Philip Kotler

The founding father
Philip Kotler is the S.C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University, Evanston, Illinois. He received his master’s degree at the University of Chicago and his PhD Degree at Massachusetts Institute of Technology (MIT), both in economics. He did postdoctoral work in mathematics at Harvard University and in behavioural science at the University of Chicago.

Kotler is the author of Marketing Management: Analysis, Planning, Implementation and Control, the most widely used marketing book in graduate business schools worldwide; Principles of Marketing; Marketing Models; Strategic Marketing for Nonprofit Organizations; The New Competition; High Visibility; Social Marketing; Marketing Places; Marketing for Congregations; Marketing for Hospitality and Tourism; The Marketing of Nations; Kotler on Marketing; Building Global Biobrands; Attracting Investors; Ten Deadly Marketing Sins; Marketing Moves; Corporate Social Responsibility; Lateral Marketing and Marketing Insights from A to Z. He has published over 100 articles in leading journals, several of which have received best-article awards.

He was the first recipient of the American Marketing Association’s (AMA) ‘Distinguished Marketing Educator Award’ (1985). The European Association of Marketing Consultants and Sales Trainers awarded Kotler its prize for ‘Marketing Excellence’.

He was chosen as the ‘Leader in Marketing Thought’ by the Academic Members of the AMA in a 1975 survey. He also received the 1978 ‘Paul Converse Award’ of the AMA, honouring his original contribution to marketing. In 1989, he received the Annual Charles Coolidge Parlin Marketing Research Award. In 1995, the Sales and Marketing Executives International (SMEI) named him ‘Marketer of the Year’.

He has consulted for such companies as IBM, General Electric, AT&T, Honeywell, Bank of America, Merck and others in the areas of marketing strategy and planning, marketing organization and international marketing.

He has been Chairman of the College of Marketing of the Institute of Management Sciences, a director of the American Marketing Association, a trustee of the Marketing Science Institute, a director of the MAC Group, a former member of the Yankelovich Advisory Board, and a member of the Copernicus Advisory Board. He has been a trustee of the Board of Governors of the School of the Art Institute of Chicago and a member of the Advisory Board of the Drucker Foundation. He has received honorary doctoral degrees from Stockholm University,
University of Zurich, Athens University of Economics and Business, DePaul University, the Cracow School of Business and Economics, Groupe H.E.C. in Paris, the University of Economics and Business Administration in Vienna, Budapest University of Economic Science and Public Administration, and the Catholic University of Santo Domingo.

He has travelled extensively throughout Europe, Asia and South America, advising and lecturing to many companies about how to apply sound economic and marketing science principles to increase their competitiveness. He has also advised governments on how to develop stronger public agencies to further the development of the nation’s economic well-being.

The professional journey

What, in your view, are you most famous for? This might seem an almost impossible question considering your career, but are there a few particular areas you feel are inextricably linked with your name?

My name is closely linked with the discipline of marketing. When I first examined marketing textbooks in the 1960s, I was appalled by their descriptiveness and lack of theory. They contained lists of the traits of good salespeople, the role of warehouses, a description of consumer demographics, and other definitions and lists. This was market anatomy but not market physiology.

I wanted to offer a different view of marketing and wrote my first book, Marketing Management, in 1967. It differed from previous books by applying economic, behavioural, organizational and mathematical theory to show how markets work and how marketing mix tools work.

Subsequently I introduced new concepts such as demarketing, social marketing, societal marketing and megamarketing. I also broadened marketing to include the marketing of persons, places, ideas, causes and organizations.

What was your thinking behind your first book?

I think part of the breakthrough was that I hadn’t worked enough in marketing to develop a conventional mindset about marketing. I wanted to understand it better and, coming to the subject with a training in econom-
ics, organizational theory and social sciences, I felt that the books at the time were devoid of any scientific basis, or of any effort to focus on decision-making and marketing strategy.

I had already done a lot of work on game theory and decision trees and Markov processes and none of that was there. Yet I knew that marketing was really a set of decisions that would affect demand and revenue. And so, in writing *Marketing Management: Analysis, Planning and Control*, I would put marketing on a more systematic and scientific foundation. I was surprised and very pleased with the success of the book.

**What else was around at the time?**

Jerry McCarthy’s book was the most popular one at the time. It was called *Basic Marketing*. Jerry had introduced a ‘4Ps’ framework. He’d studied with Professor Richard Clewett at Kellogg, who talked about product, price, promotion and distribution. Jerry renamed distribution as place. Most other books talked a lot about distribution channels, sales force, price and advertising but Jerry offered a useful framework.

**How did you start getting involved with marketing as a discipline?**

I am trained as an economist. I studied under Milton Friedman at the University of Chicago for my MBA and emerged as a free market thinker. Then I studied under Paul Samuelson and Robert Solow at MIT and went Keynesian. All three won Nobel Prizes in economic science. But I found their explanations too simplified in terms of marketplace real phenomena. I always wanted to understand how people spent their money and made their choices.

To say that consumers make product choices that would maximize their utility doesn’t say much. To say that producers make product and production choices to maximize their profits doesn’t say much. Economists focus very much on prices and much less on other strong influences on demand such as advertising and personal selling. Economists ignore the complicated distribution system through which many products pass and where prices are set at different stages as the product passes from the manufacturer to the distributor to the dealers. I have great respect for the effort of economists to theorize but they do this by oversimplifying the complex dynamics of the
actual marketplace and players. I believe that marketing is part of economics and enriches economic theory.

I became enamoured of several marketing questions, such as how many sales persons should a firm hire, what is the best way to compensate them, how to determine how much to spend on advertising, and other questions. When I was offered a position at Northwestern University in 1962 to teach marketing, I decided that this was the opportunity to address the questions that had been haunting me in economics.

My active involvement in marketing had actually started a year before joining Northwestern. I had been selected as one of 50 business school professors to spend a year at Harvard in a Ford Foundation program to study higher mathematics as they apply to making better business decisions. The 50 participants fell into some natural groupings: professors of accounting, of finance, of manufacturing, of marketing, etc. I fell in with the marketing group that included such people as Frank Bass, Edgar Pessemier, Jerry McCarthy and Robert Buzzell. The group worked on applying the mathematics they were learning to marketing decisions and I participated. The contrast between this quantitative approach and the normal textbooks in marketing was extreme.

This was a period of gestation for me. One of the persons whom I worked with in this program, Donald Jacobs, was one of the 50 and when he went back to his university, Northwestern, he told his colleagues that he had spotted me in the group and that they should recruit me. They interviewed me and hired me. I was given a choice to teach either managerial economics or marketing at Northwestern in 1962.

Don advised me to teach marketing on the grounds that managerial economics was a well-settled field but marketing was in a bad state and provided a lot of room for new theory. He had the feeling that with my theoretical cast of mind I could make a fresh contribution to marketing. So this was the triggering event. Don went on to become the visionary dean of Kellogg and his 25-year tenure led us to become one of the leading business schools in the nation.

What had you been doing before joining Northwestern?

I was teaching managerial economics, not marketing, at Roosevelt University in Chicago. I had wanted to stay in Chicago because of family.
Roosevelt University, which was started in 1946 after the war, was named after Franklin D. Roosevelt. It was a very interesting and seminal place because a lot of the faculty were eminent scholars who had fled Europe and needed a place to work. Roosevelt University hired them. I was there for about four years and then the Northwestern opportunity came along and I decided to move there.

Why do you think your ideas have caught on and become the basis of modern marketing?

After publishing the first edition of *Marketing Management* in 1967, I received a great amount of positive feedback to the effect that I had put marketing on a more scientific and decision-making basis. This was amplified a few years later when I published *Marketing Decision Making: A Model Building Approach*. Shortly thereafter I published a series of articles in the *Journal of Marketing*, three of which were voted the best article of the year in their respective years.

This was followed by eight articles published in the *Harvard Business Review* over several years that increased my visibility among practitioners. I had also added consulting to major companies and alerted them to the need to segment, target and position better and to become customer-centric. I would guess that by 1975 my reputation was well established.

And when did you begin to realize that you were becoming a name that was resonating all over the world?

I didn’t consciously use marketing to market my ideas. They spread without assistance. *Marketing Management* became the gold standard throughout the world. When I meet managers in China, India, Germany, Brazil and elsewhere, it seems that they all studied marketing with my book. Today *Marketing Management* is in its 12th edition and *Principles of Marketing* is in its 11th edition. I did a lot of speaking at academic, corporate and public events and published a lot of papers and this contributed to the interest in my ideas.

I was invited to seminars and debates and put forth my strong views about what marketing should be. If you call that marketing my views, then yes, of course I did. But it wasn’t like I had a Kotler brand development plan in
mind. I did realize that I didn’t want to just be in teaching – I wanted to be out there researching, writing and consulting. And that meant being not only in the USA but abroad. The opportunities came along to consult and teach in Europe, later in South America, and later still in Asia. I was becoming a brand largely by spreading my views.

How did organizations react initially to the ideas? Was there any resistance, and why, in your view?

My marketing management work was well received by marketing departments within companies. The marketers appreciated that their discipline was achieving more useful concepts, tools and scientific status, and that this would help them earn more respect from sales, finance, engineering and manufacturing. I worked hard to distinguish the role and contribution of the marketing people from the role and contribution of the sales people. In simple form, I said that marketers build demand and the brand, while the sales people get the orders.

You also broadened the concept of marketing and made what must have seemed like quite a radical leap into showing that marketing could be used in nonprofit organizations?

In the late 1960s, lifestyles were changing, the Vietnam War was going on and protest movements centering on social issues were flaring up.

I felt that marketers could contribute to positive social change. I began to think that some of the concepts such as segmentation, targeting and positioning could be used in broader areas than selling goods and service. So the times were one influence. My Kellogg colleagues, particularly Sidney Levy and Gerald Zaltman, were also joining in efforts to broaden marketing beyond the domains of goods and services.

In the early 1970s I wrote Strategic Marketing for Non-Profit Organizations and showed how museums, performing arts organizations, churches, social welfare organizations and others could gain insight into their problems and improve their effectiveness by viewing their problems through the lens of marketing.

Later I wrote Social Marketing with Ned Roberto to show how cause organizations could market their causes more effectively, whether it is to say
‘No’ to hard drugs, to protect the environment, or to advocate better eating and more exercise.

What were the challenges you faced in getting these concepts accepted?

When I broadened marketing beyond goods and services, some older marketing academics challenged me on the grounds that marketing must involve payment for goods and services. But I said that nonprofit organizations could use marketing to segment their markets, choose the segments they want to serve and satisfy, create a differentiated position in the market space, and apply the 4Ps of product, price, place and promotion to create a desired behavioural response.

Your ideas have been seminal to the evolution of marketing. Has the message gotten through to the extent you hoped it would?

My main message continues to be that we must choose carefully the markets and market segments we want to serve and to create, communicate and deliver superior value. Our job is to build customer loyalty and trust by delivering on the promise made by our brand. Today many companies are preaching customer value and customer-centredness, although in many cases it is more talk than action.

I would like to dispel the myth that marketing contributes very little to long-running company success. Marketing has the potential not only to help sales sell more today but also to identify new opportunities and create new solutions and strategies. At the same time, management must recognize that marketing cannot work miracles, except occasionally! We have to be honest about what marketing can and cannot accomplish.
You obviously still enjoy teaching?

Yes, I enjoy talking to a class of students or managers. I welcome their questions. I learn from teaching. I can test theories in the classroom, distribute some new writing and get feedback.

When you get involved with a company, either directly or for the purposes of teaching, what are the first things you investigate to judge how effectively it carries out marketing?

I first ask to see a list of the company’s market segments and marketing channels for reaching each of these segments. I also want to know how important they think each segment is and the criteria they use. Next I ask for the most recent study of consumer behaviour in each segment. I am not impressed if they give me a study that is more than two years old; customers change faster than that. Then I ask to see samples of current marketing plans. I am often astonished to find plans with insufficient data, weakly stated objectives, no strategy, a lot of miscellaneous tactics and poor controls.

How do you feel about being seen as the founding father of marketing?

I always say that I stand on the shoulders of giants. I am indebted to a number of deep thinkers for my work in marketing, including Peter Drucker, Theodore Levitt, John Howard, Herbert Simon, Dick Cyert and James March.

It is a responsibility to be thought of as someone who has pushed the field forward. Some scholars retire because other interests come up. I have many new interests but I continue to be fascinated with all the manifestations of marketing. I would get bored teaching geometry but am never bored with marketing.

I’ve always welcomed criticism and challenging alternative frameworks. If someone offers a really fresh view, or a new departure point, I would examine it as quickly as anyone else. And that has happened many times. It has happened when relationship thinking replaced transaction thinking; when customer lifetime value replaced customer current profitability; when services and experiences came to be as or more important than the product itself. So I am busy watching new developments in the field.
Current views of marketing

What are the current challenges marketing is facing?

People continue to confuse marketing with selling. I have to remind audiences that marketing is more than selling existing ‘stuff’. Marketing starts long before there is a product and continues long after it is sold. Marketing is the tool for segmenting markets, discovering unmet needs, creating new solutions. Marketing, when done well, creates the company’s future.

Another challenge is to find new ways to get messages and offerings to people who can benefit from them. Advertising has been a major force for reaching large audiences but its effectiveness, particularly the 30-second commercial, is declining. There is too much cluttering of messages, people are buying devices to avoid the messages, and are increasingly busy with other activities such as the internet, video games, emailing, etc. It is getting harder to catch 10 seconds of anyone’s attention. Some consumers are avoiding ads like the plague. We may have to move to getting their permission to send a message.

Another challenge is that customers are more educated and have more market knowledge at their fingertips than ever before. They can look up on the internet the competitive features and prices found in any category they are interested in. To the extent that consumers perceive the products as similar, they will pay more attention to who is charging the lowest price. Marketers are thus challenged to differentiate their offerings in real or psychological terms.

Senior management is increasingly challenging the marketers to financially account for their impact. They and the chief financial officer want to know if marketing money is being spent productively.

How should marketing evolve to deal with this growing complexity?

Marketing departments need to upgrade their present skills and add new ones. The four traditional skills have been marketing research, advertising, sales promotion and sales management. Each of these is becoming more sophisticated. In addition, marketing departments have had to add newer skills such as direct mail, telemarketing, public relations, sponsorships, event management, e-marketing, and so on. Most people in a marketing department will work on downstream marketing, namely helping the sales force to
sell more of the current products and services. The marketing department also needs some members to work on upstream marketing, to discover new markets and imagine new offerings.

Marketing departments should not hesitate to add highly skilled and specialized persons to their department. Persons skilled in datamining, model building and deep psychological analysis can add value to untangle complexity.

What should marketers themselves be doing to succeed in this climate?

Marketers will have to work harder and smarter. They had it easy when all they needed was a large budget to pay, spray and pray. Now they have to manage an exploding number of media, communication channels and distribution channels not only domestically but globally.

On top of this, senior management is pressing marketers to supply return on investment (ROI) measures of the impact of various marketing campaigns and activities. Marketers must learn the language of finance to account for their activities.

I actually prefer that persons who want to become brand marketers don’t start their career in marketing. They should start their career in sales. They should get further experience in advertising, public relations, events and other tools. They should work in the customer service department, and also as team members in new product development projects.

What about companies appointing chief marketing officers?

Multi-divisional companies are appointing chief marketing officers (CMOs) to review and improve the quality of marketing in the organization. The CMO locates at headquarters and in principle operates at the level of the other chief officers such as the chief financial officer (CFO), chief information officer (CIO), chief technology officer (CTO), etc. The CMO, in addition to upgrading the organization’s marketing skills, also has responsibilities including helping strengthen corporate and individual
brands, finding new product opportunities, and bringing the voice of the customer into senior management deliberations. This is a tall order.

**What’s your feeling about the rise of customer relationship management (CRM)? Can it help or is it a fad?**

CRM is not a fad. The more we know about individual customers, the better we can serve them. We can recognize upselling and cross-selling opportunities. If we satisfy them more, we will retain them longer as customers. If we don’t satisfy them, we lose them as customers. So we need a relational database to access customer information. Access to this database should be available to our salespeople, brand managers, market researchers, merchandisers and others. By doing datamining, we can spot new trends and new segments.

CRM did not work out well in every adopting company. One estimate held that 40% of the companies adopting CRM were disappointed. These were the companies which weren’t ready for it and simply bought the promising tool because competitors were buying it. They were not sufficiently customer-centred companies. The tool did not get enough use. Now CRM is in a second stage where the sellers and the buyers are more sophisticated. CRM is being purchased more judiciously by companies which are ready to use it for gaining a competitive edge through knowing relatively more about their customers.

**What distinguishes companies that are good at marketing from ones that are less successful?**

Successful marketing companies are those which can innovate, launch and learn. Without investing in innovation and change, a company will eventually go under. Innovation requires an organization that wants to win and that focuses on target customers and their evolving needs. New product and service ideas are welcome and are, in fact, solicited from research and development, customers, dealers, the advertising agency and other stakeholders.

These companies know when to advance an attractive-looking idea and when to kill it. They use a stage gate method that screens out bad ideas early and lets great ideas go to launch. But the launch is done carefully with feedback collected continuously. The feedback will open the marketers’ eyes to
new problems and opportunities. The learnings might require marketers to revise tactics, strategies and even objectives.

Great marketing companies are able to visualize the evolution of the market offering. Starbucks didn’t just stay a coffee retailer. It is retailing music in its stores. It is selling its products in supermarkets. It is found in dozens of countries. Apple’s Steve Jobs didn’t just launch an iPod to carry music. He visualized ahead of his competitors that it would evolve to carrying thousands of photos, and later videos. He is ready to cannibalize the earlier iPod versions before they have fully saturated the market in the interests of leading the competitors, rather than allowing them to lead in product evolution.

By contrast, losing companies fail to monitor new technologies, new lifestyles, new competitors. Car makers such as General Motors and Ford have had so much time to watch the Japanese, to learn from them, and yet were so slow at doing so. They answered the success of Japanese small cars in the 1970s by countering with small inferior cars. They were late in learning how to put more quality in a car. They are late in offering hybrid and new fuel-efficient engines. Failing companies operate bureaucratically and arrogantly. Instead of looking out of their windows, they look at their own image in a mirror.

What tips would you offer those struggling to reach marketing excellence?

Study the marketing skills and practices of high growth, high profit, highly respected and long-lasting firms. Read Harvard Business School cases on winners and losers in your industry. Read the business and marketing press. Read the new marketing books that are nominated by the American Marketing Association (AMA) as the best marketing books each year.

Getting more personal

What do you think it was about you as a person that made you decide that these concepts were so important to disseminate to a wider audience?

From the earliest times, I have wanted to work toward the improvement of human welfare. My choice of economics as my field of study was based on
its potential to help improve the growth and distribution of wealth in society. Marketing, as a branch of economics, offered a rich set of tools and understandings about how markets work and how value can be created.

I began to see marketing as the ability to create, communicate and deliver value whether in commercial markets, nonprofit markets or even government markets. We can market goods, services, experiences, information, persons, places, ideas and causes. I have been on a mission to show audiences in my talks, consulting and writing how to create more value for those they intend to serve.

Marketing was defined many years ago as the ‘art and science of raising standards of living’. Marketing uses the basic concepts of psychology, social psychology, sociology, anthropology, economics and organization theory to help ‘engineer’ solutions.

What are you proudest of in terms of your work?

Clarifying the role of marketing (as opposed to sales) and broadening the concept of marketing to help nonprofit and public organizations achieve their objectives. Why? Because I think marketing offers a powerful perspective on how to sense, serve and satisfy the needs of others.

Do you have what you would consider a defining moment in your life – one that set you on the path you eventually followed?

Growing up in a hard working-class family that valued education gave me a view of the world. I not only wanted to improve the quality of my life but also the lives of those who were less fortunate. My early years occurred during the Great Depression. People were poor and grabbing any jobs they could get. I felt that so many people were dealt a bad hand through no fault of their own. The presence of great wealth alongside great poverty always bothered me.

The late 1960s and early 1970s were a period of social ferment and activism. I threw myself into the period, wanting to contribute ideas on how to improve social conditions. I worked with Gerald Zaltman and Ira Kaufman to edit a book on social action, Creating Social Change (1972). Later I worked with my former student, Ned Roberto, to write Social Marketing, which addressed how to market social causes. Later Nancy Lee joined
us to write a second edition. And she and I published Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause. I am currently working with Ned Roberto and Tony Leisner on a book on how to alleviate poverty through applying marketing theory and concepts. I guess that I keep returning to the ‘do gooder’ nature of my personality. I know I wouldn’t get the same kick from researching and teaching accounting.

You have talked about a long romance with marketing. What has kept it going?

The marketplace is endlessly fascinating. The stories and competitive battles read like a novel. There is a never-ending stream of new companies arising to serve markets in new ways. When patterns seemed set in the airline industry, along came Richard Branson with his Virgin Atlantic Airlines and Herb Kelleher with Southwest. When patterns seemed set in the furniture retailing industry, along came Ingvard Kamprad and Ikea.

Selected publications


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