Think Like The Sun:

Does Advertising Have A Moral Conscience?

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(Title Slide)

INTRODUCTION (Slide: Candle)

A unifying metaphor that came to mind as I prepared for my talk tonight was that my life has been sort of like a moth to Cincinnati's candle. I was born in Ohio and graduated from Miami University, just up the road from here. I then spent the next 35 years in the advertising agency business working with some of the world's greatest clients. It's been a wonderful business career that took me and my family all over the world, including living experiences in Belgium and Japan — a long way from home.

And, among these great clients, there has been none better to work with than the one based right here in Cincinnati –

The Procter & Gamble Company. P&G and Cincinnati always got the best of me. (Slide: Candle box/ad)

I learned, early on, that P&G and Cincinnati grew from a foundation of making candles. It became the candle capital of the world by the late 1800's and its Star Candle was world famous for its consistent quality, value and its light.

(Slide: candle logo) (to book cover)

This history and the candlelight symbol associated with this Freedom Center had me so wound up preparing for this talk, I even read Michael Faraday's lecture "The Chemical History of a Candle" which he delivered at the Scientific Society of London in 1821. (Slide: back to Candle Logo)

Now, relax, I won't be talking about "The Chemical History of a Candle" tonight. Yet, the candle <u>is</u> an appropriate concept that connects me to Cincinnati. It's also a concept that <u>illuminates observations</u> on the rapidly changing world of communications and the increased <u>choices</u> and <u>challenges</u> this presents in a more connected world. It is a more interdependent world where the <u>context</u> for ideas is affected by <u>cultural</u> differences and the <u>network-effects</u> between individuals.

--- PAUSE ---

In 1948, author George Orwell wrote a dystopian tale about what the world might look like in the future. His book, "1984" captured many imaginations.

Here's the way <u>some people</u> thought "the future" might look, with the influx of new communications technologies.

(Show video: 1984)

I. Y2K84: The Future Through the Rear View Mirror
It is hard to believe that vision of the future is already 24
years old. Incidentally, that advertising actually only
officially aired once. (The CEO of Apple and several board
members at that time did not like the advertising. They
pulled out of all placements except one in the Super Bowl.)

The controversy was so great that it was played over and over again, for free, in the news media—well before YouTube.

There is no denying the effect new technologies have on us and the advertising industry. Fortunately, it hasn't been quite as Orwell predicted. (Slide: Binoculars)

What might the future look like in the next 1984--- in Y2K84? Y2K84 will be greatly influenced by how we seize the opportunities unfolding with advances in communications. No one can really predict what the future will look like, but we can consider how it will be guided by our <u>imagination</u>. Y2K84 lies somewhere between Utopia and Dystopia. (Slide: Globe/Man)

Utopia is an imagined place or state where everything is perfect. Dystopia is typically a totalitarian and environmentally degraded place.

(Slide: "We" cover)

Orwell's imagination was preceded by earlier attempts at seeing into the future of technology. Russian author Yevegny Zamyatin set the stage before Orwell in 1921, with a ground-breaking book called "We", set in the 26th century.

Both "We" and "1984" remind us to be wary of surrendering our <u>individual selves</u>, or our freedom, to the collective dream of technology. This is a key question today. What effects our communications technologies are having on our <u>individual selves?</u>

About 200 years prior to Orwell and Zamyatin, in 1776, Scottish economist Adam Smith offered his perspective on the role of the <u>individual self</u> in "Wealth of Nations."

(Slide: "Adam Smith")

Smith argued that common interests were not antithetical to self-interest in a free market economy. He said that charity alone could not suffice and that self-interest is an essential mechanism for economic and social development.

(Slide: Ideas Bulb)

I would like to build on this with some <u>ideas</u> that might be of value to you in looking at the emerging world-- of technology and <u>choice</u>. My intention is to stimulate our thinking and consider advertising and marketing communications an important influence that <u>can</u> help <u>make</u> the world a better place.

While creating advertising and marketing programs for brands like toothpaste, laundry powders, diapers and feminine pads may not sound exciting,

(Show: Frame-of-Reference visual)

it gave me a remarkably interesting window from which to observe and learn about people from different cultures. You simply cannot take culture lightly and expect to be acceptable to diverse peoples, or commercially successful, either.

The frame-of-reference one assumes is one of the most important factors in considering how to address consumer needs. Frame-of-reference is also incredibly important in attempting to address the social and economic issues facing the world today. (Slide: Eye looking at Earth)

II. <u>THE CHANGING LANDSCAPE FOR IDEAS</u> The business of advertising depends on the creation of ideas.

There is a difference between creativity and innovation.

Creativity is when ideas are new and <u>potentially</u> valuable. Innovation occurs when you connect ideas that don't seem to be connected. Innovation is a process in which creative ideas are realized.

Research at Harvard indicates creativity occurs when people act in concert with their environment, when ideas are measured against some broader social context. Innovation, then, is therefore about thinking different, together.

By looking at the effects of communications technologies on individuals and communities, from alternative perspectives, we can assess how these technologies might assist our ability to network and shift our socio- economic context and culture. We are seeing greater interdependence emerging between human capital and natural capital, between the scientific and social world. This requires new business strategies.

Today, over 3-billion people on this planet are connected by communications technologies. More people are able to communicate with each other than at any time in human history. This makes the advertising industry more consequential, and I believe, more valuable.

A Critique

Before I go any further, I want to acknowledge, my thoughts have already received some <u>criticism</u>.

I asked English journalist and friend, David Kilburn, to review this talk in an earlier draft. David lives in Japan where he is Asia Editor for "The Internationalist" magazine and contributing journalist for Campaign and Advertising Age magazines.

Here are Mr. Kilburn's remarks: Quote:

"I don't know your audience, but you might acknowledge that you represent a <u>disreputable profession</u> — not as criminal as second hand cars, or double glazing, but still a profession that has persuaded children to grow obese on junk foods and their parents to betroth with blood diamonds, and later to invest in insurance and pension arrangements guaranteed to leave them high and dry. All quite legally."

Mr. Kilburn added this challenge . . .

"It is clear you — the industry — Omnicom — are abreast with technological, social and lifestyle changes. But one question seems answered less successfully: Does the advertising industry have a moral conscience?"

Well, let's see if I can address David's question. Does advertising have a moral conscience? You will be the judge. One must acknowledge the advertising industry's visible social and economic presence attracts much commentary. Its critics question its value, focusing on its seemingly pervasive intrusion into the general consciousness of everyday public perception. They remind us that an average person is bombarded by over 3,000, advertising messages of one kind of another, every day.

Yet, it's also reasonably well-acknowledged that advertising has been a fulcrum point of economic development and a mirror of societal change. Advertising has been called an "engine for economic progress" but also a stultifying drain on intellectual acuity. Worse perhaps, advertising is perceived by some as a Machiavellian tool with abuses ranging from false claims, shoddy political campaigns, or simply an invasion of privacy.

(Slide: Global Map on man's back)

The dramatic changes that are occurring in the field of advertising today are <u>releasing</u> significant social, political and economic constraints, as never before. The changes represented by this new age are every bit as important as the Renaissance, the Industrial Revolution, the Reformation or the Post World War II Globalization, it evolved from.

If advertising is linked to economic development, like the "engine" metaphor it has been called, then how might it play a role, if any, in eliminating the "unfreedoms" that leave people with little choice and little opportunity for their status in life? This is to paraphrase

(Slide: Development As Freedom book cover)

the question in the context of Nobel Prize-winning economist Amartya Sen's, "Development As Freedom". Is advertising a by-product of run-away economic elitism? Or, is it a valuable tool to help move us towards "The End of Poverty".

(Show: The End of Poverty cover)

The end of poverty is what Jeffrey Sachs, former Director of The United Nations Millennium Project, has suggested is

possible in the next 25 years. How must advertising change in order to better address this, <u>before Y2K84</u>?

Sen's book outlined the need for integrated analysis of economic, social and political activities involving a variety of institutions. It is appropriate to consider advertising as one of these institutions. This requires an <u>integrated analysis</u> of some of the economic, social, cultural, and even <u>scientific</u> aspects of communications.

(Slide: People around globe)

The compatibility we are seeing develop in information access is now allowing different cultures to engage without losing their identity. This releases greater comparisons between the socio-economic differences of individual interactions with ideas and values.

Consider whether advertising is one of the freedoms Amartya Sen refers to as being necessary "to promote freedoms of other kinds." If so, advertisers have an inseparable responsibility in creating freedom from problems of poverty, violations of political freedoms, in encouraging gender equality, to help assure clean air and safe drinking water in our environment and even to help rid the planet of slavery.

Freedom from modern day slavery is what this Center is all about. Slavery is simply defined as controlling another human being with FEAR and/or violence.

(Slide: Bales "Disposable People")

Kevin Bales' "Disposable People" exposes that slavery is increasingly present across the planet. Today, slavery looks different than the slavery of earlier times. It is less apparent, not so black and white. (Slide: URFC)

Cincinnati's history with the Underground Railroad is significant. The Underground Railroad came <u>right through</u> <u>here</u>. It's a key part of this city's brand equity. Today's Underground Railroad Freedom Center is a catalyst to

eliminate control by fear or violence. That's something to be proud of.

III. McLUHAN'S MESSAGE GALAXY

(Slide: Picture ofMcLuhan)

Marshall McLuhan studied how changes in media throughout history have an effect on people, economies, politics and society. (Slide: Understand Media/Understand Man)

By understanding the effects of media we can better understand people and how to communicate with them.

McLuhan predicted that, right about now, there would be massive social and economic change, due to what he forecast from the "collision of the electronic media" of TV, radio, telephone and the computer. With the rapid expansion of the Web, (something that did not yet exist at the time of McLuhan's death in 1980) we can now look back through a sort of rear-view mirror and look forward to our own future, and Y2K84. (Slide: Web 1-2-3)

IV. Web 1-2-3

<u>Web1.0</u> was the term used for the time in the 1980's when people started first using computers for word processing and email.

In the late 1990's the development of the World-Wide Web shifted us from word processing and web sites, to users gaining access to other users. Social networks were invented and blogs became prevalent. With Web2.0 people shifted from using the internet to supplement their life to using the internet to live their lives. According to "eTRENDS" magazine, this is the era we are in now and it will last until around 2013, when we will start to see Web3.0 is being called the "Semantic Web." It will give people access to greater intelligence, because the internet itself will be more intelligent. Search engines will understand what you are seeking even more accurately.

Linkages will multiply, increasing the <u>interconnectedness</u> of <u>ideas</u>. (Slide: Media is globally dispersed)

The media is now truly globally dispersed. Digital information is the air we breathe in communicating. The interconnected global village of villages and communities is here. Developments in new communications technologies are supercharging perception.

(Slide: Control of Information/Individualized)

Control of information is more individualized. We can store it, replay it, revise and redirect it and, we can opt out of it, too. It's not static. It's more mobile and so are we.

V. Our Fishbowl Has Changed (Slide: Fish Bowl)

On the issue of who discovered water, we're pretty sure it wasn't the fish. It is sometimes hard to see the changes new communications technologies are having on us. It can be hard to see the effects, when you are <u>fixed</u> in one geographic location, <u>physically</u> or <u>mentally</u>.

(Slide: New Intercultural Society)

It is creating an intercultural globalized society.

This is a world of <u>business</u> where Borders...

(Slide: Borders and Nations less Relevant)

and Nations are less relevant... rendered less dominant by open trade, consolidation of industries and, the ubiquity of media, increasingly, directly connecting us. Importantly, of the world's 100 largest economic entities today, 51 are now corporations and 49 are countries. This means that more people are being touched, by corporations and brands than any single nation's government. (Slide: Gaps)

We can witness huge gaps in cultural understanding.

I observe the gaps and complexity from my area of expertise. That is, <u>understanding how ideas effect people's perceptions</u>. This is in large part, what we do in advertising.

We have learned that perception affects beliefs and beliefs lead to action.

VI. <u>INFLUENCING CONCEPTS: Context, Culture & Network</u>
There are three significant concepts shaping our <u>perceptions</u>.

(Slide: 1) Influences of Context
2) Dynamics of Culture

3) Network Effects)

These are <u>Influences</u> of <u>Context</u> the Dynamics of <u>Culture</u> and <u>Network</u> Effects.

1) INFLUENCES OF CONTEXT

(Slide: New Technologies have changed the context...)

New media technologies have changed the <u>context</u> for brands, ideas, <u>even a nation</u>. Actions, ideas and behaviors can no longer remain isolated from being perceived.

(Slide: smoke disruption)

Excuse me a second for a little break, before I go on to the next point... (Pause and Obliviously Light Cigar)

Does my cigar smoke bother anyone? (put it out in glass of water). That's the point. You see, we've come to understand the concept of second-hand smoke. But this has evolved in this interconnected media world to the context of... (Slide: Second-Hand Culture)

second-hand culture. Twenty years ago, we would have been here with half of the room smoking away. We'd be on a plane with people next to us or ourselves smoking and we just didn't think anything about it. If this happened on a plane today, the person would be tossed out in mid-air. In just a little over 20 years, the effects of second-hand smoke, went from an inconvenient truth to an undeniable truth and it is <u>not</u> acceptable behavior in this room today.

This is a new <u>context</u> for content creators and communications specialists of all media. Our conversations and messaging are accessible in a far more transparent world. Like the concept of second-hand smoke, we need to

become <u>more sensitive</u> with our communications. Just like my cigar smoke, communications can go where we don't intend it to go, get seen and heard by people it is not intended for and, sometimes, like smoke, our messages can leave a bad smell, a foul after taste.

Context matters. Let's look at an idea the TBWA agency created about context and second-hand communication.

(Show video: Amora Ketchup) (Slide: Unobjective Frame of Reference)

One of the key issues of context is the relatively unobjective frame-of-reference that exists in some areas of the world. I am not referring to places like the developing markets. I am referring to places like the United States.

(Slide: 30% have passport)

For example, according to the Bureau of Transportation Services, only approximately 30% of Americans have a passport. This reflects an increase from the 20% that existed before Homeland Security resumed making it necessary to have a passport for travel to Canada and the Caribbean.

Thomas Friedman's "flat" perspective is a bit flat. The world is <u>round</u> and so are the <u>dimensions of human understanding</u>. I am afraid "flat" still looks like <u>this</u> New Yorker magazine illustration, to some of my friends and colleagues in the U.S.

(Slide: New Yorker Magazine Cover -- View of The World)
Diverse connections are adding content that <u>reshapes</u> the contextual playing field for ideas.

Throughout history, changes in media technology have had profound effects on societies and economies. Some people embrace change and others try to control or resist it.

(Slide: Portrait of Sir Thomas Moore)

Sir Thomas Moore wrote about this in 1516 in his book <u>Utopia</u>. It was written against the backdrop of a historic collision of information technologies at that time.

(Slide: Canal/Press/Boat)

These were the development of the <u>canal system</u> across Europe, the invention of the <u>Gutenberg printing press</u> and the development of <u>two technologies that transformed the speed of information transfer</u>. That was the development of the stern rudder for sailing vessels along with the shift in sailing technology from 3 masts and 3 sails, to 4 masts and 8 or more sails.

What this collision of technologies did, was to make the world a smaller place. <u>It accelerated the speed of idea transfer.</u> It led to an advancement of learning, "The Renaissance", and the "Voyages of Discovery" that opened up consciousness to other places and cultures. This collision also led to the "Reformation".

The canals of commerce, in the early part of the 16th Century, opened up villages and towns to a flow of new ideas, beliefs, foods, styles, stories and culture from other towns and places. It was a <u>kind of internet</u>, in a way, back then. And, the increase in context of information transference due to books, newspapers, leaflets and "high speed" sailing travel, dramatically <u>changed control and authority over ideas</u>.

Some cultures got nervous about these changes and resisted modernization. People typically react cautiously to difference, it ignites fear of change.

Isolate or integrate? "Me" or "We"? This is not new. As our emerging global society <u>strains</u> to adjust to the economic and social possibilities of new communications technologies, we see some of these same tendencies today.

For example, Reza Aslan, an acclaimed scholar and author on religions explains that certain parallels between the Christian and Islamic Reformation may seem <u>strained</u>. However, in his book "No god but God", Aslan suggests that "similarities should not be dismissed, because they reflect universal conflicts in all religious traditions. Chief among

these is the conflict over who has <u>authority</u> to <u>define faith</u>: the individual, or the institution."

With the acceleration in speed and penetration of information access, it is no wonder there are conflicts in <u>learning authority and control</u>, over content.

Some people question whether this is are good or bad for us? (Show videos: AOL "Bad/Good")

Martin Luther King had an interesting perspective related to the changing business and social landscape, created with a similar explosion of communications technologies of TV and radio in the 1960's, (Slide: MLK Quote)

He said: "There is nothing more dangerous than to build a society with a large segment of people in that society who feel that they have no stake in it, who feel that they have nothing to lose. People who have a stake in their society protect that society, but when they don't have it, they unconsciously want to destroy it."

It is a more transparent global environment that we live in, one where the subject of <u>compatibility</u> of systems integration will increasingly be encountered in a broader context. History has taught us, <u>extreme nationalism and religious extremism cataracts our eyes and clouds our vision.</u>

(Slide: Developing Markets are Youth Culture)

Another aspect of <u>context</u> is, the developing markets are predominantly a youth culture, where word-of-mouth, the most persuasive media ever, is being fueled by new technologies. (Slide: Developing Markets)

This chart shows the gap between the "developed" and the "developing" world. It is a side-by-side comparison of population distribution by age. The developed world are the usual markets like the US, Japan, Germany, France, Scanda, UK, Spain, Italy, Australia/New Zealand and Canada where there are approximately 1 billion people. The "developing"

world is where the bulk of the planet's population exists (5.5 billion people). They are forming brand perceptions and they are acquiring more leverage economically, and with their opinions.

Projected population increases will have an effect on the context for ideas. At current rates, we will hit upwards of 9-billion people by Y2K84. Look at the trends and projection between the developed and developing world.

(Slide: Population Trend)

These changes in <u>context</u>, presents enormous economic and social <u>opportunity</u>. This has been well articulated by CK Pralahad, of the University of Michigan. He focused on the differences that exist between the top and bottom tiers of the world's economic pyramid.

(Slide: Economic Pyramid)

He refers to the bottom tier, where 4 billion people exist as "The Fortune at the Bottom of the Pyramid". In 1960 the top tier had approximately 70% of the world's total wealth. By 2002, the gap had widened, as this small tier of people had approximately 80% of the world's wealth. This skew of wealth distribution reinforces the view that the poor struggle to participate in the global economy. They are being invited to participate by the information proliferation, but they do not have the economic means to access.

It is an important responsibility of those who advertise to engage this market opportunity. Micro-financing is one proven answer. Another answer is to <u>create ideas</u> that meet the needs of this market at <u>values</u> they can afford.

Stepping back, out of our fishbowl, what does the global village really look like? If the global village were a community of 100 people, this is how it looks.

(Slide: 100 People in the World- Chart)

The composition is about 60% Asians, 12% Europeans and only 5% Americans. In the village, Mandarin is the predominant language, over English.

Of real concern is the poor rate of <u>literacy development</u> especially among <u>women</u>. 14% of the village cannot read and of all the worlds illiterate adults 15 years or older, 2/3's are women. This global village is much different than what it looks like walking into this auditorium tonight.

(Slide: Literacy projection to 2015)

It makes sense that literacy would be positively impacted by the information access that is occurring in communications. This chart from UNESCO shows the projected world decrease in illiteracy from 1970 to 2015. Yet, there is a significant gap between male illiteracy on the blue line and female illiteracy on the red line.

(Slide: Literacy by gender)

Illiteracy by region clearly reflects the disparity between the developed markets and the developing world. <u>Gender inequality</u> is dramatically exposed. This gap in literacy is a millstone around the world's neck, economically and socially.

(Slide: Consequence of literacy)

The consequences of illiteracy are profound. It has been said, "educate a boy and you educate a man, educate a girl and you educate a generation." Literate women average 2 children, while illiterate women have 6-8 children.

A UN study in 46 countries shows that a 1 percent rise in women's literacy is 3 times more likely to reduce deaths in children than a 1% rise in the number of doctors. This same study showed, among women who have had 4-6 years of education, there is a 20% drop in infant mortality. So, the net of this is, where women are educated and participate in an economy, the economy is stronger, more secure and children grow up healthier.

I can find no more compelling and attractive opportunity from my observations of global CONTEXT, than the benefits of gender equality.

Another feature of the context change is the growth in importance of Word-of-Mouth.

(Slide: Word-of-Mouth Chart)

More than ever before, an idea, is more transmittable, more broadly perceivable, more able to be compared with other opinion/word-of-mouth, or imitated. The Mobile phone is a word-of-mouth-medium. Internet is a word-of-mouth catalyst for all media. The <u>first</u> media today is <u>people</u>.

This is creating a blogosphere that is streaming, full of information and misinformation. Finding the truth, requires greater dependence on word-of-mouth and perspective. Here's an example, created by one of our agencies in Argentina. (Show: "Truth" video)

(Slide: Computer/"Ascent of Man")

This can have some pretty sobering consequences on the concept of freedom that Amartya Sen talked about. Here's an example from another one of our agencies. It exposes the consequence on <u>privacy</u> when one chooses to post their personal information on the internet.

(Show video: Teen Internet - Merkley Partners)
Context influences our perceptions, beliefs and our
behaviors. Now let's look at how dynamics of culture can
effect perception. (Slide: Dynamics of Culture)

2) DYNAMICS OF CULTURE

Understanding culture is critically important for marketers attempting to build brands.

(Slide: Iceberg Graphic)

Culture is comprised of many factors—Language, Religion, History, environment, etc. Some of these factors are very obvious, while some, like the iceberg graphic, here, are more subtle and lie beneath the surface. They are not so easy to see and address. Let's take a look at one of the most obvious differences between cultures—<u>Language</u>.

Here is a diagram of the typical conversation pattern between two people in four different languages. Can you guess which languages these conversation patterns represent? (Slide: 4 Languages Demonstration) The reason for these differences in <u>conversation rhythm</u> is the importance of the <u>verb</u> in any language. In any language, the verb gives direction, action and context to the nouns, subjects, adjectives and participles people use to communicate. In any culture, people tend to wait for the verb, to decipher and consider the meaning of content.

(The first is Japanese, the second is German, the third one is English and the last one is Latin languages, like Spanish, Italian and French.) In Japanese, the verb is at the end of the sentence. Much of German, in past tense, also has the verb at the end of the sentence. In English, the verb tends to be in the middle. In Latin languages, the verb is often at the beginning of the sentence. No wonder, cultures can sometimes clash. It helps explain why there is so much room for misunderstanding in the world.

Language differences play a significant role in understanding cultures. While you may be talking with someone in English, or using an interpreter, one has to stop and consider what language the other person --- IS <u>THINKING IN</u>?

For example if I ask a Japanese business person—"How's your business? Is it up or down? I mean, just generally, is it good?" I have actually asked them three separate questions and they have not had the time to absorb, or retrofit the questions, in the language they think in, and to respond.

You know what happens to most human beings when they are bombarded by questions? They either shut down and get quiet, or they get angry. Language is a huge issue for understanding and communicating ideas globally. Considering what language someone <a href="https://example.com/they.

Advertising is no longer a manufacturing plant for producing press ads or TV commercials. Our industry must be more about seeking insight and understanding,

connecting/engaging, the cultural <u>compatibility</u> between <u>ideas</u> and <u>people</u>. (Slide: Race For Ideas visual)

It is a Race For Ideas. The rapidly increasing connections of the global economy depend on one's personal means of information processing-- <u>language</u>. It is estimated that there are approximately, 2,700 languages with upwards of 6,700 dialects in the world today. The vice-president of the Chinese Academy of Social Sciences (Li Shenming)predicts this will be cut in half by 2050 with another 2,000 dialects potentially endangered by Y2K84.

The rise of China, since it opened its doors to foreign trade thirty years ago, and India since it began allowing foreign investment in 1991, are creating an undeniable shift in world culture. An examination of the top eleven languages in terms of their web usage is worth looking at for the cultural impact. (Slide: Top 11 Languages-GeoWeb)

The point of it is that the Web is a cultural collision of language and ideas. The Web has already enabled half of the world's population to use search. And, we know that more than half of web access today is made by mobile devices versus PC. I don't see this slowing.

There is a connection between what Nelson Mandela said about <u>education</u> and the field of <u>advertising</u>. He said: "Education is the most powerful weapon you can use to change the world." <u>Advertising</u> is a form of <u>education</u>. Its essence is the process of learning.

Advertisers are rapidly learning that greater sensitivity to <u>culture</u> is critically important in communicating and educating. The arrogant, singular point-of-view of a centrally-driven communications plan can have huge negative business consequences.

Advertising has an intensely <u>interdependent</u> relationship with culture.

3) <u>NETWORK EFFECTS</u>

Let's consider a third influencing concept on perception:

(Slide: Network Effects Illustration/Animation)

Network Effects refer to how ideas evolve and propagate.

(Slide: Bioscience of Ideas)

The bio-science of ideas is called "memetics." Memes are tunes, catch phrases, smells, fashions or the ideas that represent cultural information. The foundation of memetics originates in the publication of two books "Virus of the Mind" by a former Microsoft executive Richard Brodie and "Thought Contagion: How Belief Spreads Through Society" by Aaron Lynch, who worked for many years as an engineer.

In the book "The Selfish Gene" (1976), ethologist Richard Dawkins argues that, like genes, <u>replication</u> also happens in culture, by <u>imitation</u>. (Slide: DNA Chupa Chups)

I just love using this advertising for Chupa Chups created by our DDB agency in Spain to help illustrate a gene and how it relates to the subject of ideas. (Slide: Meme Pool)

A meme pool is a collection of cultural ideas. Memes reproduce by being transmitted verbally or by repeated action from one mind to another.

(Slide: Connecting Memes)

They propagate from brain-to-brain.

(Slide: Chupa Chups)

Again, I prefer the Chupa Chups illustration better for the idea of propagating from brain-to-brain. The point is, a diversity of connecting cultural ideas, reproduces from brain-to-brain, and this is what is happening with the increased access of new communications technologies.

(Slide: Quantum Theory/Einstein)

Quantum Theory has an application for helping us look at network effects? Quantum Theory was created to explain the radiation of energy and is now used to account for a wide range of phenomena. Consider how this might help us describe properties of a physical system like communities of people, that are increasingly connected.

Quantum Theory involves the study of relationships between energy and matter. It assumes that everything is made of atoms, even ideas, as they travel from brain-to-brain. Like the atom, (Slide: Atom illustration)

ideas or bits of perception have a nucleus, surrounded by a cloud, comprised of electrons which have a negative electrical charge. As ideas connect and reproduce, there is a kinetic energy effect that can be <u>experienced</u> which, appears to be perceptible, even <u>measurable</u>.

One feels like this is the case when we let our minds enter into the chasm of "Googling" things. We dive in deeper and deeper, and come back to the surface, hours later, having experienced the expenditure of mental exercise, or energy.

This is currently being confirmed by <u>neuroscientific research</u>. This includes some early work at Brown University with brain implants that demonstrate how thoughts, or brain waves, can be turned into action, in real time.

There has been considerable attention put on the value of communities that are connected by information technology. The premise is that a network of people has increasing value as the connections increase.

(Slide: Metcalf's Law)

This illustrates what has become known as Metcalf's Law.

This is a network of one. It has a network effect value of one. (Slide build)

This is a network of two. As they are connected, it actually has a network effect of 3, the connection adds value.

(Slide build)

This is a network of three. It has a network effect of 6.

(Slide build)

This is a network of four. It has a network effect of 10. (Slide build)

This is a network of five people. According to Metcalf's Law, it will have a value of 15.

(Slide build)

Metcalf's Law assumes that each potential connection is worth as much as any other.

This <u>scaling law</u>, and <u>Moore's Law</u> about information chip capacity, are often credited with driving the growth of the internet.

There are other dimensions network effects may have on ideas and culture. There are the <u>emotions</u> that exist, in the inherent psychological relationship between humans.

It is appropriate to include the emotional/intuitive information that are conveyed and interpreted in ideas. Emotions are like the electrons that have a relationship with the nucleus of information, ideas and culture.

Incorporating emotional factors into an effects model allows us to see the potential, greater value of the information connection and its <u>consequences</u>. Emotional factors can be measured by both perceptual and behavioral analytics and, as discussed earlier, our neuroscientist friends are exploring ways to measure thought into action.

So, where Metcalf Law assumes a <u>linear</u> increase in value, this suggests there is an even greater potential consequence of value for each connection, for each <u>relationship</u>.

<u>Social Exchange Theory</u> focuses on relationships. It suggests that in any relationship, he or she, who has more <u>choices</u>, has more power.

The following graphically illustrates the potential value of the primary emotions of <u>fear</u> or <u>love</u>.

(Slide: 2nd Network Effects – Love's Law)

Incorporating the emotional spectrum of love or fear, is a choice. This choice is no more important than in consideration of self. If either of these emotions are more or less present in a network of one, the cumulative value in the network effect on a community is affected as well.

Certainly there are many theories of Network Effects being entertained. This simply acknowledges as humans connect more readily than at any time in history, it seems to me the emotions of fear or love are <u>amplified</u>. Fear or Love is more readily apparent, and, potentially, more likely to <u>propagate</u>.

VII. <u>INDICATED ACTIONS FOR ADVERTISTING</u>
I recommend three indicated actions:

First, adopt a frame-of-reference, broader than your own.

(Build #1 "Adopt a New Frame of Reference.")

We need a New Frame-of-Reference for operating in this emerging world that is leading us to Y2K84.

(Slide: What We've Been Doing)

"Think Global/Act Local was a stage in the evolution of the marketing process. It helped global marketers address newly opened trade borders created by the expansion of communications technologies.

However, this frame-of-reference has become obsolete. It was a geographic concept that assumed marketing communication borders that no longer exist. I have found it to be less help full strategically today, than when I started out on the road to global brand-building in the late 1970's, before the internet, before mobile, before the web and digital.

Instead, I suggest a frame-of-reference I call "Think Like The Sun"

(Slide: Think Like The Sun)

Moving globe

Think Like The Sun offers us a broader perspective.

Each day, I get up in the morning when the sun rises. I begin working with the brands and companies I work with to help understand and build their perception.

All day long, as the sun moves across the sky, I interact with colleagues and my clients in this perception-building.

Then, at the end of the day, when the sun sets, I switch off the lights in my office. I go home. I put my head on my pillow ... and fall asleep.

For all intents and purposes, my perception-building stops. Until the next day and the new dawn, when the sun comes up ... at least that's how it seems to me.

We know, the Sun actually does not rise and set. It is we here on earth that revolve. In this increasingly smaller, interconnected communications marketplace, consumer perceptions are more borderless. The result is a word-of-mouth community. To anticipate the needs of a world of consumers who are more in touch with each other, "Think Like The Sun" offers a more objective, extra-environmental frame-of-reference.

(Slide: Why Think Like The Sun)

Why think like the Sun? Again, because of the effect media is having on brands globally, because it requires us to focus on brands, markets and act as global citizens and because multiculturalism is where ideas are headed. It is a DIFFERENT way to THINK, than the advertising and marketing model of the past 20 years.

It is a <u>perceptive framework</u> that allows you to take notice of the possibility of "second-hand culture." <u>It reminds us of our internal filter</u>. It is difficult to learn new things through this filter. It's hard to see someone else's point-of-view when you are <u>only</u> seeing your own.

The second recommendation is, consider how ...

(Slide: 2) Symbols, Sounds and Visuals will have more value) the proliferation of communications technologies make symbols, sounds and visual ideas more <u>valuable</u>, than ever before. That means advertising might be more valuable, too. Here's a few good examples:

(Slide: iPod Graphic) (Slide: iPhone) (Slide: Adidas-Germany) (Slide: New Yorker Women)

And the third recommendation -- adopt a strategy of (Slide: 3) Collaboration) collaboration.

Winning the race for ideas will increasingly depend on collaboration. It means harnessing the power of multinational capabilities locally with global best practices to generate wealth at each tier of the economic pyramid. Collaboration, among marketing disciplines, talents and locations to bring objectivity, diversity of understanding and insight about consumers. Consumers are people who are more and more connected, and who have more choices.

This certainly has become more relevant to us. I see the debate over the disparity in the economic pyramid and issues like <u>sustainability</u> or slavery giving way to individual actions of leadership from within more communities, institutions and multinational corporations.

Here are a few examples:

(Show Video Examples -

- Nissan: JapanSonyAmnesty SignatureWhales
- Adidas - GE Eco Imagination "Crane"

VIII. CONCLUSION (Slide: Y2K84)

Mr. Kilburn asked a tough question - "Does advertising have a moral conscience?"

For sure, the advertising industry is at the forefront of seeking a deeper understanding of humanity. The citizens of the world expect this from institutions that effect development of their freedoms. Anticipating and understanding the dynamics of information processing context, culture and networks, will release ideas that will promote freedoms of other kinds. Advertising plays an essential role in this process.

Advertising exists as an influence on the world's economy. It is about having choices. We are increasingly free to make choices, but the thought of how much depends on our decisions, can make our freedom of choice difficult.

Nonetheless, we can see from history, there is a fine line between freedom of choice and not having any choice at all. And, an almost imperceivable line between the emotions of fear or love ... which is a choice.

So, how should we think?

(Video: Think Different) (Slide: Think Like The Sun)

Think different. Think Like The Sun. There has <u>never been</u> a better time to be in the advertising business. There is little doubt that we need new ideas. This industry has tremendous potential for growth, as long as we remain vigilant how we connect with each other.

In the <u>river</u> of communications technology which is ever flowing, all information streams into and out from individuals. A <u>current</u> of <u>misunderstanding</u> cuts through it, with an <u>undertow</u> of <u>misinformation</u> that has never been stronger. Let us not forget, only dead fish float with the stream.

I am optimistic about Y2K84.

All we need is some GOOD advertising.

(Slide: Thank You)