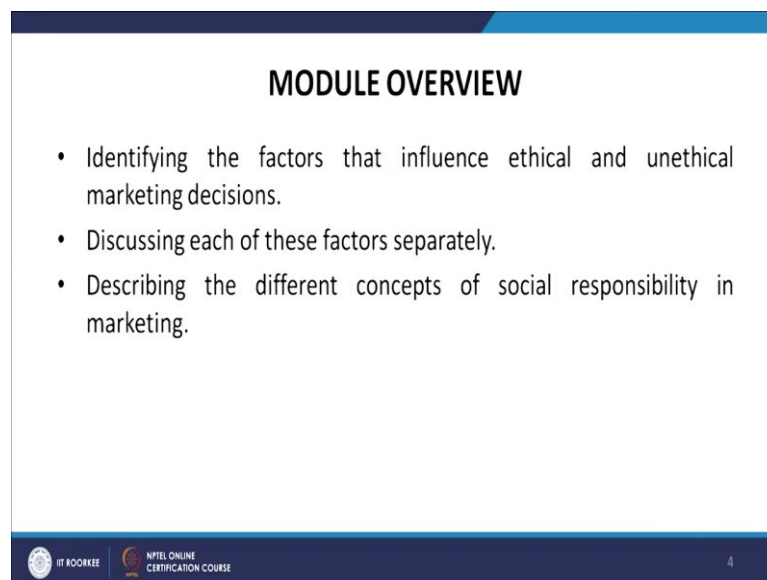


Introduction to Marketing Essentials
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture – 06
Understanding the Marketing Environment,
Ethical Behavior, and Social Responsibility – II

Welcome to Introduction to Marketing Essentials and now, we will move on to module 6. This module 5, and module 6, they cover the third topic in the first part that is understanding the marketing environment, ethical behavior, and social responsibility. So, we have talked about the module 5 and now, we will move on to module 6.

(Refer Slide Time: 00:49)



MODULE OVERVIEW

- Identifying the factors that influence ethical and unethical marketing decisions.
- Discussing each of these factors separately.
- Describing the different concepts of social responsibility in marketing.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 4

In this module, we will try to identify the factors that influence ethical and unethical marketing decisions. We will also discuss each of these factors separately and then we will describe the different concept of social responsibility in marketing.

To start with laws may be understood as the systematic set of universally accepted rules and regulations created by an appropriate authority such as a government.

(Refer Slide Time: 01:28)

INTRODUCTION

- Laws may be understood as the systematic set of universally accepted rules and regulations created by an appropriate authority such as government.
- Laws can be enforced, by imposing penalties.
- While as ethics are the principles that guide a person or society, created to decide what is right or wrong, in a given situation.
- It regulates a person's behavior or conduct, by applying the moral rules and guidelines.
- The following slides discuss *ethical behavior* and *social responsibility* in marketing.

IIT ROORKEE NPEL ONLINE CERTIFICATION COURSE 5

So, they are a systematic set of universally accepted rules and regulations. All laws are systematic set of universally accepted rules and regulations which are created by whom? By an appropriate authority such as the government of that country or state or the district. Laws can be enforced by imposing penalties. While as ethics are the principles that guide a person or society created to decide what is right or wrong in a given situation.

So, you see that there is a difference between laws and ethics. Ethics are the principles that guide a person or society created to decide what is right or wrong in any given situation. So, it regulates a person behavior or conduct by applying the moral rules and guidelines. In this there are some modern rules and guidelines that we are talking of. The following slides we will discuss ethical behavior and social responsibility in marketing.

(Refer Slide Time: 02:43)

ETHICAL MARKETING BEHAVIOR

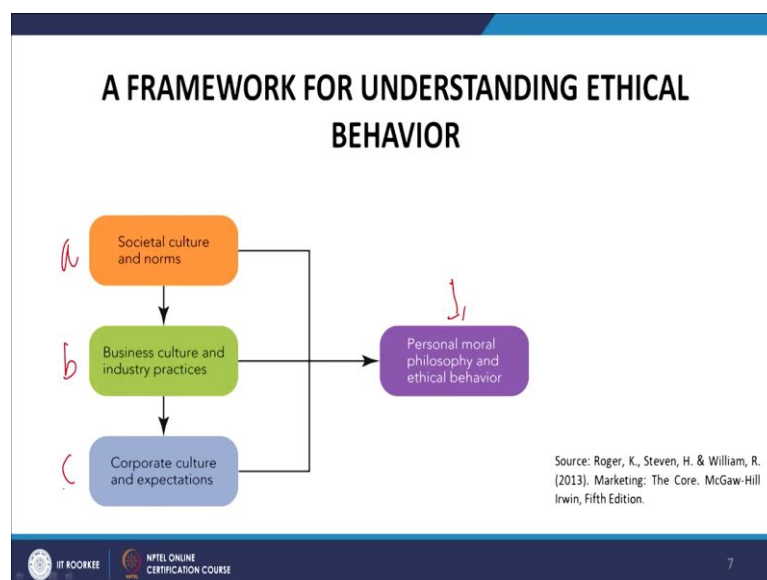
- **Ethics** are the moral principles and values that govern the actions and decisions of an individual or group.
- They serve as guidelines on how to act rightly and justly when faced with moral dilemmas.
- Researchers have identified numerous factors that influence ethical marketing behavior (as shown in the figure on the next slide).

o

IT ROORKEE NPTL ONLINE CERTIFICATION COURSE 6

Now, let us look at the ethical marketing behavior. Ethics are the moral principles and values that govern the actions and decisions of an individual or a group. They serve as guidelines on how to act rightly and justly when faced with moral dilemmas. Researchers have identified numerous factors that influence ethical marketing behavior. So, as will be shown in the figure in the next slide.

(Refer Slide Time: 03:16)



So, this is the figure, this is the framework for understanding ethical behavior. This box is on personal moral philosophy and ethical behavior, while here we have this societal

cultures and norms, then we have business culture and industry practices and then we have corporate culture and expectations.

(Refer Slide Time: 03:46)



SOCIETAL CULTURE AND NORMS

- **Culture** refers to the set of values, ideas, and attitudes that are learned and shared among the members of a group.
- Culture also serves as a socializing force that dictates what is morally right and just.
- This means that moral standards are relative to particular societies.
- These standards often reflect the laws and regulations that affect social and economic behavior, which can create ethical dilemmas.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 8

So, what is societal culture and norms? So, as we have seen in module 5, culture refers to a set of values, ideas and attitudes that are learned and shared among the members of a group.

Culture also serves as the socializing force that dictates what is morally right and just. This means that moral standards are relative to particular societies. So, this moral standard is having always to be looked upon on the basis of a particular society. So, as the society make changes the moral standards may also change.

So, that is why different societies have different moral standards. These standards often reflect the laws and regulations that affect social and economic behavior and that is why this can create ethical dilemma.

(Refer Slide Time: 04:50)

SOCIETAL CULTURE AND NORMS

- UPS, the world's largest package delivery company operating in more than 200 countries worldwide, follows the ethics program which is global in nature.
- They follow a consistent set of ethical standards across the globe, irrespective of the changing societal culture.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 9

For example, UPS, the world's largest package delivery company operating in more than 200 countries worldwide; follow the ethics program which is global in nature. They follow a consistent set of ethical standards across the globe irrespective of the changing society societal culture.

So, this UPS has a consistent set of ethical standards that they use across the globe, not just in one country. Now, let us look at the business culture and the industry practice.

(Refer Slide Time: 05:40)

BUSINESS CULTURE AND INDUSTRY PRACTICES

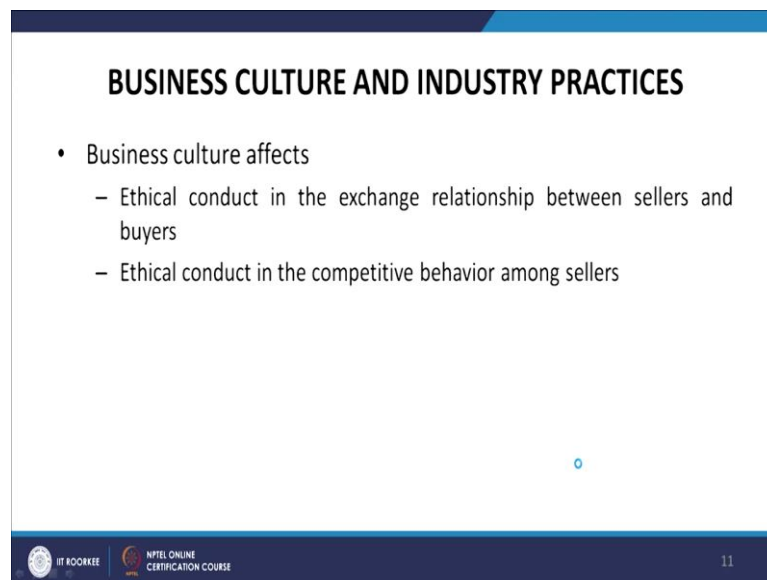
- **Societal culture** provides a foundation for understanding moral behavior in business activities.
- **Business cultures** comprise:
 - 1 – The effective rules of the game,
 - 2 – The boundaries between competitive and unethical behavior, [and]
 - 3 – The codes of conduct in business dealings.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 10

Societal cultures provide a foundation for understanding moral behavior in business activities and the business culture comprises of one the effective rule of the game, the second is the boundaries between competitive and unethical behavior and the third is the code of conduct in business dealings.

So, this these are the three things that a business culture is made up of what are the effective rules of the game, the boundaries between competitive and unethical behavior, because and the code of conducting business dealings. Now, you see that there are no clear cut demarcations in these and the boundaries are fuzzy. So, that is why there is a need to have some ethical behavior that governs these boundaries.

(Refer Slide Time: 06:21)



BUSINESS CULTURE AND INDUSTRY PRACTICES

- Business culture affects
 - Ethical conduct in the exchange relationship between sellers and buyers
 - Ethical conduct in the competitive behavior among sellers

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 11

So, business culture affects ethical conduct in the exchange relationships between sellers and the buyers and ethical conduct in the competitive behavior among sellers.

(Refer Slide Time: 06:36)

BUSINESS CULTURE AND INDUSTRY PRACTICES

ETHICS OF EXCHANGE

- Ethical exchanges between sellers and buyers should result in both parties being better off after a transaction.
- The exchange process is central to the marketing concept.
- Consumer Protection Act, 2019 has recently replaced the three decade old Consumer Protection Act, 1986.
- Introduction of a central regulator, strict penalties for misleading advertisements and guidelines for e-commerce and electronic service providers are some of the key highlights of the new Act.

IIT ROORKEE NIPTEL ONLINE CERTIFICATION COURSE 12

Now, let us look at the ethics of exchange ethical exchanges between sellers and buyers should result in both parties being better off after that transaction. So, the exchange process is central to the marketing concept. This exchange process is central to the marketing process and; obviously, this exchange process should also be ethical at the same time.

Consumer Protection Act, 2019 has recently replaced the 3-decade old Consumer Protection Act, 1986. Introduction of a central regulators, strict penalty for misleading advertisement and guidelines for e-commerce and electronic service providers are some of the key highlights of this new Act.

(Refer Slide Time: 07:30)



BUSINESS CULTURE AND INDUSTRY PRACTICES

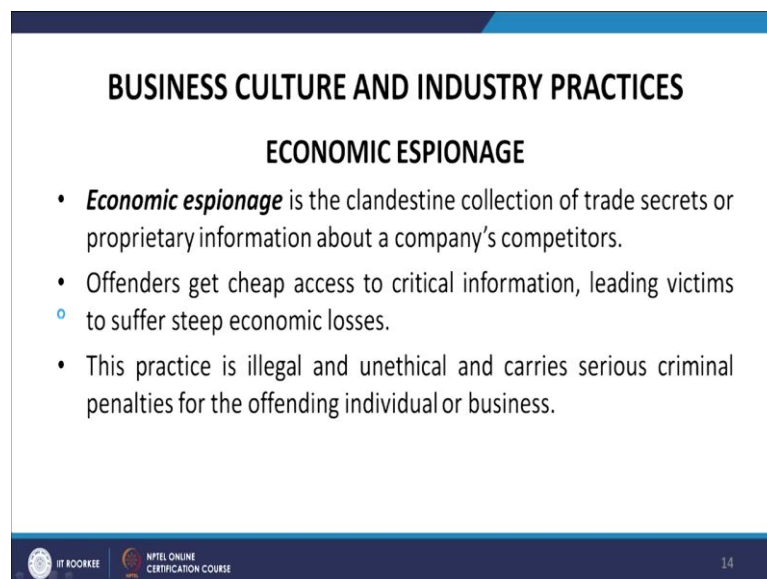
ETHICS OF COMPETITION

- Two kinds of unethical competitive behavior are most common:
 - 1 – Economic espionage
 - 2 – Bribery

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 13

Then what are the ethics of competition? There are two kinds of unethical competitive behavior that are most common; the first is economic espionage and the second is bribery, first and second. So, we are talking of ethics of competition.

(Refer Slide Time: 07:52)



BUSINESS CULTURE AND INDUSTRY PRACTICES

ECONOMIC ESPIONAGE

- **Economic espionage** is the clandestine collection of trade secrets or proprietary information about a company's competitors.
- Offenders get cheap access to critical information, leading victims to suffer steep economic losses.
- This practice is illegal and unethical and carries serious criminal penalties for the offending individual or business.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 14

What is economic espionage? Economic espionage is the clandestine collection of trade secrets or proprietary information about a company's competitor.

Offenders get cheap access to critical information, leading victims to suffer steep economic losses. This practice is illegal and unethical and carries serious criminal penalties for the offending individual or businesses.

(Refer Slide Time: 08:24)

BUSINESS CULTURE AND INDUSTRY PRACTICES

ECONOMIC ESPIONAGE

- Espionage activities include:
 - Illegal trespassing, theft, fraud, misrepresentation,
 - Wiretapping, the search of a competitor's trash, and
 - – Violations of written and implicit employment agreements with noncompeting clauses.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 15

This espionage activity it they include: illegal trespassing, thefts, fraud and misrepresentations, wiretapping, the search of a competitors' trash, and violations of written and implicit employee agreements with non competing clauses.

(Refer Slide Time: 08:46)

BUSINESS CULTURE AND INDUSTRY PRACTICES

BRIBERY

- This practice is more common in business-to-business and government marketing than in consumer marketing.
- In general, bribery is most evident in industries experiencing intense competition and in countries in the earlier stages of economic development.
- According to a United Nations study, 40 percent of all companies in Asian countries have to pay bribes to win or retain business.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 16

What is bribery? The practice is more common in business to business and government marketing than in consumer marketing. In general, bribery is most evident in industries experiencing intense competition. Too many competitors trying to sell the same kind of products to a small set of consumers. So, in general bribery is most evident in industries experiencing intense competition and in countries in the earlier stages of economic development.

According to a United Nations study 40 percent of all companies in Asian countries have to pay bribes to win or retain businesses. Now, you see that this is a huge amount of companies giving bribes, in order to get or to retain the existing businesses.

(Refer Slide Time: 09:48)

CORPORATE CULTURE AND EXPECTATIONS

- A third influence on ethical practices is corporate culture.
- **Corporate culture** is the set of values, ideas, and attitudes that is learned and shared among the members of an organization.
- The culture of a company demonstrates itself in the dress, sayings, and manner of work of employees.
- Culture is also apparent in the expectations for ethical behavior present in formal code of ethics and the ethical actions of top management and co-workers.

IIT ROORKEE NPIEL ONLINE CERTIFICATION COURSE 17

Now, what is corporate culture and expectations? A third influence on ethical practices is corporate culture. So, what is corporate culture? So, we have seen what is culture, so now we will talk about what is corporate culture. It is the set of values, ideas and attitudes that is learned and shared among the members of an organization.

So, now, we are talking about those values, ideas and attitudes that are learned and shared among the members of the organization, not the members of a society. Now, we are talking of members of an organization.

The culture of a company demonstrates itself where? In the dress, that people wear, sayings, how do they talk and the manner of work of employees. So, how do they dress,

how do they talk, and the manner in which they work, so that reflects the culture of a company. Culture is also apparent in the expectations for ethical behavior present in formal code of ethics and the ethical action of top management and co-workers.

(Refer Slide Time: 11:05)



The slide features a dark blue header with the title 'CORPORATE CULTURE AND EXPECTATIONS' in white. Below the header, the sub-heading 'CODE OF ETHICS' is centered. Two bullet points are listed, defining a code of ethics and its typical content. The footer contains logos for IIT Roorkee and NPTEL Online Certification Course, along with the slide number '18'.

CORPORATE CULTURE AND EXPECTATIONS

CODE OF ETHICS

- A **code of ethics** is a formal statement of ethical principles and rules of conduct.
- Codes of ethics typically address contributions to government officials and political parties, customer and supplier relations, conflicts of interest, and accurate recordkeeping.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 18

What is code of ethics? A code of ethics is a formal statement of ethical principles and rule of conduct. Now, you see that in an organization people from across different parts of the country or the different parts of the world they may be working, they may be coming from different educational backgrounds and different countries across the world, they may be male or female, their age may be different.

So, now how to bring all of them on a on a single platform? So for that a code of ethics is required. This code of ethics is the formal statement of ethical principles and rules of conduct. Code of ethics typically address contribution to government officials and political parties, customers and supplier relations, conflict of interest and accurate record keeping.

(Refer Slide Time: 12:04)

CORPORATE CULTURE AND EXPECTATIONS

ETHICAL BEHAVIOR OF TOP MANAGEMENT AND CO-WORKERS

- One reason for violating codes of ethics rests in the perceived behavior of top management and coworkers.
- Observing peers and top management and gauging responses to unethical behavior play an important role in individual actions.
- Ethical dilemmas can bring personal and professional conflict.
- For this reason, numerous states have laws protecting whistleblowers, employees who report unethical or illegal actions of their employers.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 19

What is the ethical behavior of top management and co-workers? One reason for violating code of ethics just in the perceived behavior of top management and the co-workers. Observing peers and top management and gauging responses to unethical behavior play an important role in individual actions. Ethical dilemmas can bring personal and professional conflict.

So, you see how dangerous this ethical dilemma is that it can bring in both the personal and professional conflict and for this reason numerous states have laws protecting whistleblowers, employees who report unethical or illegal action of their employers.

(Refer Slide Time: 12:55).

CORPORATE CULTURE AND EXPECTATIONS

PERSONAL MORAL PHILOSOPHY AND ETHICAL BEHAVIOR

- **Moral philosophy** is learned through the process of socialization with friends and family and by formal education.
- It is also influenced by the societal, business, and corporate culture in which a person finds him- or herself.
- Two prominent personal moral philosophies have direct bearing on marketing practice:
 - 1 – Moral idealism
 - 2 – Utilitarianism

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 20

Now, let us try to understand what is moral what is personal moral philosophy and ethical behavior. Moral philosophy is learned through the process of socialization with friends and family and by a formal education. It is also influenced by the societal, business and corporate culture in which a person finds himself or herself. Two prominent personal moral philosophies have direct bearing on the marketplace; one is moral idealism and the second is utilitarianism.

(Refer Slide Time: 13:34)

CORPORATE CULTURE AND EXPECTATIONS

1. MORAL IDEALISM

- **Moral idealism** is a personal moral philosophy that considers certain individual rights or duties as universal, regardless of the outcome.
- For example, the “right to know” applies to probable defects in an automobile that relate to safety.
- This philosophy also applies to ethical duties.
- An example of a fundamental ethical duty is to do no harm.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 21

What is moral idealism? That is the first one. What is moral idealism? Moral idealism is the persons' moral philosophy that considers certain individual rights or duties as universal, regardless of the outcome.

For example, the right to know applies to probable defects in an automobile that relate to safety. This philosophy also applies to ethical duties. An example of a fundamental ethical duty is to do no harm.

(Refer Slide Time: 14:10)

CORPORATE CULTURE AND EXPECTATIONS

MORAL IDEALISM

- For example, adherence to the fundamental ethical duty prompted 3M executives to phase out production of a chemical 3M had manufactured for nearly 40 years.
- Believing that the substance could be possibly harmful in large doses, 3M voluntarily stopped its production, resulting in a \$200 million loss in annual sales.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 22

For example, adherence to the fundamental ethical duty prompted 3M executive to phase out production of a chemical 3M had manufactured for nearly 40 years.

So, this 3M is the company it used to manufacture a chemical for nearly 40 years, but the ethical duty of its executives forced the company to phase out the production of this harmful chemical. Believing that the substance could be possibly harmful in large doses, 3M voluntarily stopped this production, resulting in a dollar 200 million loss in annual sales.

(Refer Slide Time: 14:52)

CORPORATE CULTURE AND EXPECTATIONS

UTILITARIANISM

- An alternative perspective on moral philosophy is **utilitarianism**.
- It is a personal moral philosophy that focuses on “**the greatest good for the greatest number**” by assessing the costs and benefits of the consequences of ethical behavior.
- If the benefits exceed the costs, then the behavior is ethical. If not, then the behavior is unethical.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 23

What is utilitarianism? An alternative perspective of moral philosophy is utilitarianism. It is the personal moral philosophy. Now, you see that this is a personal moral philosophy not the organization moral philosophy that focuses on the greatest good for the greatest number, by assessing the cost and benefit of consequences of ethical behavior, if the benefits exceed the cost, then the behavior is ethical if the benefits are less than the cost then the behavior is unethical.

(Refer Slide Time: 15:33)

SOCIAL RESPONSIBILITY IN MARKETING

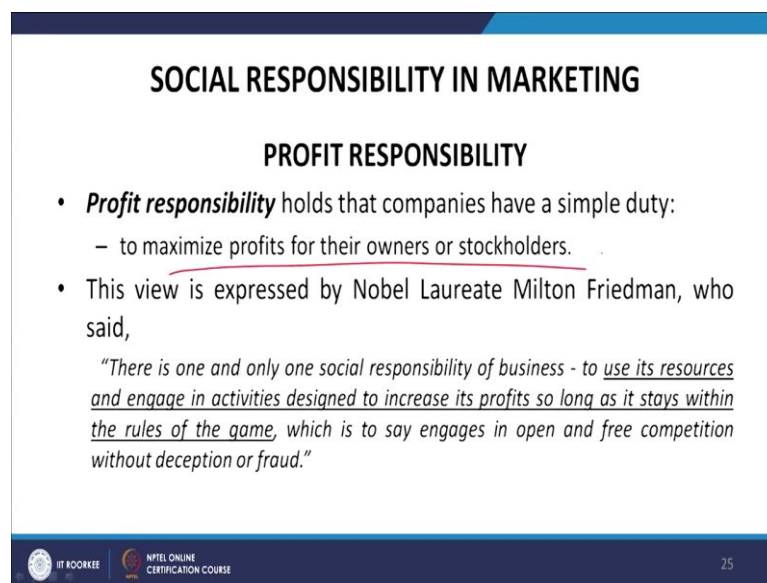
- **Social responsibility** refers to the idea that organizations are part of a larger society and are accountable to that society for their actions.
- There are three concepts of social responsibility:
 - 1 – Profit responsibility
 - 2 – Stakeholder responsibility
 - 3 – Societal responsibility

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 24

Another important concept or issue current trend in marketing is that of social responsibility. This social responsibility refers to the idea that organizations are part of a large society and are accountable to that society for their actions.

So, this company is accountable to not only to the customers and suppliers, but also society. So, there are three concepts of social responsibility; one is the profit responsibility, the second is stakeholder responsibility, and the third is societal responsibility.

(Refer Slide Time: 16:19)



SOCIAL RESPONSIBILITY IN MARKETING

PROFIT RESPONSIBILITY

- **Profit responsibility** holds that companies have a simple duty:
 - to maximize profits for their owners or stockholders.
- This view is expressed by Nobel Laureate Milton Friedman, who said,
"There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say engages in open and free competition without deception or fraud."

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 25

What is profit responsibility? So, profit responsibility holds that companies have a simple duty to maximize profits for their owners or stockholders. So, this view was expressed by Nobel Laureate Milton Friedman, who said, there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profit. So, long as it stays within the rules of the game, which is to say engage in open and free competition without deception and fraud.

(Refer Slide Time: 17:00)

SOCIAL RESPONSIBILITY IN MARKETING

STAKEHOLDER RESPONSIBILITY

- Criticism of the profit view has led to a broader concept of social responsibility, that is, stakeholder responsibility.
- **Stakeholder responsibility** focuses on the obligations an organization has to those who can affect achievement of its objectives.
- These constituencies include
 - 1 - Consumers
 - 2 - Employees
 - 3 - Suppliers
 - 4 - Distributors

IT ROORKEE | NIFEL ONLINE CERTIFICATION COURSE 26

What is stakeholder responsibility? Stakeholder responsibility is the criticism of the profit view. So, the profit view was that to maximize profit for the owners and the stockholders then came another view that is the stakeholders' responsibility. So, what is the stakeholders' responsibility? That is the criticism of the profit view that has led to a broader concept of social responsibility that is the stakeholder responsibility.

So, this stakeholder responsibility focuses on the obligation and organization has to those who can affect achievement of its objective. Social responsibility focuses on obligations, obligations for whom? Who can affect achievement of its objectives. So, these constituencies these groups include one is are the consumers, second are the employees, third are the suppliers, and fourth are the distributors. So, these are the four constituencies that can affect achievement of the objectives of this company.

(Refer Slide Time: 18:19)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY

- An even broader concept of social responsibility has emerged in recent years, that is, societal responsibility.
- **Societal responsibility** refers to obligations that organizations have
 - 1 - To the preservation of the ecological environment
 - 2 - To the general public

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 27

What is societal responsibility and even broader concept of social responsibility has emerged in recent years and that is called as societal responsibility what is societal responsibility? It refers to obligations that organizations have, for what? First is to is the preservation of the ecological environment and the second is to the general public.

(Refer Slide Time: 18:51)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY

- Today, emphasis is placed on the **triple-bottom line**.
- Recognition of the need for organizations to improve the state of **People**, the **Planet**, and **Profit** simultaneously is necessary if they are to achieve sustainable, long-term growth.
- Growing interest in green marketing, cause marketing, social audits, and sustainable development reflects this recognition.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 28

So, this social responsibility emphasizes on the triple bottom line approach. Recognition of the need for organizations to improve the state of people, the planet, and the profit simultaneously is necessary if they are to achieve sustainable, long term growth. So,

these are the three bottom lines People, Planet, and Profit and it is necessary for the sustainable and long term growth. Growing interest in green marketing, cause marketing, social audits, and sustainable development reflects this recognition.

(Refer Slide Time: 19:36)



SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (GREEN MARKETING)

- **Green marketing** refers to the marketing efforts to produce, promote, and reclaim environmentally sensitive products.
- **Example 1:** Xerox's "**Design for the Environment**" program focuses on ways to make its equipment recyclable and re-manufacturable.
- Today, 100 percent of Xerox designed products are re-manufacturable.
- This effort has kept more than 2.3 billion pounds of equipment from being discarded in U.S. landfills.

IT ROOKIE NPTEL ONLINE CERTIFICATION COURSE 29

What is green marketing? Green marketing refers to the marketing efforts to produce, promote, and reclaim environmental sensitive products. Example Xerox's Design for the Environmental program focuses on ways to make its equipment recyclable and re-manufacturable.

Today 100 percent of Xerox designed products are re-manufacturable. So, there is nothing left, every product that they make they can be remanufactured again. So, there are no waste that will land up in a landfill and then it may affect the environment and the groundwater. These efforts have kept more than 2.3 billion pounds of equipment from being discarded in U.S. landfills.

(Refer Slide Time: 20:27)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (GREEN MARKETING)

- Example 2: Wipro Infotech
- Wipro Infotech, is the first IT company to launch its new eco-friendly Wipro Greenware desktops, manufactured with materials completely free of deadly chemicals like polyvinyl chloride (PVC) and brominated flame retardants (BFRs) in India.

 30

Another example is that of Wipro Infotech. Wipro Infotech, is the first IT company to launch its eco-friendly Wipro Greenware desktops, manufactured with material completely free of deadly chemicals like polyvinyl chloride that is commonly known as P V C and brominated flame retardants that are called as B F Rs in India.

(Refer Slide Time: 20:54)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (GREEN MARKETING)

- Example 3: Eco Labels
- Eco-labels identify the environment friendly products and services.
- Eco-label criteria guarantee that a given product or service is fit for use, and will have reduced environmental impact throughout its life.



 31

The third example is that of eco labels. Eco labels identify the environmental friendly products and services. Eco label criteria guarantee that a given product or service is fit for use and will have reduced environmental impact through outs its life. These are the

various equal labels that you can find on various product and they ensure they are given only to those products that have reduced environmental impact throughout the product lifecycle.

(Refer Slide Time: 21:30)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (CAUSE MARKETING)

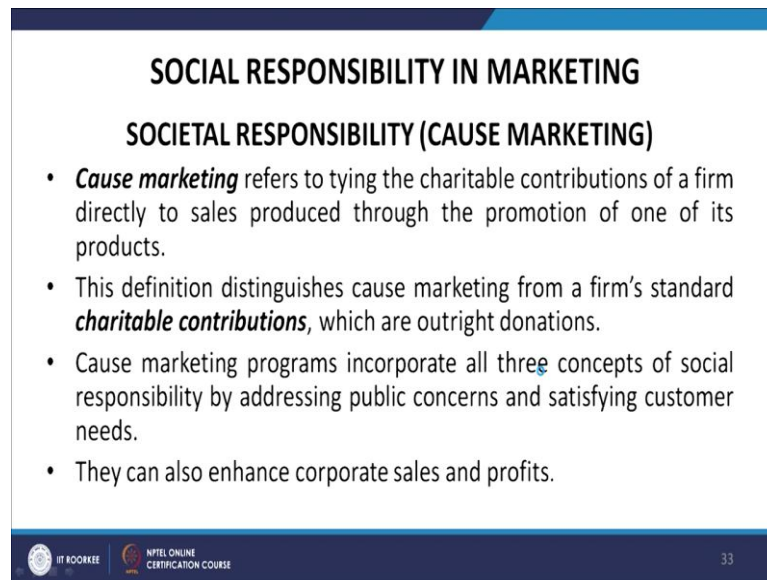
- In today's time, there is a plethora of advertisements and multiple mediums of reaching out to the target consumer.
- Companies are looking for different ways to break through the clutter and differentiate themselves in the eyes of the consumer.
- Cause-related marketing has become a successful and relevant strategy as it ties the consumer to the brand with more than just the product, but a relevant cause that they believe in.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 32

What is cause marketing? In today's time, there is a plethora of advertisements and multiple mediums of reaching out to the target consumers. A companies they keep on looking for different ways to break through the clutter and differentiate them self in the eyes of the consumers. This cause related marketing has become a successful and relevant strategy as it ties the consumers to the brand with more than just the product, but a relevant call, but a relevant cause that the consumer believes in.

So, now this cause related marketing is being used to tie the brand with the consumer, which cause? The cause that is relevant to our consumers.

(Refer Slide Time: 22:21)



SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (CAUSE MARKETING)

- **Cause marketing** refers to tying the charitable contributions of a firm directly to sales produced through the promotion of one of its products.
- This definition distinguishes cause marketing from a firm's standard **charitable contributions**, which are outright donations.
- Cause marketing programs incorporate all three concepts of social responsibility by addressing public concerns and satisfying customer needs.
- They can also enhance corporate sales and profits.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 33

Cause marketing refers to tying the charitable contribution of firm directly to sales produced through the promotion of one of its products. This definition distinguishes cause marketing from a firms' standard charitable contributions, which are outright donations.

So, money spent on this cause marketing is not counted as charitable donations or charitable contributions. Cause marketing programs incorporate all the three concepts of social responsibility by addressing public concerns and satisfy consumer needs. They can also enhance corporate sales and profits, because the consumer may think that they are doing very good, they are promoting a cause, they are spending money in that. So, that will affect the consumers and they may come back or they may buy more from this company.

(Refer Slide Time: 23:19)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (CAUSE MARKETING)

- Procter & Gamble, for example, raises funds for the Special Olympics when consumers purchase selected company products.
- MasterCard International links usage of its card with fund-raising for institutions that combat cancer, heart disease, child abuse, drug abuse, and muscular dystrophy.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 34


Procter and gamble for example, raises funds from the Special Olympics when consumers purchase selected company products. MasterCard international links usage of its card with fundraising for institutions that combat cancer, heart disease, child abuse, drug abuse, and muscular dystrophy.

(Refer Slide Time: 23:43)

SOCIAL RESPONSIBILITY IN MARKETING

SOCIETAL RESPONSIBILITY (CAUSE MARKETING)

- Example: P&G Shiksha
- Shiksha attempts to address the cause of the right to education by building and supporting schools in India.
- When consumers buy any of the P&G products, the company contributes to the Shiksha initiative.
- The advertising strategy urges consumers to make a conscious choice of choosing P&G products for a better India.


Padhega India. Badhega India.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 35

Another example is P and G Shiksha, this Shiksha attempts to address the cause of the right to education by building and supporting schools in India. When consumers buy any of the P and G products, the company contributes to the Shiksha initiative. The

advertising strategy urges consumers to make a conscious choice of choosing P and G product for a better India.

(Refer Slide Time: 24:12)



SUSTAINABLE DEVELOPMENT

- Sustainable development involves conducting business in a way that protects the natural environment while making economic progress.
- Companies that evidence societal responsibility have been rewarded for their efforts.
- Research has shown that these companies:
 - 1 – Benefit from favorable word of mouth among consumers
 - 2 – Typically outperform less responsible companies in terms of financial performance.


IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 36

Next is sustainable development. So, sustainable development involves conducting business in a way that protects the natural environment while making economic progress.

So, it is about achieving both these objectives at the same times, preserving the national environment and also the economic progress. It is not that the natural environment will be protected while sacrificing the economic progress and it is also not that the economic progress will be made by sacrificing the national environment. So, sustainable development focuses on achieving both of them at the same time.

Companies that evidence social responsibility have been rewarded for their efforts. The research has shown that these companies; first benefit from favorable word of mouth among consumers and second typically outperform less responsible companies in terms of financial performance.

(Refer Slide Time: 25:22)




SUSTAINABLE DEVELOPMENT

- Ecologically responsible initiatives such as green marketing represent one initiative toward sustainable development.
- Recent initiatives related to working conditions at offshore manufacturing sites that produce goods for U.S. companies focus on quality-of-life issues.
- Public opinion surveys show that 90 percent of U.S. citizens are concerned about working conditions under which products are made in Asia and Latin America.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 37

Ecologically responsible initiatives such as green marketing represents one initiative towards sustainable development. So, that green marketing is one initiative of sustainable development. Recent initiatives related to working conditions at offshore manufacturing sites that produce goods for U.S companies focus on quality of life issues. Public opinion surveys show that 90 percent of U.S. citizens are concerned about working condition under which products are made in Asia and Latin America.

(Refer Slide Time: 26:00)



SUSTAINABLE DEVELOPMENT

- Companies such as Reebok, Nike, Liz Claiborne, Levi Strauss, and Mattel have responded by imposing codes of conduct to reduce harsh or abusive working conditions at offshore manufacturing facilities.
- Reebok, for example, now monitors production of its sporting apparel and equipment to ensure that no child labor is used in making its products.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 38

Companies such as Reebok, Nike, Liz Claiborne, Levi Strauss and Mattel have responded by imposing code of conducts has responded by imposing codes of conduct to reduce harsh or abusive working conditions at offshore manufacturing facilities. Reebok, for example, now monitors production of its sporting apparels and equipments to ensure that no child labor is used in making its products. To conclude this module and also the first part, we started this module by introducing a framework to understand ethical behavior.

(Refer Slide Time: 26:50)

CONCLUSION

- We started this module by introducing a framework to understand ethical behaviour.
- Each factor influencing the ethical behaviour was discussed separately, which included the following:
 - 1 – Social culture and norms
 - 2 – Business culture and industry practices
 - 3 – Corporate culture and expectations, and
 - Personal moral philosophy and ethical behaviour.
- At last different concepts related to social responsibility in marketing were discussed.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 39

Each factor influencing the ethical behavior was discussed separately, which included the following; the social cultures and norm one, second is the business culture and industry perspective, the third is corporate culture and expectations, and the fourth one is personal moral philosophy and ethical behavior. At last different concept related to social responsibility in marketing were discussed.

(Refer Slide Time: 27:19)

REFERENCES

- Roger, K., Steven, H. & William, R. (2013). *Marketing: The Core*. McGraw-Hill Irwin, Fifth Edition.
- Kotler, P., & Keller, K. L. (2016). *Marketing Management*. England: Pearson, Fifteenth Global Edition
- Kurtz, D. L., & Boone, L. E. (2012). *Principles of Contemporary Marketing*. South-Western, Fifteenth Edition.

◦

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 40

And these are the three books from which the material for this module was used.

Thank you.