

# CHALLENGES AND OPPORTUNITIES IN THE TRANSFORMATION TO TRANSFORMATIVE MARKETING

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**Abstract:** By definition, the main function of marketing is to transform demand into supply, but it also studies the needs for change in organizations and imposes them to ensure the next steps towards growth via new models of value creation. Following this principle, as well as summarizing the current processes in the marketing environment, the paper examines the concept of "transformational marketing", defined by V. Kumar. It emphasizes some key points, problems and activities for the transformation of business organizations, as well as the framework and the important factors for the concept are the generation and application of knowledge in organizations.

**Keywords:** digital transformation, knowledge management, AI, data-based marketing, agility.

**JEL:** M21, M31, O32.

## Introduction

The unprecedented dynamics in the introduction of new technologies, each with a greater impact on businesses and increasing value for consumers, provokes the need for some reflections on the principles about *what* exactly crucially has changed and *how* this change/s effect/s the way companies do their marketing. Viswanathan (V.) Kumar (professor at Goodman School of Business, Brock University in Canada) makes such an attempt, but he also receives support from several other distinguished names in the theory (Rogers 2016; Lewnes and Keller 2019). He introduced the concept of *transformative marketing* to indicate that along the technological funnel of the last three decades, a transformation towards an "adaptive" (agile) approach to value, fueled by data, has taken place. In this context, the paper aims to provide a brief but sufficiently clear definition of the concept and how the idea behind it has developed in the last few years, as well as to indicate the critical points in it. Since other generalizing proposals have also appeared (most notably by Philip Kotler and his team, who upgraded their series of books with the recent issue of "Marketing 6.0"), the paper also makes a comparison, and finally lists the challenges that the concept in question suggests that companies face, insofar as the adaptation of methods of action and specific technological solutions is subject to strategic views that do not occur equally everywhere.

## *Transformative marketing defined*

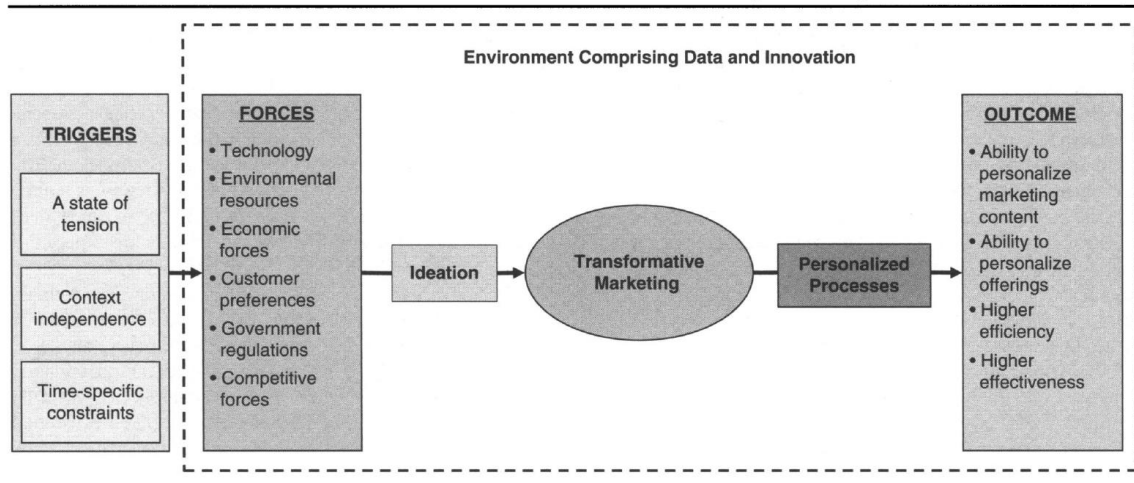
The many steps in digitalization and technology transfer are leading to a qualitatively new vision of the place and role of marketing and the measurement of its success. In his cornerstone article from 2018, Kumar points out: "Transformative marketing is **the confluence of a firm's marketing activities, concepts, metrics, strategies, and programs** that are **in response to marketplace changes and future trends** to leapfrog customers with **superior value offerings** over competition in exchange for profits for the firm and benefits to all stakeholders." (2018: 2; bold's mine). His appeal is for a change in the mindset of marketers, since even before the advent of GenAI, it was already clear that technologies strongly influence company-market relationships

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and require a reconsideration of the value proposition activities. Berger-Remy *et al.* specify the later as follows: “On the one hand, the marketing function is strongly influenced by the ongoing changes among markets and customers, that is increasing opportunities and expectations to propose personalized and experiential offerings. On the other hand, marketing influences the business environment through the increasing use of data and technology.” (2021, p. 110).

Figure 1. Diagram of Transformative Marketing Landscape



Source: Kumar 2018, p. 6.

When it comes to the *opportunities/advantages* that the concept suggests, as Kumar outlines (2018), it is about the already widely spread keywords among practitioners - "personalization" (i.e. individual offer), "efficiency" (smarter use of resources), and "effectiveness" (higher MROI). In other words, AI promises more data (in volume), plus faster collection and processing speed, and accuracy in making decisions about how to respond to the environmental changes and demand (Haleem *et al.* 2022).

Although the term has only appeared in business and marketing literature, it is no coincidence that Philip Kotler joins in Kumar's technical explanation and supports him in popularizing the concept. In fact, the lack of comments and frequent references to the term does not necessarily mean that it has been rejected or criticized. Most likely, it is because the rapid development of AI technologies and the several years dominated by measures against Covid-19 have kept the focus of interest on the instrumental (or more precisely, tactical) aspect of marketing rather than the strategic one. In this regard, in 2021 Kumar published his first large-scale work on the topic, entitled "Intelligent Marketing", while three years later, together with Kotler, they published a co-authored book entitled "Transformative Marketing." It is there where they specify that "The term 'transformative' suggests that these technologies [e.g. drones, robots, AI, etc. - DT] have the potential to signify change the way marketing is conducted. These technologies can revolutionize how business interact with their customers, allowing for personalized and immersive experience" (2024: 19). The word "can" plays a pivotal role in clarifying the term, since, first, the specific way of implementing technological tools depends on *the companies* and *the respective market* to which they are dedicated, and, second, the technologies in question *qualitatively change the content of the relationships between companies and their individual customers* due to the enormous scope of means for assisting in fast and hyper-personalized communication.

### Meta-marketing as a framework

Over the past two decades, Kotler and his colleagues from Indonesia (Kotler *et al.*, 2024) have traced the development of marketing, which, after having been based on the product for a long time (phase 1), has entered new phases in increasingly shorter cycles. Towards the end of the last century, it increasingly focused on the consumer as the center of value and strategic decisions, until the concept of sustainability of brand-consumer relationships appeared on the scene, which pays off as a valuable asset for successful companies. Therefore, according to the authors, with the advancement of technologies and their increasing influence both in communications with the market and with the increase in general knowledge of relevant trends and changes in the demand and attitudes of clients and consumers, the connections between the two sides have shortened to such an extent that we no longer talk about "multichannel" but of "omnichannel" approach in marketing. But even more importantly, if we accept channels as a "framework", then "content" (and that supported by AI) makes it possible, and even imperative, to provide a *seamless and deeper experience*.

Fig 2. The three levels of technologically enhanced and deep user experience-oriented marketing.



Source: Kotler *et al.*, 2024: p. 17.

As the figure (2) shows us, Kotler *et al.* (2024) put technology at the heart (as a catalyst) of a model that, although a bit impetuous from today's perspective, relies on full use of human senses for immersion in a marketing environment resembling the one described in the movie "The Matrix". This is because, although driven by technology in their daily lives and work activities, the user has not been fully immersed in virtual reality yet. The authors themselves do not mean a complete analogy with the world described in the movie, but rather the "natural" mixing of the non-digital and digital environments through tools that easily cross the border between them, to which we gradually become accustomed.

### Challenges

Inevitably, the concept also gives rise to a set of challenges that have different sources and, accordingly, require different types of solutions. As can be seen from Table 1, some of them will be technological, others - organizational, still others - regulatory (also imposed by the authorities), and last but not least, strategic ones will also be required.

Table 1. Key challenges to transformative marketing adoption

| Challenge Category      | Specific Challenge   | Essence   |
|-------------------------|--|---|
| <b>Technological</b>    | Limited understanding of GenAI                                   | Marketers perceive GenAI as a threat, lack clarity on integration, leading to low adoption.                         |
|                         | Environmental complexity and specialization                      | New-age technologies require specialist understanding; rapid evolution outstrips current readiness.                 |
|                         | Infrastructure limitations                                       | Scaling beyond experimentation faces global integration and infrastructure hurdles.                                 |
| <b>Data and ethical</b> | Managing clean & Secure Data                                     | Persistent challenge in ensuring data quality, security, and its ethical use.                                       |
|                         | Privacy invasion vs. profitability                               | Tension between leveraging customer data for personalization and protecting privacy.                                |
|                         | Ethical and compliance barriers                                  | Difficulty navigating ethical landscape, risk of misleading AI content, need for clear guidelines.                  |
| <b>Organizational</b>   | Lack of internal readiness                                       | Companies admit not being AI-ready due to insufficient training and high tool costs.                                |
|                         | Organizational design for scaling                                | Structures and processes may not support global integration and effective implementation of “new-age technologies”. |
|                         | Higher turnover and decline in trust in chief marketing officers | It indicates misalignment between marketing leadership and broader organizational objectives.                       |
|                         | Securing organizational buy-in                                   | Difficulty in achieving unified, coordinated effort across all business functions for transformation.               |
| <b>Market Dynamics</b>  | Intensified competition  | Globalization and e-commerce erode traditional advantages, making differentiation difficult.                        |
|                         | Market fragmentation   | Challenge of serving numerous small segments with highly personalized marketing.                                    |
|                         | Evolving customer preferences                                    | Rapidly changing expectations for speed, experience, and mobile-centric consumption.                                |
|                         | Supply chain and distribution complexities                       | Need for innovative solutions in logistics, especially in emerging markets and in crises.                           |

Source: based on Rogers 2016, Swaminathan *et al.* 2020, Kumar 2022 and Lim 2023 (DT).

Since the list in the table is simplified and serves only as an indication, it is necessary to pay special attention to several dissonances (or tensions) that the factors in the list anyway give rise to with the emergence of any significant change:

- *Slower rate of technology penetration than expected* - certainly, talking about technology is ahead of its adaptation. The latter requires expertise, budget, but also training of the staff to produce the results that all experts agree must be achieved. (De Freitas and Ofek 2024; Kantar 2025a);

- *Marketing does not concern only marketing department* - as a continuation of the above point, transformation requires a clear understanding of the functions of marketing. This results in departments still operating "in silos", while for the entire organization to understand the meaning of the concept discussed here and benefit from its implementation, the role and task of each part in achieving it must be specified in detail. Moreover, it is even more crucial to realize and widely accepted that *marketing* is the driving force that all elements of the organization must care about (Meyer 2018; Berger-Remy *et al.* 2021);
- *Value vs. Sales* - despite much talk about "value", there is still a misunderstanding about its essence, which is why combining it with sales remains problematic (Kelly *et al.* 2017; Kantar 2025b);
- *Short vs. Long-term* - however, there is one peculiarity of the technological era, namely that technology can facilitate sales and increase their efficiency. The key lies in understanding that the two go together if combined in the right way for the company and the industry, and not that they are subject to "trade-off". The evidence is in the growing success of technology-enabled performance marketing (Chan Kim and Mauborgne 2015; Binet and Field 2019; WARC 2024).

The concept of *transformative marketing* closes the framework of several layers in the process of digital transformation in marketing, which has been developing over the last three decades, but to achieve its goal, it requires specific analysis. It covers the concentration of tools that Kumar calls "new-age technologies" with the "hands" in marketing. The key areas that need to be assessed are *resources* (including human and organizational ones), *capabilities*, and *strategies* (Kotler & Kumar, 2024: p. 23).

Also, in his commentary on Kumar's article, Varadarajan (2018) draws attention to not just an essential fact, but rather a key element in the development of businesses in the 21st century. He underlines that *data* is the element that has been added to the triad that has formed the history of significant changes in business so far - *innovation*, *technology* and *marketing*. In other words, they are the "nutrient environment" that makes marketing adequate as a catalyst for transformative strategies in search of competitive advantages. However, the decision and organization, what data and how it should be collected and used is specific and requires larger-scale thinking and a clear change in terms of organization (Rogers 2023).

## Conclusion

We can call the concept of *transformative marketing* the necessary summary (of "umbrella theory") and set of guidelines for marketing professionals and teams in an era dominated by technology. However, at least for now, it raises as many questions as the answers (opportunities) it claims to provide. Some of the questions are among the "eternal" ones in the domain of marketing - how to maintain a balance between short-term sales and the long-term positions of the company and its brand/s, how to maintain a clear and consistent vision that the entire organization "practices" marketing, not just one unit in it, are we trying to launch products or solutions of the highest value, etc.?

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