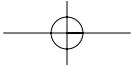
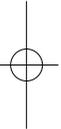
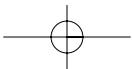
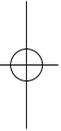
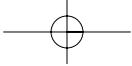


PART ONE

Introduction





1

*Marketing's Relationship to Society**

WILLIAM L. WILKIE and ELIZABETH S. MOORE

SECTION I: 'MARKETING'S CONTRIBUTIONS TO SOCIETY'

Introduction

We originally chose to study the field of marketing because we found it to be one of the most stimulating, complex, and intellectually challenging of academic areas in a university setting. In curious contrast to its general reputation as a 'soft' area, we found that this field welcomes insights from many disciplines, including economics, psychology, history, mathematics, sociology, law, political science, communications, anthropology, and the creative arts. Its scholarship combines elements of objectivity and subjectivity, demands both quantitative and qualitative insights, requires persistence yet rewards creative leaps, and allows freedom of imagination and nuance yet grounds its efforts in real actions with measured consequences. Further, marketing can be studied from a number of intriguing perspectives.

As the academic field of marketing nears its 100th birthday, its focus is squarely on firms, markets, and household consumers. Relatively few persons, even in the mainstream of the field, have recently been able to examine marketing's contributions to society. However, this subject is worthy of consideration from the broad college of thinkers in the field. It is worthy of exposure to thoughtful practitioners, to

students in MBA and undergraduate programs, and to emerging scholars in doctoral programs (and probably why the Marketing Science Institute named it a key topic for the special Millennium Issue of the *Journal of Marketing*). Thus our purpose here is to provide a *different* look at marketing, one that engages thoughtful deliberation on the larger system and its contributions. *Taken together, the issues in this domain help us to better see both the nature of marketing and the remarkable potentials of our field.*

Background: A Century of Progress

It may be merely trite to point out that the world is changing and that marketing is an active participant in this process. It is not trite, however, to inquire into the nature of such change – to delve more deeply into the history, substance and controversies concerning marketing's roles in society. It is stimulating, moreover, to pursue the implications for all of this for our present and our future. For example, let us briefly consider that the formal academic field of marketing began just about 100 years ago, at the turn of the last century, with the first offerings of courses on 'market distribution' (Bartels, 1988). Substantively, these courses reflected the realities of their time and place (e.g., courses in the Midwest tended to stress the distribution system for agricultural and other products; those on the East Coast covered distribution and merchandising). Theoretically, interest was on

**Note to readers:* In a recent survey, two-thirds of Marketing Ph.D. students reported that they had a personal interest in marketing and society, but fewer than one in ten had ever had a course in it, and they did not feel proficient. This chapter should go a long way to remedying this situation. In Section I we present an abridged version of "Marketing's Contributions to Society" (Wilkie and Moore, 1999), to provide you with a new perspective on our field. Then, in Section II, we discuss the research in this area and present guides for learning more.

pursuing benefits flowing from distributive activities that had been missed by economic thinkers concentrating on land, labor and capital. However, it is clear in the literature of that time that issues of marketing's performance on behalf of society were a serious concern for this fledgling field.

Of course, the 'society' at hand was much less developed, and consumer lifestyles were very different. For example, the typical US housewife carried 9,000 gallons of water into the house each year, and she then had to boil the water before using it because only 25% of homes had running water (and only 3% had electricity). Cooking, baking and food preservation required some 42 hours per week. Central heating would not arrive until the 1920s, so many households heated only the kitchen for the winter, using fuel hauled in daily by family members. On the health front, infant mortality was common – about one in every ten births – life expectancy was only 47 years.¹ Now let us contrast this with today's US society: life expectancy is nearing 80 years, gross domestic product is some 400 times greater, and time spent gathering and preparing food has dropped to less than 10 hours per week. Typical homes are filled with comforts and conveniences based on electricity and water, and autos, airplanes, television and the Internet have stretched our personal borders far beyond the distance we could reach within a day's walk or ride on horseback.

This recognition of historical changes serves to make the academic challenge in the study of marketing and society a bit more daunting than we might at first imagine. We know beyond doubt that US *society* has changed greatly, and that the aggregate *marketing system* also has changed; but what about the relationship between the two? What about 'marketing's relationship to society?' Has that also changed, or is it in some larger sense immutable? Either answer will, of course, be interesting. If 'immutable' is correct, merely clarifying this answer will itself be an heroic achievement. And if 'has changed' is our answer, what exactly are our present and future goals for the relationship of marketing to society, and who (or what) is taking us toward meeting them? Altogether, this poses a worthy challenge for marketing academics!

The Importance of Perspective

To understand a topic well it is helpful to walk around it mentally, adopting different perspectives on it. Viewing a topic from a single perspective highlights certain characteristics, but can hide other aspects that may also be important. For example, four perceptual barriers related to this topic involve *time*, *system limits*, *culture*, and *personal experience*. The brief lifestyle comparison noted above raised the issue of the slow diffusion of marketing's contributions over time by contrasting extremes across the twentieth century. When viewed in this way, contributions that the aggregate marketing system has

delivered to society are apparent: it is clear that Americans today are living very differently – and mostly in better ways – than did their ancestors a century ago. With respect to system limits, not only is the marketing system vast, but its operations converge and coordinate with the operations of other aggregate systems within a society's larger economic system. (In a Venn diagram, then, we might conceive of aggregate systems in marketing, finance, technology, production, etc. as partially overlapping large circles, reflecting areas where activities are in common and those where activities lie only in that field.)

With respect to culture, marketing is a social institution that is highly adaptive to its cultural and political context. Thus we can easily go around the world to locate societies with very different marketing systems. In some global locations we will find rudimentary marketing systems offering none of the conveniences we currently enjoy. Elsewhere, as in parts of Brazil, we would find people just discovering installment credit, and using it to obtain the first home conveniences they have ever enjoyed. In parts of China we would find incredible levels of investment – one out of every five construction cranes in the world are reportedly at work just in Shanghai – to bring modern elevators, air conditioners, and other conveniences to the citizenry. *Thus our coverage of aggregate marketing systems is culture-bound: we need to take care to distinguish which lessons are generalizable and which are not.* Finally, in regard to personal experience, many marketing contributions are 'behind the scenes,' unseen by those of us not directly involved. It is thus important that we remain mentally open to the discovery of new possibilities about marketing and its relationship to society.

The Aggregate Marketing System

Studies have shown that the less familiar one is with our field, the more likely a person is to equate marketing with advertising or selling: as one learns more, the view broadens, and one begins to appreciate the richness of the field of marketing (Kasper, 1993). We now turn to a concept we will term the 'aggregate marketing system.' We begin with an illustration of one small part of the system, to see what it does. If marketing thinkers are to appreciate the range of contributions our field makes, it is good to remind ourselves about the scope and details of the work that it takes on.

The System at Work

Our illustration begins with an American household at breakfast. Here the outputs of a small number of marketing channels are brought together for the purpose of consumption.

'Breakfast at Tiffany's' [Note: The idea for this illustration is based on Vaile, Grether and Cox's

(1952) classic textbook on marketing, though our description is different and updated. We here join Tiffany Jones and her family in New York, as Tiffany reaches for her breakfast pastry and blows softly across her cup of coffee...]

A Cup of Coffee Although a commonplace-enough event, a breakfast represents an interesting confluence of forces from the aggregate marketing system. Let us first consider Tiffany's coffee, and how it got to this morning's meal. Tiffany has chosen a leading brand that delivers a consistent color, scent, and taste that is favored by its many customers. How exactly does this brand's marketing system achieve this? The coffee Tiffany has prepared is, in fact, a combination of beans grown in different countries, then brought to the US and blended into a specified mixture to deliver this brand's unique qualities. Due to different growing seasons and bean characteristics, the source nations for the coffee change as the year progresses: coffee is grown in some fifty nations around the world.

As shown in Figure 1.1, Panel A, we assume that some beans in this cup came from a Colombian hillside, hand-picked (to ensure ripeness) in the grower's field. The process was highly structured: from basket, to tractor, to truck, the beans were transported to the coffee grower's de-pulping mill, where the inner beans were separated from their cherries. Still wet and protected by a parchment-like cellulose shell, the beans were spread on a sun-filled patio to dry for several days. They were then milled (removing the parchment sheath to produce a green bean), then graded against set national coffee standards. Samples of the beans were sent to buyers and the government coffee board to check the grading process. The beans were then put into 60 kilo (132 pound) burlap or polyester bags bearing the grower's name and quality level, and warehoused at the grower's facility. Brokers and large buyers were contacted by the grower to arrange for sale and delivery. In the case of Tiffany's brand, this process continued a long-term business relationship with this grower, based on trust in the quality of the beans, his capability to deliver needed quantities at agreed-upon times, and willingness to stand behind agreements. This seller has similar views about buyers, and will only deal with certain buyers. Thus the actual agreement on these beans was sealed with a handshake.

Continuing with Panel A, the beans were loaded on trucks and driven from the mountains to the port city (ocean humidity levels could damage the beans had they been warehoused there). Here they were loaded directly into 20-ton 'piggyback' containers designed to transport seamlessly amongst ships, trains and trucks. After four or five days at sea, the beans arrived at the port of New Orleans, were again tested for quality, and given over to a warehouse service. This service handled customs' clearance, then unloaded the bags into trucks driven to the coffee firm's 'silo' facility. Here loads of different beans are stored, then blended together into 20-ton hopper trucks and sent to

the firm's New Orleans roasting plant (alternatively, they might have been sent to the firm's Midwest or Southwest roasting plants in 80-ton hopper cars). Here the final coffee is carefully prepared, tested for quality, and packaged into the familiar red cans or bricks. As indicated in Panel A, from this point the route depends on the purchaser: it may be shipped in large volume to one of the firm's seven regional distribution centers, thence to be sold to wholesalers, then to retail outlets, or – in the case of very large national accounts – trucked directly from the plant in 40,000-pound loads. As Tiffany had bought her coffee from the neighborhood IGA store, it had taken the longer route. Even so, the vacuum-pack containers had kept it quite fresh, and lent pleasure to her cup this morning. Thus we see how one marketing system has operated to provide a branded cup of coffee to an American family on a typical morning.

A Breakfast Pastry While coffee provides us with useful insights, it is a relatively simple product. We can move to a further level of complexity with another item in Tiffany's meal: a new breakfast pastry produced by a major food marketer to compete in the fast-growing 'premium' breakfast segment. Its marketing system is shown in Panel B of Figure 1.1 (for ease of communication we have shown only portions of this system to complement points of the coffee channel: neither system is portrayed in its true complexity). Note at the left that the pre-production marketing system here is much more involved than the linear system for coffee, as there are 15 ingredients in each unit of this pastry. Though not shown in the panel, each ingredient has its own system, similar to coffee's, for collection and transport to its processors. The pastry brand is similar to the coffee brand in requiring a very high level of uniformity in the brand units sold to consumers. Thus we find exacting product specifications for each ingredient at the left side of Panel B.

The next set of activities focus on product management decisions. Excited by consumer research showing unmet demand for bakery quality pastry that can be stored at home, and concerned by the success of competitors' new entries, this firm began a major new product development project. Experts in food science and nutritional technologies were challenged to translate this benefit concept into an actual food product. A long process ensued, as numerous attributes – size, icing, taste, consistency, flavoring, shelf-life, preparation, packaging, reasonable costs for pricing, production feasibility, and so forth – had to be brought to acceptable levels. The process included consumer research on reactions to prototypes, in-home use tests, and BehaviorScan controlled-store tests of pricing and promotions (including studies of purchase substitution patterns). The firm's Board of Directors now had to decide to launch the product or not. Key factors included internal rate of return over a six-year period, capital needs (new plant vs. conversion), options for co-packing or outsourcing

PANEL D. SELECTED MARKETING SYSTEM ACTIVITIES (present in the coffee and breakfast pastry examples)

Sales and Delivery	Purchasing and Use	Knowledge/Intelligence	Marketing Plans and Programs/Government Actions
<p>The Classic Function of Distribution</p> <ul style="list-style-type: none"> - Transportation (2) - Storage (2) - Financing (2) - Risk-bearing (2) - Assembly (1) - Selling (1) - Standardization (2) - Market Information (1) <p>N.B., Detailed Levels of Activities Exist: (e.g., Transport Activities)</p> <ul style="list-style-type: none"> - Truck to Depulping Mill - Beans to Drying Area - Ship to New Orleans - Hopper Truck to Roasting Plant - Truck to Retail Store ... additional steps in text 	<p>Organizations:</p> <ul style="list-style-type: none"> - Sourcing Raw Material Supply (2) - Quality Specifications (2) - Purchase of Capital (3) - Equipment (2) - Outsourcing: Specialist/Expert Services (1) - Purchase for Resale (1) - Assortment Building (1) - Bulk Breaking (2) - Order Processing (2) - Negotiation: Terms of Sale (1) - Transfer of Ownership (2) <p>Consumers:</p> <ul style="list-style-type: none"> - Product Acquisition (2) - Product Preparation (3) - Product Consumption (3) - Product Maintenance/Repair (2) - Product Disposition (2) 	<p>Organizations:</p> <ul style="list-style-type: none"> - Market Analysis (1) - Market Demand (1) - Assessment (1) - Analysis of Competitive Strategies (1) - Market Segmentation (1) - Market Forecasts (1) - Performance Monitoring (1) - Program Evaluation (1) <p>Consumers:</p> <ul style="list-style-type: none"> - Consumer Education (2) - Information Search (2) - Word of Mouth (3) - Store Visits (2) - Post-Purchase Analysis (3) 	<p>Organizations:</p> <ul style="list-style-type: none"> - Financial Projections (2) - Board of Directors (2) - Approval (2) - Product Design (2) - Product Line Decisions (1) - Budget Setting (2) - Distribution Planning (1) - Brand Name Selection (1) - Packaging (1) - Market Testing (1) - Positioning Strategy (1) - Pricing Decisions (1) - National Advertising (1) - Direct Marketing (1) - Consumer Promotion (1) - Trade Promotion (1) - Trade Advertising (1) - Communication to Sales Force (1) <p>Government Agencies:</p> <ul style="list-style-type: none"> - Standard Setting (2) - Export/Import Controls (2) - Trademark Protection (2) - Financing Arrangements (2) - Nutritional Labeling (2) - Inspections (3) - Regulatory Rules and Guidelines (2)
<p>Numerical Key:</p> <p>(1) = Largely or entirely controlled by marketing managers</p> <p>(2) = Largely controlled by others, but influenced by or coordinated with marketing managers</p> <p>(3) = Little or no influence by marketing managers</p> <p>(n) = Activity does not involve market</p>		<p>Centers of Little or No Marketing Involvement</p>	

PANEL E. DEPICTING THE ENTIRE AGGREGATE MARKETING SYSTEM

Brand Coffee System (Panel A)	→	All system activities given for the cup of coffee, beginning with harvest of beans on left, ending with consumer use and disposition on right. (2) (2) (2) (1) (1).....
(Multiplicative Increase)	→	(note: not all activities controlled by marketers, see key in panel D)
Brand Pastry System (Panel B)	→ (2) (3) (3) (2) (2)
(Large Geometric Increase)	→	(Similar sets of activities, participants and forms of value creation)
(Larger Geometric Increase)	→	"
(Huge Geometric Increase)	→	"
(Huge Geometric Increase)	→	"
(Huge Geometric Increase)	→	"
(Huge Geometric Increase)	→	"

Figure 1.1 The System at Work

production, and effects on the firm's current product line. As this would be a 'bakery quality' item, the Board was very concerned about the system at the left of Panel B – that the ingredients be regularly available, cost-controlled, and geared to precise recipe quality. The Board did give the green light to the project, and the entire marketing mix was finalized and implemented. The distribution system (the right side of Panel B) was quite similar to that for coffee, as was the consumer's purchase and use system (which concludes with a disposition service purchase for trash removal). In terms of the system's dynamics, each consumer purchase feeds back into stocking and production plans: through feedback derived from both internal accounting and formal market research projects this firm will monitor and adapt its management of this product. Over time, therefore, consumers' actual use satisfactions and repurchases will determine its success or failure.

Further Considerations Although the illustration is getting long, we are only a little way toward capturing the true scope of the aggregate marketing system (however, we'll now dispense with details and simply point to key issues). We have only covered two breakfast items: as shown in Panel C, the four family members have different preferences, which the aggregate marketing system is easily able to accommodate. Also, the breakfast depends on more than food, and an entire kitchen support system is available to assist this consumption episode. In terms of our broader topic it is important to recognize that *all* aspects of Panel C have been brought to the Jones household through the aggregate marketing system, some many years ago (e.g., the plumbing and the furniture), and others more recently (e.g., the new dishwasher bought last week, and the coffee, pastry and fresh fruit bought yesterday). Also, each element listed in Panel C had its own complex marketing system that brought it to this point. Global sourcing was involved in some systems: the coffeemaker from Germany, artwork from the Far East, microwave from Korea, and so forth. In every case, a complete system was planned, created, and run in order to deliver these products to households like Tiffany's, and in most cases had to compete and win out over others' systems to gain Tiffany's purchase. If we were to analyze each system, many pages would be used: the total number of system interactions needed to create this meal is truly impressive. When we further recognize that the aggregate marketing system routinely provides breakfast for 100 million US households every morning – and that breakfast is only a trivial element of its total activity – we are ready to appreciate its immensity and significance.

The Scope and Size of the System

The foregoing illustration is a useful basis for summarizing system scope: Panel D of Figure 1.1

provides a partial listing of system activities that allowed this breakfast to occur. Several points emerge:

1. There are a surprisingly large number of entries: *the aggregate marketing system undertakes a wide range of activities* in order to provide for a simple breakfast meal.
2. *There are participants besides marketers in the aggregate marketing system.* Organizational customers and ultimate consumers are key players (buying is crucial at every stage), and governments provide services intended to facilitate system operations (shown at the right, these cross all stages).
3. As indicated by the keyed entries in Panel D, *marketing managers control (#1) only some of the activities of the aggregate marketing system. Other necessary activities are carried out by persons who do not consider themselves to be marketers. In most of these cases, marketing managers do serve as influences within organizations (#2) on these actions*, while in some cases (#3) necessary system activities may be carried out with little or no direct influence from marketers (note that this is particularly apparent in the consumer realm). *This property of the system calls for a perspective on marketing that reaches beyond a sole focus on a manager's controllable decisions.* (Note: numbers assigned to each activity are generalized: readers may wish to consider whether they would agree.)
4. *The three classes of participants all engage in activities apart from the aggregate marketing system: the system is very broad, but not entirely dense.* Some parts of virtually every organization work on tasks only indirectly related to the marketing activities listed, and carry these out independently (shown as 'n' in the bottom right of Panel D). We would not define these as marketing system activities. Nor would we include activities of government agencies or consumers that are directed entirely toward other sectors of society and life. Thus our visual conception of the aggregate marketing system resembles a cross-section of fine swiss cheese or steel mesh – similar to Panels A and B, with numerous linkages between organizations as we move across to the consumer sector, but with holes inside each organization to represent parts where the work is arguably outside of the marketing system.
5. *Finally, Panel D significantly understates system activity:* most listings have many detailed steps (e.g., advertising, promotion, merchandising, etc.), or transportation steps, as in bottom left column.

Panel E of Figure 1.1 next depicts an approach to assessing the scope of the US aggregate marketing system. *Horizontally*, note that it extends from extraction of raw materials/crops at the left, through many levels of value creation, to end consumption

and disposition in far-off locales at the right (again, the earlier Venn diagram analogy should clarify our conception that some of these activities are properly seen as also belonging to other intersecting aggregate systems). *Vertically*, we first add all competing coffee and pastry systems, then add all other food systems, then add all other goods and services. In concept, this process will include all organizations that engage in marketing system activities of the types shown in Panel D, all levels of government activities that impact on this system, and all forms of consumer participation by all societal members. Our next illustration provides estimates of the magnitudes involved.

'From Here to Eternity' The aggregate marketing system is huge and growing rapidly.² As we move past the year 2000, in the US alone we find some *275 million final consumers* arrayed in *100 million households*, all on the consumption side of the system. They *spend 5 trillion dollars* each year, or two-thirds of the nation's Gross Domestic Product. To place this spending in perspective, if we were to try to count it at the rate of one dollar per second, it would take us over 150,000 years, or much longer than the history of civilization. While the aggregate marketing system in the US may not stretch quite to 'eternity,' it certainly does stretch a very long way.

Further, we should recall that yearly data are merely compiled for convenience, and can easily understate true impacts. For example, as in Tiffany's kitchen, households accumulate many consumer durables that continue to provide benefits to them for years. As opposed to annual sales, then, consider that some *200 million motor vehicles* are currently registered for road use in the US: all of these have been provided through the marketing system (and many are used to carry out its functions on a daily basis). In terms of the work of marketing, *a significant portion of Americans are employed entirely or in part assisting the system to perform its functions*. While exact figures are elusive due to categorization problems, it appears that over 30 million Americans work directly within the aggregate marketing system, with salespersons accounting for the largest portion. There are almost 20 million businesses acting as buyers: 3 million of these are retailers that resell to consumers, with another one-half million wholesaling firms (interestingly, because of multiple steps in the wholesale channel, total sales of wholesalers are larger than those of retailers). Advertising spending is huge and growing, now some \$200 billion per year: other areas of recent growth include services (now over half of all consumer spending) and direct marketing, which has doubled in recent years.

Even though these numbers are huge, still we have understated the true scope of the aggregate marketing system in our society. Professional practices (attorneys, accountants, architects) were not

included in these counts, but must engage in accepted forms of marketing to build and maintain their clientele. Numerous persons in not-for-profit organizations, also not included in our formal numbers, employ marketing actions both in garnering resources and carrying out their missions. Government workers at local, state and federal levels regularly negotiate contracts, buy goods and services, and monitor marketing performance. Further, because marketing is an intrinsic function in those 20 million business firms noted above, a portion of the responsibilities of many positions – from Chief Executive Officer to quality inspectors to shipping and fulfillment clerks – are involved with carrying out the firm's marketing activities. Finally, the US aggregate marketing system in no way stands alone in the world: by not including other nations' numbers we have understated by many times the actual impact of marketing around the globe (as an aside, this analysis also helps us to appreciate the enormity of the challenges faced by command systems, which cannot hope to replicate the millions of allocation decisions being made within a market system each day).

Characteristics of the Aggregate Marketing System

Figure 1.2 completes our background on the system with a summary of its key properties. Propositions I, III, and IV have been discussed at length, but the others deserve brief comment. Proposition II gives a system perspective that we have long viewed to be powerful: *the concept of continuous flows in various modalities*, including physical, persuasive, informational and monetary. Flows occur in both directions (e.g., money flows backwards in the system in payment for goods; information and influence flow forward from advertising and sales efforts, but also backward with marketing research). Some are simultaneous, but many are not: the investment flow forward (in plant, labor, production, and promotion in advance of sales) represents levels of risk-taking and confidence in marketing activity.³ Meanwhile, Proposition V reflects that in a market-based system, consumers' response to marketers' offerings will drive supply allocations and prices. Depending on a society's decisions on public vs. private ownership, the aggregate marketing system plays a greater or lesser role in allocating national resources.⁴ The US has given substantial freedoms to its aggregate marketing system; apart from certain restrictions, a person may choose to produce almost any good or service he or she desires, in any form and name, offer it for sale at places, prices and terms of his or her choosing, and may advertise it or not, using virtually any appeal seen to be effective. While restrictions do exist in each of these areas, these are primarily to protect the rights of competing marketers or consumers.

The Aggregate Marketing System:

- I. Incorporates numerous activities**, including the classic distribution functions, marketers' plans and programs, and actions by consumers and government.
- II. Is comprised of planned and continuous flows** among participants, including flows of goods and materials, service deliveries, dollar payments, and flows of information and influence.
- III. Is extensive, in several respects**,
 - A. Extending all the way from the collection of raw materials, through multiple intermediate processes, to use and disposition at each individual household.
 - B. Combining materials/goods from around the globe into market offerings.
 - C. With multiple sets of marketers, acting as competitors, performing activities in parallel.
 - D. In its geometric exchange activity, with multiple producers selling to multiple purchasers, and multiple buyers purchasing from multiple sellers.
- IV. Is structurally sophisticated**, relying upon a massive physical and communications infrastructure that regularly and routinely creates and delivers goods and services across the society.
- V. Is a key basis for resource allocation in a market economy**, as consumer responses to market offerings determine which goods and services are and are not created in the future.
- VI. Is governed by forces for efficiency**, most notably self-interest, competition, and characteristics of market demand.
- VII. Is constrained by social forces**, including laws, government regulations, cultural norms, and ethical codes of business and consumer conduct.
- VIII. Relies upon coordinated processes**, with producers and resellers seeking interdependent purchases to fit pre-specified standards, with the later expectation of purchasing by consumers.
- IX. Operates through human interactions, experience and trust**, as participants develop and maintain marketplace relationships as a basis for conducting their system activities.
- X. Is an open system, geared toward growth and innovation**, as participants seek to solve problems and pursue opportunities, investing with faith in the future operations of the market.

Figure 1.2 *Propositions on the Aggregate Marketing System*

Proposition VI reflects that our aggregate marketing system does more than physically deliver goods and services: it also works to bring a *dynamism* to society that encourages continual growth and progress (Vaile, Grether & Cox, 1952). Marketers know that observed demand is not really fixed: consumers can be highly responsive to different marketing programs. *Thus competition is the main driving force*, leading marketers to search for areas of comparative advantage that will lead to greater financial success.⁵ New competitors are attracted to areas of opportunity. Over time prices can be adjusted downward through competition and/or production efficiencies. New buyers join in buying the favored offerings, and some markets grow while others wither away. Not all marketing system programs are successful: the effort to support dynamism can lead to excesses, failures, and sometimes unforeseen consequences. Proposition VII reflects this underlying tension by reflecting the *need for controls*. A market system needs a legal infrastructure for property rights, performance of contracts, freedom of choice, and so

forth. The role of government as society's representative is thus central, though this can be contravened if politicians allow cynical self-seeking interests to circumvent either competition or desirable restraints. Thus government achieving a proper balance to best serve a society's goals becomes a key issue for aggregate marketing systems.⁶

Propositions VIII and IX, meanwhile, refer back to the bonding forces that constitute the heart of the marketing effort. The existing infrastructure requires coordination in space, time, and 'fit,' as offerings require the intermarriage of components within a context of high efficiency. We indeed have been impressed by the serious concerns given to process quality control within this system. Further, we have been reminded that at its roots this is a human institution in which both experience and trust play major roles, a point that has also recently emerged in relationship marketing thought. Even economists have recognized the role of trust within the system, as Kenneth Arrow, Nobel Laureate in Economics explained, '*...virtually every commercial transaction*



Figure 1.3 Marketing's Contributions to Economic Well-being

has within itself an element of trust ... much of the economic backwardness in the world can be explained by the lack of mutual confidence' (Arrow, 1972). In asking why all societies do not become equally wealthy and successful, recent work by Hunt (1997) and others (e.g., Etzioni, 1988) points to differences in societal institutions that promote trust and personal moral codes as a key differentiator. Finally, Proposition X notes this 'open system' stresses achievement, growth, and progress. These are the elements of the US aggregate marketing system that helped to bring the century of progress noted at the start of our discussion.⁷

We now turn to the system's contributions. Our discussion here is presented in three sections: (1) benefits to economic well-being, (2) benefits to buyers, and (3) several broader perspectives on benefits.⁸ While most entries are not new to marketing thinkers, we are hopeful that in combination they will prove useful in stimulating further thought about our field and its value to society.

Marketing's Contributions to Economic Well-being

Contributions to the Larger Economic System

Whatever the political choices, an aggregate marketing system is integral to a society's economic system. Figure 1. 3A lists ten areas in which marketing contributes here in the US. First, it offers *employment and incomes* for the millions of persons engaged in this field, allowing them to be productive and earn money needed for consumption. As noted, consumers' exercising *freedom of choice* means that the preferences of society's members are largely reflected in the system's goods and services; this should mean that aggregate satisfaction is enhanced in this sector of life. As Adam Smith pointed out in his classic *The Wealth of Nations* (1776), 'Consumption is the sole end and purpose of all production...' In this regard, the aggregate marketing system is directly involved in *delivering the standard*

of living enjoyed by society's members. Further, private investments for the marketing system have been important in *assisting national infrastructure development* in such areas as distribution facilities, transportation, communication, medical care, and the financial sector. Related to this, monies gathered by governments (sales and excise taxes) are actually gathered by operations of the marketing system. Together with income taxes paid by firms and individuals engaged in marketing, these represent substantial sources of the tax payments to fund public programs.

With respect to consumption, the system's *mass market efficiencies* have led to lower costs, lower prices, and increased total consumption for citizens. The system's dynamic character also fosters *diffusion of innovations*, bringing new benefits to daily life. Internationally, the aggregate marketing system is a crucial contributor to the nation's *balance of trade* and, in seeking new areas of opportunity, is a *force for international development*. Overall, then, in a number of significant and positive ways, the aggregate marketing system has played an integral role in the economic growth and prosperity of the US.

While obvious in the abstract, marketing's contributions to economic well-being have not actually been recognized by many businesspersons nor, indeed, by many economists. This is probably because they are not factors in the classic macroeconomic equations (Kinnear, 1994). Here, aggregate supply is seen to depend on the stock of capital, labor, raw materials, and technology. Kinnear asserts that marketing's importance would be more clear if efficiencies and skills in wholesaling, retailing and logistics were included in this equation. Similarly, aggregate demand is a function of expenditures for consumption, investment, government, and net foreign trade. However, we all know that marketing impacts on aggregate demand: if economists' equations were to identify effects of marketing programs (on autonomous consumption and marginal propensity to consume, on prospects for success of an investment in a new product, and on the volume of exports and imports), the value of marketing efforts in our economic system would be more starkly obvious. Further, this would stimulate interest in calibrating the magnitudes of these contributions.

Marketing and Economic Development

The societal benefits that flow from the aggregate marketing system are nowhere more apparent than in the area of economic development. Peter Drucker, the noted business thinker, raised this issue years ago in a stirring speech, reprinted by the *Journal of Marketing* as 'Marketing and Economic Development' (Drucker, 1958). His view of marketing as an entrepreneurial 'multiplier' and organizer of resources casts a quite different light on our field. Later work has done much to explore and refine this

view. The points in Figure 1.3B illustrate several key insights about marketing's roles and contributions.⁹

First, the role for marketing in economic development is real. Nations with higher proportions of their populations in marketing also have higher gross domestic products: the development of the marketing system is necessary for this to occur (e.g., Preston, 1968; Wood and Vitell, 1986). However, the specific roles for the marketing system differ by stage of economic development. In a subsistence economy, production is barely sufficient for self-needs, and is not separated in time or distance from consumption. The immediate priority is incentives to increase production, with price assurance being most significant. In economies just becoming urbanized, the priority is to develop distribution infrastructure (i.e., transport, storage, and selling networks). In market-oriented systems, all marketing functions are important, with investment financing and consumer credit as primary tools for market growth (US Department of Agriculture, 1972).

As noted in Figure 1.3B, a host government's policies help determine opportunities for marketing's contributions to the society (e.g., Thorelli, 1996). However, governments typically pursue five possibly contradictory goals: growth, fuller employment, income distribution, price control (inflation), and balance of payments – and may do so with too few tools to handle the task (Slater, 1978). Treatment of the aggregate marketing system is thus part of a complex political context. As a social institution, the marketing system must be embedded in the society's culture. For the US in the international sphere, this can be problematic in some societies, as aspects of the culture are not welcoming of some features of the US marketing system (Ger, 1997). Where a US-style system is desired, moreover, certain consumer behaviors (e.g., handling of finances, planned saving and choice processes, defenses to persuasion) have to be learned for the system to work well. As to linkages among efficiency, consumer behavior, and culture in developing marketing systems, Slater identified literacy, achievement desires, cooperation, fatalism, mass media and innovativeness as key dimensions (cf. Nason & White, 1981). Today's marketing experts working in the 'transitional economies' (i.e., those moving from centralized planning to market-based systems) of Eastern Europe, the former Soviet Union, and China are noting that entrepreneurial risk-taking, marketing management expertise, and the use of strong business planning and control systems are crucial in determining success (e.g., Batra, 1997). They differ as to the ease of the transfer of such knowledge, but the large number of international students educated in business schools in recent years does give cause for optimism.

Finally, Figure 1.3B's 'Marketing's Development Functions' reflects marketing's roles in more basic settings (modified from Moyer, 1965). First, marketing

encourages increased production by *conceiving, organizing, and operating networks* for communication and exchange. *Speculation across time* is needed to bring future production and consumption, using entrepreneurial risk of capital and effort. *Equalization of supply and demand* occurs across distance (transport), time (storage), and quantity (price), while *spacial connectivity* joins diverse locales into a larger marketplace to offer efficiencies of scale and lower prices to consumers. Over time, these can grow into a center for *capital accumulation* (investment), and serve as a springboard for *marketing entrepreneurs' entry* to become industrialists. For example, some years after its independence, nearly half of the leading industrialists of Pakistan were found to have come from the marketing sector (Papenek, 1962). Here they had learned, in Adam Smith's words, 'the habits ... of order, economy, and attention' that characterize success in market distribution (Smith, 1776).

Contributions to Buyers from Specific Marketing Activities

We now focus on marketers' actions that benefit buyers. As there are millions of competing firms in our aggregate marketing system, at any time a huge number of these benefits are being offered in parallel. Across time, these benefits accumulate, through billions of purchase occasions, to be truly formidable. Our framework in Figure 1.4 will be quite familiar to marketing thinkers, but persons outside the field are likely to be surprised at the scope of contributions offered. We begin with the economic concept of utility.

Marketing's Bundle of Utilities

Economists traditionally employ *utility* to represent value. As a prominent economist observed nearly 80 years ago, '... marketing and advertising are interested primarily in the creation of value' (Moriarty, 1923). Identification of marketing's special utilities, shown in Figure 1.4A, proved helpful to economists who argued that distributive services did add value beyond that derived from production.¹⁰ Of the five utilities listed, note that only *elemental utility*, which refers to cultivation or extraction of crops and raw materials, is arguably beyond marketing's purview. The second, *form utility*, comes primarily from operations, but marketing activities do contribute here by (1) physically supplying essential inputs to the production process, and (2) providing insights from the marketplace (e.g., market research) that help decide specific attributes for goods and services. *Place utility* is clearly in marketing's province, representing the value added by providing goods where buyers need them. Marketing adds *time utility* through preplanning, inventory, and promotion

activities to ensure customers can obtain goods when they are needed. Finally, *possession utility* is offered through marketing transactions, and allows customers to use goods for desired purposes.

The Eight 'Classic Functions' of Market Distribution

Our appreciation of marketing's contributions is enhanced by the 'functional approach,' which arose early in the twentieth century in reaction to mainstream economists' lack of attention to the value of distribution. It became a basic approach for the study of marketing for over five decades, describing marketers' activities and their reasons for them. With the rise of the managerial approach, however, this descriptive view of marketing has now all but disappeared (Hunt and Goolsby, 1988).

Among many frameworks, the eight functions listed in Figure 1.4B are widely accepted (Maynard, Weidler & Beckman, 1927). Given the emphasis at that time on agriculture and manufacturing, functional frameworks stressed physical supply services, beginning with (1) *transportation*. Closely allied, (2) *storage* helps to nullify timing discrepancies in supply and demand, smooths production schedules to reduce costs, and allows the mixing of ingredients or stock (as in our coffee bean example). Innovations in these areas (consider refrigeration and freezing) have brought major improvements to our society over the past century. The next one of marketing's classic functions, (3) *financing*, receives little attention by marketing scholars today, but is still a key topic in economic development settings. A firm must finance the time-gap between the start of the productive process (when machines, material, labor, marketing, etc. must be paid for) and the later receipt of money from sales. Such investment financing may be undertaken directly by marketers or, when stakes are high, by financial institutions. Within our overall system, financing has fostered entry by many small businesses, while consumer credit has allowed purchases of millions of homes, autos, etc., and thus has been a key factor in society's prosperity. Number (4), *assumption of risk*, reflects transactions, and arises out of uncertainty. In marketing channels, for example, risk comes with ownership of goods for which future demand may be less than expected (e.g., negative price changes, demand shortfalls, improved designs, deterioration in quality, or credit problems with repayments). Risk is substantial throughout the aggregate marketing system – a fact apparent to those who forecast demand.

(5) *Assembly* refers to the broader buying process – seeking out sources of supply and deciding on goods and services to be purchased. Buying is pervasive across the aggregate marketing system, leading to successive changes in ownership that end in final consumer purchases. The other side of a purchase is

Traditional Views	Managerial Sectors	System Outcomes
<p>A. Five Types of Utility:</p> <ul style="list-style-type: none"> - <i>Elemental Utility</i> (marketing not a contributor) - <i>Form Utility</i> (marketing a partial contributor) - <i>Place Utility</i> (marketing a major contributor) - <i>Time Utility</i> (marketing a major contributor) - <i>Possession Utility</i> (marketing a major contributor) <p>B. The Eight Classic Functions of Market Distribution:</p> <ul style="list-style-type: none"> - <i>Transportation</i> - <i>Storage</i> - <i>Financing</i> - <i>Risk-bearing</i> - <i>Assembly</i> - <i>Selling</i> - <i>Standardization</i> - <i>Market Information</i> 	<p>C. Marketing Mix Elements:</p> <p>Salespersons and Representatives</p> <ul style="list-style-type: none"> - Consultation on Problem Solutions - Crystallization of Needs - Education About Alternatives - Introduction of New Offerings - Customization of Offerings - Facilitation of Transactions - Access to Technical Support - Customer Satisfaction - Feedback From Field <p>Advertising and Promotion</p> <ul style="list-style-type: none"> - Provides Information - Product Knowledge/Use - New Products and Services - Prices and Specials - Decision Making Enhancements - Shopping Patronage - Lowers Search Costs - Enlarges Market Demand - Reduces Distribution Costs - Lowers Prices - Entry of New Competitors - Acceptance of Innovations - Subsidizes Media and Events - News and Editorial - Entertainment and Sports - Provides Entertainment <p>Products and Service Offerings</p> <ul style="list-style-type: none"> - Two-Way Exchange - Benefits From Each Use Occasion - Benefit Bundles (Multiattribute) - Frequent New Offerings - Continued Improvements - Considerable Product Variation - Stress on Quality Control - Guarantees and Redress <p>Benefits of Branding/Trademarks</p> <ul style="list-style-type: none"> - Identification of Specific Offerings - Efficiency in Future Search - Consumer Confidence/Meaning - Possible Symbolic Benefits <p>Market Distribution</p> <ul style="list-style-type: none"> - Most Marketing Functions (at left) - Eases Access to Products/Services - Reduces Information Search Costs - Enables Inter-brand Comparisons - Lowers Prices via Competition - Increases Quantity of Information - Facilitates Transaction Processes - Offers Credit Opportunities - Post-Purchase Support Structure - Delivery and Set-up - Liberal Return Policies - Maintenance and Repair - Provides Entry for New Competitors 	<p>D. Summary: The Marketing System's Resultant Benefits</p> <ol style="list-style-type: none"> I. Promotes the Production of Desired Products and Services II. Delivers Products and Services III. Provides for Market Learning IV. Stimulates Market Demand V. Offers Wide Scope for Choice VI. Close/Customized Fits With Needs VII. Facilitates Purchases (Acquisitions) VIII. Saves Time/Promotes Efficiency IX. Provides for Postpurchase Support X. Brings New Entries to Market XI. Fosters Innovations/Improvements XII. Enables Larger Total Consumption XIII. Seeks Customer Satisfaction for Repeat Purchase Relationships XIV. Provides a Pleasant 'Approach' Environment for Buyer Behavior

Figure 1.4 Contributions to Buyers from Specific Marketing Activities

another's sale. Though much maligned, (6) *selling* harnesses the forces of competition to improve the value of offerings, and brings about the exchanges that allow the system to operate. (7) *Standard setting* is often unseen and quite underestimated. Once set by a society, standards serve as buying guides in a vast range of business and consumer categories: in essence they provide assurance for critical 'credence' attributes such as safety, strength, or other elements of an offering that may be difficult to determine via inspection, and they aid in price and value comparisons as well. Marketers are important users of standards in our society, and also participate in their creation (in contrast to general perceptions, the vast majority of standardization is a voluntary activity in the US, rather than being imposed by government). Finally, the gathering and use of (8) *market information* is quite familiar. Inputs can come from sources – experts, government, customers, the sales force, library – beyond formal market research projects. As a key activity in marketing today, this function increasingly stimulates improvements in the benefits we will now discuss.

Benefits From Product and Service Offerings

A marketing exchange relies on *both* transacting parties expecting to be better off. *As sellers benefit from payments for purchases, it is not surprising to see marketers' focus on purchase processes. However, it is important to recall that benefits received by customers accrue from use or consumption.* As indicated in Figure 1.4C, this has an interesting implication; *each single use occasion creates an opportunity for another benefit delivery from the system.* Further, as products and services are 'benefit bundles,' users are deriving multiple benefits (Green, Wind, & Jain, 1972). For example, toothpaste attributes such as decay prevention, whitening, tartar control, and good taste can be combined to create multiple sources of value in a single use occasion. Extensive product variation further allows closer fits with users' preferences. In our system, frequent new offerings and improvements to current offerings are also pursued. Further, we should recognize that *much of the care taken by marketers in design, creation, and delivery of offerings remains unseen* (and is thus underappreciated by the general public). This care aids a brand's competitive success by providing an intended, identical service or use experience expected by loyal customers. Last, our marketing system generally stands behind its offerings, with buyers often protected by guarantees.

To check our impression of this system stress on quality, we checked ratings in some 200 product and service classes. Ratings were given in 1996–97 in *Consumer Reports*, published by Consumers Union, an independent testing organization that accepts no advertising or other funds from the marketing community. Our tabulation of scores showed that, of

3028 ratings, only 51 items (1.7%) were rated as 'Poor' in quality. Including 'Fair' as a passing grade, 98% of marketers' offerings received satisfactory ratings: 88% received ratings of good, very good, or excellent.¹¹ Clearly the system is delivering quality offerings to its public.

Benefits of Branding/Trademarks

Unique identification is not only significant to marketers (Aaker, 1991), but also benefits buyers in four ways.¹² As shown in Figure 1.4C, unique source names assist:

- (1) organizing future behaviors (if problems are encountered, the source can be re-contacted: if satisfied, favorable attitudes can direct future decisions);
- (2) efficiency in locating favored sellers (while appearing innocuous, summed across products, time, and competing demands, this efficiency is actually quite significant in total);
- (3) rapid, confident choices in self-service settings (the average time for a single choice in a US supermarket aisle is only a few seconds); and
- (4) deriving symbolic benefits from purchase, ownership, or use. Symbolic benefits can be public (driving a high-status car) or private (enjoying a finely crafted product). While at times a target for criticism, symbolic benefits' mechanisms are varied and subtle, involving sustaining personal identity as well as communicating about oneself (Belk, 1988, 1989; Cohen, 1989; Levy, 1959).

Benefits From Market Distribution

As noted in the first entry of this section of Figure 1.4C, the key benefits in this area were captured in our discussion of marketing's eight classic functions. As it is performed largely out of the sight of non-participants, however, the performance of distribution can be underappreciated. It is useful to recall that the marketing system performs these functions repetitively and routinely, millions of times daily, each time offering benefits to receivers. Beyond this, wholesale and retail activities offer the additional benefits noted in the remaining listings of Figure 1.4C. The first five of these are well-recognized and need no amplification. The final four entries, however, do deserve separate discussion.

One powerful aspect of the US marketing system is *facilitating the transaction process*, thus saving consumers' time and effort while maximizing purchase opportunities. Consider, for example, the benefits of extended store hours, convenient locations, free parking, stocked shelves, posted prices, displays, fast and smooth checkouts, advertising price specials, salespersons' pleasant and efficient completion of transactions, and so forth (consumers from some other cultures express surprise, and delight, upon discovering this of the US retailing

system). Further, processes for *extending consumer credit* allow some expensive purchases to occur that otherwise would be delayed, while bank credit cards have greatly eased transaction processes for buyers and sellers alike (the fact that stores will pay significant fees, about 3%, for bank card charges is a good indicator of how much the system desires to facilitate purchase transactions). When a durable good purchase is made, moreover, consumers enter a use phase that can last for many years. During this time the marketing system offers a *postpurchase support structure* with benefits such as delivery, installation, repair services, and liberal return policies. Our final entry is quite different, but has done much to improve the lives of everyone in our society, in that our channels of distribution *serve as the entry point (gatekeeper) for new products and services*. Receptivity by wholesalers and retailers to offerings providing better value or new benefits has made this dynamic work for society's gain (similarly, government actions to reduce competitive barriers to entry allow innovations and price competition to work to the benefit of society's consumers and competitors).

Benefits From Salespersons and Representatives

Sales representatives facilitate flows within the aggregate marketing system. *While advertising receives more public attention, marketers frequently rate personal selling as more important for business success*. In one study, executives rated selling as five times more important than advertising for industrial goods, and almost twice as important for consumer durable goods; for consumer nondurables, the two were rated about equally important (Udell, 1972). An estimated 20 million sales representatives are at work daily in the system – 9 million in business-to-business selling, and 11 million others dealing directly with consumers. Roles vary widely, as do levels of performance. Figure 1.4C lists some contributions offered in business-to-business sales, where the salesperson is a professional representative dealing with generally well-informed buyers, as well as with current users who may need to have problems resolved. To start, salespersons may be called on to consult on large programs (e.g., plant construction, advertising campaigns), often as part of account teams that include specialists. During this process a representative may help crystallize the client's needs, educate the client about alternatives, introduce new entries, and customize the offering when feasible. He or she then works to facilitate the entire transaction, payment, and product delivery or project completion. During this process, which can extend for years, the sales representative provides access to technical support and offers personal service to ensure customer satisfaction and a continuing relationship. Our final entry – feedback from the field – reflects salespersons reports back to the firm on opportunities to enhance its offerings.

Benefits From Advertising and Promotion

Each year an incredible amount of money is spent on advertising and sales promotion: advertising is a major industry in its own right, accounting for about 3% of US Gross Domestic Product. Due to its high visibility, advertising is probably the most criticized facet of the aggregate marketing system, though it in fact provides important benefits. In their classic study, *Advertising in America*, Bauer and Greyser (1968; see also Pollay & Mittal, 1993) asked consumers about this institution. Their findings fit four of the five entries in Figure 1.4C. First, appreciation for the *information* advertising provides on products and prices was expressed by a majority of consumers.¹³ Few consumers noted our second benefit: clearly, however, advertising can *enhance consumer decisions* through lower search costs (product proliferation, however, does raise search costs). The consumers did mention *enlarging market demand*, noting special appreciation for advertising's contribution to lowering prices. Less obvious are three related benefits here: reducing distribution costs, aiding entry by new competitors, and fostering acceptance of new innovations by a society. The consumer sample also recognized the final entries in Figure 1.4C, applauding advertising's role in *subsidizing media*, as well as expressing pleasure with advertising's own *creative offerings*.

Summary: Marketing's Key Benefits to Buyers

As our detailed listings risk 'losing sight of the forest for the trees,' Figure 1.4D abstracts what we see as 14 of the key benefits consumers derive from marketing activities. First is marketing's role in *driving the production of offerings most desired in the marketplace*. In many organizations marketers act as internal advocates representing the customer in decisions on what to produce, then other elements of the aggregate marketing system advance the creation of those offerings by carrying out their functions (e.g., assembly, transport) at all intermediate stages leading to final production. The marketing system then manages the *delivery of products and services* to consumers. It also expends funds to *provide for market learning* via sales representatives, advertising, brochures, specialized brokers, etc. The persuasive aspect of these vehicles serves to *stimulate market demand*: this creates sales, and may lead to lowered costs and prices. Through competition, the system offers a *wide array of choices*. This allows consumers to judge how best to satisfy their needs to obtain desired quality (in this regard, it is interesting to realize that *every* available good and service is being purchased by some fellow consumers). The system's variety allows some marketers to *offer close- or even customized-fits* with a user's needs. The system is also *designed to facilitate purchases*, easing acquisitions of benefits for buyers. Numerous elements of *time-saving* are

<u>A. Contributions from Improvements in Marketing System Activities</u>		
<i>Transportation</i>	<i>Product Design</i>	<i>Marketing Research</i>
- e.g., Real-time Monitoring	- e.g., Match or Better	- e.g., Expert Systems
<i>Materials Handling</i>	<i>Promotion Programs</i>	<i>Packaging Innovations</i>
- e.g., Containerization	- e.g., Loyalty Clubs	- e.g., Environmental Impacts
<i>Distribution</i>	<i>Product Management</i>	<i>Pricing Programs</i>
- e.g., Order Processing	- e.g., Brand Equity	- e.g., Value/Bonus Packs
<i>Assembly</i>	<i>Market Segmentation</i>	<i>Services Marketing</i>
- e.g., Global Sourcing	- e.g., Mass Customization	- e.g., Consumer Satisfaction
<i>Retailing</i>	<i>Database Marketing</i>	
- e.g., Checkout Scanners	- e.g., Personalized Offerings	
<u>B. Contributions to Quality of Life</u>		
<i>I. Illustrative Social/Psychological Benefits to Marketing Participants (Opportunities for):</i>		
- Achievement	- Creativity	- Beauty
- Success	- Humor	- Morality
- Growth	- Invention	- Interpersonal Relationships
- Action	- Influence	- Understanding
- Discovery	- Service	- Trust
<i>II. Illustrative Social/Psychological Benefits Created by Consumers Engaged with the System:</i>		
- Accomplishment	- Bonding	- Socializing
- Beauty	- Belonging	- Learning
- Safety	- Excitement	- Authority
- Health	- Prestige	- Control
- Nurturance	- Pleasure	- Status
- Joy	- Self-enhancement	- Play
- Gift-giving	- Escape	- Leisure

Figure 1.5 Some Broader Views of Benefits

offered in both products and purchasing: these increase societal members' efficiency, leaving time for other activity. Also, the marketing system offers a *postpurchase support structure* to enable continuing benefits over time.

Our marketing system continually *brings new entries* for customers to consider, and actively works on behalf of *product innovations and improvements*, some of which will enhance a society's quality of life over the long run. Further, it enables buyers to *engage in larger total consumption* than they would otherwise be able, through credit, price specials, discount versions of goods, and/or bundled attributes. Most sellers seek long-term repeat purchases from patrons, so *customer satisfaction is a real goal of the system*. Last, but not least, our marketing system often offers *pleasant*

environments within which consumers can act, a distinct benefit in itself (as those experienced with some monopolists or government agencies can attest).

Two Broader Views of Benefits

Contributions From Improvements in Marketing Processes

In our analyses to this point it has become clear that the system's current level of performance is based on its emphasis on a continual search for improvement. Thus our interest is not only in *kinds* of benefits, but also increased *levels* of benefits emanating daily, as indicated in the following:

‘Back to the Future’ The constant press for improvements characterizes the world of marketing. Many efforts don’t work out; some yield minor advances; and a few lead to norms of the future. Figure 1.5A displays a few illustrative cases of recent breakthroughs. For example, trucking firms now combine on-board computers and satellite tracking systems for *real-time monitoring* of their cargo. One firm uses this system to coordinate routes and communicate with all 10,000 trucks in its fleet, adapting instantly to weather or traffic delays. The result is better delivery service with lower costs for the firm. Similarly, *containerization* has added efficiency in shipping and handling: our coffee beans, for example, shifted easily from ocean to ground transport and were less susceptible to damage, spoilage, and theft. As distribution channels have embraced relationship marketing, *order processing systems* have saved time and costs. For example, two firms may use electronic data interchange, in which inventories (e.g., a drugstore’s entire stock in a line) are automatically replenished as sales movement data are transmitted to the wholesaler: humans are limited to oversight of the system. Also, improvements in communications, transport, and technology have allowed marketers increasingly to move worldwide to obtain materials at much lower costs. While *global sourcing* has generated legitimate criticisms, it has also provided consumers with quality goods at lower prices, and has added to the aggregate marketing systems of other societies as well. In retailing, *checkout scanners* have brought about a revolution: computerized pricing allowed stores to lower labor costs, better manage inventory, and promote goods more effectively through information on what works best with each store’s customers. For food manufacturers, this technology speeds adjustments to developments in the marketplace, allowing increased responsiveness to consumers.

In product development, *‘match or better’* means a search for value parity on most key attributes, and advantage on the others. For example, in the early 1980s Ford Motor Company had just lost \$3 billion when it created ‘Team Taurus,’ a group of marketers, designers, engineers, and plant personnel charged with developing a new car to rescue the firm. The team relied on consumer research, choosing 700 features for the new car from this source. In addition, the team bought models of popular competing cars, and then tore them apart to analyze their best features (over 400 were ‘borrowed’ in this process). The net result of Team Taurus’s efforts? One of the most popular cars ever produced, and a turnaround for Ford, whose market share rose from 16% to 29% (Wilkie, 1994). The general lesson? Marketers know that demand is highly responsive to advantages consumers perceive a product to have (or lack), and can be quite responsive to price as well (Day & Wansink, 1994). At this point we need not detail the

remaining items in Figure 1.5A, as marketing readers can easily appreciate the potentials of each. As noted above, pressures for improvements in the system are relentless: the positive benefits of this force should be clearly appreciated.

Contributions to Quality of Life

In this final section on contributions we’ll shift away from the economic calculus that reports on the system as if it were a relentless machine spewing out streams of utiles. Instead we examine – briefly – the aggregate marketing system as a *human* institution, composed of people living their lives on a variety of fronts. Our effort here is illustrative, intended to raise this topic as worthy of further attention by marketing scholars. We first examine benefits in the work of marketing (where aggregate effects could be very large).

Social/Psychological Benefits to System Participants

In the first set of entries in Figure 1.5B we have listed several social and psychological benefits we believe are offered to persons who work in marketing. For example, drawing on the system’s stress on competition, *achievement* is highly rewarded in this field. This is one reason for steep increases in marketing incomes in the early years of one’s career (in contrast to accounting or engineering, where salaries begin at higher levels, but increase much more slowly). Because of the marketing system’s openness to change, opportunities abound for feelings of personal growth and individual autonomy. Whether pursuing clearer understanding of the consumer marketplace, creating a new ad campaign, managing a retail store, closing an important sale, or planning a new product launch, marketing offers challenges to creativity and ingenuity, as well as opportunities to influence others. Marketers in many areas can offer service to others, and those in the arts can foster aesthetic values within society. Many marketing positions require teamwork toward a common goal, which can provide valued group affiliations. It is common for sellers to develop friendly relationships with their clients as a consequence of ongoing exchange activities. In our breakfast illustration, for example, the large transaction between the coffee buyer and major grower was sealed with a handshake. To marketing scholars, many of whom who have come to this field from other disciplines, these attributes are well-understood. Further, with the globalization of markets these opportunities are expanding.

Social/Psychological Benefits to Individual Consumers

Since the study of consumer behavior entered marketing’s mainstream during the 1950s and 1960s, consumers’ goals and motivations have been much studied. Most research has been instrumental (e.g., what can we learn about consumers so that we can sell more effectively to them?), but some

reveals interest in deeper human issues. Examples include two older books by well-known marketing consultants – Daniel Yankelovich (1981), who revealed concerns about society's direction at the time, and Arnold Mitchell (1983), who designed the VALS system by using Maslow's humanistic need theory. More recently, the interpretivist orientation (e.g., Sherry, 1991) has honed our appreciation of goods' meanings in consumers' lives. A carefully cultivated lawn and flower garden can give a homeowner a sense of accomplishment, while a parent may derive special satisfaction from selecting food, clothing, or furniture for a safe, healthy home. Gift-giving can involve significant emotional and symbolic dimensions. Movies, sporting events, or theatrical productions can lead to feelings of belonging, prestige, escape, or excitement. Consumer activities allow learning, socializing and self-enhancement: the benefits are emotional, subjective and experiential (Holbrook & Hirschman, 1982). Spending money can bring feelings of achievement, status, control, and even play. Shopping is an enjoyable activity for many. Although intangible and difficult to express, treatment of the marketing system's contributions to consumers would be incomplete without these meaningful consequences.

As a final point in this section, and as will be amplified in our closing section's coverage of current research on marketing and society, *we need to stress that the aggregate marketing system is comprised of more participants than only business marketers*. Private marketing is the mainstay of the system in the US, but government, the entire consumer sector, and many individuals in the not-for-profit sector are also participants. The system's issues extend to societal concerns and, in turn, are influenced by them as well.

Criticisms and Problems of the Aggregate Marketing System

Our focus in this article has been on accomplishments, but balance calls on us to also acknowledge that the aggregate marketing system has long been controversial in some respects. Figure 1.6 summarizes many of the most prominent criticisms, controversies and problems that have been raised. Space limitations preclude an extended analysis: this is available elsewhere (Moore & Wilkie, 2002). We begin with *critiques of system values*. These are usually made by persons speaking from vantage points outside the system, raising philosophical points about its nature. These criticisms tend to say little directly about the practice of marketing, the focus is on broader issues such as the 'consumer culture' and our economic system that sustains it. Political theory is the root of some of these critiques, but not all of them. These are not simplistic arguments,

and we do not wish to do them an injustice in such a brief summary. Readers will find writings by Galbraith (1958) of interest, as well as the Pollay (1986,1987)/Holbrook (1987) advertising debate and recent collections by Goodwin, Ackerman and Kiron (1997) and Schor and Holt (2000).

Classic social and economic debates are next in Figure 1.6. These have a long history, though they have evolved over time. For example, the distribution cost debate of the early 1900s had farmers questioning why they received only a low percentage of the consumer's food dollar: today buyers (and farmers) ask why cereal brands are priced so high relative to ingredient costs. Much attention has also been directed to advertising, as reflected in four out of eight debates. These debates likely persist because:

- (1) strong proponents on each side won't concede;
- (2) generalizations are at times based on particular episodes;
- (3) decisive empirical evidence has not been available, due to severe measurement difficulties; and
- (4) the underlying issues actually *are* complex.

The second column reflects *views of the consumer movement*. These tend *not* to be antagonistic to the aggregate marketing system itself (recall the high ratings *Consumer Reports* gives system offerings), but are aimed at having the system serve consumers' interests rather than only those of marketers. Thus President John F. Kennedy's 1962 proclamation of the 'Consumer Bill of Rights' was seen as crucial in placing the power of government squarely on the side of consumers in the four basic ways listed (that is, it affirmed that US society would pass laws, restricting marketers if necessary, to ensure consumers received their rights). During the past century there were three eras (Mayer, 1989) of high public receptivity to consumer movement issues. Consumer issues have shifted over time, as earlier concerns have been largely attained (e.g., food processing safety). *A root belief sustaining the consumer movement, however, is that major economic imperfections persist within the system – especially reflecting pricing and value received per dollar*: these are listed in the next entries of this section (Maynes, 1997). Some debates continue, in part, because consumers themselves disagree. Again, our treatment here cannot do justice to the arguments' sophistication: excellent books are available, including Aaker & Day (1982), Mayer (1989), Maynes et al. (1988), and Brobeck (1997).

The third column of Figure 1.6 highlights difficult issues that arise naturally in marketing and which must be addressed.¹⁴ Handling of these issues by *some* marketers may spark legitimate criticisms, while others may merit commendation for their efforts to be responsible. Problems may also arise

Broad Social and Economic Concerns	Views of the Consumer Movement	Continuing Challenges for Marketing Practice	Problem Episodes Through Deliberate Behaviors
<p>Critiques of System Values</p> <p>Promotes Materialism</p> <ul style="list-style-type: none"> - Stresses Conformity - Social Competitiveness, Envy - Exacerbates Pain of Poverty <p>Negatively Impacts Cultural Values</p> <ul style="list-style-type: none"> - Creates Insidious Cycle of Work and Spend - Discourages Participation in Noneconomic Activities (e.g., Arts, Community, Leisure) - Undermines Families, Alters Socialization <p>Is Fundamentally Persuasive/ Manipulative in Character</p> <ul style="list-style-type: none"> - Creates Artificial Wants and Needs - Invokes Imbalance Between Marketer and Consumer <p>Cultural Imperialism</p> <ul style="list-style-type: none"> - Cultural Impacts - Natural Resource Depletion - Global Warming <p>Purposes Limitless, Unsustainable Aggregate Consumption Levels</p> <p>Capitalist System Promotes Inequality in Benefit Distribution (Fairness vs. Allocative Efficiency)</p>	<p>The Consumer Bill of Rights</p> <ul style="list-style-type: none"> - The Right of Safety - The Right to Be Informed - The Right to Choose - The Right to Be Heard <p>Consumerism's Three Major Eras: Key Issues</p> <p>I. Turn of the Century</p> <ul style="list-style-type: none"> - Food and Drug Safety - Regulation of Competition <p>II. 1920s and 1930s</p> <ul style="list-style-type: none"> - Objective Information - Consumer Representation <p>III. 1960s and 1970s</p> <ul style="list-style-type: none"> - Product Safety - Advertising's Social Impact - Avenues for Redress <p>Economic Imperfections: The Asymmetric Power of Marketing</p> <ul style="list-style-type: none"> - Difficult Product Quality Assessment - Incomplete or Biased Information - Too Few Sellers in Some Local Markets - Uncaring Civil Servants - Too Little Time for Considered Decisions - Under-representation of Consumer Interest 	<p>Limits to Information and Persuasion</p> <p>Advertising Content</p> <ul style="list-style-type: none"> - Limits to Persuasion - Themes, Executions and Copy - Intrusiveness: Environmental Clutter - Ad Approval Processes <p>Sales, Pricing and After Sales Practices</p> <ul style="list-style-type: none"> - Limits to Persuasion - Control of Sales Abuses - Warranties and Guarantees - Retailer and Distributor Pricing Practices <p>Information Disclosure</p> <ul style="list-style-type: none"> - Limits to Disclosure - Effective Warning Labels - Use of Disclaimers <p>The Broader Environment</p> <p>Environmental Concerns</p> <ul style="list-style-type: none"> - Natural Resource Depletion - Threats to Ecology - Re-usability and Disposition <p>Product Safety</p> <ul style="list-style-type: none"> - Hazardous Products - Regulatory Approval Processes - Product Failure and Liability 	<p>Marketing Sector</p> <ul style="list-style-type: none"> - Deceptive Advertising - High-pressure Sales Techniques - Misrepresentations of Sales Intent - Inferior Products and Services - Bait and Switch - Price Fairness: High-Low Pricing - Price Fixing - Predatory Pricing - Franchise Abuses - International: Bribery - Gray Market Goods - Counterfeit Goods - Internet Fraud <p>Consumer Sector</p> <ul style="list-style-type: none"> - Uninformed Decisions - Consumer Fraud (e.g., Shoplifting, Credit Abuse) - Bankruptcy - Product Liability: Frivolous Lawsuits - Compulsive Consumption <p>Government Sector</p> <ul style="list-style-type: none"> - Errors of Omission - Errors of Commission

<p>Emphasis on Private Consumption Leads to Deterioration in Quality of Public Goods</p> <p>Pervasive Commercialism</p> <p>System is Inherently Self-serving, Directed Toward No Broader Social Purpose</p> <p>'Classic' Social and Economics Debates</p> <ul style="list-style-type: none"> - Does Distribution Cost Too Much? - Is There Too Much Advertising? Is it Wasteful? - Advertising: Information or Market Power? - Advertising: Good Taste and Morality? - Subliminal Advertising? - Is Price Related to Quality? - Is Deliberate Product Obsolescence Good? 	<ul style="list-style-type: none"> - Ineffective Regulatory Agencies - Consumers' Deficiencies <p>Some Continuing Controversies</p> <ul style="list-style-type: none"> - Dangerous Products (e.g., Cigarettes) - Vulnerable Groups (e.g., Children, Elderly) - Emerging Problems with Marketplace Encroachment - Intrusiveness of Advertising - Concerns re: Invasion of Privacy - Restrictions on Database Usage - Selling as Marketing Research - Exploitation by Price Discrimination 	<p>Anti-competitive Practices</p> <ul style="list-style-type: none"> - Effects of Quotas/Trade Barriers - Antitrust Issues <p>Responsible Corporate Citizenship</p> <p>Consumer Dissatisfaction</p> <ul style="list-style-type: none"> - Rumors and Negative Word-of-Mouth - Complaint Handling - Problem Resolution Systems <p>Corporate Actions</p> <ul style="list-style-type: none"> - Incorporating Ethical Concerns - Role of Consumer Affairs Departments - Criteria for Evaluating Business Performance - Industry Self-regulation - Community Involvement 	
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Figure 1.6 Criticisms and Problems of the Aggregate Marketing System

when trying to balance the goals of different stakeholders. Illustrative issues are organized in three topics. First, limits for persuasive influence arise in both advertising and selling: a firm must focus on both policy and daily control levels to address these. Second, specific problems arise from certain products, or from markets that pose societal externalities if only short-term sales and profits are pursued: we expect increasing conflict here if societies' controls of marketer actions are challenged by further globalization. The third topic raises the need for consistently responsible actions by all members of an organization. Efforts here include design of systems to assist customers with problems, and formalizing the presence of influential 'voices' for all stakeholders, including employees, consumers, and the broader society. The right-hand column of Figure 1.6 then shifts to deliberate problem behavior, as in our final illustration:

'Ruthless People' On rare occasions a participant in the aggregate marketing system *chooses* to act in ways that injure others. This occurs in all system sectors, as indicated in the following reports (Wilkie 1994):

Marketing Sector 'Creating a consumer want' has cynical meaning among a certain stratum of marketers, who first alter a consumer's product, and then point out the problem to gain a sale. Gas stations on interstate highways, for example, have been caught plunging ice picks into tires and placing chemicals into batteries to cause adverse reactions. 'Termite inspectors' have been caught placing the bugs in houses, and then informing frightened residents of an imminent home collapse unless repaired immediately. Some traveling 'tree surgeons' thrive by pointing out imagined diseases in large trees over a house, and then removing the trees at high prices. The classic case of this fear selling, however, was used by the Holland Furnace Company, which employed 5000 persons in its 500 US offices. Its sellers were to introduce themselves as 'safety inspectors,' go down to the furnace and dismantle it, and then condemn it as 'so hazardous that I must refuse to put it back together – I can't let myself be an accessory to murder!' One senator called the selling 'merciless.' One elderly woman was sold *nine new* Holland furnaces in six years, costing over \$18,000 at the time.

Consumer Sector We have pointed out that one hallmark of the marketing system is its emphasis on providing satisfaction after the sale, including liberal return policies. Some consumers abuse this service, as this quote shows:

Mark is a soccer player who needs new shoes frequently. He has developed a system to get them from a local store that takes back defective shoes. Once or twice a year, Mark removes the sole, slices off a cleat, or places a rip in the tongue, each in a way that is hard to detect. He then brings the shoes to the store to exchange ... at last

count he'd received eight new pairs this way. Mark is sure to go to a different clerk on each visit, and ... probably won't get caught.'

Government Sector Government abuses are harder to identify because of few legal cases and difficulty in observation. Errors of omission (failure to act when warranted) may be more common than errors of commission, given the incentive structure of a bureaucratic system. For example, New York City's health department discovered that a dispute between two laboratory managers had *led to delays of up to one year in reading cancer test results* for women using city clinics. Of 3000 delayed Pap smear readings, 500 abnormalities called for immediate follow-up, 93 more appeared malignant, and 11 were clearly malignant. On discovery, the commissioner denounced his department for 'betrayal of the public trust,' as he demoted four people; evidently none could be fired.

Several points remain. This is a complex area involving the law: it may not be clear that an act was deliberate or that a certain party was responsible. Also, criticisms are usually aimed at marketers, but *all* system participants have responsibilities, including public policymakers and consumers, and negative acts do occur in each sector regularly. Third, some acts *deserve* to be criticized by all participants. Our system is designed for dealings to be open, honest, and well-informed. Deceptive and irresponsible behaviors injure honest competitors and consumers. Thus it is disingenuous to simply defend the actions of fellow marketers or fellow consumers because system roles are shared: it is not clear why we would want disreputable persons' actions to define either the standards or image for the system overall.

Implications

Our goal has been to stop at this unique point in time, consider the larger picture of our field, then fairly portray its structure, activities, and benefits to society. Our system is huge and dynamic. Its imperfections stand as challenges for improvement; it is appropriate for participants to work to rectify them. Beyond this, the aggregate marketing system offers much that is impressive.

Interesting Insights From the Project

This project has been illuminating, and six 'lessons learned' stand out for us (depending on background and interests, other readers may have had different observations):

1. *Tremendous potentials exist for marketing contributions to economic development, which can literally change the world for citizens of developing nations.* Each aggregate marketing system is specific to its own society and its own time. While a society's choices will constrain

- options, development also does proceed in identifiable stages. Thus there is a potential to transfer knowledge, products, and methods found useful in prior stages of advanced systems. Aggregate marketing systems are in flux daily across the globe. Will the 'transitional'-nations trying to move from command economies to free market systems be successful? Strong linkages between marketing, public policy, and aggregate marketing system performance are starkly clear in these cases.
2. *The central role for innovation in improving a society's quality of life has been underscored.* The contributions from innovations and improvements were striking. Conceptually, this underscores the value of *dynamism* in an aggregate marketing system, as well as the key role of *competition* in providing the system's impetus. In turn, the societal importance of a government's policies to foster and protect both innovation and competition – antitrust, patents, trademarks, etc. – became clearly apparent (but global differences may impede future progress). We also found the system's twin reliance on competition as a driver and trust as a bonding agent to be impactful, yet somehow paradoxical. Finally, it is clear that success in discovering, developing and managing new products is a central issue for our field (which calls for closer ties with other areas, as in more joint programs for science and marketing).
 3. *The size, power, and practiced performance of the aggregate marketing system has emerged in this project.* Several points accompany this realization: (a) there is a real need to conceptually appreciate the magnitudes in this system; (b) many 'hidden aspects of marketing' may be being excluded from thinking about the field; and (c) those marketing elements the public experiences directly, such as advertising and retail selling, are likely receiving disproportionate weight in people's view of our field.
 4. *Not all lessons are entirely positive: future developments will likely place marketers at the center of further controversies.* 'Society,' as referenced in the chapter's title may be losing cohesion, and global marketers can be seen as assisting in this process (though this may not be intentional). Consider challenges to ethical systems (e.g., bribery), religious beliefs and customs (e.g., interest rates), government protections for home industries and workers (trade barriers), and the growing need for adaptations in national antitrust policies (Federal Trade Commission (FTC) 1996). Meanwhile, the Internet not only seamlessly crosses societal boundaries, but the incredible efficiency of its reach offers huge potentials for marketing fraud. In one recent FTC (1997) case, an Internet pyramid scam promised investors \$60,000 per year for an initial investment of \$250: 15,000 consumers had bought in before it was stopped. Overall, concerns are increasing about marketer intrusions in areas like privacy of records, security of financial resources, and selling to children.
 5. *This chapter has concentrated on benefits and system potentials. However, at this point in time it is reasonable for every marketing person to ask whether our current aggregate marketing system actually does represent 'the best of all worlds.'* Our emphasis here is not critical, but philosophical. The system is very powerful, and we are at work to help it achieve its ends. The fact that our society has granted marketers substantial freedoms, and that these serve to allocate much of the nation's resources, is in fact a key statement about a societal purpose of the aggregate marketing system. However, to what extent do marketing managers view themselves, or we marketing academics view ourselves, as personally holding responsibility for improving the public interest, or acting as stewards of a society's resources? What implications, if any, do these views have for our field as presently constituted?
 6. *Implications for marketing scholarship are bright, if differing perspectives are pursued. Adopting the perspective of the aggregate marketing system helps one to 'see' the field of marketing in its true expanse and complexity.* One wonderful aspect of the academic life is its freedom to speculate. This project has more generally highlighted for us the potentials of higher 'levels of analysis' aggregated beyond a single firm, market, or household. Much current research in marketing can be quite useful for understanding the aggregate marketing system if we invoke only a slightly different frame of reference: of particular note, the 'Value of Marketing' offers special potentials as an organizing framework for new contributions to marketing thought. A multi-university project with this title was begun by Yoram Wind at Wharton in the early 1990s, and led to some of the insights cited in this chapter. Assessing the value of marketing activities is congenial to much current research in marketing management (e.g., new product development), marketing science (e.g., long-term value of promotion versus advertising), and consumer research (e.g., consumer information). Further, 'value' can be assessed at either a firm level, across firms, or for society generally.

Into the Future

Having begun this article by looking back over a long time, we now know not to look forward very far! As just one example, new information technologies will clearly change our world in the future,

though exact impacts are unknown. Some firms will gain new efficiencies, others will develop new offerings, and all will have to adapt to new competitive realities.

In closing, we reiterate that we feel privileged to have had this opportunity to step back, explore, and recognize the achievements of the aggregate marketing system. Through this process we have gained a better understanding of the nature of our field, the challenges that it faces, and the contributions it makes to societal welfare.

SECTION II: OVERVIEW OF RESEARCH

Conceptual Frameworks for Marketing and Society Research

Now that we have an understanding of the larger system of marketing and its relationships to society, what about research in this area? As we'll discuss shortly, there exists a vibrant academic infrastructure and some excellent sources available for interested scholars to begin, to learn more, and contribute over time. At this point, however, it is useful to develop a clearer understanding of research issues that are most likely to be examined, as the vast expanse of the aggregate marketing system gives rise to a huge number of potential topics. We briefly examine three interesting and distinctly different conceptual frameworks, each of which identifies research possibilities.

Bloom and Gundlach's 'Handbook' Framework

Paul Bloom and Gregory Gundlach have recently edited the extremely useful *Handbook of Marketing and Society* (2001), which presents 22 chapters summarizing recent research in this area. Figure 1.7 depicts the framework they developed to represent current knowledge in this field and to identify topics in need of further investigation. It is important to note that this framework is proactive in its intention to advance work in the area. It explicitly points to areas for knowledge development, in addition to reflecting existing research activity. Several notable elements in this framework include its emphasis on 'marketing knowledge' as a positive causal factor on the left, and the enhancement of 'consumer welfare' (as representative of societal welfare) as the system goal at the right. Note also that the framework is organized around the three institutional actors noted in our study of the Aggregate Marketing System – marketers (here divided into 'corporate' for-profit and 'social' not-for-profit), consumers, and public policymakers (as representative of society's interests).

The division of the 22 chapter-contents along the framework's linkages then provides us with

a reasonable reflection of the issues marketing academics have focused on in the Marketing and Society area. We begin by observing that four links (numbers 1, 6, 9, and 11) account for over half of the Handbook chapters.

How Knowledge About Marketing Improves Public Policy Decisions (Link 1) There are three chapters reflecting this link. They assess how marketing knowledge can, and has, improved public policy regulatory decisions on *consumer protection* (especially at the Federal Trade Commission (FTC) and the Food and Drug Administration (FDA)), on *antitrust policies* (at FTC and the US Justice Department), and with regard to *deceptive advertising and selling techniques* (FTC and the court system).

Impacts of Corporate Marketing Decisions on Competition (Link 6) These chapters focus on mainstream marketing management research topics, but here exploring their implications for potential legality and effects on competition as well as consumer decisions. The three topics explored here are *advertising's effects on price and competition*, *socioeconomic consequences of franchising distribution*, and *positive and negative aspects of pricing strategies*.

Impacts of Public Policy Decisions (Links 9 and 11) Relevant chapters return attention to public policy decisions and their impact on both competition and consumers. Two of the topics here reflect attention to technical aspects of product and service offerings: *how public policymakers and marketers can best regulate product safety* as well as *emerging issues and challenges in the arena of consumer privacy*. Four other chapters reflect the clear interest on behalf of consumer researchers in some of these topics, here represented by *consumer response to warnings*, *the effectiveness of nutritional labels on foods*, *the effectiveness of environmental product claims*, and *the effects of deceptive advertising regulation*.

Social Marketing Initiatives (Links 3, 5, 12, and 13) The bottom of the framework reflects efforts to work on improving society through *Social Marketing*. Here we find (Link 3) marketing tools increasingly being adopted by not-for-profit, agencies whether governmental or private, involved with education, health, poverty, religion, crime prevention, and myriad other social programs. Formally, social marketing differs from traditional marketing in aiming to directly benefit the target audience (e.g., AIDS awareness or childhood immunization) or society as a whole (e.g., recycling programs, blood donations) rather than the firm sponsoring the program (Andreasen, 1994). Again, there is not a large base of research within the mainstream of marketing on this topic, but interesting issues are available to be studied, and additional chapters are devoted to

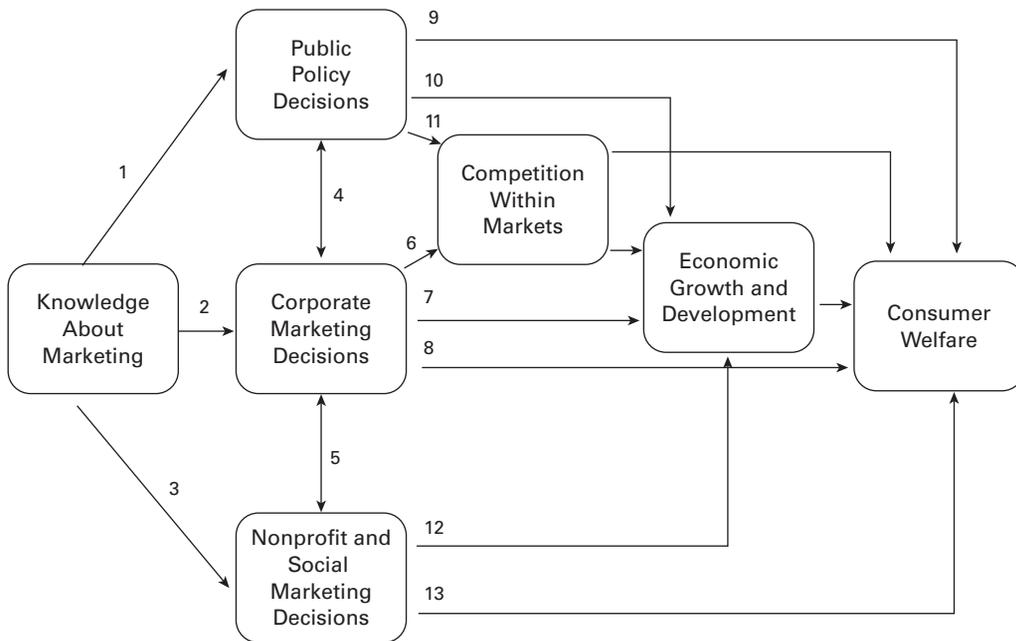


Figure 1.7 Bloom and Gundlach's Framework for the Handbook of Marketing and Society
 Source: Bloom, Paul N. and Gundlach, Gregory T. (2001) *Handbook of Marketing and Society*, Thousand Oaks, CA: Sage.

'corporate societal marketing,' involving alliances with social causes (Link 5), social marketing and development (Link 12), and social marketing theories (Link 13).

Remaining Linkages The remaining links to public policymakers and marketers have actually seen little research undertaken within the academic marketing community, though interesting issues are present, as explained in the Handbook. Chapters here include issues of corporate response to alterations in the legal environment (e.g., *how grocery manufacturers changed their marketing mixes in response to the nutritional labeling law, and how companies react to antitrust enforcement*) and to issues with public relations or reputational overtones (e.g., *corporate responses to boycotts*). Chapters are also devoted to *intellectual property laws* (trademarks, patents, copyrights), *marketing and economic development*, and *marketing's long-term impacts on consumer welfare*. As was indicated in Section I, these topics have not been much studied within marketing, but are of potentially great impact in the global environment.

The 'Consumer Bill of Rights' as a Research Framework

While Bloom & Gundlach were attempting to conceptualize all of the Marketing and Society area,

a much simpler framework has also proven useful in organizing the portion that is of special interest to the consumer research community. As was described in Section I, in 1962 President John F. Kennedy sent the US Congress a now famous message enunciating a *Consumer Bill of Rights* for our society. These Rights are:

1. *The Right to Safety* Consumers have the right to be protected against products and services that are hazardous to health and life.
2. *The Right to Be Informed* Consumers have the right to be protected against fraudulent, deceitful, or misleading advertising or other practices, and to be given the facts they need to make an informed choice.
3. *The Right to Choose* Consumers have the right to be assured, whenever possible, access to a variety of products and services at competitive prices. In those industries where competition is not workable, government regulation is substituted to assure satisfactory quality and service at fair prices.
4. *The Right to Be Heard* Consumers have the right to be assured that consumer interests will receive full and sympathetic consideration in the formulation of government policy, and fair and expeditious treatment in its administrative tribunals.

This statement by the President had the effect of creating a framework of criteria by which a 'marketing/consumer environment' could be examined in our market-based society. Our general goal is that such a marketplace be both 'fair' and 'efficient' for marketers, competitors and consumers alike. The statement has generally been welcomed by marketers: only the fourth element has been controversial, and this due only to no clear limitations on the extent of the government's potential intrusion into the free market. Meanwhile, the statement was popular with the public and was heavily applauded by representatives of consumer interests, since it awards consumers an equal standing within our system, promising that their interests will be represented fully in public policy deliberations. It has since been used as an organizing framework for research in this area, in a major research compendium authored by consumer advocates (Maynes et al., 1988), and in an excellent overview prepared for consumer researchers (Andreasen, 1991).

Wilkie and Gundlach's Research Framework for Marketing and Public Policy

In an ambitious effort to capture all of the public policy-related research published in major journals between 1970 and the early 1990s, William Wilkie and Gregory Gundlach developed the framework of research topics depicted in Figure 1.8 (Gundlach & Wilkie, 1990). We should take care to note that, in contrast to the frameworks above, this framework was designed to proceed from the research literature itself. Through an iterative process, research articles were examined, and then assigned to primary, secondary, and tertiary framework categories, with the creation of new categories and reassignments when necessary.

Figure 1.8 depicts a slightly adapted version of this framework, which contains over 100 categories. Every category has been the topic of some research by marketing academics, but the number of gradations is a reasonable reflection of areas of greater or lesser stress. Here we see a strong emphasis on 'Marketing Mix' issues in general. Promotion issues receive the most attention, but authors have actually pursued each of the 4Ps to a considerable extent. It is also apparent that 'Consumer Protection' has been heavily stressed, reflecting both the prominence of consumer research among many marketing academics, and also the fact that the FTC, FDA, and the courts have called upon marketing academics to provide expertise in operating some of the programs in this area. In contrast, antitrust attorneys and economists have only very recently begun to discern that marketing academia might be a source of useful expertise. Using this framework and the article counts within it, Gundlach & Wilkie (1990, 2001) have been able to provide detailed evidence about research progression across time (e.g., the total amount of work rose throughout the 1970s, fell off

during the 1980s, then rose again during the 1990s). They were also able to document the rise and fall of research interest in specific topics that occurred during this period. Here, however, our primary concern is to communicate the wide array of research opportunities that exist. In scanning the listings of Figure 1.8, moreover, notice how interesting many of the topics are, and why they may be of significance both to marketers and to the public.

Where to Go Now

A Diverse Academic Infrastructure Exists

One of the true prerequisites of a vibrant research field is the presence of an 'academic infrastructure' that assists in learning about important developments, provides vehicles for the publication of quality research, and generally facilitates communication and interchange among researchers with common interests. Commonly this consists of an association that offers an annual conference, a newsletter, and a journal. Over the past 20 years the Marketing and Society research area has created a strong infrastructure, with opportunities to achieve all of these ends. However, rather than a single unified presence, there are at least *six subgroups* hard at work on research dealing with Marketing and Society issues, some with their own journals, and all with conferences and means to share communications:

1. **Public Policy and Marketing** This group has its own annual conference and the specialized *Journal of Public Policy & Marketing*, published by the American Marketing Association. Its focus is on government's regulatory policies with regard to marketing, and it enjoys strong ties to the Marketing Science Institute, and to professional staffers at the FTC and FDA. Its membership is open to government and industry persons as well as academics from any discipline, but the dominant membership group is from marketing academia.
2. **International Consumer Policy** Distance and cultures still do present some barriers. These persons are at work in other nations, with only sporadic interactions with the US groups. They publish two journals that focus on different aspects of this topic: the *Journal of Consumer Policy* and the *Journal of Economic Psychology*.
3. **Macromarketing** This group has its own annual conference and the specialized *Journal of Macromarketing*, published by Sage. It represents the closest ties to an overall marketing system view as represented at the start of this chapter. It also has formalized small subgroups focused on economic development, quality of life studies, and marketing history.

4. **Consumer Economics** The American Council on Consumer Interests (ACCI) is an organization consisting primarily of consumer economists who study marketing issues from the perspective of advancing the consumer interest. This group also holds its own annual conference and publishes the *Journal of Consumer Affairs*. Some consumer-oriented marketing academics are members and publish in this journal.
5. **Social Marketing** This has been a loosely affiliated group of researchers who are interested in assisting not-for-profit and government agencies in designing effective interventions. It does not publish a journal, but does have ties to the more practice-oriented *Social Marketing Quarterly* and an annual conference, 'Innovations in Social Marketing.' Opportunities for volunteer projects are also available through the Social Marketing Institute, now based at Georgetown University.
6. **Marketing Ethics** The Society for Business Ethics draws its membership from various business disciplines, but does not publish its own journal. *Business Ethics Quarterly* is the major outlet in this area. Within marketing, this is more a community than a formal group. It has been quite active in creating special sessions at the major marketing conferences. Given difficult issues in crossing cultures, the International Society of Business, Economics and Ethics (ISBEE) is also worthy of note.

Thus the current area of Marketing and Society research is itself fragmented. Moreover, prospects for future integration are hindered by significant differences in levels of analysis, methods, and substantive focus. At the risk of over-simplifying, it is yet instructive to note that among these groups we today find persons who wish to focus on social change and help those managing these efforts to be more effective (*social marketing*), to focus on corporate marketing managers and help them to make more ethical decisions (*marketing ethics*), to focus on the aggregate marketing system and its effects on economic development, quality of life, or other issues (*macromarketing*), or focus on helping government decision makers and marketing managers to devise more efficient and effective regulatory policies (*public policy and marketing*). Further, some persons are approaching problems within different cultural and political contexts (*international consumer policy*), and some with different aims and methods (consumer interest economists). During the 1990s efforts were made to integrate these groups into a larger area of focus, and over 200 marketing academics joined the Marketing and Society Special Interest Group (SIG) of the American Marketing Association. However, each of the specialized conferences and journals continued to exist on their own as well.

For publication purposes, these specialized journals have been receptive to a variety of topics and approaches. In addition, the mainstream marketing journals, especially the *Journal of Marketing*, are quite willing to publish work on marketing and society (note: as with any topic, there is a need for the article to 'fit' the other criteria characterizing each journal). So there really is no shortage of infrastructure available for someone wishing to pursue work in this area.

Some Good Places to Start

This chapter's introduction to Marketing and Society research may have raised your interest in learning more about it in the coming years. This is not only possible, but is rather easy to accomplish, as the academic infrastructure is quite accessible and excellent sources are available to offer further research overviews. Several of the best places to start have already been mentioned. A trip to the library will allow perusal of past and current issues of the journals listed above, and will provide a better appreciation for both the topics discussed and the approaches taken in this research area. Of particular note, the Spring 1997 issue of the *Journal of Public Policy and Marketing* contains a section of six useful retrospective commentaries by leading researchers on the development of this field during the period dating from about 1970.¹⁵

Also as noted earlier, *The Handbook of Marketing and Society*, edited by Paul Bloom and Gregory Gundlach (2001), offers useful research overviews in 22 areas, together with citations for in-depth follow-up. For those interested in the Federal Trade Commission, *Marketing and Advertising Regulation*, edited by Patrick Murphy and William Wilkie (1990) provides background and commentaries by a number of experts. Also, the websites for the Federal Trade Commission (www.ftc.gov) and the Food & Drug Administration (www.fda.gov) are user-friendly, and full of interesting information about the operations of these agencies that regulate the marketing community. For those wanting to learn about how consumer advocates view these issues, volumes edited by E. Scott Maynes (1988) and Robert Mayer (1989) provide excellent and interesting background, as does the *Encyclopedia of the Consumer Movement* (1997), edited by Stephen Brobeck, head of the Consumer Federation of America. Finally, it is helpful to attend conferences, listen to talks, and meet the people working in areas of interest to you. You will find, just as with any of the other research areas covered in this Handbook, that people will be pleased to see you there.

Authors' Closing Note: Please be aware that the authors of this chapter, together with Gregory Gundlach, are presently developing a 'Center for the Study of Marketing and Society.' Plans are to

General Topics	Marketing Management Topics		Consumer Protection Topics
<p>International Issues</p> <ul style="list-style-type: none"> - Marketing and Economic Development - Protectionism - Corrupt Practices - General International <p>Public Policy Participants</p> <ul style="list-style-type: none"> - US Supreme Court - Administrative Agencies - State and Local Government <p>General Antitrust</p> <ul style="list-style-type: none"> - Antitrust Regulation <p>Other Governmental Regulation</p> <ul style="list-style-type: none"> - Commercial Speech - General Governmental Regulation 	<p>Product Issues</p> <ul style="list-style-type: none"> - Protection of Trade Secrets - Patents - Copyright - Trademarks - Certification Marks - Warranty - Product Liability - Safety - Package and Labeling - Nutrition Information - Services - Product Standards - General Product <p>Place Issues</p> <ul style="list-style-type: none"> - Exclusive Dealing - Tying Contracts - Territorial and Customer Restrictions - Resale Price Maintenance - Reciprocity - Refusals to Deal - Functional Discounts 	<p>Pricing Issues</p> <ul style="list-style-type: none"> - Price Fixing - Exchanging Price Information - Parallel Pricing - Predatory Pricing - Discriminatory Pricing - Credit Practices - Robinson-Patman Act - Unit Pricing - Reference Price - Item Price Removal - General Price <p>Promotion Issues</p> <ul style="list-style-type: none"> - Deceptive Advertising - Unfairness in Advertising - Advertising to Children - Advertising Substantiation - Affirmative Disclosure - Corrective Advertising - Multiple Product Remedy - Comparative Advertising 	<p>Consumerism and Consumer Protection Issues</p> <ul style="list-style-type: none"> - Consumerism - Socially Conscious Consumers - Quality of Life - Legal Aspects - Comparative Marketing - Marketing of Governmental Programs - Competition - General Macro Issues - Marketer Behavior - Management of Consumer Protection - Consumer Information - Consumer Education - Consumer Complaining - Vulnerable Segments - Ethnic Targeting - Consumer Practices - Environmental Issues - Energy Conservation - Minority Owned Businesses - Consumer Affairs

<p>Self Regulation</p> <ul style="list-style-type: none"> - Advertising Self-regulation - Local Business Bureaus <p>Information Technology Issues</p> <ul style="list-style-type: none"> - Internet Marketing - Consumer Welfare Impacts of the 'Digital Divide' - Impacts on Marketing Productivity - Consumer Privacy <p>Market Research Issues</p> <ul style="list-style-type: none"> - Using Marketing Research - Market Research Problems 	<ul style="list-style-type: none"> - Vertical Integration - Gray Markets - Mergers - Franchising - Slotting Allowances - General Place 	<ul style="list-style-type: none"> - Endorsements - Price Promotions - Warranty Promotions - Credit Promotions - Sweepstakes and Contests - Personal Selling Practices - Mail Order Selling - Referral Selling - Brokerage Allowances - Promotional Allowances - Promotion of Prof. Services - Cigarette Advertising - Political Advertising - Sex Roles in Advertising - General Promotion 	<ul style="list-style-type: none"> - Ethics - Consumer Satisfaction/Dissatisfaction - Consumer Information Search - Medical Programs - Objective Price/Quality - Social Marketing - General Consumer Protection
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Figure 1.8 Wilkie and Gundlach's Framework of Topics in Marketing and Public Policy Research

initially base the center at Notre Dame, and to aim its efforts toward fostering future research in this area. We would like to compile an e-mail list of persons interested in this topic so that we can alert them to future developments and research opportunities. We are especially interested in doctoral students who may not undertake work in the near-term, but who do have longer-term interests. If this describes you, please send us an e-mail at wilkie.l@nd.edu, letting us know of your possible interest. Thanks!

Notes

1. Comparative numbers are from a variety of sources, especially Lebergott (1993) and US News and World Report (1995).

2. For a classic effort to assess magnitudes of the US distribution system alone, see Cox, Goodman and Fichandler (1965). The figures reported in the following illustration are from the *Statistical Abstract of the United States (1996)*, tables 12, 66, 685, 691, 1003, 1252, 1253, 1255, 1272, 1274, 1278, 1279, and 1280. Calculated comparisons are by the authors. The advertising spending estimate is from *Advertising Age* (1997).

3. We are unsure where the concept of marketing flows originated, but have seen it in both Vaile, Grether and Cox (1952) and Kotler (1976) (McInnes (1964), in his discussion of marketing systems, also discusses flows, as well as some other elements present in our propositions). This analysis also highlights marketing's contributions at the firm level by showing marketing to be the function that reaches out from a firm to the outside world (marketplace), with flows of products, information, and promotion activity, and further shows marketing as using its learning about that world (through an inward flow of research) to influence decisions within the firm. Finally, the fact that marketing generates an inward flow of dollars to sustain the firm's continued existence earns marketing the title of 'lifeblood of the business.'

4. As societal boundaries become more permeable, especially through immigration and trade, the linkage of production, employment of human resources, and end consumption become more complex.

5. This has been the subject of significant recent theoretical developments within marketing, challenging the tradition of equilibrium economic theory (e.g., Dickson, 1992, 1996, 1999; Hunt & Morgan 1995, 1996).

6. Unfortunately, extensive discussion of government's role is beyond the purview of this chapter. Readers may wish to access the excellent volume by Stern and Eovaldi (1984) for discussions pointed to marketing.

7. Of course, any aggregate system will bring serious issues as well. Here, for example, probing questions can be posed about destruction of natural resources, social inequality in life chances, the nature of growth in affluence, and others. We shall see these in our later section on controversies and criticisms.

8. While the aggregate system includes marketers, customers, and public policy makers, given the purpose of

this article, we here concentrate on contributions emanating from the marketing sector of the system.

9. Much of our discussion to follow is based on overviews provided by Batra (1997), Moyer (1965), Nason & White (1981), Thorelli (1996), & Wood & Vitell (1986).

10. The recent emphasis on supply chain management incorporates a systems approach to the provision of these utilities, aimed at enhancing efficiencies. Although this may alter marketing's identification within a firm, these clearly remain as activities within the aggregate marketing system.

11. Every quality test rating using the five-point 'Excellent-Poor' scale given by the organization was used. Ratings by members were not included, nor were relative scales in which distributions were forced.

12. This term is being used in a broad sense, as price and value are relevant issues as well. Health insurance firms, for example, are pushing for 'debranding' (generic drugs) to obtain lower prices.

13. A number of leading marketing thinkers believe that firms would benefit from increased attention to providing consumer information/education programs that would assist consumers to make better decisions, as opposed to the simple emphasis on persuasion/entertainment in advertising.

14. The essential point here – that social issues shape aspects of marketing practice – is based upon Day's (1994) framework, which we have modified to reflect our purposes in this section.

15. If your library doesn't carry the *Journal of Public Policy and Marketing*, it should. It can be ordered through the American Marketing Association's website, www.ama.org.

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