



CHAOTICS... THE BUSINESS OF MARKETING IN THE AGE OF TURBULENCE

Philip Kotler
John A. Caslione



Presenters

Philip Kotler

considered by many to be the father of modern marketing, is the S.C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University. He recently published the 13th edition of Marketing Management, the world's leading textbook in teaching marketing to MBAs. He has also published Marketing Models, Principles of Marketing, Marketing for Nonprofit Organizations, Social Marketing, Marketing Places, Corporate Social Responsibility, and thirty other books.

John A. Caslione

is a recognized expert on the global economy who has executed business strategies in 87 countries on six continents. He serves as advisor to large and middle market companies including: ABB, Becton-Dickenson Biosciences, Caltex Lubricants, ExxonMobil, GE, Hewlett-Packard, Johnson & Johnson, IBM and Philips N.V. He is founder and president of global mergers and acquisitions advisor GCS Business Capital LLC.



Drives of Turbulence and Chaos in „The Age of Turbulence

- National Economies are now all intimately linked, interconnected and interdependent upon each other.
- While Global interdependence works in everyone's favor in good times, globalization's *interlocking fragility* rapidly spreads much pain and damage virally in bad times



Drives of Turbulence and its Consequent Chaos

- Technological Advances and the Information Revolution
- Disruptive Technologies and Innovations
- The "Rise of the Rest"
- Hypercompetition
- Sovereign Wealth Funds
- The Environment
- Customer and Stakeholder Empowerment



Technological Advances and the Information Revolution





Disruptive Technologies and Innovation

DISTRUPTIVE TECHNOLOGY/INNOVATION	DISPLACED/MARGINALIZED TECHNOLOGY
Mini Steel Mills	Vertically Integrated Steel Mills
Container Ships; Containerization	Break cargo Ships; Stevedores
Desktop Publishing	Traditional Publishing
Digital Photography	Chemical Photography
Semiconductors	Transistors
Personal Computers	Mainframes and Minicomputers
Music Downloads; File Sharing	Compact Discs
eBooks	Paper Books
VoIP	Traditional Telephone Service



The “Rise of the Rest” Hypercompetition Sovereign Wealth Funds





The Environment



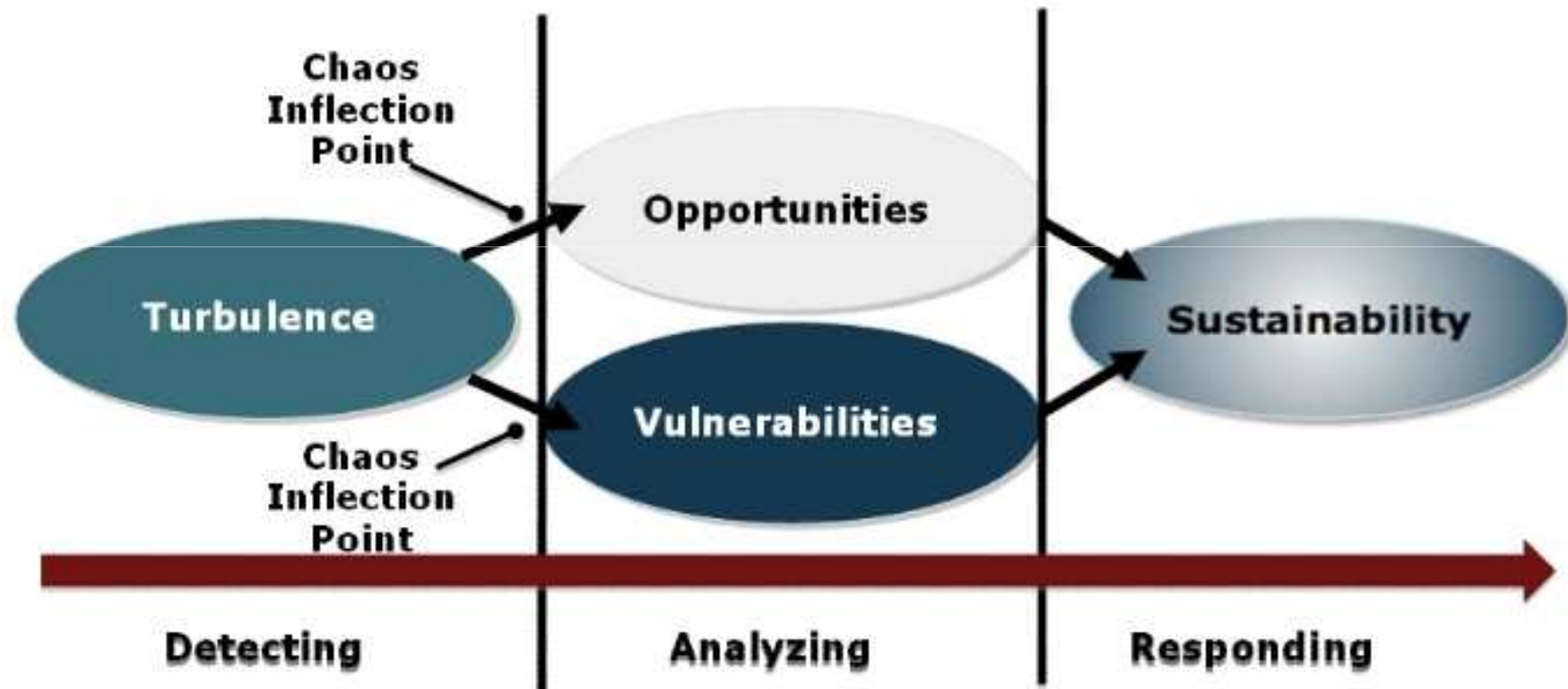


Customer and Stakeholder Empowerment





From Turbulence to Sustainability





The Chaotic Management System

- ❑ Development of an Early Warning System
- ❑ Construction of Key Scenarios and Strategies
- ❑ Prioritize Key Scenarios and Strategy Selection
- ❑ Implementation of Chaotics Management Strategic Behaviors
- ❑ Expansion of the Stakeholder Base
- ❑ Flattening the Organization
- ❑ Shortening Strategic Planning Intervals and Multiple Execution Scenarios



- 1. Development of an Early Warning System**
- 2. Construction of Key Scenarios and Strategies**
- 3. Prioritize Key Scenarios and Strategy Selection**





Implementation of Chaotics Management Strategic Behaviors





Chaotic Marketing: Strategic Implementation

- Take a complete inventory of marketing activities and costs**
- Shed unprofitable segments, customers, and geographies**
- Delete poor-selling products and brands**
- Weed out under-performing distributors**
- Reposition your pricing**
- Shift to a more efficient media mix**
- Focus on getting more spending by existing customers and less on attracting new customers**
- Build stronger relationships with high potential customers**
- Experiment with new media to be ready when the economy improves**



Chaotics Marketing : What Not To Forget

- Budget for marketing research to learn how customers and competitors are adjusting and to test new segmentation and other new initiatives
- Retain budget dollars to change product features or to introduce a lower cost version
- Spend on reaching key customers to reinforce why it is still wise to buy your product
- Budget for consumer and trade promotion
- Properly fund highly promising new product launches

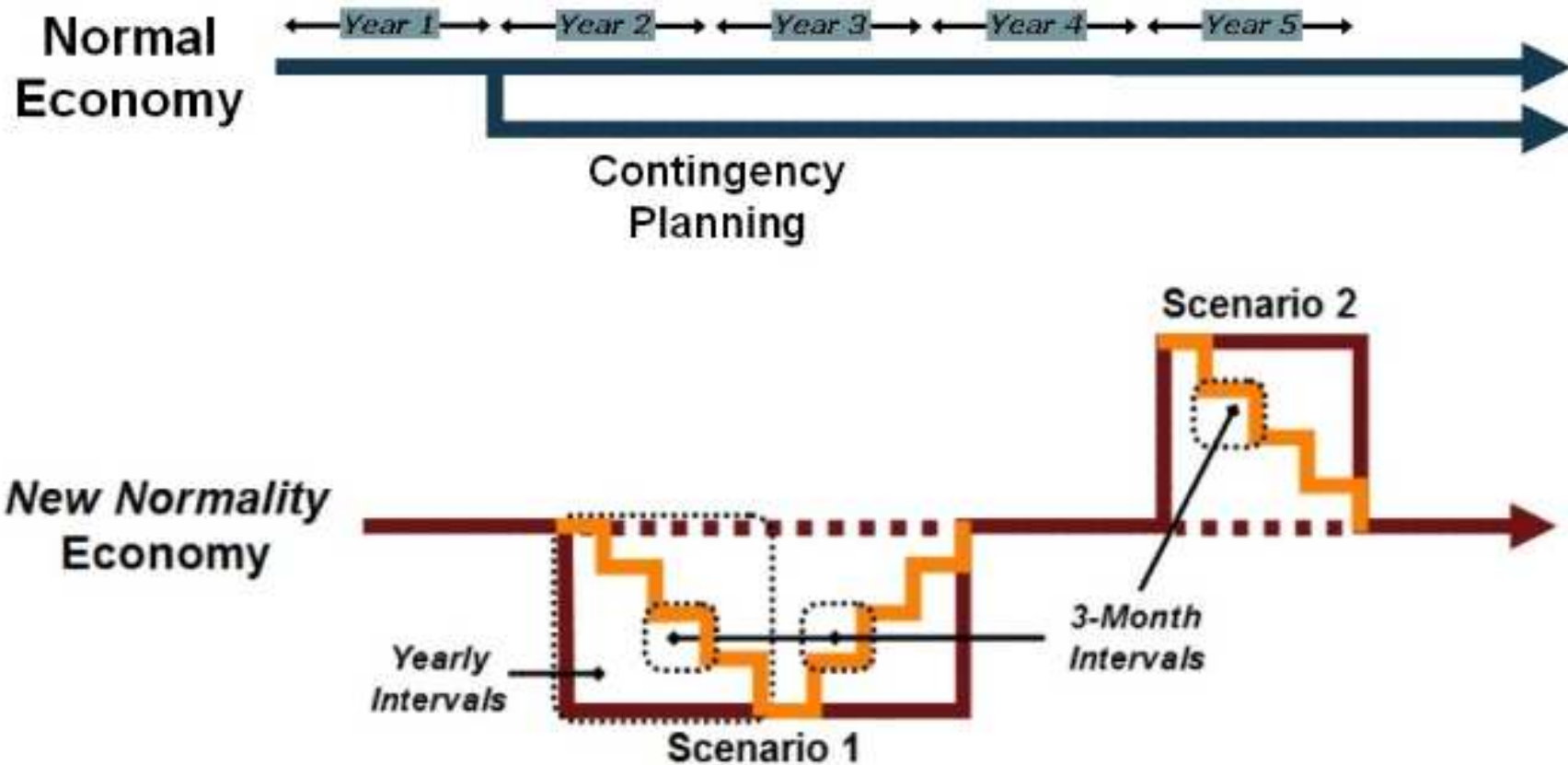


Expansion of the Stakeholder Base





Shortening Strategic Planning Intervals and Multiple Execution Scenarios





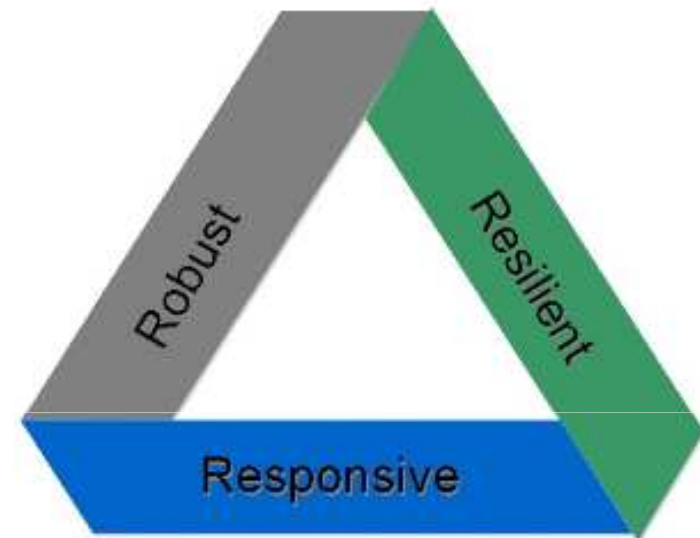
Business Enterprise Sustainability

- Conservatism in Finance
- Sensitivity to External Events
- Awareness of Identity
- Open to New Ideas
- Responsive, Robust and Resilient Long-Term Strategy





Business Enterprise Sustainability



- ❑ Critical Components of this Strategy.
- ❑ The preservation of well-maintained assets
- ❑ Ongoing replenishment of innovate products and services
- ❑ A favorable reputation with customers, employees, distributors, suppliers, governments, and other key stakeholders investing in the business



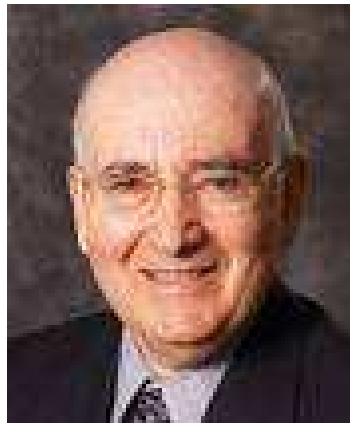
Key Points



- ❑ Build an early warning system
- ❑ Develop Scenarios Imagining the worst the can happen to your business as well as the best that can happen.
- ❑ Design your department to be more flexible in their behavior and in their budgeting

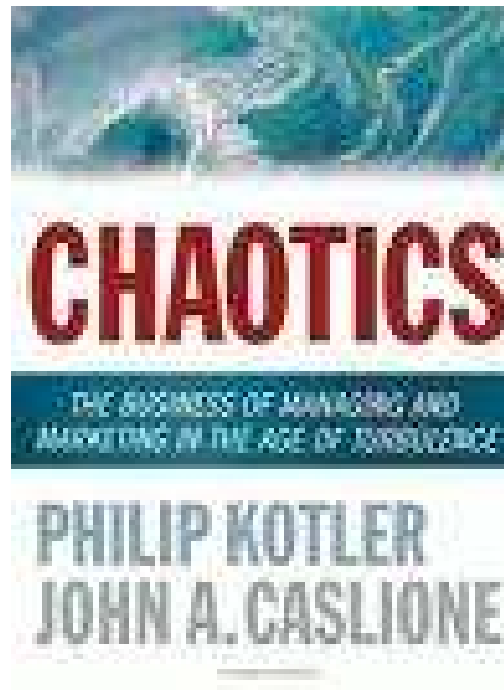


Thank you



☐ **Philip Kotler**

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Distinguished Professor of
International Marketing
Kellogg School of Management
Northwestern University



John A. Caslione

Founder and President GCS
Business Capital LLC