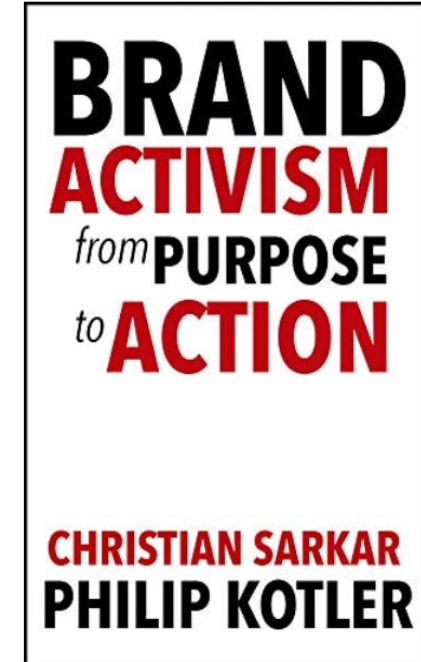
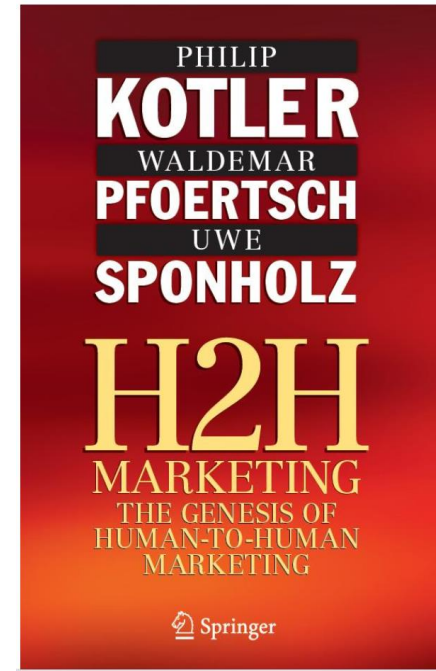
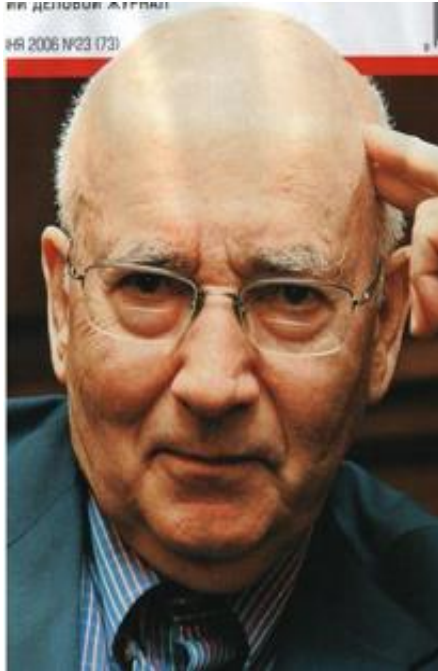


The Future of Marketing



Philip Kotler

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Kellogg School of Management, Northwestern University.**

January 19, 2022

Companies Face Many Questions

- **How long will Covid-19 last and what changes has it produced?**
- **What will the post-Covid consumer market look like?**
- **How serious is Climate Change and is our company investing enough in sustainability?**
- **Should our company pay more attention to social problems and take a stand?**
- **What should companies do about inflation?**
- **How digital is our company versus our competitors? Must we move faster?**

What will the post-Covid consumer market look like? Four possible scenarios.

- **Back to a pre-Covid normal with modest economic growth.**
- **A new normal with new features and high economic growth.**
- **An economy driven to reduce social injustice with rising taxes on the rich (Nordic model)**
- **An economy wishing to lower its consumption for the Planet's sake.**

How serious is Climate Change?

- **The worldwide occurrence of fires, hurricanes, floods, water shortages, and more parched land.**
- **Climate disasters are ruining cities and real estate values.**
- **Climate will overheat equatorial countries and their citizens will flee to Europe and cooler climates.**
- **Companies and households must reduce their carbon footprints and move to electric cars and solar energy and away from coal and fuel.**
- **Has your company pursued sustainability as well as profits?**

Should our company take a stand?

- **Social problems - poverty, hunger, homelessness, poor housing, water shortages, pollution - are worsened by growing income inequality and the pandemic.**
- **No company can do much alone to alleviate any of these problems.**
- **Several companies have taken a stand on some particular problem that affects them. Consumers are more likely to like a company that commits to an authentic cause.**

Companies That Adopted a Higher Cause

Avon	<i>Breast cancer</i>
General Mills	<i>Better nutrition</i>
General Motors	<i>Traffic safety</i>
Home Depot	<i>Habatat for Humanity</i>
Kraft	<i>Reducing obesity</i>
Levi Strauss	<i>Preventing AIDS</i>
Motorola	<i>Reducing solid waste</i>
Pepsi Cola	<i>Staying active</i>
Shell	<i>Coastal cleanup</i>
Petsmart	<i>Animal adoption</i>
Aleve	<i>Arthritis</i>
British Airways	<i>Children in need</i>
Starbucks	<i>Tropical rainforests</i>
Best Buy	<i>Recycle used electronics</i>

CORPORATE SOCIAL RESPONSIBILITY

**Doing the Most Good for Your
Company and Your Cause**

Best practices
from Hewlett-Packard, Ben & Jerry's,
and other leading companies



PHILIP KOTLER

S. C. Johnson Distinguished Professor of International Marketing
Kellogg School of Management

NANCY LEE

What Should Companies Do about Inflation?

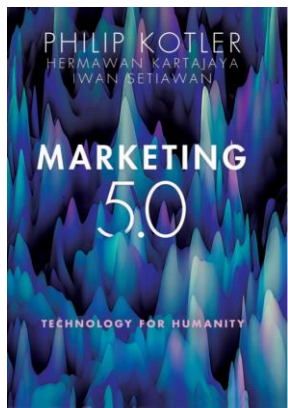
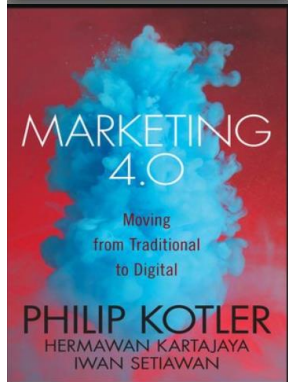
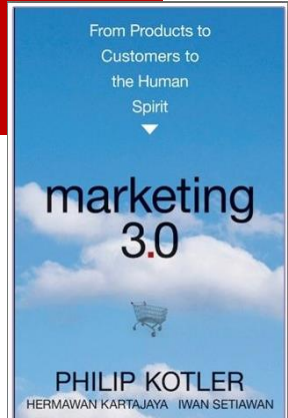
- Covid and Climate problems have produced shortages of chips and various goods and supply bottlenecks.
- The U.S. is experiencing a 7% inflation rate (Dec.to Dec.) partly due to low interest rate and government assistance programs.
- Your company can: 1. Accept a lower profit margin. 2. Raise prices to customers.
- Companies expecting a strong inflation will raise their prices now, but this contributes to rising inflation.
- Much depends on what the Government and Central Bank will do about the interest rate and money supply.

How digital is our company versus our competitors? Must we move faster?

- Are your finance and marketing people digitally competent?
- Is your company now gathering demographic and psychographic data on individual customers?
- Has your company tracked the *customer purchase journeys* of your customers?

Mktg. 1.0, 2.0, 3.0, 4.0, 5.0

Marketing 1.0	Functional Marketing
Marketing 2.0	Emotional Marketing
Marketing 3.0	Well-Being Marketing
Marketing 4.0	Moving from Traditional to Digital
Marketing 5.0	Marketing Technology for Humanity



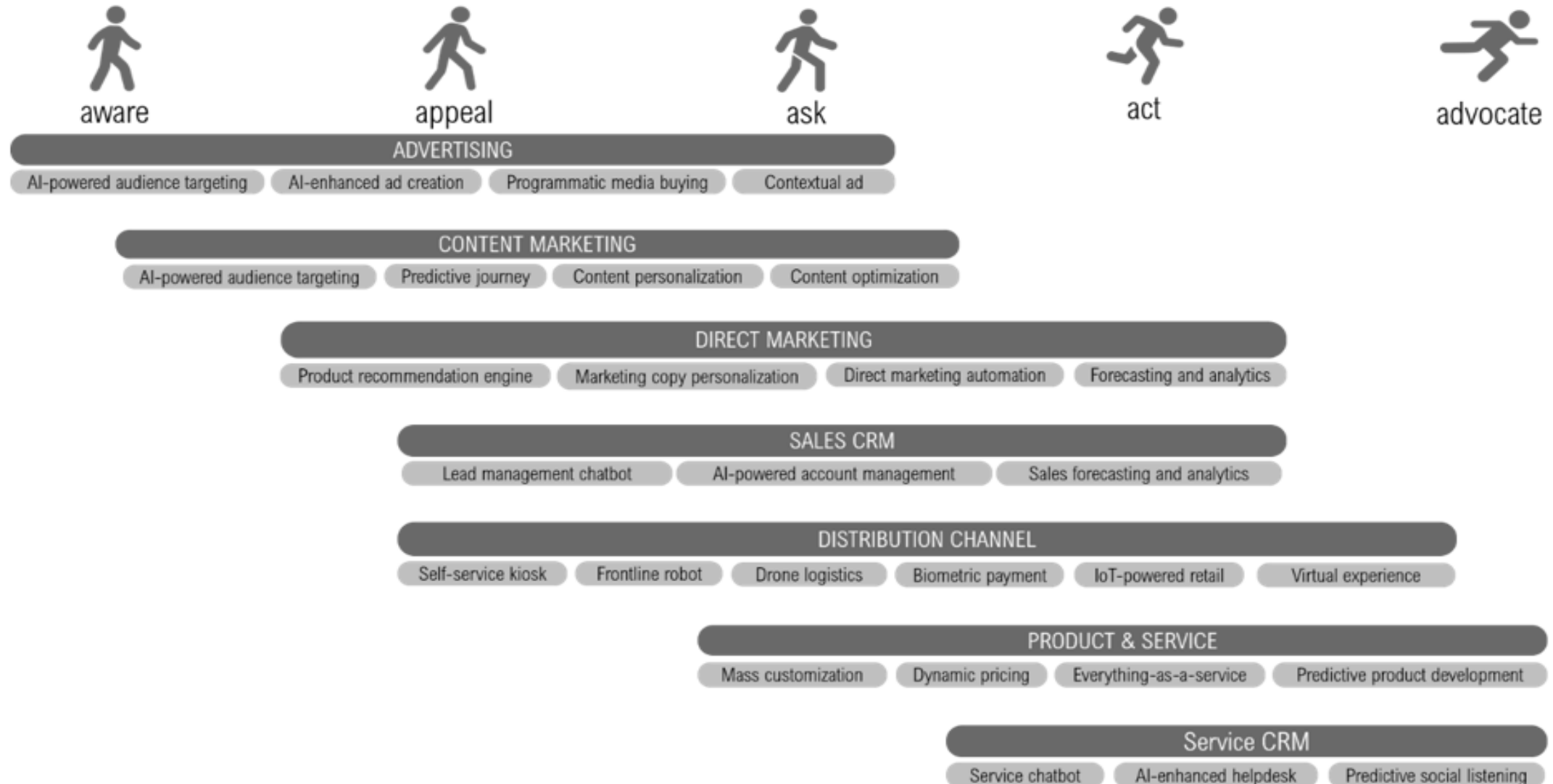
Marketing 1.0	Marketing 2.0	Marketing 3.0
MOVING TOWARD	PURPOSE	MARKETING
MIND	HEART	SPIRIT
PRODUCT-CENTERED	CUSTOMER-ORIENTED	VALUES-DRIVEN
ECONOMIC-VALUE	PEOPLE-VALUE	ENVIRONMENT-VALUE
PROFITS	SOCIAL PROGRESS	HUMAN HAPPINESS

- Where is your company now?
- Where do you want it to be?
- Why?
- What would steps would you take?

Pay Attention to Five Generations

- Baby Boomers, 1946 and 1964 Running companies
 - Generation X, 1965-1980 Top managers
 - Generation Y, 1981-1996 Millennials
 - Generation Z, 1997-2009 Born with computers and tech savvy
 - Generation Alpha, 2010-2025 At school
-
- Each generation grows up with different world events, music, entertainment, social movements.
 - Each generation has different preferences toward products, brands and services.
 - Each generation has a different attitude toward work. Generation Y (Millennials) want a good mix of work/family, pays attention to social issues.

Marketing Tools for Customer Journey



Features of The New Marketing

- AI (social/digital), algorithms)
- Marketing automation
- Customers journeys and mapping
- Touchpoints marketing
- Personas marketing
- Content marketing
- Influencers marketing
- Omnichannel marketing
- Lean marketing (Eric Ries)

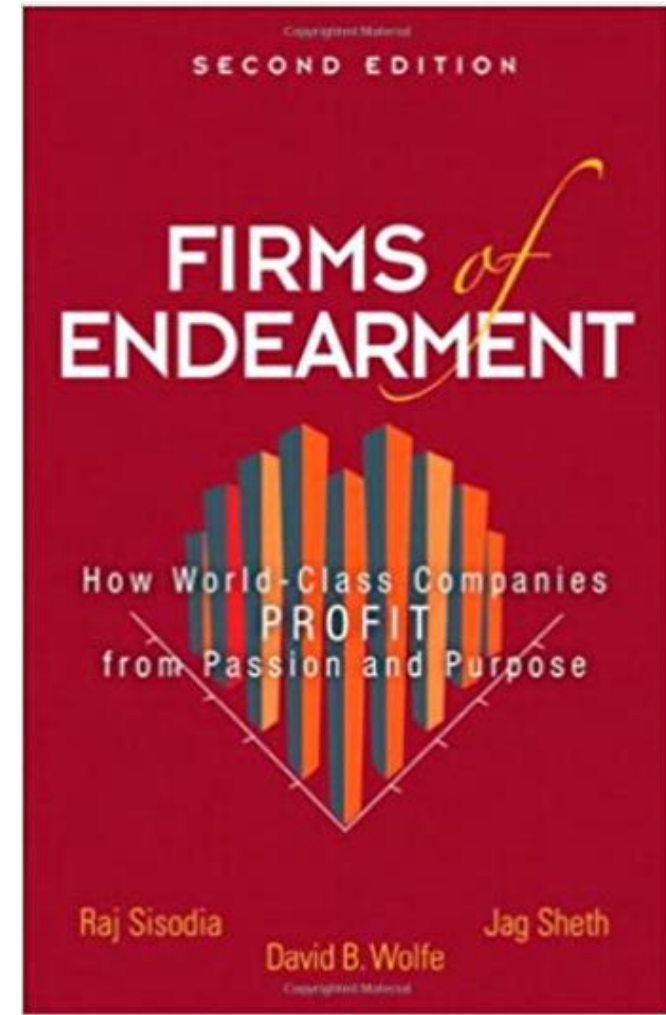


The Next Tech is MarTech

- **3D printing**
- **Artificial Intelligence (AI) and algorithms**
- **Digital and social media**
- **Voice and facial recognition**
- **Big Data and machine learning**
- **Robotics**
- **Chatbots**
- **Augmented and virtual reality**
- **Blockchains and digital money**
- **Sensors and the Internet of Things (IOT). Connection of everything.**
- **Marketing automation and intelligent virtual agents**
- **Autonomous Machines – robots, drones, self-driving vehicles**
- **Online and distance learning**
- **Biometrics/Neuroscience and Gene editing**
- **Wearables**

Become a *Firm of Endearment*

- *Firms of Endearment* studied 25 companies that consumers love. All these companies were stakeholder-driven, not shareholder driven.
- These “firms of endearment” were highly profitable and outperformed the overall market’s performance by a 9-to-1 ratio over a ten-year period.
- These companies had more happy and motivated employees, happy and loyal customers, innovative and profitable suppliers, and environmentally healthy communities.

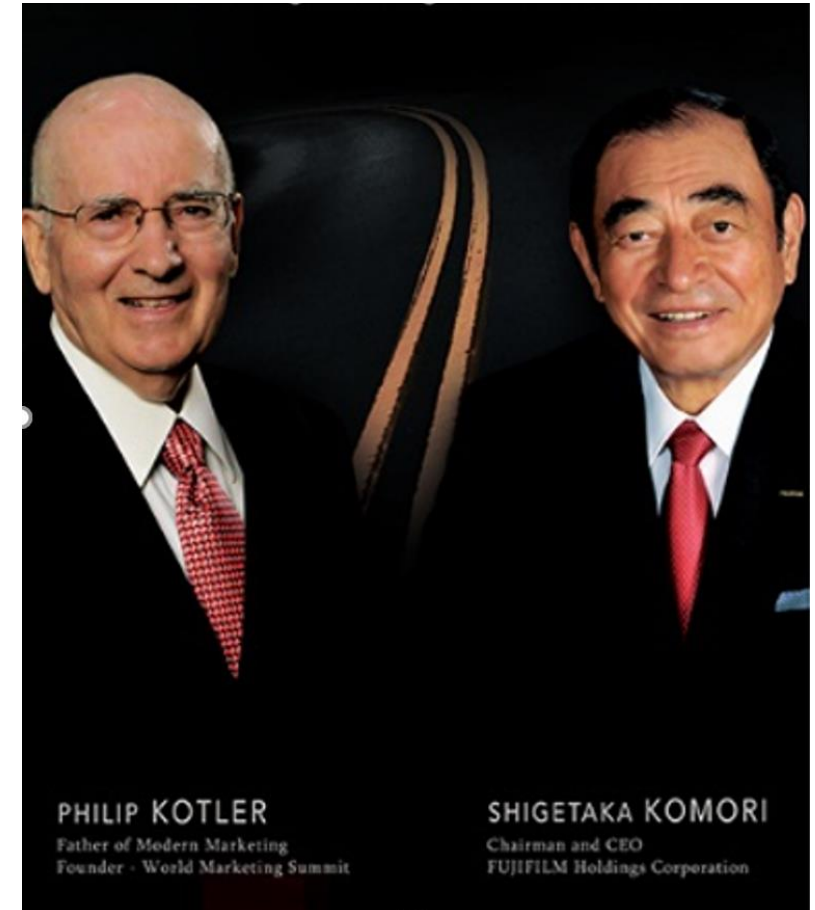


Characteristics of *Firms of Endearment*

- 1. They align the interests of all stakeholder groups.**
- 2. Their executive salaries are relatively modest.**
- 3. They operate an open door policy to reach top management.**
- 4. Their employee compensation and benefits are high for the category: their employee training is longer; and their employee turnover is lower.**
- 5. They hire people who are passionate about customers.**
- 6. They view suppliers as true partners who collaborate in improving productivity and quality and lowering costs.**
- 7. They believe that their corporate culture is their greatest asset and the primary source of competitive advantage.**
- 8. Their marketing costs are much lower than their peers while customer satisfaction and retention is much higher.**

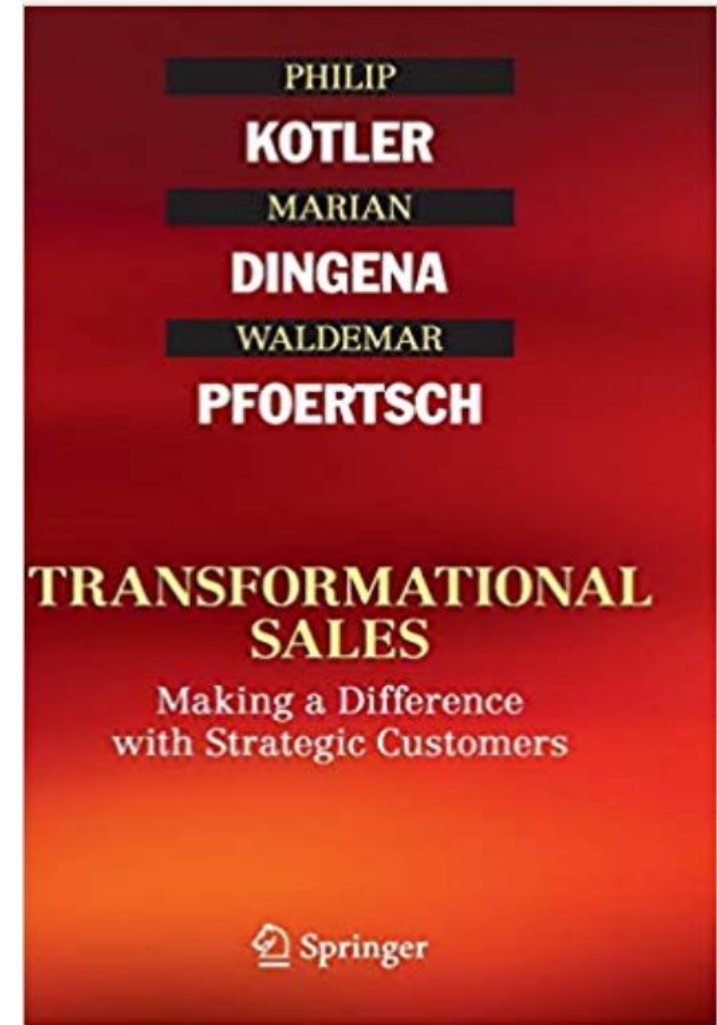
Development and Marketing

- How do the mindsets of innovators and marketers differ?
 - Innovators: Masters of the possible
 - Marketers: Masters of the valuable
- What are the reported levels of engagement between innovators and marketers?
- What are the possible contributions of marketing to each stage of the innovation process?
- What steps can the company take to improve the relationship between innovators and marketers?



What is the relation between marketing and the sales force?

- How do sales people view marketing?
- How can marketing do a better job of serving the sales group?
- Are sales people still needed in an online world?



What is happening to retail marketing?

- Will consumer online buying kill store-based retailing?
- How can CPG companies capture more retail shelf space?
- How can CPG find or develop new retail space? (Amazon)
- How can store-based retailers make their store experience more exciting?

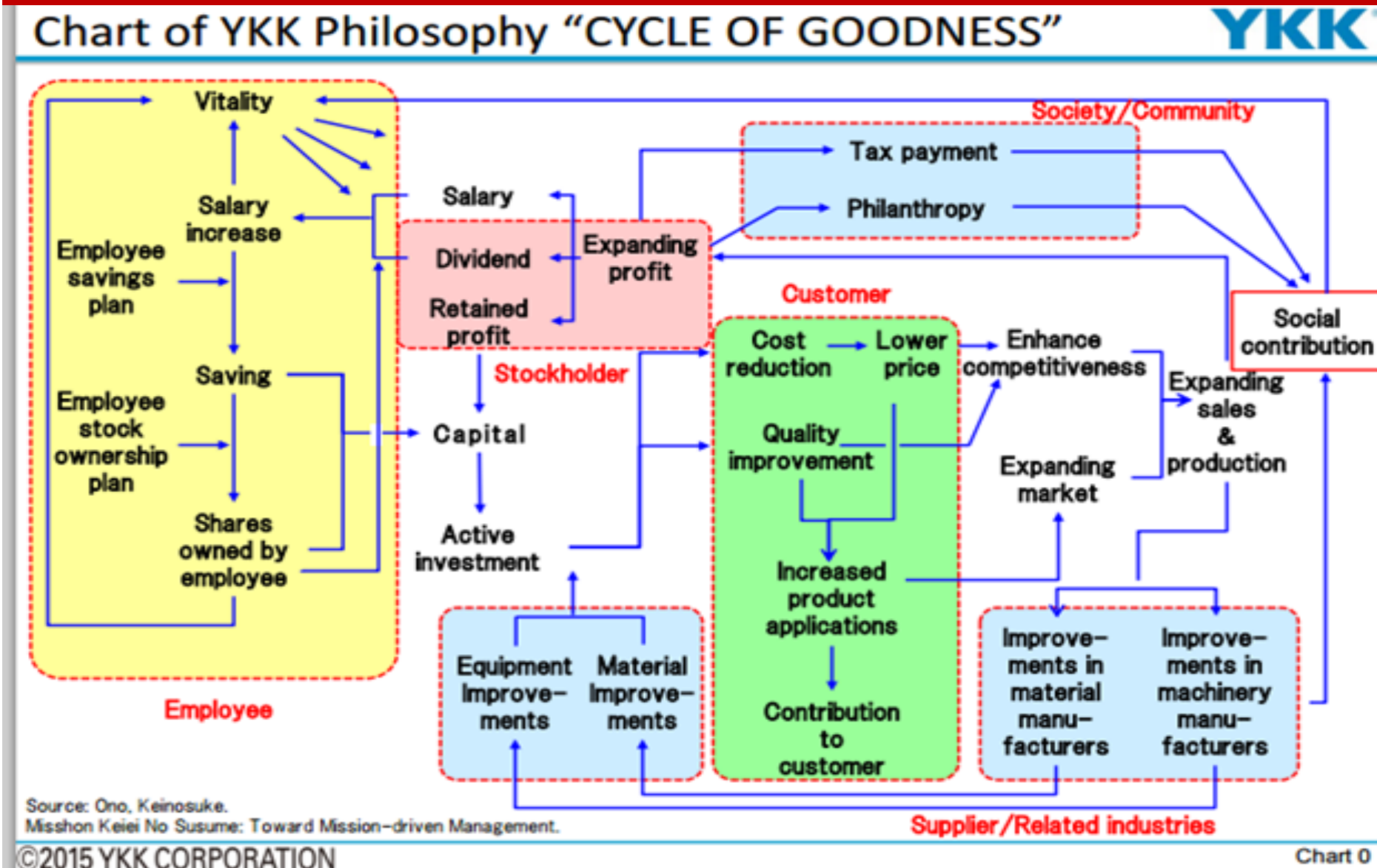


Lessons from Paul Polman of Unilever



- A company must define its purpose and value proposition. Purpose is to create real value for all the stakeholders. Purpose is why, vision is what, mission is how.
- *7 Stakeholders: Consumers, Customers, Business partners (mainly employees), Suppliers, Agencies, Communities, the Planet, and Shareholders.*
- Polman implemented an ambitious Sustainable Living Plan: double the company's growth, halve its environmental impact and triple its social impact. The plan succeeded. Unilever's annual sales rose from \$38 billion to \$60 billion during his management
- Polman recruited higher purpose-driven people who care about profitability + sustainability + social problems.
- Purpose drives all brands (Lifebuoy, Dove, Domestos, Ben & Jerry's, etc.) Purpose also drives each division (Future Foods division, Clean Futures division, etc.)
- A company that cares about environmental and social issues must take a stand.
- Read Paul's new book, *Net Positive*.

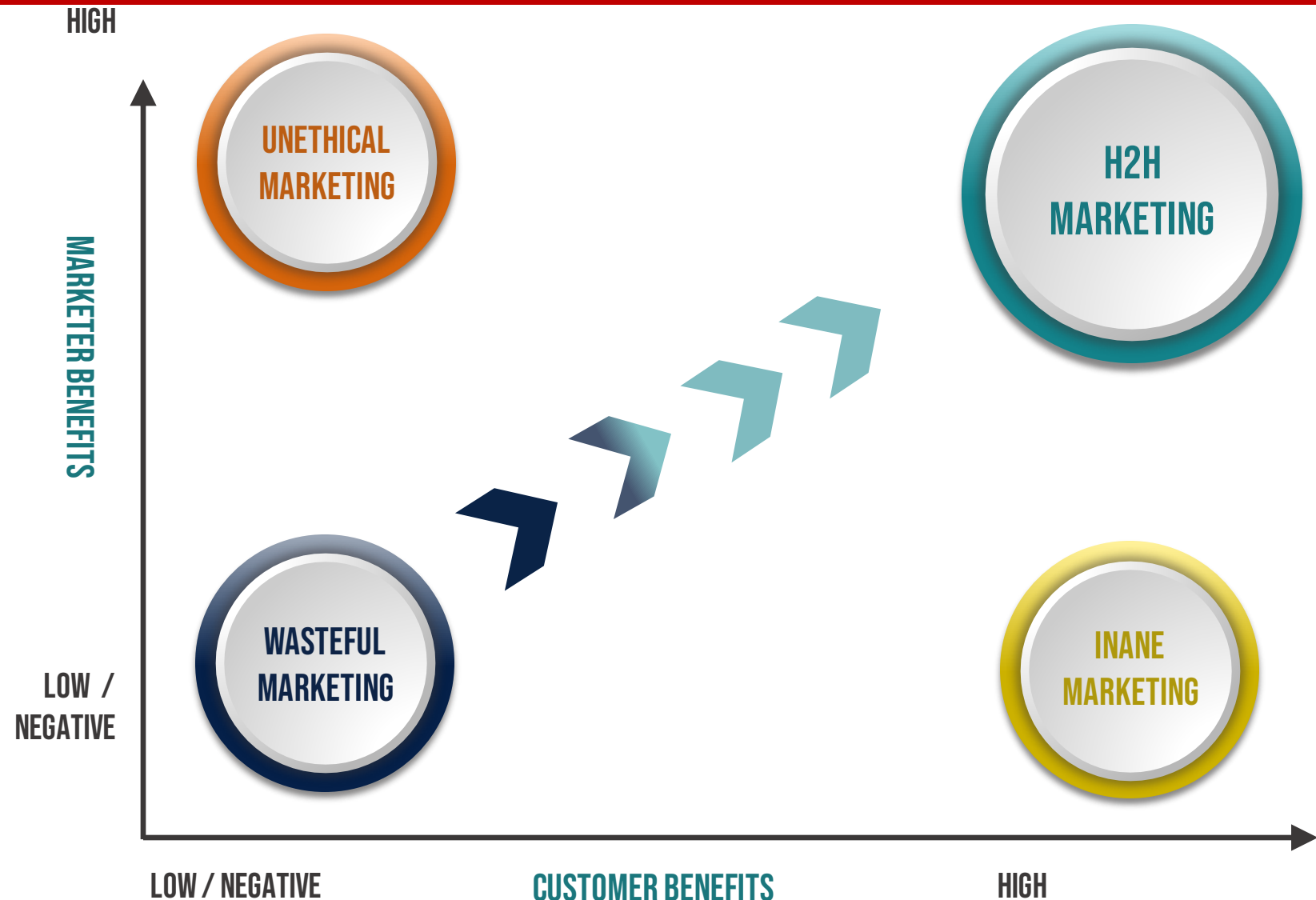
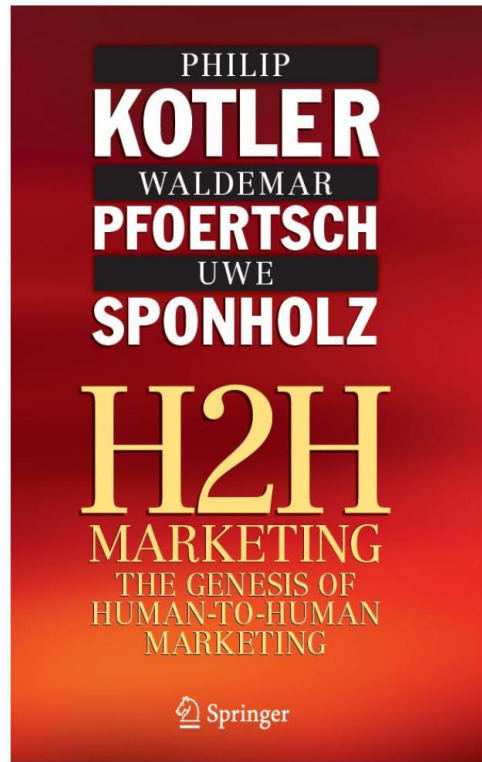
Tadahiro Yoshida, Ex-CEO of YKK



Marketing in the Future

- Buyers will be able to select the best brands without resorting to advertising or salespeople. *Marketing success will depend mostly on smart pricing, strong branding and owning dominant channel positions.*
- Marketing creativity will be crucial in the area of *experiential marketing*.
- Marketers will make more use of *customer journey mapping, touchpoint marketing, personas, content, and influencers*.
- Marketers will increase their use of *virtual reality* to gauge buyer interest in possible future products.
- Marketers will use *neural science tools* to identify best stimuli.
- Marketers will use *predictive analytics* and *machine learning* to identify, pursue and convert the best prospects.

The New Marketing Orientation is Human-to-Human



“Within five years. If you’re in the same business you are in now, you’re going to be out of business.”

