

# An Exploration of Marketing's Impacts on Society: A Perspective Linked to Democracy

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*The authors propose a political theory perspective for examining the impact of the modern aggregate marketing system on consumer welfare and society. Specifically, they suggest that the benefits marketing delivers to consumers are similar to the conditions required for representative democracy. This perspective encompasses a broader range of benefits than is usually considered in the marketing literature and could provide a possible template for evaluating marketing actions. Viewing marketing as democratic is consistent with the historical evolution of marketing and with existing definitions of marketing. Linking marketing to political science begins to connect individual-level outcomes with societal outcomes. The approach also lends itself to policy discussions and further research on the relationships among the three primary actors in the marketing system: consumers, marketers, and government. It raises several questions about optimal marketing systems.*

*Keywords:* marketing and society, marketing and democracy, definitions of marketing, macromarketing, consumer welfare

For a field that frequently faces sweeping critiques of its practices, marketing pays surprisingly little attention to its larger impacts on society. Although practitioners and academic researchers alike devote significant attention to quantifying the effects of marketing actions, these analyses are mainly at the level of product markets and brands, or firms and managers, or households and individual consumers. When pressed to justify marketing in the aggregate, marketers typically cite improvements in living standards, efficient provision of goods and services, innovativeness and new product development, and freedom of choice. Note that this list comprises the same benefits commonly used to defend free-market economies or capitalism. Given that marketing has evolved within this particular economic context, such a response is neither inaccurate nor surprising. Yet it fails to connect these and other impacts specifically to marketing. It also fails to address the role of marketing in diverse economies and countries.

A notable exception to this lack of attention is Wilkie, who has persistently called for scholarship that examines the impacts of the “aggregate marketing system” on society and the world (Wilkie 2005, 2007; Wilkie and Moore 1999). In their role as journal editors, Fisk (1981) and Lusch (1999) also invited scholars to debate and clarify the role of marketing within society. Bloom and Gundlach (2001) proposed a plan for knowledge development that would include enhancement of consumer welfare and marketing's long-term impact on consumer welfare.

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Taking up these challenges, we propose to borrow a political theory perspective to explore the impact of the aggregate marketing system on consumer welfare and society. This perspective encompasses a broader range of benefits than is usually considered. Specifically, we argue that the benefits marketing delivers to consumers closely parallel the benefits democracy delivers to citizens. We suggest that viewing marketing as democratic is consistent with the historical evolution of marketing and with existing definitions of marketing. Linking to political science begins to connect individual-level outcomes with societal outcomes. The approach also lends itself to policy discussions and further research on the relationships among the three primary actors in the marketing system: consumers, marketers, and government.

## Linking Marketing and Democracy

We begin with the centrality of consumers. In economic theory, “consumer sovereignty” is the basic mechanism driving the consumer marketplace: “[C]onsumers, by registering their dollar votes, determine which goods and services shall be provided and in what quantities” (Baumol and Blinder 1982, p. 786). Although the theory understates the role of marketers in shaping the market and changing consumer behavior, it is consistent with the “marketing concept” of putting the customers' interests first. The marketing concept does not arise from altruism. The reasoning is that by producing what consumers want and are willing to pay for, companies simultaneously maximize consumer welfare and their long-term profits.

Consumer sovereignty also depends on market conditions. Economic theory assumes perfect competition, price-taking producers, and discretionary buyers. Although falling short of this ideal, current economic conditions in

developed countries favor consumer sovereignty. Vigorous competition in a mixed (if not free-market) economy, an excess of supply over demand, and rising disposable incomes tip the balance of power to consumers versus producers. Consumer sovereignty tends to be lower in less developed countries, when purchasing power is low, or when demand exceeds supply.

Market exchanges of goods and services between buyers and sellers have existed for millennia and predate democracy. Modern aggregate marketing systems and modern representative democracies emerged comparatively recently, in the eighteenth century, in Western Europe and North America as products of the Industrial Revolution and the intellectual Enlightenment. Both modern economic theory, as expounded by Adam Smith, and the contemporaneous experiment in practical democracy embodied in the American Revolution adhered to the core idea of classic liberalism that the purpose of the economy, the political system, and society is to serve the people—and, more radically, to serve the self-identified interests of individuals. In practice, increasing numbers of urban small-business proprietors and wage earners contributed to a realignment of traditional economic, social, and political relationships—for example, the transition to a consumer society and the broad expansion of male suffrage in the United Kingdom.

Putting the individual at the center of the universe raises the problem of achieving socially beneficial outcomes. According to the “invisible hand of the market,” the market alignments produced by pursuit of individual self-interest maximize the good of the community. No active intervention is needed or desirable. However, all but the most die-hard free marketers acknowledge the existence of market failures, the need for government to enforce laws and contracts, and the need for individuals and firms to act ethically. Adam Smith (1986) himself held that the common welfare was achieved only when there was a moral consensus among individuals with systems of rights, liberties, and reciprocal obligations.

Politics offers an alternative perspective. According to social contract theories tracing back to Aristotle, John Locke, and Jean-Jacques Rousseau, people create, or consent to, governments to achieve common ends and to provide for collective needs. In modern democracies, representatives are empowered to coordinate and resolve conflicts among individuals and groups, including, according to several theorists, balancing production and consumption activities (Dasgupta 1990). However, elected representatives’ interests may diverge from constituents’ interests, voters may not be informed or aware of issues, and money and power may determine outcomes. Moreover, there are competing moral principles for maximizing welfare (e.g., that no new distribution of benefits or resources will make anyone worse off, that individuals deserve to gain only if this improves the position of those worse off).

To assert that following the marketing concept inevitably leads to beneficial social outcomes glosses over such complexities and ignores the potential conflict among marketers’ pursuit of profits, the satisfaction of individual needs, and long-term societal welfare. We propose to consider marketing’s societal impacts by comparing it with ways that representative democracies serve societies and

individuals. Specifically, the conditions necessary for representative democracy have parallels in the benefits of marketing.

In democratic governments, the fundamental principle of citizen sovereignty is manifested in conditions such as the consent of the governed given in free and fair competitive elections. Political science contains many different definitions of democracy and democratic government, but a widely accepted set of criteria for judging a government, or other institution, to be a democracy is that of the political theorist Robert Dahl. According to Dahl (1998, chap. 4), in an ideal representative democracy, five conditions must be met: (1) effective participation by citizens, (2) equality in opportunity to vote and votes that count equally, (3) enlightened understanding on the part of citizens, (4) the opportunity for citizens to control and choose items placed on the agenda, and (5) inclusion of all adults.

Dahl distinguishes between these ideal conditions and the practical political institutions that are required to fulfill these conditions. He identifies six overlapping institutions that, together, meet the ideal conditions: (1) Decisions are made by representatives elected by citizens; (2) elections are free, fair, and frequent; (3) citizens are free to express themselves on political issues; (4) citizens have access to diverse and independent sources of information; (5) citizens are free to form political parties and other groups; and (6) all adult permanent residents have the right to vote and run for office (Dahl 1998, chap. 6).

As we discuss in greater detail subsequently, modern marketing institutions have the potential to offer consumers the core benefits of voluntary and fair transactions (exchange), satisfaction of basic needs and other wants and preferences (consumption), control and choice over offerings (choice), informed understanding (information), active participation in shaping the marketplace (engagement), and near-universal inclusion (inclusion). With the exception of consumption, these benefits correspond to Dahl’s ideal conditions for democracy (see Table 1). Consumption is consistent with social contract theories that state the obligation of governments to ensure citizens’ well-being.

## Marketing’s Core Benefits

Marketing scholars have traditionally specified that the value consumers gain from marketing includes access to voluntary exchange processes. Alderson (1957, p. 15) states that “marketing ... is the exchange taking place between consuming groups on the one hand and supplying groups on

**Table 1. Benefits of Marketing Parallel Criteria for Democracy**

Benefits of Marketing System	Criteria for Democracy
Exchange	Voting opportunity and equality of votes
Choice	Control and choice of agenda
Information	Enlightened understanding
Engagement	Effective participation
Inclusion	Inclusion of all adult citizens
Consumption	Improved prosperity and welfare

the other.” Some scholars bring virtually all exchange activities under the umbrella of marketing. As Cravens, Hills, and Woodruff (1980, p. 4) state, “The process of exchange in society is marketing,” and Kotler (1972, p. 12) states, “Marketing is the set of human activities directing, facilitating, and consummating exchange.”

Marketing distribution and exchange activities enable consumption. Expanded distribution of goods and services permits increasing numbers of people to sustain healthy, productive lives. Marketing “makes goods and services more valuable by getting them where they are wanted, when they are wanted, and transferred to the people who want them” (Converse and Huegy 1952, p. 1). Although overconsumption and wasteful consumption are a growing concern, underconsumption of goods and services historically has been and remains a greater problem for many societies.

Marketplace choice allows people degrees of freedom to buy and consume in accord with their individual needs and preferences. Choice is also a means for members of social groups to construct shared identity and social belonging. Mass marketers initially expanded consumer choice by making standard products available nearly everywhere at prices affordable to a vast majority of households. Increasingly, marketers have tailored their offerings to satisfy different needs among different segments within a diverse consumer population. Alderson (1990, p. 23) viewed sorting as a central concept that explains the contribution of marketing to the “overall economy of human effort in producing and distributing goods” as well as the marketing function’s drive toward efficiency: Sorting “is consistent with the assumption that heterogeneity is radically and inherently present on both sides of the market and that the aim of marketing is to cope with the heterogeneity of both needs and resources.”

Among the primary means by which marketers compete are communicating information to consumers and acting on information about consumers. According to Howard (1973, p. 1), “Marketing is the process of (1) identifying customer needs, (2) conceptualizing these needs in terms of an organization’s capacity to produce, (3) communicating that conceptualization to the appropriate locus of power in the organization, (4) conceptualizing the consequent output in terms of customer needs earlier identified, and (5) communicating that conceptualization to the customer.” Information networks enable marketers to balance supply and demand and meet consumers’ ever-changing needs in cost-effective ways. Societies presume that informed consumers benefit when they are better equipped to make choices that suit their needs. Truthfulness in advertising and the privacy and security of consumers’ personal information are central to many of the public policy decisions and debates involving marketing.

Marketing engages consumers in part because consumers must engage with the marketplace if they want access to goods and services. However, many consumers engage with marketing because it offers additional emotional and psychic benefits. Bagozzi (1975, p. 37) states that most marketing exchanges involve a transfer of goods or services for money, but “the reasons behind the exchange—the explanation of its occurrence—lie in the social and psychological

significance of the experiences, feelings, and meanings of the parties in the exchange.” Accordingly, consumers commit more personal resources than the minimum needed to obtain products. Indeed, a common criticism of contemporary marketing is that consumers are overly engaged with shopping, consumption, and social orientation toward products and brands. Consumer engagement directly affects marketplace efficiency and effectiveness. Self-service participation can reward consumers with lower prices, greater control, and liberation from long lines, though it may also shift more of the work and time costs to them. Highly involved consumers tend to spread information and constitute a check on marketers’ power.

Inclusion is inherent to the consumer marketplace because marketing touches nearly all members of society: “Marketing in its broadest sense is the medium through which the material goods and culture of a society are transmitted to its members” (Kelley and Lazer 1967, p. 42). Moreover, marketers benefit from expanding the number of customers. For the most part, consumer marketplaces are nonelitist; marketers aim to serve the vast majority of the population, and the rich pay a price premium if they want unique, specialized, or luxury items. (In some situations, rich consumers subsidize others—for example, airline pricing in which yield management technology enables high fares paid by business travelers to subsidize low fares paid by tourist passengers on the same flight.) Marketers cross national borders, linking producers and consumers worldwide. Well before universal suffrage, marketers courted female shoppers and extended distribution systems to remote areas. That is not to say that all consumers have equal access to goods or that retailers and other marketers do not discriminate against various ethnic, religious, or racial groups. There remain populations that have little, if any, access to marketing systems that could raise living standards by linking consumers with multiple producers and by consistently delivering high-quality products and services. However, seeing potential opportunities, marketers are displaying increasing interest in participating in underserved markets and emerging economies, sometimes in partnership with local or global not-for-profit organizations.

## Implications and Possible Applications

Analyzing the societal effects of marketing in terms of the six core benefits that parallel democracy focuses attention on processes and institutions in addition to outcomes. It raises questions whether there is a positive relationship between the power consumers have within a society and the extent of the aggregate marketing system. It also bears on the extent to which marketing is complementary to and/or dependent on democracy.

At least in the medium term, modern marketing and democracy are not inextricably yoked together. Both democracy and modern marketing are grounded in individual sovereignty and offer individuals parallel benefits, but one may be found without the other, or they may coexist in various combinations and to various degrees. Nor is modern marketing found only in free-market economies. It is most closely associated with the wealthy countries of North

America, Europe, and the Pacific Rim—all democracies with a mixed or free-market economy. Nevertheless, marketing is flourishing in nondemocratic China and Russia and a handful of oil-rich countries in the Middle East. Conversely, democratic India suffers from an inadequate marketing infrastructure. Currently, the degree of sovereignty experienced by people in the consumer marketplace may be much greater or lesser than the degree of sovereignty they have in the political system.

Does marketing foster democracy in the long run? There has been much debate and little or no firm empirical evidence on the relationship between democratic government and economic development, let alone the relationship between democratic government and the marketing system. No consensus has emerged on whether economic development or political democracy should come first or whether they need to occur concurrently. Some political economists argue that the authoritarian regimes of China, Singapore, and Malaysia have an advantage in economic development and that economic growth will spur rising incomes, a growing middle class, and eventual democracy. A recent study by the Council on Foreign Relations (Halperin, Siegle, and Weinstein 2005) concluded that, on the whole, poor democratic states outperform poor nondemocratic states on a wide array of measures of social well-being; thus, low-income countries should pursue democracy ahead of an accelerated level of economic growth. At the same time, several developmental economists posit a symbiotic relationship between democratic political institutions and strong civil society and commercial institutions, such as marketing.

Perhaps in some circumstances citizens would be better off under an enlightened despot than a flawed democracy, but our underlying assumption is that, in general, the ideals of democracy are desirable, both in the political arena and in the consumer marketplace. We would hypothesize that, in China, growing democracy in the consumer marketplace will foster a demand for greater political democracy.

In cases in which consumers have little power, must the aggregate marketing system evolve step-by-step? That is, in scarcity economies, the first step is facilitating the distribution and exchange of goods to enable essential consumption; as the marketing system evolves, choice and information gain relevance; in affluent economies, engagement and universal inclusion are possible. Conversely, would instituting a system that aims to incorporate all six benefits simultaneously reinforce and accelerate economic development and, perhaps, other social institutions? Do all the millions of marketing transactions act as a glue for society and give consumers practice in democratic decision making?

The benefits framework also raises several questions about optimal marketing systems. For one, higher outcome levels on each dimension are not necessarily better. For another, benefits may be multiplicative rather than additive. In terms of societal impact, too much engagement with marketing may subtract from other forms of civic and social engagement. An aggregate marketing system that provides free flows of information is desirable, but information overload may impede consumer decision making. The same holds for choice. Likewise, marketers and consumers should have freedom of exchange, but frequent transactions in some circumstances may be more burdensome or less

desirable than locked-in contracts. Choice without information to make the choice may be meaningless. These problems highlight the importance of adjustment mechanisms within the aggregate marketing system, such as the use of agents that screen choices or targeted media that channel information.

Sheth and Sisodia (2007) challenge the marketing field to raise its aspirations and to articulate and enforce high standards for acceptable marketing practice. Wilkie (2005) calls for thinking about what marketing is about, might be about, could be about, and should be about. There undoubtedly are marketers motivated by greed alone, but others are at least partly motivated by the desire to do some good. Drawing attention to the democratic aspects and societal impacts of marketing could provide marketers with new frames for assessing their actions and serve to raise individual aspirations to generate favorable societal outcomes—for example, informed choice by consumers. It reinforces the idea that what people working in marketing do has social, economic, and political impacts, both positive and negative. It provokes a closer examination of competitive marketing practices, such as extended patent protection, exclusive cable television licenses, or tariff protections, that increase marketers' power relative to that of consumers.

Marketing managers tend to focus on the marketing tool kit and specific outcomes of marketing actions to the exclusion of aggregate impacts on consumers and society. That also holds for marketers involved in corporate social responsibility initiatives. In both cases, the benefit framework may help marketers gauge longer-term, broader-reaching impacts of their firms' marketing investments.

Many current public policy discussions are framed by the Consumer Bill of Rights, which includes (1) the right to safety, (2) the right to be informed, (3) the right to choose, and (4) the right to be heard (Kennedy 1962). Adopting a broader conception of marketing benefits could reframe certain public policy discussions. For example, the net neutrality debate bears on the issues of consumer engagement and inclusion, in addition to information.

Considering marketing from the perspective of democracy also highlights the problems aggregate marketing systems and democratic systems of government have in common. In developing markets and emerging democracies, these include the perceived legitimacy and acceptance of the systems and potential spillover effects from one to the other. Other issues common to both systems include the assumption of informed, rational decision making by individuals, principal-agent problems, and power relationships between individuals and institutions. From a societal perspective, the success of both systems depends on how well they balance individual and group choice, majority choice and minority choice, commonality and diversity, and fairness in opportunities against fairness in outcomes (as with consumption). Worldwide, social concerns over depletion and degradation of public resources and the environment intersect with marketing and politics. The social democracies of Western Europe have highly developed marketing systems but rank better than the United States on voter turnout, the gap between rich and poor, environmental stewardship, and health care coverage.

Operationalizing the framework will not be a trivial task. The measures used in political science to assess whether governments meet the criteria for democracy are crude compared with measures used in the marketing field. However, we hope that this exploratory discussion will stimulate further thinking and further research on the societal impacts of marketing.

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