

SOCIAL RESPONSIBILITY AND ETHICS IN MARKETING

Dr. Bahoussi Medjdoub

Professor, University Tahri Mohammed-Bechar, Algeria

Corresponding Email: mahjoub_bahoussi@yahoo.fr

Neffah Zakarya

Doctrate Student, Tahri Mohammed-Bechar, Algeria

Corresponding Email: zakaryanefah@gmail.com

Abstract

Most marketing organizations do not intentionally work in isolation from the rest of society. Instead they find that greater opportunity exists if the organization is visibly accessible and involved with the public. And this to an interaction between the company and the society. But this interaction caused lots of social damage. And the society was obliged to solve this damage, and the solution was marketing responsibly. Therefore, this paper aims to shed light on: marketing and ethics and how to marketing responsibly, then it will take a look at corporate social Responsibility in marketing after that we are going to clarify the relationship marketing and ethics, and finally we'll give an example about American Marketing Association's Ethical Norms.

Keywords: Marketing, Corporate social Responsibility, Ethical marketing

Introduction

A great responsibility rests with the marketers because of their activities. They define what brands mean to the customers of a company. They set the tone for how the company interacts with those customers and other important stakeholders. They are the responsible of making the company famous or, sometimes, notorious. And the marketing has a great role in the development and evolution wich is reached by the humanity. But through marketing, there were some unethical or irresponsible practices that caused lots of damage, like the catastrophic situation faced by the environment in which we live. And the marketing have to deal with standards to control the Marketing activityn and this what is called Marketing responsibly. But generally this kind of marketing is still not desirable by maketers, it is not that they believe in irresponsible marketing, just that the language of responsibility has not yet found common acceptance.

However marketing responsibly doesn't mean that marketing has to be boring or that it can't be effective in achieving the goals of delivering quality products to customers that want them. But it does mean that the creativity and the drive to create value have to operate within a framework of ethical and responsible principles. The absence of such a discipline risks an erosion of trust between the customer and vendor, in turn undermining the marketer's objective to create sales. Trust is a necessary condition for marketing to succeed. Irresponsible marketing destroys it. So in light of this dilemma we can ask the following question:

How Marketing can be responsible?

For answering this dilemma we have been addressed the following points:

- A small look at the marketing as a concept.
- ethics in marketing.
- The marketing mix and ethical challenges.

- Corporate Social Responsibility (CSR) .
- Corporate Social Marketing.
- Relationship Marketing and Ethics.

Marketing and Ethics

In this element we'll talk firstly about Marketing then we'll adrese to Ethics as follows:

What is Marketing: Marketing deals with identifying and meeting human and social needs.

Philip Kotler says that there is a social definition and managerial definition for marketing. (Philip Kotler,2001).According to a social definition, **marketing** is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others.As a managerial definition, marketing has often been described as "the art of selling products."But **Peter Drucker** says that "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy." (Philip Kotler, 2001).

The American Marketing Association offers this managerial definition:

Marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.So generally when we talk about Marketing we notice that there is a distinction between the 'selling model' and the 'marketing model'.The selling model focuses on price and promotional activities. However, at a strategic level, marketing is about acquiring a deep understanding of the needs and desires of existing and potential customers and designing the business (products, services, delivery mechanisms, customer experience, branding, outreach etc.) to meet or exceed those needs and desires. This is the marketing model. (Mallen Baker,2009).

There are lots of examples of the distinction between the selling model and the marketing model. As example the typewriter company Smith Corona solve Last few years to threats that face its business by improving the quality of its typewriters, and putting pressure on the sale price. So The company had chosen a selling approach. Eventually it lost out to the companies that introduced a new generation of word processors and computers. Instead of that other companies were taking a marketing approach and were realising that customers did not want typewriters per se, they wanted to be able to produce and process documents. Finally the new generation of machines was able to fulfilled this need in more effective and popular ways. (Mallen Baker, 2009).So the concept of marketing has embedded throughout all the businesses, as a result of this embedding, the marketer has to deal with increasing numbers of ethical challenges.

Ethical marketing: In earlier searches on this topic, it indicated that ethics deals with the morality of human conduct.

Marketing ethics

Is the systematic study of how moral standards are applied to marketing decisions, behaviour, and institutions.the fact that marketing ethics, like legal and medical ethics, is an applied field is an important aspect of the definition. Marketing decisions pertain to a host of specific issues like selling cigarettes to teenagers, violence. themed products, pricing at a level that gouges unsuspecting consumers, advertising that manipulates viewers, and so on. The behavior governed by ethical principles involves all personnel involved in marketing-top management, sales distribution, customers service, advertising and public relations. finally, marketing ethics issues arise in institutions of several types: SMEs (small-and medium-sized enterprises), MNCs (Multinational corporations), and NGOs (Non profit organizations). By another subtly different way:

Ethical marketing refers to practices that emphasize transparent, trustworthy, and responsible personal and/or organizational marketing policies and actions that exhibit integrity as well as fairness to consumers and other stakeholders. (Patric E. Murphy & others, 2012)

The marketing mix and ethical challenges

The company has to choose its overall competitive marketing strategy, and when it chooses it, it will be ready to begin planning the details of the marketing mix. And **Philip Kotler defines the marketing mix** as: “the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market”.

The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities gather into four groups of variables known as the 'four Ps'; product, price, place and promotion. (Philip Kotler, & others, 1999). These “4 p’s” are the things that a company can control. Each involves potential ethical challenges and dilemmas that the marketer must face, but particularly the areas of product and promotion (Fig 1). (Mallen Baker, 2009). Let us first take a small definition about each “P”: (Philip Kotler, & others, 1999).

Product

Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, organizations and ideas.

Price

The amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service.

Place

All the company activities should make the product or service available to target customers.

Promotion

Activities that communicate the product or service and its merits to target customers and persuade them to buy.

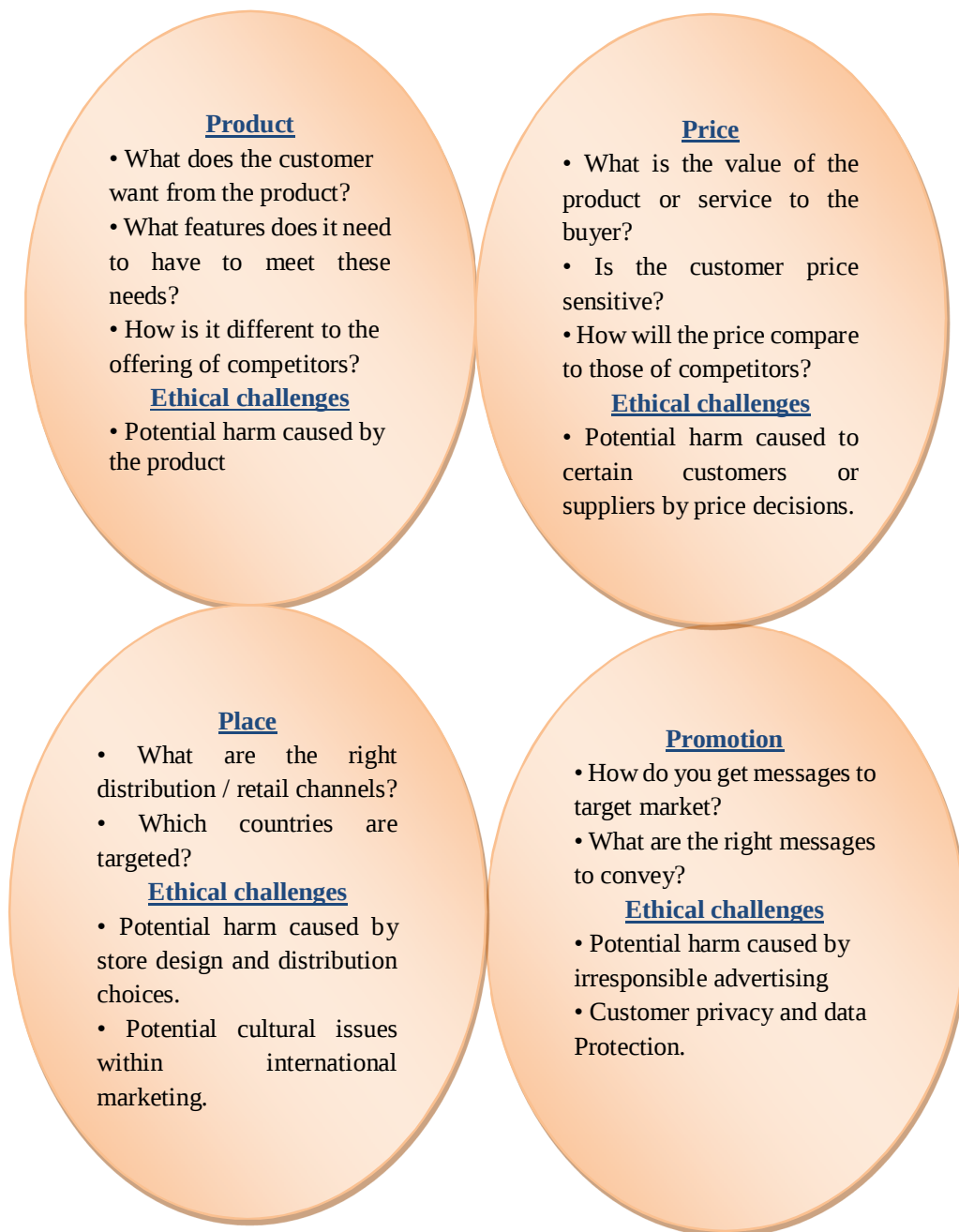


Fig 1. Headline ethical challenges relating to the marketing mix (Mallen Baker, 2009)

Issues explored in this topic related to the marketing mix, explained by Mallen Baker

Product

Sustainable design and concept of products.
Influencing customer behaviours.
Inherently controversial products.

Price

- Clear and transparent pricing.
- Predatory pricing.
- Impact of prices on vulnerable customers.
- Impact of prices down the supply chain.
- Forcing price concessions or exclusivity.

Place

- Selling products for one market considered offensive in another.
- Accepting market conditions in one country that governments or customers consider a betrayal of values or principles.
- Operating to lower standards because of lax regulation / enforcement.

Promotion

- False claims.
- Stealth marketing.
- Shock advertising.
- Marketing to children.
- Using cultural references in advertising held to be offensive to the cultures concerned. (Mallen Baker, 2009).

Corporate Social Responsibility (CSR) in Marketing

First we'll take a look about Corporate Social Responsibility. Corporate Social Responsibility is defined by **Michael Hopkins**, in his book, **Corporate Social Responsibility and International Development** as the follow: CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social include economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. (Michael Hopkins, 2007).

Corporate Social Marketing

Corporate social marketing is a means whereby a corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being. Behavior change is always the focus and the intended outcome. Successful campaigns utilize a strategic marketing planning approach: conducting a situation analysis, selecting target audiences, setting behavior objectives, identifying barriers and benefits to behavior change, and then developing a marketing mix strategy that helps overcome perceived barriers and maximize potential benefits.

It relies on the same principles and techniques used in developing and implementing marketing strategies for corporate goods and services. (PHILIP KOTLER & NANCY LEE, 2005).

Ethical Conflict faced by the Marketers

Marketers must behave acceptably and put in their consideration ethical standards, and they must be aware of ethical standards and acceptable behavior. This awareness means that marketers must recognize the viewpoints of three key players: the company, the industry, and society. Since these three groups almost always have different needs and wants, ethical conflicts are likely to arise. Ethical conflicts in marketing arise in two contexts : First, when there is a difference between the needs of the three aforementioned groups (the company, the industry, and society) a conflict may arise. Second and ethical conflict may arise when one's personal values conflict with the organization. In either case, a **conflict of interest** is a possible outcome.

An example of the first type of conflict is the tobacco industry. Cigarettes have for many decades been a lucrative business. So, cigarette and tobacco marketing have been for companies and good for the tobacco industry. Many thousands of people around the world are employed in the tobacco industry. So, the world economy has been somewhat dependent on cigarettes and tobacco. However, cigarettes are harmful to society. There is documented proof that cigarette smoking is harmful to health. This is an ethical conflict for cigarette marketers. An example of the second type of conflict, when one's personal values conflict with the organizations occurs when a leader in the company seeks personal gain (usually financial profit) from **false advertising**. "Cures" for fatal diseases are one type of product that falls into this category of ethical conflict: In their greed to make a profit, a marketer convinces those who may be dying from an incurable disease to buy a product that may not be a cure, but which a desperately ill person (or members of his or her family) may choose to purchase in an effort to save the dying family member suffering.

Promoting and marketing such products violates rules of marketing ethics. Ethical dilemmas facing marketing professionals today fall into one of three categories: tobacco and alcohol promoting, **consumer privacy**, and **green marketing**. Standards for ethical marketing guide business in efforts to do the right thing. Such standards have four functions: to help identify acceptable practices, foster internal control, avoid confusion, and facilitate a basis for discussion. (Gundlach & others, 1993).

Relationship Marketing and Ethics

Nowadays, most ethicists believe that Relationship Marketing is a reasonable practice leading to positive relationships between buyers and sellers. Relationship marketing requires that rules are not necessarily contractual. Relationship marketing allows buyers and sellers to work together. However, there are disadvantages to this approach- relationship marketing requires time to develop a list of expected conduct or "rules of behavior." According to a recently published book on this subject, a shift in emphasis in marketing ethics – towards buyers interests and away from seller's interests – characterizes the new country. If this is true, new challenges are presented for marketing ethics and professionals in the field of marketing who want to conduct business in an ethical way. (Gundlach & others, 1993).

American Marketing Association's Ethical Norms

1. Honesty – truthful to customers and stakeholders.
2. Responsibility – accepting consequences of our marketing decisions.
3. Fairness – balance the needs of the buyer with the interest of the seller.
4. Respect – uphold basic human dignity of all stakeholders.
5. Openness – transparency in marketing operations.
6. Citizenship – strategic focus on fulfilling the societal responsibilities that serve stakeholders. (Mallen Baker, 2009).

ABC of Marketing Ethics

Three A's – "applied, above the law, aspirational"

Applied : makes the problems specific to dilemmas faced by marketing managers.

Above the law : some companies view ethics as synonymous with legal requirements, but the law is the floor.

Aspirational : aiming for a high standard that is not always attained.

Three B's – "beneficial, beyond the bottom line, breaking new ground"

Beneficial : good ethics is beneficial to the firm.

Beyond the bottom line : need to think beyond just the financial impact of their decisions.

Breaking new ground : employ moral imagination in dealing with intractable ethical concerns.

Three C's – "compliance, consequences, contributions"

Compliance : at a minimum, marketing managers must comply with the policies and rules of their companies and the law.

Consequences : arising from actions taken.

Contributions : seeing role that of contributing to society, not just economic return. (Mallen Baker, 2009).

Conclusion:

One lesson that every marketing student should understand is that most companies will engage in some form of misconduct. As Warren Buffett has stated, "We just hope it's small and small and that we find it quickly". Because marketers engage in behaviors impacting many varied stakeholders, their potential to do harm and opportunity to have very positive impact is great. We have recapped some difficulties managing: deceptive selling, advertising, product claims, etc.

However marketing responsibly is a manner of a marketing philosophy says that the company should take into account what is in the interests of society at the present time and in the long term, Companies should deal responsibly and looking for producing the desired products. Also they have to deal with standards like **American Marketing Association's Ethical Norms** or getting the certificate of **ISO**, and should they Adopt the Green marketing approach, this all we're looking for achieving sustainable development and save our environment for us and for the future generation.

References

- Gundlach, Gregory D. and Patrick E. Murphy (1993), "Ethical and Legal Foundations of Relational Marketing Exchanges," *Journal of Marketing*, 57 (October), 35-40.
- Mallen Baker, *Marketing Responsibly*, a report published by the Institute of Business Ethics, First published November 2009, 24 Greencoat Place, London, p :09.
- Michael Hopkins, *Corporate Social Responsibility and International Development-Is Business the Solution?*, published by Earthscan, UK and USA, 2007, P:15-16.
- Patric E. Murphy and others, *Ethics in Marketing- International Cases and Perspectives*. Routledge imprint of Taylor & Francis group, USA, 2012, P:04.
- PHILIP KOTLER & NANCY LEE, *Corporate Social Responsibility*, John Wiley & Sons, Inc., Hoboken, New Jersey-USA, 2005, p :114-115.
- Philip Kotler, and others, *Principles of Marketing*, published by Prentice Hall Inc, New Jersey, USA, Second European Edition, 1999, P:109-110.
- Philip Kotler, *Marketing Management Millennium Edition*, Prentice-Hall, Inc, New Jersey-USA, tenth edition, 2001, P:4.