

Philip Kotler is widely acknowledged as the father of modern marketing and the world's foremost expert on strategic marketing. He was voted the first Leader in Marketing Thought by the American Marketing Association and named The Founder of Modern Marketing Management in the Handbook of Management Thinking.

THE CONSUMER IN THE AGE OF CORONAVIRUS

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The Sarasota Institute is focusing on how COVID-19 may affect some of the 10 categories listed across the top of this web site. We are having virtual mini-symposiums on several of these during April and May. In addition, we are publishing thought pieces taking looks into the future.

Here is a column about consumerism by Phil Kotler, often referred to as “the father of modern marketing”, the single greatest thought leader and author on Marketing in the world today. [Phil is a fellow Co-Founder of the Institute] It is an in-depth look into the past and present of consumerism. it is a must read as we start to think about how and how much consumerism and the role that it plays in the future will change. David Houle

The Consumer in the Age of Coronavirus Philip Kotler

The coronavirus COVID-19 is spreading relentlessly through the world creating a path of death and destruction. The world is in danger of falling into a Great Depression, with millions of unemployed workers across the globe. The impact will especially hit the poor – both in terms of health and economics; many cannot even afford to wash their hands because of the lack of water. What will happen to the millions that cannot practice social distancing? The slum dwellers, the prison population, and the refugees huddled in tents?

Businesses are closing down, and people are urged to stay home, practice social distancing, and vigorously wash their hands. People are stocking up on all kinds of food and sundries that are part of daily living. Some are hoarding masks, toilet paper, and other necessities should COVID-19 linger on for weeks, months, or years

While the US has just passed a \$2 trillion dollar aid package, the details seem to once again point to socialism for Wall Street, in the form of bailouts, a small paycheck for the working poor, and little else for Main Street. Income inequality is poised to increase yet further.

I predict that this period of deprivation and anxiety will usher new consumer attitudes and behaviors that will change the nature of today's Capitalism. Finally citizens will reexamine what they consume, how much they consume, and how all this is influenced by class issues and inequality. Citizens need to reexamine our Capitalist assumptions and emerge from this terrible period with a new, more equitable form of Capitalism.

Capitalism's Dependence on Endless Consuming

Let's begin by taking a long view back to the emergence of the Industrial Revolution.

The Industrial Revolution of the 19th century greatly increased the number of goods and services available to the world's population. The steam engine, railroads, new machinery and factories, and improved agriculture greatly increased the economy's productive capacity. More production inevitably s more consumption. More consumption led to more investment. More investment increased production in an ever expanding world of goods.

Citizens delighted in the availability of more goods and choices. They could individualize their personalities through their choices of food, clothing and shelter. They could shop endlessly and marvel at the innovative offerings of the producers.

Citizens increasingly turned into consumers. Consuming became a lifestyle and culture. Producers profited greatly from the increasing number of active consumers. Producers were eager to stimulate more demand and more consumption. They turned to print advertising and sales calls, and as new media arose, they turned to telephone marketing, radio marketing, TV marketing, and Internet marketing. Business firms would profit from the degree they could expand consumer desire and purchasing.

From the beginning, some onlookers had misgivings about the rise of consumerism. Many religious leaders saw the growing interest of citizens in material goods as competing with religious attention and spiritual values. The legacy of puritanical values kept certain population groups from acquiring too many goods and getting into too much debt. Some citizens were particularly critical of wealthy consumers who used goods to flaunt their wealth. The economist Thorsten Veblen was the first to write about "conspicuous consumption" that he saw as a malady taking people away from more meditative life styles. In *The Theory of the Leisure Class*, Veblen exposed this sickness of status display. Had he lived long enough, he would have been aghast at the news that the former first lady of the Philippines, Imelda Marcos, owned 3,000 pairs of shoes that languished in storage since her exile from the Philippines.

The Growing Number of Anti-Consumerists

There are signs today of a growing anti-consuming movement. We can distinguish at least five types of anti-consumerists.

First, a number of consumers are becoming *life simplifiers*, persons who want to eat less and buy less. They are reacting to the clutter of “stuff”. They want to downsize their possessions, many of which lie around unused and unnecessary. Some life-simplifiers are less interested in owning goods such as cars or even homes; they prefer renting to buying and owning.

Second, another group consists of *degrowth activists* who feel that too much time and effort are going into consuming. This feeling is captured in William

Wordworth’s poem,

“The world is too much with us...

Getting and spending, we lay waste our powers:

Little we see in Nature that is ours;

We have given our hearts away, a sordid boon!”

Degrowth activists worry that consumption will outpace the carrying capacity of the earth. In 1970, the world population was 3.7 billion. By 2011, the world population grew to 7.0 billion. Today (2020) the world population stands at 7.7 billion. The U.N. expects the world population to grow to 9.8 billion by 2050. The nightmare would be that the earth cannot feed so many people. The amount of arable land is limited and the top soil is getting poorer. Several parts of our oceans are dead zones with no living marine life. Degrowth activists call for conservation and reducing our material needs. They worry about the people in the emerging poor nations aspiring to achieve the same standard of living found in advanced countries, something that is not possible. They see greedy producers doing their best to create “false and unsustainable needs.”

Third, another group consists of *climate activists* who worry about the harm and risk that high buying consumers are doing to our planet through generating so much carbon footprints that pollute our air and water. Climate activists carry a strong respect for nature and science and have genuine concerns about the future of our planet.

Fourth, there are *sane food choosers* who have turned into vegetarians and vegans. They are upset with how we kill animals to get our food. Everyone could eat well and nutritiously on a plant, vegetable and fruit diet. Livestock managers fatten up their cows and chickens to grow fast, and then kill them to sell animal parts in the pursuit of profits. Meanwhile cows are a major emitter of methane that heats our earth and leads to higher temperatures, faster glacial melting, and flooding of cities. To produce one kilogram of beef, requires between 15,000 and 20,000 liters of water as well as so much roughage to feed the animals.

Fifth, we hear about *conservation activists* who plead not to destroy existing goods but to reuse, repair, redecorate them or give them to needy people. Conservationists want companies to develop better and fewer goods that last longer. They criticize a company such as Zara that every two weeks produces a new set of women’s clothing styles that would only be available for two weeks. Conservationists oppose any acts of planned obsolescence. They are hostile to the luxury goods industry. Many are environmentalists and anti-globalists.

The anti-consumerism movement has produced a growing literature. One major critic is Naomi Klein with her books *No Logo*, *This Changes Everything*, and *The Shock Doctrine*. Also see the documentary film *The Corporation* by [Mark Achbar](#) and [Jennifer Abbott](#).

How Businesses Sustain the Consumer Sentiment

Business firms have an intrinsic interest in endlessly expanding consumption for the purpose of higher profits. They rely on three disciplines to boost consumption and brand preference. The first is *innovation* to produce attractive new products and brands to enchant customer interest and purchase. The second is *marketing* that supplies the tools to reach consumers and motivate and facilitate their purchasing. The third discipline is *credit* to enable people to buy more than they could normally buy on their low incomes. Businesses aim to make consumption our way of life. To keep their productive equipment and factories going, they must ritualize some consumer behavior. Holidays like Halloween, Christmas, Easter, Mother's Day, and Father's Day are partly promoted to stimulate more purchasing. Businesses want not only purchase of their goods but fast consumption so that objects burn up, wear out, and are discarded at an ever-increasing rate.

Businesses use advertising to create a hyper-real world of must-have products that claim to deliver happiness and well-being. Businesses refashion commodities into compelling brands that can bring meaning into the consumer's life. One's brand choices send a signal of who the person is and what he or she values. Brands bring strangers together to share carefully designed images and meanings.

How Will Anti-Consumerism Change Capitalism

Capitalism is an economic system devoted to continuous and unending growth. It makes two assumptions: (1) people have an unlimited appetite for more and more goods and (2) the earth has unlimited resources to support unlimited growth. Both of these are now questioned. First, many people become jaded and satiated by the effort to continuously consume more goods. Second, the earth's resources are finite, not infinite, and could not meet the needs of a growing world population that comes with growing material needs.

Until now, most countries have used only one measure to assess the performance of their economy. That measure is the Gross Domestic Product (GDP). GDP measures the total value of the goods and services produced in a given year by the country's economy. What it doesn't measure is whether GDP growth has been accompanied by a growth in people's well-being or happiness.

We can imagine a case where GDP grows by 2 or 3 percent by workers working very hard and even at overtime. They only have two weeks of vacation a year. They have little time for leisure or renewal. They might be stressed by unexpected medical bills that hit their savings. They might be unable to send their children to college, leaving their children with lower skills and lower earning potential. Those students who manage to go to college graduate with huge debt. Graduates are carrying a college debt of \$1.2 trillion. They cannot buy furniture or a home, or

even afford to get married. In such a case, we would guess that GDP went up but the nation's average well-being and happiness went down.

We badly need to add new measures of the impact of economic growth. Some countries are now preparing an annual measure of Gross Domestic Happiness (GDH) or Gross Domestic Well-Being (GDW). We know that citizens in Scandinavian countries enjoy a substantially higher level of happiness and well-being than American citizens and run good economies. Is our addiction to consuming, consuming us?

Part of the problem of economic growth is that the fruits of gains in productivity are not shared equitably. This is obvious in a country with a growing number of billionaires and a great number of poor workers. Many CEOs are paid 300 times what their average worker earns, and some take home as much as 1100 times the average worker. The economic system is rigged. Corporations have succeeded in emasculating trade unions and leaving workers with no say in what they or their bosses should be paid.

Even some billionaires are unhappy with this greatly lopsided pay arrangement. Bill Gates and Warren Buffet have publicly called for raising the top income tax rate. This top rate is now down to 37 percent as a result of the 2018 Tax Reform. Meanwhile wealthy citizens in Scandinavian countries pay 70 percent and manage to run a good economy, one with free health care and free college education. One citizen billionaire, Nick Hanauer has spoken about this on TED. He warns his fellow billionaires that "the pitchforks are coming." He pleads with them to pay higher wages and taxes and share more of the productivity gains with the working class. The working class should earn enough to eat well, pay rent, and retire with adequate savings. Today there are too many workers who couldn't muster \$400 to pay for a pressing payment they must make.

Capitalism Faces the COVID-19 Crisis

Capitalism will change for other reasons as well. If more consumers decide to be anti-consumerists, they will spend less. Their spending has traditionally supported 70 percent of our economy. If this goes down, our economy contracts in size. A slowdown in economic growth will lead to more unemployment. Add the fact that more jobs are being lost to AI and robots. This will require Capitalism to spend more on unemployment insurance, Social Security, food stamps, food kitchens, and social assistance.

Capitalism will have to print more money. We see this happening with the \$2 trillion outlay voted by Congress to help support desperate workers in the face of the COVID-19 crisis. And \$2 trillion is only to tide over people in the short run. More trillions will have to be spent. This means huge deficits that can't be covered by existing tax revenues. To the extent possible, tax rates will have to be dramatically increased. The lives of the rich are normally not affected by the grief and hardship of the poor. But now it is time for the rich to pay more and share more. In our current crisis, CEOs and their highly paid staffs have to take a cut in their pay. Boeing's executives recently set an example by saying they will work with no pay during the coming crisis.

When the COVID-19 crisis is over, Capitalism will have moved to a new stage. Consumers will be more thoughtful about what they consume and how much they need to consume. Here are possible developments:

1. Some weaker companies and brands will vanish. Consumers will have to find reliable and satisfying replacement brands.
2. The Coronavirus makes us aware of how fragile our health is. We can catch colds easily in crowds. We must stop shaking hands when we meet and greet. We need to eat more healthy foods to have a greater resistance to germs and flus.
3. We are shocked by the inadequacy of our health system and its great cost. We need to stay out of the hospital and play safe.
4. The sudden loss of jobs will remain a trauma even after workers get jobs back. They will spend and save their money more carefully.
5. Staying home led many consumers to become producers of their own food needs. More home cooking, more gardening to grow vegetables and herbs. Less eating out.
6. We place more value on the needs of our family, friends and community. We will use social media to urge our families and friends to choose good and healthy foods and buy more sensible clothing and other goods.
7. We will want brands will spell out their greater purpose and how each is serving the common good.
8. People will become more conscious of the fragility of the planet, of air and water pollution, of water shortages, and other problems.

More people will seek to achieve a better balance between work, family and leisure. Many will move from an addiction to materialism to sensing other paths to a good life. They will move to post-consumerism.

Capitalism remains the best engine for efficient economic growth. It also can be the best engine for equitable economic growth. It doesn't change to socialism when we raise taxes on the rich. We have given up on the false economic doctrine that the poor win when the rich get richer. Actually the rich will get richer mainly by leaving more money in the hands of working class families to spend.

As the Coronavirus crisis shows us, a robust public health system is in the best interest of all – rich and poor alike. It is time to rethink and rewire Capitalism and transform it into a more equitable form – based on democracy and social justice. Either we will learn to share more like Scandinavian countries, or we will become a banana republic. We are all in this together.

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