Dangerous territory: The societal marketing concept revisited

Article *in* Business Horizons · July 1985

DOI: 10.1016/0007-6813(85)90021-7 · Source: RePEc

1 author:

John F. Gaski
University of Notre Dame

Ideational Item

Dangerous Territory: The Societal Marketing Concept Revisited

John F. Gaski

John F. Gaski is an assistant professor of marketing at the University of Notre Dame.

The "societal marketing" concept, or the view that marketing has a greater social responsibility than just satisfying customers at a profit, is an erroneous and counterproductive idea. For marketers to attempt to serve the best interests of society is not only undemocratic but dangerous as well.

On a number of occasions over the years marketing literature has recommended replacing the democratic process with oligarchy and plutocracy.[1]

This assertion may be a bit startling to some. Marketing has been accused of many things, but this may be a new one.

Of course this literature intended to advocate nothing more insidious than the view that marketing has a social responsibility beyond customer satisfaction and profit maximization. Some examples of this viewpoint, sometimes referred to as the "societal marketing" concept, are:

- "Social responsibility implies that a business decision maker . . . is obliged to take actions that also protect and enhance society's interests."[2]
- "Business has the responsibility to help [the consumer] . . . . It is the duty of business to promote proper consumption values."[3]
- "Business leaders are mandated to adopt roles of leadership in the advancement of our society to new levels of moral conduct."[4]
- "Managers must develop a new

1. See, for example, John H. Westing, "Some Thoughts on the Nature of Ethics in Marketing," *American Marketing Association Proceedings* (Chicago: 1967): 161-63; Leslie M. Dawson, "The Human Concept: New Philosophy for Business," *Business Horizons*, December 1969: 29-38; Martin L. Bell and C. William Emory, "The Faltering Marketing Concept," *Journal of Marketing*, October 1971: 37-42; Laurence P. Feldman, "Societal Adaptation: A New Challenge for Marketing," *Journal of Marketing*, July 1971: 54-60; Eugene J. Kelley, "Marketing's Changing Social/Environmental Role," *Journal of Marketing*, July 1971: 1-2; Keith Davis, "Five Propositions for Social Responsibility," *Business Horizons*, June 1975: 19-24; and Philip Kotler, *Marketing Management: Analysis, Planning, and Control*, 3rd ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1976).

2. Davis: 20.

3. Bell and Emory: 40.

4. Dawson: 32.

concept of corporate citizenship appropriate to the social marketplace."[5]

However, the so-called societal marketing concept contains an implicit rejection of democratic principles in favor of oligarchic or plutocratic public policy decision making, that is, rule by the few or rule by the wealthy. Development of this theme will provide the support for the novel assertion that introduces this discussion.

Societal Marketing and the Complaint Against It

If the properties of the societal marketing concept are to be considered, precise definition of the term is necessary. At present there seem to be two competing interpretations of societal marketing. One view is that the firm or marketer should not only attempt to satisfy customers but also act in the public interest *as a means of achieving a profit.*[6] This position can be dismissed because it represents nothing new, nothing beyond the marketing concept. If a firm acts in the public interest simply to avoid adverse public reaction or regulation or in the hope that it will be rewarded for its conduct with greater patronage (from a socially conscious market segment, for instance), this is no more than a marketing tactic, an attempt to elicit a desired response (patronage or no regulation) from a target market. It is actually a case of marketing diversification, a new product—socially responsible conduct—being offered to a new market—the public or the socially conscious segment.

The other common interpretation of the societal marketing concept, and the operative one for the following discussion, is that a marketer should act in accordance with the public interest *just because it is the right thing to do.*[7] This well-intentioned and altruistic-appearing position, which is probably almost universally regarded as morally unassailable and a long-overdue, progressive development in marketing, is objectionable on both philosophical and pragmatic grounds.[8]

The Philosophical Objection

Exactly what type of conduct is associated with acceptance and implementation of the societal marketing concept? As opposed to conventional marketing, a "societal marketer" must go beyond profitable customer satisfaction and attempt to serve the best interests of society. While conventional marketers can be assumed to operate within the boundaries of law and regulation,[9] societal marketers exceed this minimum standard and take socially beneficial action even if not required to by law and even if it necessitates some compromise of customer satisfaction and profit. (Some deviation from customer satisfaction and profit maximization is implicit in the societal marketing concept because, if the public interest were perfectly convergent with these conditions, there would be no need for the societal marketing concept and no difference between it and the marketing concept.) The societal marketing concept is put into practice when:

- A ready-to-eat cereal producer decreases the sugar content of its presweetened cereal.
- A toy manufacturer makes its products even safer than federal standards require.
- An automobile manufacturer improves the mileage delivered by its fleet beyond the federally mandated level.
- A steel producer voluntarily installs pollution-control equipment at its plants.

When a marketer or firm "acts in the public interest," however, what actually occurs is the *attempt* to act in the public interest. It is never certain that a given action truly produces a net benefit to society. (That each of the "socially responsible" acts listed above could conceivably produce detrimental effects will be illustrated in the next section.) A marketer can act in a way that conforms to the public interest merely as he *perceives* it, as he *judges* it. An inevitable element of subjective judgment is, therefore, involved in a marketer's decision to advance beyond mere adherence to principles of customer satisfaction, profit maximization, and law. In other words, for marketers to attempt to act in the public interest, to implement the societal marketing concept, they first must *decide* what is the public interest. Although motivated by the highest of intentions, they are arbitrarily and unilaterally usurping a public policymaking role that they never were elected nor designated to perform.[10] This way of deciding public policy issues is palpably undemocratic. When marketers do far more than merely conform to pub-

5. Kelley: 1.

6. Kotler: 18.

7. As suggested by Westing: 163; Dawson: 36; Bell and Emory: 41-42; Feldman: 56; and Davis: 23.

8. Most readers will recognize that this article's contention is hardly new; see, for example, Theodore Levitt, "The Dangers of Social Responsibility," *Harvard Business Review,* 36 (September-October 1958): 41-50, and Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962). However, the casualness with which this position is ignored and the contrary view accepted (as in the references cited in the first note) impel reiteration and reinforcement—and some new supporting arguments.

9. This is not to say that corporations and businesses never violate the law, just that the *model* marketer would engage in customer satisfaction/profit maximization *within* the law. To the extent that illegal methods are used, a corporate or individual marketer would actually be violating the marketing model and therefore practicing nonmarketing. The relatively small amount of illegal conduct exposed in the commercial realm, especially in comparison with that in the public and household sectors, suggests that the *assumption* of legality may not be an unreasonable starting point for analysis.

10. "Public policy" is here defined as "the principles that guide action relating to society as a whole" (see Lee E. Preston and James E. Post, *Private Management and Public Policy* [Englewood Cliffs, N.J.: Prentice-Hall, 1975]: 11).

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licly mandated standards of safety or pollution levels, how do they know that a majority, or even a significant segment, of the public really wants them to exceed the standards? Would those who clamor for a greater social conscience on the part of the private sector willingly turn over public policymaking responsibility to the marketing managers of the world, as they are unwittingly recommending?

In summary, when marketers attempt to fulfill the societal marketing concept, they take it upon themselves to decide what course of action is consistent with the public welfare. In effect, this constitutes an inappropriate locus of public policy decision making. Marketers do not have the right to decide what is in the public interest. In a democracy, only the public at large has that right.

The Pragmatic Objection

Not only have marketers no right to determine what is in the public interest; neither have they any particular competence for doing so. Although marketing managers are experts at satisfying their customers at a profit, they are *not* experts at defining and acting in the public interest. For them to attempt to do so is likely to result in poor decisions because of their lack of expertise. Such an attempt also requires some reduction in achieving the objectives of customer satisfaction and profit maximization, with detrimental consequences to the welfare of at least some segments of the public. (As suggested earlier, some departure from customer satisfaction and profit maximization is implicit in the societal marketing concept. Were it not, there would be no distinction between the societal marketing concept and the marketing concept.)

What are these detrimental consequences? First of all, there is the direct effect of less product-related satisfaction for the firm's customers. This dissatisfaction can be offset, in the aggregate, only if the marketing managers responsible for (and unqualified to make) the public policy assessment happen to be right. Secondly, higher costs are likely because taking action in the public interest is likely to require an expenditure of resources. Some of this expenditure will be absorbed in lower profits, and some will be passed on in higher prices.

Marketing actions that are ostensibly socially responsible can have side effects that are clearly detrimental to society. When the cereal producer reduces the product's sugar content to save children's teeth, it is also dictating a reduction in satisfaction on another dimension—sweetness of taste. This restricts the freedom of those customers who purchase the cereal primarily because of the sweet taste. Unless mandated otherwise by the democratic process of law, such as regulations restricting sugar content, consumers, not the producer, must be allowed to determine what will be offered in a product. Flouting consumer sovereignty results in diminished customer satisfaction, which can lead to reduced sales and the prospect of personnel layoffs.

A toy manufacturer's exceeding federal safety standards certainly seems like a "nice" thing until one recognizes that these standards represent society's best estimate of the appropriate trade-off between safety and cost. For a marketer to substitute his judgment for society's is a contravention of the public will.

The same argument can be applied to the auto manufacturer and the steel producer who impose their interpretations of what is best for society by exceeding those standards which society, through law and regulation, has indicated it prefers. If the people really wanted higher standards, they could have imposed higher standards through procedures available in a representative democracy.

If the objectives—socially valuable in themselves—of customer satisfaction and profit maximization are to be sacrificed, there had better be some assurance that the reason for doing so is the right one, one genuinely in the public interest. Marketing managers are untrained to make such a determination. In fact, if the marketers who attempt it happen to be wrong, the result is a contravention of the public will by a comparatively small and elite group of marketing executives, a condition accurately described as plutocracy or oligarchy.

What Is the Alternative?

Paradoxically, for marketers to attempt to promote the public welfare is bad public policy. The correct policy may be no less of a paradox. For if the greatest overall well-being of society in general is the objective and if democratic values are respected, then the appropriate course of action for marketing managers is to *ignore* considerations of what is in the public interest, to concentrate on the crucially important mission of satisfying customers as efficiently as possible *until instructed to do otherwise by the public itself.* When marketing practice deviates from the public interest, such instructions will be forthcoming, through either public pressure[11] or regulation. In other words, when the pursuit of profitable customer satisfaction produces socially undesirable consequences, the public will force an adjustment in the marketing. There may be frictions and time lags involved, but is the attempt to gauge the interests of society by those not equipped for the task likely to be more efficient? This recommended procedure offers the advantage of strict adherence to the customer satisfaction and profit maximization goals until society, through the democratic process, dictates otherwise. *The social responsibility of marketing, then, is to forget about social responsibility.* The alternative is intolerably dangerous.

To consider an example, the American steel industry had been polluting the atmosphere for many years. Recently, reflecting shifting social preferences, steel companies have been forced to clean up their production operations. The American people have decided to accept more costly steel production for the sake of a cleaner environment. But suppose the steel industry had made such a decision in advance of public sentiment. Suppose fifty years ago a prescient steel industry had foreseen the extent of adverse environmental consequences caused by their production processes, as well as the ultimate public outcry. Suppose the industry collectively had decided: "Although we've been doing a great job of developing steel-producing capability in the United States, now it's time to do something about the environment. Let's reduce air pollution by 50 percent." Of course, without modern pollution-control equipment, this probably would have required a 50 percent reduction in output or some severe compromise of efficiency, thereby aggravating a depression. The philosophical problem is that the decision would not have been made democratically. Fifty years ago, even twenty years ago, the American public had not yet expressed nor developed the view that environmental quality was worth the sacrifice of a degree of steel-making efficiency. For steel producers to assume responsibility for such decisions is flagrantly undemocratic. Pragmatically, had such a decision been made, total social utility would have been reduced because efficiency would have been traded for an objective that was not valued. It should also be noted that, with such a gross trammeling of U.S. steel-making capacity, not only would a depression have been intensified but the outcome of a world war might well have been reversed, all in the name of societal marketing!

A less extreme, real-world illustration is the Cummins Engine Company of Columbus, Indiana, which long has been known for its social conscience, committing itself "to consumer advocacy, philanthropy, and to assisting minority communities."[12] The Cummins Engine Company has also laid off 2,700 workers since mid-1980. Perhaps if Cummins Engine had not "given away the store" by applying resources to its managers' pet social causes, a few hundred more people would still have jobs. How socially responsible has Cummins really been?

Although the public sentiment will not always be "correct" in an objective sense, it is only this group that has the right to be wrong about public policy issues. There is no guarantee that what business executives perceive to be socially responsible action really will be.

Some Questions and Answers

A number of objections that suggest themselves deserve to be answered:

1. *Can the public be expected to possess enough information to exercise such oversight?* Of course not, but that is what their elected and appointed representatives are hired to do. They provide the conduit for expressing, through laws and regulations, the public's mandate as refined by expert judgment.

2. *Can it be expected that the decisions of regulators and legislators will be superior to those of marketing executives?* Probably not. Neither can they be expected to be any better than the decisions of a benevolent dictator, especially if the dictator is an American Marketing Association member. But that is the nature of representative democracy and, over the long term, the results of such a political arrangement speak for themselves.

3. *Will not the profit incentive guide marketers to implement the optimal degree of societal marketing? Will they not pursue social objectives until the market will tolerate no more (higher prices,*

11. Public pressure, when of sufficient intensity, can be translated as "expected regulation" or, perhaps, "expected sanctions."

12. Mark Green, "When Corporations Become Consumer Lobbyists: On Conscience and Profits," in *Corporations and Their Critics*, ed. David Vogel and Thornton Bradshaw (New York: McGraw-Hill, 1981): 20.

lower profits, and so forth) and dictates otherwise? No. Because societal marketing implies the partial subordination of the profit objective, this principle cannot be relied upon to direct marketing activity. That is, because societal marketers already have rejected market signals in favor of their arbitrary moral judgment, market signals are no longer a dependable force.

4. *Considering the acknowledged time lags and consequent ill effects involved in marketers' not adjusting customer and profit objectives until forced to by law or public pressure, would it not be more desirable for marketers to expedite the process and act in advance of the imposition of such measures?* This is a reasonable modification of the recommended policy, and it can be observed regularly in practice. For instance, steel executives ordinarily do not wait until fines are levied and they are thrown into jail before cleaning up their production operations; they act when it is plain that such sanctions will occur if they do not. But only the near-certain expectation of such sanctions is a sufficient signal that society is serious about wanting an adjustment in marketing (in this case product creation) practice. Anything less allows too much latitude for subjective judgment by the marketer. In other words, "self-regulation" is fine as long as it comes in response to clear social signals and not from arbitrary managerial judgment or whim.

5. *If our operational interpretation of the societal marketing concept is to be condemned so categorically, can the alternate interpretation—acting in the public interest to earn a profit—be tolerated?* Yes. Businesspeople are very good at identifying what produces profit but unskilled in identifying what produces societal well-being. Therefore, a policy of socially responsible action undertaken in pursuit of the profit objective is more likely to yield good decisions than the same policy undertaken for its own sake. The critical difference is the presence of the highly efficient motivator of self-interest. (This argument is not to be confused with the third point, which relates to pursuing social aims as opposed to, rather than as a means of, achieving a profit.)[13] It is legitimate and productive for marketers to attempt to promote the social welfare as a means of enhancing profits. It is only the view that marketing has some ethical or moral obligation *beyond* profit maximization and customer satisfaction that is being denounced as a socially destructive and ironic absurdity.

6. *What about occasions when a marketer has proprietary information which, if publicly known, would result in a demand for action at variance with the pursuit of customer satisfaction and profit maximization?* An example of this might be the Ford Pinto episode, in which an inexpensive adjustment could have saved the lives of a number of people who perished in rear-end collisions which caused the Pinto gas tank to explode.[14] Although Ford's product conformed to federal safety standards, greater public knowledge of the dangerous gas tank might very well have resulted in additional safety adjustments being required.

One answer is that a public deficiency of information can never be known with certainty. Rather than the marketer's attempting to assess subjectively the probability that the public and its representatives do not possess equivalent information, it may be more viable for him simply to attend to his economic mission until given definite instructions (that is, *forced*) to do otherwise. Such a policy may, indeed, produce short-term damage to the social interest, but so might the alternative of the societal marketing concept.

Another answer, which may be more acceptable to those who disagree with what has been expressed thus far, appears to have emerged from the Pinto case. Some background, as it applies to this issue, may be helpful here.

The traditional understanding of the operation of economic democracy is that (1) the market propels marketers to act in accordance with the public will, that is, to provide desired goods and services efficiently, with (2) the process augmented by legislation and regulation, which attend to matters not enforced adequately by the market. For example, the market could set product safety standards but only with an unacceptable period of adjustment in which personal injuries would occur. Therefore, regulators interpose their best judgment of what the ultimate market-imposed safety standards would be.

As a result of the Pinto case, even with no finding of criminality, three forces appear to be operating to guide marketing conduct to conform to the dictates of the people (see **Figure**). In addition to the processes of traditional economic democracy described above, *marketers now must assess the likelihood that future courts of law will find them guilty of criminal negligence,* even for conduct commanded by the market and approved by (that is, within the bounds of) regulation. This represents a new consideration that must be taken into account in all marketing decision making. Although it did not happen in the Pinto case, there is now the possibility of a guilty verdict. Marketers forevermore will have to act as some hypothetical judge or jury might regard as proper. Society doesn't ask much of marketers, does it?

13. So Kotler's original definition of societal marketing (see note 1) is not being challenged.

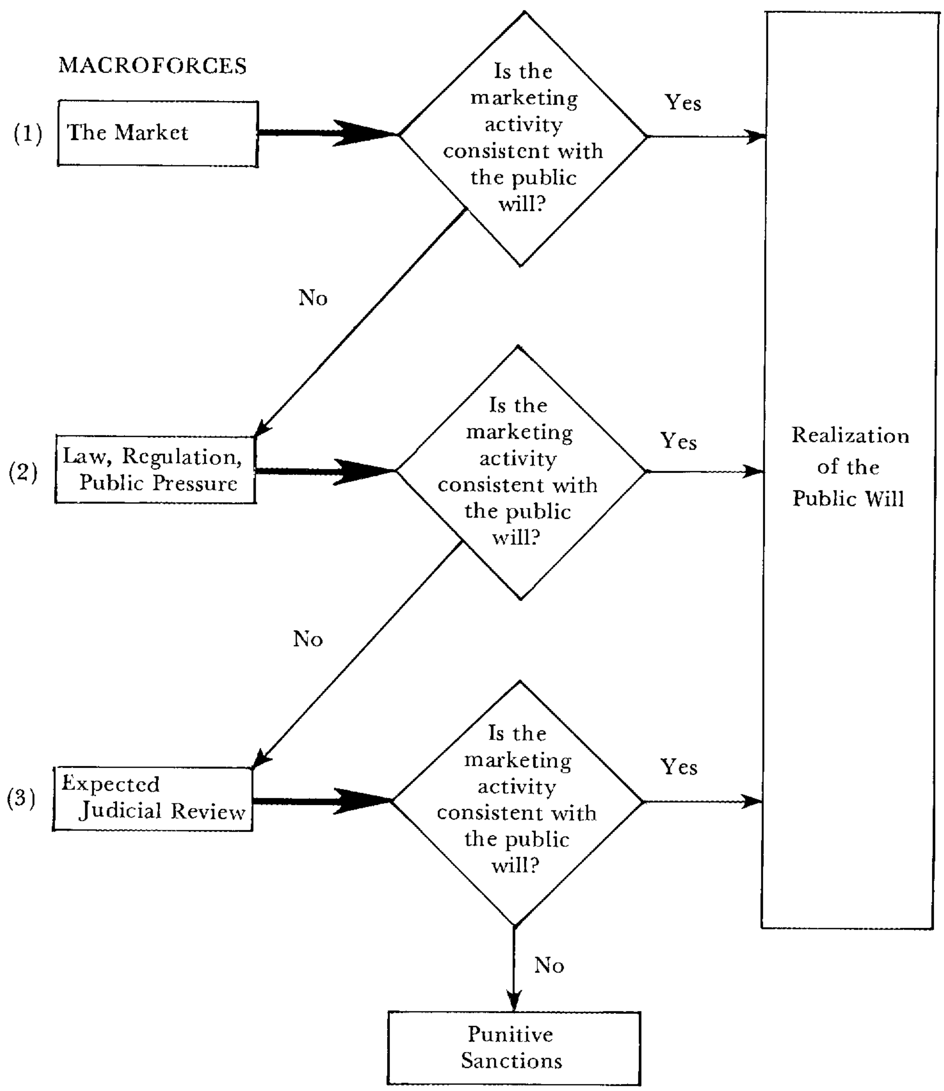
14. Highlighted by the landmark case (*State of Indiana v. Ford Motor Company,* No. 11-431, Pulaski Co. Circuit Ct., April 10, 1980) in which Ford faced criminal prosecution for negligence in producing a car with a defect that cost the lives of three girls in a Goshen, Indiana, accident. This was the first time that an American manufacturer was actually charged with reckless homicide and criminally prosecuted for the way it designed and built a product.

A marketer's economic mission is of such vital social importance that it should not be compromised unless a clear social mandate is received. This mandate becomes unmistakable only when the marketer is forced, by law, regulation, or anticipated legal sanction, to adjust his policies. In this way, the market determines economic activity and the public determines public policy. Principles of economic and political democracy are observed. This contrasts with the societal marketing concept, which advises the marketer, in effect, to decide what is in the public interest. Such a policy is not only undemocratic but dangerous, entrusting the public welfare to the wrong group.

As Milton Friedman eloquently puts it:

Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine. If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is? Can self-selected private individuals decide what the social interest is? Can they decide how great a burden they are justified in placing on themselves or their stockholders to serve that social interest? Is it tolerable that these public functions of taxation, expenditure, and control be exercised by the people who happen at the moment to be in charge of particular enterprises, chosen for those posts by strictly private groups?[15]

The "Three-Forces" Model of Economic Democracy



Naturally, an empirical resolution of this provocative issue, perhaps the ultimate one in normative macromarketing, would be desirable. Testing the proposition that societal marketing is bad public policy would involve measuring such variables as "degree of allegiance to the societal marketing concept" and "net impact on aggregate social welfare." Considering the inevitable, maybe insurmountable, difficulty of such an exercise, the approach here has been analytical. Perhaps this discussion, counterposed to the conventional view, will stimulate more analysis and debate. □

15. Friedman: 133-34.