

Marketing

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[In response to the question, 'What is the greatest invention of the last 2,000 years?']

Marketing has become the most important idea in business and the most dominant force in culture. It is commonly misunderstood as a pretentious term for advertising. But it is more than that. It is systematic attempt to fulfill human desires by producing goods and services that people will buy. It is where the wild frontiers of human nature meet the wild powers of technology. Like chivalrous lovers, marketing-oriented companies help us discover desires we never knew we had, and ways of fulfilling them we never imagined we could invent.

Almost everything we can buy is the result of some marketing people in some company thinking very hard about how to make us happy. They do not always get it right. But they try. Adam Smith's Invisible Hand has spawned the Invisible Eye. Production is no longer guided by the clumsy feedback provided by last quarter's profit figures. It is guided directly by empirical research into human preferences and personalities: focus groups, questionnaires, Beta testing, social surveys, demographics. Psychology has given way to market research as the most important investigator of human nature.

Markets are ancient, but the concept of marketing arose only in the middle of the 20th century. In agricultural and mercantile societies there were producers, guilds, traders, bankers, and retailers, but economic consciousness was focused on making money, not fulfilling consumer desires. With the Industrial Revolution, mass production led to an emphasis on the cost-efficiency of production rather than the satisfaction of the customer. As markets matured in the early 20th century, firms had to compete harder for market share, but they did so through advertising and sales promotions aimed at unloading goods on resistant customers.

By the time of *Death of a Salesman* in the 1950s, consumer-goods companies like Proctor and Gamble and General Electric developed a more respectful, inquisitive attitude towards the consumer. The marketing revolution came with the same sense of wondrous obviousness that accompanies all scientific revolutions. Business should produce what people want, instead of trying to convince people to buy what business happens to make. Of course! How could we ever have thought otherwise? These companies established marketing departments dedicated to finding out what people want from their light-bulbs and detergents. Their success spawned imitators, and most corporations now include marketing departments that coordinate product research and development, advertising, promotion, and distribution.

As marketing executives were promoted to CEOs, some firms adopted the modern "marketing orientation", in which everything the firm does is aimed at making profits by satisfying consumers. This was the invisible revolution in the 1960s. It did not get the same press as the Civil Rights Movement, the Hippies, the New Left, Feminism, or

Environmentalism. But unlike the counter-culture revolutions, this marketing revolution radically changed the way business works, and it is still underway.

The marketing orientation has become common in companies that make things for individual customers, like clothes, cars, televisions, and movies. It remains rare in heavy industry that produces steel, coal, oil, and paper, where the immediate consumers are other businesses. Yet the marketing orientation is also poorly developed in most service industries such as banking, law, government, the police, the military, medicine, charity, education, religion, science, and the arts. We may not even think of some of these as service industries, but until we do, they will not bother using market research to shape their services to our desires.

The transition from the production orientation to the marketing orientation is still going on. It is the most important but least understood revolution in human history, marking a decisive power-shift from institutions to individuals. In the production orientation, human enterprise asked first what we can make, and second whether anyone will want it. In the marketing orientation, we ask first what we want, and second how we can invent the means to fill that want. Production made people technology's servants. Marketing makes us technology's masters. This renders most of Marx irrelevant. What can alienation and exploitation mean when business listens so hard to our desires?

Intellectuals don't understand marketing. It is invisible to right-wing economists, who think prices carry all the information about supply and demand that markets need to produce the goods and services that people want. There was no role for market research in Adam Smith, Friedrich Hayek, Milton Friedman, or Gary Becker. To left-wing social scientists, journalists, and Hollywood script-writers, marketing means nothing more than manipulative advertising by greedy corporations. Since they rarely deign to talk to business people, they think modern business works like the evil "Omni Consumer Products" corporation from the film "Robocop". This neo-Marxist paranoia was somewhat justified during the Sales Era of the 1930s through 1950s, but it is well out of date.

Even within business, although managers understand marketing at a practical level, they do not know how to talk about marketing as a cultural, economic, social, and psychological revolution. It is not presented that way to them in business school. Business journalists have not brought the marketing revolution into public discourse the way they have brought the "New Economy" of the Internet to the public's attention. Pundits still talk as if we are moving from an Industrial Era based on mass production to an Information Era based on mass entertainment. Like fish unaware of water, we do not realize that we live in the Age of Marketing. It does not much matter whether products are material or cultural, sold in stores or electronically. What matters is that products are systematically conceived, designed, tested, produced, and distributed based on the preferences of consumers rather than the convenience of producers. The New Economy is just the most recent stage in the marketing revolution.

How can we understand this revolution? There are two analogs from history that can help us think about it. Democracy is simply the marketing concept applied to government. The American and French revolutions brought the marketing concept to politics long before it gained a toehold in business. The production-oriented state asked what tax-payers could do for it. The marketing-oriented state asks what it can do for voters. States have a monopoly on the legitimate use of force, so abuse of political

power upsets people more than abuse of corporate power. People demanded the vote so they could tell government what state services they wanted long before they demanded focus groups to tell manufacturers what goods they wanted. "No taxation without representation" came long before "No profits without market research".

Even before these political revolutions, the Protestant Reformation applied the marketing insight to religion. Martin Luther and William Calvin organized churches to fill the needs of worshippers. They were dissatisfied with a production-oriented Papacy that churned out costly rituals in a dead language. The three thousand denominations of Christian faith are just what we expect from efficient market segmentation given diverse consumers of religious services. Similar shifts occurred from production-oriented Hinayana Buddhism to market-oriented Mahayana Buddhism, and from Orthodox to Reform Judaism. The common denominator in business marketing, political democracy, and religious reform is the transfer of power from service providers to service consumers.

Is the marketing revolution a good thing? On the upside, it promises a golden age when social institutions and markets are systematically organized to maximize human happiness. One of marketing's strongest features is its empiricism. What science did for perception, marketing does for production. It tests intuition and insight against empirical fact. Henry Ford thought he knew what people wanted from a car: cheap, reliable, and black. Ford sold millions of model-Ts in the 1920s with this mass marketing strategy. Then General Motors came along, segmenting the market into many strata according to income, age, and tastes, attracting buyers by fulfilling their needs more precisely. Now all car companies work very hard to find out what people really want from cars, and they try to build cars to fit the preferences. Market research uses all the same empirical tools as experimental psychology, but with larger research budgets, better defined questions, more representative samples of people, and more impact. Ideally, marketing's empiricism works like Rogerian psychotherapy: it holds up a mirror to ourselves, reflecting our beliefs and desires so we can recognize, remember, evaluate, and transform them.

On the downside, marketing is Buddha's worst nightmare. It is the Veil of Maya made scientific and backed by billion-dollar campaigns. It perpetuates the grand illusion that desire leads to fulfillment. It makes the Last Temptation of Christ look like a mildly appealing life-style decision. It is the enemy of human consciousness, because consciousness is content with its own company, and needs nothing from the world.

The trouble is not that marketing promotes materialism. Quite the opposite. It promotes a narcissistic pseudo-spiritualism based on subjective pleasure, social status, romance, and life-style. The product's mental associations become more important than its physical qualities. A world run by marketing to fulfill consumer desires could easily transmute into a virtual reality where neither products nor consumers require any physical basis at all. Marketing's logical culmination would not be crass materialism, but a seductive immaterialism of the sort portrayed in the recent film "The Matrix". Enrico Fermi famously asked why, if alien technological civilizations are so common, they have not yet contacted earth. Perhaps they are too busy filling out virtual questionnaires regarding virtual products that they can enjoy through virtual senses, while their brains rot in vats tended by rusting robots. Runaway marketing, not nuclear war, may be the most common extinguisher of intelligent life in the universe.

Marketing brings more immediate problems. Like democracy, it forces intellectual elites to confront our patronizing attitudes towards the masses. Elites do not always like companies and states that provide what the people want. Consumers may want sweets, fats, and sugars; cigarettes, beer, and marijuana; motorcycles and hand-guns; porn videos and prostitutes; breast implants and Viagra; Baywatch and TV Gladiators; gas-guzzling, pedestrian-squashing SUVs. If everybody voted, they might want the death penalty, prayer in schools, book burning, ethnic cleansing, fascism. Plato recognized the political tensions between democracy based on universal suffrage, and the utopian visions of well-intentioned elites. His ideal of the philosopher-king was one of the first explicit rejections of the marketing orientation as a basis for society. The same tensions arise when marketing allows people to take control of the means of production.

Marketing, like democracy, is anti-arrogance, anti-power, and anti-idealism. It replaces paternalistic progressive visions based on the illusion of popular consent with the reality of a world shaped to fulfill ordinary human desires. For the elite, marketing's populism can be an alarming prospect. It is tempting to ignore the marketing revolution, to naively propose that the most significant revolutions of the last millenia have been technological inventions that expand production abilities, or scientific ideas that inform elite ideals. We ignore the marketing revolution because we are terrified of a world in which our elite ideals lose their power to control the fruits of technology. Marketing threatens to put infinite production ability in the service of infinite human lust, gluttony, sloth, wrath, and vanity.

Or is our fear at that prospect just another self-deceptive rationale for holding power? Cultural elites usually take a dim view of uncultured human nature to justify denying the power of choice to ordinary people. Fear of an economy based on market research, like Plato's fear of democracy based on universal suffrage, is based on contempt for our species. Elites hate to recognize the marketing revolution because they hate to admit that contempt. Marketing is the most important invention of the last two millenia because it is the only revolution that has ever succeeded in bringing real power to the people. It is not just the power to redistribute wealth, to split the social cake into different pieces. Rather, it is the power to make our means of production transform the natural world into a playground for human passions. Marketing is not just the icing on the material world. It has become the recipe, the kitchen, and the cook.