

The Problem of Questionable Marketing Outputs

Philip Kotler*

S. C. Johnson & Son Distinguished Professor of International Marketing, Kellogg School of Management at Northwestern University, 2001 Sheridan Rd., Evanston, IL 60208, USA

*Corresponding author: Dr. Philip Kotler, S. C. Johnson & Son Distinguished Professor of International Marketing, Kellogg School of Management at Northwestern University, 2001 Sheridan Rd., Evanston, IL 60208, USA, Tel: +847 491-3522 10 23-72-61; E-mail: Pkotler@aol.com

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Abstract

The paper mainly raises some important questions about marketing and its role in society. The great thing about American capitalism and freedom is that our economy produces a very large variety of products and services. Our stores are well-stocked with food, appliances, furniture, electronics and everything you can imagine or wish for. We don't have laws stopping any products from being made, as long as they don't poison people, or pose a health or safety problem. This sounds like good news.

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Are our Foods Healthy?

Yet in the last few years, the following books appeared:

Salt Sugar Fat: How the Food Giants Hooked Us by Michael Moss (Feb 26, 2013)

The Blood Sugar Solution: The Ultra Healthy Program for Losing Weight, Preventing Disease, and Feeling Great Now... by Mark Hyman (Feb 28, 2012)

Grain Brain: The Surprising Truth about Wheat, Carbs, and Sugar--Your Brain's Silent Killers by David Perlmutter and Kristin Loberg (Sep 17, 2013)

These books assert two ideas: (1) A lot of the food that we consume is unhealthy and (2) American and other manufacturers are ready to sell us anything that can make money. The irony is that the food industry is simply selling us the food that we like. We happen to like salty, sweet, and fatty food and businesses are meeting our needs.

Isn't this also true of Coca Cola and McDonald's, two of America's iconic food companies? A bottle of regular Coca Cola contains six ounces of sugar. Research shows a direct relationship between consumption of sugary drinks and an increase in obesity, which in turn promotes diabetes, heart disease, stroke, and many other health problems.

A normal lunch at McDonald's includes a hamburger, French Fries, and a Coke guaranteed to deliver a lot of salt and fat. The result is the rising level of obesity in the American and world population. But again, these two companies are not plotting to make us obese. They are only serving us what appeals to our taste buds. As long as we believe in producer freedom, we can't tell these giant companies what to make.

What's more, these companies are outstanding in their contributions to good causes. Coca Cola not only sells us "happiness," but donates a lot of money to medical and community causes. As for McDonalds, there are 322 Ronald McDonald's Houses in 52 countries where families with hospitalized children can stay free of hotel costs. Most American's love these companies and their offerings.

There are times in American history when the government tried to ban certain products and services. The government undertook to ban alcoholic beverages during the Prohibition Era only to finally end the effort having created many criminal gangs and much public harm. The government is still conducting a War on Drugs and this is producing drug gangs and cartels without reducing the use of hard drugs. We didn't ban cigarette buying or smoking but we have put heavy taxes on cigarettes and limitations on their advertising.

What about Guns?

One of the most troublesome marketing outputs under capitalism is the widespread production and purchase of guns. Most nations have banned or curbed the public carrying of guns with the exception of the United States. The U.S. gun lobby (National Rifle Association) is all powerful and most legislators are ready to accept the NRA's financial support in exchange for their voting to block curbs on gun purchases. Americans are able to buy not only semi-automatic handguns but rapid firing assault weapons. In some states they are able to carry their gun into a mall, movie theatre or a church. Gun owners claim a Constitutional right to own and carry a gun on the grounds of the 2nd amendment that vaguely holds that citizens can bear arms. However, the Constitutional intention was that members of a militia could bear arms, not individual citizens.

It is no surprise that as a result of the proliferation of guns, several sensational shootings have occurred, the latest of which was done by 20 year old Adam Lanza barging into the Sandy Hook Elementary School in Newton, Connecticut on December 14, 2012 and killing 20 children and six adults and then killing himself. In the year following Sandy Hook, there have already been 11,460 additional gun deaths.

One would think that the Sandy Hook outrage would lead to a flood of legislation to control guns. Yet 74 bills have been pro-gun bills and only 66 were gun control bills. Yet the American public is overwhelmingly in favor of gun control. Organizations have been formed (Educational Fund to Stop Gun Violence, Sandy Hook Promise, Moms Demand Action for Gun Sense in America, Mayors Against Illegal Guns, etc.), to raise money and stop gun violence. They hope to be as effective as Mothers against Drunk Driving was in changing teen-age drinking while driving. But legislators are afraid to

vote for the curbs fearing that the powerful NRA would use its money to defeat them in the next election.

Consider Four Solutions

What are the alternatives to getting healthier and safer products produced and consumed under capitalism? We have seen that bans don't generally work.

The first alternative is suggested by the cigarette example where we put higher taxes on cigarettes and this reduced their sales. We could put higher taxes on items that are harmful to health or safety. Such taxes would most likely be passed on to consumers. But they would do the job by reducing consumption of these items.

The second alternative is to apply a "nudging" strategy which involves loading the choices in a way likely to lead customers to buy the healthier alternatives [1]. Some studies show that high school students will end up eating healthier food if the healthier food items are put earlier in the cafeteria line. Students are normally hungry after classes and grab what comes up first in the line. Extending this further, we can imagine supermarkets such as Whole Foods giving better shelf positions to the healthier brands within categories. This would mean that healthier cereals would be at eye level and the cereals worse in fat and sugar would be on the lower shelves.

A third alternative is to use "social marketing tools" to persuade people to make the healthier choices [2]. The 4Ps (product, price, place and promotion) would be applied to convince people about the healthier and smarter choices. Advocates of better eating would describe the benefits of eating the right foods and the bad health effects of eating unhealthy foods. Mayor Bloomberg of New York City was the kind of civic leader who "counter-marketed" by trying to get supermarkets not to carry 16 ounce or larger sizes of sweetened drinks and ordering cigarettes to be put out of the sight of the consumers.

A fourth alternative is to educate children from the time of their early schooling about making healthy food choices and underlining the problems caused by diets heavy in salt, sugar, and fats. Hopefully their food choices will move more to the healthier offerings. This is the way Sweden has typically tried to help its citizens grow up with the right habits and attitudes toward healthy living.

Many health charts exist showing the ingredients of a well-balanced diet that delivers enough vegetables and fruits as well as proteins and carbohydrates. The charts recommend getting more needed protein from fish and chicken than from meat. Beef, in particular, is an expensive way to get proteins because cattle have to be raised on grazing land that is growing scarcer and much proteins, vitamins and minerals can be delivered at much less cost.

The Role of Advertising in Shaping Our Wants

Many influences shape our wants. Our family, nationality, social class, and our genes are among the influencing factors. But also to be mentioned is the role of advertising in turning our needs (say for food) into wants (say a steak).

One can say a lot of good things about the role of advertising. Advertising does alert us to a lot of products and services that we may need or enjoy. Advertising introduced us to the benefits of an electric refrigerator when we used to spend time getting ice for our "icebox," and it introduced us to the electric dishwasher when we used to hand wash and dry every dish. In that sense, advertising gets us to part with

some money but end up with a higher standard of living. Advertising also gave us a finer training for judging claims and counter claims about product attributes and virtues. And advertising makes it possible to enjoy at no direct cost expensively made radio and TV shows, thanks to sponsors wanting a few minutes of our attention.

Advertising, however, has its array of critics, including Thorstein Veblen, John Kenneth Galbraith, Daniel Bell, Vance Packard and others who argue that the advertising industry is powerful and uses every trick in the trade to get us to buy things that we don't need.

Here is a statement from an advertising man. "Having worked for years in the advertising industry, I can tell you that the manufacturing of envy, desire and wantonness is in full swing. What are their fears? What are their hopes and dreams, their struggles? What makes them feel better?" We are exposed to 5,000 or more advertising messages daily. We are shown shiny new cars, beautiful clothes, appetizing meals, and must-have electronics on a daily basis. We are told the fine differences between products in the same category and often how something is on sale for today only if we act now. 30 second commercial ads are one-sided, never mentioning the downside of any product. Whole generations have been raised on the promises of the ad industry to make us more beautiful, more desirable, safer, and more satisfied.

The good news today is that the Internet and our cell phone have made it possible now to get two sides of the story. Our friends can share their preferences, experiences and reservations about advertising claims. We can look up different reviews about products and brands on the Internet. We can even set up a personal blog and message our friends and others about vendor product and service quality. Books and information are more available on sane living and how much is enough.

Defenders of advertising will insist that they aren't manipulating us and that consumers have free choice. Here is the critic Benjamin Barber's answer to this [3]: "One can easily argue that many people are making poor choices because they have been so deeply conditioned by advertisers. How can you justify spending 50K\$ on a car, and replacing it when it is 3 years old when an inexpensive well-made car will fulfill the basic needs of transportation and may last 5-8 years instead? How can you justify spending money on bottled water when tap water in most areas is just fine? And how can you justify accumulating tens of thousands in consumer debt just to acquire all of this stuff?"

Barber continues: "There is the paradigm that runs deeply through our society that having more money and having more material goods will somehow make you happier. The problem is that these desires can never be satisfied - there is always something more, and there is always someone else who has more. In the end all of this materialism leaves people feeling empty, and the only tonic that they know to try and fill the void is to go out and shop some more."

Barber goes further and breaks the process down into two stages. "The first is the 'consumerization' of the child." This is done by ads targeting young children, inculcating shopping-centered behavior in children, training them to become habitual shoppers and even developing brand consciousness. The second stage is not to have the child develop into an adult. Marketing executives seek to infantilize adults, so that they have no deeper understanding of themselves than the brand names that define them. Even though this critique of consumer culture sounds harsh, there is some truth in it." He goes on to say, "As a father of 4 kids from 24 to 61 I can say with

AUTHORITY they have been seduced by the "consume" message then pressured by their peer groups and live by the 'I consume therefore I am' motto."

There is another problem that intense advertising creates, namely it gets people to want more things than their income can buy. And the finance industry stands ready to make easy loans and sell the idea "Buy now, pay later." Everyone gets one or more credit cards and can quickly acquire a car, a new television set, and other "goods" by just signing on the dotted line. In 2008, a person with a \$14,000 income was able to raise the money to buy a \$708,000 home. College students now have a trillion dollar debt incurred in getting their college education where the tuition costs rise every year faster than inflation to \$50,000 at some of the top colleges.

Banks don't have to worry about their easy lending policies. They can always repossess the home or car when there is a default. The banks can expect the government to help with student repayment of tuition loans. Somehow we have been seduced by advertising and banking to become an "instant gratification" society that itself contributes to over purchasing, high debt, and a bubble economy that eventually bursts and continues the business cycle story of boom and bust.

The Question of the Quality of Public Goods and Services

Until now, we have commented on the quality of private goods and services produced in the American economy. The question can be asked whether public goods and services in America are generated at a high enough standard. Let's focus on two areas: public education and public health.

First consider public education. Public education in the U.S. is financed by local property taxes. The good news is that the local public can decide on what the educational needs are in its community which may be very different from community to community. The bad news

is that children living in higher paying tax communities will have access to better schools and schooling. Children living in poor communities, especially members of minority groups, are handicapped educationally. The number of students in this country that are poor in math, science, history and literature is appalling. A recent study measured the skills of Americans from the ages of 16 to 65 and found that they lacked the mathematical and technological knowledge, along with the literacy, of persons in Japan and Northern European countries [4]. Our younger citizens were close to the bottom of the 23 nations that the organization assessed.

Next consider the U.S. health system. The U.S. spends a great deal more money on the health of its citizens and has much less to show for this. The United States spends two-and-a-half times more than the average of 34 other advanced OECD countries on health expenditure per person. For example, it spends twice as much as France, a country which is generally accepted as having very good health services [5]. Add the fact that before the Affordable Health Act was passed, over 45 percent of American citizens were without health insurance. I shared this with a Swedish professor friend. He said: "Most Europeans are aghast at the American health system. The vast majority of Europeans consider basic health care insurance a human right and not as something for the free market. It is part of an infrastructure to make a country work, like roads."

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