

Title: The management of Specific Demand - Galbraith Revised and Revised

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Abstract

This paper builds on Galbraith's insights with respect to the management of specific demand (Galbraith, 1972). The paper expands on Galbraith's argument that the economic problem faced in modern societies is how to deal with abundance. The essence of the problem is that once people have all that they "need" they have to be persuaded to buy even more. The only way this can be done is to produce and market brands that fulfill consumer's *psychic desires*. The emphasis on psychic desires allows corporations to use the *technology of marketing* to manage specific demand for brands. This paper seeks to illustrate some of the sophisticated techniques involved in this science of persuasion. As Galbraith notes, such marketing strategies provide a propaganda on behalf of consumption that helps increase effective demand and prosperity. An essential aspect of the management of specific demand is the *management of prices*. Corporations set the prices that will be charged for brands, and effectively manage how these prices are *perceived* by consumers in the market-place. A marketing strategy aims to fulfill or exceed a corporation's expectations of demand at the prices it has specified. This is referred to as a *managed market*. An appreciation of the management of specific demand is essential for a proper understanding of how capitalism works, markets operate, competition occurs and profits are maximised.