

Unit IV

DEFINITION OF MARKETING

The management process through which goods and services move from concept to the customer. It includes the coordination of four elements called the 4 P's of marketing:

1. Identification, selection and development of a product,
2. Determination of its price,
3. Selection of a distribution channel to reach the customer's place, and
4. Development and implementation of a promotional strategy.

For example, new Apple products are developed to include improved applications and systems, are set at different prices depending on how much capability the customer desires, and are sold in places where other Apple products are sold.

In order to promote the device, the company featured its debut at tech events and is highly advertised on the web and on television.

Marketing is based on thinking about the business in terms of customer needs and their satisfaction. Marketing differs from selling because (in the words of Harvard Business School's retired professor of marketing Theodore C. Levitt) "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariable does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs." In other words, marketing has less to do with getting customers to pay for your product as it does developing a demand for that product and fulfilling the customer's needs.

FUNCTIONS OF MARKETING

A role that helps a company to identify and source potentially successful products for the marketplace and then promote them by differentiating them from similar products. Typical marketing function types within a larger business might include performing market research, producing a marketing plan, and product development, as well as strategically overseeing advertising, promotion, distribution for sale, customer service and public relations.

Marketing is important to every small business, helping companies increase revenue and profit by meeting customers' needs effectively. Although one person or one department is generally responsible for managing the seven functions of marketing, it's important for all employees to understand customer needs so they can develop the right products and provide the highest standards of customer service.

1. **Marketing Information Management** - Managing marketing information helps you understand your customers' needs. You can gather information by reviewing published market research reports, asking your sales team for feedback or carrying out a survey using a market research firm. You should also monitor product review sites and social media, such as Facebook and Twitter, where you can find information on consumers' needs and attitudes toward products.
2. **Distribution** - Your distribution strategy determines how and where customers can obtain your products. If you market products to a small number of business customers, you may deal with them directly through a sales team. If your business expands to other regions or countries, it may be more cost effective to deal with customers through local distributors. Companies marketing consumer products distribute them through retail outlets or, increasingly, via the Internet.
3. **Product/Service Management** - Marketing provides valuable input to product and service development. Information on customers' needs helps to identify the features to incorporate in new products and product upgrades. Marketing also identifies opportunities to extend a product range or launch existing products into new sectors.
4. **Pricing** - Pricing plays an important role in determining market success and profitability. If you market products that have many competitors, you may face strong price competition. In that situation, you must aim to be the lowest-cost supplier so you can set low prices and still remain profitable. You can overcome low price competition by differentiating your product and offering customers benefits and value that competitors cannot match.
5. **Promotion** - Promotion makes customers and prospects aware of your products and your company. Using promotional techniques, such as advertising, direct marketing, telemarketing or public relations, you can communicate product benefits and build preference for your company's products.
6. **Selling** - Marketing and selling are complementary functions. Marketing creates awareness and builds preference for a product, helping company sales representatives or

retail sales staff sell more of a product. Marketing also supports sales by generating leads for the sales team to follow up.

7. **Financing** - Successful marketing provides a regular flow of revenue to pay for business operations. Marketing programs that strengthen customer loyalty help to secure long-term revenue, while product development programs open new revenue streams. Financing also plays a role in marketing success by offering customers alternative methods of payment, such as loans, extended credit terms or leasing.



Functions of marketing

MARKETING MIX

The **Marketing mix** is a set of four decisions which needs to be taken before launching any new product. These variables are also known as the **4 P's of marketing**. These four variables help the firm in making strategic decisions necessary for the smooth running of any product / organization.

If you ask **What is the marketing mix?** Then in summary these 4 variables comprise the Marketing mix.

1. Product – What the company is manufacturing?
2. Price – What is the pricing strategy used by the company?
3. Place – Where is the company selling?

4. Promotions – How is the company promoting the product?

What are the two types of Marketing mix?

1) **Product marketing mix** – Comprised of Product, price, place and promotions. This marketing mix is mainly used in case of Tangible goods.

2) **Service marketing mix** – The service marketing mix has three further variables included which are people, physical evidence and process. They are discussed in detail in the article on service marketing mix.

The term marketing mix was first coined by Neil H Borden back in 1964 in his article “The concept of marketing mix”. Several strategic analysts over the years believe that the marketing mix can make or break the firm. Having the right marketing mix at the start of the marketing plan is absolutely essential. Over time the concept of marketing mix has provided a steady platform for the launch of a new product or business.

As mentioned before, the *marketing mix* is characterized by four different but equally important variables. These variables are never constant and may be changed over time. However, a change in one of the variables may cause a change in all the other variables as well.

The Variables of Marketing mix are as follows

1) **Product in the Marketing mix** – The first thing you need, if you want to start a business, is a product. Therefore Product is also the first variable in the marketing mix. Product decisions are the first decisions you need to take before making any marketing plan. A product can be divided into three parts. The core product, the augmented product and the tertiary product. Before deciding on the product component there are some questions which you need to ask yourself.

1. What product are you selling?
2. What would be the quality of your product?
3. Which features are different from the market?
4. What is the USP of the product?
5. Whether the product will be branded as sub brand or completely new?
6. What are the secondary products which can be sold along with primary (Warranty, services)

Based on these questions, several **product decisions** have to be made. These product decisions will in turn affect the other variables of the mix. For example – You launch a car with is to have the highest quality. Thus the pricing, promotions and placing would have to be altered accordingly. Thus as long as you dont know your product, you cannot decide any other variable of the marketing mix. However, if the product features are not fitting in the mix, you can alter the product such that it finds a place for itself in the marketing mix.

2) Pricing in the Marketing mix – Pricing of a product depends on a lot of different variables and hence it is constantly updated. Major consideration in pricing is the costing of the product, the advertising and marketing expenses, any price fluctuations in the market, distribution costs etc. Many of these factors can change separately. Thus the pricing has to be such that it can bear the brunt of changes for a certain period of time. However, if all these variables change, then the pricing of a product has to be increased and decreased accordingly.

Along with the above factors, there are also other things which have to be taken in consideration when deciding on a pricing strategy. Competition can be the best example. Similarly, pricing also affects the targeting and positioning of a product. Pricing is used for sales promotions in the form of trade discounts. Thus based on these factors there are several pricing strategies, one of which is implemented for the marketing mix.

3) Place in the Marketing mix – Place refers to the distribution channel of a product. If a product is a consumer product, it needs to be available as far and wide as possible. On the other hand, if the product is a *Premium consumer product*, it will be available only in select stores. Similarly, if the product is a business product, you need a team which interacts with businesses and makes the product available to them. Thus the place where the product is distributed, depends on the product and pricing decisions, as well as any STP decisions taken by a firm.

Distribution has a huge affect on the profitability of a product. Consider a FMCG company which has national distribution for its product. An increase in petrol rates by 10 rs will in fact bring about drastic changes in the profitability of the company. Thus supply chain and logistics decisions are considered as very important costing decisions of the firm. The firm needs to have a full proof logistics and supply chain plan for its distribution.

4) Promotions in the Marketing mix – Promotions in the marketing mix includes the complete integrated marketing communications which in turn includes ATL and BTL advertising as well as sales promotions. Promotions are dependent a lot on the product and

pricing decision. What is the budget for marketing and advertising? What stage is the product in? If the product is completely new in the market, it needs brand / product awareness promotions, whereas if the product is already existing then it will need brand recall promotions.

Promotions also decide the segmentation targeting and positioning of the product. The right kind of promotions affect all the other three variables – the product, price and place. If the promotions are effective, you might have to increase distribution points, you might get to increase the price because of the rising brand equity of the product, and the profitability might support you in launching even more products. However, the budget required for extensive promotions is also high. Promotions is considered as marketing expenses and the same needs to be taken in consideration while deciding the costing of the product.



Thus as we see from the above diagram, all the four variables of marketing mix are inter related and affect each other. By increasing the pricing of the product, demand of the product might lessen, and lesser distribution points might be needed. On the other hand, the product USP can be such that maximum concentration is on creating brand awareness, thereby increasing need of better pricing and more promotions. Finally, the overall marketing mix can result in your customer base asking for some improvement in the product, and the same can be launched as the upgraded product.

The role of Four P's of marketing in Strategy – Marketing mix plays a crucial role while deciding the strategy of an organization. It is the first step even when a marketing plan or a business plan is being made. This is because, your marketing mix decision will also affect segmentation, targeting and positioning decisions. Based on products, segmentation and targeting will be done. Based on the price, positioning can be decided. And these decisions will likely affect the place and promotion decisions. Thus, the marketing mix strategy goes hand in hand with segmentation targeting and positioning.

Using the 4Ps of Marketing

The model can be used to help you decide how to take a new offer to market. It can also be used to test your existing **marketing strategy**. Whether you are considering a new or existing offer, follow the steps below help you define and improve your marketing mix.

1. Start by identifying the product or service that you want to analyze.
2. Now go through and answer the 4Ps questions – as defined in detail above.
3. Try asking "why" and "what if" questions too, to challenge your offer. For example, ask *why* your target audience needs a particular feature. What if you drop your price by 5%? What if you offer more colors? Why sell through wholesalers rather than direct channels? What if you improve PR rather than rely on online advertising?
4. Once you have a well-defined marketing mix, try "testing" the overall offer from the customer's perspective, by asking customer focused questions:
 - a) Does it meet their needs? (product)
 - b) Will they find it where they shop? (place)
 - c) Will they consider it's priced favorably? (price)
 - d) And will the marketing communications reach them? (promotion)
5. Keep on asking questions and making changes to your mix until you are satisfied that you have optimized your marketing mix, given the information and facts and figures you have available.
6. Review your marketing mix regularly, as some elements will need to change as the product or service, and its market grow, mature and adapt in an ever-changing competitive environment.

DIFFERENCE BETWEEN SELLING AND MARKETING

In general we use 'marketing' and 'selling' as synonyms but there is a substantial difference between both the concepts. It is necessary to understand the differences between marketing vs. selling for a successful marketing manager. Selling has a product focus and mostly producer driven. It is the action part of marketing only and has short – term goal of achieving market share. The emphasis is on price variation for closing the sale where the objective can be stated, as "I must somehow sell the product". This short – term focus does not consider a prudential planning for building up the brand in the market place and winning competitive advantage through a high loyal set of customers. The end means of any sales activity is maximizing profits through sales maximization.

When the focus is on selling, the businessman thinks that after production has been completed the task of the sales force starts. It is also the task of the sales department to sell whatever the production department has manufactured. Aggressive sales methods are justified to meet this goal and customer's actual needs and satisfaction are taken for granted. Selling converts the product in to cash for the company in the short run.

Marketing as a concept and approach is much wider than selling and is also dynamic as the focus is on the customer rather than the product. While selling revolves around the needs and interest of the manufacturer or marketer, marketing revolves around that of consumer. It is the whole process of meeting and satisfying the needs of the consumer.

Marketing vs selling

Marketing consists of all those activities that are associated with product planning, pricing, promoting and distributing the product or service. The task commences with identifying consumer needs and does not end till feedback on consumer satisfaction from the consumption of the product is received. It is a long chain of activity, which comprises production, packing, promotion, pricing, distribution and then the selling. Consumer needs become the guiding force behind all these activities. Profits are not ignored but they are built up on a long run basis. Mind share is more important than market share in Marketing.

According to Prof. Theodore Levitt 'The difference between selling and marketing is more than semantic. A truly marketing minded firm tries to create value satisfying goods and services which the consumers will want to buy. What is offered for sale is determined not by the seller but by the buyers. The seller takes his cues from the buyer and the product becomes

the consequence of the marketing effort, not vice versa. Selling merely concerns itself with the tricks and techniques of getting the customers to exchange their cash for the company's products, it does not bother about the value satisfaction that the exchange is all about. On the contrary, marketing views the entire business as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs'.

The typical goal of marketing is to generate interest in the product and create leads or prospects. Marketing activities include:

1. Consumer research to identify the needs of the customers
2. Product development – designing innovative products to meet existing or latent needs
3. Advertising the products to raise awareness and build the brand.
4. Pricing products and services to maximize long-term revenue.

On the other hand, sales activities are focused on converting prospects to actual paying customers. Sales involves directly interacting with the prospects to persuade them to purchase the product.

Marketing thus tends to focus on the general population (or, in any case, a large set of people) whereas sales tends to focus on individuals or a small group of prospects. Following are the major differences between Selling and Marketing.

SELLING	MARKETING
1 Emphasis is on the product	1 Emphasis on consumer needs wants.
2 Company Manufactures the product first.	2 Company first determines customers' needs and wants and then decides out how to deliver a product to satisfy these wants.
3 Management is sales volume oriented.	3 Management is profit oriented.
4 Planning is short-run-oriented in terms of today's products and markets.	4 Planning is long-run-oriented in today's products and terms of new products, tomorrow's markets and future growth.
5 Stresses needs of seller.	5 Stresses needs and wants of buyers.
6 Views business as a good producing process.	6 Views business as consumer producing process satisfying process.
7 Emphasis on staying with existing technology and reducing costs.	7 Emphasis on innovation on every existing technology and reducing every sphere, on providing better costs value to the

	customer by adopting a superior technology.
8 Different departments work as in a highly separate water tight compartments.	8 All departments of the business integrated manner, the sole purpose being generation of consumer satisfaction.
9 Cost determines Price.	9. Consumer determine price, price determines cost.
10 Selling views customer as a last link in business.	10. Marketing views the customer last link in business as the very purpose of the business.

INTERFACE OF MARKETING WITH OTHER DEPARTMENTS

There are various types of organizations in existence. Functional organization, geographical area organization, product based organization, customer segment based organization and some form of hybrids can be observed.

Functional marketing organization: The important functional areas can be marketing research, new product marketing, advertising and sales promotion, sales management, physical distribution (marketing logistics), and marketing administration. As organizations become big more specialized functions within marketing can be organized as independent sections.

Geographical Area Based Organization: Companies selling across the nation generally set up branch sales offices and regional sales offices.

Product Based Organization (Brand Management): In product based organization each product or brand has a manager who looks after its marketing activities. The sales staff can be common staff and they report to a sales manager.

Coordination between marketing and other departments

Kotler highlighted the fact that each business function has a potential impact on customer satisfaction. All departments need to think of customer satisfaction and work together to fulfil customer needs and expectations. The chief marketing man in the organization has two tasks:

One is to manage the marketing department and other is to coordinate marketing specialist activities with marketing related activities of operations, finance, and other functions in the organization.

If we accept that marketing has a communicator role between the company and the outside world and that it is focused on customers in order to give them what they want, we can see how a systemic interaction with other department is fundamental to the attainment of the organisational goals. The most important business functions which marketing can assist are:

1. **Finance/Management:** marketing plans should include financial information for both new and existing products. In this sense, marketing can be a means supporting management when taking investment decisions. Marketing can also give inputs on sales forecasts under different marketing strategies scenario. Management can be supported by financial inputs provided by marketing but also to other data such as market actual (or expected) response to a product/service
2. **Production/operational department:** marketing can assist these departments in estimating the number and the type of products and services to be produced/provided. Marketing strategies can also try to stimulate a certain response of markets in order to influence the demand of goods/services in terms of level and/or timing. This can be useful to match the production/operational constraints of the organisation
3. **R&D:** marketing can assist R&D throughout from the idea of new product/services to its implementation. Marketing researches can provide inputs to understand what kind of products/services are likely to be the most marketable and/or understand what kind of features customers would like to have
4. **Sales:** sales department cultivates relationships with clients and marketing can offer inputs to make it more profitable

CUSTOMER LIFE TIME VALUE

In marketing, customer lifetime value (CLV) is a metric that represents the total net profit a company makes from any given customer. CLV is a projection to estimate a customer's monetary worth to a business after factoring in the value of the relationship with a customer over time. CLV is an important metric for determining how much money a company wants to spend on acquiring new customers and how much repeat business a company can expect from certain consumers.

Customer data analytics can reap significant financial rewards for your organization's sales, marketing and customer service departments. With so much data to contend with, companies often struggle with making sense of information from customers, public records and external databases. Luckily, we evaluate the newest sales and marketing tools making the process easier for IT managers and sales executives.

CLV is different from customer profitability (CP), which measures the customer's worth over a specific period of time, in that the metric predicts the future whereas CP measures the past.

CLV is calculated by subtracting the cost of acquiring and serving a customer from the revenue gained from the customer and takes into account statistics such as customer expenditures per visit, the total number of visits and then can be broken down to figure out the average customer value by week, year, etc.

But the process is more nuanced than that. By concentrating on what a customer has previously spent, companies neglect how their marketing or advertising practices have changed over time, resulting in new customers who behave differently than old ones. CLV should never be determined by dividing the total revenue by the number of total customers, since this is too simple a calculation and does not factor into how long some customers have had a relationship with the company. Changes to any of these strategies, as well as any shifts in a company's customer base as a whole, in the future will prevent companies from depending on past CLVs to predict upcoming ones.

Common ways of calculating a company's CLV include the following:

- 1. Average revenue per user:** Determine the average revenue per customer per month (total revenue ÷ number of months since the customer joined) and multiply that value by 12 or 24 to get a one- or two-year CLV. This approach is simple to calculate but does not take customer behavior into account or changes over time, either in customers' preferences or company strategy.
- 2. Cohort analysis.** A cohort is a group of customers that share a characteristic or set of characteristics. By examining cohorts instead of individual users, companies can get a picture of the variations that exist over the course of an entire relationship with groups of customers. Factors such as market changes, seasonality and the introduction of new products, competitors or promotions could skew cohort analysis.
- 3. Individualized CLV.** Companies not interested in broadly calculating CLV often focus on determining the total value of customers by source, channel, campaign or other

mediums such as coupons or landing pages on a company website. This could mean comparing CLVs as obtained through social media advertising against those from other digital marketing tactics, for example, with a focus on whether company resources are being efficiently spent.

The CLV can affect many different areas of the business since it is not focused on acquiring many customers or how cheaply those customers can be obtained but, instead, emphasizing efficient spending to maximize customer acquisition and retention practices. Customer segmentation can affect CLV in that some groups of customers might be more highly valued than others.

Customer lifetime value has intuitive appeal as a marketing concept, because in theory it represents exactly how much each customer is worth in monetary terms, and therefore exactly how much a marketing department should be willing to spend to acquire each customer, especially in direct response marketing.

Uses and advantages

Lifetime value is typically used to judge the appropriateness of the costs of acquisition of a customer. For example, if a new customer costs \$50 to acquire (COCA, or cost of customer acquisition), and their lifetime value is \$60, then the customer is judged to be profitable, and acquisition of additional similar customers is acceptable. Additionally, CLV is used to calculate customer equity. Advantages of CLV:

1. Management of customer relationship as an asset.
2. Monitoring the impact of management strategies and marketing investments on the value of customer assets, e.g.: Marketing Mix Modelling simulators can use a multi-year CLV model to show the true value (versus acquisition cost) of an additional customer, reduced churn rate, product up-sell.
3. Determination of the optimal level of investments in marketing and sales activities.
4. Encourages marketers to focus on the long-term value of customers instead of investing resources in acquiring "cheap" customers with low total revenue value.
5. Implementation of sensitivity analysis in order to determine getting impact by spending extra money on each customer.

6. Optimal allocation of limited resources for ongoing marketing activities in order to achieve a maximum return.
7. A good basis for selecting customers and for decision making regarding customer specific communication strategies.
8. A natural decision criterion to use in automation of customer relationship management systems.
9. Measurement of customer loyalty (proportion of purchase, probability of purchase and repurchase, purchase frequency and sequence etc.).

The Disadvantages of CLV do not generally stem from CLV modelling per se, but from its incorrect application.

NEW PRODUCT DEVELOPMENT

New product development is a task taken by the company to introduce newer products in the market. Regularly there will arise a need in the business for new product development. Your existing products may be technologically outdated, you have different segments to target or you want to cannibalize an existing product. In such cases, New product development is the answer for the company. There are 7 stages of new product development and they are as follows.

- 1. Idea generation** – in this you are basically involved in the systematic search for new product Ideas. A company has to generate many ideas in order to find one that is worth pursuing. The Major sources of new product ideas include internal sources, customers, competitors, distributors and suppliers. Almost 55% of all new product ideas come from internal sources according to one study. Companies like 3M and Toyota have put in special incentive programs or their employees to come up with workable ideas. Almost 28% of new product ideas come from watching and listening to customers. Customers even create new products on their own, and companies can benefit by finding these products and putting them on the market like Pillsbury gets promising new products from its annual Bake-off. One of Pillsbury's four cake mix lines and several variations of another came directly from Bake-Off winners' recipes.
- 2. Idea Screening** - The second step in new product development is Idea screening. The purpose of idea generation is to create a large pool of ideas. The purpose of this stage is to pare these down to those that are genuinely worth pursuing. Companies have different methods for doing this from product review committees to formal market research. It, is

helpful at this stage to have a checklist that can be used to rate each idea based on the factors required for successfully launching the product in the marketplace and their relative importance. Against these, management can assess how well the idea fits with the company's marketing skills and experience and other capabilities. Finally, the management can obtain an overall rating of the company's ability to launch the product successfully.

- 3. Concept Development and Testing** – The third step in New product development is Concept Development and Testing. An attractive idea has to be developed into a Product concept. As opposed to a product idea that is an idea for a product that the company can see itself marketing to customers, a product concept is a detailed version of the idea stated in meaningful consumer terms. This is different again from a product image, which is the consumers' perception of an actual or potential product. Once the concepts are developed, these need to be tested with consumers either symbolically or physically. For some concept tests, a word or a picture may be sufficient, however, a physical presentation will increase the reliability of the concept test. After being exposed to the concept, consumers are asked to respond to it by answering a set of questions designed to help the company decide which concept has the strongest appeal. The company can then project these findings to the full market to estimate sales volume.
- 4. Marketing Strategy Development** – This is the next step in new product development. The strategy statement consists of three parts: the first part describes the target market, the planned product positioning and the sales, market share and profit goals for the first few years. The second part outlines the product's planned price, distribution, and marketing budget for the first year. The third part of the marketing strategy statement describes the planned long-run sales, profit goals, and the marketing mix strategy.
- 5. Business Analysis** – Once the management has decided on the marketing strategy, it can evaluate the attractiveness of the business proposal. Business analysis involves the review of projected sales, costs and profits to find out whether they satisfy a company's objectives. If they do, the product can move to the product development stage.
- 6. Product Development** – Here, R&D or engineering develops the product concept into a physical product. This step calls for a large investment. It will show whether the product idea can be developed into a full- fledged workable product. First, R&D will develop prototypes that will satisfy and excite customers and that can be produced quickly and at budgeted costs. When the prototypes are ready, they must be tested. Functional tests are

then conducted under laboratory and field conditions to ascertain whether the product performs safely and effectively.

7. **Test Marketing** – If the product passes the functional tests, the next step is test marketing: the stage at which the product and the marketing program are introduced to a more realistic market settings. Test marketing gives the marketer an opportunity to tweak the marketing mix before the going into the expense of a product launch. The amount of test marketing varies with the type of product. Costs of test marketing can be enormous and it can also allow competitors to launch a “me-too” product or even sabotage the testing so that the marketer gets skewed results. Hence, at times, management may decide to do away with this stage and proceed straight to the next one:
8. **Commercialization** – The final step in new product development is Commercialization. Introducing the product to the market-it will face high costs for manufacturing and advertising and promotion. The company will have to decide on the timing of the launch (seasonality) and the location (whether regional, national or international). This depends a lot on the ability of the company to bear risk and the reach of its distribution network. Today, in order to increase speed to market, many companies are dropping this sequential approach to development and are adopting the faster, more flexible, simultaneous development approach. Under this approach, many company departments work closely together, overlapping the steps in the product development process to save time and increase effectiveness.

UNETHICAL ISSUES IN MARKETING

Whether you are playing the salesman role for your own business or you are hired to market an employer’s products or services, you need to understand the thin line between ethical and unethical marketing practices.

Ethical marketing entails making honest claims and satisfying the needs of potential and existing customers. It boosts credibility and trust, develops brand loyalty, increases customer retention, and prompts customers to spread word about the products or services you’re marketing.

Unethical marketing, on the other hand, can send wrong signals about your products and services, destroy your brand’s reputation, and possibly lead to legal problems. This explains why you should avoid them like a plague.

Your first step towards ensuring that you avoid unethical marketing practices is to recognize those practices. Of course, you can only avoid something when you can identify it. Many business owners and sales personnel have erroneously engaged in unethical marketing practices just because they never knew what these practices are in the first place. Here are ten common examples of unethical marketing practices that you must always avoid when promoting your products or services. Following are the examples of Unethical Marketing Practices

1. Making false, exaggerated, or unverified claims - In a desperate bid to compel potential and existing customers to buy their products or services, some marketers use false statements, exaggerated benefits, or make unverifiable claims about their offers. This is common in the weight loss industry, where marketers convince potential buyers that a particular product can help them shed so-and-so pounds within two weeks without exercise or dieting!

2. Distortion of facts to mislead or confuse potential buyers - This is another common unethical marketing practice. A typical example is when a food processing company claims that its products are sugar-free or calorie-free when indeed they contain sugar or calories. Such a company is only trying to mislead potential buyers, since they are unlikely to buy the products if it is made known that they contain sugar or calories.

3. Concealing dark sides or side effects of products or services - This unethical marketing practice is rife in the natural remedies industry, where most manufacturers deceive potential buyers that their products have no side effects because they are “*made from natural products*”. But in reality, most of these products have been found to have side effects, especially when used over a long period. In fact, there’s no product without side effects—it’s just that the side effects might be unknown. It’s better to say, “*There are no known side effects*” than to say “*there are no side effects*”.

4. Bad-mouthing rival products - Emphasizing the dark sides of your rival’s products in a bid to turn potential customers towards your own products is another common but unethical marketing practice. Rather than resort to this bad strategy, you should emphasize on those aspects that make your offer stand out from the rest of the pack. That’s professional and ethical.

5. Using women as sex symbols for advertising - The rate at which even reputable brands are resorting to this unethical marketing practice is quite alarming. If you observe TV, billboard, and magazine adverts, there’s something common to most of them; a half-naked

lady is used to attract attention to the product or service being advertised. While it might be intuitive to use models in adverts for beauty products and cosmetics, having half-naked models in adverts for generators, heavy machinery, smartphones, and other products not strongly related to women is both nonsensical and unethical.

5. Using fear tactics - This is another common unethical marketing practice among snake oil salespersons. You will hear them saying something like: *“This price is a limited-time offer. If you don’t buy now, you might have to pay much more to buy it later because the offer will end up in two days time, and the price will go up.”* The only motive behind those statements is to prompt the potential buyer to make a decision on the spot. And that’s wrong. *Why subject someone to undue pressure because you want to make money off him or her?*

7. Plagiarism of marketing messages - Though uncommon, some business owners and salespersons engage in using the exact marketing messages of their competitors to market their own products or services. Creativity is a huge part of marketing, and using other businesses’ marketing messages just passes you off as being creatively bankrupt and fraudulent.

8. Exploitation - This is charging for much more than the actual value of a product or service. For marketing efforts to remain with ethical limits; the prices of your offers must be equal to or less than the value they give the buyer. If the value is less than the cost, it’s unethical.

9. Demeaning references to races, age, sex, or religion - Ethical marketing must be devoid of all forms of discrimination. If your marketing messages contain lines that place people of certain age range, sex, religion, nationality, or race at a higher level than others, then you are crossing the bounds of ethical marketing.

10. Spamming - Spamming is when you send unsolicited emails to potential customers, encouraging them to buy your products or services. This is the commonest unethical marketing practice done online. The number of time you send such emails doesn’t matter. Whether you send them once, or on occasions, or frequently, you remain a spammer.