

Chapter 4

Is Digital Nudging an Ethical Marketing Strategy?

A Case Study from the Consumers' Perspectives

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ABSTRACT

Consumption through mobile applications is becoming popularized especially after consumers' adaption of the "new normal" due to the COVID-19 pandemic. The same as other marketing strategies, nudges are often applied digitally through the design of smartphone applications to nudge consumers into performing the marketer's preferred actions subconsciously. The study aims to contribute to the existing literature on the acceptance of digital nudges by exploring its ethicalness as a marketing strategy as seen through the consumers' perspective. Eighteen semi-structured interviews were conducted, and thematic analysis was applied to analyze the data.

INTRODUCTION

Rapid advancements in technologies today have significantly altered the delivery processes that businesses employ. Consumers can get quick and accurate information, filter options, and complete transactions through a wide variety of mobile applications. It is now common for people to order groceries via the internet for delivery, paying for their food through yet other applications on their smartphones. Similar to other marketing materials, internet marketers promote their clients' products to potential customers through carefully crafted online means, including through social media, client websites, and advertisements. Marketers have been applying different "nudges" in digital platforms, such as the automatic opt-in for the sharing of personal data when completing the registration of an online membership. Consumers may feel overwhelmed, however, with promotional messages such as "last minute deals," "best offers of the day," "70% off today only," and other similar messages. Since the world is still in the early stages for

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this phenomenon, there is a lack of literature regarding consumers' perceptions on the ethics of nudging strategy applied through digital venues. Besides, recent research has been focusing on the potential benefits from these ploys and consumers' technology acceptance but may be neglecting the importance of exploring consumers' post purchase experiences of consuming through these platforms.

LITERATURE REVIEW

Nudges

Businesses have long been accused of “priming” customers to make decisions based on the business' suggestions. Dennis et al. (2020) indicate that this can be in the form of promoting product value, image, and of course pricing, but consumers can also be influenced by the website or application's attractiveness and other factors. This priming – now more commonly called “nudging” – can be done through pricing and commentary about related or even unrelated items in an attempt to make prices more attractive (Dennis et al., 2020). A clear definition of this phenomenon is found in White (2013):

Nudges are designed to change people's behavior in someone else's interest by relying on unconscious anomalies in decision making. They do so not by force or threat, and not by persuasion to get voluntary compliance, but by relying on the same cognitive biases and heuristics that justified their use in the first place. (p. 95)

According to the behavioral economists Thaler and Sunstein (2008) – who identified these strategies as “nudging” – there is an assumption that nudging is a useful tool to assist human beings in choosing their purchasing and other technical-related options especially when they are in situations in which making decisions is difficult.

Heuristic “rule of thumbs” may assist humans to simplify complex choices (White, 2013), and nudges are most effective when people are relying on “quick and intuitive judgement” (Egebark & Ekström, 2016). Researchers Thaler and Sunstein (2008) explained that humans may lack the ability to pick the best choice for themselves in some circumstances; for example, everyone knows smoking may cause cancer and is bad for one's health, but all over the world, you still see people smoking. No matter what the reason is for the person to smoke, it can be said that undoubtedly smokers are not making the best choices for themselves. In view of this, nudges may assist the decision-maker during periods of human frailties such as weakness of will (White, 2013).

Governments in different countries apply their own nudges by requesting or requiring tobacco companies to place worded and visual warnings on cigarette packages to remind smokers of the negative consequences of smoking. Ploug et al. (2014) also mention company policies that limit smoking to specific areas as another means of nudging the smoker to quit.

Figure 1 shows one of the package designs by the Hong Kong Government; the warning is visually disturbing and the message “Smoking takes away my voice” can be easily seen and is a strong reminder. These package designs were expected to have an effect in assisting Hong Kong citizens to reduce daily consumption of cigarettes.

The next figure shows a similar example from Malaysia and this photo is equally distressing. It must be said that the message is convincing, especially for pregnant persons who still smoke.

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