

Needs, Value and Marketing: A Historical Analysis of the Political Economy of Consumption

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229

Abstract

Purpose – This paper undertakes a historical analysis of ideas relating to needs and value in the social sciences and identifies the relevant components that would enable marketing in its search for clear conceptions of human needs and consumer value.

Design/methodology/approach – Core ideas and theories on consumption from the 19th and 20th century are critically reviewed to explicate differing conceptions of needs and value. The failure of disciplinary and ideological approaches are highlighted to uncover the current gaps in marketing's conceptions of needs and value and identify the basic building blocks necessary for a coherent and contemporary theory of needs and value for the discipline of marketing.

Research limitations/implications – Current research focuses on only on ideas and theories and not on actual consumption behavior or patterns. Therefore, implications derived are primarily for a normative theory of needs and value that would expose weaknesses in the current definition of marketing as adopted by the American Marketing Association.

Keywords – Human needs, Consumer value, Consumption, Marketing definition

Paper Type – Conceptual paper

Introduction

The issue of consumption is at the heart of a capitalist economy and human needs are the base of all societies. While it has been recognized that needs are what determine human nature, it is at the same time distressing to note that a systematic and scientific study of needs and consumption is still to emerge within the social sciences. It is not that the question of needs and consumption has been answered; it is simply that issues of needs or preferences based on such needs are almost always treated as exogenous to social science models. Therefore, a systematic study of needs and consumption is lacking in current social scientific endeavors.

One objective of the current paper is to demonstrate that a study of human needs, or even of values as they relate to consumption, were never a focal point of attention in social science theories. Even in the 18th and 19th centuries, when theories on political economy were informed, first by Adam Smith and then by Karl Marx, the focus was more on the analysis of production systems and distribution of wealth rather than the economic basis for consumption. Another objective of this paper is to direct the critical historical analysis to ways in which marketing has conceptualized needs and value. The relevance of this exercise is quite apparent given that the American Marketing Association, in its last three definitions of marketing in the first decade of the current century has made consumer value the focal concept of marketing action, without even defining value (American Marketing Association, 2008).

In the political economy of Adam Smith, merely parsimony was sufficient for the accumulation of wealth. However, in a work that has been quite forgotten, Robert Scott Moffat set out to correct what he labeled as “the fundamental error” of Adam Smith by proposing an alternative political economy of consumption that supplemented and elaborated on Smith's political economy (Moffat, 1878). Moffat argued that it was not parsimony or the restriction of consumption but the love of gain or the desire of increased consumption that contributed to accumulation of commodities and thus fueled capitalist systems. However, this form of “pursuit of gain from individual motives,” as proposed by Moffat, was largely ignored in the moral-economic political economy of Adam Smith and also in the utilitarian morality of John Stuart Mill.

For Marx, needs and consumption had purely technical and materialist qualities and were necessary only for the analysis of labor, commodities and money. Marx dismissed the physiology as well as the psychology of needs and focused instead on the social aspect of needs. Human needs were important only

for the analysis of commodity relations but remained exogenous to models of such relations; instead, the focus of analysis was the commodity itself. Similar to Aristotle, Marx acknowledges the use value and exchange value of commodities, but argued that the dialectical unity of use value (*wesen*) and exchange value (*erscheinung*) was made possible only by residual unpaid labor in capitalistic systems. Also, Marx's elaboration on needs was relevant only for differentiating necessary needs from social needs and identifying and explicating the concept of alienation (Heller, 1976). Thus, focus on individual needs was important only for highlighting the needs of capital in capitalistic production systems.

The formal disciplines of economics and sociology by the early-20th century were influenced by Smith and Marx, respectively, and therefore, the hope for a detailed and formal analysis of needs and consumption remained only a distant possibility.

Lacunae in Social Sciences

In frameworks within modern economics, the question of needs never arises; needs are inherent to humans and are exhibited as preferences for commodities. Preferences are themselves exogenous to economic behavior and they are indivisible and non-comparable. Preferences are exhibited only at the market, and that is where all consumption takes place. This view of consumption as only market consumption detracts from any study of consumption of arts, aesthetics, ideas etc., in society. The rational conception of humans as "endowed" with needs leads to the study of consumption as merely the study of incomes and wealth.

Sociology begins by allowing the possibility of intersubjective utility comparisons and studying the structural framework of individual actions and decisions. The structure of groups and positions within society, it is widely believed, constrain individual actions and lead to undesirable or dysfunctional outcomes. As Duesenberry (1960), commented: "...economics is all about how people make choices; sociology is all about how they don't have any choices to make" (p. 233). However, while rejecting the notion of a purely physiological basis of needs, sociology attempts to explain the cultural shaping of needs, while at the same time, inadequately addressing the bases of the very cultures and values themselves (Shibutani, 1986). It is thus, a strange admixture of cultural determinism and structural functionalism that provide explanations for human needs. Sociology also rejects the notion of preferences, while embracing the equally abstract concept of "aspirations," either of the individual or the group. Thus, the issue of needs within sociology emerges from the instrumental nature of aspirations and the socialization of the individual within a structural position in society (Preteceille and Terrail, 1985).

Marketing, while influenced by both economics and sociology, relies however on theories of needs obtained from psychology. Psychological theories are best suited to explain individual action rather than the analysis of economic systems as in economics or social action as in sociology. However, even these theories of needs, such as those obtained from Maslow (1943) or Herzberg (1959), do not really explain consumption or how consumer value is derived. In fact, consumer value appears to be inherent not among individuals, but resides within products themselves. As observed by Jean Baudrillard (1988, pp. 14-15), the system of needs is "less integrated than the system of objects; the latter imposes its own coherence and thus acquires the capacity to fashion an entire society ... needs disappear into products which have a greater degree of coherence." It is therefore, not surprising that in the American Marketing Association's latest definition it is offerings that have value, with value appearing as an inherent quality of the product and the consumer merely relating to it.

Implications from a Historical Analysis

Historical analysis of how needs and value are conceptualized in the basic social sciences lead to the analysis of consumer societies in terms of three important and related dimensions: (1) how a predominant focus on exchange value gives pre-eminence of the product instead of the consumer, (2) the blurring distinction between the real and the imaginary in the very act of consuming, and (3) the apparently irreconcilable debate between puritanical inhibitions and the hedonism that is central to marketing. These dimensions are further analyzed to obtain the building blocks for a theory of needs that brings the individual back as the focus of analysis with the social relation between the individual and the object as primary to understanding marketing action.

Considerable insights can also be gained from previous critiques on the ideological stances and assumptions about consumer choice (e.g., Dholakia and Dholakia, 1985; Mick et al., 2004), post-choice explanations of needs (e.g., Knights et al., 1994; Shankar et al., 2006), commodification in a market society (Slater and Tonkiss, 2001), value of goods and services in facilitating linking social interactions (Cova, 1997), macro-consumption patterns (Firat and Dholakia, 1982), and the restrictions on needs given limited capabilities (Sen, 1985).

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