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# Marketing's Contributions to Society

At this unique point in time, it is appropriate to step back and deliberate on the scope of the marketing field and the contributions it offers to society. The authors adopt several perspectives to do this, looking across time, across societies, and into the operations and structure of the aggregate marketing system itself, which emerges as a huge and complex human institution. A large number of contributions to society are illustrated, ranging from aggregate inputs to the nation's economic health to individual benefits felt by some consumers. However, the system is not perfect; a range of criticisms and system problems also is summarized. The article closes with a look at lessons learned and future challenges in the century ahead.

## Our Goals for this Paper

**W**e are honored to have this opportunity to address the topic: "What does marketing contribute to society?" We originally chose to study the field of marketing because we found it to be among 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 have 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. Furthermore, marketing can be studied from several intriguing perspectives.

In the spirit of this special "Millennium Issue" of the *Journal of Marketing*, we view this article as an effort to clarify, illustrate, and celebrate, but not without a critical eye, some of the special aspects of the marketing field and its relationship to society. We did not wish to be naïve about this and so, in developing this article, have undertaken several allied efforts with regard to the history of marketing thought, shifting criticisms of marketing, and current em-

phases in this area, details of which are available elsewhere (Moore and Wilkie 2000; Wilkie and Moore 1997, 2000). It is clear that the marketing system today is providing more and different benefits than in times gone by. Formal marketing thought has advanced much since its inception as the new academic area of "market distribution," shortly after 1900 (Bartels 1988).<sup>1</sup>

As the field 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 by 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 (likely why the Marketing Science Institute named it a key topic for this Special Issue). 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 better determine both the nature of marketing and the remarkable potentials of the field.

## One Hundred Years of Marketing

Three early insights we gained in this project were that marketing's contributions (1) accumulate over time, (2) diffuse through a society, and (3) occur within the context of everyday life. This can make them hard to discern at any given point in time. We begin, therefore, with an informal look over a very long period.

### *A View Across Time: Marketing's Impact on Daily Life in the United States, or, "It's a Wonderful Life."*

Here we join Mary Bailey as she reads a diary her mother recently had given her as a family heirloom. It had been written by Mary's great-grandmother Anne at the turn of the century, 100 years ago. As she settles under her lamp on a cold winter's evening in

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<sup>1</sup>In this project, we were fortunate to be able to find and consider a treasure trove of books and articles from marketing thinkers, theorists from other disciplines, and critical observers from within and outside marketing. We acknowledge our deep debt to people who have addressed these issues before us and have allowed us to build on their thoughts here.

Bedford Falls, Mary is imagining her ancestor's times and how very much life has changed.

*(Daily activities)* As she reads, Mary is surprised to discover how Anne spent her days.<sup>2</sup> Largely dependent on walking or horses, families centered on the home and local community. Daily life meant physical labor. Equipped with only a scrub board, the typical housewife spent 7 hours a week doing laundry and carried 9000 gallons of water into the house each year, which she then had to boil before using (only 25% of homes had running water). Cooking, baking, and food preservation required substantial time, some 42 hours per week! Products that now routinely are bought, such as clothing, often were produced in the home. Central heating would not arrive until the 1920s; Anne's family heated only the kitchen for the winter, using fuel hauled in daily by family members. Only 3% of households had electrical lighting, so most families relied on coal, kerosene, or oil to light their homes. As she reads on under her bright lamp, Mary wonders how bright the lighting had been for the author whose words she was reading.

*(Health and safety improvements)* Mary is reading deeply as Anne described relief that her baby Aaron had survived; infant mortality was common in Bedford Falls at the time (about one in every ten births). In checking the family tree, Mary finds that Anne herself had died at a relatively young age (life expectancy in 1900 was only 47 years of age). In contrast, life expectancy today is nearly 80 years of age, and Mary has not had to worry seriously about infant mortality (now significantly less than 1%) or death from infectious disease. Thinking more about this, Mary realizes that her family's health, safety, and ability to enjoy life have been assisted by the fruits of advances in diagnostic equipment, pharmaceuticals to combat disease, pain relievers, bacteria-safe foods, safety-tested products, and so forth.

*(Impacts of technology and growth of the marketing system)* The academic field of "marketing" began about the time Anne was writing her diary. During the ensuing century, we have experienced many changes in daily life in the United States. The aggregate marketing system, in conjunction with the other aggregate systems with which it interacts (e.g., technology, finance, production) has delivered most of these changes to society. For example, the availability of home electricity was followed by the creation of many new appliances—clothes washers and dryers, vacuum cleaners, air conditioners, dishwashers, music systems, television, and so forth—that bring efficiency and enjoyment to homes today. Home refrigeration and supermarkets mean fewer trips to the store; together with use of appliances, this has allowed the average time spent on food

preparation to fall from 42 hours to less than 10 hours per week! With economic growth (gross national product is 400 times greater than a century ago), higher incomes, and technological innovations have come new possibilities and opportunities. A vast array of goods and services is now available. Moreover, real prices for many goods (e.g., television, autos) have fallen to the point that they are accessible to almost every member of U.S. society today.

Mary Bailey closes her diary and begins to think about other changes as well. She and her family are informed readily about national and global events and easily can drive or fly from Bedford Falls to points of interest anywhere in the world. Her family's daily life is far, far removed from that of her ancestor's. As she ponders this, she realizes that the world for her children will be different from hers today, in as yet unknown ways, as the aggregate marketing system continues to deliver change to their society in the future....

### **The Importance of Perspective**

Viewing a topic from a single perspective highlights certain characteristics but can hide other aspects that also may be important. For example, a person looks different from the front than from the back and different again if viewed from the side. To understand a topic well, it is helpful to walk around it mentally, adopting different perspectives on it. For example, four perceptual barriers in this topic involve *time*, *system limits*, *culture*, and *personal experience*. The Mary Bailey illustration addresses the issue of slow diffusion of marketing's contributions over time by contrasting two extremes. When viewed in this way, contributions 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 (as we shall demonstrate shortly), but its operations converge and coordinate with the operations of other aggregate systems within a society's larger economic system. (In a Venn diagram, we might conceive of aggregate systems in marketing, finance, technology, production, and so forth as partially overlapping large circles that reflect areas in which activities are in common and those in which 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 move easily around the world to locate societies with very different marketing systems. In some global locations, we would find rudimentary marketing systems offering none of the conveniences Mary Bailey is enjoying; people there may be living as Anne did a century ago. 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 of every five construction cranes in the world is reportedly at work just in Shanghai—to bring modern elevators, air conditioners, and other conveniences to the citizenry. Thus,

<sup>2</sup>Comparative numbers are from a variety of sources, especially Lebergott (1993) and *U.S. News and World Report* (1995\*).

coverage of aggregate marketing systems *is* culture-bound. We must take care to distinguish which lessons are generalizable and which are not. With regard to personal experience, many marketing contributions are "behind the scenes," unseen by those not directly involved. It is thus important that we remain mentally open to discovery of new possibilities about marketing and its relationship to society. We have come away from this project with a new and richer view of our field and hope that readers will as well.

The article consists of four major sections. The first section is an overview of marketing as an aggregate system, starting with an "up close" illustration of its operations. Our second section profiles the range of benefits marketing offers to society. The third section adds balance in summarizing criticisms and controversial aspects of this field, and our fourth section draws conclusions and implications for the future.

## The Aggregate Marketing System

Studies have shown that the less familiar a person is with the marketing field, the more likely he or she is to equate marketing with advertising or selling. As a person learns more, the view broadens and he or she begins to appreciate the richness of the field of marketing (Kasper 1993\*). We now turn to the aggregate marketing system. Although originally a central theme in marketing thought, we have not found much of this idea in recent years, in favor of an emphasis on managerial decisions. We begin with an illustration of one small part of the system to determine 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 undertakes.

### The System at Work

Our illustration begins with a U.S. 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 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 a combination of beans grown in different countries, then brought to the United States, and blended into a specified mix-

ture to deliver this brand's unique qualities. Because of different growing seasons and bean characteristics, the source nations for the coffee change as the year progresses; coffee is grown in some 50 nations around the world.

As shown in Figure 1, Panel A, we assume that some beans in this cup came from a Colombian hillside, handpicked (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 depulping mill, where the inner beans were separated from their cherries. Still wet and protected by a parchmentlike cellulose shell, the beans were spread on a sun-filled patio to dry for several days. They then were milled (removing the parchment sheath to produce a green bean) and 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 then were 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 on times, and his 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). They were loaded directly into 20-ton "piggyback" containers designed to transport seamlessly among ships, trains, and trucks. After four or five days at sea, the beans arrived at the port of New Orleans, were tested again for quality, and given over to a warehouse service. This service handled custom's clearance, then unloaded the bags into trucks driven to the coffee firm's "silo" facility. Here, loads of different beans were 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). The final coffee was prepared carefully, 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, and then to retail outlets, or, in the case of very large national accounts, trucked directly from the plant in 40,000-pound loads. Because Tiffany bought her coffee from the neighborhood IGA supermarket, it had taken the longer route. Even so, the vacuum-packed containers had kept it

\*Authors were limited in the number of references used in text, therefore, those references marked with an \* are available at [www.ama.org/pubs/jm](http://www.ama.org/pubs/jm) and at [www.msi.org](http://www.msi.org).

quite fresh and lent pleasure to her cup this morning. Thus, we demonstrate how one marketing system has operated to provide a branded cup of coffee to a U.S. family on a typical morning.

*(A breakfast pastry)* Although coffee provides useful insights, it is yet 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 (for ease of communication, we have shown only portions of this system to complement points of the coffee channel; neither system is portrayed to its true complexity). Note at the left of Panel B that the pre-production marketing system is much more involved than the linear system for coffee, as there are 15 ingredients in each unit of this pastry. Although 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 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 focuses 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 many attributes—size, icing, taste, consistency, flavoring, shelf-life, preparation, packaging, reasonable costs for pricing, production feasibility, and so forth—needed 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 had to decide whether to launch the product. Key factors included internal rate of return over a six-year period, capital needs (new plant versus conversion), options for copacking or outsourcing production, and effects on the firm's current product line. Because this would be a "bakery-quality" item, the board was 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 gave the green light, and the entire marketing mix was finalized and implemented. The distribution system (right side of Panel B) was similar to that for coffee, as was the consumer's purchase and use system (which, we note, 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 feed-

back derived from both internal accounting and formal market research projects, this firm will monitor and adapt its management of this offering. Over time, therefore, consumers' actual use satisfactions and repurchases will determine its success or failure.

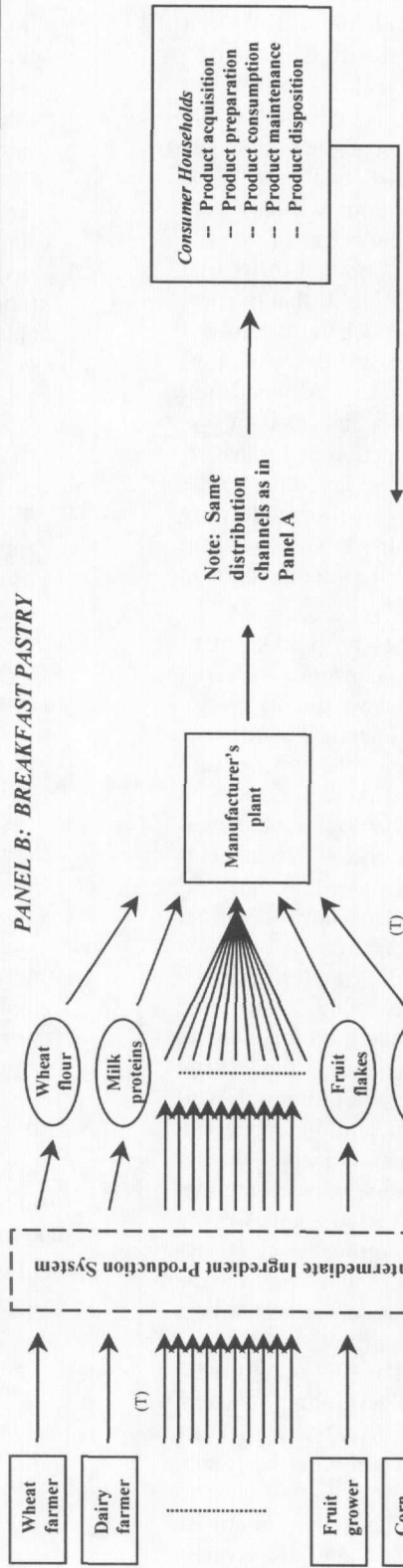
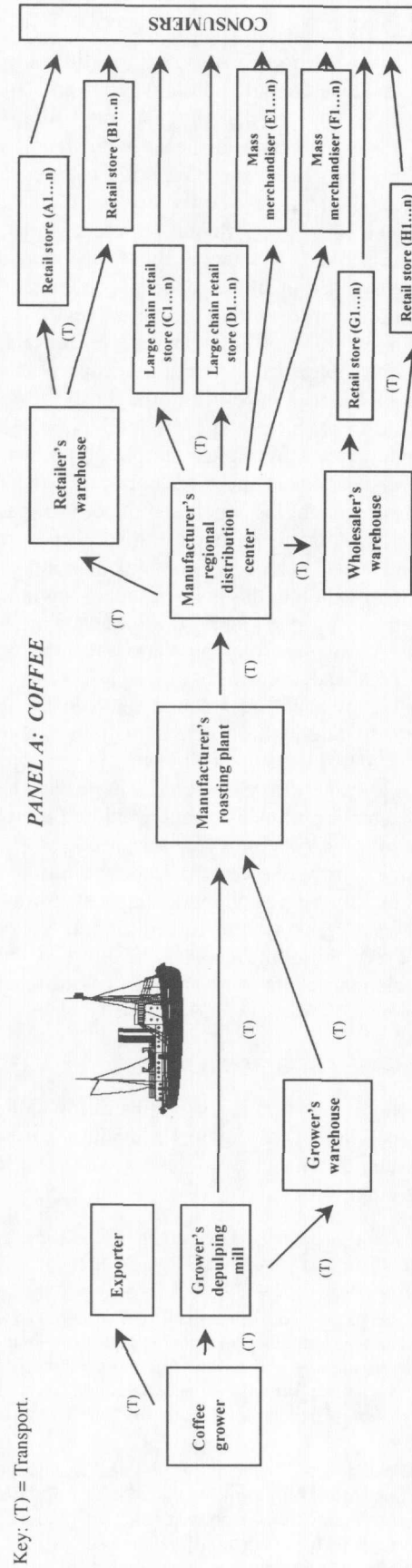
*(Further considerations)* Although the illustration is getting long, we are only a little way toward capturing the true scope of the aggregate marketing system. However, we now dispense with details and simply point to key issues. We have covered only two breakfast items; as shown in Panel C, the four family members have different preferences that the aggregate marketing system is able to accommodate easily. 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 has 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 to deliver these products to households such as 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 U.S. 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 provides a partial listing of system activities that enabled this breakfast to occur. Several points emerge:

- ◆ There are a surprisingly large number of entries; the aggregate marketing system undertakes a wide range of activities to provide for a simple breakfast meal.
- ◆ There are participants other than 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 in Panel D, these cross all stages).
- ◆ 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 marketers. In most of these cases within organizations, marketing managers

**FIGURE 1**  
The System at Work



- PANEL C: FAMILY BREAKFAST**
- | Family Breakfast Items |  | Kitchen Support System |   |
|------------------------|--|------------------------|---|
| <b>Tiffany</b>         | - Coffee<br>- Nondairy creamer<br>- Sugar<br>- Breakfast pastry                    | <b>Housewares</b>      | - Ceramic mugs<br>- Plates, bowls<br>- Flatware<br>- Tablecloth<br>- Napkins<br>- Table and chairs<br>- Portable television<br>- Clock              |
| <b>Robert</b>          | - Coffee<br>- Equal<br>- Corn flakes<br>- Skim milk<br>- Banana                    | <b>Cooking Area</b>    | - Automatic coffeemaker<br>- Coffee filters<br>- Toaster oven<br>- Microwave oven<br>- Cooking utensils<br>- Stovetop<br>- Pots, pans<br>- Cabinets |
| <b>Laura</b>           | - Orange juice<br>- Microwaveable oatmeal<br>- Skim milk<br>- Daily vitamin        | <b>Maintenance</b>     | - Refrigerator<br>- Freezer<br>- Dishwasher<br>- Dish detergent<br>- Sponge, dish towel<br>- Trash compactor<br>- Disposal                          |
| <b>Mark</b>            | - Orange juice<br>- Frozen waffles<br>- Butter<br>- Maple syrup<br>- Scrambled egg | <b>Service</b>         | - Electricity<br>- Piped water<br>- Water purifier<br>- Lighting<br>- Telephone<br>- Cable television   |



serve as influences (2) on these actions, whereas 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 that numbers assigned to each activity are generalized. Readers may wish to consider whether they would agree.)

◆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 would resemble a cross-section of fine swiss cheese or steel mesh, similar to Panels A and B, with many linkages between organizations as we move across to the consumer sector but with holes inside each organization to represent parts where the work arguably is outside the marketing system.

◆Finally, Panel D significantly understates system activity. Most listings have many detailed steps (e.g., advertising, promotion, merchandising, transportation, as in the leftmost column).

Panel E of Figure 1 next depicts an approach to assessing the scope of the U.S. 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 preceding Venn diagram analogy should clarify our conception that some of these activities are regarded properly 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 affect 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.<sup>3</sup> As we move past the year 2000, in the United States alone, there are some 275 million final consumers arrayed in 100 million households, all on the consumption side of the system. They spend \$5 trillion each year, or two-thirds of the nation's gross domestic product (GDP). To place this spending in perspective, if we were to try to count it at the rate of \$1 per second, it would take more than 150,000 years, or much longer than

<sup>3</sup>For a classic effort to assess magnitudes of the U.S. distribution system alone, see Cox, Goodman, and Fichandler (1965). The figures reported in the 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\*).

the history of civilization. Although the aggregate marketing system in the United States may not stretch quite to "eternity," it certainly does stretch a very long way.

Furthermore, we should recall that yearly data are compiled merely for convenience and easily can 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 currently are registered for road use in the United States. 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. Although exact figures are elusive because of categorization problems, it appears that more than 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 which are retailers that resell to consumers, and another one-half million wholesaling firms (because of multiple steps in the wholesale channel, total sales of wholesalers are greater than those of retailers). Advertising spending is huge and growing, now some \$200 billion per year. Other areas of recent growth include services (now more than half of all consumer spending) and direct marketing, which has doubled in recent years.

Even though these numbers are huge, we still have understated the true scope of the aggregate marketing system in U.S. 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. Many 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. Furthermore, because marketing is an intrinsic function in those 20 million business firms previously noted, a portion of the responsibilities of many positions, from chief executive officer to quality inspectors to shipping and fulfillment clerks, is involved with carrying out the firm's marketing activities. Finally, the U.S. 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 impacts of marketing around the globe. (As an aside, this analysis also helps us appreciate the enormity of the challenges faced by command systems, which cannot hope to replicate the millions of allocation de-

cisions being made within a market system each day.)

### Characteristics of the Aggregate Marketing System

Figure 2 completes our background on the system with a summary of key properties. Propositions 1, 3, and 4 have been discussed at length, but the others deserve brief comment. Proposition 2 provides a system perspective that we long have perceived as powerful: the concept of continuous flows in various modalities, including physical, persuasive, informational, and monetary. Flows occur in both directions (e.g., money flows backward in the system in payment for goods; information and influence flow forward from advertising and sales efforts but also backward with marketing re-

#### FIGURE 2 Propositions on the Aggregate Marketing System

##### The Aggregate Marketing System:

1. **Incorporates many activities**, including the classic distribution functions, marketers' plans and programs, and actions by consumers and government;
2. **Is composed of planned and continuous flows** among participants, including flows of goods and materials, service deliveries, dollar payments, and flows of information and influence;
3. **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, and
  - d. In its geometric exchange activity, with multiple producers selling to multiple purchasers and multiple buyers purchasing from multiple sellers;
4. **Is sophisticated structurally**, relying on a massive physical and communications infrastructure that regularly and routinely creates and delivers goods and services across the society;
5. **Is a key basis for resource allocation in a market economy**, because consumer responses to market offerings determine which goods and services are created in the future;
6. **Is governed by forces for efficiency**, most notably self-interest, competition, and characteristics of market demand;
7. **Is constrained by social forces**, including laws, government regulations, cultural norms, and ethical codes of business and consumer conduct;
8. **Relies on coordinated processes**, with producers and resellers seeking interdependent purchases to fit pre-specified standards with the later expectation of purchase by consumers;
9. **Operates through human interactions, experience and trust** as participants develop and maintain marketplace relationships as a basis for conducting their system activities; and
10. **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.

search). Some are simultaneous, but many are not; for example, the investment flow forward (in plant, labor, production, and promotion in advance of sales) represents levels of risk-taking and confidence in marketing activity.<sup>4</sup> Meanwhile, Proposition 5 reflects that, in a market-based system, consumers' response to marketers' offerings drive supply allocations and prices. Depending on a society's decisions on public versus private ownership, the aggregate marketing system plays a greater or lesser role in allocating national resources.<sup>5</sup> The United States 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 advertise it or not, using virtually any appeal believed to be effective. Although restrictions exist in each of these areas, they are primarily to protect the rights of competing marketers or consumers.

Proposition 6 reflects that the 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, and Cox 1952). Marketers know that observed demand is not really fixed and that 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.<sup>6</sup> 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 7 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

<sup>4</sup>We are unsure whence the concept of marketing flows originated but have found it in Vaile, Grether, and Cox's (1952), McInnes's (1964\*), and Kotler's (1976\*) work. This analysis also highlights marketing's contributions at the firm level by demonstrating 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, marketing generates an inward flow of dollars to sustain the firm's continued existence, which earns it the title of "lifeflood of the business."

<sup>5</sup>As societal boundaries become more permeable, especially through immigration and trade, the linkages of production, employment of human resources, and end consumption become more complex.

<sup>6</sup>This has been the subject of significant recent theoretical developments within marketing that challenge the tradition of equilibrium economic theory (e.g., Dickson 1992, 1996\*, 1999\*; Hunt and Morgan 1995, 1996\*).



contravened if politicians allow cynical, self-seeking interests to circumvent either competition or desirable restraints. Thus, the issue of government achieving a proper balance to serve a society's goals best becomes a key issue for aggregate marketing systems.<sup>7</sup>

Propositions 8 and 9, 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, because offerings require intermarriage of components within a context of high efficiency. We have been impressed by the serious attention given to process quality control within this system. Furthermore, 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 also has emerged recently in relationship marketing thought. Even economists have recognized the role of trust within the system. As Kenneth Arrow (1972), Nobel Laureate in Economics, explained, "virtually every commercial transaction has within itself an element of trust ... much of the economic backwardness in the world can be explained by the lack of mutual confidence." 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 10 notes that this "open system" stresses achievement, growth, and progress. These are the elements of the U.S. aggregate marketing system that have brought huge, positive changes to the daily lives of its society's members, as was indicated in our first illustration, "It's a Wonderful Life."<sup>8</sup>

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.<sup>9</sup> Although most entries will not be new to marketing thinkers, we are hopeful that in combination they will prove useful in stimulating further thought about the 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. In Figure 3, Part A, we list ten areas in which marketing contributes in the United States. It offers employment and incomes for the

<sup>7</sup>Unfortunately, extensive discussion of government's role is beyond the purview of this article. Readers may wish to access the excellent volume by Stern and Eovaldi (1984) for discussions pointed to marketing.

<sup>8</sup>Any aggregate system will bring serious issues as well. 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 discuss these in our section on controversies and criticisms.

<sup>9</sup>Although the aggregate system includes marketers, customers, and public policymakers, given the purpose of this article, we concentrate on contributions emanating from the marketing sector of the system.

**FIGURE 3**  
**Marketing's Contributions to Economic Well-Being**

#### A. Ten Contributions to the Larger Economic System

- Employment and personal incomes
- Freedom of choice in consumption
- Delivery of a standard of living
- Assistance in infrastructure development (e.g., transportation, communications, financial sector)
- Tax payments for public purposes
- Mass-market efficiencies
- Diffusion of innovations
- Enhanced balance of trade accounts
- International development
- Integral to economic growth and prosperity

#### B. Insights on Marketing and Economic Development

- Marketing employment/gross domestic product relationship
- Roles depend on stage of development:
  - Traditional subsistence: assure prices
  - Transitional: infrastructure
  - Market-oriented: financing, credit
- Roles depend on government policies
- Roles depend on consumers and culture
- Marketing expertise and systems are key
- Marketing's development functions:
 

•Organization of networks	•Spatial connectivity
•Speculation in time	•Capital accumulation
•Equalization	•Entrepreneurial entry

millions of persons engaged in this field, enabling them to be productive and earn money needed for consumption. As noted, consumers' exercise of freedom of choice means that the preferences of society's members largely are reflected in the system's goods and services, which should mean that aggregate satisfaction is enhanced in this sector of life. As Adam Smith pointed out in his classic *Wealth of Nations* (1776\*, p. 385), "Consumption is the sole end and purpose of all production." In this regard, the aggregate marketing system is involved directly in delivering the standard of living enjoyed by society's members. Furthermore, 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) actually are 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, bring-

ing new benefits to consumption. 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 many significant and positive ways, the aggregate marketing system has played an integral role in the economic growth and prosperity of the United States.

Although obvious in the abstract, marketing's contributions to economic well-being actually have not been recognized by many businesspersons or, indeed, by many economists. This is probably because they are not factors in the classic macroeconomic equations (Kinnear 1994). Here, aggregate supply depends 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, marketing does affect 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 the economic system would be more starkly obvious. Furthermore, 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 at a Parlin Award dinner, 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. Subsequent work has done much to explore and refine this view. The points in Figure 3, Part B, illustrate several key insights about marketing's roles and contributions.<sup>10</sup>

First, the role for marketing in economic development is real. Nations with higher proportions of their populations in marketing also have higher GDPs. Development of the marketing system is necessary for this to occur (e.g., Preston 1967\*; 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 priorities are to develop distribution infrastructure (i.e., transport, storage, and selling networks). In market-oriented systems, all marketing functions are important, with investment fi-

ancing and consumer credit as primary tools for market growth (U.S. Department of Agriculture 1972\*).

Second, as noted in Figure 3, Part B, 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, and this can be problematic in some societies because aspects of the culture are not welcoming of some features of the U.S. marketing system (e.g., Ger 1997\*). Where a U.S.-style system is desired, moreover, certain consumer behaviors (e.g., handling of finances, planned saving and choice processes, defenses to persuasion) must be learned for the system to work well. With regard to linkages among efficiency, consumer behavior, and culture in developing marketing systems, Slater identifies literacy, achievement desires, cooperativism, fatalism, mass media, and innovativeness as key dimensions (cf. Nason and White 1981). 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 note 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). These experts differ as to ease of transfer of such knowledge, but the large number of international students educated in business schools in recent years does provide cause for optimism.

Third, Figure 3, Part B's "Marketing's Development Functions" reflect marketing's roles in more basic settings (modified from Moyer 1965). 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), whereas spacial connectivity joins diverse locales in 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 as industrialists. For example, some years after its nationhood, nearly half 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\*, p. 385).

### **Contributions to Buyers from Specific Marketing Activities**

We now focus on marketers' actions that benefit buyers. Because there are millions of competing firms in the aggregate marketing system, at any time a huge number of these ben-

<sup>10</sup>Much of the discussion to follow is based on overviews provided by Batra (1997), Moyer (1965), Nason and White (1981), Thorelli (1996), and Wood and Vitell (1986).

**FIGURE 4**  
**Contributions to Buyers from Specific Marketing Activities**

Traditional Views	Managerial Sectors	System Outcomes
<p><b>A. Five Types of Utility:</b></p> <ul style="list-style-type: none"> <li>- <i>Elemental</i> (marketing not a contributor)</li> <li>- <i>Form</i> (marketing a partial contributor)</li> <li>- <i>Place</i> (marketing a major contributor)</li> <li>- <i>Time</i> (marketing a major contributor)</li> <li>- <i>Possession</i> (marketing a major contributor)</li> </ul> <p><b>B. Eight Classic Functions of Market Distribution:</b></p> <ul style="list-style-type: none"> <li>- <i>Transportation</i></li> <li>- <i>Storage</i></li> <li>- <i>Financing</i></li> <li>- <i>Risk-bearing</i></li> <li>- <i>Assembly</i></li> <li>- <i>Selling</i></li> <li>- <i>Standardization</i></li> <li>- <i>Market information</i></li> </ul>	<p><b>C. Marketing Mix Elements:</b></p> <p><u>Product and Service Offerings</u></p> <ul style="list-style-type: none"> <li>- Two-way exchange</li> <li>- Benefits from each use occasion</li> <li>- Benefit bundles (multiattribute)</li> <li>- Frequent new offerings</li> <li>- Continued improvements</li> <li>- Considerable product variation</li> <li>- Stress on quality control</li> <li>- Guarantees and redress</li> </ul> <p><u>Branding/Trademarks</u></p> <ul style="list-style-type: none"> <li>- Identification of specific offerings</li> <li>- Efficiency in future search</li> <li>- Consumer confidence/meaning</li> <li>- Possible symbolic benefits</li> </ul> <p><u>Market Distribution</u></p> <ul style="list-style-type: none"> <li>- Most marketing functions (at left)</li> <li>- Eases access to products/services</li> <li>- Reduces information search costs</li> <li>- Enables interbrand comparisons</li> <li>- Lowers prices through competition</li> <li>- Increases quantity of information</li> <li>- Facilitates the transaction process</li> <li>- Offers credit opportunities</li> <li>- Postpurchase support structure               <ul style="list-style-type: none"> <li>•delivery and set-up</li> <li>•liberal return policies</li> <li>•maintenance and repair</li> </ul> </li> <li>- Provides entry for new competitors</li> </ul> <p><u>Salespersons and Representatives</u></p> <ul style="list-style-type: none"> <li>- Consultation on problem solutions</li> <li>- Crystallization of needs</li> <li>- Education about alternatives</li> <li>- Introduction of new offerings</li> <li>- Customization of offerings</li> <li>- Facilitation of transactions</li> <li>- Access to technical support</li> <li>- Customer satisfaction</li> <li>- Feedback from field</li> </ul> <p><u>Advertising and Promotion</u></p> <ul style="list-style-type: none"> <li>- Provides information               <ul style="list-style-type: none"> <li>•product knowledge/use</li> <li>•new products and services</li> <li>•prices and specials</li> </ul> </li> <li>- Decision-making enhancements               <ul style="list-style-type: none"> <li>•shopping patronage</li> <li>•lowers search costs</li> </ul> </li> <li>- Enlarges market demand               <ul style="list-style-type: none"> <li>•reduces distribution costs</li> <li>•lowers prices</li> <li>•entry of new competitors</li> <li>•acceptance of innovations</li> </ul> </li> <li>- Subsidizes media and events               <ul style="list-style-type: none"> <li>•news and editorial</li> <li>•entertainment and sports</li> </ul> </li> <li>- Provides entertainment</li> </ul>	<p><b>D. Summary: The Marketing System's Resultant Benefits:</b></p> <ol style="list-style-type: none"> <li>I. Promotes the production of desired products and services</li> <li>II. Delivers products and services</li> <li>III. Provides for market learning</li> <li>IV. Stimulates market demand</li> <li>V. Offers wide scope for choice</li> <li>VI. Close/customized fits with needs</li> <li>VII. Facilitates purchases (acquisitions)</li> <li>VIII. Saves time/promotes efficiency</li> <li>IX. Provides for postpurchase support</li> <li>X. Brings new entries to market</li> <li>XI. Fosters innovations/improvements</li> <li>XII. Enables larger total consumption</li> <li>XIII. Seeks customer satisfaction for repeat purchase relationships</li> <li>XIV. Provides a pleasant "approach" environment for buyer behavior</li> </ol>

efits are being offered in parallel. Across time, these benefits accumulate through billions of purchase occasions to become truly formidable. Our framework in Figure 4 will be familiar to marketing thinkers, but persons outside the field likely will 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 4, Part A, proved helpful to economists who argued that distributive services added value beyond that of production.<sup>11</sup> 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 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 needed. Finally, possession utility is offered through marketing transactions and enables customers to use goods for desired purposes.

### **The Eight Classic Functions of Market Distribution**

Our appreciation of marketing's contributions is enhanced by thought on the "functional approach" to marketing, 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 more than five decades, describing marketers' activities and reasons for them. With the rise of the managerial approach, however, this descriptive view of marketing has all but disappeared (Hunt and Goolsby 1988).

Among many frameworks, the eight functions listed in Figure 4, Part B, are widely accepted (Maynard, Weidler, and Beckman 1927). With the then-emphasis on agriculture and manufacturing, functional frameworks stressed physical supply services, beginning with transportation. Closely allied, storage helps nullify timing discrepancies in supply and demand, smooths production schedules to lower costs, and enables mixing of ingredients or stock (as in our coffee bean example). Innovations in these areas (consider refrigeration and freezing) have brought major improvements to society during the past century. The next of marketing's classic functions, financing, receives little attention by marketing

<sup>11</sup>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.

scholars today but is still a key topic in economic development settings. A firm must finance the time gap between start of the productive process (when machines, material, labor, marketing, and so forth must be paid for) and later receipt of money from sales. Such investment financing may be undertaken directly by marketers or, when stakes are high, by financial institutions. Within the overall system, financing has fostered entry by many small businesses, and consumer credit has enabled purchases of millions of homes, autos, and so forth. It thus has been a key factor in society's prosperity. 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, credit problems with repayments). Risk is substantial throughout the aggregate marketing system, a fact apparent to those who forecast demand.

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 and leads to successive changes in ownership that end in final consumer purchases. On the other side of a purchase is another's sale. Although much maligned, selling harnesses the forces of competition to improve the value of offerings and brings about the exchanges that enable the system to operate. Standard-setting often is 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 through 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 United States, as opposed to standards being imposed by government.) Finally, the gathering and use of 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, this function increasingly stimulates improvements in the benefits we now discuss.

### **Benefits from Product and Service Offerings**

A marketing exchange relies on both transacting parties' expectations to be better off. Because sellers benefit from payments for purchases, it is not surprising to find 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 4, Part C, this has an interesting implication: Each single-use occasion creates an opportunity for another benefit delivery from the system. Furthermore, because products and services are "benefit bundles," users are deriving multiple benefits (e.g., Green, Wind, and 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 enables closer fits with users' preferences. In the U.S. system, frequent new offerings and improvements to current offerings also are pursued. Furthermore, we should recognize that much of the care taken by marketers in design, creation, and delivery of offerings remains unseen and, thus, is 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. Finally, the marketing system generally stands behind its offerings, with buyers often protected by guarantees or warranties.

To verify our impression of this system stress on quality, we checked ratings in some 200 product and service classes. Ratings were given in 1996 and 1997 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."<sup>12</sup> 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.<sup>13</sup> As shown in Figure 4, Part C, unique source names assist (1) in organizing future behaviors, because if problems are encountered, the source can be recontacted, but if satisfied, favorable attitudes can direct future decisions; (2) efficiency in locating favored sellers (though it appears innocuous, summed across products, time, and competing demands, this efficiency actually is quite significant in total); (3) rapid, confident choices in self-service settings (the average time for a single choice in a U.S. supermarket aisle is only a few seconds); and (4) in 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). Although at times a target for criticism, symbolic benefits' mechanisms are varied and subtle, involving sustaining personal identity as well as communicating about the self (e.g., Belk 1988,\* 1989\*; Cohen 1989\*; Levy 1959\*).

### **Benefits from Market Distribution**

As noted in the first entry of this section in Figure 4, Part C, the key benefits in this area are captured in our discussion of marketing's eight classic functions. Because it is performed largely out of the sight of nonparticipants, however, the per-

formance of distribution easily 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 additional benefits, as noted in the remaining listings of Figure 4, Part C. The first five of these are well recognized and need no amplification. The final four entries, however, deserve separate discussion.

One powerful aspect of the U.S. marketing system is facilitating the transaction process, which saves consumers time and effort and maximizes purchase opportunities. Consider, for example, the benefits of extended store hours, convenient locations, free parking, stocked shelves, posted prices, displays, fast and smooth checkout, advertising price specials, salespersons' pleasant and efficient completion of transactions, and so forth. (Consumers from some other cultures express surprise and delight on this discovery of the U.S. retailing system.) Furthermore, processes for extending consumer credit enable some expensive purchases to occur that otherwise would have been delayed, and bank credit cards have eased transaction processes for buyers and sellers alike. That stores pay significant fees, approximately 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 U.S. society, in that channels of distribution serve as the entry point (gatekeeper) for new products and services. Receptivity by wholesalers and retailers to offerings that provide better value or new benefits has made this dynamic work for societal gain. Similarly, government actions to reduce barriers to entry serve to enable innovations and price competition to work to the benefit of a society's consumers and competitors.

### **Benefits from Salespersons and Representatives**

Sales representatives facilitate flows within the aggregate marketing system. Although advertising receives more public attention, marketers frequently rate personal selling as more important for business success. In one study, executives rated selling 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 approximately 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 does level of performance. In Figure 4, Part C, we list some contributions offered in business-to-business sales, in which the salesperson is a professional representative who deals with generally well-informed buyers and 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

<sup>12</sup>Every quality test rating that used the five-point "excellent-poor" scale given by the organization was considered. Ratings by members were not included, nor were relative scales in which distributions were forced.

<sup>13</sup>Branding is being used in a broad sense, because price and value are relevant issues as well. Health insurance firms, for example, are pushing for "debranding" (generic drugs) to obtain lower prices.

teams that include specialists. During this process, a representative may help crystallize client needs, educate 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 could 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 the reports back to the firm about 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 approximately 3% of U.S. GDP. Due to its high visibility, advertising is likely the most criticized facet of the aggregate marketing system, though it provides important benefits. In their classic study *Advertising in America*, Bauer and Greyser (1968; also see Pollay and Mittal 1993) asked consumers about this institution. Their findings fit four of the five entries in Figure 4, Part C. Appreciation for the information advertising provides on products and prices was expressed by a majority of consumers.<sup>14</sup> Few consumers noted our second benefit; clearly, however, advertising can enhance consumer decisions through lower search costs. (Product proliferation, however, raises search costs.) The consumers mentioned enlarging market demand and noted special appreciation for advertising's contribution to lowering prices. Less obvious are three related benefits in this category: 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 Part C, applauding advertising's role in subsidizing media and expressing pleasure with advertising's creative offerings.

### **Summary: Marketing's Key Benefits to Buyers**

Because our detailed listings risk "losing sight of the forest for the trees," in Figure 4, Part D, we abstract what we believe are 14 of the key benefits consumers derive from marketing activities. There is marketing's role in driving the production of offerings most desired in the marketplace. In many organizations, marketers act as internal advocates who represent 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 using sales representatives, advertising, brochures, specialized brokers, and so forth. The persuasive aspect of these vehi-

<sup>14</sup>Several 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 simple emphasis on persuasion/entertainment in advertising.

cles serves to stimulate market demand, which creates sales and can lead to lowered costs and prices. Through competition, the system offers a wide array of choices, which enables 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 enables some marketers to offer close or even customized fits with a user's needs. The system also is designed to facilitate purchases, easing acquisitions of benefits for buyers. Various elements of time-saving are offered in both products and purchasing, which increase societal members' efficiency and leave time for more total activity. Also, the marketing system offers a postpurchase support structure to enable continuing benefits over time.

The 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. Furthermore, 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. Finally, the 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 System Activities**

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 in not only kinds of benefits, but also increased levels of benefits emanating daily from individual firms and people, as indicated in the following:

*"Back to the Future."* The constant press for improvements characterizes the world of the aggregate marketing system. Many efforts do not work out, some yield minor advances, and a few lead to norms of the future. In Figure 5, Part A, we display a few illustrative cases of recent breakthroughs. For example, trucking firms now combine onboard 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, thereby 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.

**FIGURE 5**  
**Some Broader Views of Benefits**

**A. Contributions from Improvements in Marketing System Activities**

<i>Transportation</i> - e.g., real-time monitoring	<i>Product design</i> - e.g., match or better	<i>Marketing research</i> - e.g., expert systems
<i>Materials handling</i> - e.g., containerization	<i>Promotion programs</i> - e.g., loyalty clubs	<i>Packaging innovations</i> - e.g., environmental impacts
<i>Distribution</i> - e.g., order processing systems	<i>Product management</i> - e.g., brand equity	<i>Pricing programs</i> - e.g., value/bonus packs
<i>Assembly</i> - e.g., global sourcing	<i>Market segmentation</i> - e.g., mass customization	<i>Services marketing</i> - e.g., consumer satisfaction
<i>Retailing</i> - e.g., checkout scanners	<i>Database marketing</i> - e.g., personalized offerings	

**B. Contributions to Quality of Life**

**I. Illustrative Social/Psychological Benefits to Marketing Participants (Opportunities for):**

- |               |              |                               |
|---------------|--------------|-------------------------------|
| - Achievement | - Creativity | - Beauty                      |
| - Success     | - Humor      | - Morality                    |
| - Growth      | - Invention  | - Interpersonal relationships |
| - Action      | - Influence  | - Understanding               |
| - Discovery   | - Service    | - Trust                       |

**II. Illustrative Social/Psychological Benefits Created by Consumers Engaged Within the System:**

- |                  |                    |               |
|------------------|--------------------|---------------|
| - Accomplishment | - Bonding          | - Socializing |
| - Beauty         | - Belonging        | - Learning    |
| - Safety         | - Excitement       | - Authority   |
| - Health         | - Prestige         | - Control     |
| - Nurturance     | - Pleasure         | - Status      |
| - Joy            | - Self-enhancement | - Play        |
| - Gift-giving    | - Escape           | - Leisure     |

**III. Emerging Areas of Study:**

- Quality of life (QOL)
- Social marketing

For example, two firms may use electronic data interchange, in which inventories (e.g., a drugstore's entire stock in a line) automatically are replenished as sales movement data are transmitted to the wholesaler; people are limited to oversight of the system. Also, improvements in communications, transport, and technology have enabled marketers to move increasingly worldwide to obtain materials at much lower costs. Although global sourcing has generated legitimate criticisms, it also has provided consumers with quality goods at lower prices and added to the aggregate marketing systems of other societies as well. In retailing, checkout scanners brought a revolution. Computerized pricing enabled stores to lower labor costs, better manage inventory, and promote 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, which enables 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 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, 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 (e.g., Day and Wansink 1994\*). At this point, we need not detail the remaining items in Figure 5, Part A, because marketing readers easily can appreciate the potentials of each. As previously noted, pressure for improvements in the system are relentless, and the positive benefits of this force should be appreciated.

## Contributions to Quality of Life

In this final section on contributions, we shift away from the economic calculus that reports on the system as if it were a relentless machine spewing out streams of utilities. 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, in which aggregate effects could be very large.

### *Social/psychological benefits to marketing participants.*

In the first set of entries in Figure 5, Part B, we have listed several social and psychological benefits we believe are offered to persons who work in marketing. Drawing on the system's stress on competition, achievement is highly rewarded in this field. This is one reason for steep increases in incomes in early years of a marketer's career, in contrast to accounting or engineering, in which 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 advertising 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 to achieve 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 the field from other disciplines, these attributes are well understood. Furthermore, with globalization of markets, these opportunities are expanding.

### *Social/psychological benefits created by consumers.*

Since the study of consumer behavior entered marketing's mainstream during the 1950s and 1960s, consumers' goals and motivations have been studied extensively. 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 (values and lifestyles) system 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, or 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 enable learning, socializing, and self-enhancement (listening to music, playing tennis); benefits are emotional, subjective, and experiential (Holbrook and 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, our treatment of the marketing system's contributions to consumers would be incomplete without discussion of these sometimes meaningful consequences.

*Two emerging areas of study on marketing's broader contributions.* During the 1960s and 1970s, literature on marketing and society raised questions about (1) how well society itself was faring and (2) how it might be improved. These questions spawned two different subareas: research on "quality of life" (QOL) and "social marketing." Marketers interested in QOL faced three special issues: (1) marketing is only one of many forces that combine to yield overall lifestyles, (2) daunting conceptualization and measurement issues on exactly what QOL is, and (3) difficulty in communicating across fields. Economists defined issues to fit their terms and research forms, as did psychologists, sociologists, ecologists, and political scientists (Sirgy, Samli, and Meadow 1982). The International Society for Quality of Life Studies now carries on this work. Recent work on the American Consumer Satisfaction Index shows promise in reflecting market-based performance of the system at various levels of aggregation (Fornell et al. 1996), as does work on the Index of Consumer Sentiment Toward Marketing (Etzel and Gaski 1999).

Social marketing differs from traditional marketing by aiming to benefit the target audience directly (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\*). It has, however, faced academic difficulties on two fronts: (1) it has tended to be an "action" field in which primary emphasis is on successful intervention and (2) value judgments are made on desirable behavioral changes, so the area is also "activist" in this sense. There is potential to add to knowledge in this sphere, and an expanding set of researchers has been moving into the area (e.g., Andreasen 1991; Goldberg 1995\*). Meanwhile, useful field work has been progressing for some time, applying marketing tools in health and safety, education, charitable giving, politics, the arts, and the environment.

In light of the topic for this article, these two fields of study are significant in pointing out that the aggregate marketing system is composed of more participants than just business marketers. Private marketing is the mainstay of the system in the United States, 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 affected 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 acknowledge also that the aggregate marketing system long has been controversial in some respects. In Figure 6, we summarize many of the most promi-



nent criticisms, controversies, and problems that have been raised. Space limitations preclude an extended analysis, but it is available elsewhere (Moore and Wilkie 2000). We begin with critiques of system values. These usually are made by persons speaking from vantage points outside the system and raising philosophical points about its nature. These crit-

icisms tend to say little directly about the practice of marketing but instead focus on broader issues such as the "consumer culture" and the economic system that sustains it. Political theory is the root of some of these critiques, but not all. These are not simplistic arguments, and we do not wish to do them an injustice in such a brief summary. Readers

**FIGURE 6**  
**Criticisms and Problems of the Aggregate Marketing System**

Broad Social and Economic Concerns	Views of the Consumer Movement	Continuing Challenges for Marketing Practice	Problem Episodes Through Deliberate Behaviors
<p><b>Critiques of System Values</b> Promotes materialism</p> <ul style="list-style-type: none"> <li>- Stresses conformity</li> <li>- Social competitiveness, envy</li> <li>- Exacerbates pain of poverty</li> </ul> <p>Negatively affects cultural values</p> <ul style="list-style-type: none"> <li>- Creates insidious cycle of work and spend</li> <li>- Discourages participation in noneconomic activities (e.g., arts, community, leisure)</li> <li>- Undermines families, alters socialization</li> </ul> <p>Is fundamentally persuasive/manipulative in character</p> <ul style="list-style-type: none"> <li>- Creates artificial wants and needs</li> <li>- Invokes imbalance between marketer and consumer</li> </ul> <p>Cultural imperialism</p> <ul style="list-style-type: none"> <li>- Cultural impacts</li> <li>- Natural resource depletion</li> <li>- global warming</li> </ul> <p>Proposes limitless, unsustainable aggregate consumption levels</p> <p>Capitalist system promotes inequality in benefit distribution (fairness versus allocative efficiency)</p> <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><b>"Classic" Social and Economic Debates</b></p> <ul style="list-style-type: none"> <li>- Does distribution cost too much?</li> <li>- Is there too much advertising? Is it wasteful?</li> <li>- Advertising: information or market power?</li> <li>- Advertising: good taste and morality?</li> <li>- Subliminal advertising?</li> <li>- Is price related to quality?</li> <li>- Is deliberate product obsolescence good?</li> </ul>	<p><b>The Consumer Bill of Rights</b></p> <ul style="list-style-type: none"> <li>- The right of safety</li> <li>- The right to be informed</li> <li>- The right to choose</li> <li>- The right to be heard</li> </ul> <p><b>Consumerism's Three Major eras: Key Issues</b></p> <p>I. Turn of the century</p> <ul style="list-style-type: none"> <li>- Food and drug safety</li> <li>- Regulation of competition</li> </ul> <p>II. 1920s and 1930s</p> <ul style="list-style-type: none"> <li>- Objective information</li> <li>- Consumer representation</li> </ul> <p>III. 1960s and 1970s</p> <ul style="list-style-type: none"> <li>- Product safety</li> <li>- Advertising's social impact</li> <li>- Avenues for redress</li> </ul> <p><b>Economic Imperfections: The Asymmetric Power of Marketing</b></p> <ul style="list-style-type: none"> <li>- Difficult product quality assessment</li> <li>- Incomplete or biased information</li> <li>- Too few sellers in some local markets</li> <li>- Uncaring civil servants</li> <li>- Too little time for considered decisions</li> <li>- Underrepresentation of consumer interest</li> <li>- Ineffective regulatory agencies</li> <li>- Consumers' deficiencies</li> </ul> <p><b>Some Continuing Controversies</b></p> <ul style="list-style-type: none"> <li>- Dangerous products (e.g., cigarettes)</li> <li>- Vulnerable groups (e.g., children, elderly)</li> <li>- Emerging problems with marketplace encroachment</li> <li>- Intrusiveness of advertising</li> <li>- Concerns regarding invasion of privacy</li> <li>- Restrictions on database usage</li> <li>- Selling as marketing research</li> <li>- Exploitation by price discrimination</li> </ul>	<p><b>Limits to Information and Persuasion</b></p> <p>Advertising content</p> <ul style="list-style-type: none"> <li>- Limits to persuasion</li> <li>- Themes, executions, and copy</li> <li>- Intrusiveness: environmental clutter</li> <li>- Ad approval processes</li> </ul> <p>Sales, pricing, and after-sales practices</p> <ul style="list-style-type: none"> <li>- Limits to persuasion</li> <li>- Control of sales abuses</li> <li>- warranties and guarantees</li> <li>- Retailer and distributor pricing practices</li> </ul> <p>Information disclosure</p> <ul style="list-style-type: none"> <li>- Limits to disclosure</li> <li>- Effective warning labels</li> <li>- Use of disclaimers</li> </ul> <p><b>The Broader Environment</b></p> <p>Environmental concerns</p> <ul style="list-style-type: none"> <li>- Natural resource depletion</li> <li>- Threats to ecology</li> <li>- Reusability and disposition</li> </ul> <p>Product safety</p> <ul style="list-style-type: none"> <li>- Hazardous products</li> <li>- Regulatory approval processes</li> <li>- Product failure and liability</li> </ul> <p>Anticompetitive practices</p> <ul style="list-style-type: none"> <li>- Effects of quotas/trade barriers</li> <li>- Antitrust issues</li> </ul> <p><b>Responsible Corporate Citizenship</b></p> <p>Consumer dissatisfaction</p> <ul style="list-style-type: none"> <li>- Rumors and negative word of mouth</li> <li>- Complaint handling</li> <li>- Problem resolution systems</li> </ul> <p>Corporate actions</p> <ul style="list-style-type: none"> <li>- Incorporating ethical concerns</li> <li>- Role of consumer affairs departments</li> <li>- Criteria for evaluating business performance</li> <li>- Industry self-regulation</li> <li>- Community involvement</li> </ul>	<p><b>Marketing Sector</b></p> <ul style="list-style-type: none"> <li>- Deceptive advertising</li> <li>- High-pressure sales techniques</li> <li>- Misrepresentations of sales intent</li> <li>- Inferior products and services</li> <li>- Bait and switch</li> <li>- Price fairness: high-low pricing</li> <li>- Price fixing</li> <li>- Predatory pricing</li> <li>- Franchise abuses</li> <li>- International: Bribery</li> <li>- Gray-market goods</li> <li>- Counterfeit goods</li> <li>- Internet fraud</li> </ul> <p><b>Consumer Sector</b></p> <ul style="list-style-type: none"> <li>- Uninformed decisions</li> <li>- Consumer fraud (e.g., shoplifting, credit abuse)</li> <li>- Bankruptcy</li> <li>- Product liability: Frivolous lawsuits</li> <li>- Compulsive consumption</li> </ul> <p><b>Government Sector</b></p> <ul style="list-style-type: none"> <li>- Errors of omission</li> <li>- Errors of commission</li> </ul>

will find writings by Galbraith (1958) of interest, as well as the Pollay (1986\*, 1987\*) versus Holbrook (1987\*) advertising debate and the recent collection by Goodwin, Ackerman, and Kiron (1997).

Classic social and economic debates are next in Figure 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. Also, much attention has been directed to advertising, as reflected in four of the eight debates. These debates likely persist because (1) strong proponents on each side will not concede; (2) generalizations are, at times, based on episodes; (3) decisive empirical evidence has not been available because of severe measurement difficulties; and (4) the underlying issues actually are complex.

The second column reflects the 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 regarded 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 U.S. society would pass laws, restricting marketers if necessary, to ensure consumers received their rights). During the past century, there have been three eras (Mayer 1989) of high public receptivity to consumer movement issues. Consumer issues have shifted over time as early concerns largely have been 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, but excellent readings are available, including Aaker and Day (1982), Maynes and colleagues (1988), Mayer (1989), and Brobeck (1997).

The third column of Figure 6 highlights difficult issues that arise naturally in marketing and must be addressed.<sup>15</sup> Handling by some marketers may spark legitimate criticisms, whereas others may merit commendation for efforts to be responsible. Also, problems may arise in balancing 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

<sup>15</sup>The essential point here—that social issues shape aspects of marketing practice—is based on Day's (1994) framework, which we have modified to reflect our purposes in this section.

expect increasing conflict here if societies' controls of marketer actions are challenged by further globalization. Third, consistently responsible actions by all members of an organization are needed. Efforts here include design of systems to assist customers with problems and formalization of the presence of influential "voices" for all stakeholders, including employees, consumers, and the broader society. The right-hand column of Figure 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 slippage)* "Creating a consumer want" has a cynical meaning among a certain stratum of marketers who first alter a consumer's product, 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, 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, then removing the trees at high prices. A classic case of this fear selling, however, was used by the Holland Furnace Company, which employed 5000 persons in its 500 U.S. 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!" Senator Warren Magnuson (Washington) called the selling "merciless." One elderly woman was sold nine new Holland furnaces in six years, which cost more than \$18,000 at the time.

*(Consumer slippage)* We have pointed out that one hallmark of the marketing system is emphasis on providing satisfaction after 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 the few legal cases and difficulty in observation. Errors of omission (failure to act when warranted) may be more common than errors of commission because of the incentive struc-

ture 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 usually are aimed at marketers, but all system participants have responsibilities, including public policymakers and consumers, and negative acts occur in each sector regularly. In addition, some acts deserve to be criticized by all participants. The U.S. system is designed for dealings to be open, honest, and well-informed. Deceptive and irresponsible behaviors injure honest competitors or consumers. Thus, it is disingenuous to simply defend actions of fellow marketers or consumers because system roles are shared. It is not clear why anyone would want disreputable persons' actions to define either the standards or image for the system overall.

## Conclusions and Implications

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

### In Summary

This article began by comparing daily life today with that at the turn of the last century. It is evident that the aggregate marketing system has brought many improvements to society. An illustration of a breakfast then showed the confluence of marketing systems, which highlighted the physical side of marketing and the wide range of system activities. Together, these explain why the aggregate marketing system is so ubiquitous within U.S. society: It employs approximately one in five adults and includes several million firms, several hundred million consumers, and many others who deal with marketing in their work in government, the professions, services, and not-for-profit sector. In the next section of the article, we summarized a three-set series of contributions the aggregate marketing system offers to society. We examined benefits to the overall economy, as well as for economic development, in the first set. The second set compiled an impressive array of direct benefits to buyers, and the third noted continual enhancements in system performance and an array of noneconomic contributions to the quality of life of a society and its members. We followed this

with a summary of criticisms of the system. As previously noted, the aggregate marketing system emerged from this overall analysis as a worthy testament to those who have shaped it over time.

### Interesting Insights from the Project

*Some substantive lessons learned.* This project has been illuminating, and five "lessons learned" stand out for us (depending on background and interests, other readers might have drawn different insights).

◆ *The size, power, and practiced performance of the aggregate marketing system has emerged in this project.* Several points accompany this realization: (1) There is a real need to appreciate conceptually the magnitudes involved in this system; (2) many "hidden aspects of marketing" may be being excluded from thinking about the field; and (3) those marketing elements the public experiences directly, such as advertising and retail selling, are likely receiving disproportionate weight in its view of the field.

◆ *Not all lessons are entirely positive; future developments likely will place marketers at the center of further controversies.* "Society," as referenced in the article's title, may be losing cohesion, and global marketers can be described as assisting this process (though this might not be intentional). Consider challenges to ethical systems (e.g., bribery), religious beliefs and customs (e.g., interest rates), or government protections for home industries and workers (trade barriers) and growing needs for adaptations in national antitrust policies (Federal Trade Commission [FTC] 1996). Meanwhile, not only does the Internet seamlessly cross 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 privacy of records, security of financial resources, and selling to children.

◆ *This article has concentrated on benefits and system potentials. However, at this special point in time, it is reasonable for every marketing person to ask whether the current aggregate marketing system actually represents "the best of all worlds."* Our emphasis here is not critical but philosophical. The system is very powerful, and marketers are at work to help it achieve its ends. That society has granted marketers substantial freedoms, and that these serve to allocate much of the nation's resources, is a key statement about a societal purpose of the aggregate marketing system. To what extent do marketing managers view themselves as having responsibility for improving the public interest or acting as stewards of a society's resources? What implications do these views have for the field as presently constituted?<sup>16</sup>

◆ *The central role for innovation in improving a society's quality of life became more evident to us.* The contributions from innovations and improvements are 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, and so forth—become clearly apparent, but global differences may impede future progress. We also find the system's twin reliance on competition as a driver and trust as a bonding agent

<sup>16</sup>We thank an anonymous reviewer for suggesting this issue be raised for the field's consideration.

to be impactful yet somehow paradoxical. Finally, it is clear that achievement of success in discovering, developing, and managing new products is a central issue for the field, which calls for closer ties with other areas, such as more joint programs for science and marketing.

◆ *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 time. Although a society's choices will constrain options, development also proceeds 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 to free-market systems be successful? Strong linkages between marketing, public policy, and aggregate marketing system performance are starkly clear in these cases.

*Implications for marketing scholarship.* Overall, we are optimistic: This project has convinced us that adopting the perspective of the aggregate marketing system helps a person "see" the field of marketing in its true expanse and complexity. However, this perspective largely has disappeared from the marketing mainstream in recent years (Wilkie 1997; Wilkie and Moore 2000). Four insights address dimensions of this issue:

◆ *Prospects for contributions from many scholarly traditions are bright if differing perspectives are pursued.* One wonderful aspect of the academic life is its freedom to speculate. Beyond specific topics in marketing and society research, it is helpful to recognize how employing different perspectives on the aggregate marketing system could enable a much broader set of contributions to marketing thought. To wit, the goals for this journal issue directed our focus toward "marketing," "contributions," and "society," and we examined the world from this vantage point. A slightly different mandate, however, might have led us to, say, "the aggregate consumption system." In this case, consumer behavior, consumer economics, and public policy would have joined marketing on center stage, though the larger phenomenon would not differ much. Thus, this project has highlighted more generally for us the potentials of higher "levels of analysis" aggregated beyond a single firm, market, or household. Although not a new insight in itself, its potential to be meshed with differing perspectives opens many opportunities for useful investigations.

◆ *Of particular note, the "value of marketing" offers special potential as an organizing framework for new contributions to marketing thought.* Following on the preceding point, much current research in marketing is actually quite useful for understanding the aggregate marketing system if we invoke only a slightly different frame of reference. "Value of marketing" will work well. A multiuniversity project with this title was begun by Yoram Wind at the Wharton School in the early 1990s and led to some of the insights cited in this article. Support for Wind's project is warranted, as is a general recognition of this framework's potential. For example, 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). Furthermore, value can be assessed at a firm level, across firms, or for society. Thus, efforts at developing theory and calibrations of the value of various marketing actions will contribute to a better understanding of the aggregate marketing system.

◆ *The existing infrastructure for thought on "marketing and society" offers inviting opportunities.* Many interesting research issues exist, and interested scholars should know that the present infrastructure eases entry to this area. Nearly 300 academics have joined the American Marketing Association's recently formed "Marketing and Society" special interest group, and allied professional groups exist in such areas as macromarketing, marketing and public policy, marketing ethics, the consumer interest, marketing history, and the aforementioned areas of QOL and social marketing, each of which offers periodic meetings. Many publishing outlets exist, including the *Journal of Macromarketing*, *Journal of Public Policy & Marketing*, *Journal of Consumer Policy*, and *Journal of Consumer Affairs*, which are among those that specialize in publishing research in this area. Mainstream journals long have welcomed manuscripts as well.

◆ *As a final note, it is troubling to realize that knowledge does not necessarily accumulate in a field; knowledge can disappear over time if it is not actively transmitted (e.g., Wilkie 1981\*).* One responsibility of academia is to place a field of study into proper perspective. We believe the aggregate marketing system should come to occupy a central position in research in the marketing field. However, this issue will not receive due consideration unless current scholars are willing to consider that important knowledge is being lost from the active body of marketing thought. As research specialization has proceeded, with good reason, this risk has increased. Knowledge outside a person's specialty first may be viewed as non-instrumental, then as nonessential, then as nonimportant, then finally as nonexistent. Our concern is not for today's scholars, who may opt to make an informed choice, but for later generations of scholars who may not gain enough background to realize that a choice is available to them. To examine this risk, a survey of Doctoral Consortium participants was run as part of this project (Wilkie and Moore 1997). In brief, these concerns appear justified. Although two-thirds of current doctoral candidates report having a personal interest in learning about marketing and society, less than one in ten has taken even one course in the area at any level, and self-rated expertise is low. Doctoral programs sorely need to reconsider this issue, as might MBA and undergraduate programs.

### **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 clearly will 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 need to adapt to new competitive realities. Richard Tedlow (1998), Harvard historian of business, offers the view that the future of the Internet depends on its treatment within the aggregate marketing system:

the word on everyone's lips is "Internet." A century ago [it] was "radio." When radio came along, everyone knew that a device of profound significance was now available ... but for all its magic, how was radio to be commercialized? ... It took decades to find the answer for radio. How long will it take for the Internet?

And what happens if the Internet changes consumers' buying behaviors in basic ways? Whereas "location, location, location" was long the retailing mantra for success, the Internet means that geographic location can be removed as a factor (sellers can be anywhere in the world), time can be shortened and shifted through computer access, new forms of information (with advice from neutral experts) can be

consulted, and lower prices might be negotiable. How will today's fixed marketing system—malls, retailers, wholesalers, manufacturers, suppliers, shippers, advertising agencies, and salespersons—adapt, and to what extent will it be necessary? It is interesting to realize that some readers of this article will be responsible for the successful adaptations that will change the marketing systems of the future.

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 the field, the challenges that it faces, and the contributions it makes to societal welfare.

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