

## Chapter 8

# Ethics in E-Marketing: A Marketing Mix Perspective

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### ABSTRACT

*Some of the ethical issues experienced in traditional marketing practices are encountered in those of e-marketing as well. However, e-marketing practices raise specific new and different ethical issues as well. For instance, new forms of dynamic pricing, spam email advertising, and the use of tracking cookies for commercial purposes have all raised ethical issues. These issues can be examined from the perspective of such components of the traditional marketing mix as product, price, place and promotion, which are under the control of marketing executives. As such, an awareness of the ethical issues in e-marketing under the control of marketing executives is central to the realization of an ethical climate in e-businesses. The aim of this chapter is to present a critical analysis of ethical issues in e-commerce in relation to the marketing mix. The topics discussed within this framework will be enlightening for the ethical decision making process and practices of e-marketing.*

### INTRODUCTION

As use of the Internet becomes more widespread, businesses are taking advantage of this media to reach prospective customers and offer them products and services. While some businesses conduct part of their activities on the Internet, others carry out nearly all of their business transactions over the Internet. Therefore, e-marketing currently

constitutes a significant part of marketing activities of businesses (Krishnamurthy, 2006). Indeed, it is no longer a choice, but in fact has become a necessity for businesses to engage in e-commerce. The Internet now represents a market place that exists in tandem with more traditional markets. This alternative shopping environment is drawing many businesses onto the online world and, as such, the competition on the Internet is inevitably increasing (Kim & Kim, 2004). However along with new opportunities for commerce, the Internet, as a new

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business environment, also brings along new opportunities for unethical behavior. Further, the global aspect of the internet makes it difficult to implement legal codes, since e-commerce spans national jurisdictions. As such, it becomes all the more important for businesses to establish ethical codes on issues and to train their employees in ethical decision making.

Ethical issues typically discussed in relation to in e-business include information security, privacy, and intellectual property (Caudill & Murphy, 2000; Foxman & Kilcoyne, 1993; Franzak et al., 2001; Kelly & Rowland, 2000; Maury & Kleiner, 2002; Milne, 2000; Rodin, 2001; and Stead & Gilbert, 2001). In addition to these commonly discussed topics, the competitive nature of e-business also raises a number of ethical issues specific to marketing. Indeed, the business function in which unethical practices are most likely to be recurrent in e-businesses is that of marketing. Marketing, the most important outward looking department of businesses, unlike the other business functions, mediates between consumers, shareholders, suppliers and other stakeholders. This external role of marketing and stakeholder pressures cause unethical practices to emerge more in marketing (Chonko, 1995). Therefore, the managers most likely to face ethical dilemmas are those involved in marketing. The same is true in the context of e-businesses as well. It is because businesses that transfer their own practices onto the internet have chances to reach more online consumers that intense competition continues to be the case in the medium of internet as well. Factors such as the features unique to e-commerce, the intense competition on internet, the insufficiency of the regulations regarding the internet, information security, and privacy also contribute to the rise of the ethical dilemmas of e-marketing executives who take on the role of customer representatives within the business.

Marketers can only build mutual valuable relationships with their customers through the process of confidence-based cooperation. E-businesses

that create and nurture trust may make it more likely for online customers to visit their web sites again (Dayal et al., 1999). Some of the studies done on this subject also justify this particular suggestion. For instance, in their study, Roman and Cuestas (2008) found that in comparison to traditional shopping, when online consumers perceived higher risks, they were less willing to do online purchasing. Another interesting result in their study is related to the fact that the experienced internet users were better at distinguishing “ethical” web sites in comparison to inexperienced ones. In another study, Roman (2007) found that security, privacy, non-deception and fulfillment/reliability were the powerful predictors of satisfaction and trust of online consumers. Therefore, the establishment of trust is essential to successful e-businesses.

The aim of this chapter is to examine the ethical issues encountered by e-marketers in e-businesses with regards to the elements of the marketing mix and to offer some solutions and suggestions to these ethical issues in e-marketing. In order to realize this aim, the nature of ethics, e-marketing ethics, stakeholder relations, and ethical theories are reviewed first. Then, the ethical issues in e-marketing are discussed in terms of the elements of the marketing mix. Finally, in the concluding section, some suggestions regarding how to deal with ethical issues in e-marketing are offered.

## **BACKGROUND: ETHICS AND E-MARKETING, STAKEHOLDERS, AND ETHICAL THEORIES**

### **Ethics and E-Marketing**

The aim of marketing in business is to appeal to the wants and needs of potential customers in promoting the products of a business. In order to realize this aim, the e-marketing executives, first of all choose their target markets, and then plan the marketing mix consisting of product, price,

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