

Ethics in Marketing

By

Mary Kinoti

School of Business

University of Nairobi

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University of Nairobi

Ethical Issues in Marketing

- Ethics in marketing is taking center stage in today's business.
- Ethics are a collection of principles of right conduct that shape the decisions people or organizations make.

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Discussion on Marketing Ethics in seed industry

1. Ethical issues on seed as a product
2. Ethical issues on distribution of seeds to the farmer
3. Ethical issues in packaging of seeds
4. ethical issues in pricing of seeds
5. Ethical issues in promotion of seeds

Ethical Criticisms of Marketing

- High prices
- Deceptive practices
- High-pressure selling
- Shoddy, harmful, or unsafe products
- Planned obsolescence
- Poor service to disadvantaged consumers

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High Prices

- Caused by:
 - High costs of distribution
 - High advertising and promotion costs
 - Excessive markups
(greed & profit pressures)



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Deceptive Practices

- Deceptive Pricing
 - Falsely advertising “factory”, “wholesale”, “clearance” or other seemingly large reductions from a false high original retail (list) price.
- Deceptive Promotion
 - Overstating a product’s features or performance, running rigged or fraudulent contests.
- Deceptive Packaging
 - Exaggerating package contents through untrustworthy design, misleading quantity or quality imagery and misleading labeling

High-Pressure Selling

- Smooth, canned talks to entice purchase.
 - High-pressure selling persuades people to buy goods they neither need nor want.
 - Driven by compensation structures (i.e. high bonus and commission potentials).
 - High-pressure selling ultimately destroys customer relationships and goodwill.

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Shoddy or Unsafe Products

- Includes
 - Poorly made products
 - Products that do not perform well
 - Products that deliver little benefit
 - Harmful products (cause bodily harm, illness, even death)
- How it happens
 - Undue focus on profit, increased production complexity, poorly trained labor, and poor quality control
 - New products without safety track records
 - Outsourcing of production often leads to quality issues

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Russia suspends import and use of American GMO Corn after study revealed cancer risk.

-WALL STREET JOURNAL
SEPT 25, 2012

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Planned Obsolescence

- Refers to:
 - Products needing replacement before they should because they are obsolete. (computers and software)
 - Producers who change consumer concepts of acceptable styles. (clothing and fashion)
 - Intentionally holding back attractive or advanced functional features, and introducing them later to make the old model obsolete. (electronics)

How do consumers attempt to combat Planned Obsolescence?

Poor Treatment of Disadvantaged Consumers

- Examples
 - The poor are forced to shop in smaller stores where they pay more for inferior goods.
 - The poor receive worse service (or no service) at stores.

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Buyers' Rights

- Buyers have the right to:
 1. not buy a product offered for sale.
 2. expect the product to be safe.
 3. expect the product to perform as claimed.
 4. be well informed about important aspects of the product.
 5. be protected against questionable products and marketing practices.
 6. influence products and marketing practices in ways that will improve their “quality of life.”

Consumerism

Consumerism is an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.

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Ethical Issues in Marketing

- **Ethical issues**
 - i. **Ethics and pricing**

Ethical Issues related to pricing may affect competing firms they are discussed below

Ethical Issues in Marketing

i. Ethics and pricing

Predatory Pricing

(also **undercutting**) : is a pricing strategy where a product or service is set at a very low price, intending to drive competitors out of the market, or create barriers to entry for potential new competitors.

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Ethical Issues in Marketing

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Price War- Price war is "commercial competition characterized by the repeated cutting of prices below those of competitors".

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Ethical Issues in Marketing

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Bid rigging is a form of fraud in which a commercial contract is promised to one party even though for the sake of appearance several other parties also present a bid.

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Ethical Issues in Marketing

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Price fixing: is an agreement between participants on the same side in a market to buy or sell a product, service, or commodity only at a fixed price, exploit consumers

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Price Gouging-is selling of products at very high prices which are unreasonable or unfair altogether.

It occurs mostly where there is a sharp rise in demand or a sharp drop in supply.

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Ethical Issues in Marketing

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Price skimming is when the price for a product is first sold at a very high price and then gradually lowered.

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Ethical Issues in Marketing

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Placing a product at a special offer price without making the consumer aware that there is a limited stock/availability

Falsely stating that the product will only be available for a limited time with a view to persuade consumers to make an immediate purchase of the product

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Ethical Issues

- **Ethical issues and distribution**

- **Gray markets**

- Involves the selling of products through channels of distribution that are not authorized

- Slotting allowances demanded by distributors to carry new products

Ethical Issues

- **Shoddy or unsafe products in terms of**
 - quality**
 - Benefits**

product recall: Recall involve return, repair by manufacture and or removal from sale of products in the distribution channels and with consumers because of some actual or perceived safety or quality problem or some legal infringement

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Thank you

Q & A

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