

The Critical and Widely Misunderstood Role of Marketing in
Pharmaceutical Innovation

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I'm very pleased to be here and to be a speaker in the Dean's lecture series. For me this is a return to Rutgers, as I was a member of the faculty at Livingston College in New Brunswick, when that institution was just getting underway. Since that time, I have been at Johns Hopkins and have concentrated most of my work on innovation in the business system, in public institutions, and in the nonprofit sector. Two hightech, science-based industries of particular interest to me have been telecommunications and pharmaceuticals. Both have experienced tremendous changes in the last decade and both have for some time been front-page news. In both industries marketing has played a crucial role in the changes taking place.

In pharmaceuticals, in particular, marketing has been a subject of

substantial, sustained criticism. This has been particularly true since pharmaceutical firms began direct to the consumer advertising. But the hostile winds were blowing long before that. Indeed, these negative blasts of criticism come from intellectual patterns of high pressure that have been around for a long long time.

In academic circles, one of the current patterns of criticism is associated with the opposition to what is called “the culture of consumption.” There are many different branches of this academic construct, an edifice of ideas, but they have one common theme. It involves a critique of modern society’s emphasis upon consumption and all of the institutions that foster it, including advertising, the businesses that pay for it, the media that transmits their messages, and the retail outlets through which pour the goods and services (especially goods) that beguile the public. I use the word “beguile” deliberately because one of the underlying assumptions of this critique of modern society is that people are persuaded to buy goods and services that they neither need nor particularly want.

You might be thinking that this is some flimsy, hair brained theory propounded by a small group of people who don’t really matter to you. Don’t be fooled. This is the approach to the modern history of capitalism that is most popular today in every academic institution with which I am

familiar. Cultural studies are hot. And the culture of consumption has been taught to hundreds of thousands of well-educated young people as if it is the only way to understand modern society. It has helped to create a public environment fundamentally hostile to marketing and its role in our business system.

These cultural studies of course were planted in an intellectual environment with a long tradition of hostility to business and in particular to advertising. I won't bother to trace the roots of that body of thought, except to tell you that they are very deep and they are certainly not solely American. They reach back to Europe and to societies experiencing the transition from feudalism to capitalism and then democracy. The decline of an agrarian and aristocratic order was understood by many as a loss of virtue, surrender to mammon and to unjust prices. In the nineteenth century, this early critique of capitalism and its markets gave way to scientific socialism, that is to a Marxist analysis which focused attention on the inevitable gap that would develop between what businesses could produce and what they could sell. Marketing was one of business's futile attempts (as was empire) to stave off the final collapse that awaited capitalism.

Bear in mind that half of the world once was governed by that ideology. And that hasn't been to long ago. And more than half of my

colleagues at Johns Hopkins in the humanities still have an ideological orientation closer to Marx than Milton—that is, Milton Friedman and the Chicago School of Economics.

So the role of marketing is wisely misunderstood, but then, you ask, what is that role and what has it got to do with innovation in pharmaceuticals and any other similar industry?