

From Products to  
Customers to  
the Human  
Spirit



# marketing 3.0



PHILIP KOTLER

HERMAWAN KARTAJAYA IWAN SETIAWAN



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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.  
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ISBN 978-0-470-59882-5

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

*“To the next generation of Marketers who will enhance  
the social and environmental contributions of the  
marketing discipline.”*

Philip Kotler

*“To my first grandson, Darren Hermawan, The Next  
Great Marketer.”*

Hermawan Kartajaya

*“To Louise for her endless support.”*

Iwan Setiawan





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# FOREWORD

According to Alvin Toffler, human civilization can be divided into three waves of the economy. The first wave is the Agriculture Age, in which the most important capital is the land for agriculture. My country, Indonesia, is undoubtedly rich in this type of capital. The second is the Industrial Age following the Industrial Revolution in England and the rest of Europe. The essential kinds of capital in this age are machines and the factory. The third era is the Information Age, where mind, information, and high tech are the imperative types of capital to succeed. Today, as humanity embraces the challenge of global warming, we are moving toward the fourth wave, which is oriented to creativity, culture, heritage, and the environment. In leading Indonesia, this is my future direction.

When I read this book, I could see that marketing is also moving toward the same direction. Marketing 3.0 relies heavily on the marketers' ability to sense human anxieties and desires, which are rooted in creativity, culture, heritage, and the environment. This is even more relevant for Indonesia because the country is known for its diversity in culture and heritage. Indonesia is also a very values-driven country. Spirituality has always been the central part of our lives.

I am happy with the examples in the book of successful multinational companies that support Millenium Development Goals for reducing poverty and unemployment in developing countries. I believe that public-private partnership has always been a strong fundamental for economic growth, especially in a developing country. This book is also very

supportive for my mission to shift poor people at the bottom of the pyramid in Indonesia to the middle of the pyramid. It also supports the nation's efforts to preserve the environment as our strongest asset.

In summary, I am proud to have two renowned marketing gurus putting their energy and effort into writing a book for a better world. Congratulations for Philip Kotler, Hermawan Kartajaya, and Iwan Setiawan for this mind-stimulating book. I hope that anyone who reads this book will be encouraged to make a difference in the world we are living in.

—Susilo Bambang Yudhoyono  
President of the Republic of Indonesia

# PREFACE

The world is going through a period of rapid and wrenching changes. The recent financial meltdown has unfortunately increased the level of poverty and unemployment, developments that are now being fought with stimulus packages around the world to restore confidence and economic growth. In addition, climate change and rising pollution are challenging countries to limit the release of carbon dioxide into the atmosphere, but at the cost of imposing a higher burden on business. Furthermore, the rich countries of the West are now experiencing a much slower rate of growth, and economic power is rapidly shifting to countries in the East that are experiencing higher rates of growth. And finally, technology is shifting from the mechanical world to the digital world—the Internet, computers, cell phones, and social media—which is having a profound impact on the behavior of producers and consumers.

These and other changes will require a major rethinking of marketing. The concept of marketing can be seen as the balancing concept to that of macroeconomics. Whenever the macroeconomic environment changes, so will consumer behavior change, and this will lead marketing to change. Over the past 60 years, marketing has moved from being product-centric (Marketing 1.0) to being consumer-centric (Marketing 2.0). Today we see marketing as transforming once again in response to the new dynamics in the environment. We see companies expanding their focus from products to consumers to humankind issues. Marketing 3.0 is the stage when companies shift from consumer-centricity to

human-centricity and where profitability is balanced with corporate responsibility.

We see a company not as a sole and self-sustaining operator in a competitive world but as a company that operates with a loyal network of partners—employees, distributors, dealers, and suppliers. If the company chooses its network partners carefully, and their goals are aligned and the rewards are equitable and motivating, the company and its partners combined will become a powerful competitor. To achieve this, the company must share its mission, vision, and values with its team members so that they act in unison to achieve their goals.

We describe in this book how a company can market its mission, vision, and values to each of its major stakeholders. The company gets its profits by creating superior value for its customers and stakeholder partners. We hope that the company views its customers as its strategic starting point and wants to address them in their full humanity and with attention to their needs and concerns.

The book is structured into three key parts. In Part I, we summarize the key business trends that shape the human-centric marketing imperative and lay the foundation for Marketing 3.0. In Part II, we show how the company can market its corporate vision, mission, and values to each of its key stakeholders—consumers, employees, channel partners, and shareholders. In Part III, we share their thoughts on several key implementations of Marketing 3.0 for solving global issues such as wellness, poverty, and environmental sustainability and how corporations can contribute by implementing the human-centric business model. Finally, the Epilogue chapter summarizes the 10 key ideas of Marketing 3.0 with select examples of companies that embrace the concept in their business model.

### **NOTE ON THE ORIGIN OF THIS BOOK**

The idea of Marketing 3.0 was first conceptualized in Asia back in November 2005 by a group of consultants at

MarkPlus, a Southeast Asian-based marketing services firm led by Hermawan Kartajaya. After two years of co-creation to enhance the concept, Philip Kotler and Hermawan Kartajaya launched the draft manuscript at the 40th anniversary of the Association of Southeast Asian Nations (ASEAN) in Jakarta. The only G-20 member in Southeast Asia, Indonesia is a nation where human centricity and the character of spirituality overcome the challenges of diversity. The president of the United States, Barack Obama, spent four years of his early education in Indonesia to learn about the human centricity of the East. Marketing 3.0 was born and shaped in the East, and we are honored to have a Foreword by Susilo Bambang Yudhoyono, President of the Republic of Indonesia.

Iwan Setiawan, one of the MarkPlus consultants who initiated the concept, collaborated with Philip Kotler at Northwestern University's Kellogg School of Management—one of the world's top business schools in the West—to enhance the relevance of Marketing 3.0 with the emergence of the new world economic order and the rise of the digital world.





## ABOUT THE AUTHORS

**Philip Kotler**, the S.C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University, is also widely regarded as the Father of Modern Marketing. He is ranked by the *Wall Street Journal* as one of the top six most influential business thinkers.

**Hermawan Kartajaya** is the founder and CEO of MarkPlus, Inc., and is one of the “50 Gurus Who Have Shaped the Future of Marketing,” according to the Chartered Institute of Marketing, United Kingdom.

**Iwan Setiawan** (Kellogg School of Management 2010) is a senior consultant at MarkPlus, Inc.



## **PART I**

# **TRENDS**



## **CHAPTER ONE**

# **Welcome to Marketing 3.0**

### **WHY MARKETING 3.0?**

Over the years, marketing has evolved through three stages that we call Marketing 1.0, 2.0, and 3.0. Many of today's marketers still practice Marketing 1.0, some practice Marketing 2.0, and a few are moving into Marketing 3.0. The greatest opportunities will come to marketers practicing 3.0.

Long ago, during the industrial age—when the core technology was industrial machinery—marketing was about selling the factory's output of products to all who would buy them. The products were fairly basic and were designed to serve a mass market. The goal was to standardize and scale up to bring about the lowest possible costs of production so that these goods could be priced lower and made more affordable to more buyers. Henry Ford's Model T automobile epitomized this strategy; said Ford: "Any customer can have a car painted any color that he wants so long as it is black." This was Marketing 1.0 or the product-centric era.

Marketing 2.0 came out in today's information age—where the core is information technology. The job of marketing is no longer that simple. Today's consumers are well informed and can easily compare several similar product offerings. The