

## Consumerism and Advertising Discontents of Consumer Culture

- Critique of ‘artificiality’ of consumer culture.
- Consumerism brings out our non-rational side.
- Galbraith – creates needs, doesn’t serve them.
- Hidden reality: Sweatshop economy.
- Elitist critique: manipulation vs. real needs.

## Liberal View

- Consumer sovereignty, customer is always right.
- Well-informed and rational consumers.
- We know what we want:
  - My preferences are independent of the preferences of others.
- Market works.

## Why Consumerism is criticized

- Products we don’t ‘need’ – wants vs. needs.
- Rational, independent consumer is a myth.
  - Not all preferences are pre-given, rather, they result from discovery, deliberation, etc.
  - Experience goods.
- Bad tastes, trashy movies & TV shows.
- Glorify ‘Lower pleasures’, violence, sex.

## Ethics of Advertising

- Harmful products dumped on ignorant consumers.
- Environmental effects
- Children, junk food in schools.
- Pharma co’s spend 2x on marketing as on R&D.
- Advertising as brainwashing, seduction, false needs.

## Responses to the Critics

- Markets respond to how people actually act and behave,
  - not just to what experts, intellectuals or politicians say they want.
- Advertisers are providing needed information for buyers and choosers.
- Ads→brands→mass markets→cheaper products
- Brands and reputational incentives – co’s must make good products. (self-regulation)

## Economists’ defense of Ads

- Ads are socially efficient – overcome market failure.
- Why? Goods subject to free-riding (non-excludable, non-rival) would be under-

produced if user paid market price.

- Ads pay for goods (newspapers, hockey games on TV, Google searches) that are intrinsically 'shareable' (positive externalities)
- Instead: must sell viewers to advertisers, not TV shows to audiences.

#### Response to Trashy Culture Critique

- Subjectivity of preferences – rational persuasion not possible.
- Critics themselves have to persuade (not inform) – playing the same game: no 'natural' wants.
- Judge system by its results – lots of wealth/stuff.
- This wealth funds 'high culture' – universities, Arts, public television, environmental tech.
- Can't 'push' high culture. Attention economy.

#### Response to Manipulation Thesis

- Info and debate costs \$, time, effort, attention.
- Cheesy persuasion better than info.
- Consumers don't want too much info! Rational ignorance.
- If buying was rational & deliberative, mass consumer markets wouldn't function well.
- Firms can be more efficient if people don't need deliberative persuasion – hence branding, etc..

#### A Smarter Critique of Consumerism

- Shouldn't criticize values.
- Rather: Problem of positional goods, competitive consumption. (fashion, etc.)
- Individuality, distinction, even rebellion.
- Problem: being 'cool' (status, driving cool car) is relative.
- Coolness therefore self-defeating.
- The consumer treadmill: achievement of coolness expires when others have it too.

#### What we should do (acc to some).

- Progressive income tax, incentives to save.
- Use economic indexes that reflect well-being not consumption (GDP).
- Tax polluters.
- Incentives for reduced work hours.
- Subsidize public goods – neighborhoods, public media, etc..
- Tax advertising.

## Remaining Problems with Advertising: Shaping Media and Culture

- Media economics:
  - high up-front costs, low marginal costs, declining avg costs.
  - need large audience. Prevalence of monopolies.
- Hence: Much media content is bland, lowest common denominator.
- Niche media markets not supported unless ...
- Loss of consumer surplus.

### Does media give audiences what they want?

- Advertisers need to reach audience – so the market ‘works’, right?
- Ad-influenced content: cheaper than alternative.
- Some Problems according to Baker:
  - Advertiser influence: social costs.
  - Media’s democratic justifications.
  - Who is served? Justice considerations.

### Advertiser Influence

- Ad-supported media: must support buying mood (images of cool, luxury, easy fulfillment)
- Consumer-defined audience categories are better served
  - ‘golfers’ not ‘workers’; ‘home-makers’ not ‘women’
  - ‘affluent’ not ‘poor’

### Structural bias of media

- Broad and shallow. For econ. reasons.
- ‘Objective’ not ‘partisan’.
  - Less engaging, less political participation.
- Ads subsidize media selectively:
  - Cheapens media for the affluent only.
  - Poor people are bad market. Don’t get media they want.

### Market: Not neutral method of preference expression.

- Market doesn’t support non-commodified communication:
  - Education.
  - Public libraries.
  - Journalistic integrity.
- Hence we already have:
  - Subsidized public broadcasting.
  - ‘Fair use’ in copyright law.
- We need:

- Protections for journalistic independence.
- More non-profit media

#### Preference complexity (p.118)

- Difference between market and non-market expressions of preferences.
- Diff. purposes of media:
  - Entertainment, engagement, education, transformation.
- Impulse vs. reflection or deliberation.
  - The latter aims at changing preferences
  - Preferences about preferences.

#### Baker's conclusions

- Advertisers interests and audience's interests don't necessarily coincide.
- Advertisers want/need:
  - Easily stimulated desires.
  - Materialistic values
  - Belief in commodifiable solutions (pills).
  - Ignorance of generic solutions (health).
  - Dumbed-down, large audiences.