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David W. Stewart

Among the more frequent questions asked of the editor, associate editors, and members of the *Journal of Public Policy & Marketing* (*JPPM*) editorial board are (1) Why should marketers study public policy? and (2) What do marketers have to contribute to an understanding of public policy? The thoughtful answers to these questions usually involve a description of the importance of government regulation to protect consumers in the face of market limitations or failures and/or a discussion of marketing theories and techniques in the context of social marketing programs designed to serve policy objectives. Such answers clearly reflect the great majority of the content of *JPPM*, but they also suggest a narrow view of the relationships among marketing, markets, and government and the scope of this journal. Marketing as a discipline has much more to contribute to the discussion of public policy and, more broadly, public interest.

During the hundred or so years of its existence, the marketing discipline has developed a rich and deep body of knowledge about consumer behavior and the means for delivering goods and services to customers. Marketing has also developed a broad array of research methods for the study of consumers, markets, and marketing activities. The discipline can be proud of the progress it has made in developing a strong empirical and theoretical foundation for understanding value delivery systems. This foundation provides marketing with a unique perspective among the many disciplines that examine human behavior. Marketing principles are widely applied by businesses, not-for-profit organizations, and government agencies. Yet even though marketing has enjoyed such success, there is evidence that its influence on organizations has been declining (Engelen and Brettel 2011; Homburg et al. 2015; Sheth and Sisodia 2005). At the same time, marketing's influence on public policy, while important, has been largely limited to regulation of marketing activities (Sprott and Miyazaki 2002; Wilkie and Moore 2012) or to the use of particular marketing approaches in pursuit of specific policy objectives. This narrow focus is inconsistent with the discipline taking a leadership role in addressing larger issues related to social welfare.

In their discussion of the "four eras" of marketing, Wilkie and Moore (2003, 2012) observe that the marketing discipline emerged in response to the need to address the complexity associated with moving goods from production centers to concentrations of consumers. In contrast to the discipline of economics, which had historically focused on the production system, marketing arose to address questions and practices related to demand and distribution. The systems for the movement of goods and services (termed the Aggregate Marketing System by Wilkie and Moore [1999]) represent a critical contribution to the social welfare of a society. The reasons marketers should study public policy stem from the need to understand and manage these aggregate marketing systems. Such a systems view would also place marketing more at the center of policy discussions.

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Markets and Governments

It is well recognized that there are two broad systems through which goods and services may be distributed: markets and government (Varian 2014; Wolf 1993). In practice, most economies operate with a combination of markets and governments. Considerable policy debate revolves around the appropriate mixture of government and market delivery systems and which system is most efficient and effective for the delivery of specific goods and services (Tanzi 2011; Winston 2006; Wolf 1993). The intermingling of markets and governments can be observed in government efforts to regulate and, in some cases, create or destroy markets; in government's use of markets to advance policy objectives; and in business's use of government to gain advantage in markets. When viewed from a systems perspective, there is no clean division between government and markets. This is why marketers should be concerned with the study of public policy.

Much of the work on marketing and public policy has focused on the use of government action to correct for market failures. There is no doubt that markets have limitations and can and do fail (Bator 1958), and there is a rich literature in economics related to the nature and reasons for such failures (Winston 2006; Wolf 1993). However, there is a difference between the failure of one instantiation of a market and failure of the market concept. Nevertheless, market failure is often the rationale for government intervention. Many articles submitted to *JPPM* take the form of identifying a problem in the market and suggesting that government do something, often with little in the way of specific details about the form such interventions might take. Other articles take a particular intervention or proposed intervention and demonstrate the degree to which it does or does not produce the desired outcome. Both types of articles may be informative, but they fail to fully inform policy debates because they do not consider the full array of alternatives or the full range of consequences associated with interventions.

Indeed, just as markets may fail, so too may government intervention fail. Wolf (1979, 1993), Winston (2006), and

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Schuck (2014) provide discussions of such nonmarket failure. Hall (2014) offers examples of the unintended consequences of various public policies. Some market failures, such as the real estate collapse of 2008, can be attributed, at least in part, to government intervention (Schuck 2014). Governments are neither benevolent nor benign. Some of the worst failures of provisioning members of society have occurred when the government has been in charge. Nonmarket failure can be far worse than market failure. There is a robust literature on nonmarket failures in the work on public choice theory (Buchanan and Tullock 1962; Lee 2013), but that literature seldom finds its way into marketing articles.

This brief essay is not intended to take a position in the markets versus government debate. Markets work well in many circumstances and tend to be self-correcting over time. Government does many things well, including providing common goods and services (e.g., infrastructure, national defense) that markets do not provide. Rather, the purpose of this essay is to encourage deeper and richer analyses of public policy issues by marketers. Among the many disciplines that include a focus on public policy, marketing has a unique perspective and set of tools for analyzing consumer response, whether that response is to the offering of a business or to a service provided by government.

Marketing's consumer-centric perspective provides a foundation for the analysis of issues of policy and public interest that includes recognition that (1) consumers and businesses are purposive; (2) consumers and businesses are not passive actors; (3) consumers and businesses differ in important ways, including the ways they may respond to product/service offerings and regulations; and (4) consumers and the world in which they live change over time in ways that are often, but not always, predictable. Although the elements of this perspective may seem obvious to marketers, they are not always so obvious to policy makers. A previous editorial in *JPPM* (Stewart 2014) addressed the question "What is policy?" The remainder of this essay addresses the unique contribution that the marketing discipline can make to discourse on the role of markets, the role of government, and public policy.

Consumers and Businesses Are Purposive

At the heart of much of the research in marketing is the notion that people—consumers and marketers—are purposive (Ratneshwar and Mick 2005). Behavior in markets is guided by efforts to achieve goals. The marketing discipline can contribute much to the discussion of public policy by addressing the "why" question in depth. Markets develop to serve needs. If markets or governments produce undesirable or less-than-desirable outcomes, it is likely due to complex interactions of many forces. There are certainly bad actors in some markets, but more often there is something more systemic at work. Consider the obesity problem, which is deeply rooted in biology, culture, history, and social interactions that influence goals and desires. Sound policy making requires information about this complexity.

Much public policy research begins with rather simplistic assumptions: if consumers were provided with more or different information, they would change their behavior, or if marketers offered "better" products, consumers would readily accept them. Unfortunately, a great deal of policy is also based on such assumptions. Marketers and marketing research can contribute a great deal to policy discussions by identifying the complexity of behavior in markets, the underlying goals that drive behavior, the alternatives for achieving these goals, and the likely acceptance or rejection of such alternatives.

Consumers and Businesses Are Not Passive Actors

Many of the failures of government action can be traced to a failure to recognize that people and businesses do not passively accept such action. Consumers and businesses respond to regulation and government intervention in ways that may thwart the intent of regulation or that may produce unintended consequences. "Unintended" is not necessarily the same as "unanticipated." For example, it should not have been difficult to predict the rise of smuggling that arose during prohibition (Hall 2014). Marketers are well qualified to inform policy making by helping identify how people will respond to regulation.

Consumers and Businesses Differ

Most public policy is a blunt instrument. Laws, rules, and regulations generally, but not always, must be developed to apply to everyone. This often means that policy decisions create winners and losers. A powerful advantage of markets is that they can often accommodate differences among individuals and organizations. Marketers have a deep understanding of segmentation and differentiation, and marketing theory and research should reflect this understanding.

The World Changes

Innovation and change are at the core of much that marketers study and do. Markets evolve over time in response to changing needs, new technologies, and competitive actions. A problem with government regulation is that it tends to be slow to respond to change and, once in place, is difficult to alter (Schuck 2014). Policies that may have made sense at one point in time may no longer make sense at another point in time, and even policies that are clear failures are often difficult to change. There is a need for ongoing thought experiments in creative destruction of policies as well as empirical research to determine the costs and benefits of policies. Marketing is a discipline well suited to such analyses.

A Call to Action

For better or worse, markets and government are inextricably bound together as the means through which societies meet their needs and provision themselves. Government exercises considerable influence over markets, but markets also cast a long shadow over government. Even in centrally planned economies, where government has attempted to match supply and demand, markets have developed and prospered. No discipline has greater expertise related to markets, especially the demand side of markets, than marketing. Marketers have much to contribute to discussions of policy, including the identification of creative market solutions to problems as well as the design of effective and efficient nonmarket (government) intervention when needed. *JPPM* provides an especially appropriate vehicle for such work.

The marketing discipline has expertise that can make important contributions to the welfare of society, and it is in the interest of the discipline to apply this expertise. Marketing's reputation and prestige will be enhanced if it addresses issues important to society. Too much of the work related to marketing and public policy is tactical (exploring, e.g., how to design a disclosure, descriptive analysis of a problem). This essay is a call for the marketing discipline to take a broader view of its contribution. This means taking on bigger problems, with more general analyses of society's provisioning needs and how to best ensure that societal needs are met efficiently and effectively. It also means offering more creative market-based solutions to important social problems rather than tossing problems over the wall to be solved by unspecified government action. Such suggestions are, at best, intellectually lazy.

An important contribution of the marketing discipline is its view that supply and demand can be efficiently, rapidly, and effectively matched by markets with some important regulation by government. Marketing's most consequential contributions lie in addressing these market mechanisms. *JPPM* seeks articles that address important societal issues and suggest innovative solutions through both market mechanisms and/or government regulation.

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