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Study of Social Responsibilities in Marketing

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Abstract :

Products communicate different connotation to different people. The current urban middle and upper class Indian consumer buying behavior to a large extent has the Western influence especially amongst females. There is an increase in positive attitude towards the Western trends. The Indian consumer has become much more open-minded and experimental in their perspective. The organisations should follow certain ethis in the marketing of any product. This focuses on the social responsibilies need to follow in marketing.

Keywords : social responsibility, marketing, ethics

INTRODUCTION

The marketing philosophy of business assumes that an organization can best service, prosper and profit by identifying and satisfying the needs of its customers. This however is a recent thinking. Various definitions of marketing have been given from different perspectives, exchange and utility being the two importance ones. Orientation demands a fervent commitement of people, time.

The marketing concepts, a philosophy of early 1950s gave marketing a much more important role in business. To apply this concept, an organization must meet three basic needs.

BRAND MANAGEMENT :

Brand management holds the key in the modern markets, particularly in Indian markets because Indians are very traditional. India's traditional dress for women is sari but gradually, it was transmitted into tailor made dresses. Due to the globalization process, Indians are getting attracted to readymade western dresses, particularly Multinational brands. The growth of readymade women’s wear business in India was very slow till the early -1980's. The main reason for this was that Indian women were used to buying clothing and getting their outfits tailored mainly through local tailoring shops from the unorganized segment as a result of which there were no national level brands in this category for a very long period of time. By the mid 1980's however customer mindset seemed to have started changing gradually, along with increasing urbanization, and changes in the social and economic status and life styles. As in many other industries in the nation, the move towards 'branding' soon took momentum in the women's wear market.

THE MARKETING ENVIRONMENT :

Elements of the environment: The marketing *environment* involves factors that, for the most part, are beyond the control of the company. Thus, the company must *adapt* to these factors. It is important to observe how the environment changes so that a firm can adapt its strategies appropriately. Consider these environmental forces:

- ***Competition*:** Competitors often "creep" in and threaten to take away markets from firms. For example, Japanese auto manufacturers became a serious threat to American car makers in the late 1970s and early 1980s. Similarly, the Lotus Corporation, maker of one of the first commercially successful spreadsheets, soon faced competition from other software firms. Note that while competition may be frustrating for the firm, it is good for consumers. (In fact, we will come back to this point when we consider the *legal* environment).Note that competition today is increasingly global in scope. It is important to recognize that competition can happen at different "levels." At the brand level, two firms compete in providing a very similar product or service. Coca Cola and Pepsi, for example, compete for the cola drink market, and United and American Airlines compete for the passenger air transportation market. Firms also face less direct—but frequently very serious—competition at the product level. For example, cola drinks compete against bottled water. Products or services can serve as substitutes for each other even though they are very different in form. Teleconferencing facilities, for example, are very different from airline passenger transportation, but both can "bring together" people for a "meeting." At the budget level, different products or services provide very different benefits, but buyers have to make choices as to what they will buy when they cannot afford—or are unwilling to spend on—both. For example, a family may decide between buying a new car or a high definition television set. The family may also have to choose between going on a foreign vacation or remodeling its kitchen. Firms, too, may have to make choices. The firm has the cash flow either to remodel its offices or install a more energy efficient climate control system; or the firm can choose either to invest in new product development or in a promotional campaign to increase awareness of its brand among consumers.

- ***Economics*:** Two economic forces strongly affect firms and their customers:
  - ***Economic Cycles*:** Some firms in particular are extremely vulnerable to changes in the economy. Consumers tend to put off buying a new car, going out to eat, or building new homes in bad times. In contrast, in good times, firms serving those needs may have difficulty keeping up with demand. One important point to realize is that different industries are affected to different degrees by changes in the economy. Although families can cut down on the quality of the food they buy—going with lower priced brands, for example—there are limits to the savings that can be made without greatly affecting the living standard of the family. On the other hand, it is often much easier to put off the purchase of a new car for a year or hold off on remodeling the family home. If need be, firms can keep the current computers—even though they are getting a bit slow—when sales are down. The economy goes through cycles. In the late 1990s, the U.S. economy was quite strong, and many luxury goods were sold. Currently, the economy fluctuates between increasing strength, stagnation, or slight decline. Many firms face consequences of economic downturns. Car makers, for example, have seen declining profit margins (and even losses) as they have had to cut prices and offer low interest rates on financing. Generally, in good economic times, there is a great deal of demand, but this introduces a fear of possible inflation. In the U.S., the Federal Reserve will then try to prevent the economy from "overheating." This is usually done by raising interest rates. This makes businesses less willing to invest, and as a result, people tend to make less money. During a recession, unemployment tends to rise, causing consumers to spend less. This may result in a

"bad circle," with more people losing their jobs due to lowered demands. Some businesses, however, may take this opportunity to invest in growth now that things can be bought more cheaply.

- ***Inflation*:** Over time, most economies experience some level of inflation. Therefore, it is useful to explicitly state whether a reference to money over time involves the actual dollar (or other currency) amount exchanged at any point (e.g., one dollar spent in 1960 and one dollar in 2007) or an "inflation adjusted" figure that "anchors" a given amount of money to the value of that money at some point in time. Suppose, for example, that cumulative inflation between 1960 and 2007 has been 1,000%--that is, on the average, it costs ten times as much to buy the same thing in 2007 as it did 47 years earlier. If the cumulative inflation between 1960 and 1984 had been 500%, we could talk about one 1984 dollar being worth fifty 1960 cents or two 2007 dollars. It is important to note that inflation is uneven. Some goods and services—such as health care and college tuition—are currently increasing in cost much higher than the average rate of inflation. Prices of computers, actually decline both in absolute numbers (e.g., an average computer cost $1,000 one year and then goes for $800 two years later) and in terms of the value for money paid once an adjustment has been made for the improvement in quality. That is, two years later, the computer has not only declined in price by 20%, but it may also be 30% better (based on an index of speed and other performance factors). In that case, then, there has actually been, over the period, a net deflation of 38.5% for the category.

- ***Political:*** *Businesses are very vulnerable to changes in the political situation.*
- ***Legal:*** *Firms are very vulnerable to changing laws and changing interpretations by the courts*
- ***Technological:*** *Changes in technology may significantly influence the demand for a product*
- ***Social:*** *Changes in customs or demographics greatly influence firms.*

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SOCIAL RESPONSIBILITY IN MARKETING :

Ethical responsibilities and constraints: Businesses and people face some constraints on what can ethically be done to make money or to pursue other goals. Fraud and deception are not only morally wrong but also inhibit the efficient functioning of the economy. There are also behaviors that, even if they are not strictly illegal in a given jurisdiction, cannot be undertaken with a good conscience. There are a number of areas where an individual must consider his or her conscience to decide if a venture is acceptable. Some "paycheck advance" loan operators charge very high interest rates on small loans made in anticipation of a consumer's next paycheck. Depending on state laws, effective interest rates (interest rates plus other fees involved) may exceed 20% per *month*. In some cases, borrowers put up their automobiles as security, with many losing their only source of transportation through default. Although some consider this practice unconscionable, others assert that such loans may be the only way that a family can obtain cash to fill an immediate need. Because of costs of administration are high, these costs, when spread over a small amount, will amount to a large percentage. Further, because the customer groups in question tend to have poor credit ratings with high anticipated rates of default, rates must be high enough to cover this.

Sustainability: Sustainability is a notion that proposes that socially responsible firms will somehow financially outperform other less responsible firms in the long run. This might result from customer loyalty, better employee morale, or public policy favoring ethical conduct. Empirical results testing this hypothesis are mixed, neither suggesting that more responsible firms, on the average, have a clear financial advantage nor a large burden. Thus, a useful approach may be to determine (1) specific circumstances under which a firm may actually find the more responsible approach to be more profitable, (2) under which circumstances responsible behavior can be pursued without an overall significant downside, and (3) the ethical responsibilities that a firm faces when a more responsible approach may be more costly.

The individual, the firm, and society: Different individuals vary in their ethical convictions. Some are willing to work for the tobacco industry, for example, while others are not. Some are willing to mislead potential customers while others will normally not do this. There are, however, also broader societal and companywide values that may influence the individual business decision maker. Some religions, including Islam, disfavor the charging of interest. Although different groups differ somewhat in their interpretations of this issue, the Koran at the very least prohibits *usury*—charging excessive interest rates. There is some disagreement as to whether more modest, fair interest rates are acceptable. In cultures where the stricter interpretation applies, a firm may be unwilling to set up an interest-based financing plan for customers who cannot pay cash. The firm might, instead, charge a higher price, with no additional charge for interest. Some firms also have their own ethical stands, either implicitly or explicitly. For example, Google has the motto "Do no evil." Other firms, on the other hand, may actively encourage lies, deception, and other reprehensible behavior. Some firms elect to sell in less developed countries products that have been banned as unsafe in their own countries.

"Win-win" marketing: In some cases, it may actually be profitable for companies to do good deeds. This may be the case, for example, when a firm receives a large amount of favorable publicity for its contributions, resulting in customer goodwill and an enhanced brand value. A pharmacy chain, for example, might pay for charitable good to develop information about treating diabetes. The chain could then make this information on its web site, paying for bandwidth and other hosting expenses that may be considerably less than the value of the positive publicity received.

"Sponsored Fundraising": Non-profit groups often spend a large proportion of the money they take in on fundraising. This is problematic both because of the inefficiency of the process and the loss of potential proceeds that result and because potential donors who learn about or suspect high fundraising expenses may be less likely to donor. This is an especially critical issue now that information on fundraising overhead for different organizations is readily available on the Internet.

An alternative approach to fundraising that does not currently appear to be much in use is the idea of "sponsored" fundraising. The idea here is that some firm might volunteer to send out fundraising appeals on behalf of the organization. For example, Microsoft might volunteer to send out letters asking people to donate to the American Red Cross. This may be a very cost effective method of promotion for the firm since the sponsor would benefit from both the positive publicity for its involvement and from the greater attention that would likely be given a fundraising appeal for a group of special interest than would be given to an ordinary advertisement or direct mail piece advertising the sponsor in a traditional way.

CONCLUSION :

Socially responsible is when the organization is worried about people, society and environment with whom and where it conducts business. In its most basic form, socially responsible marketing is taking moral actions that inspire a positive impact on all the company’s stakeholders, including employees, community, consumers, and shareholders. The main duty of marketers in this aspect is to package and communicate the organization’s decisions that will impact the various communities with which they interact. Consumers have the right and power to decide which companies prosper or fail; so marketers have a major responsibility to ensure their practices are seen as charitable without being phony. The social aspect in marketing has the vital importance in any business. Every business need to follow the social ethics in their business while marketing or any other business activity.

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