AGGREGATE CONSUMER SATISFACTION: THE TELOS OF MARKETING

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ABSTRACT

The purpose of this article is to propose a general theory of marketing grounded in consumer satisfaction. The article reviews past definitions of marketing and key concepts applicable to the definition of marketing. It suggests that marketing is a discipline that has as its telos the sustainable optimization of aggregate consumer satisfaction.

INTRODUCTION

The thesis of this paper is that consumer satisfaction is or should be the foundation, the ultimate dependent variable, the telos of marketing theory and practice. And theory matters. As Kurt Lewin (1943) famously said, "There is nothing so practical as a good theory." Marketing has long suffered from not having this practical tool. In the absence of a good general theory, it is an act of charity to designate a field of study a *discipline*. Without good theory, discourse within the "discipline" tends to be conceptually chaotic. In marketing, symptoms of this problem are apparent in the proliferation of research schools whose foci minimally overlap (Sheth and Gross, 1988; Shaw and Jones, 2005; Tadajewski and Jones, 2014), in doubts about whether marketing can ever be a conventional science (Bartels, 1951; Buzzell, 1963; Firat 1985, 2014), in doubts about the essential worth of marketing (Dickenson et al., 1988; Houston and Gassenheimer, 1987; McLeod, 2009), and in the limited respect sometimes accorded to marketing practitioners (Farmer, 1967; Steiner, 1976), as reflected, for example in the fact that Chief Marketing Officers typically have shorter tenure than other C-suite officers (Korn Ferry Institute, 2017).

The lack of integration among research schools is highlighted in Shaw and Jones' (2005) comprehensive review of historical schools of marketing thought. In their review of the schools, they note that "researchers within a school seldom recognize the existence of other marketing schools, let alone their relationship to one another" (p. 270). They add that the "difficult task" of "formalizing the conceptual linkages among the schools of marketing" has not been done and remains as an important task for future research (p. 271). In particular, the two largest schools of marketing thought (as determined by number of practicing academics), marketing management and consumer behavior, have increasingly diverged. Their divorce, predicted by Sheth and Garrett (1986), is substantially complete. As Wilkie and Moore (2003, p. 133) pointed out, only three of the approximately 900 articles published in the *Journal of Consumer Research* in its first 20 years mentioned the word *marketing* in the title. And what is generally true for Consumer Research and the Association of Consumer Research is still more true for Consumer Culture Theory (CCT; Arnould and Thompson, 2005), the Consumer Culture Theory

Consortium, and associated journals such as the *Journal of Consumer Culture*.

A number of scholars have recognized some or all of the problems discussed above and have noted that a general theory of marketing would address these or like problems. And a few of them have sought to provide the conceptual predicate for development of a general theory or have themselves proposed a general theory (Bartels 1988; El-Ansery, 1979; Sheth et al., 1988; Hunt, 2002; Bagozzi 1975a, 1975b). Shaw (2014) provides a good recent review and suggests, citing Alderson (1957) and Sheth et al. (1988), that there is strong agreement among scholars on the core essentials of a general theory. The subject matter of a marketing system consists of the work involved in creating and maintaining markets. One of two fundamental conceptual units of analysis is a marketing transaction. [The second unit is channels and transvections.]

Building on this, Sheth et al. (1988) identify market transactions as the fundamental unit of analysis in marketing and add that the purpose of marketing is to create value by bridging the gaps between producers and consumers. This second point gets closer to the mark than the first one does. Transactions (or exchanges) are not the appropriate unit of analysis in marketing because they are the *means to an end*, not an *end* in themselves, as Sheth and others have subsequently acknowledged (Houston and Gassenheimer, 1987; Sheth and Uslay, 2007). The end, as stated in the first line of this article, the appropriate unit of analysis in marketing, is (or, as we argue, should be) consumer satisfaction. The consumer satisfaction produced when gaps between producers and consumers are bridged becomes the most appropriate basic unit of analysis when developing marketing theory, as it is not a means to an end, but the end itself, the ultimate dependent variable, the telos of marketing theory and practice.

Definitions of marketing vary in what they include, but virtually all have one common element--the customer/consumer. In some older definitions, the consumer is hidden in but quite clearly implied by an abstraction, e.g., definitions used between 1922 and 1958 repeatedly refer to "transfers of ownership" (Clark, 1922) and "place, time, and possession utilities" (Converse, 1930). Ownership is almost always transferred at the end of the process to the consumer, and it is the consumer who ultimately defines and enjoys the place, time, and possession utility of products. Ringold and Weitz (2007) do an extensive review of historical definitions used by marketing textbooks and the AMA. A few modern textbook definitions of marketing--most notably Pride and Ferrell's, which refers to "exchange relationships"--also hide the consumer in an abstraction, the consumer presumably being a participant in the *exchange*. In his definition of marketing, Kotler refers somewhat vaguely (the *individual* could be the marketer) to "individuals and groups" who "obtain what they need and want," but he specifies the "customer" when defining marketing management. McCarthy always clearly refers to the "customer or client" in his definition of marketing.

From 1935 to 1985, the AMA defined marketing as "the performance of business activities that direct the flow of goods and services from producers to consumers." The 1985 definition was less clearly drawn, referring only to "exchanges that satisfy individual and organizational objectives." Though this definition shares the ambiguity noted above in the related Kotler definition, consumers were probably meant to be implicit in that phrasing. Customers were again explicitly mentioned in the 2004 AMA definition, "delivering value to customers," and in the 2008 definition, "have value for customers." Given the implicit or explicit ubiquity of the customer/consumer in these definitions, one might reasonably conclude that the consumer lies at or near the heart of marketing as a concept and as a practice. Thus, it is logical to infer that consumer satisfaction in the aggregate is the ultimate end state, the telos, on which any general theory of marketing should focus.

STAKEHOLDER THEORY AND SERVICE DOMINANT LOGIC

Over the past several decades, management scholars have developed a stakeholder theory of the firm that has broadened our understanding of a firm's opportunities and obligations. Stakeholders are parties whose wellbeing may be positively or negatively affected *by* a firm's actions and parties who have power to affect outcomes positively or negatively *for* the firm (Frooman 1999; Maignam and Ferrell 2004; Ferrell et al. 2010). Thus, in addition to the investors, workers, and customers who have been the traditional focus of marketing and management theorists, stakeholder theory highlights the role of communities in which a business operates, the natural world with its array of species and physical systems, the electorate and governments that sometimes reflect voters' views, sometimes protect parochial interests of those who govern (Buchanan, 2000). Stakeholder theorists highlight the need for managers to serve the interests of various stakeholder groups (Donaldson and Preston 1995) and identify strategic initiatives that benefit some stakeholder groups without injuring others (Tantalo and Priem 2016).

Stakeholder theory may be interpreted as a particular expression of systems theory, a broader concept that highlights the networked nature of production, consumption, governance, and culture. In marketing, service dominant logic has especially emphasized the systemic relations between all participants in a value chain and the importance of coordinating activities to create value for all participants (Vargo and Lusch, 2004).

We discuss stakeholder theory here because it demonstrates how various stakeholders may impinge upon and constrain the activities of marketers who focus on managing and optimizing the relationship between producers and consumers, between sellers and buyers (Lusch and Laczniac, 1987). Several examples below demonstrate how these activities may be constrained.

If marketers operate in environments where some stakeholders have outsized power, the capacity for marketing to attain its telos is circumscribed. For example, if monopoly or regulatory capture give outsized power to capital, the capacity of marketers to focus on and meet consumer needs may be limited. When inappropriately empowered, capital may limit the competition that drives businesses to understand and meet consumer needs. Likewise, if politics, law, custom, or violence enable labor to limit access to jobs, suspend production, and raise wages above market clearing levels, the capacity of marketers to deliver value to consumers may be compromised. Markets in which such activities gain traction become less efficient and less competitive in the global marketplace (Schwab and Zahidi 2020). If governments inappropriately leverage the monopoly on violence they properly have, they have particularly formidable powers to distort exchange processes through irrational regulation, tariffs that protect rent-seeking special interests, or limitations on the flow of information that is essential for telos attainment in marketing. This was clearly the case with the uncertainty surrounding Brexit and its impact on international trade before the governments of the European Union and the United Kingdom came to an agreement in late December, 2020 (Matthijs 2020). Still more problematic, if government does not have a monopoly on violence, if a state has failed, corruption and lack of security will typically make it impossible for marketers to carry out their social function and for marketing to attain its telos of sustainably optimizing consumer satisfaction. For example, in Syria, a failed, politically unstable state where many factions violently vie for power, businesses are often unable to efficiently distribute any goods at all to consumers (Frantzman 2018). Each of these examples demonstrates how various stakeholders can limit the optimization of aggregate consumer satisfaction.

FOUNDATION OF A GENERAL THEORY

The foundational assertion of the general (but not fully explicated) theory of marketing proposed in this article is the claim that *optimization of consumer satisfaction is the purpose or telos of marketing*. To restate, marketing has a logical terminus, and that terminus or telos is optimal consumer satisfaction. An obvious objection to this foundational claim arises from the universal or nearly universal encounters consumers have with marketers who are clearly seeking to optimize their own satisfaction and wellbeing rather than that of the consumer. But the theory proposed here is grounded in a systems analysis (Alderson, 1957; Fisk, 1967; Layton, 2007). The claim is not that the telos of each marketer is the optimization of consumer satisfaction; it is that consumer satisfaction optimization is the telos of marketing taken as a whole with its internal logic fully expressed. The claim is that the science of marketing is reducible to a first axiom (Bartels, 1988), “a distinct subject matter” (Hunt, 2002, p. 20), a single, complex optimization problem: the task of optimizing aggregate consumer satisfaction.

This claim can be clarified with a simple example involving two marketers and one consumer, an example that is also vulnerable to numerous objections, though perhaps not to an objection so obvious that it will occur to everyone. Let us posit $Marketer_X$ and $Marketer_Y$, two products X and Y, and a consumer who is consuming X, does not know about Y, but would prefer Y over X if she did know about it. The consumer, who has a suboptimal consumption bundle, will continue in this condition only so long as $Marketer_y$ does not do her job. If both $Marketer_X$ and $Marketer_Y$ properly market their products to the consumer, the consumer will possess an optimal consumption bundle and marketing will attain its telos.

The same point can be made more generally by carrying the logic of Smith’s (1956) concepts of product differentiation and market segmentation to their logical termini. The logical terminus of market segmentation is segments of one, a focus on the individual consumer with all her or his peculiarities, needs, and desires. One-to-one marketing attains this terminus. The logical terminus of product differentiation is a product designed to accommodate the peculiarities, needs, and desires of one specific consumer. Mass customization, particularly, customization in which the customers themselves design the product, attains this terminus. A number of companies produce shoes and clothing, fishing boats and computers, cars and furniture to specifications provided by consumers. These companies compete by reducing cost and broadening the set of design parameters so that the consumers’ design options are less constrained. At the limit, consumers have inexpensive, unique consumption items that fully meet their particular needs and desires. Similar developments are happening or are likely to happen across a wide range of industries.

It is possible, of course, to posit all kinds of limitations and constraints that might prevent $Marketer_Y$ from properly carrying out the task of marketing Y to the consumer in the example above and that inhibit the practice of one-to-one marketing and mass customization (Dellaert and Stremersch, 2005). Some of these constraints are structural, others technical, still others rooted in complexities inherent in human subjectivity and the social construction of desire. We discuss some of these constraints and complexities below. But while we must acknowledge that, except in very circumscribed circumstances, the task of attaining the telos of marketing and optimizing aggregate consumer satisfaction is dauntingly difficult and beyond our current capacity, the telos can nevertheless function as a regulatory ideal that crystalizes the work that marketing calls marketing practitioners and marketing scientists to do. Acknowledging, again, many qualifications and complexities yet to be discussed, practitioners, broadly speaking, move us toward the telos of marketing as they effectively, efficiently, and profitably carry out their marketing duties. Academic and other marketing scientists, ideally handmaidens not of any particular private or public organization but rather of the marketing system *per se*, likewise move us toward the telos of marketing as they develop more accurate measures of consumer satisfaction, develop technical solutions that facilitate the matching of supply and demand, identify structural impediments to the optimization of consumer satisfaction, and propose macromarketing adjustments that facilitate nearer attainment of the telos of marketing.

THE SUPPLY SIDE

While our focus in the review of historical definitions of marketing was the actual or implied presence of the consumer, all the definitions likewise explicitly or implicitly note that the producer or marketer is an integral part of the marketing process. Kotler (1972), while discussing marketing as exchange, says there must be at least two parties for marketing to occur. In short, all the marketing definitions are, at a minimum, dyadic. That is not true of the general theory of marketing proposed in this article. The claim here is that marketing science optimizes a single, teleological dependent variable, the aggregate satisfaction of consumers. Though it doesn’t necessarily use the terms in precisely the same way, this theory inverts Say’s

Law. Rather than claiming that "supply creates its own demand," it asserts that "demand creates its own supply." Supply is held to be a function of demand.

The assumption that underlies this claim is the idea that people generally produce in order to consume rather than consume in order to produce. Their need and desire to consume is both temporally prior (because all babies consume before and more than they produce) and logically prior to their need or desire to produce (because, with complications, the utility of production is determined by the customer who is sovereign). On the supply side, investors who own companies that produce products and marketers and others who work for them generally invest or work with the goal of increasing their immediate or latent potential to consume. Their ability to optimize their consumption potential is a function of their ability to increase satisfaction and, at the limit, sustainably optimize their customers' bundle of possessions and experiences. Every unmet or unimagined human desire is an entrepreneurial opportunity.

So if a market is properly configured, the interests of consumers who enable their own consumption by acting as investors or employees, as those who produce and market a product, converge with the interests of the final consumers who purchase and use the product. And the tasks that are the focus of the two largest schools of marketing, the marketing management school and the consumer behavior school, converge. Returns to the investing consumers (who own the company or otherwise provide capital) and income and job security for the working consumers (who produce and market the product) will be optimized if, using tools of consumer research, they accurately identify ultimate needs of end consumers and then, using the tools of marketing management, organize the activities of the firm to sustainably produce a product or service that optimally meets those needs (Wright, Pearce and Busbin, 1997).

To take the simplified example discussed above, the position of Marketer$_X$ (and Investor$_X$) is insecure because X does not optimally satisfy the consumer. Once Marketer$_Y$ does her job, Investor$_X$ and the workers who produce and market X will lose their income stream. Their position would be more secure, and their contribution to aggregate wellbeing would be greater, if they could identify a consumer need that they could organize themselves to meet more efficiently and effectively than is possible for any competitor.

They are most likely to attain their goal as an investor or marketer, which is to optimize their own consumption, if they sustainably optimize the satisfaction of those they serve. One-to-one marketing of products efficiently mass customized according to the customer's own design specifications give them the best chance of doing that. Thus, the telos of the marketing system and of all the participants in the system resolves to a single dependent variable: the *sustainable* optimization of aggregate consumer satisfaction.

The *sustainable* qualifier is important. Implicit in it is a time horizon. In the near term, investors and workers would optimize consumer satisfaction by distributing their products cost free, but provision of beneficial products is not sustainable in the long term without approximately ordinary returns on capital for investing consumers and ordinary wages for employee consumers.

Given this sustainable optimization goal, helping investing consumers who provide production capital avoid malinvestment is an important marketing task. When investors devote resources to producing things that do not satisfy consumers, the malinvestment has a double cost. In addition to the investors' loss of consumable resources, the malinvestment has an opportunity cost for the end consumers who would have benefitted had those resources been used to produce a satisfying product. The key to avoiding malinvestment is accurate predictions of consumer desire.

Accurate predictions reduce the standard deviation of investment returns and, thus, the risk premia required to induce investors to risk resources on the development of new products that meet consumer needs. Where prediction of consumer desire is poor, many investors lose their investment (and experience diminished consumer satisfaction) while a few investors achieve extraordinary returns, reflecting high risk premia (and have an outsized capacity to consume). Where prediction of consumer desire is good, the risk premium should be low, investment returns and, thus, incomes more equal. Other things equal, greater income equality will yield higher aggregate consumer satisfaction.

Greater income equality helps optimize consumer satisfaction because, as a general rule, consumers spend their first dollars on items that have a high return in consumer satisfaction--food, clothing, shelter, basic health. Their last dollar is spent on less important items that produce smaller increments in consumer satisfaction. As income disparities are reduced, more of those last dollars will be spent purchasing products that have higher satisfaction returns. Thus, other things being equal, greater income equality will produce higher levels of aggregate consumer satisfaction (O'Connell 2004).

THE DEMAND SIDE

If as suggested here, the telos of marketing is to sustainably optimize aggregate consumer satisfaction, then the study of human needs and desires, of consumer satisfaction/dissatisfaction, becomes foundational in marketing. Satisfaction occurs when needs and desires are met. So Consumer Research and CCT, which specialize in understanding needs and desires, become essential components of the marketing discipline, indeed, in important respects, the predicate for other aspects of marketing research and praxis.

And it is on this point that marketing diverges from economics. As participants in a fundamentally practical discipline who engage with real people making millions of micro decisions, marketers have long understood that the *homo economicus* assumed in much economic reasoning is, at best, a distant cousin of the actual consumers they serve. So while the conception of marketing as an optimization problem that is, presumably, susceptible to mathematical modeling may have the smack of economics, the sciences of economics and marketing remain distinct. They diverge in the granularity of the core phenomena they study. (This divergence is least obvious, the overlap between disciplines greatest, for experimental economics, which does not assume the existence of *homo economicus*.)

The consumers whose satisfaction the marketing system optimizes as it attains its telos need not and should not be conceived, naively, as blank slate, rational utility maximizers who have an unclouded vision of available goods and services and of their own interests. Consumers can be understood to be what Consumer Research and CCT have abundantly illustrated that they in fact are: socially constructed agents for whom the range of conceivable needs and desires is prestructured by local ethos, by government, by activities of an array of other market participants, including friends, family, celebrities, market mavens, and, of course, by efforts of past and present marketers (Hirschman and Holbrook, 1992; Holt, 1997; Askegaard and Kjeldgaard, 2002). In short, consumption is prestructured by culture and by its companion and analog, language. Consumers never fully create their own culture or language. All are born already situated within a network of values, judgements, preferences, and habits, and within a constellation of normative possessions and consumption activities (Solomon and Buchanan, 1991; Nguyen and Lowrey, 2010). On the margins, consumers may and often do modify that culture or, more typically, customize their lives by affiliating with particular pre-existing subcultures (Schouten and McAlexander, 1995). A few may voluntarily reject their natal culture and situate themselves within another prestructured cultural world with its distinctive set of needs and desires (Oswald, 1999). None freely posit purely personal needs and desires and fulfill them within a consumption world that is their own *ex nihilo* creation.

And yet, while acknowledging the situatedness of consumers, CCT researchers tend to emphasize the freedom, creativity, market literacy, resistance, capacity for deconstruction, and decenteredness of the postmodern consumer (Thompson and Haytko, 1997; Mitchell, 2001; Arnould and Thompson, 2005). This framework suggests that the elusive consumer subverts the efforts of marketers to predict and channel consumption (Brown, 2016). NeoMarxist and other critical researchers, on the other hand, emphasize asymmetrical power relations, consumer false consciousness and self-alienation, the capacity of companies to manipulate and control consumers by creating spurious needs and desires (Hardt and Negri, 2000; Murray, 2002; Cova et al., 2013). They frame consumers as the victims of powerful, self-serving forces outside of the supposedly sovereign consumer's awareness or control.

CCT analysis throws into question the

capacity of marketers to predict and, thus, meet consumer needs and desires. Critical analysis throws into question the capacity of consumers to recognize and seek their own interests as they buy and consume. But the space *par excellence* for consumer freedom, creativity, co-creation, resistance, and deconstruction is the virtual, hyperreal, digital domain in which it is also most possible to monitor consumer behavior and collect terabytes of information that can be used to predict consumer needs and desires (Jenkins et al., 2013). And unless critical researchers view themselves as the indispensable elite saviors of the benighted masses who are helpless without the intervention of their betters, they must grant (as Foucault ultimately did in spite of his critical emphasis on how the powerful use power to construct others' subjectivities) that ordinary consumers have, at least on the margins, the capacity to recognize and seek their own interests (Foucault, 1984; Shankar et al., 2006). This virtual domain of consumer activity and data collection and this marginal capacity of ordinary consumers to recognize and pursue their own interests may provide machinery sufficient for marketing to progressively approach and ultimately attain its telos, the sustainable optimization of aggregate consumer satisfaction. Activities such as tracking consumers across devices (e.g., computers, tablets, smartphones) or websites to gain a deeper understanding of consumer desire (Brookman et al. 2017; D'Annunzio and Russo 2019) are examples of the machinery necessary for marketing to attain its telos.

Thus, if we posit the capacity of consumers to recognize new goods and services that better meet their needs or desires and posit marketers' growing capacity to produce customized products and identify consumers who will most value them, we may have a dynamic marketing process that brings us ever closer to the telos of marketing. This does not mean that consumers, even *qua* consumers, will be massively more satisfied in the future or were massively less satisfied in the past than they are now. While products and experiences can temporarily increase wellbeing, over time hedonic adaptation tends to return satisfaction to the baseline level (Helson, 1964; Brickman and Campbell, 1971; Lykken and Tellegen 1996; Frederick and Loewenstein, 1999).

And yet, hedonic adaptation is asymmetrical, the return to baseline being stronger following positive experiences than following negative ones (Brickman et al., 1978). The effects of negative experiences sometimes persist (Aron and Kultgen, 2019; Lucas, 2007). So, while contemporary consumers may not experience much greater life satisfaction than those in the ancient or medieval past did, having experienced the benefits of indoor plumbing, modern communications, air travel, and good dentistry, a modern consumer would likely be persistently dissatisfied if suddenly forced to live permanently as one would have lived in ancient China or Rome (Lyubomirsky, 2011). The longing people in failed states feel for previous eras of civil order, which afforded greater safety and availability of life necessities, is a contemporary example. Thus, while some modesty in our expectations of future benefits from attaining the telos of marketing is warranted, real gains consumers would be loath to lose are possible as marketers increase their effectiveness.

RATIONAL AND RADICAL IGNORANCE AND THE SUB-OPTIMIZATION OF CONSUMER SATISFACTION

While, as argued above, consumers themselves are typically the best judges of what goods/services most satisfy them, it does not follow that ordinary consumers are positioned to optimize their consumption choices and consumer satisfaction. Paradoxically, as markets expand and increase the number of available goods and services, consumer satisfaction increases but so does the sub-optimization of satisfaction. As the range of available products increases arithmetically, the spectrum of potential consumption bundles increases exponentially. In a global market that offers millions of different goods and services, that exponential increase in options and the problems of *rational* and *radical* ignorance (Kirzner 1973) almost always yield consumption bundles that are ever more satisfying but also ever more distant from being optimally satisfying. Thus, as the spectrum of possible purchases increases, so do likely opportunity losses produced by rational and radical ignorance.

Consumers are rationally ignorant when they know that better consumption options do or may exist but they choose to stop searching for those options because search costs exceed probable gains from search. For example, consumers may choose not to call every tire store in a metro area if, after calling six or seven stores, they find that vendors are, at best, matching the lowest quote they have received. Understanding that if they took the time to call all stores, they might get a slightly lower price, consumers may rationally choose to be ignorant about the full spectrum of choices because they value their time more than the money they might save by conducting an exhaustive search.

Consumers are radically ignorant when they do not purchase products that would give them more, often much more satisfaction than the products they do purchase because they do not know that the more satisfying products exist and, therefore, are not searching for them. In a global market that, as noted above, contains millions of different goods and services, it is virtually certain that the vast majority of consumers purchase significantly suboptimal bundles of goods and services. Most of the foregone consumer satisfaction will be a function of radical ignorance. For example, consumers seeking medical weight loss solutions might not be aware that drugs for conditions they do not have (e.g., diabetes) may help them with weight loss (e.g., semaglutide, sold under the brand name Ozempic; Kanagaraj 2018). They do not seek these products out because they do not know about them. They are radically ignorant. This ignorance and consequent extensive sub-optimization is likewise a function of or an indication of deficiencies in the marketing system, the telos of which is the optimization of aggregate consumer satisfaction.

TOOLS FOR EFFICIENTLY SOLVING PROBLEMS ROOTED IN IGNORANCE AND COGNITIVE BIAS

Rational and radical ignorance are information problems. Fortunately, the most important emergent marketing phenomena of our era, the internet and artificial intelligence, provide mechanisms for overcoming these information problems. At first glance, like all former developments that expanded the range of available goods and services, the internet would seem to increase satisfaction but decrease the optimization of satisfaction, i.e., increase the gap between how satisfied consumers are and how satisfied they would be with an optimal consumption bundle. After all, the internet expands the trading area and range of goods and services available to their logical limit and, thus, maximizes the exponential problem posed as we attempt to match the right product with the right person.

But this expansion of the trading area is different from previous expansions. Along with an exponential increase in the spectrum of possible consumption bundles, it provides an exponential increase in information about consumer preferences and behaviors and, when coupled with artificial intelligence, an exponential increase in cognitive capacity to process that information. Given consumers who are able to recognize and pursue their own interests and a macromarket that permits them to buy products at will, the main reason why marketing falls short of its telos is inadequate informational advertising. Providing effective informational advertising is largely a prediction problem, the hard part being to accurately predict what a consumer's preferred product will be. Since accurate predictions of consumer preferences are the principle product of web giants Google and Facebook and an important product of Amazon.com, immense resources are currently being devoted to solving this problem. That work is yielding fruit. The accuracy of predictions is rapidly increasing while the price of accurate predictions is rapidly falling (Agrawal et al., 2018). Machine learning has been the key and has substantially solved a prediction problem, accurate translation of natural languages, which is analogous in complexity to accurate prediction of consumer preferences.

The prediction problem is made more tractable by another emergent feature of the internet, its capacity to facilitate mass customization. When consumers interactively design their own products, with hints, perhaps, from intelligent machines on their likely preferences, the probability is high that the resulting product will quite precisely meet their needs. With interactive mass customization, the marketing system does not have to precisely predict what each consumer wants. It merely has to predict the set of components the consumer is most likely to prefer. From that set of components, consumers may then design the product that precisely meets their needs and that, thus, optimizes their consumer satisfaction.

In addition to facilitating customization, prediction engines might increase consumer satisfaction by presenting consideration sets of existing goods likely to optimize consumer satisfaction. Thaler (1985) in his work on mental accounting has shown that consumers often sub-optimize their spending in order to constrain themselves and avoid overspending. Having created a budget with a gasoline account, some consumers, when gas prices fall, irrationally purchase premium gasoline their car does not need in order to fully use their gas budget. Satisfaction would be higher if they reallocated unneeded gas money to another budget category, but they do not do that because it would violate (and weaken) the budget rule that money not be spent outside its category, a rule that reduces unwise impulse spending. The budgeting problem and other shopping problems could be solved efficiently with a well-designed choice architecture.

Relatedly, there is a very notable lacuna in almost all research presented at consumer research conferences and in consumer research journals. Researchers identify factors (often, cognitive errors) that affect consumer choice. They quite often discuss how businesses might capitalize on these drivers of choice to sell products. They very rarely discuss the implications of these cognitive errors for consumer satisfaction. Thus, as Hutchinson (2004) suggested in his Association for Consumer Research Presidential Address, researchers often become facilitators of the “hidden persuaders” who convince consumers to misspend their money. Were academic researchers to refocus their work on the sustainable optimization of aggregate consumer satisfaction, they would help socially responsible businesses frame their value propositions in ways that help consumers choose the most satisfying option for them. And they would help regulators identify and legislate against unethical marketing techniques that cause consumers to make choices they would not make if fully informed.

It is possible in principle to identify personal weaknesses, cognitive biases, and inefficient strategies that each individual consumer has or uses, then design products that would help them more fully maximize their satisfaction. Products could be developed that allow consumers to specify their superordinate goals, that would then present product choices to the consumer within a choice architecture that compensates for cognitive biases and that constrains tendencies to overspend, e.g., by putting consumers on an allowance that reflects their ultimate goals but also dynamically adjusts to factors such as changes in gas prices that reconfigure the set of optimally satisfying goods and services for that consumer. Products of this kind--that build on emerging internet and artificial intelligence technologies—make it possible, in principle, for the marketing system to attain its telos by sustainably optimizing aggregate consumer satisfaction.

THE PRIVACY PROBLEM

To be sure, caveats are in order. In a market like ours that offers an extraordinary variety of goods and services, a large proportion of preferred products are specialty products in the long tail (Anderson, 2006). Because the sample of users of highly specialized products is inherently small, prediction accuracy depends heavily on sample size. Thus, while the Google and Bing search engines are relatively equal in their capacity to find commonly sought information, Google, having a larger user base, is much more capable than Bing of finding more obscure information consumers seek (Agrawal et al., 2018). The same will be true for predictions on preferred specialty products and/or their components. Thus, the data repository needed for marketing to attain its telos is a natural monopoly. The system is most likely to optimize consumer satisfaction if all data is aggregated in one place so that prediction engines have full information about consumer behaviors when they determine which components or products are likely to be of interest to each consumer.

This fact raises important macromarketing issues. Any organization that broadly tracks all of a consumer’s purchases and behaviors would have immense capacity to harm consumers. It should probably be regulated and function as a public utility. Thus, some kind of regulation mandating transparency and operation in the public interest is probably a macromarket precondition for managing privacy concerns and attaining the telos of marketing. Consumers have an instinct to avoid doing business with counterparties that have a clear asymmetrical information advantage (Stigler, 1961). Resistance to the data collection practices of Google, Facebook, and other companies for whom users are the product is already endemic (Solon, 2018). It would likely be stronger still were the data aggregator a monopoly, unless it was very clear that the data were being collected and used to optimize the wellbeing of consumers.

Concerns are not misguided. In an illiberal macromarketing system, the surveillance and prediction technologies that would facilitate attainment of the marketing telos could be used to achieve ends other than those of individual consumers. The Chinese government has already developed and begun to deploy a social credit system that tracks behavior and allocates economic and other rewards to individuals and businesses that exhibit what the government defines as prosocial behavior (Botsman, 2017). Clearly, immense latent power is inherent in technologies that make attainment of the marketing telos, optimization of consumer satisfaction, possible. Abuse of that power by private or governmental entities is a serious risk factor.

THE EXTERNALITY PROBLEM

While fear that the system would massively impinge on individual liberty is warranted, macromarketing systems must constrain that liberty, modestly, to optimize aggregate consumer satisfaction because some choices have negative externalities. If the optimal choice for consumer A produces more dissatisfaction for consumer B than satisfaction for A, marketing will not attain its telos if A optimizes individual satisfaction. To optimize aggregate satisfaction, prediction engines and choice architecture would have to consider the interests of B when making consumption recommendations to A. Developing mechanisms to measure and quantify negative externalities is a worthy task for marketing scientists. Indeed, structuring the marketing system so that it facilitates the sustainable attainment not just of optimal individual satisfaction but of optimal aggregate consumer satisfaction is likely to be the most difficult challenge marketers face as they asymptotically approach the telos of marketing.

THE END OF MARKETING HISTORY

This article proposes a general theory of marketing grounded in consumer satisfaction. We posit that consumer satisfaction is or should be the foundation, the ultimate dependent variable, the telos of marketing theory and practice. We arrive at this assertion by reviewing the history of the marketing definition, identifying shortcomings in current definitions and proposing a new definition based on aggregate consumer satisfaction as the goal for all marketing activities. We examine our proposed theory in light of stakeholder theory and service dominant logic. We explain how it can join the two disparate “marketing” disciplines, marketing management and consumer research, and we explored supply and demand side considerations, rational and radical ignorance, and tools such as a prediction engine for efficiently solving marketing problems rooted in radical ignorance. We examined potential objections to the theory and concluded by addressing the problems of privacy and externalities.

Were marketers to develop a prediction engine capable of taking all interests into account and making an optimal consumption recommendation for each consumer, marketing would attain its telos and marketing history would end. That is, there would be an end to the historical process in which new marketing practices are developed that lead to ever-closer approximations to maximum aggregate consumer satisfaction. With a set of marketing techniques in place that fully accomplish that marketing function, consumer satisfaction could be synchronically optimized for any given set of goods and services that might emerge. No further developments in this core domain of marketing would be necessary or possible.

However, marketing history would continue across all elements of the marketing mix except informational advertising to targeted consumers. Technical innovations that create desirable new products, production innovations that drive down prices, logistics developments that shorten delivery times, and transformational advertising that creates new, hyperreal brand value could all open space for a reconfiguration of consumption preferences and new, higher levels of consumer satisfaction. Given the continued operation of the prediction engine embedded in an appropriate choice architecture, at every synchronic T_i, satisfaction would be optimized, though perhaps in the case of dramatically new products only after some system recalibration. Given that successive T_i's constitute T_N, satisfaction would likewise be optimized diachronically for T_N. The play of consumer desire and the reconfiguration of consumption constellations would, nevertheless, continue unabated.

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