



RAMA UNIVERSITY

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E-Content BBA402- Marketing Management

Lecture 8- Deception in Product, Price Place, Promotion

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Deception in Product

- Is the product designed and manufactured as the customer would expect, given the other elements of the marketing mix?
- Is the customer warned about the product's limitations or uses that are not recommended?



Deception in Price

- Is the total price of the product fairly presented to the customer?
- Is the price charged for the product the same as the price posted or advertised?
- Has something been marketed as “free” and, if so, does it meet FTC guidelines for the definition of free?
- Does the company disclose information about finance charges?

THE MARKETING MIX



Deception in Promotion

- Can claims made to consumers be substantiated?
- Are disclaimers clear and conspicuous?
- For products marketed to children, is extra care taken to accurately represent the product?



Deception in Place

- Does the distribution channel deliver the product at the price and quality promised?
- Do other companies in the distribution channel (wholesalers, retailers) perform as promised and deliver on expectations set for product, price, and promotions?



Challenges of B2B Ethics

- Personal sales are relationship based, requiring the seller to tailor the process according to the buyer's personality and approach
- B2B sales are often large and complex
- Pricing is negotiated between the buyer and seller, rather than being set and uniform across all customers
- Communication about the product and pricing takes place mainly through informal or formal verbal presentations and discussions

Company Policies

Company policies generally define:

- The total purchase authority of a single individual or department
- The threshold at which a purchase decision must go out for competitive bid
- The circumstances under which the company's status as a customer can be disclosed
- A dollar threshold for gifts from vendors

It is wise for B2B Marketers to understand these rules to avoid putting people in awkward positions.

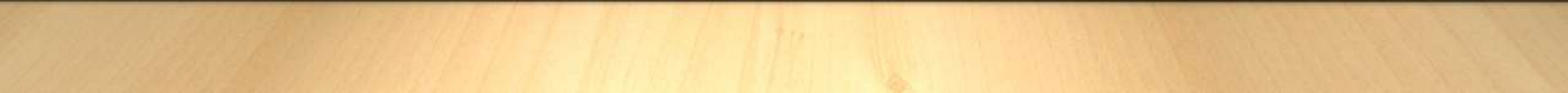
Business Gifts

Business gifts are usually seen as an advertising, sales-promotion, and marketing-communication medium. Such gifting is usually practiced for the following reasons:

1. In appreciation for past client relationships, placing a new order, referrals to other clients, etc
2. In the hopes of creating a positive first impression that might help to establish an initial business relationship
3. As a quid pro quo—returning a favor or expecting a favor in return for something



Standards for Business Conduct

- Define the threshold for behavior: Companies require their employees to follow the law
 - Create expectations for behavior: The policies identify common issues that employees may encounter—such as accepting gifts from suppliers—and explain how they should be handled
 - Set policy: establish company protocols for handling confidential information, including customer data, etc.
 - Give guidance on making judgment calls
 - Describe reporting and enforcement procedures
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Judgement Calls

- Is it legal? If it's not legal, don't do it.
- Is it ethical? If it feels wrong, it probably is wrong.
- How would it look in the newspaper? If you wouldn't feel comfortable if your friends and family knew about your actions, you probably shouldn't do it.



Executives Shape Company Culture and Policy

- They set objectives, policies, and make personnel decisions.



Social Responsibility in Marketing Strategy

- Social responsibility may be a corporate-level strategy with specific objectives.
- Social responsibility may be part of the marketing mix based on the situation analysis

THE MARKETING PLANNING PROCESS





Sustainable Products

A sustainable product is constantly environmental-friendly during its entire life

From the moment the raw materials are extracted to the moment the final product is disposed of, there must be no permanent damage to the environment



Ethics for Marketing Employees

- Demonstrate respect for your target customer
- Prepare the sales team to sell effectively and ethically
- Demonstrate high personal standards in business relationships
- Provide fair value to the target customer
- Play nicely in the competitive environment
- Be truthful



Ethics Makes (Dollars and) Cents

The world's most ethical companies out perform their peers in the stock market.

Practice Question

You are creating a marketing plan for a pharmaceutical company. Which of these is an appropriate gift for doctors?

1. A golf vacation
2. A free continuing education seminar
3. A coffee mug



Quick Review

- What types of ethical and social responsibility issues does marketing need to address?
- What laws regulate marketing?
- How do ethical dilemmas in business-to-business marketing differ from those in consumer marketing?
- What measures do companies take to encourage ethical behavior?
- How can demonstrating corporate social responsibility impact marketing?