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A Study on Ethical Considerations and Consumer Trust in Service-Based Marketing Practices

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Abstract

Ethical values play significant role in marketing based on service, which significantly affects the consumer faith, the image of the brand as well as the sustainability of the business. With the increased awareness in the market, businesses need to be transparent, respect the privacy of the customers and engage in fair pricing as a way of developing long-term relationships. Transparency requires firms to deliver sincere and truthful information and this avoids false promises that mislead customers into making wrong decision. Simultaneously, privacy of consumers cannot be overlooked because by collecting and utilizing personal information ethically, one can guarantee the establishment of trust along with a balance between personalisation and data security. Lastly is fair pricing, which involves the establishment of fair and acceptable prices, which are sustainable and adequate to meet the value of the services without taking advantage of consumers.

Through these ethical issues, companies will be able to enhance consumer confidence and build a good reputation. Ethical marketing gives greater relationship to the customer and therefore, results into greater loyalty and interaction. Firms that have concentrated on marketing based on integrity have competitive advantage because customers are more inclined to visit firms whose values are similar to theirs. Powerful corporate image also makes sure of ethical business, which maintains people trust and its guaranteed expansion. When ethical behavior is increasingly becoming a factor in shaping the purchasing behavior of growing consumers, those companies offering services based on the principle of fairness, transparency, and consumer safety are more likely to survive over time.

Keywords: Consumer Trust, Ethical Marketing, Transparency, Privacy, Service-Based Marketing

Introduction

As the market place rapidly changes, the importance of ethical thinking in service based marketing has grown and it plays a major role in developing customer confidence and securing the business success. The current consumers have been more conscious with the factor of corporate responsibility, which influences their interaction with brands. Ethical marketing is essential to businesses that offer services as they create credibility and remain loyal to their consumers. Ethical marketing practices are also related to the issue of fairness, transparency and responsibility, so that the customers may get honest and trustworthy services. This paper takes a look at the ethical issues in service based marketing, appreciating their effects on consumer

trust and giving suggestions that can be used to continue with ethical practices and yet attain marketing objectives.

Review of Literature

The article is entitled: How does Marketing Strategy Change in a Service-based World? Rust and Thompson authored the article, which talks about the shift of the marketing strategy towards product-based to service-based. It argues that modern companies are increasingly interested in providing services as opposed to dealing with just individual products and this ensures that current marketing ideas are redefined. This study cites information technology (IT) as one of the drivers of such transformation that gives rise to e-services, enhances individualized communication and aids quick-tempered business activity. In addition, it advances the customer equity model which underlines the significance of customer value in the long term as opposed to the mere product sales. Then the authors claim that adopting service approach is not only beneficial to the customer and profitability, it also forces firms to reevaluate their general strategy. BS BY Roland T. Rust and Debora Viana Thompson 2006. The article Conversational AI: Social and Ethical Considerations by Ruane, Birhane, and Ventresque discusses the social and ethical impacts of the Conversational AI (CA) as it continues to permeate several industries, such as customer service, education, healthcare, and entertainment.

The authors say that though CA streamlines and facilitates things, it is also accompanied by critical ethical concerns like intrusion of privacy, ingrained bias, and manipulation of users. Such basic ethical issues as transparency, trust, and data privacy are highlighted in the paper, and the responsible development of AI technologies is mentioned. It cites that CA systems can be biased when the society in terms of gender representation and racial profiling which can result in discriminatory actions. Further, the study analyzes the threats of anthropomorphism, where users become emotionally attached to AI, and fake information propagated by artificial intelligence. The authors propose a contextual and dynamic way of developing ethical AI, highlighting the significance of constant assessment and user-centric production in reduction of harm and fair and ethical utilization. BY Elayne Ruane, Abeba Birhane, Anthony Ventresque 2021

In the article The Role of Trust in Service-Based Business Models: The Case of the Fashion Industry, Gonz this article discusses the place of trust in the transition to service-based business models, in this case, within the fashion industry.

Trust is a very crucial element one may need to engage with customers to participate in the business, collaborate and sustain a long term relationship as the businesses are shifting towards more sustainable business practices. The research demonstrates the effectiveness of trust in bringing business success in terms of making it more transparent, perceived risks lesser and making customers loyal. The authors explain the issues that arise due to lack of trust like low information exchange, self-serving activities and less business relationships. They are also characterized by the mechanisms of building trust such as stimulating transparency, effective communication, and reliability in service delivery. The study shows the value of emerging technologies and online solutions, including blockchain, to increase trust, and promote sustainability. Lastly, the article summarizes that trust is a plausible driver of sustainable service-based business models that offers individuals businesses competitive advantage and more sustainable relationships with customers and stakeholders. TITLE BY Clarissa A. González Chávez, Doroteya Vladimirova, Laetitia Forst, Mélanie Despeisse and Bjorn Johansson 2022.

In a paper written by Kumar and Mokhtar entitled Ethical Marketing Practices Viewed through Consumer Spectacles, the authors discuss the consumer attitudes on ethical marketing within the cosmetics market with reference to product and price justice.

This work is conducted on the participants of the urban Malaysian female consumer group where the effects of the ethical concerns on the attitude of the consumers and their intentions of purchase are examined. The results suggest that the perception of fairness of the products and prices affects the consumer attitudes positively, which subsequently affects readiness to purchase ethical brands. But other dimensions like self-confidence and health consciousness do not play a significant role to alter this relationship. The study mentions that marketers should attach great importance to ethical obligations by offering safe products at reasonable prices, therefore, establishing trust and fostering long-term consumer loyalty. It further highlights how adherence to ethical marketing strategies can enhance brand equity in addition to sustainability in the competitive markets. BY Pranav Kumara, Sany Sanuri Mohd. Mokhtarb 2016

In the paper titled as The Role of Ethical Marketing Issues in Consumer-Brand Relationship by Jung-Yong Lee and Chang-Hyun Jin, the authors argue about the effects of ethical marketing in business to consumer (B2C) transactions with respect to consumer-brand relationship, perception of quality of the product, and brand loyalty.

The product, price, distribution, and promotional ethical issues are touched in a research, which demonstrates its impact on the way consumers think about products and brand loyalty. The findings indicate that product, distribution, and promotion ethics positively affect the consumer-brand relationships and perceived product quality. Ethical problems with respect to pricing on the other hand affect relations but not with regards to assumed quality of a product. The research proves that ethical marketing improves the trust of consumers and brand loyalty. It advises business organizations to adopt ethical considerations when marketing their products in order to establish long term relationship with the customers and create a competitive edge. CY Jung-Yong Lee and Chang-Hyun Jin 2019.

This article titled Ethical Relationship Marketing in the Domain of Customer Relationship Marketing by Kushwaha et al. reflects on the significance of ethics in relationship marketing in which trustworthiness, transparency, and impartiality form significant decisive roles in customer relationships.

The research shows the influence of ethical aspects in marketing plans on customer satisfaction, retention, and long-term success of businesses. The authors present the theoretical framework which comprises of major ethical marketing elements such as policy, privacy, transparency, trust, value delivery, and promise fulfillment. The results show that the ethical relationship marketing enhances consumer trust and builds long term loyalty, therefore providing business with a competitive edge. The study suggests that incorporation of ethical practices when managing customer relationship management (CRM) does not only enhance customer confidence, but also assures the sustainability of the business. BY Bijay Prasad Kushwaha, Raj Kumar Singh, Vikas Tyagi, Vibhuti Narayan Singh 2020

Li et al. paper entitled The Establishment and Practice of Pharmacy Care Service Based on Internet Social Media: Telemedicine in Response to the COVID-19 Pandemic focuses on the role of telepharmacy in the regulation of medication therapy during the COVID-19 pandemic.

The study introduces Cloud Pharmacy Care which is an online pharmacy service platform developed using WeChat to provide pharmaceutical consultations and medication therapy to quarantined patients, in particular, chronic illnesses. The findings highlight that telepharmacy enhances patient access to advice related to medicine and reduces hospital consultations and chances of cross-infection. Among the main services were the management of medication therapy (MTM), adverse drug effect monitoring and chronic condition support. The study finds that telepharmacy can boost medication adherence, increase the availability of care, and is the heart of remote pharmaceutical services after the pandemic. BY Huibo Li, Siqian Zheng, Da Li, Dechun Jiang, Fang Liu, Wei Guo, Zhenying Zhao, Yanfei Zhou, Jingting Liu and Rongsheng Zhao 2021

The article is called Does Having an Ethical Brand Matter? The article, The Influence of Consumer Perceived Ethicality on Trust, Affect and Loyalty, is authored by Singh, Iglesias and Batista-Foguet and discusses how consumer-perceived ethicality (CPE) affects brand trust, brand affect and brand loyalty.

It is a research work involving 4,027 Spanish consumers in 45 fast-moving consumer goods (FMCG) products categories employing the structural equation modeling to examine these interdependencies. The results show that the use of the ethical brands positively impacts brand trust and brand affect which in turn positively affects brand trust. The significance of ethical brand positioning has been asserted as both affect and trust play significant roles in developing brand loyalty. The study concludes that ethical actions do not just enhance the consumer relationship but also promote brand image and promote loyalty. Further, the study gives managerial implications of the application of Corporate social responsibility (CSR) in branding practice to enable customer retention and competitive advantage enhancement. BY Vinay Kandpal 2 and Rajat Mehrotra 2012.

Certainly, the article Well-being Marketing: An Ethical Business Philosophy of Consumer Goods Firms by Sirgy and Lee provides a description of well-being marketing as a value-oriented approach to marketing that emphasizes consumer well being and sustainable business operations.

The authors propose that the conventional marketing practices, such as transactional and relationship market are largely financial oriented, but well-being marketing incorporates ethical duties, the enhancement of consumer quality of life, and the enhancement of the society into its marketing models. The research indicates that the concept of well-being marketing is anchored in the moral principle of beneficence, aiming at maximizing consumer welfare, and non-maleficence, aiming at producing no harm to the consumer and the society. It offers a comprehensive approach to inform marketing decisions at all parts of the consumer-product lifecycle such as the acquisition, consumption, maintenance, and disposal stages. The results indicate that those firms which incorporate well-being marketing can establish a stronger (consumer) trust, increase brand loyalty, and established practices that correspond to the overall corporate social responsibility (CSR). The study finds that sustainable competitive advantage and consumer satisfaction are achieved as a result of the implementation of ethical marketing measures. Cited in BY M. Joseph Sirgy and Dong-Jin Lee 2008.

Goncalves et al. published the article titled Neuromarketing Algorithms, Consumer Privacy, and Ethical Considerations: Challenges and Opportunities that investigates the privacy and ethical aspects of the use of artificial intelligence (AI) and machine learning (ML) in neuromarketing.

In the name of the principles of rule utilitarianism, the paper analyzes what the practice of neuromarketing will mean in terms of consumer rights, namely, data privacy and transparency and informed consent. According to the methodology that includes the literature review, bibliometric analysis, and interviews with experts conducted in the United States and Spain, the study reveals the conflict between the efficacy of neuromarketing and the necessity to safeguard the privacy of consumers. It explains how the regulations such as the General Data Protection Regulation (GDPR) affect the establishment of ethical standards and expounds why consumer data regulations should be uniform across the world. The paper ends with policy implications to reduce ethical problems and promote responsible AI-based advertising methods that focus on transparency and accountability as well as consumer well-being. AM Marcus Goncalves, Yiwei Hu, Irene Aliagas and Luis Manuel Cerda 2024.

Research Methodology

The procedure of exploring and analysing systematically and investigating facts, materials, or phenomena to reach facts, new conclusions, or to get data to analyze it is called research. It includes

the hard study, research, and collection of facts through various sources to use it in enriching knowledge or solving some problem.

Research Methodology is a plan or methodology to be used to conduct a research study. It determines the processes, techniques, and tools used to gather, examine and interpret data in answering research questions or testing hypotheses. The methodology is the ground on which the research will be scientifically valid, reliable and replicable.

Research Objective

1. To examine the impact of ethical marketing practices on consumer trust in service- based industries.
2. To explore consumer perceptions of ethical marketing practices within service-based marketing.
3. To identify the key ethical factors that influence consumer trust in service-based marketing.
4. To analyze the role of consumer trust in the decision-making process in service-based marketing.

Types of Research

There are various types of research that may be defined in terms of purpose, methods and methods of data collection. Basic (pure) research seeks to enhance knowledge without direct practical use whilst applied research seeks to practical solutions to real-life problems. Exploratory research tends to be aimed on exploring new things or coming up with new hypotheses, but descriptive research aims to give an in-depth explanation of things. Explanatory research aims to find out cause-and-effect, and correlation aims to find relationship between variables but not causality. Quantitative research is founded on numerical data and statistical analysis and qualitative research is founded on the understanding of experience and meaning based on non-numerical data. Mixed-methods research refers to the combination of the two approaches to the comprehensive understanding. The longitudinal research studies the changes within a period of time but the cross-sectional research studies one population at a given time. Action research aims at finding answers to practical problems together and historical research studies the previous events in order to make conclusions. Evaluation research is a research that evaluates the efficiency of a program, and case study research is a research that gives a thorough view of a given case or phenomenon. The type of research is selected by the researchers depending on their objectives, questions and the available resources.

Types of Sampling

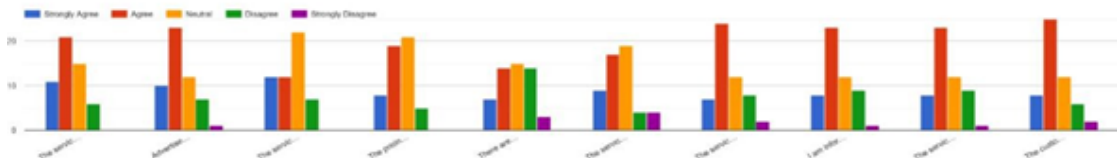
In this study on ethical issues and customer confidence in the service based marketing practices, it is imperative that proper sampling technique is used in order to come up with accurate and credible findings. One of the methods that may be used is simple random sampling whereby 50 individuals are randomly selected in a given population in a manner that all individuals have equal chances of being selected. It is the most suitable way of getting a representative group and avoiding bias. As an alternative, you can use stratified sampling in case you would like to prove that specific subgroups of consumers (e.g. age groups, income brackets) are covered by the research in a way that is representative enough. This method will ensure that the diversity in consumer perceptions is captured by dividing the population into certain strata and then sampling out people of each category. When time and other funds are insufficient, convenience sampling can be used as a good alternative since the respondents are taken based on their accessibility and availability. Though this is a quick and easy way, it might not have been suitable to represent the wider population,

which may have led to bias. In the case of a focused sampling, purposive sampling can be applied and the subjects to be sampled are those who have a specific experience or knowledge on ethical marketing practices and they will share valuable information on the topic. The sampling technique is eventually selected on the basis of the objectives of the study, resources available, and whether a representative or a focused sample is required or not.

Analysis and Interpretation

Ethical Considerations in Service Marketing

Ethical considerations in service marketing

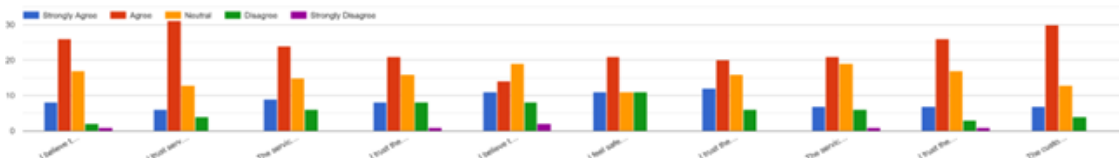


Interpretation

The chart describes how the respondents viewed ethical considerations in the service marketing. Most of the participants concur that ethical consideration is important especially in the service quality, advertising and pricing as depicted by the prevailing red (Agree) and orange (Neutral) bars. The ethics of service and price seem to be more in agreement indicating that fairness in service and price are areas of more awareness and concern among the consumers. Meanwhile, ad ethics shows a considerable proportion of ambiguous responses, which shows uncertainties or contradictory ideas on its ethical implications. Degrees of dispute are minimal, indicating that the majority of the respondents admit the importance of ethics in the marketing of services. In sum, the findings indicate the importance of maintaining ethical practices in order to establish consumer confidence.

Consumer Trust in Service Based Marketing

Consumer Trust in service based marketing



Interpretation

The chart shows the consumer trust in marketing based on service-related marketing and that majority of the respondents agree with their trust level or remain neutral. The maximum number of responses in the category of Agree can be viewed as a sign of overall trust in service-based marketing. Nevertheless, the existence of strong neutral responses implies that not all the consumers are confident and risk-takers regarding the complete trust to service providers. Strong agreement is of a relative nature meaning that there is trust but that is not absolute. The level of disagreement is low, which supports the notion that honesty and transparency in service marketing could be used to ensure the consumer faith.

Demographic Analysis

Category	Subcategory	Count
Age Group	18-25	70
	25-35	12
	35-45	2
	45 and above	16
	Under 18	8
Gender	Female	76
	Male	30
Employment status	Prefer not to say	2
	Employed	34
	Self-employed	14
	Student	56
	Unemployed	4

Interpretation

Most of the respondents were young (18-25 years old), female and students. It means that the sample is younger and tech-friendly, and therefore may expect different ethical marketing out of younger and working professionals. Companies that target younger people need to be honest and moral in their marketing because this generation may be more critical on negative business conduct.

ANOVA Test (Consumer Trust Across Age Groups)

Test	F-Statistic	p-value
ANOVA	1.81	0.133

Conclusion: No significant difference in consumer trust across age groups ($p > 0.05$)

Interpretation

Age is not so important in establishing trust in service based marketing. Both older and younger consumers are appreciative or suspicious of service oriented businesses.

Conclusion: Companies ought to focus on building overall trust, rather than on age-based marketing approaches.

T-Test (Consumer Trust Between Genders)

Test	F-Statistic	p-value
T-Test (Male vs Female)	-0.59	0.558

Conclusion: No significant difference in consumer trust between males and females ($p > 0.05$).

Interpretation

Gender does not play into the element of consumer perceptions of trust in service firms. Moral factors in marketing are an equal response of both men and women. Implication: The development activities on the development of trust must be of the gender neutral nature, as long as the marketing and customer services are equally beneficial to all consumers.

Conclusion

To conclude, service marketing is based on ethical principles that contribute to consumer trust. Companies that emphasise on transparency, equality and privacy of consumer information are likely to establish a good and well-established relationship with their clients. The findings of the research are that consumers attach importance to ethical conduct in most aspects of the business, such as prices, service quality, or even promotion. Conversely, companies that do not display such ethical behaviors can lose consumer confidence and customer loyalty. Also the fact that no considerable differences were found in levels of trust between the different age and gender groups indicate that ethical marketing is attracting different groups of people. This shows why businesses should become more inclusive and consistent in their approach to ethics marketing. Service-based companies can improve their image and gain a competitive edge through ensuring the transparency of communications, guarding customer information, and providing fair value propositions. Lastly, ethical marketing is not admissible; it is a long-term brand and consumer relationship investment. Companies which place their operations at an ethical level find it easier to rise up to the market challenges, create consumer advocacy and achieve long term success in a more enlightened market. In this respect, it is important to adopt ethical considerations in service marketing in order to develop trust, customer satisfaction and business growth in the long run.

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