

Chapter 10

Macromarketing

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Summary

A marketing executive must be concerned with how well both the marketing system as a whole, a system intended to provide goods and services whenever and wherever they are wanted, and the market economy of which that system is a part meets societal, as opposed to either consumer or corporate, needs. A number of issues on which responsible managers and informed citizens should be prepared to take a position are explored.

INTRODUCTION

The students reading this book wish to become effective international marketers. Any marketing executive must also be concerned with how well both the marketing system as a whole, a system intended to provide goods and services whenever and wherever they are wanted, and the market economy of which that system is a part meets societal, as opposed to either consumer or corporate needs.

The overall performance of the marketing system will be the central concern of this chapter. You will be exploring a number of specific issues on which, as both responsible manager and informed citizen, you should be prepared to take a position. In addition, you will be exploring these issues from a macromarketing perspective. That being so, the first thing that should be done is to define macromarketing and show how it differs from a more traditional managerial approach to marketing. This is well done in the following excerpt (Mittelstaedt et. al. (2006).

Macromarketing is the study of the impact of society on marketing systems and the impact of marketing systems on society (Hunt 1981). It takes as its primary unit of analysis the market or marketing system, rather than the firm or the individual customer. How is macromarketing distinct from more orthodox views of marketing? According to the American Marketing Association (AMA 2005), "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (<http://www.marketingpower.com>). Prior to 2005, the AMA defined marketing as "the process of planning and executing the conception, pricing, promotion and distribution of goods, ideas and services to create exchanges that satisfy

individual and organizational goals.” For purposes of distinction, we will refer to this, by either definition, as the marketing of the firm, or micromarketing.

While the old and new AMA definitions differ in language and intent, they express a handful of common traits that distinguish micromarketing from macromarketing. First, both the old and new definitions express a managerial orientation. Macromarketing, by contrast, tends to emphasize social, cultural, or policy orientations. Second, both definitions focus on exchange, or transaction, to the exclusion of the broader marketing system. Macromarketing focuses on the marketplace, as a whole, placing more emphasis on systems of transactions than on individual exchanges. Third, the basic unit of analysis in marketing is the firm or customer. The unit of analysis in macromarketing is the market and/or the marketing system.

The American Marketing Association is now reconsidering the appropriateness of its current definition of marketing. That definition is under intellectual attack for its failure to recognize that marketing is an activity which has important societal, as well as commercial, dimensions. But whatever the changes that might result from such a reconsideration, most students of marketers will continue to focus on strictly managerial concerns. However, marketing’s performance, as viewed from a broader perspective, will continue to be studied both by marketing scholars with societal interests and, as we shall see, by other academics viewing the same issues but from very different perspectives.

GOING BEYOND DEFINITIONS: THE SCOPE OF MACROMARKETING

The definition of macromarketing given above, though it adequately differentiates the subject from marketing management, does not reveal the domain of macromarketing. What topics, subjects and issues should be considered macromarketing concerns? One way of answering the above question is to focus on the various subject areas for which the *Journal of Macromarketing*, the major academic publication dedicated to this subject, has appointed Section Editors. These sections include:

Competition, Markets, and Marketing Systems;
Marketing and Development;
Marketing Ethics and Distributive Justice;
Global Policy and Environment;
Quality of Life; and
Marketing History.

Each Section Editor has provided a statement spelling out that Section’s central issues and concerns and, as well, given examples of the kinds of papers that would be welcomed. Those statements can be found “online” at the *Journal of Macromarketing’s* own website: **HYPERLINK** "http://agb.east.asu.edu/jmm/from_the_editor.htm" http://agb.east.asu.edu/jmm/from_the_editor.htm). A number of the most widely cited macromarketing articles are also available for downloading at that site. Collectively, these articles provide both a sense of the field and of the important issues being explored.

Drawing upon the “scope of interest” statements mentioned above, Dr. Clifford Shultz, the current Editor of the Journal recently summarized the nature and scope of macromarketing (2007). Dr Shultz’s reworking of this material in a way that highlights both the range and the importance of the issues being explored is an excellent one. Though too lengthy to be reproduced here, this discussion of the breath, depth and scope of macromarketing is well worth your attention.

Another useful approach to obtaining an appreciation of the nature and extent of macromarketing would focus on a number of recent overview articles. Perceptive examinations of both the intellectual development of macromarketing and the substantial body of relevant literature are to be found in Mittelstaedt, et al (2006) and Layton and Grossbart (2006). Also, Shultz (2007) has both written an excellent introduction to macromarketing and demonstrated its relevance to the examination of marketing in the Balkans and in Southeast Asia. Finally, Shapiro (2006a) provided a historical examination that focused on macromarketing’s organizational problems as a sub-discipline of academic marketing and highlighted the European contribution to the macromarketing literature. The first two of these review articles are to be found in the December, 2006 Silver Anniversary Issue of the *Journal of Macromarketing*. Collectively, the articles appearing in that issue provide the best single overview of macromarketing currently available. The contribution by Wilkie and Moore to that issue also considers the place of macromarketing within a somewhat broader “marketing and society” perspective (2006).

Finally, Shapiro’s proposed “master list” of readings in macromarketing (2006b) provides another approach to defining the domain of macromarketing. It suggests that the following ten topics collectively define the scope and central concerns of macromarketing:

- the performance and regulation of markets and of marketing systems;
- how both the parties concerned and others are affected by market transactions
- how society impacts on marketing and marketing systems;
- the politics of distribution;
- quality of life: measures of well being and happiness;
- distributive justice: deciding what’s fair and equitable;
- globalization: its pluses and minuses;
- marketing’s contribution to social and economic development;
- the role of consumption in contemporary society;
- the sustainability challenge to the consumption ethos.

Important macromarketing articles exploring each of these topics are listed under the various headings (Shapiro, 2006b). However, this list is, intentionally, a selective one. Students interested in exploring any of the above issues in greater depth will find that the articles chosen for their relevance to particular topics themselves, in turn, reference many other important sources. That same list also suggests that what have traditionally viewed as alternate and distinct macromarketing themes are more

appropriately viewed as interwoven streams and/or interacting forces within a macromarketing mosaic. One finds, for example, Sustainability, Quality-of-Life and Development all being discussed in depth in the same article.

Neither marketing history nor marketing ethics are among the central macromarketing issues identified above. History is omitted not because it is unimportant but rather because, as Layton and Grossbart correctly mention, it is an important tool of analysis, whatever the macromarketing issue being examined (2006). The contribution that history can and has made to macromarketing is more fully explored by Jones and Shaw (2006). The ethics focus in this chapter has been limited to distributive justice or how fairly all concerned are being treated. Much of the other excellent literature on business ethics (i.e. Hunt and Vitell, 2006; Laczniak and Murphy, 2006) published in the *Journal of Macromarketing* has, in fact, far more of a managerial than a macromarketing focus.

THE CONTROVERSIES APPROACH TO THE STUDY OF MACROMARKETING

Because of all the topics it encompasses, macromarketing is a difficult subject to study. First of all, no single textbook currently available provides the core of a course on this topic. There is, as we have already seen, a very extensive literature on various macromarketing topics. However, much of the literature in this field has been written by professors for an academic audience. It tends, consequently, to be scholarly in tone and while covering important topics, some of these articles are not all that easy to read.

Macromarketing issues have not only been studied by marketing academics. Macromarketing provides but one perspective, admittedly a very useful one, on such issues as markets and their regulation, the role of consumption in our society, and the problems associated with third world poverty, hunger and illness. The same societal issues are also being examined, but from very different perspectives, by economists, philosophers, political scientists and sociologists. Indeed, these issues are so important that they are repeatedly discussed in popular as well as academic publications.

One way for students to appreciate both the complexity and the social relevance of macromarketing is to focus on long controversial and still unresolved issues. What actions should, and which should not be taken, to deal with serious problems associated with the marketing system's failure to meet important societal needs? These problems take many different forms. Certain products such as cigarettes and hand guns can create serious problems even, in fact especially, when they are used as they were intended to be used. The very existence of other markets, such as that for the services provided by surrogate mothers or the sale of body organs, generates public controversy. In addition, issues arise as to what constitutes ethical behavior in a world of resource shortages or when the marketplace is not adequately responding to people's needs. Then, of course, there are such questions as "what's fair and equitable" as far as the distribution of wealth is concerned, be that distribution national or international.

Eight areas of controversy within macromarketing are briefly discussed in the remainder

of this chapter. Each discussion is followed by a brief reading list which highlights the conflicting views being taken on that issue. These lists should be considered as what would be assigned students as required reading were they taking a controversies-based macromarketing course. Of course, these are illustrative rather than exhaustive lists. Whether you use a library or search the Internet, you will find a wide range of positions being taken on these issues. And since they are so controversial, it is only appropriate that students become aware of the different opinions being held before they reach their own conclusions as to what should be done or recommended.

1. Meeting the Demand for Human Kidneys

One of the central concerns of macromarketing has been how well individual markets, whatever the good or service involved, are performing. Are consumer needs being efficiently and effectively met? Are the business practices being employed ethical ones? Are disadvantaged consumers being exploited? What, if any, additional laws are needed? More generally, what constitutes a market failure and, after government action is taken, what would constitute a regulatory success or failure has long been central concerns of macromarketing (Harris and Carman 1983, 1984; Carman and Harris, 1986).

But what, exactly, should be done about markets that aren't performing as well as they should? The answer is usually far from obvious, whether the issue be the provision of funeral services, the sale of fire arms, or any number of other controversial markets. However, few problems are more complex or pose more challenging economic and ethical issues than our society's current inability to meet the demand for human body organs, especially for human kidneys. The demand for such organs greatly exceeds the supply and, unfortunately, it is not possible to produce artificial body organs that work as well as organ transplants. Until that happens, what should be done to meet the serious and growing shortage on the supply side of this market?

Should individuals be allowed to purchase, either directly or through some market intermediary, the organs of live donors? If purchase is to be allowed, must both buyer and seller be residents of the same country or should poor "third world" residents be permitted or even encouraged to sell one of their kidneys? Conversely, should the only kidneys transplanted be those of recently deceased individuals who had indicated, in advance, and perhaps in response to a social marketing campaign, a desire to donate their organs? If donor cards have previously been signed by such individuals, should surviving family members of the family who object to the desecration of a loved one's body have the right to over rule the donor's wishes? On the other hand, should government have the right to insist that, whatever the wishes of the deceased or the family, the kidneys of all recently deceased individuals should be made available to those who need transplants?

The issues associated with increasing the supply of human body organs are many and complex. The articles related to these issues referenced below, all internet accessible, were deliberately chosen to be representative of the many different opinions on this subject. As will be the case with the other issues being considered, only a few of the many books and articles exploring this complex subject are mentioned. Nevertheless, these readings provide an adequate foundation for careful consideration of the first of the

controversies in macromarketing discussed in this chapter:

Issue 1 – After having examined the relevant literature, what action would you recommend as regards the supply side of the market for human body organs? What wouldn't you do or allow? And if the actions you recommend don't provide enough organs, then what?

- 1) Barnett, Andy H., Roger D. Blair and David L. Kaserman 1996 A Market for Organs. *Society* 33 (Sept-Oct) 8-17.
- 2) Kolnsberg, Heather R. 2003 An Economic Study: Should We Sell Human Organs? *International Journal of Social Economics* 30 (9/10) 1049-1069.
- 3) Delmonico, Thomas L and Nancy Scheper-Hughes 2003 Why We Should Not Pay for Human Organs. *Zygon: Journal of Religion & Science* 38 (September) 689-698.
- 4) Kishore, R.R. 2005 Human organs, scarcities and sale: morality revisited. *Journal of Medical Ethics* 31 362-365.

2. What Should AIDS Drugs Cost in Africa?

Patents, trademarks and copyright protection are generally considered to be important components of any effective marketing system (Carman, 1982). However, in recent years a large number of countries have either been unable or unwilling to protect the Intellectual Property Rights of foreign firms. It's generally agreed that such property rights should be protected, especially if the offending product is a "bootlegged" DVD or a watch illegally branded as a Rolex. But what if the property rights being protected relate to the sale of life saving AIDS drugs with very high R&D costs? Such drugs are generally priced far too high for third world consumers and governments, the markets where there is the greatest unmet need for such drugs.

Should pharmaceutical firms be required to charge much less for AIDS drugs sold in Asia or Africa than for the same product when sold in North America or Western Europe? Should Western governments and/or private philanthropists be expected to compensate the drug firms for the revenue lost when such products are sold at far lower prices in less developed countries? Alternately, should generic drug manufacturers serving the "third world" be allowed, or even encouraged, to infringe on the patent rights of the firms that developed these AIDS drugs? Or, for that matter, should "price controls" be placed on these drugs and other life saving pharmaceuticals wherever they might be sold? But if such prices are controlled or patent rights ignored, what will be the long term effects? Will major pharmaceutical firms then be reluctant to undertake the very costly, and often unsuccessful, development of other potentially life-saving drugs?

Of course, the price of the drugs required to treat AIDS is only one aspect, though obviously a very important one, of a far more complex problem. Even if the price being charged for such drugs in developing countries was significantly reduced, many health care delivery systems would still be unable to serve all those who needed these drugs.

One also finds many governments reluctant to promote “safe sex” and, more generally, to give the treatment of AIDS the attention it requires.

Again, the suggested readings, like all the others internet-accessible, demonstrate the very wide range of views currently held. There are many questions surrounding the current operation of health care delivery systems in various parts of the world. None, however, has attracted as much attention as the price to be charged for drugs that will prolong and, in some cases, save the lives of AIDS victims. This being so, it seems only appropriate that students of international marketing be prepared to answer the following question:

Issue 2 – What laws, policies or guidelines should be established for pricing AIDS drugs sold to developing countries? Why is this approach more appropriate than some of the other approaches being advocated? What are the risks involved in doing what you recommend?

1) Kennedy, Charles R., Frederick H. deB Harris and Michael Lord, 2004 Integrating Public Policy and Public Affairs in a Pharmaceutical Marketing Program: The Aids Pandemic. *Journal of Public Policy & Marketing* 23 (Fall) 128-139.

2) Calfee, John E. and Roger Bate 2004 Pharmaceuticals and the Worldwide HIV Epidemic: Can a Stakeholder Model Work? *Journal of Public Policy & Marketing* 23 (Fall) 140-152.

3) Miles, Morgan P., Linda S. Munilla and Jeffrey G. Covin, 2002 The Constant Gardiner Effect Revisited: The Effect of Social Blackmail on the Marketing Concept, Innovation, and Entrepreneurship. *Journal of Business Ethics* 41 287-295.

4) Flanagan, William & Gail Whiteman 2007 “AIDS is NOT a Business”: A Study in Global Corporate Responsibility—Securing Access to Low-Cost HIV Medication. *Journal of Business Ethics* 73, 65-75

3. Advertising’s Impact on Society

Much of marketing management focuses on the many dimensions of what goes on between a buyer and a seller before, during, and even after a transaction takes place. Such transactions can have undesirable personal, economic and social consequences, either immediately or in the longer run. Some of these consequences, often described as negative externalities, are related to the impact, on individuals and on societies, of such actions as the purchase and consumption of tobacco. Others, like Global Warming, are externalities with an undesirable long term effect on society because of the collective impact of many different types of actions and activities. Externalities and their role in macromarketing have been discussed in some detail by Nason (1989) and by Mundt (1993). For present purposes, however, it is sufficient to focus on just two of many possible externality issues.

The collective impact and unintended consequences of advertising has been a macromarketing subject of concern for many years. Every one of us, young or old, is

exposed to thousands of different advertising messages every year, a development that many critics believe has had very harmful effects. Among other things, these critics argue, advertising has created a society which places undue emphasis on both what and how much one owns. This emphasis is brilliantly summarized in the phrase “he who dies with the most toys wins”. But who, if any one, actually wins? Ours may be an acquisitive society but an emphasis on buying, owning and having all too often makes individuals less rather than more happy.

Pollay, in the first of the recommended readings below, shows that many eminent and well respected scholars have viewed advertising as all too intrusive, pervasive and persuasive. (1986). It is a force, these critics argue, that reinforces materialism, cynicism, irrationality, selfishness, anxiety, social competitiveness, sexual preoccupation, powerlessness and/or a loss of self-respect. (Pollay 1986) Pollay’s indictment of advertising has not gone unanswered. In another classic article, Holbrook defends advertising against Pollay’s assault (1987). Holbrook argues, among other things, that this attack does not stand up to logical analysis. He also maintains that advertising is in many respects a mirror that reflects our society rather than a force that shapes it. Both the original Pollay-Holbrook exchange, which also included a Pollay (1987) response to Holbrook, and a subsequent set of articles discussing the position taken by America’s Catholic Bishops on the ethics of advertising, are referenced below. These readings should help you take a position on the next macromarketing controversy:

Issue 3 – What actions, if any and by whom, should be taken to reduce the negative externalities that some have associated with advertising? What should be the role of consumers, corporations and government? Are such externalities just uncontrollable by-products more than outweighed by the benefits of advertising?

1a) Pollay, Richard W. 1986 The Distorted Mirror: Reflections on the Unintended Consequences of Advertising. *Journal of Marketing* 50 (April) 18-34.

1b) Holbrook, Morris B. 1987 Mirror, Mirror on the Wall, What’s Unfair in the “Reflections on Advertising”. *Journal of Marketing* 51 (July) 95-103.

1c) Pollay, Richard W. 1987 On the Value of Reflections on the Values in the Distorted Mirror. *Journal of Marketing* 51 (July) 104-11.

2a) Archbishop Foley, John P. 1998 *Ethics in Advertising: A Look at the Report by the Pontifical Council for Social Communications*. *Journal of Public Policy & Marketing* 17 (Fall) 313-315.

2b) Murphy, Patrick E. 1998 *Ethics in Advertising: Review, Analysis, and Suggestions*. *Journal of Public Policy & Marketing* 17 (Fall) 316-319.

2c) Laczniaik, Gene R. 1998 Reflections on the 1997 Vatican Statements Regarding *Ethics in Advertising*. *Journal of Public Policy & Marketing* 17 (Fall) 320-324.

4. Obesity

Obesity can also be considered a long term collective externality. No single meal or food choice will make an individual obese but eating too much or eating the wrong kinds of food will, over time, very definitely have that effect. This problem exists and is becoming more serious at the same time that hundreds of millions of others living in less fortunate nations go to bed hungry each night.

Obesity and the problems associated with it have received an increasing amount of attention in recent years. The articles below are just a few of many that explore this topic. Dieting and weight loss, and the best way of then keeping off any lost weight, has itself become an industry. At any time a number of very popular “how to diet” books advocate very different, and often conflicting, approaches. Low calorie and low fat foods are readily available. Organizations such as Weight Watchers are relied upon by tens of thousands for both nutritional advice and moral support. All this being said, what some consider a veritable obesity epidemic continues to spread.

What should be done about this problem? A variety of very different approaches have been employed or recommended. (Seiders and Petty, 2004). For example, food manufacturers in many countries are required to provide nutritional information on their labels. Other laws restrict the use in such products of trans-fatty acids and other unhealthy additives. There have also been legal efforts, so far unsuccessful, to sue fast food chains for having sold food products and offering portion sizes that contribute to customer obesity. Others in large part attribute the problem to the excessive advertising of sugar-rich food. Also criticized is the failure of both children and their parents to exercise as much as they should. Some consider the problem an educational one. They call for programs that would create greater public awareness of what constitutes healthy eating and appropriate life styles. To date, however, efforts to create such awareness and, far more importantly, to change consumer behavior have not proven all that effective.

The obesity problem in North America and Western Europe is obviously a very real and very important one. Some thing should be done, but what and by whom? The recommended readings on obesity provide background information on this topic but many other sources also provide information relevant to the following assignment.

Issue 4 – Assume you have been asked by the President or Prime Minister of your country for advice as to the policies and practices that should be followed-- by consumers, corporations, and by the government itself--in dealing with your nation’s obesity epidemic. What recommendations would you make? For example, would you forbid the sale of soft drinks and fast foods in school cafeterias?

1) Seiders, Kathleen and Ross D. Petty 2004 Obesity and the Role of Food Marketing; A Policy Analysis of Issues and Remedies. *Journal of Public Policy & Marketing* 23 (Fall) 153-169.

2) Livingstone, Sonia 2006 Does TV advertising make children fat? *Public Policy*

Research (March-May) 54-61.

3) Wansink, Brian and Mike Huckabee 2005 De-Marketing Obesity, *California Management Review* 27 (Summer) 6-17.

4) Panagiotopoulos, Christina 2006 Nutrition in the International Arena. *Consumer Policy Review* 16 (Mar/April) 57-60.

5. The Wal-Mart Effect

When viewed in its entirety, marketing is appropriately considered a societal, or national, provisioning system for goods and services. How well such systems currently perform and what could or should be done to improve their overall effectiveness has long been a macromarketing concern (Layton 2007). We will focus at this time on only one aspect of this issue, the relation between the structure of retailing (the number and size of retail institutions) and overall retailing effectiveness. More specifically, we will consider a long standing social concern, the future of small scale retailing.

Should government try to protect small retailers from being driven out of business by their larger competitors? Those who would have government defend “the little guy” argue that this is simply the right thing to do. They also maintain that once these smaller firms are gone, there will be no way to protect customers from being exploited by the few remaining sellers. The “pure and perfect” market concept, drawn from economic theory, suggests that markets operate best when there are many buyers and sellers, none of whom is large enough to have any effect on the price at which a homogeneous product is being sold. However, others, including John Kenneth Galbraith (1956), have argued that customers are better served when there are only a limited number of suppliers, each large enough to be able to afford to improve their product offerings. Others have argued that the role of government is not to protect any particular type of competitor, but rather to make certain that markets remain competitive whatever the number and/or size of the buyers and sellers.

Whether small retailers should be protected has now become part of the fierce and broad ranging debate over Wal-Mart and “the Wal-Mart effect”. That firm, in a relatively limited period of time, has become the world’s largest business organization. That rapid growth has had a harmful effect on the firms that must compete with Wal-Mart, especially those operating in the small to medium size American communities in which Wal-Mart first established itself. When a new Wal-Mart, often accompanied by other large retailers, opens in a suburban location, long established “down town” merchants are often driven out of business. For this reason, because of concerns about traffic congestion and pollution, and, most importantly, because those who think they would be adversely impacted have been effective lobbyists, many communities have kept Wal-Mart from opening a local branch.

Wal-Mart has also been widely criticized, some would argue unfairly and without justification, for underpaying its employees, for relying primarily on part-time staff not entitled to employee benefits, and for not providing its American employees with health

insurance. In addition, the hard bargaining Wal-Mart does with its own suppliers, it is often argued, has required those suppliers to close some of their American plants and to manufacture, instead, in China. Because of its size and business practices, Wal-Mart has almost certainly become, rightly or wrongly, America's most widely criticized business. On the other hand, consumers throughout the world continue to shop at Wal-Mart and similar mega-outlets that compete primarily on price. By doing so, they save significant amounts of money on each item and can thus afford more of the things they want. Wal-Mart's supporters believe that the firm is operating as it should and that, as a result, consumers are far better off.

The marked differences of opinion as to Wal-Mart and its "effect" are reflected in the readings identified below. It and other material you can easily find is well worth reading before you take a position on the following matter.

Issue 5 – What, if any thing, and by whom, should be done about Wal-Mart and its "effect"? All things considered, has that effect been a positive or a negative one? Does Wal-Mart, by its very size and influence, contribute to or interfere with the overall effectiveness of the marketing system?

1a) Fishman, Charles 2006 The Wal-Mart Effect and a Decent Society: Who Knew Shopping Was So Important? *Academy of Management Perspectives* 21 (August) 6-26.

1b) Freeman, Edward R. 2006 The Wal-Mart Effect and Business, Ethics and Society. *Academy of Management Perspectives* 21 (August) 38-40.

1c) Ghemawal, Pankaj 2006 Business, Society and the "Wal-Mart Effect". *Academy of Management Perspectives* 21 (August) 41-43.

2) Hicks, Michael J. 2006 What is the local Wal-Mart effect? *Economic Development Journal* 5 (Summer) 23-31.

6. Globalization--The Pluses and the Minuses

Are market-driven national economies more effective engines of economic growth than are centrally planned and government directed "command" economies? That is the prevailing view in these early years of the twenty-first century, It is a view shared even by many who also believe government still has an important role to play, both in regulating markets and in providing a social safety net, permanent or temporary, for less fortunate members of society. However, no such consensus has been reached as regards the desirability of what would constitute the ultimate "free market". Such a market would be a global one in which there were no national barriers to trade in either goods or services and in which labor markets had also been internationalized. A debate now rages over the benefits as opposed to the costs of globalization and, more specifically, over "who wins and who loses" in both the developed and the developing world. Indeed, globalization is considered by many to be the overriding economic issue, one with all sorts of political and social consequences, of our time.

The suggested readings, carefully chosen to demonstrate the wide ranging views held as to both the desirability and the economic effects of globalization, may well be reinforcing what you already know. Globalization is a controversial issue, so much so that its opponents routinely demonstrate, some peacefully but others not, at annual meetings of the World Trade Organization. The WTO is an international body established to do just what its name suggests—remove as many national barriers as possible to the more effective flow of world trade.

But what keeps such barriers in place? That politicians who wish to be re-elected are reluctant to adopt policies that would offend politically effective interest groups is one reason. This is certainly what lies behind the current controversy over agricultural issues, including the production subsidies paid to American and European producers and the tariff barriers in existence in other parts of the world. This dispute has for years prevented any real progress being made in the most recent round of WTO-sponsored freer trade negotiations. The stalemate is in large part due to the political influence of farm organizations in Europe, the United States and Canada. Whatever the likely benefits to consumers, nationally and globally, these groups believe their members would be seriously disadvantaged by the kinds of changes others are recommending. That being so, and competing in what has been called a “parallel political market place”, (Hutt, et. al., 1986) they have done all they can to preserve the agricultural policies now in effect.

Has globalization been the positive economic force its proponents argued it would be? Or, are those who believe globalization has done far more harm than good, both in the developed world and in emerging economies, correct? Controversies now rage over such issues as, for example, the “outsourcing” of jobs to countries where the work day is much longer, those employed are paid far less and environmental controls may not be in place. Are the economic disadvantages of “outsourcing” more than outweighed by its benefits? Even if they are, what, if any thing, should be done to assist workers who lose their jobs when manufacturing moves overseas? More generally, what has been the effect of globalization, both on the numbers still living in poverty and on the distribution of income in developing countries? These are but a few of many issues explored in the recommended readings that, collectively, should help you form, confirm, or change your own opinion of globalization.

Issue Six – The readings suggested below make it clear that many believe globalization has negative as well as positive effects. What, if any thing and by whom, should be done to alleviate these negative effects? Were this done, would you then be an unqualified supporter of a “free trade” world or would you still have reservations?

1) Cavanagh, John et. al. 2002 Report Summary: A Better World is Possible: Alternatives to Economic Globalization. International Forum on Globalization (Spring) 1-23.

2) Trebilcock, Michael J 2005 Critiquing the Critics of Economic Globalization. *Journal of International Law and International Relations* 1 (December) 213-236.

3) Harrison, Ann and Margaret McMillan 2007 On the links between Globalization and Poverty. *Journal of Economic Inequality* 5 123-134.

4) Fisk, George 2004 Review of Joseph E. Stiglitz “Globalization and its Discontents” *Journal of Macromarketing* 24 (December) 187-188.

5) Book Note 2006 Review of Joseph E. Stiglitz and Andrew Charlton “Fair Trade for All: How Trade Can Promote Development”. *Harvard Law Review* (119) 2251-2259.

7. Distributive Justice, Foreign Aid, and Bottom-of the Pyramid Marketing

Advocates of Distributive Justice argue that every one, wherever he or she may live, should receive a “fair share” of the world’s resources. An article by Paul, Peterson and Danda (2001) both provides an excellent introduction to the concept of Distributive Justice and, as well, explores its obvious relevance to the problem of global poverty. Few would argue that there is some thing inherently wrong when one-third of the world’s population is living on less than two dollars a day. But while the global poverty problem is widely recognized as both real and very important, there is no agreement as to what should be done to improve matters. You have already seen that whether or not globalization contributes to reducing the number of those living in poverty remains a subject of controversy. Now let’s consider foreign aid and bottom of the pyramid marketing, two additional and also controversial, approaches to alleviating world poverty.

Relatively rich countries have been giving foreign aid, often called Development Assistance, for over fifty years. The World Food Program, the World Bank and the International Monetary Fund have been especially active. However, many would argue that far less has been achieved in the receiving nations than was expected but they would disagree as to why that was the case. Some argue that too much of the money has been spent on projects that have proven to be of little real benefit. Also, whether Development Assistance is given to a particular country is often determined by political or military considerations than by social or humanitarian ones. Finally, and all too often, government officials in recipient countries, their family members, and their close associates have illegally enriched themselves at the expense of those who were supposed to have benefited. On the other hand, many examples of such assistance greatly enriching the lives of the less fortunate can also be provided.

Twenty-first century foreign aid discussions have been focused around the UN’s Millenium Development Goals. Advocates of development assistance have accepted the UN’s position that, by 2012, the world’s wealthier nations should increase their International Development budgets from their present levels to 7/10ths of 1% of Gross Domestic Product. This is a percentage considerably above what all but a few nations have ever contributed and it remains a target unlikely to be reached. There are a number of reasons why this is the case. One of the most important is that, as is argued in some of the readings recommended below, many do not believe that providing development assistance is an effective way of contributing to economic and social development. Some of these critics of foreign aid believe that free domestic markets, less government regulation and truly free world trade are what poorer nations require.

Recently, there has also been growing interest in marketing to “the bottom of the pyramid” Advocates of this approach (Prahalad and Kent, 2002) promote it as one that will allow business to “do well by doing good”. It is argued that, while individually the world’s poor have limited resources, collectively they still provide a very large market for those firms that introduce appropriate products and make the necessary changes in their marketing practices. Companies that do so, it is argued, will benefit at the same time that the purchaser’s quality-of-life is improved. However, “bottom-of the pyramid” marketing also has its critics. As is argued in the final article included below (Karnani, 2007), they believe far more can be accomplished by empowering individuals and groups through such policies as micro-loans to prospective, and very small scale, entrepreneurs. This article and the references that precede it provide additional background material that should help you take a position on the next controversial topic.

Issue Seven – In your opinion, what policies and practices should be adopted, and by whom, to improve the likelihood of the UN’s Millenium Goals being reached? What shouldn’t be done? What is your own view of the potential contribution of ‘bottom of the pyramid’ marketing? How, if at all, is macromarketing related to “pyramid” thinking?

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1c) Prosterman, Roy 2005 The U.N.’s Empty Plan for Poverty. *Far Eastern Economic Review* 168 43-45.

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2) Chakravati, Dipankar, 2007 Review of Jeffrey D. Sachs “The End of Poverty: Economic Possibilities for our Time”. *Journal of Public Policy & Marketing* 26 (Spring) 154-156.

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4a) Prahalad, C.K. and Stuart L. Hart 2002 The Fortune at the Bottom of the Pyramid. *Strategy + Business* 26 (First Quarter) 1-14.

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8. The Challenge of Sustainable Consumption

Ours is now generally believed to be a world whose resources are all too limited. That the citizens of that world's most affluent nations have long consumed far more than their proportionate share of those resources is an undisputed fact. This raises all sorts of "fairness" or distributive justice issues. Our resource restraints must inevitably pose an increasingly important challenge in the years to come. Per capita income continues to rise in China, India and other developing economies. As living standards improve, the citizens of these countries will both wish and expect to increase the amount they consume. Most would agree that the world could not provide the resources necessary for another billion of its residents to consume at North American or Western European levels. At the same time, how can other people be denied the opportunity to consume more (but far less than we now do) while we continue to consume as much as we traditionally have? Given the seriousness of the problem, it's not surprising that, beginning with the publication of the Brundtland Report (1987), there has been steadily growing interest in the development of a more sustainable society.

Ecological issues, of course, were being raised long before the Brundtland report was issued. These concerns, especially as they relate to marketing, had previously been discussed by Fisk (1973), by Henion and Kinnear (1976), by Shapiro (1977), and by Sharma (1981). However, only after the Brundtland report was issued did Sustainable Development become a major social concern. As evidence of the acceptance of that concern by many of the world's major corporations, one need only consider how rapidly the World Business Council on Sustainable Development, (WBCSD), has become an increasingly important and influential organization.

Techniques and practices consistent with a commitment to sustainable production are being employed. Most of the progress made to date has been due to the adoption of more efficient production methods and to the finding of new uses for previously discarded and often polluting waste material. However, the WBCSD has not yet accepted the position that a truly sustainable society must inevitably be one where, in total, less is being produced. Similarly, with the exception of the relatively few practitioners of Voluntary Simplicity and "deep green" consumption, consumers, wherever they may be living, have not changed the way they are living. For most, sustainable consumption is still equated with recycling and the adoption of a variety of consumption practices that, collectively, will have only a limited ecological impact. The prevailing belief that "to consume is good and to consume even more is better" has yet to be widely challenged.

What else can be done to encourage sustainable consumption? This is the final issue considered in this chapter. Interestingly, all but one of the recommended readings has a European focus and all of them have European authors. This may reflect the fact that the need to reduce per capita consumption to sustainable levels has been more widely accepted in Europe. However, it remains to be seen just how successful these efforts will be and how much of a contribution they can make to solving a major and still growing global problem.

Issue Eight – If you were assigned the task of developing a program to reduce aggregate household consumption in the country where you live, what would you recommend? In preparing your response, make sure you discuss the relative role of consumers, industry and government.

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2) Jackson, Tim 2005 Live Better by Consuming Less: Is There a Dividend in Sustainable Consumption? *Journal of Industrial Ecology* 9 (1-2) 19-36.

3a) Bond, Stuart 2005 The global challenge of sustainable consumption *Consumer Policy Review* 15 (March-April) 38-44.

3b) Martenson, Lars Fogh 2006 Sustainable Household Consumption in Europe? *Consumer Policy Review* 16 (July-August) 141-147.

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The Issues List: Important but not Exhaustive

A number of controversial macromarketing issues have been discussed in this chapter. These include the market for human body organs, the pricing of life-extending AIDS drugs, the societal impact of advertising, the nature of the Wal-Mart effect, what global free trade, foreign aid and “bottom-of-the-pyramid” marketing might, or might not, contribute to reducing world poverty, and the challenge of sustainable consumption. This controversies-based approach was preceded by a discussion of the nature and scope of macromarketing. Many other macromarketing concerns might also have been discussed. For example, how well do very different national health care delivery systems perform? What makes one an “ethical consumer”? In what ways do the “politics of distribution” and the “parallel political marketplace” concepts relate to macromarketing? What is the relationship between marketing, per capita income, quality-of-life and individual happiness? In addition, an almost endless number of controversial markets (i.e. fire arms, surrogate motherhood) and marketing practices (i.e. consumer privacy issues, stocking allowances, telemarketing fraud) could have been considered. However, the controversies selected for detailed consideration at this time provide a reasonable appreciation of the complex issues that macromarketing explores. They also seemed especially appropriate for students interested in international marketing who, at the same time, wish to be responsible citizens.

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