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# The Role of Marketing in an Economy of Affluence and Shortages

ZOHRAB S. DEMIRDJIAN

Although the pessimistic prediction of Thomas Malthus, that if world population grows we will all be poorer, has not yet materialized, the most important thing he said seems irrefutable.<sup>1</sup> (Now there are more of us and we have more per capita income.) Malthus argued that we have to learn to live within limits.

The economic headlines these days are dominated by the word "shortage." Our concept of an affluent economy in the United States is changing into a mixed economy of affluence and shortages. The era of abundance has become part of the realm of the past.

Energy crises, material shortages, spiraling inflation, pollution problems, pressing demands of consumer advocates, are challenging marketing with a new role. The purpose of this article is to serve as a catalyst for discussion of issues revolving around the role marketing should undertake during an era of shortages. After an overview of the function of marketing at various states of economic development of a society, we shall examine the possible role of marketing in an affluent economy, stricken with shortages. Finally, we shall discuss two pitfalls which might trap a marketer engaged in solving shortage problems.

**Zohrab S. Demirdjian** is instructor of Business Administration and a doctoral candidate in Marketing at Louisiana State University, Baton Rouge. He received his B.S. and M.B.A. from Arizona State University. Mr. Demirdjian has taught at U. S. Air Force Base, Nouasseur, and has held various managerial positions in a number of small and large firms. He is presently co-authoring a basic marketing communications textbook.

## An Overview of Marketing's Role in a Society's Stages of Economic Development

W. W. Rostow's scheme for classifying the stages of economic development which a society traverses includes six levels of societal sophistication. These are: The Traditional Society, the Transitional Society, the Take-off Society, the Maturing Society, the Mass Consumption Society, and the Post-industrial Society.<sup>2</sup> The reason for discussing Rostow's stages of economic development is to examine the major role played by marketing at each stage. In this way, we should be able to compare its former role with that of a new, possible, one in an economy of affluence and shortages.

Of the six levels of societal sophistication, the Traditional Society is the most primitive. Modern science is not utilized at this stage, and productivity suffers from its absence. Much of society's resources are harnessed to feed people rather than to engage in capital formation for producing high-value-added goods. Marketing's role in this type of society is very basic; it is confined to the distribution of goods necessary for subsistence living. Even this activity is conducted quite inefficiently.

The Transitional Society is character-

ized by preoccupation with getting ready to take off into a modern economy. The people have become aware that progress is better than hibernating throughout their lives. Through marketing, such an awakening has been kindled into a spirit of nationalism. At this stage, marketing is still inefficient and its primary function is to move goods, physically, for consumption. The challenge to marketers here is to change traditional ways of operation and to establish an efficient system which is conducive to capital formation for industrialization.

Change is the dominant characteristic of the Take-off Society. At this stage, the rate of capital reinvestment is high, for the industrial sector exploits growth opportunities. Moreover, technological change is made to match the rate of capital investment and to deter waste in investment; thus, feeding the population does not bleed the economy into hand-to-mouth living. Entrepreneurs and wage earners now find themselves with discretionary income for satisfying wants which have long been denied gratification. At this level, marketing can stimulate a mass incentive to work and thus enjoy the fruits of productivity. Ultimately, the role of marketing is to encourage investment for future profits.

The Maturing Society is on the path of growth through high reinvestment of capital. Feeding the population is no longer the major national problem. The country moves away from basic commodity production, to high-value-added industries. The marketing role here is similar to that performed in the Take-off Society, but is more intensive in that it shows the people what is possible and what can be expected from life. Many cultural differences have to be understood, at this point, in order to market goods and services successfully.

In the Mass Consumption Society, characterized by economic plenty, people are bent on enjoying the economic

benefits of their labor. Social services for improving the life of every citizen abound. The United States has been such a society. Marketing, in this society, deals with efficiency of operation, just as it does in the Traditional and Transitional Societies. The Mass Consumption Society is keen on eliminating needless costs in marketing products. Marketing turns the attention of people to the "good life." Products and services for making life more comfortable are brought to the attention of the high consumption society. Marketing also contributes to the improvement of the environment of society. However, the single, most important, role of marketing at this stage is generating higher demand for goods and services as fuel for mass production.

In the Post-industrial Society, people turn away from preoccupation with the economic betterment of their lives. The emphasis is now placed on less tangible aspects of life, such as the quality of life, the environment, the family, and so on. The populace attempts to self-actualize in terms of its higher-level needs. The role of marketing in a Post-industrial Society is thus undefined. Apparently, such a society does not yet exist. There is, however, ample evidence that the United States is becoming such a society.

The role of marketing in the Post-industrial Society will be a vital one. The marketer will face a more sophisticated consumer who, not only will be concerned with his own interests, but also with the plight of his underprivileged fellow citizens. The socially conscious consumer will demand a socially responsible marketer.

The foregoing review of Rostow's economic stages indicated that marketing plays an important role in the economic development of a society. Marketing's major contribution lies in its stimulation of higher demand for goods and services, thus causing the economy to grow. This

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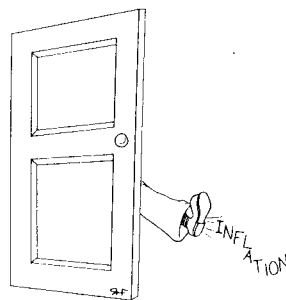
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is especially true of a Mass Consumption Society.

Now that the world has finally experi-  
enced the impact of shortages of im-  
portant raw materials, the crucial ques-  
tion raised is: Will marketing in our  
economy be relegated to the background,  
since it no longer can justify the crea-  
tion of ever higher demand for material  
things? Or, can marketing adapt to en-  
vironmental change and mitigate the  
problem of scarcity of once abundant  
resources, thereby preserving its pres-  
tige as a vital social institution, both in  
the eyes of top management and society  
at large? Perhaps marketing can de-  
emphasize demand, for a change, and  
divert its attention to helping solve  
shortage problems.



The role marketing can best play in  
an affluent society characterized by  
shortages of essential materials, is  
largely uncharted. Robert Heilbroner, in  
his recent book, *An Inquiry Into the  
Human Prospect*, describes the Pro-  
methean man as full of "driving energy,"  
and "nervous will."<sup>3</sup> This can also be  
said of the marketing man, in an affluent  
economy, whose driving energy and  
nervous will are channeled toward cre-

ating ever higher levels of demand.  
Heilbroner warns that such a fire may  
burn the world. For the sake of human-  
ity, Prometheus must die. But who shall  
be his successor? The author proposes  
that the maximizer with a burning de-  
sire to conquer be supplanted by Atlas—  
the burden bearer. Atlas is a quiet man  
who plays life not to win, but to survive.

Naturally, the foregoing observations  
are futuristic, but they fit well the image  
of marketing in an economy beset with  
shortages. Instead of being a Promethe-  
an marketer who stimulates aggressively  
higher levels of demand for goods and  
services, the modern marketer should  
assume the role of an Atlas who en-  
courages moderate living rather than  
goads people toward a hedonistic life.

### The Role of Marketing During Shortages

Due to a new economic phase of short-  
ages and relentlessly soaring prices,  
realization of the American dream prem-  
ised on a cornucopia has been, at least,  
temporarily postponed. To some, this  
phenomenon seems transitory; to others,  
it appears permanent. The present-day  
concept of affluence has to make allow-  
ance for scarcity.

The blind faith of immigrants and the  
boundless optimism of each new genera-  
tion in the United States in the belief  
that life tomorrow will be better than  
today, is being shattered by the stern  
reality of recent events. There are limits  
now even to daydreaming, just as there  
are limits with respect to material goods.  
The prodigality of the nation is diminish-  
ing. For one thing, we no longer can tell  
the young man, literally or figuratively,  
to "go west." In the past, the United  
States could always expand, market- and  
resource-wise. The Western frontier was  
an expansion valve in the face of short-  
ages in land, natural resources and mar-  
kets. There were no psychological limits  
to the frontiers of business expansion.  
Nevertheless, such optimism toward

abundance has lived on in the minds of marketing men.

The Golden Age of marketing, until recently, could claim an ever higher standard of living for a mass consumption society. In an era of shortages, the role of marketing perhaps should be to decelerate glamorization of "high living" in order to address worldwide scarcity problems.

In each different stage of economic development, marketing plays a distinct role. Now, marketing will take on a new role to meet the challenges posed by shortages. There are certain ways marketing can alleviate stresses and strains in an economy caught in the fangs of increasing material shortages. Some of the possibilities are discussed in the following section.

#### Decreasing Planned Obsolescence

Planned obsolescence is basic to a mass consumption society. On the other hand, it should be anathematized if we are to survive in a climate of shortages. There are three distinct kinds of planned obsolescence under the control of marketing: functional, style, and material. In each of these areas, marketing can assume an important catalytic role in controlling waste of valuable raw materials.

In planned functional obsolescence, the marketer withholds certain attractive features of a product for future inclusion in order to render the predecessor model obsolete. This approach encourages early replacement of the product.<sup>4</sup>

Somewhat similar to planned functional obsolescence is planned style obsolescence. Here, the marketer manipulates and changes the owner's attitude and concept of what is currently an acceptable style in order to encourage him to replace his "outmoded" product.

Finally, in planned material obsoles-

cence, the marketer incorporates in his product components made of materials that are susceptible to early wear, rot, corrosion, and to high breakage. Thus, the rate of replacement for that product is purposely accelerated because the product prematurely malfunctions.



In all three planned obsolescence situations, marketing could have enormous impact by conserving scarce resources. However, abstinence from planned obsolescence strategies would mean lower demand for the marketer and often higher prices per unit for the consumer. The consumer would purchase fewer units at higher prices and may have net savings in expenditures. Also, prices of scarce materials could be thus lowered, further reducing consumer expenditures.

There is always a trade-off in economics; either we reduce the degree of planned obsolescence and enjoy products made of certain scarce materials, or we go without these products in the near future. Marketing could stress quality and longevity of products to make the consumer willing to pay higher prices and, in the process, reduce the rate of replacement.

ates in his materials wear, rot, age. Thus, at product cause the tions.

### **Demarketing Certain Products**

Another area in which marketing can assume an important role is in demarketing certain products made of scarce materials.<sup>5</sup> One way this could be done is by simply not marketing the types of products made of materials of which the economy is experiencing shortages. Demarketing, especially through limiting promotion, eases the demand for products made of scarce materials. Although the concept of demarketing runs counter to mass-consumption-oriented marketing strategies, in the long-run the benefits of such a practice would insure the firm's viability at the cost of short-run maximization of profits.

### **Accelerating Research and Development**

In those corporations in which research and development functions are influenced by marketing considerations, marketing can play a vital role in alleviating the problem of shortages. One way would be to speed up the wheel of R & D in order to find substitute materials for existing products. Not too long ago, nylon was invented to substitute for silk which is a scarce and expensive commodity. Now, due to petroleum shortages, nylon too is threatened by scarcity.

### **De-emphasizing Upward Mobility**

The idea of upward mobility should be de-emphasized. Marketing could play down the attractiveness of what is large and expensive. The adequate product should be stressed for the individual rather than the conspicuous one. For example, a person's home is now a status symbol. Upwardly mobile young couples excuse the small house they live in during the early years of their marriage as their "first home." They imply that subsequent homes will be larger as they become more affluent. Although the first house is adequate for the couple, the quest for a larger home goes on until it

ends in disutility of national assets. Hence, upward mobility should be replaced in the consumer value system with adequate utility. When scarcity of resources obtains, marketing communications techniques should be directed toward selling essential human needs.

### **Bettering the Practice of Hedonics**

Every year billions of dollars are spent on hobbies or other pastime activities. As one writer put it:

Capacity for enjoyment is limited through lack of sensitivity or experience, through lack of time or energy for pleasurable activities, and through confusion or uncertainty as to relative values.<sup>6</sup>

Consequently, inadequately informed consumers waste a large share of the hobby products bought each year.

As a solution to this problem, one marketing scholar has suggested "hedonics." The word is based on Greek roots which mean "pleasure" and "management." The author of the concept elaborated:

... problems of hedonics have to do with changing our taste within the range that we are able to support, and what should be done at any level of income to get the most out of life.<sup>7</sup>

Marketing communications could enable the hobbyist to decide if the hobby is appropriate for his needs. In the long run, society would benefit from obviating waste generated by the purchase of unsuitable products.

### **Stimulating Reverse Distribution**

Although reverse distribution was developed in relationship to environmental pollution,<sup>8</sup> the concept also could be utilized to lessen shortages. Marketing can aid the return of certain reusable products to the manufacturer. In this way, scarce materials found in solid wastes could be reclaimed for new prod-

ence situ- enormous resources. anned ob- ean lower and often consumer. ase fewer / have net prices of s lowered, enditures. ff in eco- degree of joy prod- materials, acts in the old stress oducts to pay higher educe the



ucts and thus the depletion of natural resources would be deterred.

### Encouraging Responsible Consumption

Marketing, by encouraging responsible consumption, could mitigate the problem of shortages. Through fostering the value system, "Why use two when one will do?" many products affected by the shortage of materials would serve the consumer over a longer period. As a result, the demand for such products would be lower; the rest of the nation would thus enjoy the availability of these products at prices within reach.

Conservation of natural resources does not come about by accident. Deliberate, responsible, action on the part of the consumer, the marketer, and the government is required. Responsible consumption is another way of expressing the practice of moderation. The United States has six per cent of world population, yet it consumes twenty-six per cent of world production. Certainly, there is more room for "deconsuming" in this country than in India, for instance, where subsistence living is the lot of hundreds of millions.

As has been pointed out, marketing can play a positive role in an economy beset by scarcities. The preceding suggestions may help alleviate the "shortage" problems of the economy. However, the astute marketing manager should be aware of possible negative reactions from the consumer.

### Pitfalls Inherent in Price and Promotion Manipulation

Two countervailing powers are inherent in the manipulation of pricing and promotion. The marketing manager should be cognizant of these possible adverse manifestations in the course of solving shortage problems.

#### Pricing Pitfall

In an attempt to curb demand for certain products made of scarce materi-

als, the marketer might choose to increase prices. By doing this, some consumers are discouraged from buying. On the other hand, others may construe high price as an indicator of quality and be goaded into purchasing the product.<sup>9</sup> There are a number of studies which point out that price is often taken by the consumer, in the absence of better information, as a sign of quality.<sup>10</sup> As a consequence of price increases, instead of depressing demand, the marketer may generate more consumption. The point is, that demarketing through higher prices could be a precarious strategy.

#### Promotion Pitfall

Another potential pitfall lies in promotion. While endeavoring to inform customers of current or coming shortages through promotion, a marketing manager could actually increase demand for his products. Hence, the problem of shortages would thus be aggravated. A social psychologist has called such a phenomenon "psychological reactance."<sup>11</sup> The basic idea of this theory, supported by empirical evidence, is that a person is motivationally aroused any time he thinks one of his freedoms has been threatened or eliminated. This motivational arousal (psychological reactance) moves a person to try to restore his freedom and generally results in an increased tendency toward the exercise of a threatened freedom. Hence, the author of the theory argues:

After all, it is quite apparent that humans are frequently upset when they feel deprived of major political and economic freedoms—and this is neither surprising nor in apparent need of explanation.<sup>12</sup>

It behooves the socially responsible manager to realize that stressing "shortages" shifts the demand curve for his product upward. The short-run effect, at least until supplies are exhausted, is that more people end up buying the

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product in order to regain their threat-  
ened economic freedom.

### Conclusion

To briefly delineate the role of mar-  
keting at various stages of economic de-  
velopment, Rostow's framework was  
adopted. The purpose was to demon-  
strate that marketing played an import-  
ant role regardless of the level of eco-  
nomic development of the society. Now  
the world economy is experiencing  
shortages. In a nation of affluence, such  
as the United States, marketing can as-  
sume a vital role in alleviating scarcity-  
related economic problems. Until recent-  
ly, the mission of marketing, particularly  
in mass consumption societies, has been  
to stimulate more demand. The new role  
of marketing should be to mitigate short-  
ages. Marketing must somehow reverse  
direction and begin to decrease demand  
for products made of endangered mate-  
rials.

Possible relief from shortages has been  
envisaged in the form of decreasing  
planned obsolescence, demarketing cer-  
tain products, speeding up R & D, de-  
emphasizing the concept of upward mo-  
bility, bettering the practice of hedonics,  
stimulating reserve distribution, and in  
encouraging responsible consumption. In  
an attempt to demarket through increas-  
ing prices or "crying shortage" however,  
the unwary marketing manager may, in-  
stead, run the risk of increasing demand  
for his products.

In *The Revolution of Hope*,<sup>13</sup> Erich  
Fromm's discussion of the problems of  
modern industrial man may sometimes  
sound overstated. Yet this book provides  
20th century man with food for thought.  
Among a myriad of problems confronting  
man is one of compulsive consumption.  
Fromm suggests that production be redi-  
rected from certain unnecessary private  
consumption to a more humane form of  
social consumption. Marketing's most  
formidable task in the years ahead may

lie in bridging the gap between the tra-  
ditional and the modern, the "haves"  
and the "have-nots," and between abun-  
dant and shortages. Marketing must ad-  
dress itself to this task if it chooses to  
survive as a social institution.

### NOTES

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