

## Ethical Dimensions of 'Hospitality and Tourism' Marketing

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Is ethics and marketing immiscible like oil and water?

The answer depends on the outlook of whom you ask, because the appropriateness of human behavior is based on the individual sense of morality and the individual's willingness to compromise on personal comforts for the sake of society's wellbeing.

As one of the largest and fastest growing business segments of the world, hospitality and tourism industry and its marketing is a mine field of ethical issues, although many such issues are highly debatable. Debate them we must, otherwise they could disappear from our collective awareness. Like any other industry, marketing is playing a hugely responsible role for its ultimate business success in the hospitality industry too. The relevant question here is how ethical are the marketing functions in creating new 'needs and wants' in the minds of the target population, especially if the consequences of these freshly aroused needs are not in the ultimate interest of the targets.

The Fast Food industry has been under scrutiny for some time now with its way of doing business. Since its formation in the 1950s, for example, McDonalds has dominated the world with its fast food outlets. One of main reasons for its success is its direct

marketing approach. In the 1960s, the mascot of then popular Ronald clown was used as a marketing tool by McDonalds to target children as one of their major target markets. Eventually the happy meal toys were introduced to further strengthen its market especially with children from the age three to nine. Today, increasing number of children is faced with obesity problems probably as a result of this marketing approach, which has swept the world across. Deaths are also on the increase due to excessive obesity.

Deceptive marketing is another very common form of unethical marketing practice widely seen in many industries. Classical example is that of tobacco industry. The tobacco industry used to thrive on this type of marketing. It used the image of independence and prestige in its advertisements as a way of developing dependence on cigarette brands. This is a loud example for the psychological manipulation of the society's need for a product even when that need itself is the biggest cause for lung cancer amongst people. This is where the dilemma of ethical consideration in marketing practices is probably first identified followed by the recognition of the absolute need to make

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responsible decisions when conducting businesses that target our society. The hospitality and tourism industry is no exception and this industry too needs to look at its ethical approaches. Due to the nature of hospitality and tourism industry, social responsibility is more often at stake.

A case of deceptive marketing was brought to light when several Florida based 'time share' and 'holiday packaging companies' were on the legal docks in 2008 for marketing vacation packages, using "free" airline ticket and other prizes as won by the consumers to lure them into aggressive and deceptive timeshare presentations. These companies contacted consumers by telephone and through kiosks at shopping malls, fairs, and festivals throughout Pennsylvania, and also operated full-time sales facilities in local cities. Unsuspecting consumers, who believed they were contest winners, were actually drawn into a high pressure bait-and-switch campaign designed to push timeshare vacation packages.

A tourist relies solely on customer service which can be both tangible and intangible. This provides opportunities for unethical business practices. Since many of the products in tourism industry can't be felt or tested by its customers before its use, the marketing tools such as the internet and brochures are the only means of communications. Due to the advancement in print technology, digital photography and with uncompromising reach of internets and websites, a totally different picture of a place or a hotel for example, can be painted before the tourists. At times, the hyped expectations do not match with the actual facilities and services offered.

When integrating the '4 P's' of Marketing in any business organization, the Price element remains to be the most important factor for the

success of any business. Price is the only marketing mix element that generates revenue. All others P's represent costs. A pricing mistake can lead to business failure even when all other elements of the businesses are sound. It is equally important for the managers of hospitality and tourism industry to develop pricing strategies with an ethical approach, which can often be seen as ethically questionable.

One such pricing area is the yield management systems used in hospitality organizations. The yield management system was first introduced in the airline industry. Time and again people who urgently needed a room in a short period of time are forced to pay more than those people who booked the room much earlier. In other words, a walk-in-guest is charged more for the room than some one who booked the room much earlier! The objective of this system is to simply obtain maximum revenue from the right customer at the right time. The concept is based on simple economics of demand and supply.

For airline and hotel industries, the cost of maintenance is very high and consequently their hunger for cash flow. All business exists to make enough profit so that it becomes possible for them to sustain their continued existence. What is 'enough' is a matter of individual choice, based on their inner values. The concern for hotel and tourism managers is where to get the revenue for their maintenance cost when they do not have enough occupancy. So there is a need to protect their existence and give reasonable returns for the shareholders. It can be argued that the revenue and yield management system is geared to cover their costs during the low occupancy days.

Although the above may not seem to be unethical, the question is where to draw the

line. This means ethical consideration is required when implementing yield management techniques in the hotel and tourism industry. The yield management systems of hotels and airlines would not look into the urgency of the situation or whether the price is really affordable to the client or customer. Hence it can be unethical, if the revenue management system is employed to extract and exploit the customers beyond the justifiable needs of the industry's specific requirements for sustainable business. Here again balancing social responsibility and business sustainability should be the key driving force influencing the management decision.

One reason for the ethical dilemma is that the hospitality and tourism industry is composed of many varied types of businesses where there is no uniformity in ethical practices. The other reason is that there is no uniform maintenance of quality standards. Employees working in this sector are often poorly trained and under paid. There is not much justice done to this yet since there is not any unified code of conduct that has been established in this industry.

Broadly speaking, it is the marketing ethics of the industry that are often blamed for unethical practices. The core issue is that marketers often resort to debatable marketing tactics as a way to increase market share, revenue and profitability.

The real problem with most business today is their mind-sets that "making money" is the only justifiable and acceptable outcome of any entrepreneurship. It is common nowadays to see major brands and corporations being exposed on unethical business issues and fined

for it. However, it has been observed that the fines levied on them do not exceed the money actually made by these companies. In other words, some major companies make huge fortune at the expense of ethical business. Consequently, they are willing to continue with their unethical practices and take the risk. Enforcement of laws become important when we fail to observe voluntary restrictions.

Marketing functions of the business organizations these days are under high pressure performance monitoring for increased 'profitability' and 'revenue' generation. Doing it with 'moral responsibility' is seldom a subject for discussions. Hence the apparent mismatch of marketing and ethics. The former contradicts with the latter in today's fiercely competitive marketing world. Business managers must recognize and accept social responsibility as a non compromising factor in their decision making process. This can happen only through a major shift in the qualitative thinking of corporate leadership and their willingness to drive the same through the rank and file of the organization.

It is, however, heartening to observe that ethical marketing is slowly but steadily taking shape with the increasing popularity of eco-friendly hotels. The Hospitality and Tourism industry has a direct impact on environment which is rightly seen as a limited resource. So marketers are tapping into environmental science to create products such as eco-friendly hotels and resorts. Marketers are trying to create a niche market to attract customers that have an ethical approach towards the social and environmental impacts on their destination region. This demonstrates that marketing and ethics can have common grounds to start working together.

One can argue that ethics can't be enforced upon people. Often it is seen that when critics blame corporations for the way they do business, there is always a defensive approach used by the CEOs to protect their businesses. One particular research showed that there was a lack of agreement over what was considered 'ethical' in ways of conducting business. One of the major reasons for this is that what is thought to be right by one person may not be necessarily seen as the right by another due to their difference in upbringing and cultural impact. This brings up the need for a standard ethical code of conduct in marketing practices especially in the Hospitality industry. Even though the need to revise ethical dimensions in the 'hospitality and tourism industry' has been accepted, extensive research is yet to be made in this area - more so with the industry's approach to marketing.

Businesses must consciously strive for a perfect balance between marketing and ethics. This means companies must get their priorities right with due respect for the collective welfare of our world and our environment. Business owners and managers have to set ethical guidelines for departmental performances and should monitor them relentlessly. This is even more important in the

hospitality and tourism industry where people are the lock, stock and barrel of the business.

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*In 1999 when war broke out and Kargil was the hotspot. Thousands of army personnel assembled in Kargil to fight the war and the debilitating cold. Most civilians were asked to leave; but my bank's staff chose to stay and operate from the bunkers performing not merely the routine banking transactions, but community well-being activities. My staff became confidantes and advisors to army jawans and officers and till today remain friends. These bank employees said their prayers in the best way they could.*

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