

BUS 213: PRINCIPLES OF MARKETING I

Study Session 5

TOPIC: MARKETING AND SOCIETY

1. Introduction

In this study session 4, you will learn consumer behaviour as a distinct field of marketing which can be traced to the late 1950s and early 1960s when doing business with consumers began to center on a philosophy known today as the marketing concept. The acceptance of the marketing concept and its consumer orientation brought the need to investigate more fully human behaviour especially consumer behaviour. However, business people have always had a desire to know and understand consumers and their needs and wants. With the emergence of market segmentation as a sound marketing concept in the 1960s, the study of consumer behavior became very significant to marketers.

1.1 Learning Outcomes for Study Session 4

After studying this session, you should be able to:

- (i) Understand who is a Consumer within the marketing process
- (ii) Define Consumer Behaviour
- (iii) Identify and explain the various types of consumer buying decision process
- (iv) Explain the buying roles
- (v) Identify the factors influencing consumers purchasing procedure

2. Relationships between Marketing and Society

There is no doubt that marketing makes demands on the society and the society makes demand on marketing. The following relationships evolved as a result of the interaction between marketing and the society:

Environmental Relationship Marketing operates in an environment that is external to the firm; it reacts to its environment and is, in turn, acted upon by it. The environmental relationships

include those with customers, employees, government, vendors, and the society as a whole. External relationships form the basis of the societal issues confronting marketing. Firms marketing relationship to its external environment has a significant effect on the degree of success it achieves. Marketers must always find new ways to deal with social issues facing the competitive system, within this environment.

The competitive marketing system is a product of the drive for materialism. Similarly, materialism develops from society itself. People in society usually view the acquisition of wealth as a necessary ingredient for better living. People have defined a better life in terms of more physical possessions although that attitude may be changing. Adam Smith, the father of capitalism, argued that people's desire to serve their own best interest would act as an "invisible hand" in guiding the economy. The resulting maximization of output would improve life and society by improving the standard of living. Smith saw competition as the watchdog that kept the economy on the continued to serve as the economic philosophy of the society.

At the heart of any social system are human needs and wants. A need result from a state of deprivation within an individual we all have many needs of different kinds. We have basic needs such as the needs for food, shelter and clothing. We also have psychological needs such as the needs for knowledge, stability, achievement and the like. And we have social need too examples include, the needs for esteem/status and power.

Society Awareness In the late 1960's and throughout the 1970's, business practices came under close scrutiny. Various groups began calling for government regulation of many business activities. Among other things, marketing was criticized of providing and promoting products that offer individual satisfaction at the expense of society as a whole. For example, cars without safety features of fuel-economy may satisfy individual buyers who desire lower prices and high-speed transportation.

However, society's needs are not met if the rates of death and injury caused by automobile accidents soar and if energy supplies are not conserved.

The Society Class Social class is relatively permanent and homogenous categories of people within a society. The members of a particular class have similar values, life styles, interests, and

behaviour. There are three dominant groupings; the upper, middle and lower classes, the greatest numbers of people belonged to the “middle class.”

In the society, a person’s social class is determined by many factors such as educational level and occupations which is the most accurate indicator of social class. But one’s social position is also affected by one’s interpersonal, status aspiration, community involvement, cultural; background, family history, recreational habit and physical appearance.

The social-class system reflect how society take care of it’s need of the vast number of task that must be performed to keep the society functioning, certain ones are more highly valued than others. Society provides a reward structure that encourages people to perform this task.

Society differentiates among its many need and rank them according to what is most important. Attractive rewards are given to those who perform the most important tasks. These rewards usually take the form of property. People who perform important and highly visible social task are paid more and therefore acquired more property. And they buy and use different kinds of products and brands than less highly rewarded individual. In addition to material possessions, they gain more influences, or power, over other people and they often command more respect or prestige. It is this prestige, this social approval, which creates the most visible differences among social classes.

Members of a society have different positions and aspirations within the social structure. Many people in lower classes try to emulate those in higher Classes by buying similar goods and services. Let’s take a closer look at some of the contrasting consumption patterns that are typical of the upper two classes.

The upper class The life styles and values of the upper class of the society have changed less than those of other classes. There are still the aristocratic elite, the more flamboyant riches, and the country club strivers. This group as a whole shows a strong preference for high quality merchandise, paying special attention to prestige brands and placing a high value on “good taste”. Yet they are paying more attention to self-realization than previous generation did. People in this class enjoy living in “interesting neighborhoods” and “charming places in the country”. At the same time, the upper class appears to be a lively mixture of diverse life style, reflected in the fact that there are more market segments in this class today than in earlier years.

The Middle Class Middle class in the society tend to emphasize “doing what’s right” and “buying what’s popular.” The home is their chief focus and when their income increase; members of this class pursue ‘better livings”, which translates in “a nicer home in a nicer neighborhood in a better section of town with better schools”. This class too has picked up on the spirit of individualism, perhaps as a result of looking up to the upper class. There is much less “stuffiness” in the contemporary middle class. Relaxed styles of dress and an easy life style are the hallmark of this class today. Members of the middle class eat out more frequently and enjoy more short vacation trips. In general, there is greater emphasis on activities and pleasure than on possession and pride.

3. Contribution of Marketing to the Society

Marketing has contributed to the society in numerous ways. It has contributed through:

1. Improvement on the standard of living of every member of the society
2. Through marketing, mass production is created in order to meet the demand of the society of which the society is monetized by circulation of money during exchange for their needs demanded which create profit maximization for the firm and maximizing satisfaction for the consumer (society).
3. Specialization of skills and exchange are facilitated through the marketing process.
4. Marketing creates job opportunities as so many people are employed through the process.
5. Non profit making organizations such as religious and professional groups also utilize the services of marketing to promote their products, or services e.g. churches, human right group, world health organization etc, applies the use of marketing to propagate their social causes.
6. Marketing has also contributed to the growth of Gross National Product (GNP) of a country. The GNP of any country is measured by the volume of goods and services produced in a country in a year, and are expressed in monetary terms.
7. It improves bilateral relationship between different countries through international trade.
8. It educates the consumers in the society through promotions and social marketing.

4. Societal Problems of Marketing

In the course of achieving societal need (satisfaction), some unwanted output and activities are generated consciously or unconsciously. All the unwanted output poses a serious problem to the society.

(a) **Encouragement of materialism:-** Society has been opposed to non-basic material items, which do not contribute to its economic and social development but psychological benefits of the buyer, such problems are found in less developed countries with high level of poverty, examples is materialism of flash cars, exotic furniture, expensive home etc. as such, the money spent on luxury items can be saved in the bank or used to established business or build houses that can develop and expand the economic base of any country.

(b) **Environmental pollution: -** In the course of producing or rendering services to solve identified societal needs, huge waste of solid, liquid and gaseous substance which is dangerous to habitant (human and animals) is created and in

(c) Such environmental pollution is air pollution, land pollution and water pollution.

(d) **Problems of implementing marketing mix: -** Marketing mix refers to the combination of decisions on controllable variable (product, price distribution and promotion) in order to achieve some set objectives towards a targeted market. Marketers indulge in some un-ethical practices to the detriment of the consumers these practices are related to product, price, place or promotion. This constitute serious societal problem

5. Marketing Responses to Societal Criticisms.

Promotion of societal welfare becomes paramount in all marketing decisions. In response to the criticisms created by marketing activities, marketers are responding by improving social benefits, while social cost are reduced. So consideration are decided before implementation of any marketing activity or programs as it is believed that the growth of the business depends on good health of the society, and as such consumers demands that marketers should be socially responsible to the environment in which they operate.

6. Consumerism

The activities of consumerism vary from culture to culture or society to society base on the stability of the economic, political, social and governmental status. Busori defined consumerism as an organized movement of consumers, government and concerned citizens aimed at protecting their rights, which are infringed upon, by sellers or producers. It is also defined as movement made up of activities of government, business, independent organization and concerned consumers that are designed to protect the rights of consumers.

The exploitation of consumers by sellers or producers came to notice in the early 1900s which led to protests against harmful products, false and misleading advertisements this development lead the consumers into knowing their rights likewise the sellers and producers. What are the rights of sellers and producers?

Consumerism in Nigeria

Though consumerism started in America and Europe, it was also experienced in Nigeria through the colony of Britain. Therefore, Nigeria consumers suffered from similar discontents brought about by producers who were based in Europe. Under the colonial era, Nigeria enjoyed some legislation, which protected the consumers from producer's suppression.

Since the colonial days, educated people who lived in Nigeria and those that studied abroad arouse the interest of Nigerian consumers in this crusade. With interaction of Nigerian consumers, producers and sellers with their foreign counterparts give strong base to consumerism movement in Nigeria.

7. Marketing Ethics

The evaluation of marketing decision are based on conventional principles of marketing behavior, such act are determined in variance to culture of the people, taste, fashion, level of economic status, and beliefs. These norms create ethics which cause of action is declared right or wrong.

Shelby D. Hunt (1986) defines marketing ethics as both the study of moral evaluation of marketing and the standard applied in judgment of marketing decisions, behavior and instructions as morally right or wrong.

O. C. Ferrell defines it as the study of right and wrong with respect to marketing policies, practices and systems. That it comprises principles and standards that guide appropriate conduct in organization.

Marketing ethics goes beyond legal issues to which ethical marketing decision foster mutual trust in marketing relationship. Any time an activity causes marketing managers or consumers to feel manipulated or cheated an ethical issue exists, regardless of the legality of the issue, to such ethical choices in marketing are more often made jointly, in work groups and committee or in conversations and discussions with co worker (organizational culture).

Organizational pressure plays a key role in creating ethical issues as does opportunity, if top management develops and enforces ethics and legal compliance program to encourage ethical decision making, of which many organisation have develop 'code of conduct' (ethics).

Code of Ethics (Views from America Marketing Association): Members of the AMA are committed to ethical professional conduct. They have joined together in subscribing to this code of ethics embracing the following topics.

Responsibilities of the Marketer: Marketers must accept responsibility for the consequences of their activities and make every effort to ensure that their decisions, recommendations, and actions function to identify, serve and satisfy all relevant publics: customers, organizations and society, marketers, professional conduct must be guided by:

- The basic rules of professional ethics: not knowingly to do harm;
- The adherence to all applicable laws and regulations;
- The accurate representation of their education, training and experience;
- The active support, practice and promotion of this code of ethics.

Honesty and Fairness: Marketers shall uphold and advance the integrity, honor, and dignity of the marketing profession by:

- Being honest in serving consumers, clients, employees, suppliers, distributors and the public.
- Not knowingly participating in conflict of interest without prior notice to all parties involved; and
- Establishing equitable fee schedules including the payment or receipt of usual, customary and/or legal compensation for marketing exchanges.

Rights and Duties of Parties in the Marketing Exchange Process:

Participants in the marketing exchange process should be able to expect that:

- Products and services offered are safe and fit for their intended uses.
- Communications about offered products and services are not deceptive.
- All parties intend to discharge their obligations, financial and otherwise, in good faith; and
- Appropriate internal methods exist for equitable adjustment and/or redress, of provinces concerning purchases.

Other responsibilities of the marketer can be categorized under the following:

In The Area of Product Development and Management:

- Disclosure of all substantial risks associated with product or service usage;
- Identification of any product component substitution that might materially change the product or impact on the buyers purchases decision.

In the area of promotions:

- Avoidance of false and misleading advertising,
- Rejection of high pressure manipulations, or misleading sales tactics,
- Avoidance of sales promotion that use deception or manipulation

In the area of distribution:

- Not manipulating the availability of a product for purpose of exploitation
- Not using coercion in the marketing channel,
- Not exerting undue influence over the resellers' choice to handle a product.

In the area of pricing:

- Not engaging in price fixing,
- Not practicing predatory pricing,
- Disclosing the full price associated with any purchase

In the area of marketing research:

- Prohibiting selling or fund raising under the guise of conducting research;
- Marketing research integrity by avoiding misrepresentation and omission of important research data;
- Treating outside clients and suppliers fairly.

Organizational Relationships:

Marketers should be aware of how their behavior may influence or impact on the behavior of others in organizational relationships. They should not demand, encourage or supply coercion to obtain unethical behavior in their relationships with others such as employees, suppliers or customers;

- apply confidentially and anonymity in professional relationships with regard to privileged information,
- meet their obligations and responsibilities in contracts and mutual agreements in a timely manner;
- avoid taking the work of others, in whole, or in part, and represent this work as their own or directly benefit from it without compensation or consent of the originator or owner;

- Avoid manipulation to take advantage of situations to maximize personal welfare in a way that unfairly deprives or damages the organization or others.

Any AMA member found to be in violation of any provision of this code of ethics might have his or her Association membership suspended or revoked. The AMA Code of ethics is also applicable to Nigeria marketing practitioners.

Unethical Marketing Practices

Un-ethical marketing practices are the kind of practices that are deceptive, exploitative and dangerous to human life. Unethical marketing also means criticisms of marketing. The various social criticism of marketing can be classified into those alleged to hurt individual consumers, society as a whole and other business firms.

Marketing has many legitimate uses including discovering what products people want, informing people about valuable products and services and generating revenue for charitable organizations. On the other hand however, its techniques have often been used for morally dubious purposes by businesses, governments and criminals.

Many people feel that marketing, like any other technology is essentially a moral i.e. it can be used for good or evil, but the technique itself is not amenable to ethical analysis. But there are many critics of marketing and management techniques that see a systematic social evil inherent in the discipline, which is grouped into two.

A. Marketing's Impact on Individual Consumer Welfare

Critics have accused the Nigerian marketing system of harming consumers through high prices, deceptive practices, high pressure selling, shoddy or unsafe products, planned obsolescence and poor service to disadvantaged consumers.

1. High Prices

Many critics charge that the Nigerian market system causes prices to be higher than they would be under more sensible system. They point to three factors:

i. **High cost of distribution:** A longstanding charge is that prices are inflated by greedy middlemen mark up the price of products substantially beyond the value of their services. Critics charge that there are too many intermediaries and that the intermediaries are inefficient and poorly run, or that they produce unnecessary or duplicate services. As a result distribution costs too much and consumers pay for these excessive costs in the form of higher prices.

ii. **High advertising and promotion costs:** Marketing is also accused of pushing up prices because of the heavy use of advertising and sales promotion. First, there are commodity products-gasoline, aspirin, coffee, sugar, flour, and cigarettes – that are branded and heavily promoted by manufacturers to create psychological differentiation. For example, a dozen tablets of a heavily promoted brand of aspirin sells for the same price as 100 tablets of less promoted brands.

Differentiated products such as cosmetics, detergents, and toiletries include promotion and packaging costs that can amount to 40 percent or more of the manufacturer's price to the retailer. Critics charge that much of the packaging and promotion aids only psychological value to the product rather than functional value.

iii. **Excessive mark-ups:** Critics charged that certain business sectors are particularly guilty of marking up excessively. They point to the drug industry where a pill costing 5 naira to manufacturer may cost the consumer 40 naira.

2. Deceptive Practices: Business people are often accused of engaging in deceptive practices – practices that mislead consumers into believing they will get more value than they actually do. Three types of deceptive practices can be distinguished. Deceptive pricing includes such practices as advertising a “factory” or ‘wholesale”, prices falsely or advertising a large price reduction from list where the list was artificially high. Deceptive promotion includes such practices as overstating the products attributes, misrepresenting the guarantees, falsely photographing the products accomplishments, luring the customer to the store for a bargain that is out of stock or downgraded by the sales person and running rigged contests. Deceptive packaging includes such practices as exaggerating the apparent contents of a package through a subtle design, not filling the package to the top, advertising cents-off on the package when it is the normal price, and describing the size in misleading terms.

Marketers argue that most companies avoid deceptive practices such practices harm their business in the long run. If consumers do not get what they expect they will switch to more reliable products. In addition, consumers usually protect themselves from deception.

3. High Pressure Selling: Another criticism is that sales people in certain industries apply high-pressure selling techniques that are effective in inducing people to buy goods they had no thought of buying. The sales people in these industries are trained in delivering smooth canned talks to entice purchase.

Business people recognize that buyers can often be talked into buying things they did not start out wanting. This is the reason for recent legislation in U.S requiring door-to-door sales people to announce their purpose at the door to sell their products. Buyers are also allowed a three-day cooling off period in which they can cancel their contracts after rethinking.

4. Shoddy or Unsafe Products: Another criticism is that products often lack the quality they should have. One type of complaint is that products are not made well, or used to be made better. A second type of complaint concerns whether certain products deliver any benefits. A third type of complaint has to do with product’s safety characteristics.

However, most manufacturers want to produce quality goods. The way a company deals with product quality and safety problems can damage or help its reputation. Companies selling poor-quality or unsafe products risk damaging conflicts with consumer groups and regulators. Today’s

marketers know that consumer-driven quality results in customer satisfaction, which in turn creates profitable customers relationship.

5. Planned Obsolescence: Critics have charged that producers in certain industries cause their products to become obsolete before they actually need replacement. Three types of obsolescence can be distinguished.

Planned style obsolescence means a deliberate policy by manufacturers to change users' concepts of acceptable appearance to make them dissatisfied with their present goods.

Planned functional obsolescence means a deliberate policy by manufacturers to withhold fully developed attractive features whose present absence and subsequent introduction may be used to encourage an earlier replacement of the product.

Planned material obsolescence means that manufacturers deliberately choose materials and components that are subject to higher breakage, wear, rot or corrosion.

6. Poor Service to Disadvantage of Consumers: the Nigerian marketing system has been accused of poorly serving disadvantage consumers. For example, critics claim that the urban poor often have to shop in smaller stores that carry inferior goods and charge higher prices. A consumer union study compared the food-shopping habits of low-income consumers and the prices they pay relative to middle-income consumers in the same city.

Clearly, better marketing system must be built in low-income areas – one hope is to get large retailer to open outlets in low-income areas. Moreover, low-income people clearly need consumer protection.

B. Marketing's Impact on Society as a Whole

The American marketing system has been accused of social "ads" in American society specifically, excessive materialism, false wants, insufficient social goods, cultural pollution and excessive political power.

1. Excessive Materialism: The Nigerian business system has been accused of creating a lopsided interest in material possessions. People are not considered successful unless they own a suburban home, two cars, and the latest clothes and appliances. Some of this may be changing, dominant value system which tend to breed counter cultural groups and value. An increasing number of Nigerians are losing their drive for possessions particularly, among the more affluent.

2. False Wants: This dominant cultural interest in things is not seen as a natural state of mind but rather as a state of mind created by the marketer. Business hires publicity people to stimulate customer's desire for goods. It may be possible to brainwash some people through the mass media or in a totalitarian society where all the means of persuasion are under state control and no counter propaganda is permitted. Under normal social condition, however the individual is exposed to conflicting life styles and value system through personal experience and the mass media. Gatekeepers who screen out or change the messages before they reach large sections of society diminish some of the mass advertiser's intended effort.

3. Insufficient Social Goods: Business has been accused of over stimulating demand for private goods at the expense of public goods. In fact, as private goods increase, they require a proportionate complement or public services that are usually not forthcoming.

This private consumption leads to a "social imbalance" and social costs" that neither the producers nor the consumers appear willing to pay for. Some way must be found to restore a social balance between private goods and public goods where buyers did not find the private goods worth the price, those firms would go out for existence and the resources would move to other uses that could support the sum of the private and social costs.

4. Cultural Pollution: Critics charged the marketing system with creating cultural pollution. People's senses are constantly being assaulted by advertising noise. Serious programs are interrupted by commercials; serious printed matter is lost between pages of advertisement; billboards mar magnificent landscapes. These interruptions continually pollute people's mind with messages of materialism, sex, and power or status. Although, most people do not find ads overly annoying, some critics call for sweeping changes as some ads are believed to be un- cultural. Business people usually answer the charges of commercial noise with these arguments.

Firstly, they hope that their ads largely reach only the target audience.

Secondly, the ads are responsible for making radio as well as television a free medium and for keeping down the costs of magazines and newspapers.

5. Excessive Political Power: Another criticism against marketing is that it wads too much political power. There are “oil”, “cigarette”, and “auto” senators who stand ready and able to protect particular industries’ interest against the public interest.

8. Social Responsibility

We do know that the firm and society co-exist together from which one benefit from the other. This undisputed interdependence from complex relationship that decisions taken by one often have far reaching impact on the other and vice versa. This shows that responsibility to take proper care or measure to ensure proper communication must be made. Now the question is “should marketing firm be socially responsible and why”?

Definition

Social responsibility can be regarded as the personal obligation of people as they act in their own interest to ensure that the right and legitimate interest of others are not infringed”. It is also the obligations of marketers to pursue those policies, to make those decisions and to follow those lines of action that are desirable in terms of objectives and values of our society. McCarthy also sees social responsibility as “a firm’s obligation to improve its positive impacts on society and reduce its negative effects”. All the definitions above, point towards giving to the society what they deserve since marketers makes their survival from it. “At the most basic level, companies have numerous responsibility to be profitable so they can provide a return on investment to their stockholders, create jobs for the community and contribute goods and services to the economy”, which shows that being socially responsible sometimes requires difficult tradeoffs.

Scope of Social Responsibilities

A Marketing manager should be socially accountable, to the firm, employees, customers, government and other individual/groups in the society at large. The following ways are to touch the life at all:

- **To the firm:** It is the duty of the marketing manager to operate successfully and generate satisfactory profit for the business over time which will please the shareholders.

- **Employee's welfare:** There is need to attract and retain competent workers by providing them with good working environment, salaries and benefits and generally motivating them in different ways.
- **Customers:** It must be ensured that consumers are provided with want satisfying (qualitative) goods and services at the lowest or reasonable cost.
- **Government:** The firm must support government and comply with government rules and regulations, policies and legislation. This task is accomplished by using legal practitioners to keep abreast of government requirements, payment of taxes, control of pollution, funding some project.
- **General public:** To avoid threats and unnecessary social uprising against the firm, pollution of air, land, water and even culture must be reduced. Involvement in corporate contribution such as awarding scholarship, donations to social programs, provision of schools, hospitals, boreholes, electricity, employment to the people.

9. Summary

Many important issues that face the marketing system have been discussed in this chapter. The relationship between marketing and society was discussed. We have also understood that marketing faces a variety of societal issues ranging from consumerism to the unethical marketing practices and the cultural pollution caused by some media advertisements.

Study Questions

1. How do consumerism impacts on today's marketing activities?
2. Explain if or not social responsibility contributes to the overall success of marketing activity.
3. How does marketing contribute to the growth of Nigeria economy?

4. Discuss the un-ethical marketing practices which have characterized the Nigeria marketing environment.

References

Allyn & Bacon, (1999): *Global Problem and the Culture of Capitalism*, Richard Robbins,

Busori S. O., et al., (2002): *Essential of Marketing*, Watson Dustmen Ltd.

Boone and Kurtz, (1980): *Contemporary Marketing Third Edition*, the Dryden press.

Ferrell, O. C. & Larry G. Gresham (1995): *A Contingency Framework for Understanding Ethical Decision Making in Marketing*, Colorado State University.

Finley, Grace J. (1967): "Business defines its social responsibilities." Conference Board Record.

McCarthy, E. J. & Perreault, W. D. (1993): *Basic Marketing*, Von Hoffmann Press.

Shelby D. Hunt & Scoff Vitell (1986), *A General Theory of Marketing Ethics*, Journal of Macro-marketing.