



## PRACTICING BUSINESS ETHICS IN MARKETING

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**Abstract:** *Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. 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 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. Nor should one identify ethics with religion. Most religions, of course, advocate high ethical standards. Yet if ethics were confined to religion, then ethics would apply only to religious people. But ethics applies as much to the behavior of the atheist as to that of the saint. Religion can set high ethical standards and can provide intense motivations for ethical behavior. Ethics, however, cannot be confined to religion nor is it the same as religion.*

**KEYWORDS:** *Ethics, Business Ethics, Ethics two things, Marketing plan with ethics*

**Introduction :** *Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. 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 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.*

### What is Ethics?

*Developed by Manuel Velasquez, Claire Andre, Thomas Shanks, S.J., and Michael J. Meyer*

A few years ago, sociologist Raymond Baumhart asked business people, "What do ethics mean to you?" Among their replies were the following:

"Ethics has to do with what my feelings tell me is right or wrong."

"Ethics has to do with my religious beliefs."

"Being ethical is doing what the law requires."

"Ethics consists of the standards of behavior our society accepts."

"I don't know what the word means."

These replies might be typical of our own. The meaning of "ethics" is hard to pin down, and the views many people have about ethics are shaky.

Like Baumhart's first respondent, many people tend to equate ethics with their feelings. But being ethical is clearly not a matter of following one's feelings. A person following his or her feelings may recoil from doing what is right. In fact, feelings frequently deviate from what is ethical.

Nor should one identify ethics with religion. Most religions, of course, advocate high ethical standards. Yet if ethics were confined to religion, then ethics would apply only to religious people. But ethics applies as much to the behavior of the atheist as to that of the saint. Religion can set high ethical standards and can provide intense motivations for ethical behavior. Ethics, however, cannot be confined to religion nor is it the same as religion.

Being ethical is also not the same as following the law. The law often incorporates ethical standards to which most citizens subscribe. But laws, like feelings, can deviate from what is ethical. Our own pre-Civil War slavery laws and the apartheid laws of present-day South Africa are grotesquely obvious examples of laws that deviate from what is ethical.

Finally, being ethical is not the same as doing "whatever society accepts." In any society, most people accept standards that are, in fact, ethical. But standards of behavior in society can deviate from what is ethical. An entire society can become ethically corrupt. Nazi Germany is a good example of a morally corrupt society.

Moreover, if being ethical were doing "whatever society accepts," then to find out what is ethical, one would have to find out what society accepts. To decide what I should think about abortion, for example, I would have to take a survey of American society and then conform my beliefs to whatever society accepts. But no one ever tries to decide an ethical issue by doing a survey. Further, the lack of social consensus on many issues makes it impossible to equate ethics with whatever society accepts. Some people accept abortion but many others do not. If being ethical were doing whatever society accepts, one would have to find an agreement on issues which does not, in fact, exist.

### **Ethics is two things**

#### ***First***

Ethics refers to well based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethics, for example, refers to those standards that impose the reasonable obligations to refrain from rape, stealing, murder, assault, slander, and fraud. Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty. And, ethical standards include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. Such standards are adequate standards of ethics because they are supported by consistent and well founded reasons.

#### ***Secondly***

Ethics refers to the study and development of one's ethical standards. As mentioned above, feelings, laws, and social norms can deviate from what is ethical. So it is necessary to constantly examine one's standards to ensure that they are reasonable and well-founded. Ethics also means, then, the continuous effort of studying our own moral beliefs and our moral conduct, and striving to ensure that we, and the institutions we help to shape, live up to standards that are reasonable and solidly-based.

### **Business ethics**

Business ethics is the behavior that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer.

Many businesses have gained a bad reputation just by being in business. To some people, businesses are interested in making money, and that is the bottom line. It could be called capitalism in its purest form. Making money is not wrong in itself. It is the manner in which some businesses conduct themselves that brings up the question of ethical behavior.

Good business ethics should be a part of every business. There are many factors to consider. When a company does business with another that is considered unethical, does this make the first company unethical by association? Some people would say yes, the first business has a responsibility and it is now a link in the chain of unethical businesses.

Many global businesses, including most of the major brands that the public use, can be seen not to think too highly of good business ethics. Many major brands have been fined millions for breaking ethical business laws. Money is the major deciding factor.

If a company does not adhere to business ethics and breaks the laws, they usually end up being fined. Many companies have broken anti-trust, ethical and environmental laws and received fines worth millions. The problem is that the amount of money these companies are making outweighs the fines applied. Billion dollar profits blind the companies to their lack of business ethics, and the dollar sign wins.

A business may be a multi-million seller, but does it use good business ethics and do people care? There are popular soft drinks and fast food restaurants that have been fined time and time again for unethical behavior. Business ethics should eliminate exploitation, from the sweat shop children who are making sneakers to the coffee serving staff that is being ripped off in wages. Business ethics can be applied to everything from the trees cut down to make the paper that a

business sells to the ramifications of importing coffee from certain countries.

### **The Marketing Plan with Ethics**

If marketing is everything you do to place your product (or service) in the hands of potential customers, how do you do it all -- especially if you're all alone? It helps to have a plan.

A marketing plan is more than your map for success. It's actually a map-making process that when complete will reveal a clear route to your prospective customers.

A good map reveals specific items of information. A good marketing plan should do the same for you. Here are six things your marketing plan should help you accomplish.

- 1) Prove that you understand your industry. Knowing your product isn't enough.
- 2) Identify your target market. These are the people most likely to buy your product or use your services.
- 3) Identify your competition. Who's out there and what are they doing?
- 4) Establish your pricing, distribution, and product positioning. How much will it cost plus a fair profit? How will you get it there? And where do you fit into the marketplace?
- 5) Get someone to subsidize your dream. If you want to attract investors, a written marketing plan is essential.
- 6) Focus on a single effective marketing concept. Define your strongest strength and lead with that. For example, Little Caesar's "pizza pizza" may not be the most innovative idea ever conceived -- but it's certainly one of the more effective. Why? Because it's simple and consistent.

Here are the major components that you should consider when writing your marketing plan.

### **Mission (or vision) statement:**

This is an external communication of your company's values. Like Admiral Stockdale, you're answering the question, "Who am I and what am I doing here".

### **Company objective:**

This section communicates what you want to do, by when, and how (what are your resources?). It is specific, quantifiable, and is inclusive of your entire company. It is not merely a sales goal. If you're an entrepreneur, your company objective might also serve as your marketing objective.

### **Market analysis:**

This section reports on the findings of the extensive research that you have pursued and prepared. You need to discuss various factors of the market environment in relation to your product. These factors include legal, social, political, economic, and technological considerations.

### **Target audience:**

Based on your research, discuss who your customers are and how you can reach them. Here's where you decide whether to niche or not, or to segment your audience either vertically or horizontally.

### **Competitive analysis:**

Your advance research should reveal your competitors, the obvious and especially the others. How does what they're doing relate to your product? What advantages do you have? How can you keep the advantage?

### **Action plan:**

As Shakespeare said, "Action is eloquence". You've made your map. Now you can define the best route to reach your customers. This section of your marketing plan outlines what media mix you'll use to reach your audience. Advertising -- where, how often, and at what cost. Public relations -- specific programs and promotions of interest to the community. Sales strategies -- incentive programs for representatives and distributors as well as prospective customers.

A successful marketing plan is based on research and analysis. But because information can be manipulated to prove almost anything, insight is equally important. As Edward de Bono says, "Proof is often no more than a lack of imagination".

## Ethics in Business of Marketing

*Ethics* are a collection of principles of right conduct that shape the decisions people or organizations make. 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 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.

As our economic system has become more successful at providing for needs and wants, there has been greater focus on organizations' adhering to ethical values rather than simply providing products. This focus has come about for two reasons. First, when an organization behaves ethically, customers develop more positive attitudes about the firm, its products, and its services. When marketing practices depart from standards that society considers acceptable, the market process becomes less efficient—sometimes it is even interrupted. Not employing ethical marketing practices may lead to dissatisfied customers, bad publicity, a lack of trust, lost business, or, sometimes, legal action. Thus, most organizations are very sensitive to the needs and opinions of their customers and look for ways to protect their long-term interests.

Second, ethical abuses frequently lead to pressure (social or government) for institutions to assume greater responsibility for their actions. Since abuses do occur, some people believe that questionable business practices abound. As a result, consumer interest groups, professional associations, and self-regulatory groups exert considerable influence on marketing. Calls for social responsibility have also subjected marketing practices to a wide range of federal and state regulations designed to either protect consumer rights or to stimulate trade. The Federal Trade Commission (FTC) and other federal and state government agencies are charged both with enforcing the laws and creating policies to limit unfair marketing practices. Because regulation cannot be developed to cover every possible abuse, organizations and industry groups

often develop codes of ethical conduct or rules for behavior to serve as a guide in decision making. 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's long-term success and profitability depends on this ability to respond.

## CONCLUSION

Because marketing decisions often require specialized knowledge, ethical issues are often more complicated than those faced in personal life—and effective decision making requires consistency. Because each business situation is different, and not all decisions are simple, many organizations have embraced ethical codes of conduct and rules of professional ethics to guide managers and employees. However, sometimes self-regulation proves insufficient to protect the interest of customers, organizations, or society. At that point, pressures for regulation and enactment of legislation to protect the interests of all parties in the exchange process will likely occur.

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