



GUEST OF HONOUR ADDRESS

Preparing the Future Boards in a VUCA World

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I am so pleased to be able to talk to the IOD people about Directors. I would like to start with two experiences before I do the normal move to a set of slides.

The first experience was the one that 'General Motors' (GM) had with its board of directors. General Motors hired company called EDS- Electronic Data Systems, to help them move into a more electronic stage. It wasn't yet digital, but it was electronic. In hiring EDS, they put on their board the founder of EDS, Mr. Ross Perot and then they regretted it ever since. In other words, yes, Perot is the part of the future and he's helping General Motors move into the future but, he's also an honorary person, he's too independent. He sits at the board meeting and says, "You know gentlemen, let's admit it. We don't make the best cars in the world. We should! Well, he kept haranguing the board meetings over this fact. They finally said in agreement, when he wasn't around that we have got to get rid of him. They told him that please, if you will help move off the board and say nothing about it, there's 10 million dollars that we owe you which are at stake. Please don't talk about why you're leaving the board, and we will both be better-off. Well, Perot isn't that easy a person to work with. He immediately started to tell the press, what the problem was, that GM does not make the best cars in the world. He went ahead and worked with Fortune Magazine to write an article called 'How I would run a car company the right way?' He gave up the 10 million dollars. But that wasn't the issue. This is the man who also ran for

President (of the United States of America). Anyways, I know you don't really want someone like Perot on your board of directors, if you can't keep down his volume of criticism. But you know you need someone like that. Every good board has to have an activist, (if we can use that word) who is trying to open the minds of the other board members.

The other experience, I want to share with you about good management has to do with my experience with IBM. I was asked by John Akers, the CEO of IBM many years ago, to help IBM get into real marketing, not to confuse sales and marketing. I did my work on that, and they invited me to attend a board meeting which is a rare experience. IBM's board consisted of only 13 people. What puzzled me more is that there was only one non-American on the board from Switzerland, a good guy. Here was IBM making most of its money from Japan and there was no one from Japan on the board. I attended the meeting, it was a three-day meeting. I didn't say anything at the meeting, I just wanted to observe. And they ran it in a way which I have to give them credit for because every board ought to have a long meeting even a three-day meeting that covers three themes. What were the themes? The first day was spent in listening to three people invited to talk to them, who were the heads of three big customer companies that IBM served. I think one of them was Budweiser - the big beer company. That day was spent asking those big customers, and their CEOs how are we doing with you. Well, they got a

mouthful. One of the visitors said, "I'm the CEO of 'X', but every time I try to reach my (contact) person at IBM, he's busy and he gets back to me half a day later. And hence, every board should listen to their chief of major customers. Are you satisfied with us? How can we do better? Secondly, IBM wants to hear how well they're doing with their branches around the world. They have already heard from their customers, but how are they doing with their branches. One of the largest branches was in Chicago, and it helped it managed all the insurance business and other business in the Chicago region. The head of that branch who works for IBM stood up and he said, 'Gentlemen, thank you for inviting me, I'm not happy with headquarters. They sometimes says yes, we'll give you three more people for your payroll because you said you need some people, but we hope you're getting three accountants. We think that's where you should get your help. He says - No! I want three marketers. We are sitting on a mountain of opportunity and I want marketing people. I would think that since my head is on the line, leave it to me. If I am wrong about needing three marketers, you will know it and I will know it badly too. So how about a little decentralisation and let our branches decide on what they need in people, and in resources. The third day was spent by the board listening to the competition. Now, you can't ask your competitors to come to your board meeting, right. Well, they happen to focus on a certain competitor, and they had hired from that competitor one of their important people to work for IBM. In other words, they had working for IBM a person who had (previously) worked for the competitor. They said to the IBM person, would you pretend to be the CEO of the company that we want to know more about and would you lecture the board on what you're going to do with us, what your plot is against. The young man said I'd be happy to do it gentlemen. So on that day that young man stands up, looks at the 13 members of the board of IBM and says, Gentlemen, thank you for inviting me. We are here to bury you, we are here to bury you. By the way, that was something that I think the Russian Khrushchev (Soviet Premier Nikita Khrushchev) once said about America. But in any case, he went on. He said, you're so focused on hardware, that's not the future! The future is software. One of the board members who was strong on hardware said that I don't think he knows what he's talking about, we do so well with hardware. It took a year or two until the next IBM President came along to say, why did we drag ourselves too long with only hardware. We are a software giant or will be. That was an interesting experience.

Hence, every board should experience:

1. Some big customers and how they feel about you.
2. Your branches and how they feel about you.
3. Who's your real competitor that you worry about, and let him tell you what he's going to do to you.

So, that so much for board stories and how important it is to have

the right people on your board, who are really ready to talk and be independent.

Now can my slides be shown.

Corporations are fortunately changing and re-examining their purposes, goals, and responsibilities. And they have to because they went through Covid, climate change, social-economic headwinds & new war. Even the war has brought about some change. Look at the companies that decided to support the victim, not the aggressor- McDonald's, Starbucks, American Express are closing their operations. Losing money, but showing that harm is being done. Evil is being done to a country, for no good reason. We won't get into that now, but let me go on to the issues that I'm going to discuss with you.

I'm not going to read all of those challenges because we're going to take up each one. I want to go to the first issue, I think it is interesting and important.

1. Should companies be shareholder or stakeholder driven?

The question is, should your company be shareholder or stakeholder driven? And this is now everywhere the question. I want to say that a company that is 'shareholder driven', and most companies are, were, and want to continue to be namely. Mainly, they are getting support and money from the shareholders, and they think that the job of a company is to payback for all the help the money has done to this company, (which is) to payback the shareholders. Hence in such a company, there's two groups that are important, who are they customers and shareholders. The company is about satisfying those two groups. A stakeholder view is a little different. It says, we make money being as a team, we play as a team, and any weakness in our team has to be corrected. Of course it will not be a weakness if everyone is rewarded who has contributed and created our profitability.

So, let's go to Unilever and I am an admirer of Paul Pullman, who ran Unilever for 10 years. He brought the company's money, making 30 billion dollars to 60 billion dollars, in 10 years. When he was asked who his stakeholders are, he named seven. He says, I have seven stakeholders; in fact I'm going to read the list. Consumers, for some are not yet customers, Business Partners-employees primarily, also suppliers, agencies, communities are a customer; the planet is a customer, and who do they list less. It was a laugh, because he listed last- the shareholders. They joked about that at Unilever, that he made them last in considering, 'How to make the company successful'?

So, I believe we have enough evidence that companies that switch from being mostly concerned about the shareholders welfare to rewarding all the stakeholders, outperform those who stay shareholder oriented; and that shareholder companies will become main stream, without having the time to present the evidence on that.

“Companies that switch from being mostly concerned about the shareholders welfare to rewarding all the stakeholders, outperform those who stay shareholder oriented.”

2. Should Companies add Sustainability to Profits?

The planet is warming up so much that I have to talk about climate change and what it means to your company. Greenhouse gases are warming the planet and climate extremes such as fires, floods, and hurricanes are occurring; something I call 'desertisation'. You know, making your land parched. There's a clear need to reduce greenhouse gases, which really is coming primarily from fossil fuel, oil, gas, coal, and our energy mix has to be re-done. We must go into renewables like solar and wind. Then we have to do a lot of other things as a company. We have to re-examine our packaging. It is a big cardboard box, and underneath is an attractive box filled with packaged plastics. All of that's ending up in the ocean. We got to examine so much, if we make a new commitment to be decarbonising. What does it take for a company to 'decarbonise'? It has to examine - how it heats the factory, how it lights the factory, how it ships its products, who would purchase this from, why purchase?

Let me tell you the Walmart story. Walmart has a supplier who sends needed goods to Walmart stores, but carries them in fuel inefficient trucks, that gas up the economy. Walmart said to the supplier, you're going to have to drop those trucks. You're getting only five miles a gallon on those trucks, and I can't use you as my supplier. So it's not only your company that has to examine the energy mix, packaging, and shipping. It's all the other parties you deal with, with whom you've got to demand that they decarbonise too.

The new thinking is aim and commit to 'net-zero' carbon. Because right now, the world has heated up already from the pre-industrial time, to almost 1.5 centimetres, and a rise in sea water levels. We have got to take climate control seriously. As you start doing that, your costs will go up because you're going to make a lot of investments in changes. The short-run costs will go up, while the long-run costs will go down. You will be more profitable in the long run. So, on that question - should you add sustainability to profit making? Yes, it's a balancing act, and try to do it well. So you're more than a for-profit firm, you're for-sustainability as well.

“The new thinking is aim and commit to 'net-zero' carbon.”

3. Should CEOs come from Finance, Law, IT or Marketing?

Companies are most often headed by finance people, people with experience in finance. And that it's so understandable that I, in my own teaching always tell my marketing classes, my MBA classes- don't just study Marketing, study Finance as well. Finance can be your enemy or your friend. If you can't show the value, the rate of return on marketing to the finance guys running your company, you're not going to get the budget you want. Nowadays, some companies turn to an IT person for leadership, because as we get digital, the old guys are not digital natives. Maybe you need someone who can assess with good judgment big bills, big expenditures for new systems and tools coming out of the digital world. So, we'll see a search for CEOs who will look like Steve Jobs as the model. But you want a CEO also who understands government because government's role is growing, and we need a great sensitivity and an anticipatory mind-set about what's the next regulation going to be, and how will it affect us. Will marketing be the source of a CEO or two? That's a rarer event. Well, not never. For example, Starbucks was built and started by Howard Schultz. He's doing a fantastic job. I just heard and some of you may have heard that the next big business of Starbucks is gas stations. No, I don't mean that they open up at gas stations. I mean that their own Starbucks store will have next to it an electrical box, so that when you drive your electric car and park near Starbucks, you can have your electricity filled while you're having your coffee at Starbucks. So the fuelling station will be Starbucks in the future. Marketers may themselves become CEOs, but always give good thought to who's the next CEO and you know the rhythm is this when a good finance person runs the company, usually with good results, at some point finance became too much of the logic of the minds of people on the top of the board, and they now need some other mentality to come in; maybe marketing as the mentality (to come in).

There's a rhythm because I'll tell you one example that when General Electric, one of our greatest companies was going to choose a successor to Jack Welch, there were three or four people who were ready to take over the company. I for one always said to a company, if you're looking for someone to hire, get a GE guy he's run some company within GE, and you'll find the right person there. It turned out they selected one person to be the next CEO, to follow and the other three were disappointed that they weren't selected and they went to run three other companies. One of them went to run Home Depot, another to run may be Kellogg, I guess, and another to run Boeing. The fact is, they were really finance people who did not understand the three companies that they took over as CEO. In other words, the GE mindset had become so financial that it didn't really fit the needs of the three companies that were taken over. So I leave that thought to you be careful in choosing who will run the company.

4. Should companies seek Diversity and Gender Equality?

I am so for that! We hear it all the time, and I hope as you are part of other companies you notice that there's enough diversity and women are represented and so on.

Now, another thing in that connection is always distinguish the generations that we that operate in business- the 'baby boomers' are the older guys usually, who are CEOs and top managers in the executive suite. They had no digital experience at all, but they're ready to learn about it too. Then there's a Generation X, those are populating all the managers around the jobs they are not at the CEO level and executive suite. Then there's Generation Y- the Millennials, who have been the recent hires, in their 20s, digitally oriented and trained people. Then, some of your newest hires are Centennials and it's a nice mix. A company without Millennials or Centennials, I wouldn't buy stock in. But the main point I want to make is every generation has lived through a different set of experiences and that's why there may be intergenerational breakdowns and intentions. I mean, baby boomers grew up with two World Wars and then the music, the social movements were what they were at the time. But the Centennials grew up with Covid and climate change, the brands they know about, the movies they've seen, and the songs they've heard are all different. It's very important to compete well for Millennials and Centennials, as a company and to realise they're different than the values of the predecessors. There are three values these younger people have- they want a good balance of work, family, and friend. It's not all work. Work stops at five o'clock in many cases. Secondly, they grew up with environmental issues, and they favour environmental protection, government regulation, no polluted air, and so on. Thirdly, they even want their company to be concerned with a social problem or two, like poverty or hunger, homelessness, so they have a different mindset. They're going to push their company to show that the brand and the company shows a caring for more than just profit-making.

Baby Boomers:	1946 – 1964
Generation X:	1965 – 1980
Generation Y:	1981 – 1996 (Millenials)
Generation Z:	1997 – 2009 (Centennials)

5. What should the CEO and Board of Directors know about Marketing?

Marketing probably doesn't come up that often at board meetings and many board meetings are profit-centered, trying to figure out what happened. But marketing should always come up. The real question I want to ask is what the CEO understands about marketing. I have determined in meeting with a lot of CEOs, there are four different types of 'CEO's understandings of Marketing'.

I. Marketing is one P

The first type of CEO I talked to who ran a company, he says this 4Ps business is nonsense. There is only one P that matters and that is 'Price'. I can sell everything I make, if I lower the price enough. True marketing is about Price. I think that's very limited.

II. Marketing is 4Ps

The second type says, yes, we do our marketing planning. We touch 4Ps- Product, Price, Place and Promotion. We do a good job of planning the 4Ps.

III. Marketing is STP

The third type of CEO has even another understanding; he accepts the 4Ps, but he says, I don't go after the whole market. Mass marketing is for Coca-Cola. I'm not Coca-Cola. I have got to win by finding those segments of the market that I can win so I do 'Segmentation', 'Targeting' and 'Positioning'. Well, that's a good guy to head your company. The CEO who knows the 4Ps and the STP is wonderful.

IV. Marketing is the whole company

Then there are a few CEO's, P&G (Procter & Gamble) is one of them where their leader Mr. A.G. Lafley would say, marketing is the whole company. You could say that doesn't make the finance people feel good, or the manufacturing people. He says no they all are doing marketing. They all are trying to make the best products for their customers and they all have to think that way.

Hence, I wish that at board meetings and the person who runs your company has a very good understanding of marketing.

What is the purpose of Marketing?

Well this is a continuation of a good statement could be made of the following that **to make and sell products and services that are attractive and appropriate for different consumers who have different levels of income and preferences**. Let's shorten that.

Answer the question, “**What is marketing?**” To create, communicate and deliver value that satisfies a target market's need or desire at a profit. So, I use the initial **CCDVTP – Create, Communicate and Deliver Value, to a Target market, at a Profit**.

Here's another view of a great company - it would say **marketing also will be innovating new and better products and services for its target markets**, and then someone who's more philosophical could say, **you know our real purpose is to enhance the well-being of customers**. That's the business we are in, to serve customers so well, that their lives are better.

Three types of Marketing:

I sometimes talk about **1.0, 2.0** and **3.0 marketing**.

- i. If you are a **1.0 Company**, your mind is on the product that you make, on the economic value that you think you are creating, and on the profits you are making, which is fine, that should be there.
- ii. If you are a **2.0 Company**, you really have purpose, not just profits. Your purpose comes from your heart and you are 'customer-oriented' and have placed a big value on 'people'. You are 'people-oriented'. You are interested in 'social progress' and that the society becomes a better place for everyone.
- iii. And if you are really spirited, I can imagine a **3.0 Company**, which is clearly 'value-driven', concerned deeply about the environment and wanting to create human happiness.

There are mostly companies, which had a 1.0 mind-set and have switched to a 2.0 mind-set, and that is wonderful. A few companies might even be at a 3.0 mind-set.

So, **where is your company now?** If you are at 1.0, and want to move, what steps would you take to become a 2.0 company, which is a change in culture.

The Best CEOs understand Marketing

Now this is a whole course in marketing and I am just going to say that, please be '**buyer-centred**' or '**customer-centred**' as a company. If you are not, you are '**product-centred**', and you are going to lose to those that are '**customer-centred**'.

Realize that, those people who are going to buy from you make sure the **Four A's (Awareness, Accessibility, Acceptability and Affordability)** are done well.

Do not even do the **Four P's (Product, Price, Place and Promotion)** until you know that:

- You have created a lot of awareness of your company
- Your products are accessible to the people, who you have identified.
- They are people who accept your product.
- It is an acceptable product or brand and they can afford it so.

You are going to leave out a lot of people, who do have the money to buy your product, or they are not near, to buy the product. Then, you do your **Four P's**.

In the context of the **Four C's - Company, Customers, Collaborators and Competitors**

You do your STP (Segmentation Targeting Positioning) and then you engage in a **Marketing Process**, which is very well spelled out.

All good marketing starts with Marketing Research (MR), then you go through these steps:

Segmentation Targeting Positioning (STP) ->
Target Market (TM) -> Value Proposition (VP) ->
Marketing Plan (MP) -> Implementation (I) -> Control (C)

Marketing Tools for Customer Journey

What is marketing for the CEO and how to think about it? It is - you are trying to get '**non-customers**' to move through **five stages**:

- i. To become aware of your company;
- ii. To find your product to be appealing, then that person will ask some questions - what do you charge, where do I get your product and you do a good job of answering those;
- iii. Enough, so that the customer tries you, they act;
- iv. They make a first purchase and they are satisfied hopefully, and being satisfied, they buy again and again; and
- v. They become a top customer. They become one of your fans.

The reason for the other lines here is to just sort out the tools, to work on building awareness/ appeal and answering questions - you are using advertising to work on, making it more interesting to the those prospects, you add content to your marketing, to really get to answer 'real questions' and to get people to make their first purchase, use 'Direct marketing'. You have their name and you sent an email to them about your product asking them to consider buying it. And then your sales people go further, especially in 'business to business marketing', they are now cultivating customers. Then, you have set up a lot of distribution channels that make your product appear in more places than in just one place and so on and so forth. So, in the sense there is an evolution of tools that you use at different stages of the customer's state of being. Is the customer just aware or appealing or acting and so on and so forth?

Four Main Sales Objectives

I just want to remind you that every salesperson has four things in mind.

- i. To **get** a new customer;
- ii. To **keep** a new customer;
- iii. To **grow** the customer; and
- iv. which you do by '**Upselling**'

Now, the iPhone is in stage number 15 and you only have the 10th version, you **up-sell and you cross-sell**. Then you **win-back** the customers you lost to your competitors. Those are the **four mantras** of the sales person.

Will Advertising, Sales-force, Retailing grow or decline in importance, overtime big concerns?

Advertising was been basically for big companies, fortune 500. The development of a 30-second commercial costs millions of dollars to develop, and then the millions of dollars to buy the 'promotion time'.

So, what did **Procter & Gamble** do? They took their huge budget, mostly for '30 second commercials' and they took almost 20% of it and put it into digital. As they use the digital, they found it works some of the time and some of the digital works, some does not. They found how Facebook does work, face-time does work, Instagram does work but certain other tools were less successful.

So, the picture here is, **P&G** goes from taking a big chunk of the advertising budget and puts it into digital. To find out what works in digital, after finding out what works in digital, it cuts down digital. You have to do it. **It is a lesson.**

Your answer should not be 'I would not even put any money into digital'.

Your answer is 'put a lot of money into digital from the big budget', find what works and then cut down, because you found that some things did not work'.

Sales-force

Do we still need sales people? Let's take for example, **Pharmaceutical sales**. You hire a very attractive young lady and she knows 'biology pharmaceuticals'. She comes to visit a doctor, she made an appointment to see a doctor not for herself but for selling the latest new pharmaceutical product. She is told by the nurse, 'Sorry, the doctor can't see you; the doctor has asked you to leave a sample of your new product and leave a brochure, and if he has any questions after reading them, he will get in touch with you.

The sales woman as attractive as she is; is not able to get to see most of the doctors. She is there to deliver pills, samples to be used by the physician, hopefully. So, and we have to quit question sales force.

There are some companies, I have noticed that say, I don't call the sales people because the information is so complete, that I know who to buy from. I don't even have the time to talk to Sales people. I am not saying this happens everywhere.

Sales, especially in B2B (Business to Business), if you are bowling and you plan to sell to a country X or Y or Z, you have got to have people on the ground, in those other countries and talking, not virtually, not through WebEx or Zoom. But

reconsider, how big the sales force size should be, and how to reward the sales force. I have a whole book on that subject.

Retailing

During Covid, we all stayed home. We did not go to stores. In fact, the great benefit was, we learned 'online' more and more. People began to get bigger appliances and even their food delivered by ordering it online, whereas the stores were empty.

The question really is, **“have we gotten, or do we have too many stores?”** What will make a store successful, especially as we get over the corona virus? Will people go back to stores?

- Well, let me say that, safely speaking, we will have **auto-dealerships**, and they will be visited because people want to see the car and they want to test drive.
- You are going to have **furniture stores** because people do not want to buy an expensive sofa without sitting on it and knowing the material and so on.
- We are going to need a lot of shops and stores to touch the goods and especially fashion goods, as women & men want to try out something they are going to buy.

But the real question then, **“Is your store run well?”** Is yours, **is the kind of store that people walk into, and then they walk out of without buying anything?** What can you do to improve the in-store experience and make it exciting? What are the colours in your store? What is the training of your sales-people? Are they friendly, creative and interesting people themselves? Yes, retailing has the future and it will come back to life in many ways, but do it well.

Which new digital tools will come into greater use and impact?

I have listed a lot of them and in fact my book called '**Marketing 5.0**' goes into them, in more detail. Let me choose a few 'artificial intelligence'. AI is going to be throughout your company handling shipments, handling returns **but particularly you are going to get into algorithms**. Please understand what they are. They are decision making tools.

Let us take a **Bank** - Every bank has an Expert Banker who knows whether a loan should be made to a borrower or not. He looks over the borrower and he decides yes or no, based on the data that he sees in front of him or her. Okay, if that banker expert goes back over his past decisions, he will find that he made some mistakes. He loaned money to some people who never paid it back. If you could take his judgments and then correct them for what he should have considered more fully, you have created an algorithm that replaces his decision-making with something better. Who to make a loan to, has incorporated in it, his best ideas plus what was assessed to be the '**important variables**' that really make a difference.

The same thing is happening with **Colleges**. Colleges now do not just do admissions through an admissions person, i.e. just judging a person from his background. They turn it over to algorithms which have much more comprehensive information about whether to admit that person to that college or not.

All of this is based on, **being willing to collect bigger data and to do machine learning** which is a term for applying mathematical tools like **'cluster analysis'** and **'regression analysis'** to produce learnings about - how much weight should be given to different factors in a decision.

Your companies are all now using **Digital** and **Social media** along with regular old-fashioned advertising. You have already done some **Voice Recognition**. You, maybe even created a woman called 'Siri' or 'Alexa', who will answer questions on your website. **Chat-bots** means that you just introduced a new product and it is on the shelves but people wanting to know about the product they press a button and it says, oh good you have some questions for me, and Chabot answers the questions about the new product. So, you did not need a live person repeating and repeating the same questions that come up from the new people who first see the product.

Please use **Virtual Reality!**

Do not make a 'new car' and 'built a new factory' to make it. First, design the car on the computer and then cast it in a virtual reality form, so that a customer can put on these glasses and see himself or herself going to your dealership, getting into the new car, sitting down, turning the engine on and driving the new car, none of which exists really, **it is virtual!**

But he is asked to vote afterwards - Was that a good car? Was that a good experience? When the number of votes is very positive, now you can put money into a factory to build that car.

Watch for **Blockchain, Bitcoin** and **new currencies!**

They will affect your business. There is now, may be a thousand new currencies. They are not yet acceptable by most sellers, **but get to understand that we are moving to a whole new reality called Blockchain currency, a new currency.**

Please do your best in **mapping the customer's journey.**

How did that customer hear about us? Who told him? What media did he see? Are we at the touch points? If we are not at the touch points on the journey he takes, he does not hear about our company and he goes to a competitor.

Let's map our customers' journey. Find out what paths they take to get to us and what the touch points are and you can talk about some of these other things happening in marketing, that are digital tools.

What is the relation between 'Product Development' and 'Marketing'?

Kodak (an American photography company) is dead. Why? Because the cell phones have a good camera! You do not have to buy film, to take pictures. Kodak, which had invented that but never produced it or made it work, died because the film business died.

Fuji (a Japanese multinational conglomerate) had a great leader - **Mr. Shigetaka Komori**, who said, 'We have got so many trade secrets, we learned so much in developing even colour film which take 14 steps, that we have a treasure of ideas that can be turned into products, and you know, Fujifilm now is bigger than it was before, and it is in not only image making, in medicine, medical products, skin care.

The real question is this - **'Do you have a good relationship in your company between the Innovators or call them Product Development People and the Marketers?'**

Innovators are masters of the possible but they are often not good at the valuable. It takes marketers to say whether the possible is really going to be of value to any customers. In the old days, when a company developed a product, it was developed without 'marketing personnel' along the development. In fact, marketing only came in when the product was ready; was already made to be sold. Then, the marketer's job is to sell it, but the marketer was not drawn into - **how to make a better product that would sell better.** But we have changed that, I hope, in our book on that subject called **'Never Stop'**. By the way, that is the model of **Fujifilm**. We describe how 'marketing' and 'innovation' has to work together, all the time.

Should company brands take a stand on public issues?

Normally your brand is simply - Information about your product, and its performance, and its price, and where to get it. With the environment, with Covid, with Climate Change, may be your brand should take on more meaning about caring.

In fact we wrote a whole book called **'Brand Activism from Purpose to Action'**. In other words, your brand has to have meaning that clicks with the customer; that is a company, I like. They care more than about profit-making, believing the company is practicing 'sustainability'.

Companies that adopted a Higher Cause

Here is a list of companies that do have causes beyond the initial one - Of selling their product and making some money. I am drawing this from my book **'Corporate Social Responsibility'** where we studied **45 companies.**

- **Kraft**, which makes cheese, knows that 'obesity' is a bad problem in the United States. People eat a lot of things that are fattening, and Kraft makes fattening product. They have got to think carefully about how to reduce obesity.

- **Avon**, sells a lot of nice things to women, and women are concerned with the problem of 'breast cancer'. Even it has raised money in millions to help researchers in that field of research.

So, **does your company have any cause now?**

Of course, **Coca-Cola** has not been listed right there, but **PepsiCo** is. Without water, you cannot make Pepsi cola or Coca-Cola. So, those companies making those products, they are investing huge amounts of money to conserve water and the quality of water and so on.

So, yes, '**smart companies**' have a higher cause.

How can a company be creative and innovative?

I want to say there are **four things** to make sure of, as a Board member.

When you raise questions at the board I'll create you know if you're this question wouldn't come up at Toyota so, creative it wouldn't come up at 3M company. You know, it's in there at Toyota and I've been there so many times every worker is thinking on how to get rid of his job because he can do it better, faster or the job is not even essential. They are always attuned to trying to make things better every day, it is called **Kaizen** - how to improve every time, all the time.

- Make sure some of the people you are hiring, are **people who are exciting, they have new ideas, and they can think out of the box.**
- Celebrate creative ideas that came from your employees.** Don't just get the ideas and maybe give them a bonus celebrate them for the ideas that they brought to the company.
- Invite customers to offer ideas.** When you go into Starbucks there is a place where you can type in or put in a piece of paper about some idea you have that would make Starbucks better for you as a customer.
- Just by **diversifying the board members**, you are likely to have new sources of ideas for your company.

The New Market Orientation is Human-to-Human

I wrote a book called '**H2H marketing**'. It stands for '**Human to Human**'. We are in the '**Person-to-Person**' business. There are **three types of bad marketing** –

- Unethical Marketing
- Wasteful Marketing and
- Inane or Silly Marketing, those are of no good.

And what we want is '**H2H Marketing**'.

Marketing in the Future

- Buyers will select the best brands in the future without needing much help from 'advertising or sales people' because marketing success will depend mainly on smart pricing, strong branding and owning dominant channel positions.
- Marketing creativity will be crucial. As a matter of fact, you have a lot of people in a company who are very good professional marketers. They are able to sell the goods, you have produced. That is not enough. You want entrepreneurial marketers those who are coming up with ideas of new things to market so we want to add entrepreneurial marketers to the professional marketers.
- Marketers who make use of 'customer journey mapping' and 'touch point marketing' and more work with 'personas' and 'content' and 'influencers' things.
- Marketers will use virtual reality to gauge buyers' interest in possible future products, before actually the company making those products.
- Marketers will use neural science to identify the best stimuli. In other words, you may have hired a sociologist or a psychologist, but neuroscientists are people who have studied the human brain and they can add value to your marketing programs.
- Marketers will use predictive analytics and machine learning to identify and convert the best prospects.

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