

**A Time to Celebrate!** Phil Kotler's  
75<sup>th</sup> Birthday

Philip Kotler and a  
Network Theory of Marketing:  
The Role of **Corporate Citizens**,  
**Private Citizens** & **Customers**

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**But let's start by taking  
a step back...**

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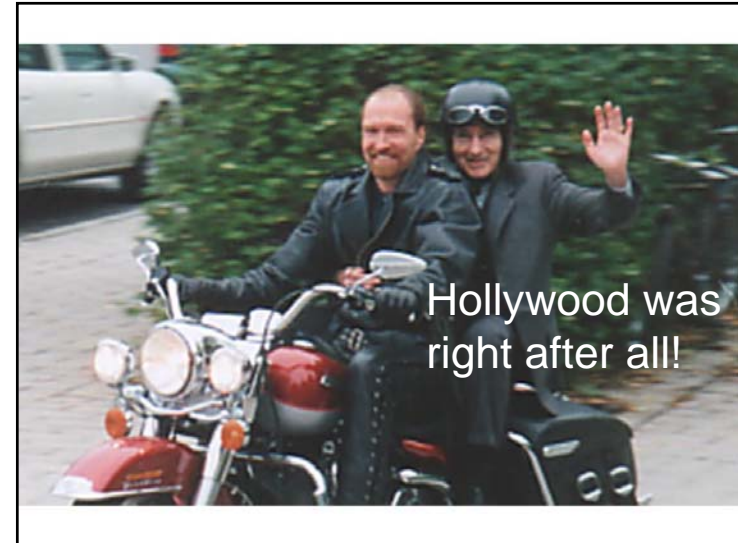
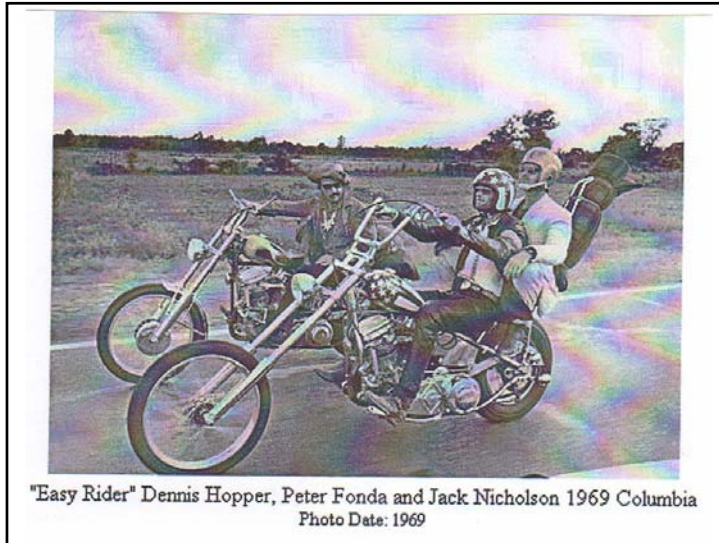
*One of the best loved Musicals of all time!*

WALT  
DISNEY'S  
**Snow  
White**  
and the  
SEVEN DWARFS

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**MARKETING  
MANAGEMENT**  
analysis,  
planning,  
and control  
Philip Kotler

**MARKETING DECISION  
MAKING** A Model Building  
Approach PHILIP KOTLER



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Connection to Phil's work:

**Ethics and value: CORPORATE SOCIAL RESPONSIBILITY & CORPORATE CITIZENSHIP**

*Corporate Social Responsibility*  
by Philip Kotler and Nancy Lee, Wiley, 2005

**Complexity: NETWORK THEORY**

"Marketing in the Network Economy,"  
by Ravi Achrol and Philip Kotler, *JM*, 1999

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A **value**-generating  
**network** economy

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## Drivers of Corporate Citizenship

**THE COURTS-DRIVEN CORPORATION**  
Don't break the law unless you are sure not to be discovered or that your lawyers can get you out of it. No interest in being a good corporate citizen, only to maximize short term profits.

**THE PUBLIC RELATIONS-DRIVEN CORPORATION**  
Wants to look good in the public eye as that may boost image and brand equity. Interest in being a good corporate citizen as long as it is believed to enhance profits and shareholder value.

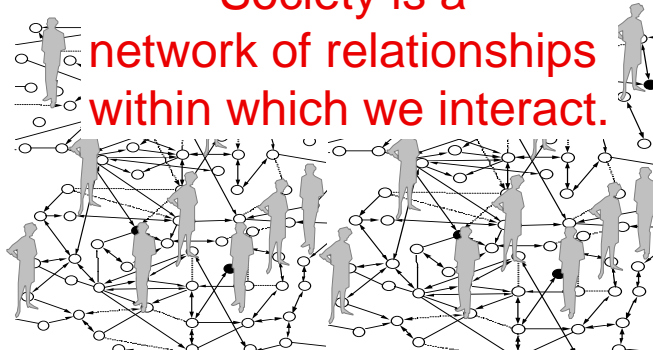
**THE VALUE-DRIVEN CORPORATION**  
Guided by the belief that being a truly good corporate citizen is good business. The goal is to increase value to all stakeholders, including shareholders, customers, employees, suppliers and all the rest of society.

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## WHAT IS SOCIETY?

**Society is a network of relationships within which we interact.**



The diagram illustrates a complex network of relationships. It features numerous grey silhouettes of people connected by a dense web of black lines. The connections are not uniform, with some individuals having many links and others having fewer, representing a social network structure.

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**A corporation is no more than a node in the network of relationships that form society.**

In interaction with other nodes – other corporations, governments, and private citizens in their roles of customers, marketers, employees, parents, politicians, and so on – a corporation affects the level of life quality for all of us, including the corporation itself.

**A corporation does not live in a galaxy of its own, outside the web of society.**

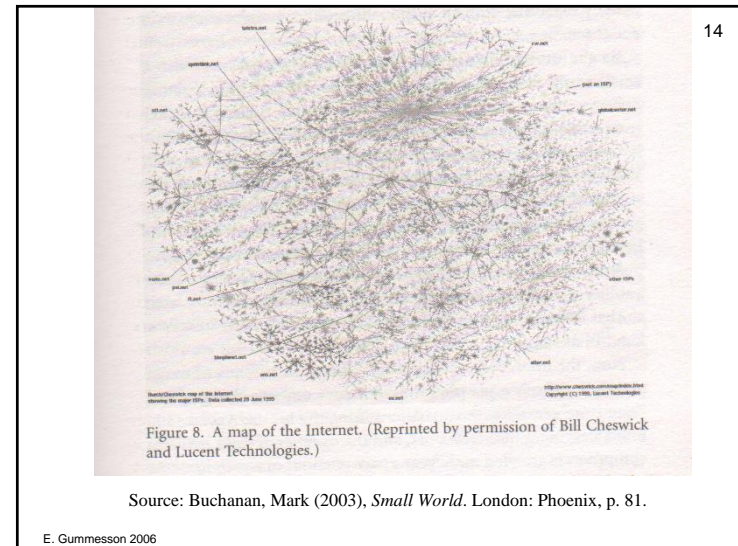
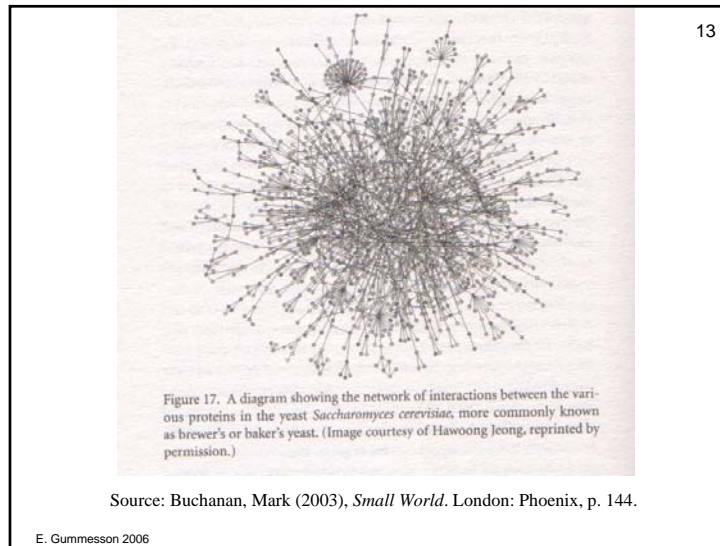
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Mark Buchanan, PhD in theoretical physics,  
in *Small World* (2003, p.6):

“Networks that have grown up under different conditions to meet markedly different needs turn out to be almost identical in their architecture.”

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Buchanan in *Small World* continues (p.165) :

“Physicists have entered into a new stage of their science and have come to realize that physics is not only about physics anymore, about liquids, gases, electromagnetic fields, and physical stuff in all its forms.”

*“At a deeper level, physics is really about organization – it is an exploration of the laws of pure form.”*

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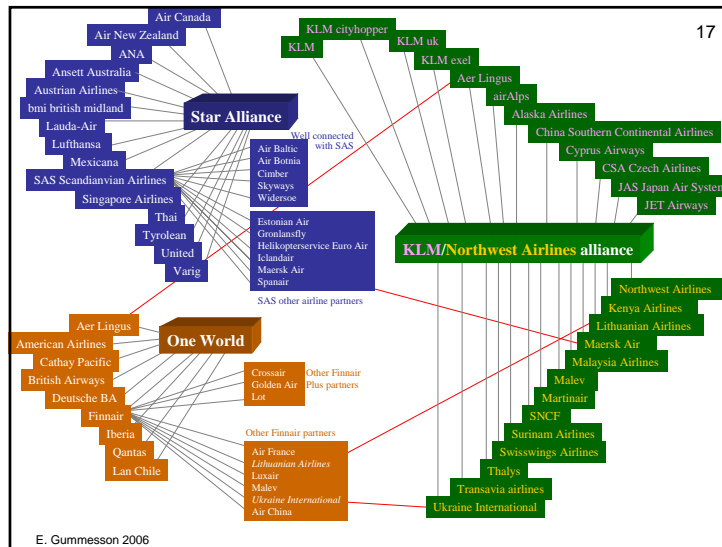
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Albert-László Barabási, Professor of Physics, in *Linked: The New Science of Networks* (2002) underscores network applications to markets:

“...understanding network effects becomes the key to survival in a rapidly evolving new economy.”  
(p. 200)

“In reality, a market is nothing but a directed network.”  
(p. 208)

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A SAMPLE OF  
CONCEPTS AND  
ISSUES FROM  
NETWORK THEORY:

- \* Nodes and links
- \* Hubs
- \* Random networks
- \* Planned networks
- \* Clusters
- \* Connectors
- \* Preferential attachment
- \* Rich gets richer
- \* Fitness
- \* Fit-get-rich
- \* Winner-takes-all
- \* Scale-free networks
- \* Power laws
- \* Phase transition
- \* Robustness, error tolerance
- \* Cascading failure
- \* Tipping points
- \* Thresholds
- \* Spreading rates
- \* Self-organizing
- \* Six degrees of separation
- \* What is the Internet, really?

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Network theory is better equipped than  
any other methodological approach that  
I have encountered to describe, explain  
and understand the reality of marketing.

I claim this because network theory can...

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...accommodate

- complexity
- context
- non-linearity
- structure
- processes
- dynamics
- human/tech

...be applied

- intuitively
- experientially
- scientifically

...be expressed

- verbally
- graphically
- mathematically

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