

Ethical issues in sales and sales management

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Abstract- Ethical issues are common these days and can affect everyone, ethical issues are seen as dilemmas in a business and they may depend on the conditions and circumstances as well moral positions. Individual and business ethical issues are complex and the focus of this chapter will be on ethical issues that affect sales operations.

Introduction

Sales ethics are a set of principles a business or salesperson uses to ensure a fair and honest sales force and management, being ethical gives the business an advantage by creating an image of integrity and respect for their competitors and especially customers because you're doing right by them. Salesperson must not force their agendas on their customers instead they should put their needs and opinions first, which would engage them more and interest in the product they are selling¹, to invite more customers the ethical issues regarding sales and other marketing operations have to be recognised and solved.

Some common ethical issues in sales and sales management which have been recognised are as follows-

Ethical issues in sales and sales management

1. Selling a product rather than a solution to the customers

Rather than think of products as selling tools, view them as solutions to help others. Concentrating on understanding the needs of these customers and coming up with creative ways to meet those needs. Products are not just objects but also vehicles for solving problems and making life easier for others.

Promoting products aggressively to people who don't need them or haven't encountered the problem that the product solves, the company may suffer consequences. This can tarnish the company's reputation with those dissatisfied and unhappy with what has been offered. Customers can be lost as a result of this marketing strategy.

Take the time to listen to your customers and Maintain a customer-focused attitude.

2. Attacking competitors

When a knowledgeable consumer is in the market for a product, they often ask the question "which product should I buy?" At this point, businesses have two strategies to choose from. Some businesses choose to criticize their competitors and convince their customers that their competitors' products are inferior to their own. However, other businesses opt to utilize their knowledge about their products as well as their competitors' products to highlight the unique and superior qualities of their products. It is important to note that belittling competitors is not a successful strategy as it can lead to the perception of dishonesty and unethical behaviour, which can negatively impact the impression of the business in the consumer's eyes.

¹ <https://www.pipedrive.com/en/blog/sales-ethics>

3.False advertisement

Advertising is deceptive if it misrepresents the value, uses, or outcomes of a product, or if it uses inaccurate information in its content to entice buyers. False advertising may effectively attract customers in the early stages of a sales funnel, but it ultimately undermines consumer trust. When it disappoints and deceives customers, it influences long-term negative brand perception. False advertising can sometimes even lead to suits and accusations of fraud and cheating which can even cost more than the profit earned by attracting customers through false advertising and can damage the company's reputation, To avoid false advertising accusations, exaggerating the benefits of a product or service in your marketing and advertising communications should be prevented.

For example-In 2014, the energy drink company Red Bull was sued for its slogan "Red Bull gives you wings." The company agreed to pay a maximum of \$13 million to settle the class action lawsuit, including \$10 to every US consumer who purchased the drink since 2002. The company's tagline, which it has used for nearly two decades, was used in conjunction with marketing claims that the caffeinated drink could improve a consumer's concentration and reaction speed. Beganin Caraethers was one of several customers who filed the lawsuit against the Austrian beverage company. He claimed to have been a Red Bull regular for ten years but had not developed "wings" or shown any signs of improved intellectual or physical abilities.²

4.Unethical pricing

A) Price Hiking. This is the technique of artificially inflating your prices during a period of unusually high demand, knowing that many buyers will be forced to pay a premium.

B) predatory pricing. Another unethical policy in which businesses promote products at low prices in order to unfairly compete. These low prices entice consumers to select a specific brand's offering, resulting in temporary increased sales for the company, though this does not always translate into increased revenues.

C) bait and switch. In this technique, businesses use dubious pricing to fool customers. by promoting a product having a price which is affordable and inviting them to see that there is no such product available and selling them a more expensive product.

5.Inviting businesses through bribes

Using methods such as a kickback also known as giving vouchers for high-end restaurants, gifting vacations and other such favours to your customers might be unethical and can make one seem desperate and corrupt. Providing such gifts, favours and incentives can be seen as a bribe to invite more business.

Impacts of ethical issues on sales and sales management

Ethical issues in sales management can have serious consequences for the organisation. Among the potential consequences are:

1. Legal Action

Misrepresentation, discrimination, and misuse of customer data may result in legal action, resulting in financial penalties and reputational harm to the organisation.

2. Loss of Reputation

Ethical lapses can harm an organization's reputation, resulting in customer and revenue loss.

² <https://www.businessinsider.in/advertising/18-false-advertising-scandals-that-cost-some-brands-millions/slidelist/51630710.cms#slideid=5163>

3. Loss of trust

Customers may lose faith in an organisation if they believe sales managers are using unethical tactics to sell products or services. This breach of trust can have long-term consequences for the organization's revenue and profitability.

How to Create an Ethical Culture in Your Sales management team?

1. Ethical Training

Sales managers should be trained on ethical issues, such as recognising and avoiding unethical behaviour. This training should be ongoing to ensure that sales managers are up to date on the most recent ethical issues.

2. Clear Policies and Procedures

Organizations should develop clear policies and procedures outlining ethical standards in sales management. These policies must be communicated to all employees, and any violations must be addressed as soon as possible.

3. Ethical Behavior Incentives

Organizations can incentivize ethical behaviour by rewarding sales managers who follow ethical standards. Bonuses, promotions, and recognition are examples of such incentives.

4. Customer Feedback

Organizations can collect customer feedback to identify ethical concerns in sales management. Such feedback can assist organisations in identifying areas for improvement and making changes to address customer concerns.

Conclusion

Ethical issues in sales management can have serious consequences for the organisation, such as legal action, loss of reputation, and customer loss. Organizations must take proactive steps to identify and address ethical concerns in sales management, such as ethical training, clear policies and procedures, and incentives for performance.

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