

A STUDY ON MARKETING ETHICS OF FMCG COMPANIES WITH SPECIAL REFERENCE TO TOP FIVE IN INDIA

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ABSTRACT

Marketing ethics focuses on how consumer behavior influences the ethical issues while purchasing. Marketing ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing areas like ethics in advertising, product features and environmental ethics. It plays a vital role in the growth of company. In this study, to investigate the ethical behavior of Fast Moving Consumer Goods companies in India.

Key words: Marketing ethics, Ethical behavior, FMCG.

INTRODUCTION

Today's businesses are not just generating more profits or to increase the sales. They have to find out the ways to help the society in the form to produce good healthy products without adulteration and not giving misleading advertisement. Because advertisement has a significant influence on people, society in large, while shaping their attitudes and behaviors.

As per the data given by Economic Times in the year 2018, the Top 5 Fast Moving Consumer Goods companies were selected by the researcher. They are as follows:

1. Hindustan Unilever Limited (HUL)
2. Colgate –Palmolive
3. ITC Limited
4. Nestle
5. Parle Agro

The researcher made an attempt to study the brand preferences of the consumer and their opinion about the products related to marketing ethics and advertisement ethics since the study deals with the marketing ethics. Well-known brand name can create more customers. Brands are one of the most valuable assets of the company.

RESEARCH METHODOLOGY

The sample respondents were identified from Chennai city, convenience sampling method was employed to select the samples. The samples selected were according to the demographic profiles. After reviewing various related literatures the questionnaire was constructed by the investigator. 100 questionnaires were collected as samples. After the process of data collection, the data coding starts and the data has been entered into the SPSS software in order to be checked and analyzed based on Gender, Age and Income are considered as Demographic variables for the current study.

OBJECTIVES OF THE STUDY

1. To study the customer opinion related to marketing ethics in selected FMCG Companies.
2. To understand the consumer's perception towards the various marketing ethics attributes.

ETHICAL CONSIDERATIONS

According to the literature, ethical considerations should be seriously considered by the researchers (Weber, 1949). As Weber mentions, the considerations can be divided into four categories: First of all, there is the right of every respondent to be informed for everything relevant with the particular research. Secondly the researcher must protect the identities of the participants, ensuring that their answers are private and confidential. Third, is the fact that deception is considered forbidden since it is unethical and finally the "accuracy of the data has to be assured, as it is a basic principle in social science".

On the one hand, although ethical considerations have been remarked as quite important from the Market Research Society (MRS) reassuring that respondents' rights are being protected, on the other hand, according to Lovett (2001) a researcher's ethical responsibilities should be concerned with those of his fellow researchers and the wider community. "The researcher has to be honest about the methods he used while collecting and analyzing his data and also about the limitations of the specific research" (McGivern, 2006).

LIMITATIONS:

1. The size of the sample was relatively small – 100 respondents only. A bigger sample would probably enhance the reliability of the research.
2. The profile variables, Gender, Age and Income only were taken for the study.

I. Opinion about Products

Analysis of the Study on Marketing Ethics of FMCG products of 100 respondents:

| S.NO. | PRODUCT ASPECTS | Predictors (constant) | Dependent variable | Correlation | Standard error | Significant (5 percent) |
|-------|-------------------------------|-----------------------|--------------------|-------------|----------------|-------------------------------|
| 1. | Product variety is more | Gender, Age, Income | Marketing Ethics | 0.586 | 9.238 | >5% Not significantly related |
| 2. | Quality is high | Gender, Age, Income | Marketing Ethics | 0.576 | 8.8594 | >5% Not significantly related |
| 3. | Packaging is good | Gender, Age, Income | Marketing Ethics | 0.684 | 8.6534 | >5% Not significantly related |
| 4. | Products have high features | Gender, Age, Income | Marketing Ethics | 0.784 | 8.238 | >5% Not significantly related |
| 5. | Expiry date given on label | Gender, Age, Income | Marketing Ethics | 0.474 | 7.8594 | >5% Not significantly related |
| 6. | Proper information on package | Gender, Age, Income | Marketing Ethics | 0.657 | 8.9534 | >5% Not significantly related |
| 7. | Prices are displayed | Gender, Age, Income | Marketing Ethics | 0.576 | 9.5679 | >5% Not significantly related |
| 8. | Service is good | Gender, Age, Income | Marketing Ethics | 0.647 | 8.9234 | >5% Not significantly related |
| 9. | Returns are accepted | Gender, Age, Income | Marketing Ethics | 0.425 | 8.4532 | >5% Not significantly related |

Scale Factor 1 (Gender, Age and Income)



II. Opinion about Advertisement

| S.NO | ADVERTISEM ENT ASPECTS | Predictors (constant) | Dependa nt variable | Correlation | Standard error | Significant (5 percent) |
|------|--|-----------------------|---------------------|-------------|----------------|-------------------------------|
| 1. | Real picture of advertisement | Gender, Age, Income | Marketing Ethics | 0.473 | 8.276 | >5% Not significantly related |
| 2. | Real presence of the products in advertisement | Gender, Age, Income | Marketing Ethics | 0.526 | 7.965 | >5% Not significantly related |
| 3. | Real Discounts | Gender, Age, Income | Marketing Ethics | 0.634 | 3.568 | >5% Not significantly related |
| 4. | No exaggeration in advertisement | Gender, Age, Income | Marketing Ethics | 0.678 | 5.867 | >5% Not significantly related |
| 5. | Correct information given about the product characteristics in advertisement | Gender, Age, Income | Marketing Ethics | 0.376 | 9.456 | >5% Not significantly related |

Thus from the analysis it was clear that the Marketing ethics of Selected FMCG companies is not significantly NOT correlated to each other among Factor 1 and Factor 2 of the research study and further statistical tools Regressions tested for the above study.

Regressions

H1 : Business Ethics and Brand Equity

The first regression that was realized while testing the first hypothesis: *H1: Corporate business ethics as a system of moral values are positively associated with the brand equity.* As it is shown, the dependent variable of the relationship is brand equity and the independent one is business ethics. It is significant

(0.000) confirming the hypothesis.

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|--------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 2.110 | 0.420 | | 5.024 | 0.000 |
| bus_eth | 0.457 | 0.072 | 0.441 | 6.314 | 0.000 |

a. Dependent Variable: br_eq

H2: Business Ethics and Consumer Perceptions

This regression is an attempt to confirm the second hypothesis: *H2: The customers' perceived business ethics are positively related to the consumers' perceptions about the brand.* The hypothesis is being rejected since it is not significant (0.970).

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 3.914 | 0.656 | | 5.963 | 0.000 |
| bus_eth | 0.004 | 0.113 | 0.003 | 0.038 | 0.970 |

a. Dependent Variable: perceptions

H3: Brand Equity and Consumer Perceptions

The third regression is being realized in order to test the third hypothesis of the current research: *H3: Brand Equity is positively related to consumers' perceptions about a brand.* The hypothesis is also being rejected since it is not significant (0,461>0,005).

Brand Equity and Consumer Perceptions

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|--------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 3.557 | 0.525 | | 6.778 | .000 |
| br_eq | 0.081 | 0.109 | 0.057 | 0.739 | 0.461 |

a. Dependent Variable: perceptions

H4: Consumer Perceptions and Willingness to Buy (W.T.B.)

The final regression attempts to test the last hypothesis of this research:

H4: Consumers' perceptions about a brand are positively related to Consumer Willingness to Buy (WTB).

The hypothesis is being confirmed since it is significant (0.000).

Consumer Perceptions and Willingness to Buy (W.T.B.)

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1.863 | 0.367 | | 5.082 | 0.000 |
| perceptions | .583 | 0.089 | 0.455 | 6.571 | 0.000 |

a. Dependent Variable: willingness

Hypothesis Testing Summary

The main research objectives are to test the hypothesis derived from the literature review, presented in the conceptual framework of the study and eventually to derive the corresponding conclusions and implications of the research findings. This section provides a summary of the hypothesis and whether they were confirmed or not.

| | | |
|----|--|-----------|
| H1 | Corporate business ethics as a system of moral values are positively associated with the brand equity | Confirmed |
| H2 | The customers' perceived business ethics are positively related to the consumers' perceptions about the brand. | Rejected |
| H3 | Brand Equity is positively related to consumers' perceptions about a brand. | Rejected |
| H4 | Consumers' perceptions about a brand are positively related to Consumer Willingness to Buy (WTB). | Confirmed |

CONCLUSION

The corresponding descriptive statistics are presented and a factor analysis is followed. The article ends with the results of all the regressions involved in testing the various hypothesis under consideration.

According to the reliability tests, all the variables can be considered as reliable, since all the components had a Cronbach Alpha above 7. Additionally, concerning the regressions, two of the hypothesis have been confirmed and two have been rejected, indicating that business ethics are being positively related with brand equity but not with consumers/ perceptions. Moreover, the results demonstrating that although brand equity is not positively related with consumers/ perceptions, the latter is positively related with consumers' willingness to buy. The implications of this study is both theoretical and empirical.

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