

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

product value is defined by the consumer. Consumers differ greatly in their preferences. The marketer must segment the market and develop a superior product for a specific target market. The golden rule of “customer is king” works well for most companies. Consumers are better off because their needs and wants are well addressed. They can choose from a wide range of functional characteristics and alternatives. Today’s marketers try to touch the consumer’s mind and heart. Unfortunately, the consumer-centric approach implicitly assumes the view that consumers are passive targets of marketing campaigns. This is the view in Marketing 2.0 or the customer-oriented era.

Now, we are witnessing the rise of Marketing 3.0 or the values-driven era. Instead of treating people simply as consumers, marketers approach them as whole human beings with minds, hearts, and spirits. Increasingly, consumers are looking for solutions to their anxieties about making the globalized world a better place. In a world full of confusion, they search for companies that address their deepest needs for social, economic, and environmental justice in their mission, vision, and values. They look for not only functional and emotional fulfillment but also human spirit fulfillment in the products and services they choose.

Like consumer-oriented Marketing 2.0, Marketing 3.0 also aims to satisfy the consumer. However, companies practicing Marketing 3.0 have bigger missions, visions, and values to contribute to the world; they aim to provide solutions to address problems in the society. Marketing 3.0 lifts the concept of marketing into the arena of human aspirations, values, and spirit. Marketing 3.0 believes that consumers are complete human beings whose other needs and hopes should never be neglected. Therefore, Marketing 3.0 complements emotional marketing with human spirit marketing.

In times of global economic crisis, Marketing 3.0 gains more relevance to the lives of the consumers as they are impacted more by rapid social, economic, and environmental change and turbulence. Diseases become pandemics, poverty

increases, and environmental destruction is under way. Companies practicing Marketing 3.0 provide answers and hope to people confronting such issues and, therefore, touch consumers at a higher level. In Marketing 3.0, companies differentiate themselves by their values. In turbulent times, this differentiation is arguably a strong one.

Table 1.1 summarizes the comparison of Marketing 1.0, 2.0, and 3.0 from comprehensive viewpoints.

To understand Marketing 3.0 better, let us examine the rise of three major forces that shape the business landscape toward Marketing 3.0: the age of participation, the age of globalization paradox, and the age of creative society. Observe how these three major forces transform consumers to be more collaborative, cultural, and human spirit-driven. Understanding this transformation will lead to a better understanding of Marketing 3.0 as a nexus of collaborative, cultural, and spiritual marketing.

THE AGE OF PARTICIPATION AND COLLABORATIVE MARKETING

Technological advances have brought about huge changes in consumers, markets, and marketing over the past century. Marketing 1.0 was initiated by production technology development during the Industrial Revolution. Marketing 2.0 came into being as a result of information technology and the Internet. Now, new wave technology becomes the major driver for the birth of Marketing 3.0.

Since early 2000, information technology has penetrated the mainstream market and further developed into what is considered the new wave technology. New wave technology is technology that enables connectivity and interactivity of individuals and groups. New wave technology consists of three major forces: cheap computers and mobile phones, low-cost Internet, and open source.¹ The technology allows individuals to express themselves and collaborate with others. The emergence of new wave technology marks the era that

Table 1.1 Comparison of Marketing 1.0, 2.0, and 3.0

| | Marketing 1.0 Product-centric Marketing | Marketing 2.0 Consumer-oriented Marketing | Marketing 3.0 Values-driven Marketing |
|---------------------------------|---|---|---|
| Objective | Sell products | Satisfy and retain the consumers | Make the world a better place |
| Enabling forces | Industrial Revolution | Information technology | New wave technology |
| How companies see the market | Mass buyers with physical needs | Smarter consumer with mind and heart | Whole human with mind, heart, and spirit |
| Key marketing concept | Product development | Differentiation | Values |
| Company marketing guidelines | Product specification | Corporate and product positioning | Corporate mission, vision, and values |
| Value propositions | Functional | Functional and emotional | Functional, emotional, and spiritual |
| Interaction with consumers | One-to-many transaction | One-to-one relationship | Many-to-many collaboration |

Scott McNealy, Chairman of Sun Microsystems, declared as the age of participation. In the age of participation, people create news, ideas, and entertainment as well as consume them. New wave technology enables people to turn from being consumers into prosumers.

One of the enablers of new wave technology is the rise of social media. We classify social media in two broad categories. One is the *expressive* social media, which includes blogs, Twitter, YouTube, Facebook, photo sharing sites like Flickr, and other social networking sites. The other category is the *collaborative* media, which includes sites such as Wikipedia, Rotten Tomatoes, and Craigslist.

Expressive Social Media

Let us examine the impact of expressive social media on marketing. In early 2008, Technorati found 13 million active blogs around the world.² As with readership of print media, readership of blogs varies among countries. Unlike in Japan where 74 percent of Internet users read blogs, only around 27 percent of Internet users in the United States read blogs. Although the readership is low, 34 percent of blog readers in the United States are influencers. As a result, U.S. blogs stimulate follow-up actions by 28 percent of their readers.³ Seth Godin, a well-known marketer, runs a popular web site that offers a new idea every day to influence thousands of people who have elected to receive his feed.

Another popular form of blogging, and one of the fastest growing forms of social media is Twitter. From April 2008 to April 2009, the number of Twitter users has grown 1,298 percent.⁴ The microblogging site allows members to broadcast tweets of 140 characters or fewer to their followers. It is considered much simpler than blogging because users can easily send tweets from handheld devices such as iPhones and Blackberrys. Through Twitter, users can share their thoughts, their activities, and even their moods with friends or fans. Actor Ashton Kutcher reportedly hit the 1 million followers mark on Twitter, beating out even CNN.

Many of the blogs and tweets are personal where a person shares news, opinion, and ideas with chosen others. Another set of blogs and tweets are set up by persons who want to comment on the news or offer opinions and small essays on anything crossing their minds. Other bloggers or twitterers might comment on companies and products, supporting them or criticizing them. An angry blogger or twitterer with a widespread audience has the potential to dissuade many consumers from wanting to do business with a particular company or organization.

The popularity of blogging and twittering has reached the corporate world. IBM, for example, encourages its employees to create their own blogs where they can talk freely about their company as long as they adhere to certain guidelines. Another example is General Electric, which established a Tweet Squad, a group of young employees who train older employees to use social media.

People are also creating short video clips and sending them to YouTube for the world to see. Many are aspiring filmmakers who hope their creativity will be recognized and lead to broader opportunities. Other video clips are prepared by organizations to enlist support for or against some cause or activity. Still other video clips are prepared by companies to dramatize their products and service offerings. One high-profile campaign on YouTube was Marc Ecko's *Air Force One* hoax. To demonstrate its affinity for graffiti art, the clothing company made a video that showed a couple of youngsters spraying the words "Still Free" on *Air Force One*. It later admitted that the plane on the video was not *Air Force One* and it just wanted to create a pop-culture sensation as part of its brand-building efforts on YouTube.

As social media becomes increasingly expressive, consumers will be able to increasingly influence other consumers with their opinions and experiences. The influence that corporate advertising has on shaping buying behavior will diminish accordingly. In addition, consumers are getting more involved in other activities such as video games,

watching DVDs, using the computer, and they are watching fewer ads.

Because social media is low-cost and bias-free, it will be the future for marketing communications. Connections between friends on social networking sites such as Facebook and MySpace can also help companies gain insights into the market. Researchers at IBM, Hewlett-Packard, and Microsoft are mining social networking data to do profiling and design better communication approaches for their employees and consumers.⁵

Collaborative Social Media

Consider also collaborative social media that applies open sourcing. A decade ago, people knew that software could be open sourced and developed collaboratively. People knew Linux. However, no one considered that this kind of collaboration could be applied to other industries. Who would have imagined an encyclopedia that anyone can edit like Wikipedia?

Wikipedia's content is contributed to by vast numbers of people who volunteer their time to create entries on countless topics for this community-built encyclopedia. By mid-2009, Wikipedia had developed 235 active language editions with more than 13 million articles (2.9 million in English).⁶ Compare this with *We Are Smarter than Me*, a book written by thousands of people. The book is an example of collaboration in traditional book publishing.⁷ Another example is Craigslist, which aggregates and displays millions of classified ads for free, posing a threat to newspapers that sell advertising space. Owned partly by eBay, the site also becomes the marketplace for a large number of communities placing ads to sell and buy various items.

Collaboration can also be the new source of innovation. In *Open Business Models*, Chesbrough explained how companies can use crowdsourcing to find new ideas and solutions.⁸ A company called InnoCentive broadcasts research and

development challenges and solicits the best solutions. It welcomes companies that wish to find solutions to their problems (solution seekers) and also individuals, scientists, and researchers who can propose solutions to the problems (problem solvers). Once the best solution is found, InnoCentive will ask the solution seeker to give a cash incentive to the problem solver. Like Wikipedia and Craigslist, InnoCentive becomes a marketplace that facilitates collaboration. This mass collaboration phenomenon is described by Tapscott and Williams in their book, *Wikinomics*.⁹

The growing trend toward collaborative consumers has affected business. Marketers today no longer have full control over their brands because they are now competing with the collective power of consumers. This growing trend of consumers taking over the job of marketers is what Wipperfurth anticipated in *Brand Hijack*.¹⁰ Companies must now collaborate with their consumers. Collaboration begins when marketing managers listen to the consumers' voices to understand their minds and capture market insights. A more advanced collaboration takes place when consumers themselves play the key role in creating value through cocreation of products and services.

Trendwatching, a large trend research network, summarizes consumers' motivation for product co-creation. Some consumers enjoy demonstrating their abilities in value-creation for everyone to see. Some consumers want to tailor a product or service to their specific lifestyles. Sometimes, consumers target reward money given by companies for co-creation efforts. Others see co-creation as an opportunity to secure employment. There are also people who undertake cocreation just for fun.¹¹

Procter & Gamble (P&G) is known for its connect and develop strategy, which replaces its traditional research and development approach. The P&G model resembles a starfish, which, according to Brafman and Beckstrom, is a good metaphor for companies of the future because it has no head and is more like groups of cells working together.¹² The open

innovation program leverages P&G's network of entrepreneurs and suppliers around the world to provide fresh and innovative product ideas. The program contributes around 35 percent of P&G's revenue.¹³ Some of the well-known products invented through connect and develop include Olay Regenerist, Swiffer Dusters, and the Crest SpinBrush. The program proves that collaboration can work in industries other than information technology.

Besides helping companies to develop products, consumers can also contribute ideas for advertising. Consider the "Free Doritos" advertisement. The user-generated ad won the top spot at the 21st Annual USA Today Super Bowl Ad Meter, defeating ads made by professional agencies. The victory proved that user-generated content can often reach consumers better because it is more relevant and more accessible.

This increase in consumer participation and collaboration is examined in *The Future of Competition*.¹⁴ Authors Prahalad and Ramaswamy argue that consumer roles are changing. Consumers are no longer isolated individuals, rather they are connected with one another. In making decisions, they are no longer unaware but are informed. They are no longer passive but are active in giving useful feedback to companies.

Therefore marketing evolved. In the first stage, marketing was transaction oriented, focused on how to make a sale. In the second stage, marketing became relationship oriented, how to keep a consumer coming back and buying more. In the third stage, marketing has shifted to inviting consumers to participate in the company's development of products and communications.

Collaborative marketing is the first building block of Marketing 3.0. Companies practicing Marketing 3.0 aim to change the world. They cannot do it alone. In the interlinked economy, they must collaborate with one another, with their shareholders, with their channel partners, with their employees, and with their consumers. Marketing 3.0 is a

collaboration of business entities with similar sets of values and desires.

THE AGE OF GLOBALIZATION PARADOX AND CULTURAL MARKETING

Besides the impact of technology on shaping new consumer attitudes toward Marketing 3.0, another major force has been globalization. Globalization is driven by technology. Information technology enables the exchange of information among nations, corporations, and individuals around the world, while transportation technology facilitates trade and other physical exchange in global value chains. Like technology, globalization reaches everyone around the world and creates an interlinked economy. But unlike technology, globalization is a force that stimulates counterbalance. In search of the right balance, globalization often creates paradoxes.

Consider the year 1989, which symbolized the rise of the globalization paradox. In 1989, the Chinese government used its military strength to put down a protest in Tiananmen Square. A series of pro-democracy demonstrations led by students, intellectuals, and labor activists resulted in a military crackdown that left between 400 and 800 civilians dead and between 7,000 and 10,000 injured. In the same year in Europe, another historical event occurred. The Berlin Wall, which had separated West Germany from East Germany, was knocked down, laying to rest a tangible symbol of the Cold War. David Hasselhoff, standing on the Berlin Wall, performed his popular song "Looking for Freedom." The two 1989 events are paradoxical events. The Tiananmen Square event marked the fall of the pro-democracy movement in China, which halted movement toward freedom, while the dismantling of the Berlin Wall represented the beginning of a new world of freedom and democracy. Globalization liberates but at the same time puts pressure on nations and people around the world.

Consider, also, the two opposing views of Thomas Friedman and Robert Samuelson, representing globalization and nationalism, respectively. On the one hand, Friedman argued in *The World Is Flat*¹⁵ that the world is now without borders. The flow of goods, services, and people can move seamlessly because of cheap transportation and information technology. On the other hand, Samuelson argued in his article, “The World Is Still Round,”¹⁶ that national borders will remain because they are driven by politics and psychology. Globalization levels the playing field for nations around the world, but at the same time it threatens them. Consequently, countries will defend their national markets against globalization. In other words, globalization provokes nationalism.

Globalization is indeed full of paradoxes. We can list at least three macro paradoxes that arise as a result of globalization. First, while democracy is finding more global roots, the new, nondemocratic superpower, China, grows in power. China has become the world’s factory and holds a key role in the global economy. Despite the growing influence of democracy in the world, the cash-rich nation proves that capitalism does not require democracy. Globalization may open up the economy but not the politics. The political landscape remains national. This is the political paradox of globalization.

Second, globalization calls for economic integration but does not create equal economies. As Joseph Stiglitz argued in *Globalization and Its Discontents*, the processes of privatization, liberalization, and stabilization have been mismanaged, and therefore many third world countries and former Communist states are actually worse off now than they were before. Economically, globalization appears to hurt as many countries as it helps. Even within the same nation, unequal wealth distribution exists. Today, there are millions of affluent people around the world. India has more than 50 billionaires. The average CEO in the United States earns 400 times that of the average employee. Unfortunately, there are still more than 1 billion people in the world who live in the state of

extreme poverty and subsist on less than \$1 a day. This is the economic paradox of globalization.

Third, globalization creates not a uniform but a diverse culture. In 1996, Benjamin Barber wrote *Jihad vs. McWorld: How Globalism and Tribalism Are Reshaping the World* in which he asserts that there are two axial and opposing principles of our age: tribalism and globalism.¹⁷ In 2000, in *The Lexus and the Olive Tree: Understanding Globalization*,¹⁸ Thomas Friedman wrote about the clash of the globalization system, symbolized by the Lexus, and ancient forces of culture, geography, tradition, and community symbolized by the olive tree. Globalization creates universal global culture while at the same time strengthens traditional culture as a counterbalance. This is the sociocultural paradox of globalization, which has the most direct impact on individuals or consumers.

This list of paradoxes is far from exhaustive—there are a lot more than three paradoxes—but it is sufficient to describe why consumer behavior changes in globalization and why Marketing 3.0 is required to capture the trends. Thanks to technology, these globalization paradoxes, especially the sociocultural paradox, influence not only nations and corporations but also individuals. Individuals have started to feel the pressure of becoming global citizens as well as local citizens. As a result, many people are anxious and carry conflicting intertwined values in their minds. Especially in times of economic turbulence, anxiety increases. Many people blame globalization as the cause of the global economic crisis.

Author Charles Handy suggests that people should not try to solve these paradoxes but rather try to manage them.¹⁹ To do that, people reach for a sense of continuity in their lives. People search for connection with others. People begin to blend into their local community and society. Yet a sense of direction is also essential in times of paradox as people start to join together to support social causes such as Habitat for Humanity or the Sierra Club. In this case, globalization has

a positive impact on our lives. Paradoxes lead to a greater awareness and concern about poverty, injustice, environmental sustainability, community responsibility, and social purpose.

A major effect of these paradoxes of globalization is that companies are now competing to be seen as providing continuity, connection, and direction. According to Holt, cultural brands aim to resolve paradoxes in society. They can address social, economic, and environmental issues in the society. Because they address the collective anxieties and desires of a nation, cultural brands often have high equity.²⁰

Cultural brands need to be dynamic because they tend to be relevant only at a certain period of time when certain contradictions are evident in the society. Therefore, cultural brands should always be aware of new emerging paradoxes that are changing over time. In the 1970s, Coca-Cola created an advertisement featuring the song, "I'd Like to Teach the World to Sing." At that time, it was relevant because U.S. society was divided in its support of the Vietnam War. Today, it would no longer be as relevant, although people will always remember the cultural campaign.

To develop such a culturally relevant campaign, marketers must understand something about anthropology and sociology. They should be able to recognize cultural paradoxes that might not be obvious. This is difficult to do because cultural paradoxes are not something that people typically talk about. Consumers who are affected by cultural campaigns are a majority but they are the silent majority. They sense the paradoxes but do not confront them before a cultural brand addresses them.

Sometimes cultural brands provide answers to antiglobalization movements. Marc Gobé argued in *Citizen Brand* that ordinary people perceive themselves to be powerless against global companies that show a disregard for both their local communities and the environment.²¹ This stimulates an anti-consumerism movement against these global corporations. It also indicates that people are longing for responsible brands

that are responsive to consumers and work to make the world a better place. These brands are citizen brands that address the public's interest in good versus bad in their approach to marketing. Cultural brands are sometimes national brands that try to address the preferences of consumers who are against negative global culture, represented by global brands, and who look for alternative brands.²² Cultural brands play the role of the good guys against global brands—the bad guys. These brands promote nationalism and protectionism because they aim to become the cultural icons for the local society.

Cultural brands tend to be relevant only to certain societies. But this does not mean that global brands cannot be cultural brands. Some well-known global brands are consistently building their cultural brand status. For example, McDonald's positions itself as the icon of globalization. It tries to create the perception that globalization is the symbol of peace and collaboration. It is available to almost everyone in the world. In *The Lexus and the Olive Tree*, Friedman introduced the Golden Arches Theory of Conflict Prevention, which holds that countries with McDonald's restaurants have never gone to war with each other. Later, in *The World Is Flat*, Friedman changed the theory into the Dell Theory of Conflict Prevention, which stated that no countries within Dell's supply chain had gone to war with each other. Instead, they are collaborating to form a supply chain for global society. As a result, Dell is increasingly replacing McDonald's as the icon of globalization.

Another example is The Body Shop, known as a paragon of social equality and justice. Globalization normally does not factor in social justice in its strategy. Globalization applauds the winners in costs and competencies. The strong minority will thrive but the weak majority will strive. This creates a sense of social injustice and became the key theme that The Body Shop is addressing. People perceive that The Body Shop seeks to promote social equality—something that is often neglected in the globalized world. Although sometimes considered anticapitalist or antiglobalization, The Body Shop

philosophy is, in fact, in favor of global marketplaces. It believes that justice can only be accomplished through global businesses.

Cultural marketing is the second building block of Marketing 3.0. Marketing 3.0 is an approach that addresses concerns and desires of global citizens. Companies practicing Marketing 3.0 should understand community issues that relates to their business.

Fortunately, the concept of the public's interest is now foreshadowed in the new definition of marketing created by the American Marketing Association in 2008, which reads: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for consumers, clients, partners, and society at large."²³ By adding "society," the new definition recognizes that marketing has large-scale impacts beyond what happens in the private dealings of individuals and companies. It also shows that marketing is now ready to address the cultural implications of globalization.

Marketing 3.0 is marketing that puts cultural issues at the heart of a company's business model. In later chapters, we will elaborate on ways a company practicing Marketing 3.0 demonstrates its concern for the communities around it: communities of consumers, employees, channel partners, and shareholders.

THE AGE OF CREATIVE SOCIETY AND HUMAN SPIRIT MARKETING

The third force that brings forth Marketing 3.0 is the rise of creative society. People in creative society are right-brainers who work in creative sectors such as science, art, and professional services. This type of society, according to Daniel Pink's *A Whole New Mind*, is the highest level of social development in human civilization.²⁴ Pink portrays human evolution from the primitive hunter, farmer, and blue-collar worker who rely on their muscle and who then evolve into white-collar

executives who rely on their left brain and finally progress to artists who rely on their right brain. Technology is once again the primary driver of this evolution.

Research suggests that although the number of creative people is much smaller than the number of working class people, their role in society is increasingly dominant. They are mostly innovators who create and use new technologies and concepts. In the collaborative world influenced by new wave technology, they are the hubs who connect consumers with one another. They are the most expressive and collaborative consumers who make the most use of social media. They influence the overall society with their lifestyles and attitudes. Their opinions toward the globalization paradoxes and issues in the society shape the opinions of others. As the most advanced members of society, they favor collaborative and cultural brands. As pragmatists, they criticize brands that have negative social, economic, and environmental impacts on people's lives.

Around the world, creative society is growing. In *The Rise of the Creative Class*,²⁵ Richard Florida presents evidence that people in the United States are beginning to work and live like creative scientists and artists. His research reveals that for the past few decades, the investment, output, and workforce in the creative sector in the United States had risen significantly. In *The Flight of the Creative Class*, he describes how he extended his research to other parts of the world and found that European countries also have a high creativity index, which measures creative development of a nation based on its advancement in technology, talent, and tolerance.²⁶ In advanced nations, creative people are the backbone of the economy. Regions with a cluster of creative people have shown more growth in the past.

Florida's findings do not mean that creativity only belongs to advanced nations. In *The Fortune at the Bottom of the Pyramid*, Prahalad explained how creativity can also sprout in poorer societies. He described several examples of how creativity emerges in response to social issues in rural areas.

Hart and Christensen made similar arguments showing that disruptive innovations often occur among low income markets.²⁷ Creative low-cost technology often appears in poor countries where the need is to solve problems. India, a place where poverty is a chronic issue, manages to become the world's back office with an abundance of creative technology enthusiasts.

According to Zohar,²⁸ creativity makes human beings different from other living creatures on earth. Human beings with creativity shape their world. Creative people constantly seek to improve themselves and their world. Creativity expresses itself in humanity, morality, and spirituality.

As the number of creative people increases in developed and developing countries, human civilization is getting closer to its culmination. One of the key characters of an advanced and creative society is that people believe in self-actualization beyond their primal needs for survival. They are expressive and collaborative cocreators. As complex humans, they believe in the human spirit and listen to their deepest desires.

Consider the classic Maslow pyramid depicting the hierarchy of needs. Abraham Maslow showed that humankind has levels of needs that must be met, from survival (basic needs), safety and security, belonging and social, esteem (ego), up to self-actualization (meaning). He also found that the higher needs cannot be met before those below them are met. The pyramid became the root of capitalism. However, in *Spiritual Capital*,²⁹ Zohar revealed that Maslow, a creative worker himself, before he died regretted what he had said earlier and felt his pyramid ought to have been upside down. The inverted pyramid would then place the fulfillment of self-actualization as a prime need of all human beings.

Creative people are, in fact, strong believers in the inverted Maslow pyramid. The definition of spirituality as “the valuing of the nonmaterial aspects of life and intimations of an enduring reality” really finds its relevance in creative society.³⁰ Scientists and artists often abandon material fulfillment in pursuit of self-actualization. They seek beyond what money

can buy. They search for meaning, happiness, and spiritual realization. Their material fulfillment often comes last as a reward for their achievement. Julia Cameron in *The Artist's Way* elaborates on the life of a creative artist as a unified process of creativity and spirituality.³¹ Spirituality and creativity are similar in the mind of an artist. Creativity spurs spirituality. Spiritual need is humanity's greatest motivator, which unleashes deeper personal creativity.

The rise of the creative scientists and artists, consequently, changes the way human beings see their needs and desires. Spirituality is increasingly replacing survival as a prime need of human beings, as observed by Gary Zukav in *The Heart of the Soul*.³² Nobel Prize-winning economist Robert William Fogel asserted that society today is increasingly in search of spiritual resources on top of material fulfillment.³³

As a result of this growing trend in society, consumers are now not only looking for products and services that satisfy their needs but also searching for experiences and business models that touch their spiritual side. Supplying meaning is the future value proposition in marketing. The values-driven business model is the new killer app in Marketing 3.0. The findings of Melinda Davis in her Human Desire Project affirm this argument. She found that psychospiritual benefits are indeed the most essential need of consumers and perhaps the ultimate differentiation a marketer can create.³⁴

How can companies embed values in their business models? Richard Barrett found that corporations can mount levels of spirituality that resemble those of humans. He found that the human level of spiritual motivation can be adapted into corporate missions, visions, and values.³⁵ However, we have seen many companies that simply put the values of good corporate citizenship in the mission, vision, and values without really practicing them in business. We have also observed many companies that undertake socially responsible actions as public relations gestures. Marketing 3.0 is not about companies doing public relations. It is about companies weaving values into their corporate cultures.

Like creative people, companies should think about their self-actualization beyond material objectives. They must understand what they are and why they are in business. They should know what they want to become. All these should be in the corporate mission, vision, and values. Profit will result from consumers' appreciation of these companies' contributions to human well-being. This is spiritual or human spirit marketing from a company's point of view. This is the third building block of Marketing 3.0.

MARKETING 3.0: COLLABORATIVE, CULTURAL, AND SPIRITUAL

In summary, the era of Marketing 3.0 is the era where marketing practices are very much influenced by changes in consumer behavior and attitude. It is the more sophisticated form of the consumer-centric era where the consumer demands more collaborative, cultural, and spiritual marketing approaches. (See Figure 1.1.)

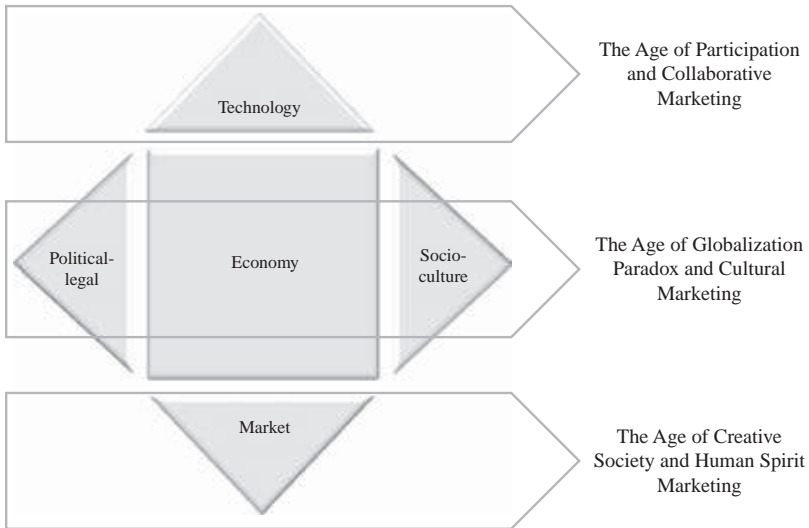


Figure 1.1 Three Changes that Lead to Marketing 3.0

Table 1.2 Building Blocks of Marketing 3.0

| Building Blocks | | Why? |
|----------------------|-------------------------|--|
| What to Offer | | |
| Content | Collaborative Marketing | The Age of Participation (the Stimulus) |
| Context | Cultural Marketing | The Age of Globalization Paradox (the Problem) |
| How to Offer | | |
| | Spiritual Marketing | The Age of Creativity (the Solution) |

New wave technology facilitates the widespread dissemination of information, ideas, and public opinion that enable consumers to collaborate for value creation. Technology drives globalization of the political and legal, economy, and social culture landscape, which creates cultural paradoxes in the society. Technology also drives the rise of the creative market, which is more spiritual in viewing the world.

As consumers become more collaborative, cultural, and spiritual, the character of marketing also transforms. Table 1.2 summarizes the three building blocks of Marketing 3.0. In the next chapters, we will elaborate on Marketing 3.0 in greater detail including how to apply it to various communities of stakeholders and how to translate it into a company's business model.

NOTES

1. The term *new wave technology* was inspired by the term *fifth-wave computing* in Michael V. Copeland and Om Malik, "How to Ride the Fifth Wave," *Business 2.0*, July 2005.
2. Stephen Baker and Heather Green, "Social Media Will Change Your Business," *BusinessWeek*, February 20, 2008.
3. Rick Murray, *A Corporate Guide to the Global Blogosphere: The New Model of Peer-to-Peer Communications*, Edelman, 2007.
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6. From the website <wikipedia.org>, accessed in June 2009.
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14. C.K. Prahalad and Venkat Ramaswamy, *The Future of Competition: Co-creating Unique Value with Consumers* (Boston: Harvard Business School Press, 2004).
15. Thomas L. Friedman, *The World is Flat: A Brief History of the Globalized World in the 21st Century* (London: Penguin Group, 2005).
16. Robert J. Samuelson, "The World Is Still Round," *Newsweek*, July 25, 2005.
17. Benjamin Barber, *Jihad vs. McWorld: How Globalism and Tribalism Are Reshaping the World* (New York: Ballantine Books, 1996).
18. Thomas Friedman, *The Lexus and the Olive Tree: Understanding Globalization* (New York: Anchor Books, 2000).
19. Charles Handy, *The Age of Paradox* (Boston: Harvard Business School Press, 1994).
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