

Exploring Ethics in E-Marketing for Responsible Leadership

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Abstract

In the recent years, increased usage of the Internet has induced the marketers and customers for online selling and buying of products and services. E-marketing provides an opportunity to sell and purchase various brands of products having huge discounts; but at the same time, there are chances of frauds, deception, hacking, duplication, and other unethical practices in the e-marketing. This paper aims to explore the extent of customers' perceived ethical virtues followed by the e-marketers for responsible leadership and dealing with customers. This empirical study is based upon the responses obtained from 200 customers through a questionnaire. The questionnaire comprised of demographic variables along with the Likert scale items representing the customers' perceived ethical practices. The reliability and validity of data were duly assessed through various measures. The exploratory factor analysis summarised the variables into four factors namely security, non-deception, reliability, and privacy. The findings indicate that customers perceived e-marketers as moderately ethical and suggested for more security, privacy, and reliability through formulation of ethical codes, publicising the unethical practices of concerns by media, and proactive role of regulatory bodies in promoting ethics in e-marketing for protecting the interest of various stakeholders. It is obvious that ethical practices lead to customer satisfaction, enhanced performance, and positive word of mouth thus edifying trust, commitment, and loyalty to e-marketers. Contrary to this, unethical practices by e-marketers make the customers dissatisfied, reduce performance, and spread irresponsible leadership as well as negative word of mouth about the company, which seriously tarnish the image of the company in the eyes of all stakeholders. The study will be highly useful for researchers, practitioners, marketers, and policy makers with new

insights for research and formulation of policies with regard to ethics in e-marketing.

Keywords: Customers, E-marketing, Ethics, Stakeholders, Leadership

Introduction

The wide usage of the Internet has allured the marketers as well as customers to sell and procure the products and services online through electronic modes (Greblikaite & Pervazaite, 2014). The social media has also given it more momentum through promotions on Facebook, Twitter, Instagram, and WhatsApp whereby customers get various links to shop online (Ramanathan *et al.*, 2017). Further, the e-marketers have designed websites, web pages, and managed collaborations with major online sellers such as Amazon, Flipkart, Homeshop 18, Myntra, Snapdeal (Saleh, 2016; Wang, 2016). In comparison to conventional marketing e-marketing involves receiving online orders and supplying of goods to the customers at the place of consumption (Jackson & Ahuja, 2016). The customers are benefited in terms of several choices, huge discounts, customers' reviews and ratings, along with home delivery of products (Kannan, 2017). The digital marketing, as compared to traditional marketing communication, is more faster due to the fact that the orders are being received around the over the Internet. In fact, the Internet along with other digital media such as mobile phones has enhanced the horizons of information exchange. The

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possibility of marketers and customers to disseminating the information with each other has been increased (Robert & Patricia, 2010). To supplement, Strauss and Frost (2010) opined that e-marketing embraces the use of information communication technologies to create, communicate, and deliver value to the customers and also manage long-term relationships with customers through better services which also pays the organisation in the long run in terms of more market share, corporate image, responsible leadership, and diversification in the new areas. Thus, e-marketing focuses on alluring prospective customers, retaining present customers, and developing the brand equity. In fact, each organisation, big or small, nowadays, has been using some or the other form of e-marketing practices in the course of their business.

There are different viewpoints about whether e-marketing is a boon or bane, as e-marketing offers so many benefits but also involves the chance of frauds, deception, hacking, cookies, duplication of products, and other unethical practices (Thorpe & Roper, 2017). The unethical acts, nowadays, have been increased tremendously with the advancement in e-marketing practices. Meanwhile, ethics in e-marketing connotes the norms of conduct indicating the right/wrong, fair/unfair, and just/unjust practices of the firms marketing online. It is fact that e-marketing involves a lot of unfair practices whereby customers are deceived by the marketers and even their privacy is at stake at many a times. The pressure generated from consumerism, regulatory bodies, NGOs, and media has sensitised e-marketers to adopt ethics in their business practices. The scams, scandals, and misleading practices in few concerns highly disseminated by media which were the leaders in the market had to bear the irreparable loss. Ethical issues, in relation to e-marketing, include security and privacy of information and safety of intellectual property rights (Palmer, 2017). To supplement, Roman and Cuestas (2008) argued that instead of traditional shopping, when online customers' perceived challenges and higher risks, they were reluctant to online shopping. In addition, Roman (2007) argued that privacy is violated

when personal details of the customers are shared with unauthorised person. The online piracy occurs due to unauthorised copyright of electronic intellectual items namely e-books, music designs, or videos. Moreover, e-mail spamming is also common phenomenon and involves the use of e-mails to send unwanted information over the Internet. According to Palmer (2005), few ethical issues in e-marketing are quite alike to the ethics of conventional physical marketing while Citera *et al.* (2005) found ethical wrongdoing is more likely to occur in electronic transactions instead of face-to-face transactions.

Further, Freestone and Mitchell (2004) opined that the Internet manifests a new environment for unethical behaviour and with the wide usage of the Internet, unethical practices concerning e-marketing also enhanced during the last decade. It is indispensable for e-marketers to understand how customers perceive and evaluate their ethical practices. The study by Wang and Emurian (2005) opined that due to unethical practices, the customers do not engage in e-marketing, more specifically, for transactions in which the financial and personal information is shared to web marketers via the Internet. Hence, e-marketing cannot grow without a climate based upon trust and commitment in online transactions created through the application of ethics. Further, Smith (2004) suggested that practices of business concerns should be ethical, especially when they involve the privacy issues.

Review of Literature

The marketing ethics has been widely researched but only a few have yet concentrated on ethics in e-marketing, particularly from customers' perspective. In digital marketing, ethics researchers have focused mostly on privacy issues, thus, negating the other ethical issues such as security, non-deception, and reliability. It is worthwhile to review various studies conducted so far regarding marketing ethics.

Table 1: Review of Literature

S. No.	Author(s)	Findings
1.	Creyer Ross (1997)	●The customers were very sensitive to ethical/unethical activities of firms while online shopping. The ethical issues encompass privacy concerns, accuracy of information, property and accessibility, spamming, etc.
2.	Deckmyn (1999)	●The customers viewed unnecessary messages negatively and did not read commercial e-mail (spam) from senders and accordingly, deleted these messages.
3.	Culnan (2000)	●The inaccurate information and privacy concerns were the critical reasons of customers' resistance to online shopping.
4.	Miyazaki and Fernandez (2000)	●They found positive association between the security & privacy-related issues on websites and consumers' willingness to purchase online.
5.	Bush et al. (2000)	●The online transaction security, privacy of information and truthfulness on the Internet were the most significant concerns in internet marketing.
6.	Stewart and Pavlou (2002)	●They argued sharing excess information confuses the customers and they react negatively.
7.	Dommeyer et al. (2003)	●The customers were less interested in direct marketing though they were fairly well informed about privacy protection as they did not provide accurate information to marketers at the time of buying online.
8.	Barnes (2004)	●The spam found to be as the most unethical way of e-marketing.
9.	Roman (2007)	●The study presented a concrete framework of consumers' perceptions of ethical behaviour in the Internet marketing and explored four dimensions of online ethics namely security, privacy, non-deception, and fulfilment.
10.	Tsai et al. (2011)	●As privacy of information is guaranteed and easily accessible, the online customers are willing to pay additional prices to purchase the products or services from privacy protective e-marketers.
11.	Oghazi Pejvak et al.,(2012) Greblikaite & Pervazaite 2014	●The website service, design, reliability, and privacy/security were the factors which influenced customer intentions to shop online. ●The case analysis of e-shopping sites was fulfilled with traditional ethical decision making' theories namely utilitarian, justice ethics, and deontology. The moral problems of business are complex and cannot be solved in accordance with only one provision.

Objectives of the Study

The study is based upon the following objectives.

- To unearth the benefits and risks associated with e-marketing.
- To examine the extent of ethics followed in e-marketing.
- To explore the various dimensions of ethics in e-marketing.
- To suggest a strategic action plan for enhancing ethical orientation among e-marketers.

Research Methodology

The study is based upon secondary and primary data. The secondary data were gathered from journals, books, and the Internet. For obtaining the primary data, a questionnaire was framed after thorough review of extant literature and deliberations with experts on the subject. Various studies, as depicted in the review of literature, were considered for framing the questionnaire. The questionnaire comprised of some items of demographics namely gender, age marital status, qualification, etc., and 20 items measuring ethics in e-marketing, based upon five point Likert scale

ranging from 5 to 1, where 5 means strongly agree and 1 means strongly disagree. After the questionnaire on 30 respondents, the final survey was undertaken and 200 responses were obtained by contacting respondents personally as well as through online sources namely e-mail, social media, etc.

Data Analysis and Findings

This section comprised of respondents' profile reliability and validity and exploratory factor analysis results.

Respondents' Profile

The percentage of female respondents was higher (56%) than their male counterparts and majority of them (86%) were unmarried. The average age of respondents was 24 years and more than half of them (57%) had below average age indicating youth respondents. As far as qualification is concerned, majority of the respondents (59%) were postgraduates but still unemployed. Further, about two-thirds of the respondents used website rather than apps for online shopping. About 71% of online shoppers paid cash on delivery followed by debit/credit cards. The State Bank of India (28%) and J&K Bank (32%) were the most commonly used banks for e-payments through credit cards/debit cards/net banking. About 23% of the respondents came to know about online shopping through mass media and 26% through social media (Table 2).

Table 2: Demographics Profile

Variables	Frequency	Percentage
Age		
Below average	114	57
Average	14	07
Above average	72	36
Gender		
Male	88	44
Female	112	56
Marital status		
Married	28	14
Unmarried	172	86
Qualification		
Undergraduate	8	4
Graduate	70	37
Postgraduate or above	113	59
Occupation		
Employed	135	70
Unemployed	58	30

Variables	Frequency	Percentage
Shopping platform		
Website	135	67
Application	65	33
Payment mode		
Credit card	16	08
Debit card	28	14
Cash on delivery	141	71
Net banking/e-challan/others	15	07
Preferred bank		
State Bank of India	46	28
J&K Bank	53	32
Punjab national bank	18	11
HDFC Bank	11	07
Others	36	22
Drive for online shopping		
Word of mouth	19	10
Mass media	46	23
Social media	52	26
Web advertising	30	15
Multiple	53	27

Reliability and Validity

Reliability is the assessment of the degree of consistency between multiple variables of a construct (Hair *et al.*, 2009, p. 161) being checked through Cronbach's alpha (Malhotra, 2008, p. 285). The data were proved satisfactory as Cronbach's alpha value came to be above the minimum threshold of 0.70. The validity is the extent to which a scale or set of measures accurately represent concept of interest and assessed in terms of content, convergent, and discriminant analysis (Hair *et al.*, 2009, p. 161). The content validity has been worked out by reviewing the related literature and discussions with the experts on similar topic. Convergent validity is the degree to which two measures of the same concept are correlated and was also found to be satisfactory (Malhotra, 2008, p. 286) as the factor loadings of items under a construct were more than 0.5.

Finally, the discriminant validity is the degree to which two constructs are distinct (Hair *et al.*, 2009, p. 162). It has also been proved as the correlations between most of the constructs were less than 0.3.

Exploratory Factor Analysis

For the data purification, exploratory factor analysis has been used through Statistical Package for Social Sciences

(SPSS, 17 Version) with Principal component analysis along with varimax rotation. Factor analysis examines the underlying patterns or relationship for condensing the total data into minimum meaningful factors (Hair *et al.*, 2009, p. 128). The items having factor loading less than

0.5 and Eigenvalue less than 1 were not considered for the subsequent analysis. With application of factor analysis, the data converged into three factors with 67.09% of variance explained (Table 3).

Table 3: The Process of Exploratory Factor Analysis

Round	Variance Explained	Items Emerged	Iterations	Items Deleted	KMO	Bartlett
1	51.713	19	09	1	0.767	1088.524
2	52.176	18	09	1	0.747	978.968
3	53.701	17	08	1	0.724	903.134
4	54.844	16	07	1	0.715	838.812
5	56.841	15	06	-	0.710	795.178

These factors are discussed as under:

Security

It refers to the set of concerns involving a computer system's vulnerability to viruses that can attack a system and its resources. The first factor is security ($\alpha =$

0.746), has overall mean of 3.65 explaining 16.02% of the variance, and consisted of four items representing consumers' perceptions about the security in the online transactions. The item, 'websites have adequate security features' contributed highly to the online security (FL = .782) followed by secure payment methods (.766), 'security policy is easy to understand' (.641), and 'confirm the details of the transaction before paying' (.637).

Table 4: Factorial Profile

S.N	VARIABLES	M*	SD	FL	C	EV	VE	CA
	Security	3.65	0.87			3.723	16.022	0.746
1.1	The websites have adequate security features.	3.43	0.93	.782	0.72			
1.2	The sites appear to offer secure payment method.	3.80	0.78	.766	0.62			
1.3	The security policy is easy to understand.	3.43	0.99	.641	0.52			
1.4	You can confirm the details of the transaction before paying.	3.95	0.79	.637	0.45			
	Non-Deception	2.89	1.06			2.343	15.614	0.753
2.1	The sites do not use misleading tactics to convince customers to buy its products.	2.95	1.03	.817	0.72			
2.2	The sites do not takes advantage of less experienced consumers to make them purchase.	2.94	1.10	.788	0.63			
2.3	The sites do not attempt to persuade you to buy things that you do not need.	2.73	1.08	.745	0.64			
2.4	They are entirely truthful about its offerings.	2.95	1.02	.655	0.44			
	Reliability	3.64	0.95			1.257	12.697	0.753
3.1	The price shown on the sites is the actual amount billed.	3.71	0.99	.716	0.63			
3.2	Promises to do something by a certain time, they do it.	3.42	0.96	.676	0.50			
3.3	You get what you ordered from this site.	3.83	0.92	.660	0.58			
3.4	They treat you as a valuable customer.	3.58	0.92	.515	0.36			
	Privacy	3.46	0.97			1.203	12.509	0.674
4.1	The sites comply with the rules and regulations governing data protection.	3.51	0.91	.787	0.66			
4.2	The sites clearly explain how user information is used.	3.42	0.99	.678	0.53			
4.3	Information regarding the privacy policy is clearly presented.	3.44	1.01	.634	0.56			

Note: *M = Mean; SD = Standard Deviation, FL = Factor Loading, C = Communalities, EV = Eigen Value, VE = Variance Explained, CA = Cronbach's Alpha

Non-Deception

The second factor non-deception ($\alpha = 0.753$) has mean score of 2.89 indicating the possibility of deception in e-marketing. This construct comprised of four items accounting for 15.61% of the variance. The four items on this factor refer to the extent to which the consumer believes that the online retailer does not use deceptive or manipulative practices with the intent to persuade consumers to purchase the website's offerings. The item 'the sites do not use misleading tactics to convince customers to buy its products' contributes highest (FL = .817) but its mean score is below 3 on five-point Likert scale. The item 'they are entirely truthful about its offerings' has the lowest factor loading (FL = .655). It indicates that respondents faced some sort of deception in the online buying of products and services.

Reliability

The third factor is 'reliability' ($\alpha = 0.753$) consists of four items accounted for 12.70% of the variance. These items are related to the accurate display and description of a product so that what consumers receive is what they thought they ordered, as well as the delivery of the right product within the frame promised. The variable 'the price shown on the sites are the actual amount billed' has the highest factor loading of .716 followed by 'promises to do something by a certain time, they do it' (FL = .667), 'you get what you ordered from this site' (FL = .660), and 'they treat you as a valuable customer' (FL = .515).

Privacy

These items refer to consumers' perceptions about the protection of individually identifiable information on the Internet. A good starting point for the analysis of this dimension is the AMA Code of Ethics for Marketing on the Internet. This states that: information collected from customers should be confidential and used only for expressed purposes. The factorial mean was 3.46 with 12.51% of variance explained. The item 'the sites comply with the rules and regulations governing data protection' has the highest factor loading (.787) followed by variable 'the sites clearly explain how user information is used' (.678) and least contribution by the item, 'information regarding the privacy policy is clearly presented' (.634).

The overall mean of this factor indicates e-marketers try their best to ensure privacy as it is directly associated with the online purchase intentions of customers.

Implications and Future Research

The e-marketers, though try to ensure security, reliability, and privacy of the online transactions score low on non-deception, need some strategic action against those e-marketers that deceive customers. An ethical code should be formulated for online marketers indicating the right and wrong practices on the pattern of AMA code of ethics for marketers. Further, publicise the unethical practices of concerns through the media so that others can also become aware about the consequences of wrong doings. There is need of proactive role of regulatory bodies in promoting ethics in e-marketing for safeguarding the interest of various stakeholders in marketing. More awareness programmes should be conducted to highlight the benefits of ethics in the long run and the consequences of unethical practices. It is obvious that ethical practices lead to customer satisfaction, enhanced performance, and positive word of mouth, thus, edifying trust, commitment, and loyalty to e-marketers. Contrary to this, unethical practices by e-marketers make the customers dissatisfied, reduce performance, and spread negative word of mouth about the company, which seriously tarnish the image of the company in the eyes of all stakeholders. The present study explored the dimensions of customers' perceived retailing ethics but the forthcoming researchers can validate the scale by constructing and confirming the model of these dimensions and subsequently can measure their effects on business performance of e-marketers. Further, the study is geographically restricted to J&K but the upcoming researchers can extend it to the other parts of India as well cross cultural studies can be conducted.

Conclusion

This study attempts to highlight the ethical practices of e-marketers by conducting a quantitative research approach. The findings reveal e-marketers as moderately ethical except the non-deception construct. The customers got a wide variety of products with huge discounts and the privacy was taken care of by the e-marketers as customers were very sensitive while sharing personal information over the Internet. Though there was no

incidence of hacking, customers were reluctant to share personal information over the Internet. Due to this, most of the respondents preferred cash on delivery as mode of e-payment but they rarely used debit/credit cards for payments due the fear of hacking of account information. The present study will be highly useful for researchers, practitioners, e-marketers, and policy makers in terms of new research insights and formulation of policies with regard to ethics in e-marketing and building long-term relations with online customers.

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