

## A STUDY ON CORPORATE SOCIAL RESPONSIBILITY AND ETHICAL ISSUES IN MARKETING

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### Abstract

In recent years business ethics and social responsibility have gained great importance in marketing practices, especially in societal marketing practices. Businesses infinitely struggle to indicate their contributions to society. Particularly intense competition, globalization and societal consciousness transform businesses into social organizations and lead them into marketing efforts offering social value. Although business ethics and social responsibility of businesses have gained more attention in recent years, defining consumers' perceptions on ethical issues is still minimal. This study presents an empirical research of consumer perceptions on ethical issues. The main objective of study, 1) understanding business ethics and socially responsible marketing, 2) developing and implementing a socially responsible marketing plan, 3) main aspects of socially responsible marketing, 4) characteristics of socially responsible marketing, 5) ethical issues faced in marketing, and 6) summary of unethical marketing practices that ruin companies. It also reveals which criteria are more important for ethical decision making.

**Key words:** *Business ethics, marketing, ethical issues, social responsibility.*

### Introduction

Marketing ethics deals with the moral principles and values in marketing. Ethics in marketing is applied in different areas such as in advertising, promotion, pricing. Ethical Marketing is a philosophy that focus focuses on honesty, fairness and responsibility. Though wrong and right are subjective, a general set of guidelines can be put in place to ensure the company's intent is

broadcasted and achieved. Principles of this practice include:

- A shared standard of truth in marketing communications
- A clear distinction between advertising and sensationalism
- Endorsements should be clear and transparent
- Consumers' privacy should be maintained at all times

- Government standards and regulations must be adhered and practiced by marketers.

## **Corporate Social Responsibility (CSR) and Ethics in Marketing**

Acc. to Kotler and Levy, "Corporate Social Responsibility defines corporate social responsibility as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources".

Few benefits of being socially responsible include : (a) Improvement Company and brand image (b) Easiness to attract and retain employees (c) Increase in market share (d) Less operating costs (e) Helps to attract investors.

A socially-responsible firm cares about customers, employees, suppliers, the local community, society, and the environment. **CSR is an approach by which a company:** (a) Finds that its activities have a wide impact on the society and development, (b) Actively manage the economic, social, environmental and human rights.

## **UNDERSTANDING BUSINESS ETHICS AND SOCIALLY RESPONSIBLE MARKETING**

To be socially responsible is when the organization is concerned about people, society and environment with whom and where it conducts business. In its most basic form, socially responsible marketing is taking moral actions that encourage a positive impact on all the company's stakeholders, including employees, community, consumers, and shareholders. The main responsibility of marketers in this aspect is to package and communicate the organization's decisions that will impact the various communities with which they interact. Consumers have the right and power to decide which companies succeed or fail; so marketers have a major responsibility to ensure their practices are seen as philanthropic without being phony.

## **DEVELOPING AND IMPLEMENTING A SOCIALLY RESPONSIBLE MARKETING PLAN**

While ethics and social responsibility are sometimes used interchangeably, there is a difference between the two terms. Ethics tends to focus on the individual or marketing

group decision, while social responsibility takes into consideration the total effect of marketing practices on society. In order to foster an ethical and socially responsible behavior pattern among marketers while achieving company objectives, special care must be taken to monitor trends and shifts in society's values and beliefs. Next, marketers should forecast the long-term effects of the decisions that pertain to those changes. Bearing in mind that a company cannot satisfy the needs of an entire society, it best serves marketers to focus their most costly efforts on their target market, while being aware of the values of society as a whole.

### MAIN ASPECTS OF SOCIALLY RESPONSIBLE MARKETING

Social conscious marketing addresses the shortcomings of traditional marketing practices and follows the philosophy of mindfulness and responsibility. This philosophy states according to Chron.com, that company-marketing practices should be based on consumer satisfaction, innovative ideas and offer society long-term value and benefit.

- Consumer Orientation
- Innovation

- Value of the product
- Sense of Mission
- Impact On Society

### CHARACTERISTICS OF SOCIALLY RESPONSIBLE MARKETING

Marketers get the right products to the right people at the right time. Ethical marketers ensure the products meet and exceed their needs, back up their claims and offer value to the customers over time while finding opportunities to pay it forward. A company that uses ethical and socially responsible marketing strategy will gain the respect and trust of the customers they target and interact with. Over long term, this will translate to greater benefits all round. Today's firms can make their practices more ethical and responsible by perfecting the following characteristics.

**Safety:** Any product or service that could be hazardous to the health conditions of people, animals or the environment should have clear advisories and warnings.

**Honesty:** Ensuring a product satisfies a need it promises to, or aids in providing a lifestyle it advertises. Advertising should be transparent about possible side effects and not puff up results, so clients come to respect the honesty of your advertising.

**Transparency:** Any techniques to manipulate and hide facts and information customers need could harm a company.

**Ethical Pricing:** Gathering data about your target market will give you information on how much they are willing to pay for your product. The rest of the pricing strategy, in a simplified manner, should be based on overhead costs and supply and demand.

**Respecting Customer Privacy:** When customers trust enough to allow you access to their information, selling it to lead companies or obtaining prospective customers' information without permission is unethical and breaks trust.

## **ETHICAL ISSUES FACED IN MARKETING**

So far we have seen that ethical marketing can guide advertising, research and data use, strategies for gaining an edge over the competition and company policies. However, there can also be some problems that arise from trying to employ an ethical marketing strategy.

### **Irresponsible Market**

**Research:** Improper market research and grouping can lead to stereotyping that shapes undesirable beliefs and attitudes and consequently affect marketing behavior.

### **Selecting Specific Market**

**Audience:** According to Boundless.com, the use of selective marketing practice is to weed out the consumers considered by companies as less than ideal, but often causes social disparity and unrest.

### **Unethical Advertising and**

**Promotion:** Making false claims about what the product does and its importance is an unethical way to gain profit.

**Delivery Channel practices:** Marketing in ways like cold calling through telemarketing companies that purchase leads is not only annoying, they are disruptive and untrustworthy. An unsolicited approach is these days almost synonymous with direct marketing and has left the industry with a tainted reputation. So have television commercials, email spam and direct mail, which people are going to significant lengths to avoid.

### **Dealing with competitors:**

Many companies advertise cheap prices as a "bait" and then once they draw in the customers, "switch" them over to a more costly product, because the advertised good was not available, insufficient or not of any value to the customer.

**Pricing strategies:** Predatory pricing or pricing beneath the competition so as to cannibalize the market and restrict the competition is an unethical pricing strategy. And setting up barriers that prevent smaller companies from entering the market is unethical as well.

### **SUMMARY OF (UN)ETHICAL MARKETING**

To sum this all up, in order to be ethical in marketing attempts, businesses should make honest claims, and excel at satisfying the needs of their customers. This practice over time builds trust and customer confidence in your brand's integrity and therefore leads to loyalty, customer and employee retention, greet public relations and increase in business from customers spreading the word.

Unethical marketing behaviors will achieve the exact opposite and in time could even lead companies into legal troubles and dissemination of a bad reputation and worse customer experience. Below are practices of unethical marketing, which you should avoid in order not to ruin your company.

**Exploitation** – avoid using scare tactics and hard sell and protect the vulnerable consumer.

**Spam** – avoid flooding a customer's voicemail, mailbox, email or any other means

of communication with unsolicited messages or aggressive advances.

**Bad mouthing Competition** – focus on the value and benefit of your product and point out its unique selling point, the consumers are smart enough to choose the better product.

**Misleading Advertisement and Information** – any exaggerated claims or dishonest promises will cause the customers to mistrust you and even determine the failure of your brand.

**Philanthropic gestures for public relations** – giving to charities solely for a tax write off will make the company appear callous and uncaring and people tend to shy away from these types of companies and spend money where they feel the leaders and marketers are especially humane and gracious.

### **Conclusion**

Business success and continually satisfying the customer and others are closely tied to adoption and implementation of high standards of business and opportunity for corporations to be globally competitive by expanding their production base and market share. Recent years have seen many progressive organizations in our country keenly playing a social role. In some of these organizations the approach has been to take upon only business-centric activities,

i.e., which are directly relevant to their business. The guiding philosophy in these organizations is that social reasonability is good only if it pays.

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