*ACTUAL FINAL*            *(Opening slide)*
**The Creative Power Of Integration**
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My goal today is to examine the creative power of marketing integration which is unfolding our future.

Predicting the future is not easy.

Here's the way some people thought "The Future" might look now, with the influx of new communication technologies.   *(Show video: 1984)*

It is hard to believe that vision of the future is already 26 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 that ran during 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 or Toudou.

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

The world we live in is more transparent and more interdependent as a result of these new technologies. Of the 6.5 billion people on the planet, 4.5 billion are now connected by mobile phone, with over 50% of these accessing the Web directly, leap-frogging over desk-top computing or laptops.  People are going directly to hand-held computing. We certainly see this accelerating with our Apple Client---from iMac to iPod, to iPhone, to iPad, it is an amazing change from 10 years ago.

China now has the largest population of internet users. More people in Africa have mobile phones than people have electricity. The point is that we are competing in a very different communications environment.  *(Slide: Frames)*

While creating advertising and marketing programs for brands like toothpaste, laundry powders, diapers and feminine pads may not sound exciting, it gave me a remarkably interesting set of windows from which to observe and learn about people from different cultures.
   *(Slide: Man w/Globe head)*

The frame of reference one assumes is an important factor in considering how to address consumer needs.  Frame of reference is incredibly important in attempting to address the social and economic issues facing the world today.  Our Frame of Reference also guides our view on integration and harmony.

If there is one thing the financial crisis has taught us, it is that we live in a far more interconnected world than we realized. Our economic welfare is interdependent.  The consequences of our behaviors impact on others besides our immediate selves.  Our world is globalized; countries are interdependent.  Marketing integration isn't an option it is a necessity for mutual benefit.

The compatibility we witness in information access is now allowing different cultures to engage without losing their separate identities.   This allows greater comparisons of the socio-economic differences in  interactions with ideas, values, brands, or even a nation.
*(Slide: fishbowl)*

On the issue of who discovered the water, we're pretty sure it wasn't the fish.  It is hard to know what our frame of reference should be, when we cannot see the context we are in. Like the fish in the fishbowl, we need the help of others to see our context, to help us adopt a truer frame of reference.

*(Slide: Understand Media…)*

In the late 1960's, Marshall McLuhan predicted that, right about now, there would be massive social and economic change, due to what he forecast as 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) we can now look back through a sort of rear-view mirror and look forward to our own future.  *(Slide: Web 1-2-3)*

Web 3.0 will be upon us around 2013 according to *e-Trends* magazine.  Web 3.0 will advance the Web's knowledge of our individual interests, better anticipating our search needs and better anticipating the way we <u>think</u>.

The media is now truly globally dispersed *(Slide: Media is globally dispersed)*.  Digital information is like the air we breathe in communicating. It is not a new channel, but the oxygen of messaging. The interconnected global village is here.
*(Slide:  Control of Info more 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.
*(Slide: Intercultural)*

This is creating an intercultural globalized society.  *(Slide: Borders and Nations)*

This is a world of business where borders --and nations are less relevant-- rendered less dominant as a result of open trade, consolidated industries, and the ubiquity of media, increasingly, directly connecting us. Importantly, of the world's 100 largest economic entities today, 51 are 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 of Understanding)*

We can see gaps in cultural understanding, that is , understanding how ideas affect people's perceptions.  This is in large part what we do in advertising.  Perception affects beliefs.   Beliefs lead to action.
*(Slide: Influences)*

There are two major influences shaping our perceptions today. These are influences of Context and Network Effects.

## 1)    <u>INFLUENCES OF CONTEXT</u>   *(slide: new technologies…)*

New media technologies have changed the context for brands, ideas, even a nation. Actions, ideas and behaviors can no longer remain isolated from being perceived.
*(speaker pauses and very carefully lights a big fat cigar)*

Excuse me a second for a little break, before I go on to the next point...  Does my cigar smoke bother anyone?

That's the point.  You see, we've come to understand the concept of second-hand smoke. But this has evolved in our interconnected world to the <u>context</u> of *(Slide: "second-hand culture.")* second-hand culture or, more practically, integration of cultures.

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 wouldn't have thought anything about it.

In just a little over 20 years, the effects of second-hand smoke went from an inconvenient truth to an undeniable truth and smoking is not acceptable behavior in this room today.

Like the concept of secondhand smoke, we need to become more sensitive with our communications.  Our conversations and messaging are accessible in a far more transparent world.  Just like my cigar smoke, communications can go where we don't intend them 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. Today, more than ever before, an idea is more transmittable, more broadly perceivable, more able to be compared with other opinions/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 people.  Let's look at an idea our TBWA agency created about secondhand communication. *(Slide video: Amora  Martian)*


*(Slide: Race)*

It is a race for ideas. Finding the truth, requires greater dependence on word-of-mouth and perspective. <u>Context</u> influences our perceptions, beliefs and our behaviors. *(Slide: Network Effects)*  Now let's look at how <u>Network Effects</u> creates an opportunity for the power of integration.

## 2)  <u>NETWORK EFFECTS</u>
Network Effects refer to how ideas evolve and propagate.

The bio-science of ideas is called "memetics."   Memes are tunes, catch phrases, smells, fashions or the ideas that represent cultural information.  *(Slide:  Memes)*

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

*(Slide: Chupa Chups)*

I prefer our Chupa Chups creative visual from DDB Spain to better illustrate ideas 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 and integration of new communications technologies.

*(Slide: Einstein)*

Quantum Physics has an application for helping us look at network effects. Quantum Physics 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 Physics *(Slide: Atom)* assumes that everything is made of atoms, even ideas, as they travel from brain to brain. Like the atom, ideas or bits of perception have a nucleus, surrounded by a cloud, comprised of electrons we call emotions, feelings. As ideas connect and reproduce, there is an energy effect that can be experienced, which appears to be perceptible, even measurable. Neurological studies are increasingly revealing the power of ideas.

There has been considerable attention given to measuring 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 build: series on Network Effects/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.

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

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

This is a network of four. It has a network effect of 10.

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

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

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

There are other dimensions network effects have. There are the emotions and cultural differences that exist, in the psychological relationship between human connections.

Incorporating emotional and cultural factors into an "Effects Model" allows us to see the potential greater value of information connections. Emotional factors can be measured by both perceptual and behavioral analytics and, as mentioned, our neuroscientist friends are exploring ways to measure thought as it develops into action.

So, where Metcalf's Law assumes a linear increase in the value of a network, this suggests there is an even greater potential power of brand integration value for each connection in an integrated system.

Social Exchange Theory focuses on relationships.  It says that in any relationship whoever has more choices, has more power.  Let me illustrate this by incorporating the emotional spectrum into this concept of network effects. I call this Love's Law.
*(Slide build:  series Love's Law)*

This assumes that you have a choice as to whether you feel love or fear and that this is learned from experience. It is a choice.  This choice is important in consideration of <u>self</u>.  If either fear or love are more or less present in a network of one, *(Slide build: circle)* the cumulative value in the network effect on a community is affected as well.

The key point is that network effects make having consistent and integrated brand responsiveness more important than ever.   As humans connect more readily than at any time in history, brand perceptions and emotions, like fear or love, are amplified.

### **RECOMMENDATIONS**

I recommend three actions for harnessing the creative power of integration.

*(Slide: Adopt…)*
**First, adopt a frame-of-reference, broader than your own**.
We need a New Frame-of-Reference for operating in this evolving, emerging world.
*(Slide:  What we've being doing)*

"Think Global/Act Local was a stage in the evolution of the brand-building process. It helped global marketers address newly opened trade borders created by the expansion of communications technologies.  *(Slide:  Xover previous slide)*

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 helpful strategically 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 Sun)*

Think Like The Sun is a tool that can help us have a broader, more relevant perspective.

<u>I learned in art school the importance of stepping back from the canvas</u>.   Think Like The Sun is a tool to remind us to step back and see the world, not as a homogeneous market, but as a richly diverse interconnected landscape.  It's not flat but round with culture and emotional differences.

Each day, like most of you in this room, 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.

But, 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 and tangible. Brand perception building never shuts down; like the sun it is always on.

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 frame-of-reference.  It reminds us to step back and observe from a reference point other than our own.

*(Slide:  Language in Mandarin)*

Our industry is finding that integration of ideas across cultures has a lot to do with the **language** you think in.  Language imprints our thinking process.

*(Slide: NY Times)*
A recent study tells us the "consequences of language go far beyond what has been experimentally demonstrated so far; language has a marked impact on our beliefs, values and ideologies".

I*(Slide:  "as a first step … ")*
… as a first step toward understanding one another, we can do better than pretending we all think the same."

What language do you think in?
What language do "they" think in?

*(Slide: Symbols… .)*
The **second recommendation is,  consider how …the proliferation of communications technologies make symbols, sounds and visual ideas more valuable.**   That means the advertising profession is more valuable too.   Here are two good examples:
*(2 slides: print work)*

*(Slide: Collaboration)*
**The third recommendation -- adopt a strategy of Collaboration.**
Winning the race for ideas will increasingly depend on collaboration.  It means harnessing the power of multinational capabilities with global best practices to generate greater power and efficiency of "brand" marketing integration. Collaboration allows us to integrate marketing disciplines, talents and locations to deliver diversity of understanding and insight about consumers.

Here are some examples of collaboration at work:

|  | Lessons Learned |
| --- | --- |
| - Gillette China –Conductor | The importance of emotional connections |
| - Crest Long March | Changing beliefs to change behaviors |
| - Adidas print ad | Credo became the brand character |

- Adidas  Olympics                    First Gold Lion for PRC
- Made In China                      How to overcome negative perceptions
- Green Protection Foundation        Experiencing the idea PRC's Gold Lion #2

*(Slide:  How Might We Think?)*
**CONCLUSION**
Advertising is a form of education.  It <u>exists</u> as a fundamental influence on the world's economy.  Advertising is about having <u>choices</u>.   We are increasingly free to make choices, but how much depends on our decisions can make our freedom of choice difficult.  Open minds inevitably search for new choices, looking for ways to integrate ideas into more relevant, responsive meaning.

So, how might we think? *(Show: "Think Different")*

**Think  different**. *(Slide:  Think Like the Sun.)*

In the <u>river</u> of communications technology which is ever flowing, all information <u>streams</u> into and out from individuals.  A <u>current of misunderstanding</u> cuts through it, with an <u>undertow</u> of <u>misinformation</u> that is ever been stronger.

There has <u>never</u> <u>been</u> a better time to be in the profession of advertising.  Our industry has tremendous potential for improving lives and harmony as long as we remain vigilant about how we <u>connect</u> with each other, how well we <u>listen</u> and how we <u>think</u>.

Xie Xie
(Thank You)



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