



MARKETING 4.0

Moving
from Traditional
to Digital

PHILIP KOTLER

HERMAWAN KARTAJAYA
IWAN SETIAWAN

“The technology world moves so quickly today that each change accelerates the next. It’s critical in such an environment to have a baseline and point of reference to help marketers find their way forward. *Marketing 4.0* puts a new scholarship stake in the ground and will be the starting point and an invaluable resource for everyone trying to invent and understand the digital and mobile future.”

—**Howard Tullman**, CEO,
Chicagoland Entrepreneurial Center/1871

“The Internet and IT radically change marketing. This book is the eye-opener for marketing in the new era.”

—**Hermann Simon**, Founder and Chairman,
Simon-Kucher & Partners

“No one has a finger on the pulse of marketing like Phil Kotler. His ability to identify and interpret new marketing trends and developments is truly astounding. Once again, with *Marketing 4.0*, Kotler and his co-authors help to blaze a new trail to marketing success. This is definitely the one marketing book you HAVE to read this year.”

—**Kevin Lane Keller**, E.B. Osborn
Professor of Marketing, Tuck School of Business

“Kotler and his associates have beautifully synthesized today’s digital, interactive marketplace and marketing’s new role.”

—**Don Schultz**, Professor (Emeritus-in-Service) of Integrated
Marketing Communications, Medill School at Northwestern University

“No one is more qualified than Philip Kotler, the father of marketing, to document the enormous changes taking place in the field today. The future of marketing is digital and this book is your guide.”

—**Al Ries**, Author of
Positioning: The Battle for Your Mind

“As the world of marketing increasingly grapples with digital transformation, *Marketing 4.0* offers an exciting framework along with examples for practitioners.”

—**Nirmalya Kumar**, Professor of Marketing,
London Business School

“A terrific guide to the transformations that are already coming over the horizon to challenge marketing practice. Perplexed marketers will learn how to navigate the power shifts and possibilities of digital connectivity and turn them into advantages.”

—**George S. Day**, Geoffrey T. Boisi Professor Emeritus,
Wharton School of the University of Pennsylvania

“I am often overwhelmed by the variety and the speed of change, in spite of being in marketing consulting for forty years. I am therefore happy that the ‘guru’ Philip Kotler, who began with *Marketing 1.0* over four decades ago, is still with us to make another significant contribution with *Marketing 4.0*—guidelines to deal with changes today, especially those brought about by the IT revolution and changing consumer profiles.”

—**Walter Vieira**, Marketing Consultant, Author,
Visiting Professor, Past Chairman of
International Council of Management Consulting Institutes

MARKETING 4.0

MARKETING 4.0

Moving
from Traditional
to Digital

PHILIP KOTLER

HERMAWAN KARTAJAYA

IWAN SETIAWAN

WILEY

Cover image: ©Stanislaw Pytel/Getty Images

Cover design: Wiley

This book is printed on acid-free paper.

Copyright © 2017 by Philip Kotler, Hermawan Kartajaya, and Iwan Setiawan.

All rights reserved.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600, or on the web at www.copyright.com. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at www.wiley.com/go/permissions.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with the respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor the author shall be liable for damages arising therefrom.

For general information about our other products and services, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit www.wiley.com.

Library of Congress Cataloging-in-Publication Data:

Names: Kotler, Philip, author. | Kartajaya, Hermawan, 1947- author. | Setiawan, Iwan, author.
Title: Marketing 4.0 : moving from traditional to digital / Philip Kotler, Hermawan Kartajaya, and Iwan Setiawan.

Description: Hoboken, New Jersey : John Wiley & Sons, Inc., [2017] | Includes index.

Identifiers: LCCN 2016036899 | ISBN 9781119341208 (cloth) | ISBN 9781119341147 (epub) | ISBN 9781119341062 (epdf)

Subjects: LCSH: Marketing. | Internet marketing.

Classification: LCC HF5415 .K683 2017 | DDC 658.8—dc23 LC record available at <https://lccn.loc.gov/2016036899>

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

*To the next generation of marketers and behavioral economists, who will
enhance the economic, social, and environmental contributions that
marketing makes to the welfare of people and the planet*

—Philip Kotler

*To President Joko Widodo, Marketeer of the Year Indonesia—Government
2010-2012 and A New Hope (Time magazine, October 27, 2014)*

—Hermawan Kartajaya

*To my family and friends and everyone else around me who has become my
f-factor and made me a better human*

—Iwan Setiawan

CONTENTS

<i>Acknowledgments</i>	<i>xiii</i>
------------------------	-------------

<i>Prologue: From Marketing 3.0 to Marketing 4.0</i>	<i>xv</i>
--	-----------

<i>About the Authors</i>	<i>xix</i>
--------------------------	------------

Part I | FUNDAMENTAL TRENDS SHAPING MARKETING

1	<i>Power Shifts to the Connected Customers</i>	<i>3</i>
	<i>From Exclusive to Inclusive</i>	<i>7</i>
	<i>From Vertical to Horizontal</i>	<i>10</i>
	<i>From Individual to Social</i>	<i>13</i>
	<i>Summary: Horizontal, Inclusive, and Social</i>	<i>14</i>
2	<i>The Paradoxes of Marketing to Connected Customers</i>	<i>17</i>
	<i>Breaking the Myths of Connectivity</i>	<i>20</i>
	<i>Summary: Marketing amid Paradoxes</i>	<i>28</i>
3	<i>The Influential Digital Subcultures</i>	<i>29</i>
	<i>Youth: Acquiring the Mind Share</i>	<i>32</i>
	<i>Women: Growing the Market Share</i>	<i>35</i>

	<i>Netizens: Expanding the Heart Share</i>	37
	<i>Summary: Youth, Women, and Netizens</i>	40
4	<i>Marketing 4.0 in the Digital Economy</i>	43
	<i>Moving from Traditional to Digital Marketing</i>	47
	<i>Integrating Traditional and Digital Marketing</i>	52
	<i>Summary: Redefining Marketing in the Digital Economy</i>	53
Part II	NEW FRAMEWORKS FOR MARKETING IN THE DIGITAL ECONOMY	
5	<i>The New Customer Path</i>	57
	<i>Understanding How People Buy: From Four A's to Five A's</i>	60
	<i>Driving from Awareness to Advocacy: The O Zone (O₃)</i>	66
	<i>Summary: Aware, Appeal, Ask, Act, and Advocate</i>	69
6	<i>Marketing Productivity Metrics</i>	71
	<i>Introducing PAR and BAR</i>	74
	<i>Decomposing PAR and BAR</i>	75
	<i>Driving Up Productivity</i>	80
	<i>Summary: Purchase Action Ratio and Brand Advocacy Ratio</i>	90
7	<i>Industry Archetypes and Best Practices</i>	91
	<i>Four Major Industry Archetypes</i>	94
	<i>Four Marketing Best Practices</i>	100
	<i>Summary: Learning from Different Industries</i>	104

Part III TACTICAL MARKETING APPLICATIONS IN THE DIGITAL ECONOMY

8	<i>Human-Centric Marketing for Brand Attraction</i>	107
	<i>Understanding Humans Using Digital Anthropology</i>	110
	<i>Building the Six Attributes of Human-Centric Brands</i>	113
	<i>Summary: When Brands Become Humans</i>	118
9	<i>Content Marketing for Brand Curiosity</i>	119
	<i>Content Is the New Ad, #Hashtag Is the New Tagline</i>	121
	<i>Step-by-Step Content Marketing</i>	124
	<i>Summary: Creating Conversations with Content</i>	134
10	<i>Omnichannel Marketing for Brand Commitment</i>	137
	<i>The Rise of Omnichannel Marketing</i>	139
	<i>Step-by-Step Omnichannel Marketing</i>	145
	<i>Summary: Integrating the Best of Online and Offline Channels</i>	149
11	<i>Engagement Marketing for Brand Affinity</i>	151
	<i>Enhancing Digital Experiences with Mobile Apps</i>	153
	<i>Providing Solutions with Social CRM</i>	156
	<i>Driving Desired Behavior with Gamification</i>	160
	<i>Summary: Mobile Apps, Social CRM, and Gamification</i>	165
	<i>Epilogue: Getting to WOW!</i>	167
	<i>What Is a “WOW”?</i>	167
	<i>Enjoy, Experience, Engage: WOW!</i>	168
	<i>Are You Ready to WOW?</i>	169
	<i>Index</i>	171

ACKNOWLEDGMENTS

Marketing 4.0 was six years in the making. Over this period, a number of people have contributed to the completion of the book. The authors would like to thank the WOW team at MarkPlus, Inc., who conducted the research and spent countless hours brainstorming with the authors: Yosanova Savitry, Vendy Chandra, Cecilia Hermanto, Kevin Leonard, Quincy Wongso, Edwin Hardi, Adrian Hudiono, Evita Tania, Shabrina Annisarasyiq, Andre Anggada, and Fachriza Prathama.

We would also like to thank the leaders at MarkPlus, Inc.—The Council—who have invested their thoughts and energy in the book: Michael Hermawan, Jacky Mussry, Taufik, Hendra Warsita, Vivie Jericho, Stephanie Hermawan, and Ence.

Last but not least, we would like to thank the team at Wiley—Richard Narramore, Tiffany Colon, and Jocelyn Kwiatkowski—who made it possible for us to share *Marketing 3.0* and *Marketing 4.0* with the world.

PROLOGUE

FROM *MARKETING 3.0* TO *MARKETING 4.0*

For the past six years, marketers whom we met around the world have been asking for a sequel to *Marketing 3.0*. Considering the dynamics of marketing, many would expect *Marketing 4.0* to be in the pipeline.

In *Marketing 3.0*, we talked about the major shift from product-driven marketing (1.0) to customer-centric marketing (2.0), and ultimately to human-centric marketing (3.0). In *Marketing 3.0*, we observed customers transforming into whole human beings with minds, hearts, and spirits. Therefore, we argued that the future of marketing lies in creating products, services, and company cultures that embrace and reflect human values. Since the book was published in 2010, many marketers have been adopting the principles of *Marketing 3.0*. The book was so universally accepted that it has been translated into 24 languages besides English globally.

A year after the book was published, we built the Museum of Marketing 3.0 in Ubud, Bali. The museum was built with the kind support of the three princes of Ubud: Tjokorda Gde Putra Sukawati, Tjokorda Gde Oka Sukawati, and Tjokorda Gde Raka Sukawati. Ubud, with its aura of spirituality, is indeed the perfect place for the first marketing museum of its kind. In the museum, we have been curating inspiring cases of marketers, companies, and marketing campaigns that embrace the human spirit. The contents are organized

in a modern multiscreen setup. In recent years, the museum has been upgraded with advanced technologies such as augmented reality and virtual reality.

Indeed, a lot has happened since we wrote *Marketing 3.0*, especially in terms of technological advancements. The technologies we are seeing today are not new. But they have been converging in recent years, and the collective impact of that convergence has greatly affected marketing practices around the world. New trends are emerging from this: the “sharing” economy, the “now” economy, omnichannel integration, content marketing, social CRM, and many other things.

We believe that the technology convergence will ultimately lead to the convergence between digital marketing and traditional marketing. In a high-tech world, people long for high touch. The more social we are, the more we want things that are made just for us. Backed by big-data analytics, products become more personalized and services become more personal. In the digital economy, the key is to leverage these paradoxes.

In this transitional era, a new marketing approach is required. Thus, we introduce *Marketing 4.0* as the natural outgrowth of *Marketing 3.0*. The major premise of this book is that marketing should adapt to the changing nature of customer paths in the digital economy. The role of marketers is to guide customers throughout their journey from awareness and ultimately to advocacy.

The first part of the book is the result of our observation of the world we are living in. We start by embracing the three power shifts that are shaping our world. We move further by exploring how connectivity has fundamentally changed human lives. Moreover, we take a deeper look into the major digital subcultures of youth, women, and netizens that will serve as foundations for a completely new breed of customer.

The second and core part of the book discusses how marketers can boost productivity by understanding customer paths in the digital era. It introduces a new set of marketing metrics and a whole new way of looking at our marketing practices. We will also dive deep into several key industries and learn how to implement the ideas of *Marketing 4.0* in those industries.

Finally, the third part describes in detail the major tactics of *Marketing 4.0*. We start with human-centric marketing, which aims to humanize brands with humanlike attributes. We then explore content marketing in greater detail in order to create customer conversations. Moreover, we also describe how marketers can implement omnichannel marketing for higher sales. Finally, we dig into the concept of customer engagement in the digital era.

In essence, *Marketing 4.0* describes a deepening and a broadening of human-centric marketing to cover every aspect of the customer's journey. We are hopeful that you will find insights and inspirations from this book and join us in redefining marketing in the years to come.

