

## DIGITAL MARKETING ETHICS EDUCATION IN SPAIN

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### EXTENDED ABSTRACT

Digital marketing is an emerging discipline. The application of all technological disruptions in the marketing field is transforming both the research and professional arenas. Technology provokes a revolution in traditional marketing strategies and techniques, arising many ethical concerns. Our research question is the following: are business schools teaching the ethical implications of digital marketing? The first section of the paper starts with some examples of the importance of the ethical considerations in digital marketing. It continues with the proposed methodology to analyse the ethical digital marketing competencies that future professionals are acquiring in Spain.

Why is important ethical issues In digital Marketing Educations?

The technological impact of Information and Communication Technologies on marketing over the last decades is enormous. Our paper focuses on the analysis of higher education in Spain, specifically about how ethical issues in digital marketing are integrated in curricula and competences. In this section we will introduce the importance of the ethical aspects in digital marketing. . It would be difficult and not relevant to our educational purpose to list the specific areas of ethical impact when using new digital tools in marketing, as this paper does not intend to create an ethical taxonomy of digital marketing. Due to this constrain, we ground the relevance of our paper with some examples that point out the importance of ethics in digital marketing, as ethics should be included in the curricula of higher education for future marketing professionals.

Impact of digital tools on marketing can be classified in two broad categories:

- Impact on traditional marketing tools and strategies such as segmentation, pricing, product, promotion, etc.
- Impact on new marketing tools and strategies such as SEO, SEM, Big Data, etc.

Pricing strategies are an excellent example of technological disruption in marketing. Pricing is analysed and taught in any marketing course all over the world. All marketing handbooks incorporate a pricing chapter (e.g. Kotler & Armstrong, 2018; Kerin & Hartley, 2019; Marshall & Johnston, 2015) or specific books and papers can be found among the recommend references (e.g. Schindler, 2012; Baker Benmark, Chopra, Kohli, 2018; Simchi-Levi, 2017; Liozu, 2019). But technology is transforming the pricing strategies. Marketing is transforming, moving from a static way of fixing prices to dynamic pricing, where prices can be now personalized for specific segments, microsegments or even for each specific customer. The price discrimination was detected in online environments in 2010. Amazon was showing different prices for the same product. In 2012, the Wall Street Journal found that prices were different based on the geographic location of customers (Mattioli, 2012). From this discrimination in

prices, the new technologies have opened new amazing possibilities for dynamic pricing. The creation of dynamic prices is done by an algorithm that can change price every second depending on the location, demand, time or any other criteria defined in the algorithm. These techniques were born in one of the first electronic markets, the GDS (Global Distribution Systems) in the air travel industry (Schmid, 1994). Since then, it has been applied in many other sectors such as the energy sector (Goutam, & Krishnendranath, 2017), online advertisement auctions (Google, 2020) or public transport services such as Uber (Martin, 2019).

In the previous examples, the combination of traditional pricing policies with the possibilities of new technologies opens important opportunities in marketing, but some problems and ethical concerns arise as well. According to Veeraraghavan (2016), the use of dynamic pricing could anger frequent customers, or provoke a shift in demand towards the very last-minute bargain. In a piece of research about the effects of a dynamic pricing strategy for a concert ticket, was shown that a significant last-minute discount shows controversy: some people find it as favourable, many others hate it, and some of the costumers consider it as a right practice. In the case of Uber, the price is changing constantly looking for the maximum price that the consumer is willing to pay. The algorithm establishes a price based on where you are, what time it is, how many people are demanding the service, the day of the week and the month, and also on your historical records using the Uber app (Martin, 2019). But Uber goes further and knows that on a rainy day a consumer is more likely to accept a higher price than on a sunny day, or that a key variable to accept a higher price is the level of battery of your Smartphone (Kosoff, 2016). When the battery is very low, the probability of accepting a higher price is very high because the user can miss the connectivity of their device. Using all these digital marketing strategies, companies have the ability to collect, keep and use information on consumer behaviours not in favour of their customers, but in their own interest (Calo & Rosenblat, 2017).

The price can be different depending on the operating system of your device. According to Kingsley-Hughes (2012), the online travel agency Orbiz showed different hotels and different prices to Mac users than to other users with other operative systems (e.g. Linux or windows). Based on their records, they knew that Mac users spent 30 percent more per night for a hotel room than Windows users. Offers and prices were different for customers accessing from Mac or other devices. These techniques are known as price steering and price discrimination (Hannak, Soeller, Lazer, Mislove & Wilson, 2014). Price steering occurs when different products are shown to the customer (or the order of showing products is different for each customer) depending on their profile, and it becomes a usual strategy in online environments. Pemberton, Stonehouse & Barber (2001) pointed out their concerns in the air travel industry. GDS create an "halo effect" which make customers usually choose products that appear in the first position of the screen. A consumer usually does not ask for a hundred flights before choosing the best option in a flight, he/she asks for a few combinations and decides. That "halo effect" allows companies to control the system and manipulate it, showing on the first screen the options of the airlines that own the GDS. This way, they alter competition with an unethical behavior.

Business has all the information about both individual customer preferences and aggregated customer preferences. But customers know nothing about the information of the company. For instance, whether the company must sell products fast because a new version is going to be launched soon. This asymmetry in the information creates important differences.

Based on previous findings and examples, we question how ethical those new tools and techniques are? Do business using all these techniques inform their consumers? To what extend is ethical to control the market in the company's own interest? Making aware of ethical aspects to future digital marketing professionals is a must.

## Method

In order to know the current situation of ethical competences in the digital marketing field, a qualitative study analyzing the competences of current official masters in Spain will be conducted. Official reports of each Master will be collected, and a dataset of their competencies will be analyzed by experts determining to what extent ethical issues, technological competences and specific ethical digital marketing competences are covered by the current set of competencies.

**KEYWORDS:** digital marketing; ethical marketing; higher education; ethical competences.

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