



## Ethical Issues in Marketing : The Context of Developing Countries

Research Paper—EAFM

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Introduction: Marketing, in contemporary times, has seen a tumultuous change in the way it's conducted in developing countries. The oft cited dictum that only change is constant in the marketing genre is an apposite one. Just as the media of social communication themselves have enormous influence everywhere, so advertising and marketing, using media as their vehicles, are pervasive, powerful forces shaping attitudes and behaviour in today's world.

Four reasons are attributed to the fugacious nature of the way marketing practices are being carried out in developing countries 1. The role of Information and Communication technologies: As ICTs evolve so do marketing practices. If yesterday it was television that revolutionized the way advertisements could create a lasting impact on the consumer, then today the internet and phone text messages are doing just that. 2. The world today is an increasingly global village: Social and ethnic boundaries are fast falling in the wake of cable television and the like. 3. Rapid economic expansions in countries like China and India have meant that marketers have to quickly respond to the changing socio-economic scenarios.

Millions of people have entered the middle class and millions more are poised to do so. For marketers, the consequences can be mind boggling—as incomes and spending powers rise, marketers have to respond to increasing demands from consumers. 4. Better and improved marketing research has meant that the entire populace is not seen in totality but rather as a congeries of different types of consumers. The Upshot: But the outcome of such developments is that a number of ethical

issues have arisen. While the globe is indeed becoming a smaller place, marketers have to bear in mind national, local and cultural sensitivities. Very often, in the hope of tapping a larger consumer base, marketers jump headlong in new markets without keeping in mind ethnic and social issues typical to certain areas. While marketers do have to act with celerity in gaining footholds in emerging markets such as China and India, care has to be taken in ensuring that the mores, etiquettes of the land are not encroached upon. The incorporation of newer technologies has meant that a number of issues such as invasion of privacy and credibility have arisen. Ergo, in these rapidly changing circumstances, marketers and consumers alike face a nimety of ethical issues that have to be addressed. This paper looks at some of the ethical issues in the developing countries context.

**Exploiting Social Paradigms** In the hopes of making a fast buck, marketers often resort to exploiting social paradigms typical to certain areas. In India, for example, a large multinational corporation ran an ad campaign that depicted a young woman who because of her dark facial complexion was unable to find jobs. But as the ad showed, as soon as the woman started using the facial whiteness cream manufactured by the corporation, she got the job of her choice. Needless to say, there was a big backlash against it and the ad campaign had to be scrapped. On an ethical standpoint, marketers have to exercise restraint in exploiting such social paradigms to their commercial advantage. **Surrogate Advertisements** In India alcohol and cigarette advertisements were banned outright some years back. However, alcohol and

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cigarette companies alike are using the avenue of surrogate advertisements to press forward their case. Subliminal Advertisements One of the most controversial and ethical issues in advertising is regarding subliminal advertisements. Inserting subliminal messages in an advertisement is an inherently misleading action. It is an attempt to manipulate a person's thinking without the person realizing that any such manipulation is occurring. The west has had its fair share of subliminal advertisements related hullabaloo primarily because the advertisement, marketing and regulating media themselves have been quite active in raising such issues. During the US Presidential elections of 2000, it came to light that a political advertisement for George W. Bush subliminally flashed the word 'RATS' when criticizing Al Gore's prescription medicine plan. While the ad maker denied that the quickly flashed word was a subliminal message designed to surreptitiously sling mud at Gore, many others, however, concluded that 'RATS' was indeed inserted with the intention of secretly causing viewers' to associate vermin with Al Gore. In line with the techniques of subliminal messaging, the questionable word appeared on the screen for only a microsecond (1/30th of a second), passing by so fast that it was almost unrecognizable to the conscious mind-especially when passively lulled by television.

The effects of subliminal advertisements are real and financially significant. Each year, consumers spend roughly \$US50 million for self-help tapes embedded with subliminal messages that are supposed to teach a person a foreign language while they sleep, or help them lose weight, or quit smoking. Additionally, some stores embed subliminal messages in their background music in an effort to discourage shoplifting. Time magazine reported in 1979 that messages such as 'I am an honest person' and 'Stealing is dishonest' were being utilized in over fifty department stores. One department store utilizing the hidden messages reported a savings of \$US600, 000 by reducing theft 37 percent during a nine month period. So, if subliminal messages evidently work in self-help

tapes and embedded in department store music, it certainly seems reasonable that they would also work and perhaps even work better in a visual medium such as television. The Ethical Issue of 'Creating Demand' In the words of Pope John Paul II, advertising also can be, and often is, a tool of the phenomenon of consumerism. Sometimes advertisers speak of it as part of their task to 'create' needs for products and services - that is, to cause people to feel and act upon desires for items and services they would ordinarily not need. While a judicious use of advertising can stimulate developing countries to improve their standard of living, serious harm can be done to them if advertising and commercial pressure become so irresponsible that communities seeking to rise from poverty to a reasonable standard of living are persuaded to seek this progress by satisfying wants that have been artificially created. The result of this is that they waste their resources and neglect their real needs, and genuine development falls behind.

Predatory Pricing In developing nations where the bulk of the populace is still employed in small and medium enterprises, the use of predatory pricing by large multinational corporations in order to wipe out competition is an ethical issue. While proponents of no holds barred pricing would attribute this to an unfettered free market, the fact remains that the larger issue is the threat of wiping out the livelihood of a large number of people. In India, a related issue is the entry of western discount stores that might eventually threaten the existence of millions of people employed in traditional mom-and-pop stores. Wal-Mart's 'takeover of small towns' in the U.S.A. is also a related concern. Countries like India need to take a leaf out of the China book-China opened its market to these stores in 1991 and only recently allowed 100% foreign direct investment (FDI) in such ventures. Nowadays, newspaper columns are rife with advertisements which blatantly compare features of brands with those of their competitors. Citing the opinion of 'experts', these advertisements claim their brands to be quantitatively and qualitatively better than those

of their rivals. Post Purchase Dissonance-What you see is not often what you get Since very often what companies claim their products or services deliver is not what the consumers actually get, the issue of post purchase dissonance arises. There are two more non-contrasting viewpoints on this issue. One states the typical examples of Tele-Shopping Networks (TSN) and the internet. Since there is no element of tangibility, the consumer would typically end up getting an end product which he/she didn't literally ask for. Women and children unfortunately end up being cast as stereotypes in ad campaigns the world over. Often, the role of women in business or professional life is depicted as a masculine caricature, a denial of the specific gifts of feminine insight, compassion, and understanding. In India, which has traditionally been a patriarchal society, tremendous cultural changes have been brought in with the advent of cable television and the exposure to western content. Urban women are enjoying more freedom than they've had before. Yet, promotional campaigns of certain firms still show the Indian woman of yore—a fallback to a time when women did not enjoy the freedoms they have today.

Promotion of Alcohol, Tobacco—Creating Demand for Vice Cigarettes are one of the most heavily marketed products in China and other developing nations. An increasing percentage of those marketing dollars is dedicated to what are probably the most sophisticated consumer marketing databases in the business world. Tobacco advertising is no longer just the province of multi-million dollar ad budgets pushing the Marlboro Man, Joe Camel's phallic face or the women in the Virginia Slims' ads who have 'come a long way.' It is equally the province of direct marketers, pushing free packs to targeted prospects and mailing slick magazines—published by tobacco companies—to influence the behavior and retain the loyalty of tens of millions of smokers. And the problem is pandemic—is prevalent in both developing as well as developed countries alike. In the US for example, cigarette smoking is responsible for the deaths of almost half a million people a year. Tobacco use is responsible for more

than one in six deaths in the United States. Smoking accounts for 30% of all cancer deaths. It is a major cause of heart disease, and it is associated with conditions ranging from colds and gastric ulcers to chronic bronchitis, emphysema and vascular disease. Smoking caused an estimated 264,087 male and 178,311 female deaths in the United States each year from 1995 to 1999. The U.S. Congress Office of Technology Assessment estimates the cost of smoking (direct and indirect) to the economy at \$150 billion a year. Each day more than 3,000 teenagers in the U.S. become addicted to cigarettes. The tobacco industry argues that its advertising is not aimed at recruiting these young new smokers. Its representatives say, disingenuously, that advertising by individual tobacco companies' targets adults only and serve only to encourage regular smokers to switch brands or to retain brand loyalty.

In a survey conducted by the Journal of the American Medical Association, it was stated that the success of the tobacco industry is dependent on recruiting people who don't believe that tobacco kills—thus enticing children, developing nations populations, and disadvantaged members of society to smoke is the only way for tobacco companies to make up for the number of smokers who quit or die. Intrusive Promotions A number of companies offer a plethora of freebies in terms of services and add-ons, however all these come with the proverbial strings attached. These are particularly true for telecom and internet services related companies. Mobile network providers in India for example are notorious for literally bombarding the users with promotional text messages. The issue at hand is such measures compromise the confidentiality of company-client relationships and trivialize the privacy concerns of the customers. Copyright, trademark violations are ubiquitous throughout the developing world. Advertisements as Mirrors of prevailing norms Marketers claim that advertising simply mirrors the attitudes and values of the surrounding culture. Many publications and broadcasting operations depend on advertising revenue for survival. This often is true

of religious media as well as commercial media. For their part, advertisers naturally seek to reach audiences; and the media, striving to deliver audiences to advertisers, must shape their content so to attract audiences of the size and demographic composition sought. This happens when, for example, the costs of advertising limit political competition to wealthy candidates or groups, or require that office-seekers compromise their integrity and independence by over-dependence on special interests for funds. Such obstruction of the democratic process also happens when, instead of being a vehicle for honest expositions of candidates' views and records, political advertising seeks to distort the views and records of opponents and unjustly attacks their reputations.

It happens when advertising appeals more to people's emotions and base instincts—to selfishness, bias and hostility toward others, to racial and ethnic prejudice and the like—rather than to a reasoned sense of justice and the good of all. Ethical Issues in Internet, e-commerce The Internet is quickly becoming a major conduit for business. On-line business has raised a host of new issues such as honesty and responsibility, accountability, privacy and confidentiality, protection of data (i.e. credit card numbers), freedom from invasiveness (i.e. so-called sticky websites that automatically track and retain customer contact and information), quality of the goods delivered, disclosure and reliability of information, sources of goods, Internet economics vs. traditional economics, impacts of global Internet business, employment through the net (local and global telecommuting), web advertising, competition on the Internet (hacking into data, falsification of data), public information and financial disclosure (investor relations on the Internet), and others. 1. The Small Print: The major ethical issues facing business over the internet are the ones regarding the small print i.e. the policy notices or practices on websites. These issues include: A) Usage of obfuscating and vague language B) The policy may be hard to find or difficult to read and understand. C) It may not

contain all the disclosures D) May fail to provide a contact address or procedures for dealing with complaints, corrections, or conflict resolution E) It may not have clear access requirements or procedures for verifying a valid requester before granting access. F) May not be linked to or displayed on every page where information is collected 2. World Wide Web versus the Wild Wild Web: To many, the utopian concept of the internet is that of a valueless zone—a free network that is outside the purview of human control and restraint. But we feel that line of reasoning is flawed.

**3. Ownership and Responsibility:** The internet is largely a boundary less network. The involvement in content of companies hosting information is highly debatable. There are two sides to the proverbial coin: The Internet as a medium supports all kind of contents. By espousing the principle of allowing anyone to post any material on the net as a means of furthering information exchange is extended by many as the *raison d'être* of absolving the hosts of complicity of posting the material. In India, a major debate between the erudite arose when the CEO of the Indian chapter (baze) of ebay.com was arrested over charges of allowing the exchange of video clips showing explicit scenes. Thus if one is attempting to bring a sense of ethics to the Internet in any particular instance, it is essential to know who has the control and the responsibility. Increasingly the debate about the content of the Internet is not national but global, not by specialists but by the general populace. There is a real need for this debate to be stimulated and structured and for it to lead to 'solutions' which are focused, practical and urgent.

**Conclusion—Good Marketing Citizens** All in all, it can be seen that ethical issues in marketing in the context of developing countries is highly sensitive to cultural, social and ethnical issues. The larger issue is thus not merely an occidental versus an oriental one. For the marketing fraternity to be a good ethical citizen, the onus lie on themselves—for indeed, marketers have to stop indulging in unethical practices and start respecting local mores and values.