

## Ethical marketing for competitive advantage

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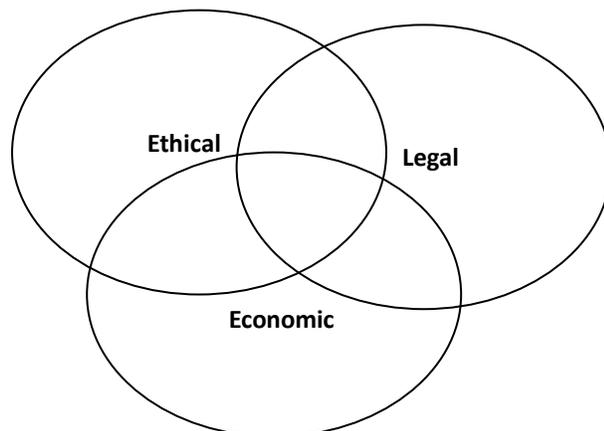
### Introduction

In today's fast-paced and changing business environment, the competitive pressures are intense. Business organizations are tempted to resort to unethical marketing practises for short-term competitive advantage. This article addresses the need for ethical marketing at all times, even at the expense of short-term profitability.

### What is "Ethical Marketing?"

This is where exchange processes between buyers and sellers are carried out in a responsible and caring manner, despite no legal commitments. "Ethics" is defined as self-governing principles. Not everything ethical is legal and this must be borne in mind.

### The relationship between Ethical, Legal and Economic activity



As observed in this diagram, there is overlap between legal, ethical and economic factors. It is not possible to separate these three aspects. Economic profit can effect ethical and legal considerations. Hence, the challenge to modern businesses is to keep all these dimensions in-sync.

## "Ethics" in Marketing

Since Marketing is a discipline that deals with both internal and external stakeholders, there are many ethical factors that need to be addressed. Given below are some of them.

- Ethics in advertising and promotions  
Do not promise in your advertising and promotions what your brand cannot deliver. False claims are not only unethical but also illegal. Avoid "bait-and-switch" type promotions, which can leave a bad taste with everyone.
- The use of children in advertising  
Children are special and should be protected. Using children to endorse brands is unethical, but not illegal. However, ethical marketing is all about using children to endorse products and not brands. For example, a child can say "I love chocolate." This is okay but not a specific brand.
- Ethics is the use of women / girls in advertising  
When women and / or girls are used in advertising, it must be objective based. In other words, what is the purpose of using women unnecessarily, as it portrays a poor image for the organization and brand.
- Sales promotions – ethics  
We observe promotional slogans such as "up to 80% discount." However, the maximum discount provided is 40%! Nothing illegal but certainly unethical!

Another unethical form of promotion refers to offering a discount, but with conditions attached. (mentioned in small print and hardly visible). Customers

are unhappy when they are confronted with unfair rules and limitations. If there are conditions, they should be clearly mentioned together with the discount offered.

➤ Ethics in pricing

Unnecessary price increases to maximise profits are unethical. Why? Because you are unfairly taxing the customers to overpay. Too frequent price changes should also be avoided, since they leave a bad taste among customers.

➤ Ethics in Packaging

The primary purpose of a package is to protect the contents and facilitate easy transportation. However, marketers now use packaging to create emotional attachments among customers. There is nothing wrong about this provided that the packaging cost is not higher than the contents! If this is the case, a question of ethics arises.

➤ Ethics in Product Development

Do not use raw materials that are injurious to the health of customers. Although these raw materials / ingredients may be approved, some of them have harmful effects in the longer term. Usage of such ingredients since approved, does not create a legal issue. Only an ethical aspect, which questions your conscience.

## Ethics and Competitive Advantage

Good, sound ethical marketing practises lead to a sustainable competitive advantage being created. How does this result?

- ✓ Customers are increasingly willing to support organizations and brands that are ethical. (e.g. Body Shop, Marks & Spencer).
- ✓ Ethical practises increase the corporate image and reputation of the organization.
- ✓ Ethical practices increase the share value and even the shareholder base.

- ✓ Less pressure from external stakeholders and regulatory bodies. (since the organization is viewed as ethical).
- ✓ A sound corporate brand and product brands. (increase customer franchise).
- ✓ It is easier to launch new products / brands, since an ethical image has already been established.
- ✓ Support from consumers who are advocates of “Ethical Consumerism.” (they do not purchase fakes, smuggled goods and goods that are considered unethical).

## Conclusion

In an increasingly “consumer centric” world, the consumer is King. Consumers are pampered for choice and some have developed feelings of guilt, due to over consumption and purchase. Hence, many consumers are resorting to “ethical consumerism” and rejecting organizations and brands that are considered unethical. This is growing around the world specially in the wealthiest economies and gradually moving to those that are emerging.

The message to organizations and marketers is clear. Review your practices and become more ethical, to project image and identity.

**“Organizations should examine their hearts and decide if they are just, right and professional in their behaviour.”**

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