

The Ethical Corporation
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Lecture - 33
Consumer Ethics: Duty of a Corporation in Marketing Communication and Promotion

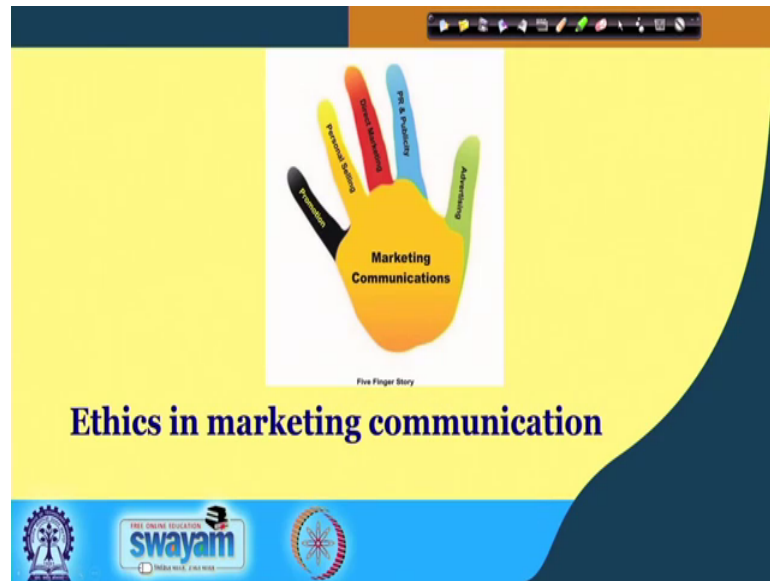
Hello, we are going to talk about important issues here and this is our lecture 33 on the 7th module. We are still talking about Consumer Ethics and the Duty of a Corporation, but today our focal point will be Marketing Communication and Promotion.

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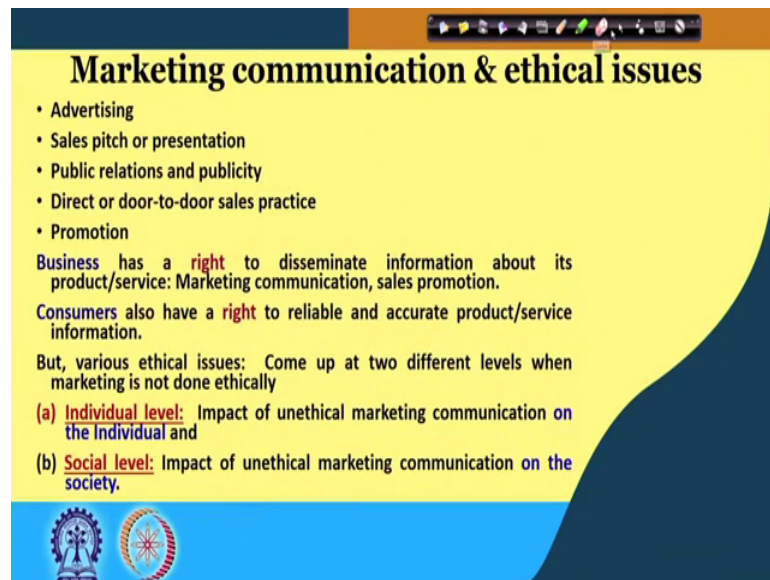
So, the way I have thought about the content is that we are talking about the duty of a corporation in marketing communication. When I said duty I mean ethical duty, specifically we will talk about advertisement and the ethical issues that it can give rise for individuals, that is some persons at the personal level and advertisement and ethical issues, that it can create for the society.

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So, this is our on our agenda today, our general topic is going to be ethics in marketing communication.

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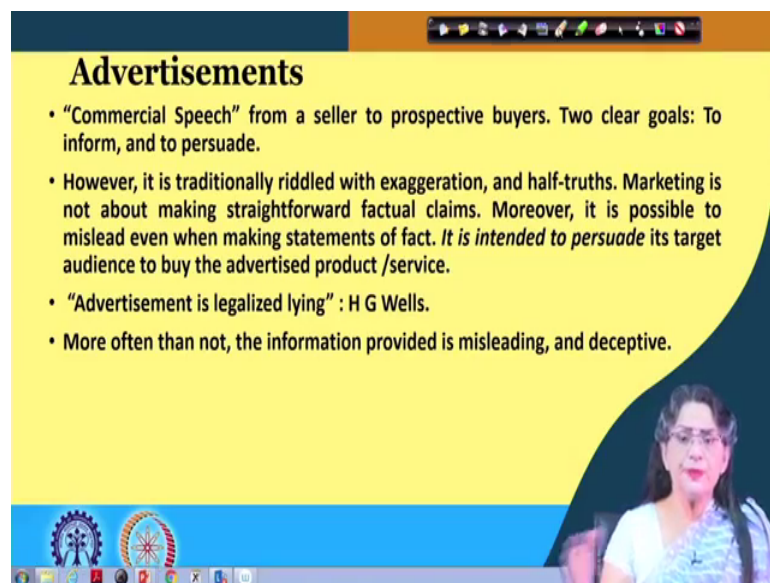


You see marketing communication is a mixture of many things among which advertising clearly is one important component, but then there are so many other components. For example, the PR and the publicity, then direct sales, promotion so all of this is marketing communication. This is the corporation's communication with the consumers or probable potential consumers regarding the product and the service.

And it is absolutely within the right of a business to do that because it needs to disseminate, it needs to the world about its product. So, that is what marketing communication basically is and together with it; obviously, the business has right to promote its product or service; so, there is a sales promotion. Similarly, if you look at it from the consumers perspective, consumers surely they also have a right to know about the product and the service.

So, they basically need to have an accurate information, reliable information before they can make the purchase decision. However, various ethical issues can come up from marketing communication, that is the point when it is not done with ethical sensitivity there can be problems. The problems can occur at two different levels; one at the individual level that is at the personal level; how it affects a person. And then at the societal level that is how our society gets affected by the marketing communication, when it is not done responsibly. So, we will take a look at some of these issues together.

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Advertisements

- "Commercial Speech" from a seller to prospective buyers. Two clear goals: To inform, and to persuade.
- However, it is traditionally riddled with exaggeration, and half-truths. Marketing is not about making straightforward factual claims. Moreover, it is possible to mislead even when making statements of fact. *It is intended to persuade* its target audience to buy the advertised product /service.
- "Advertisement is legalized lying" : H G Wells.
- More often than not, the information provided is misleading, and deceptive.

The slide features a yellow background with a dark blue curved shape on the right side. At the bottom, there is a blue bar containing logos of institutions and a video inset of a woman with glasses speaking.

You see commercial speech from a seller to the prospective buyers is what the advertisements are. I said I will specifically talk about advertisements as part of the marketing communication package and that is what we are doing. So, advertisements are suddenly a kind of a special communication. It has very clear goals to inform the consumers about the product and the service and also there is this built in premise to persuade, to persuade the consumer or the customers to buy to purchase that product.

So, this is what advertisements are; however, there is a built in component in advertisement which talks in superlative terms about the product or the service. So, there is a bit of an exaggeration, there are some half truths sometimes built in; its not marketing is never just a factual statement about a product because, nobody then would be interested. If you just said this is a spoon that I want to sell, people you would not catch people's attention. So, there are this kind of components there in advertisement by its very nature it because, as I told you its intention is to persuade.

So, you need to use certain kind of a strategies to get the consumers attention, to make the consumer feel that he or she needs this product or service. It is H G Wells who put it in a sort of ironical way that advertisement is legalized lying because, it is not entirely the truth; however, there is a fine line here. So, what I have just said is that by nature advertisement contains some exaggeration.

When does it become ethically objectionable? And that is when there is a deception element in there or there is a misleading component is there which is supposed to create some false hopes, false information in the consumers. I will give a small example here, just to grab your attention.

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- However, it is traditionally riddled with exaggeration, and half-truths. Marketing is not about making straightforward factual claims. Moreover, it is possible to persuade its target

deceptive.

marco's
PIZZA
One free 8" Pizza
style garlic bread when ordering any pizza. (1 per coupon)

132, Tower Road, Sliema MALTA (Next door to Tex Mex) Tel: 2132 3322
Terms and conditions: Not exchangeable for cash. Not valid for delivery. Offer valid only for dine-in orders. Offer subject to change without notice. Valid until end June 2009.
www.altanetworkresources.com

Can you quickly tell what the advertisement is selling here? If you thought it is about one free 8 inches pizza, you are misled. Read it again closely this time, what they are selling is basically an free 8 inches pizza style garlic bread when you order any pizza. So, you

have to buy a pizza to get this 8 inch pizza style garlic bread. So, that is the cleverness or the kind of comment that the advertisement, they wanted to create this impression that its written in such large letters that it is supposed to grab your attention and it is supposed to lure you to this place to buy this. So, this is what we were talking about.

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Advertisement impact: At the individual level

- If **misleading**, it creates false impressions: "Upto 5 years guarantee".
- GlaxoSmithKline Consumer Healthcare (2017): Hauled up by Advertising Standards Council of India (ASCI) for misleading advertisements about Horlicks: "Horlicks now has two times higher immune-nutrients, that helps support your child's immunity and make him taller, stronger, sharper, Strong inside. Taller, Stronger, Sharper outside".

Considered as **inadequately substantiated** and misleading by implication of enhancement of immunity.

- Sometimes these are deliberately created: **Deception**, Interfering with free choice of consumers.
- Bharati Airtel pulled up by ASCI (2017): For its misleading claim of recharge of Rs 29 advertised as "Mahiney bhar ka internet": 75 MB of data at Rs 29 recharge with validity of 30 days. The advertisement depicted tabs for Facebook and YouTube. Implied that data may be used for these Apps. But 75 MB is not likely to last for a month for use of those apps.

Therefore, at the individual level this component is always problematic; namely when it crosses a certain line and the advertisement becomes misleading. It creates false impressions for example, up to 5 years guarantee; up to 5 years does not mean 5 years guarantee, but it is supposed to create a certain quick impression; like as if it is 5 years guarantee. I want to also impress upon you that this is a serious matter, I mean misleading advertisements are not really approved.

This is a recent case in 2017 GlaxoSmithKline, you know who has a very big market for Horlicks and they were hauled up by Advertising Standards Council of India; this is the regulatory body for advertisements, for misleading advertisements for Horlicks. The company's line was Horlicks now has two times higher immune nutrients, that helps support your child's immunity and make him taller, stronger, sharper, strong inside. Taller, stronger, sharper outside and this lines were taken as misleading and inadequately substantiated.

That is there were not enough supporting documents for word, not for the taller stronger sharper, but mostly about this whole claim about boost boosted immunity. They said its

two time two times higher immune nutrients and that was not substantiated. So, this is a serious charge. Sometimes advertisements are deliberately kept as misleading that is when it comes under deception. And why that is problematic? Because, it there is a malintention behind that, also it interferes with the free choice of the consumers. So, you deliberately mislead somebody to take him or her to towards a direction and thereby restricting the consumers other free choices which is not seen as the right thing to do.

Here is again an example Bharti Airtel in 2017 again was pulled up by Advertisement Standards Council of India: ASCI for the advertisement which said [FL] internet, internet for the whole month where you have to pay charge only with rupees 29 the paltry sum and you get 75 MB of data which is again very small with a validity of 30 days. And then the advertisement showed certain apps which were Facebook, YouTube; the advertisement showed this.


It never said that this data would cover that, but that was the impression that was created by the advertisement, as if the data might even last for a month for using those apps Facebook and YouTube which was not the case. So, the allegations were that this was deliberately done [FL] internet, when you know very well that there it is not going to last for the month if you use this app. So, consumers are deliberately misled, on that ground they were hauled up.

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Advertising: Adverse impact at individual level

- (a) When deliberately, cleverly false impressions are created
- (b) When it is very aggressively and insensitively done: Vulgar, Insulting ads.
- (c) When consumer's vulnerability or unawareness is taken advantage of (Insecurities manipulated: Fairness creams): Unemployed, sick consumers

- Critics have said: Advertisement is by nature manipulative: Creates desires for the sole purpose of sales. The consumer is used 'merely as a means' to achieve the end of the sellers.
- Some Ads even use "subliminal" suggestions: Suggestions that would register subconsciously, but cannot be consciously identified, unless one specifically looks for it.



So therefore, as we are talking about the effect of advertisement at the individual level; I have three kinds of points to make here. One as we have just discussed, it is ethically objectionable when deliberately, deceitful misleading advertisements are given out and cleverly false impressions are created ok, to guide the consumer in a certain direction. Second when the advertisements are very aggressively done and insensitively done ok; so, aggressively in the sense that you are ruthless about your product and you do not care whether you are hurting somebody's sentiments or not.

So, insensitively in the sense that you are using words or images which might look to the community as vulgar, as obscene or as insulting even and then it becomes problematic. Third point is when consumer's vulnerability or lack of awareness is taken advantage of you purposely target your ads towards those groups who are either not so aware about the situation or who are vulnerable, because of their own situation.

We are talking about the unemployed desperately looking for a job and you target your ads to create false hopes or desperately seek consumers who are looking for a cure or a treatment. And, the advertisement hook onto those insecurities, anxieties, fears to place the ad. Similarly, we can say insecurities were manipulated in the fairness cream advertisements, you know if the personal self esteem is low and you advertise as if being fair is connected, linked with the boosted self esteem and prestige and social status etcetera; you are touching on a certain insecurity inside a person.

So, these are not desirable effects on the person and critics have said also that there is another angle advertisements by nature are manipulative, because they create desires. They are made to create desires where they are not concerned about whether the creation of the desire is good for the consumer or not. So, the consumer is being used merely as a means for the selfish interest of the corporation ok.

Specifically, when you are targeting you know the entire population and many of them may not be able to afford the product that you are showing for example, an expensive phone or an expensive car or an expensive clothing item. You are creating a desire nonetheless indiscriminately to people and you do not care what the dissatisfaction, if the person cannot buy what that unhappiness or dissatisfaction is going to do to the person. So, there have been that kind of criticisms also.

Some advertisements have been charged with putting subliminal suggestions; subliminal suggestions are those suggestions that would register subconsciously. You cannot find them explicitly being said, but if you specifically look for it you will be able to find. Advertisements that would flash certain words so, covertly that unless you are very carefully observing you do not see them, but your mind registers those. So, these also are there, these are not desirable effect on a human being.

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Advertising: Impact at the Social level

- A. **Intrusive.** No space is safe from advertisements. Increasing invasion of brands into various spaces: Sportsfields, streets, entertainment shows, transport vehicles...
- B. **Reinforce discriminatory social stereotypes:** 'Fair and lovely' as criterion for social acceptability. Wrong body images, body weight with adverse health implications.
- C. **Manipulates vulnerable groups, Predatory:** Targeting and preying on gullible Children, unsure teenagers, insecure elderly, the desperate sick, alluring the poor.
- D. **Encourages a materialistic culture and planted dissatisfaction:** Identifying possession of objects with happiness, consumption as the mark of success. Imposes guilt and shame for not owning a brand.

The slide includes three small images: a person in a supermarket aisle, two women in dresses, and a perfume bottle.

Let us talk about now the effects on the society, societal level. There have been many criticisms regarding that advertisements have many harmful effect on the society as such. For example, invasion into all spheres; you know there is no space which is now sacred which is now free from the attack of the advertisements. You think about it sports fields for example, you know if you are watching a game you are bound to see so many advertisements whether you want you are not on the field, on the walls, moving advertisements to grab your attention or a banner here in the on the clothes of the sportsman and so on.

Similarly, streets your streets are no longer yours, but banners hoardings, billboards that have taken over. Entertainment shows, transport vehicles even buildings they are all plastered and this many people think is a different kind of an invasion into our life. You know I mean you sometimes you do not want to see them, but nonetheless they force themselves into your conscious experience and that is intrusive, objectionable.

The second point is about that it creates and strengthens wrong kind of social stereotypes, discriminatory social stereotypes. Advertisements often portray people in a certain sort of way, if they are from a certain community or if they are from a certain gender they typify and project and that stays in people's mind.

Specifically, the fair and lovely or the fairness creams have been criticized very seriously about that, as if fairness is the door to all social acceptability. I think earlier the ads showed that it is the only condition for getting for a girl to get married, for a boy to get a job as if this gender stereotypes exist. So, but this is strengthening it you know already the gender divide is there, but the fairness creams help to even further strengthen it which is wrong. Also wrong body images, wrong body weight ideas; so, there is a this you know putting the body shame.

So, clothes it is not the body is important, but the clothes are more important than the body and the body has to suffer in order to fit into those clothes and there are health implications for that. What I am talking about are various kind of weight related disorders, you know anorexia, bulimia these are some of the eating disorders that people go through just to fit into clothes and there have been very serious health implications of this.

So, this is has been criticized very very severely that is a socially responsible way of doing advertisement. Third advertisement I already said is by nature manipulative, but sometimes they are so manipulative that they are almost predatorial; predatoring means that you are trying to prey on somebody, hunting. So, there is a target and you are trying to prey on them. Who do you prey on?

Particularly the vulnerable sections so, we are talking about children who are still very gullible, they would believe anything that you dish out to them. Or, teenagers were not very sure of themselves and they want to belong, they want to actually belong to a group, there is peer pressure. So, you tap into their lack of surety about themselves. And, similarly the elderly who feel helpless or insecure you tap into their insecurities.

The sick as I explained earlier is desperately looking for a cure or a treatment. There has been also charges that advertisements typically would target the poor and allure them to make them rich practically overnight. So, these are advertisements, advertisements, but

there is a malintention behind them and there is a tremendous amount of irresponsibility, social irresponsibility.

The other point that I can mention is that advertisement have been criticized that if they encourage a materialistic culture, a materialistic culture is the culture which puts more value on objects, things rather than on persons, human beings. So, having the thing is more important than who you are and having the thing as if it increases your value that is materialistic culture. And, it has been criticized also for created dissatisfaction, happiness has been identified with how many things you have and what kind of things you have.

The more expensive things apparently as if can make you happier, this is the message that is going out from a materialistic culture and consumption and more and more consumption has been seen as a mark of success which is not the case. So, lot of societies have actually criticized corporate advertisements specifically on this point, that you have no right to tamper with social values. This is a suddenly a change of values which they do systematically and the erosion of values is what the criticism is talking about.

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Ethical sensitivity in Advertising

“Consumerism is my bread and butter and yet, should we start converting the kids to consumerism at the age of three or five?” -Prahlad Kakkar

Questions to ponder on by ethical corporation while releasing its advertisement:

- Are **consumer rights** being protected, or violated? Intentionally or inadvertently?
- Are consumers being **justly and fairly treated**? Are they being treated with **dignity**, or merely as a means to further petty self-interest of the company?
- Is there any **significant social impact** related to the message in the advertisements?
- Is the advertisement **socially insensitive, or inappropriate, vulgar**? Can it **hurt the sentiments** of some communities?

So, in order to show ethical sensitivity in advertisement, I have told you that a business reserves the right to communicate about its product that is marketing communication. But there are lines it crosses; so, when not to cross those lines are important issues and that is how you show your ethical sensitivity. Prahlad Kakkar is an advertisement guru. So, he is the one who is saying you can read yourself “Consumerism is my bread and

butter because he works for advertisement and yet should we start converting the kids to consumerism at the age of 3 or 5? That is a moral question that Kakkar is asking, that should we not have the minimal ethical sensitivity to keep some people out of our predatory approach.

Children of age 3 or 5 before they have created even an idea about the world are getting trapped into thinking that they should have these objects; you know whether its toys, whether its cereals, whether it is certain kind of food or candies, but those are ideas that have been planted in them by clever advertisements. So, that is what Kakkar is questioning and in fact, he is passing a value judgment that we should not. So, what are the questions that an ethically sensitive corporation should think about before launching its marketing promotion, advertisement? First of all about consumer rights, are those being protected or violated?

And this violation is it intentional or just by accident? Similarly, what about the treatment of the consumers, are they being treated justly and fairly, with dignity or are they being used merely as a means to further the profit motive of the corporation? The social impact of the messages of the advertisement, are they really good, are they going to have a positive impact?

You know we have recently seen many corporate advertisements in India which are socially positive, socially aware and they are constructive. It is not that they are not selling their product along with that they are also doing creating social awareness about important social issues. So, this is about social impact so, significant social impact for the right kind. Is the advertisement socially insensitive or inappropriate, vulgar? Can it hurt the sentiments of this community? So, these are all normative or value considerations that an ethical corporation should also pay attention to.

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Advertisement is not free speech

Can an advertisement say anything and cite right to free speech? Should it?

Advertising Council of India (ASCI) guidelines:

- Ads must conform to the law
- **Not offending morality, decency, religious susceptibilities**
- **Not inciting or glorifying crime, violence, disorder**
- **Should not deride caste, creed or nationality**
- **Prohibition on Ads relating to or promotes tobacco, liquor, wines and other intoxicants: Socially harmful products. Should not encourage minors towards risky behavior, or for smoking and drinking**
- **No derogatory remarks about another product or service**
- **Accurate info, no deception**

Similarly, we can talk about the boundaries of an advertisement, is advertisement free speech? Can an advertisement say anything and everything that it wishes to? The answer to that is very clear, if you go by the Advertising Council of India guidelines, ASCI guidelines you will see there are many places where they have put stops. For example, you cannot have ads that are against the law.

Similarly, they have put these boundaries that advertisements should not offend morality, decency and religious susceptibilities. It should not hurt somebody's sentiment, religious sentiment. Similarly, they should not provoke or glorify crime, violence, disorder ok. So, that is a socially irresponsible thing to do therefore, advertisement should not be glorifying crime, violence etcetera. It should not deride caste, creed that is your religious belief and nationality.

So, it has to be minimally responsible for that. And then this you also should know that there is a prohibition on ads about products that are considered to be socially harmful. We are talking about tobacco, we are talking about liquor, alcohol, wines and other intoxicants. Because the products were seen as socially harmful therefore, advertisements about them should not encourage risky behavior, engaging with these harmful substances.

And, then this is also another comment that no derogatory remarks about another product or service. So, you have to play fairly. So, there are many such remarks that tell us that advertisement is not really free speech, you need to be responsible even in that.

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Ban on “socially harmful” Ads

, 8th September, 2000, India: Alcohol Ads were banned by Govt of India. In 2004, a ban on **Tobacco ads**.

- Precedence: France, Norway, Finland
- Reason: Overall public health threat, dangerous consumer products.
- Dissenters: Flouting free choice, huge excise revenue from Tobacco industry
- **Surrogate Liquor Ads ban:** India, 2002: Ban on TV by I&B Ministry of ads by McDowell's No. 1 and Gilbey's Green Label (Cable TV Act 1995)
- Put Smirnoff Vodka, Hayward's 5000, Royal Challenge Whiskey and Kingfisher beer - on warning.
- Surrogates used: Audiocassettes, CDs and perfumes to golf accessories and mineral water
- **Issue: Socially 'harmful' messages about socially harmful products**

If you want to know where what we are talking about specifically, we are talking about the tobacco ads. In they were banned in India in 2000 specifically the tobacco related products, we are talking about cigarettes; many other countries also have banned it earlier. The reason given is the same that there is an overall public health threat, it is a dangerous consumer product.

There are many who would say that here we have free speech, free choice, there is lot of money that comes from the sales. But, this is the outweighing, overriding factor that where there is public health threat, we cannot compromise. In 2002, we saw a phenomenon called surrogate advertisements where the socially harmful products were not shown, but the association to those products were referred to.

What those advertisements sold were very innocent products such as audio cassette, CD's or perfumes, but with a clever association to their alcohol or the tobacco related product. So, government came down on those ads also and they banned on TV, the whiskey ads citing law and many of the companies were also warned seriously, because the issue was that these are socially harmful products. And we do not even want the buy association people would try to understand or see them.

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ASCI best practices in Advertisements

IV. To ensure that advertisements observe **fairness in competition:**

- Comparisons with other brands should be factual, accurate and substantiable
- No unfair attack or discrediting of competitors

The slide features a collage of images showing Coca-Cola and Pepsi cans, some of which are being crushed or compared. A small inset image shows a woman speaking. The slide also includes logos for the Indian Institute of Advertising and the Advertising Standards Council of India (ASCI).

The another important point here is that there are and it do exist that there are some guidelines to follow even in your advertisement. Even when you are directly competing with other, there that ASCI code says that the code of conduct is that you can compare factually, accurately and you should be ready with supporting documents. There should not be any unfair attack or discrediting of the competitors. Now, these pictures that you see here present at a curious case, this as you can see are two beverage companies who are competitors. They have not said anything nothing derogatory, but there is a comparison that is going on.

Here is one company product winning over trashing the other company's product. This is a company's product cloaked, disguised; this you can see is outnumbered by the competitor. And here is a direct punch into the competitor's product. Now, are these ethical? Are these legal? The question is that they have played very cleverly to put it right on the border, but it is one can object against this that this is also in some sort of way defamation.

It is inciting violence; this is what was used when this case came up. So, with that I will finish this lecture that we have talked about advertisements specifically about marketing promotion, regarding marketing management we will speak about it in the next lecture.

So, thank you very much.