let us understand what ethics in marketing is. (02)

Ethics in marketing are the principles that regulate the practices of marketing. Ethical marketing decisions should not cheat the customers rather it should meet and suit the needs of customers. The companies should have concern for the population and the environment in which they conduct their business. For eg: Along with selling cigarettes, the companies also give the warning on the packing that cigarette smoking is injurious to health.

But sometimes the marketers also undertake deceptive practices in marketing. Those deceptive practices may include:

Predatory pricing (03) i.e. Selling of the goods at a very low price in order to drive out the competitors.

Planned obsolescence (04) (05) i.e. designing the products with limited useful life so that consumers are under a pressure to repurchase it again after few years.

Now let us understand the ethics related to 4 P's of marketing (06).

Let us talk about the first P which is **Product (07)**.

Ethical concerns can arise in the development of products or services. Marketers are supposed to identify and satisfy the needs of their customers. Ethical concerns appear in the performance of the products or services. Unsafe and poorly made products should not be included in marketing activities. Pre-tests should be conducted to ensure safety of the products. Not only the product but also the packaging of the product can be considered unethical at times. For example, if a company sells a juice as litchi juice though the ingredient label indicates that content of apple is more than litchi, then it is considered to be unethical.

The next P to be studied is **Promotion**.

A marketer should not overstate the performance of the product as it is considered to be unethical. For example, if the advertisements of fairness cream shows that it will make you fair within 7 days but actually the results are seen in 2 month then such advertisements are unethical. The marketing communications should not mislead the consumers and create myths in the minds of the consumers.

The next P to be talked about is **Price**.

Prices of the product should not be kept very high unless it delivers the value for money. The price disclosed in

advertisements should always be realistic that consumers will find in stores. Artificially inflating prices of necessary consumer goods such as gasoline or basic food goods can breach consumers' ethical expectations as well. Setting different price points for different consumers for the same goods can be considered an unethical move and can land a company on the wrong side of the law and consumer sentiment. The odd pricing can also be questionable when it comes to ethics because when marketers resort to odd pricing i.e. Rs 299 instead of round number Rs 300, consumers tend to associate this price with 200 rather than 300.

The last P to be discussed is **Place**.

Placement of a product can be questionable when it comes to ethics. Products are placed in such a way that it lures the customers to buy the product and thus may lead to wrong decision at times. Large organizations take bigger shelf space in malls and other distribution outlets trying to keep the smaller organizations out of the market. For example, chocolates are displayed at front of the shelf space in the grocery stores so that children pressurize their mothers to buy chocolates for them.

When an organization takes any marketing decision, then it should go for an ethics check which stands for (08):

- E-Effect: does the decision harm anyone?
- T-Transparency: does the company mind if the decision is disclosed publically?
- H-Harmony with regulations: does the decision conform to statutory and self-regulations?
- I-Interests: is the decision in the long-term interest of the firm?

- C-Consumers: would consumers consider the decision as fair?
- S-Sovereignty: is consumers' purchasing sovereignty respected?

Now we will glance on the ethics related to marketing research (09).

Generally three parties are involved in marketing research (10).

They are:

1. The client who sponsors the project.
2. The researcher who designs & executes the research.
3. The respondents who provides the information.

Ethical issues and considerations in Marketing Research are: (11)

1. Information or data collected from respondents should not be used for any other purpose or for any other research work. In this case the researcher plays a crucial role and he can assure respondents about security of the opinions and information given by respondent. The researcher should not provide the confidential information to any other client.
2. Researcher should not force any respondent for answers. Researcher can explain the importance or necessity of answers of that question for research work, but he/she should not make compel respondents to answer a particular question. A good research can be done by requesting the respondents but not by forcing them.
3. Protection of data or confidentiality of data Researcher or research organization should protect data properly. They should keep confidential data or information very safe and

secure. Any client or outside person should not access confidential and important data from organization.

4. In case of personal or sensitive questions, researcher should give time to respondents to think about it, and right to refusal to participate in study. Researcher or trained staff of appropriate gender should be used to reduce embarrassment. For example, suppose questions are related to female product, then it will be better to select female staff to do the research rather than selecting male staff.

5. Proper, Unbiased and accurate information collection should be done. Marketing researcher should collect accurate information and report to the research organization & client without any bias. The researcher should check the authenticity of the information collected for research purpose

3. Telemarketing

The next topic to be discussed is **telemarketing (12)**.

Telemarketing is the method of selling the products or services to the customers either by phone or other handheld devices. It includes making the customers aware about the product, generating leads and selling the products or services to the customers. Telemarketing is a wider concept than telesales because it not only includes selling the product but also other aspects of marketing the product.

Telemarketing helps the marketer to get the immediate response rather than waiting for the response as in the case of newspapers, magazines, television ads, etc.

For example, Asian paints has launched My Awaaz with a toll free number through which dealers are called from Mumbai call center to place their order and thereafter the

dealers can also check the status of their order through this toll free number.

Telemarketing also helps the marketer to identify the needs of the customers by having conversation with them.

Steps to make telemarketing successful are (13):

1) **Begin with introducing yourself:** The salesperson should start by greeting and introducing about the company and himself

2) **Reference:** If the recipient of the call has been a customer before, it's important to cite that history.

3) **Request for Time:** Agents always should thank the prospect: "I appreciate you taking my call." If the prospect is busy, an appropriate response would be, "Why don't I call you back in about an hour? Would that be all right with you?"

4) **Purpose of call:** The salesperson should disclose the customer about the purpose of calling by providing the more details about the company and its products or services.

5) **Probe:** The salesperson should try to establish the need or want for the product in the mind of customer. This helps the customer to eliminate the fear of making a wrong purchase decision.

6) **Restate:** If the prospect does respond positively, and is forthcoming with information, it then would be appropriate for the agent to thank the prospect for sharing. An agent should say, "Thank you for sharing this information.

7) **Benefits and Features:** Once the agent is able to qualify the prospect's needs, establish his or her wants, and create the need for the company's offering, the remaining steps are smooth sailing. At this step, salesperson might say: "Based on what you just shared with me, I recommend you to evaluate the benefits

of our product and then salesperson should again speak the benefits of the product to excite the customer.

8) **Get a reaction:** In order to confirm that you have fulfilled the customer's need, the salesperson should try getting the reaction from the customer by asking questions like "how valuable this information was for you?"

9) **Trial close:** The agent should attempt to close the conversation if the reaction of customer is positive. But if the reaction is negative then the salesperson should try to influence the customer by showing other more benefits of the product.

10) **Objections:** If the customer makes some objections then the salesperson should try to overcome it by interpreting those objections carefully.

11) **Appointment close:** Here the salesperson should thank the customer for giving his precious time and should set up a time to meet or send a sales representative.

12) **Post close:** Lastly the salesperson can ask if any additional information is needed by the customer about the product or service.

4. M-commerce

The next topic to be discussed is **M-commerce (14).**

M-commerce has changed our lives drastically. It provides us with time saving facilities. M-Commerce is facilitating the customers with e-commerce directly into customer's hand via wireless technology. M-commerce helps in:

1) Money transfer (15): Today many companies provide the facility of money transfer from one person to other. One such example that can be recalled is Vodafone's M Pesa.

2) Mobile ticketing (16): Today tickets are sent on the mobile phones so that the user can have access to the ticket without carrying it in the physical form. The passengers can show their tickets in their mobile phones when they board on the train. IRCTC would be an apt example which sends tickets via SMS to the users. 3) Information service (17): It seems that mobile phones have replaced the need of laptops and computers when it comes to searching information on wide range of topics. It provides us information about current affairs, sports, new products launched, new technologies introduced in the market, etc.

4) Mobile banking (18): Banks and other financial institutions allow their users to access the information about their accounts and the customers can also make transactions through their mobile phones. For example, the customer of HDFC bank can check his account balance whenever and wherever he wants to rather than going to bank and getting the entries of transactions done in the passbook.

5) Mobile purchase (19): Today e-tailers can accept the orders from the customers via the mobiles of customers. Mobile purchase has been increasing these days which saves the time of the customers in shopping. For example, if a person wants to purchase a pen drive then he can immediately search on his mobile phone on any of the shopping portal and place the order for it.

5. E-marketing

The next and the most interesting topic for today's generation are **e-marketing**. The need to study this topic arises because we all know how important the internet is in our lives today.

E-marketing is any marketing activity done online via websites or other online tools and resources. It refers to the use of internet or other digital media to sell of your products or services. These digital technologies are a valuable addition to traditional marketing approaches regardless of the size and type of your business. E-marketing is also referred to as Internet marketing (i-marketing), online marketing or web-marketing. It can also be referred to as **click and portal (20)** structure of selling goods. The e-tailers make aggressive use of e-marketing to beat their competitors. They not only give competition to sellers on internet but also to the retail shops.

For example, LinkedIn has introduced a new feature for companies to engage with their customers by posting a status update to share information about new products, promotional activities, etc. The customers can then share like or comment on the update.

Now let us have a glance on the advantages and disadvantages of e-marketing (21).

The advantages of e-marketing are:

- 1) It has a wider reach as internet has become part of everyone's life. So for whatever products you offer, there is already an existing market on the World Wide Web. E-marketing, helps find new markets and potentially compete worldwide with only a small investment.
- 2) It is a cost-effective approach. A properly planned and effectively targeted e-marketing campaign can help business reach target customers at a much lower cost compared to traditional marketing methods.

- 3) Reduction in costs through automation and use of electronic media, particularly in the areas of transactional costs, customer service, digital media channels, print and distribution.
- 4) 24/7 marketing because with a website your customers can find out about your products and make purchases even if your physical premises i.e. brick and mortar are closed or you don't have physical premises at all.
- 5) It has increased interactivity as it allows to create interactive campaigns using music, graphics and videos. Through two-way communications, interactive games or quizzes, you can engage audience and give them greater involvement.
- 6) Increased ability to track result as it can easily measure the effectiveness of campaigns by obtaining detailed information about customers' responses to your advertising, through the use of methods such as pay per click or pay per action, etc.
- 7) It allows the customers to compare the prices of the various sellers on the internet.

These were some benefits of e-marketing. But if we look at the darker side of e-marketing, it has certain disadvantages associated with it. They are:

- 1) It has led to elimination of many agents and middlemen in the trade because e-marketing provides for the direct contact between the producers and customers.
- 2) It has led to decrease in the sales of the retailers who sell their goods only through physical premises.

3) Sometimes the technology can create certain problems for the sellers when millions of users access the site simultaneously. For example, The Big Billion Day campaign of shopping portal Flipkart in India wasn't successful because of some technical problems in the website.

6. Rural Marketing

Here we end the topic of e-marketing and let us begin with our next topic which is **Rural Marketing (22)**.

The most interesting thought on rural marketing said by C.k. Prahalad is "The future lies with those companies who see the poor as their customers." I hope so this sentence would have given you a hint of what is called as rural marketing. Rural marketing thus includes moving the goods or services to the people in rural area to create satisfaction and increase the standard of living thereby.

Rural market has many opportunities because (23):

- 1) Rate of literacy level is increasing in the rural market.
- 2) Increase in disposable income and purchase power due to initiatives like MNREGA i.e. Mahatma Gandhi National Rural Employment Guarantee Act by the government.
- 3) Reduction of risk during recession because the demand in urban market is cyclic but in rural market it is steady.
- 4) There is vast improvement in roads, telephone connectivity, electricity, etc.
- 5) Rural market constitutes the maximum population which is nearly 70% of the total population of the country.
- 6) There are various banks which provides loan and credit facilities in the rural market.

For example, Companies such as Unilever, ITC and Nestle have long been known to India's rural merchants. Among U.S. firms, companies such as Colgate and Gillette have adopted rural marketing. Colgate has to build toothpaste for convincing people to change to toothpaste instead of using neem twigs to clean their teeth, which was the traditional practice. Parle offers biscuits in small packs which are priced very low.

Now let us move on to the challenges faced in rural marketing.

They are:

- 1) Transportation facilities which are essential for transporting the goods from urban areas to rural areas are poor in villages.
- 2) Penetration rate is low in rural area as roads are not well constructed.
- 3) Rural areas do not have proper warehousing facilities which are required to store the goods till the goods are consumed.
- 4) Media coverage is inadequate in villages therefore the awareness level is low among the people.
- 5) People in rural areas are not willing to spend more on the goods as low purchasing power is there.
- 6) Literacy level is low compared to urban areas.
- 7) They have low standard of living.

7. Trends in Retailing

The next topic to be discussed is **Trends in retailing (24)**.

Retailing includes the activities involved in selling the goods or services to the final consumer for their use. Today we observe some new trends coming up in the retailing industry to enrich the shopping experience of the consumers. Upcoming trends in retailing are:

1) Self-service(25)- It has reduced the task of the retailers to a great extent. The products today are disclosed on shelves from where the customers can select it and put in into the trolley. The customer just has to pick up the goods and move to the cash counter to pay for it. This trend is generally seen in malls, supermarkets and departmental stores.

2) Packing and Branding (26) - Today packing and branding has gained a lot of significance in retailing industry because people are becoming conscious about convenient packaging and the brand they use. Branding is adopted by the retailers to differentiate themselves from their competitors.

3) After sale service (27) - Today selling not only involves delivery of goods to the buyers but also the services they require to use that good or service. For example, in products like air conditioners selling the good is not the final task rather it also involves after sale services like installation, demonstration and repair services.

4) Automatic Vending Machines (28) - These are machines used which can sell cold drinks, hot drinks, cigarettes, etc. They are often placed at malls and supermarkets. The customer puts in the money into the machine and gets the desired item out. These are available all the time.

5) Shopping complex (29) - Today customers does not prefer to visit a single outlet rather they visit the complex with many different shops in it where wide assortment of goods are available.

6) Barcodes- Barcodes are used in billing which helps in accurate and quick billing. Barcode readers are used to scan the barcode and read the price for the purpose of billing.

7) E-commerce- Internet is used to a great extent to buy and sell the goods. It helps the sellers to come in the direct contact with buyers and sell at a lesser price.

8) Franchising- Franchising involves giving the right to sell the product to other person under an agreement. Here the franchisor i.e. who gives the franchise trains the franchisee i.e. who takes the franchise.

9) Electronic mode of payment (30) - Today most of the payments are done through the credit cards and debit cards which reduce the risk of cash handling for the retailers as well as the customers.

8. Summary

So friends, today we have discussed a wide variety of topics ranging from ethics in marketing to telemarketing, digital commerce, trends in retailing and rural marketing. Ethics in marketing deals with the concerns companies should have for the consumers and the environment in which they conduct their business. Reaching out to the customers and selling the product or services through a telephone or other handheld device comes under the purview of telemarketing. One of the emerging areas in contemporary issues is M-commerce which is e-commerce directly into customer's hand via wireless technology. We also discussed how marketers are today increasingly using websites and online resources for marketing activity. In India, there is a huge scope for rural marketing as the market size is massive and the rural market has characteristics which makes it both challenging and profitable. Also, we discussed today how organized retailing landscape is emerging in India and the trends therein.

Hope you all found the session enlightening and useful.