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Marketing and Its Social Implications:
Concerns and Initiatives

Pratap Chandra Mandal, Indian Institute of Management, Shillong, India*

ABSTRACT

Companies adopt marketing practices to delight their customers, develop customer relationships, and generate revenues and profits. However, sometimes, companies focus solely on their selfish motives of growth and prosperity forgetting about customer welfare and welfare of the society. Marketers are criticized for such practices and the negative impact created on the society. The practices include high prices of products, high distribution costs, high advertising and promotion costs, excessive mark-ups, deceptive practices, high-pressure selling, questionable products, planned obsolescence, and poor service to disadvantaged customers. Marketers are criticized for creating false wants and materialism, scarcity of social goods, and cultural pollution. They are accused of harming and reducing competition. In this age of social marketing, companies should consider societal concerns of various stakeholders and maintain a balance between their own objectives of generating revenues and profits and long-term societal requirements. This will help in sustaining the society.

KEYWORDS

Cultural Pollution, Deceptive Practices, High-Pressure Selling, Materialism, Planned Obsolescence, Social Criticism, Social Goods, Societal Marketing

1. INTRODUCTION

Responsible marketers are aware of customer preferences and their requirements and provide customers with offerings which create value for both customers and for themselves (Oliver, 2010). They focus on building mutually beneficial relationships. They also focus on developing those aspects which are mutually beneficial to both their customers and themselves (Keiningham, Aksoy, Buoye, & Cooil, 2011).

Customers benefit greatly from marketing activities. However, like all other human activities, marketing also has its own drawbacks. Many of the marketing activities have social implications. There are different criticisms of marketing (Golder, Mitra, & Moorman, 2012). Some of this criticism is justified, much is not. Social critics are of the opinion that certain marketing practices are not beneficial for the society and hurt individual customers, society as a whole, and other business firms (Lin & Chang, 2012).

The paper discusses about various marketing practices which are questionable and their social implications. It also focuses on the remedial actions adopted by governments, regulatory bodies, and

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authorities. Marketers require to be responsible towards the society and ensure that their activities do not have adverse impact on their stakeholders and on the society at large.

2. MARKETING AND ITS IMPACT ON INDIVIDUAL CUSTOMERS

Customers are concerned and worried about how the marketing systems of different countries serve the interests of customers. Research proves that customers hold mixed or even slightly unfavorable attitudes towards marketing practices (Irwin & Naylor, 2009). Government agencies, social critics, and customer groups accuse marketers and their practices of harming customers through high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence, and poor service to disadvantaged customers. The practices are questionable and are not sustainable in the long run with respect to consumer or business welfare (Korschun, Bhattacharya, & Swain, 2014).

2.1 High Prices of Products

Critics argue that marketing systems of different countries cause prices to be higher than they would be under more *sensible* systems. They feel that fixing such prices is unethical, especially when the economy is experiencing a downturn and when customers become conscious about their spending habits. Critics are particularly worried about three issues which result in high prices of products – high costs of distribution, high advertising and promotion costs, and excessive markups (Cheeseman, 2013).

2.1.1 High Distribution Costs

Marketers face allegations that they and their marketing channel members mark up prices much beyond the value provided by their offerings (Kendall, 2012). This results in excessive distribution costs which are passed on to customers in the form of higher prices. Resellers defend such practices by responding that intermediaries perform such duties which otherwise have to be done by manufacturers or consumers (Corcoran, 2011). The prices are higher because the prices are reflections of more convenience, more service, better return privileges, larger stores and assortments, longer store hours, and others. Marketers, on the contrary, also argue that the competition is so intense that they generate very low margins for themselves. Also, discount retailers such as Costco, Walmart, IKEA, and others force their competitors to operate efficiently and keep their prices down (Kendall, 2012).

2.1.2 High Advertising and Promotion Costs

Critics accuse marketers of charging high prices to finance high advertising and promotion costs (Corcoran, 2011). Critics feel that much of the advertising, sales promotion, and packaging are not required. For example, although the offerings may be same, a heavily promoted national brand sells for much more than a virtually identical store-branded product (Salmon, 2013). Critics argue that advertising and promotion only add to psychological value and to functional value of a product (Van Heerde, Gijsbrechts, & Pauwels, 2008). Marketers defend themselves by responding that although different forms of promotion add to product costs, promotion helps marketers in adding value by informing potential buyers about the availability and merits of a brand (Nagle, Hogan, & Zale, 2011). Although branded products cost more, brand names provide customers with a feeling of receiving quality products and with a sense of security. Marketers argue that although customers can buy low-priced, customers want and are willing to pay more for products that provide psychological benefits – that make them feel wealthy, attractive, or special (Van Heerde et al., 2008).

2.1.3 High Markups

Critics and marketing experts charge that companies markup goods excessively (Xia, Monroe, & Cox, 2004). Companies in the pharmaceuticals industry are targeted for their questionable marketing practices. A customer may have to pay $2 for a pill whose production cost might be five cents only (Xia