(Title Slide)

THE END OF GLOBALIZATION:
"How Advertising & Universal Compatibility Are Changing
The World."

Tim Love
October 2007
Sao Paulo
(final text)

(In Portugese)

Obrigado
E um enorme prazer estar comvoces
no evento MaxiMidia
Para reflectirmos como a interconectividade.
Esta afetando o nosso futuro.

(In English)

Thank you. It is an honor to be invited be here at MaxiMidia
and to consider how media is effecting our future.

I. LOOKING TO THE FUTURE OF COMMUNICATIONS

(Slide: Binoculars)

So how is the emerging landscape for marketing and
advertising, looking? What does the future hold?

(Slide: Fishbowl)

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On the issue of who discovered the water, we know for certain it wasn't the fish.

It is sometimes hard to see the changes new communications technologies are having on us.

The media world we are looking at today is much, much more than Television and Radio. It is <u>also</u>, much more than <u>where</u> we are sitting.   Our fishbowl has changed, and yet, it can be hard to see if we are staying static in one location, physically or mentally.

<p align="center">*(Slide: The Media is Now Truly Globally Dispersed)*</p>

The media is now truly globally dispersed. The global village Marshall McLuhan predicted in the 1960's, is here. And, these developments in new communications technologies are supercharging perception

<p align="center">*(Slide: Control of information…)*</p>
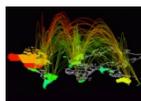
We have seen how control of information is more individualized, more individually controlled than ever before. We can store it, replay it, revise and redirect it and, we can opt out of it, too! It's not static. It's more mobile and so are we.

It is creating a new intercultural global society.

(Slide: A world where borders ....)

This is a world of <u>business</u> where Borders and Nations are less relevant... rendered less dominant by open trade, consolidation of industries and, the ubiquity of media, increasingly, directly connecting us into a global community.

Importantly, of the world's 100 largest economic entities today, 51 are now corporations, 49 are countries.

(Slide: More people will come in contact ...)

This means that more people are being touched, by corporations and brands than any single nation's government.

(Slide: Huge gap in understanding)

Yet, there are huge gaps in cultural understanding. These gaps in understanding are the tensions that can cause problems. I observe the gaps in understanding from my area of expertise. That is, <u>observing and understanding how ideas effect people's perceptions, beliefs and ultimately, their behavior.</u> That's in large part, what we do in advertising.

II. <u>Child of the Media</u>

You can probably tell I have had an unusual interest in advertising and media. I was born into it.

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My Father was a TV and Radio repairman with his own business, working out of our home.

That's my sister, there in 1952, next to Dad's sign in our front yard of our house in Ohio where I grew up.   My Father had TV's and radios all over the house, in every room. Something was always on, while he was working all day long. I was a "child of the media" before this became a popular term.

That's a picture of my father working in the "new communications technologies" I grew up with. We had every kind of new media technology for TV and radio before anyone else in town. My favorite one, before color TV and the Walkman, was—"Space Command."   Great name for the first remote control TV device. It even sounds "far out" – SPACE … Command. This Industrial Design literally changed the way I saw the world.

I grew up with the excitement of new media and new ideas, the creativity of expression, observable in the news, advertising and entertainment. I came to believe that an idea is not an idea, unless it changes the way you see the world.

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My first assignment in this business was a public service campaign for the Peace Corps. The idea for Peace Corps was: "Don't crawl under a rock, get into Action."

This first experience in advertising imprinted me. I believed that advertising was about education and public awareness. Nelson Mandela said that "Education is the most powerful weapon one can use to change the world." So I began my career with that imprint and still believe our industry is about education and making the world a better place.   I think what we do has a more <u>noble</u> <u>purpose</u> than what it often gets credit for.

Later, as a college art student, I became more involved in studying advertising and communications.

(Slide: McLuhan Book Cover)

My studies were focused on the effects communications technologies have on society. I read and absorbed most of Marshall McLuhan's writings.

McLuhan studied how changes in media throughout history have an effect on people, economies, politics and society.

(Slide: McLuhan: Understand Media/Understand Man)

He suggested, by understanding the effects of media technology, we can better understand people and how to communicate with them. McLuhan's concepts like "the medium is the message" and his forecast of a "global village" intrigued me. He 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.

Here's the way <u>some people</u> thought "the future" might look,

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with the influx of new communications technologies affecting the world.

(Show video: 1984)

It is hard to believe that vision of the future is already 23 years old, now. Incidentally, that video actually only officially aired once. It had such a revolutionary impact.

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

III.   Global Perspective: "Man From Nowhere"

I've spent my career working with global businesses from automobiles to financial services, but mostly with everyday packaged goods brands.

While creating advertising and marketing programs for brands like toothpaste, laundry powders, diapers and feminine pads may not sound exciting, it gave me an incredibly interesting window from which to observe and learn about media and consumers from different cultures.

When you are engaged in advertising something as highly sensitive as feminine protection, you cannot take culture lightly. Respecting it, understanding its differences from a historic, social and religious context makes a huge impact on success or failure of your brand. Finding the truth in how to present the benefits of a product like feminine pads or Pampers was an enlightening experience. I must confess, I was consumed by what I was learning, at that time, some of the women I worked with said I was in touch with my feminine side. I took that as a high compliment.

Some people I work with know I am permanently jet-lagged. You really do get disoriented.   Like the movie, the

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experience of global brand-building can leave you feeling a bit lost at times.

My trips are long, difficult and I must say utterly fascinating in terms of seeing the emerging new world.   An advertising journalist called me "The Man From Nowhere."

It is worth making note of what Carl Sagan said – "If we ever reach the point where we think we thoroughly understand who we are and where we come from, we will have failed."

Working globally can be very difficult. I lived in Japan I worked with one of Brazil's countrymen, Carlos Ghosn and Nissan. I learned a tip from this experience with Mr. Ghosn that helps me with the challenges of global advertising.

It's the Samurai Motto: "Difficulty is here, I give thanks."

IV. ADVERTISING & UNIVERSAL COMPATIBILITY

With this in mind, I would like you to assume today that we are now at – The End of Globalization *(Ofimda Globalizacao)*. Please consider, it is over.

I'd like to suggest some things that might help us and our industry embrace the creative future that is unfolding. It is an exciting future, dynamic with change, sometimes

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daunting. My intention is to help you as leaders in business and society see advertising and marketing communications as an important influence that can help <u>make</u> <u>the</u> <u>world</u> <u>a</u> <u>better</u> <u>place</u>.

Advertising always has been a catalyst for social and economic change. And, the advertising industry has always been closely linked to developments in communications technologies. Consider whether the real-time development of Universal Compatibility in technological terms, might also have economic and sociological dimensions, too.

First <u>what is Universal Compatibility in terms of advertising and communications technology?</u> *(Esta Interconectividade)*

(Slide: Definition of Universal Compatibility)

Universal compatibility refers to apertures that run natively on Intel-based and PowerPC-based computers. It is further defined as "compatibility between disparate services in an information processing network used by a plurality of participants." Universal compatibility in software terms is becoming more prevalent in everyday use especially with broadband, digital and mobile proliferation. There is a correlation between Universal Compatibility and advertising.

The advertising industry has historically attracted much commentary and criticism. Its critics question its value, focusing on its seemingly pervasive intrusion into the general consciousness of everyday public perception. It's critics remind us that an average person is bombarded by over 3,000, mind-numbing messages of one kind of another, every day.

Yet, it's also reasonably well-acknowledged that advertising has been at the fulcrum point of economic development and a mirror of societal change. It has been called an "engine for economic progress" but also a stultifying drain on

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intellectual acuity.   Worse perhaps, advertising can be perceived as a Machiavellian tool with abuses ranging from false claims, gimmicks, shoddy political campaigns, or simply an invasion of privacy.

It is against this background that I wish to provide a point of view on the role of advertising for your consideration. That the dramatic changes that are occurring in the field of advertising today are releasing significant social, political and economic constraints, as never before in human history. The changes represented by this new age are every bit as important as the Renaissance, the Industrial Revolution, the Reformation or the age of Post World War II Globalization which this new age has replaced. <u>This is not the evolution of change in communications; it is a revolution of change.</u>

The collision of electronic technologies that McLuhan predicted has raised many an Orwellan question. Any time human beings experience rapid change, like this, a sense of fear or discomfort runs high. In some cases a psychological grieving occurs for one's past identity, as a feeling of being overwhelmed with change, context change, takes place.

In this highly charged communications environment, advertising attracts an even brighter spotlight of scrutiny. It gets judged for its <u>economic value</u>, as a manifestation of freedom of speech <u>and</u> for it's, sometimes, questionable <u>contribution to artistic expression</u>.

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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 leaves people with little choice and little opportunity for their status in life? This is to paraphrase the question in the context of Nobel Prize-winning economist Amartya Sen's, "Development As Freedom".
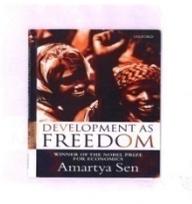
Sen's book outlined the need for <u>integrated</u> analysis of economic, social and political activities involving a variety of institutions. It is appropriate to consider advertising as one of these institutions.

Is advertising a wasteful by-product of run-away economic elitism? Or is it a valuable tool to help move us towards "The End of Poverty" articulated by Jeffrey Sachs former Director of The United Nations Millennium Project. It has been suggested "The End of Poverty" can be possible in the next 25 years, within the lifetime of most of us here.

Consider whether advancements in communications technologies have become "the extensions of man" that McLuhan proposed. Are we not seeing these technologies release <u>greater individual freedom of information</u>?   This new generation of individual freedom and universal compatibility of information technologies release greater comparisons between the social and economic dimensions of individual interactions with ideas and values.

Advertising is one of the freedoms, Sen refers to, as being necessary "to promote freedoms of other kinds." Therefore, advertising, and those that advertise, should have a responsibility in creating freedom from hunger and poverty, in exposing violations of political freedoms, in encouraging gender equality, freedom from human slavery, and to help off-set a deteriorating environment.

(Slide: Reprise – Man Map AGAIN)

Importantly, the universal compatibility we are seeing develop in information processing is allowing different cultures to engage without losing their identity. And, this will, in turn, lead to an improving economic and social <u>kind</u> of universal compatibility.

(Slide: Three Considerations)

V. <u>THREE CONSIDERATIONS FOR THE FUTURE OF BRAND-BUILDING</u>

There are **THREE IDEAS, I**'ve learned which can help us have an enlightened view of the emerging <u>technology</u>, <u>consumers</u> and <u>choices</u> available.

(Slide: New technologies …)

1) <u>NEW TECHNOLOGIES ARE CREATING A GLOBAL ECONOMY OF INCLUSION</u>

First, New media technologies are creating a global economy of inclusion, not exclusion.

(Slide: These communications …)

<u>These communications technologies have changed</u> the environment brands, or any other organizing concept functions. Actions, ideas and behaviors can no longer remain

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isolated from being perceived.

Excuse me a second, 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 concept of…

(Slide: Second-hand culture)

"SECOND-HAND CULTURE"

Twenty years ago, we would have been here with more than 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. The issue of second-hand smoke went from an "<u>inconvenient truth</u>" to an <u>undeniable truth</u> because people <u>experienced this together</u>.

Today we live in a new world 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 more sensitive with our communications. There is no "global consumer", only 6.6-billion individuals. <u>Today the first media is people</u>.

Let's look at an idea the TBWA agency did about second-hand <u>communication</u>.

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One of the key issues is the relatively unobjective frame of reference that exists in some areas of the world, like in the United States:

- **Only 20% of Americans have a passport**
- **86% traveled to Mexico & Canada**
  US Bureau of Transportation Services

According to the Bureau of Transportation Services, only approximately 20% of U.S. citizens have a passport and 86% have been to Canada and Mexico.

Thomas Friedman says this world is "flat." While I understand that this may be what is happening with global technology, I am afraid the "flat world" still looks like <u>this</u> to some of my friends and colleagues in the U.S.

By the way, the world looks pretty round to me, not flat. I'll come back to that in a minute or so.

It really is very interesting, to study the effects of media throughout history.   Changes in media technology have had profound effects on societies and economies. It can be

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unsettling, the changes these technologies bring. Some people embrace change and others try to control it or resist.

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

 These were the development of the canal system across Europe, the invention of the Gutenberg printing press and the development of two technologies that transformed the speed of information transfer. That was the development of the stern rudder in the 16th Century for sailing vessels along with the shift in sailing technology from 3 masts and 3 sails, to 4 masts and 8 sails.

What this collision of technologies did, was to make the world a smaller place. It led to an advancement of learning, better known as "The Renaissance", the "Voyages of Discovery" that opened up consciousness to other places like Brazil and U.S. and cultures and, then, the "Reformation" which occurred in the early part of the 16th Century.

The canals of commerce 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 speed of information transference due to books, newspapers, leaflets and "high speed" sailing travel, <u>dramatically changed control and authority over ideas.</u>

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Some people back in 1516 got nervous about the new ideas and wanted to retrench to resist modernization. Groups formed, like the French Huguenots and others, who wanted more control. They sought perfectionism and they set up controlled communities. This eventually evolved into the Shaker societies that developed in the new world.

Interesting concept, some of these "controlled" communities were. Several attempted to regulate their way of life, their views and even advocated celibacy in order to control the community. It was a manifestation of human nature's reaction to a rapidly changing world of new information and ideas.

A Brazilian journalist interviewed me before I arrived this week. His questions focused on "global versus local." Isolate or integrate? 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. Some people question whether these technologies are good or bad for us? Let's listen to the debate:

<p align="center">(Show videos: AOL "Bad/Good")</p>

Martin Luther King had a very interesting perspective related to the changing business and social landscape, created with the explosion of communications technologies of TV and radio in the 1960's,

<p align="center">(Slide: MLK Quote)</p>

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

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protect that society, but when they don't have it, they unconsciously want to destroy it."

The emerging media technologies are indeed creating a global economy and a new society that is more inclusive. This will increasingly affect how we communicate and the way economies and businesses address the needs and desires of the broader marketplace of consumers.

Differences in economic development are a key cause of the gap that stimulates cultural backlash. People draw conclusions based on their experience with brands or products. With the increase in compatibility of information processes, people can let you know more instantaneously when they don't like your product. And, they can punish your brand if it doesn't live up to it promises.

(Slide: Stiglitz)

In his book, *"Globalization and Its Discontents"*, Joseph Stiglitz, former Chairman of the Council of Economic Advisors, also former chief economist of the World Bank, discusses the gap in economies between cultures, particularly the developed and the developing markets. He refers to the gap in relevance being generated by the three main institutions that govern economic development; the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank.

We now know developing markets, especially some middle-eastern and African markets, perceive international economic policies as being predominantly policies of the more affluent developed markets. Stiglitz, who was involved in setting these policies, believes there is a gap in understanding their effect and refers to the situation in a very interesting way….. he calls it —

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"taxation without representation".

He says, "this has all too often been to benefit the few at the expense of the many, the well-off at the expense of the poor. In many cases commercial interests and values have superseded concern for the <u>environment</u>, <u>democracy</u>, <u>human rights</u> and <u>social justice</u>."

Most multinational corporations have now learned this. We are seeing some very positive strategic changes being made to address the broader definition of consumer needs.

(Slide: hand with globe)

With the acceleration in speed and penetration of information processing, it is no wonder conflicts in <u>learning</u> authority and control over message content will cause significant reactions.

It is a more transparent global environment, one where the subject of universal <u>compatibility</u> of systems integration will increasingly be encountered and considered in a broader sociological and political context.

(Slide: Eye with globes)

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Seeing our way into this future will be our generational challenge. It will require a new frame-of-reference from the past definition of borders and nations.

I believe extreme nationalism and religious extremism cataracts our eyes and clouds our vision. A perspective of greater collaboration, consistent with the concept of universal compatibility, will be needed.
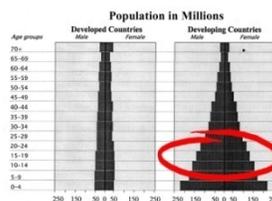
(Slide: Developing markets ...)

2)   THE NEW GENERATION RULES
The Second Idea is that: The developing markets are predominantly a youth culture, where word-of-mouth, the most persuasive media ever, is being fueled by new technologies.

There is a huge emerging youth culture, globally. This new generation embraces the exciting new world of advertising. They are quite happy to create advertising content themselves. They have seen how challenging and interesting this is. They are used to diversity and they like it. To them, a lack of diversity is just not as interesting or fun. More importantly, it isn't as relevant.

This new generation understands how the world looks. They **get** the numbers and scale difference between the developed and the developing markets of the world.

(Slide: Population in Millions)

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 ten markets of 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 <u>billion</u> people) these are forming brand perceptions and they are acquiring more leverage economically and with their opinions.

In the developed world, the mean age is about 36 years old, whereas in the developing markets the mean age is about 24. This is a gigantic difference. One only needs to recall the mean age in the US and UK in the 1960's, when I was growing up, was 24. We can look at the future through the rear-view mirror and see how this dominant youthful population affected styles, music, political beliefs, behaviors and just about everything.   One can see the influence of the new youth dominance when you spend time in the environment of the developing world, listening and observing.

There are some alarming imbalances between these environments, which present enormous economic and social opportunity. This has been very well documented by many, including, work by C.K. Prahalad which focused on the huge differences that exist in the world economic pyramid.

(Slide: World Economic Pyramid)

In his analysis called "The Fortune at the Bottom of the Pyramid", the bottom tier, where 4-billion people exist, the income gap is growing. In 1960 the top tier of population

had 70% of the world's total wealth. By 2002, the gap had widened as this small tier of people had 85% of the world's wealth. This extreme inequity of wealth development, reinforces the view that the poor cannot participate in the global economy. They are being invited to participate in the information proliferation but they do not have the economic means to access. Micro-financing is one   answer, but it is also an important opportunity of advertising and those who advertise to engage this important market opportunity.

Stepping back, out of our fishbowl, what does the global village really look like?

The interconnected, emerging technologies has brought the world closer together. In fact, if the global village were a community of 100 people, this is how it might look.

(Slide: 100 People in World)

100 People in the World

If the earth's population were a community of one hundred people:

60	from Asia
21	from China
17	from India
14	from Africa
12	from Europe
8	from Latin American
5	from the U.S./Canada
22	who speak a Chinese dialect
9	who speak English
8	who speak Hindi
67	non-Christians
33	Christians
20	Muslims
6	Buddhists
67	unable to read 67% are women.

2004 Business For Diplomatic Action
World Citizens Guide

Isn't it interesting that the composition of the global village is about 60% Asians, 12% Europeans, 8% from Latin America and only 5% from the U.S.

In the village, Mandarin is the predominant language.

What is of real concern for those of us in the advertising and communications business is the poor rate of literacy development—14% of the village, age 15 and above, cannot read and 2/3's of this group are women.   So, this global

village is much different than what it might look like here in this auditorium.

The convergence and proliferation of new technologies are having an altering effect on all tiers of economies and how they are connected. What we are looking at is a very different world emerging for consumers and <u>choice</u>.

One of the biggest marketing trends is the growth in importance for Word-of-Mouth.
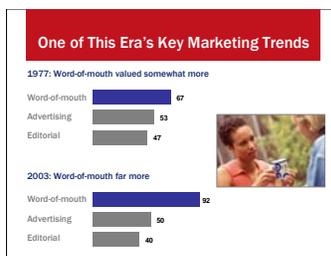
From the standpoint of advertising, the most persuasive and powerful medium ever is "Word-of-Mouth." Personal testimony.

It has always been the way people check ideas, through other people's first-hand experience. People trust someone else's experience and witness, especially a friend or family-member's, far more than someone they don't know.

Today, word-of-mouth is carried by a much faster and more pervasive means. It is mobile and wireless technologies converging.

More than ever before in human history, an idea, is more transmittable, more broadly perceivable, more able to be compared with other opinion/word-of-mouth, or imitated.

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The Mobile phone is a word-of-mouth-medium. Internet isn't a web, it is a word-of-mouth catalyst for all media. And, more people access the internet by mobile than by PC. The first media today is <u>people</u>.

This is changing the advertising industry globally.

In a recent study conducted by Yahoo and our Omnicom Media Group of 13-24 year olds in 11 countries, use of interactive and wireless technologies has created a global generation highly accustomed to <u>personalizing</u> their experiences with interactive media. They are driven by a desire to customize their media. It is giving rise to very different attitudes and responses toward advertising and messages.

So while expanding the range of interpersonal contacts, the new technologies are fundamentally changing the nature and ability of our interpersonal communications. As we go forward, we may be changed by our new methods of social interaction.
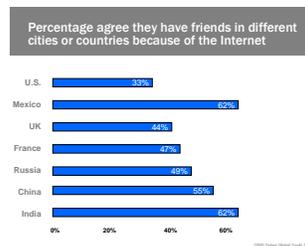
(Slide: evolution)
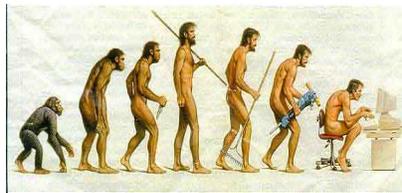
(Slide: Internet most essential medium …)
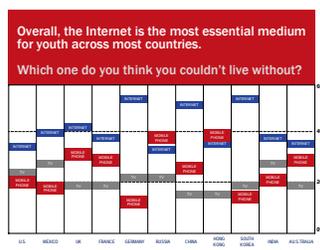
This research showed that the internet is an essential medium for youth across most countries. We need to embrace the convergence of apertures that individuals have in their hands.   Looking at it this way, will help the advertising industry make the leap from the science of media technology, to the art of more sensitive creative communication and <u>accountability</u> our clients and society at large are seeking.

<p style="text-align: center; color: red;">(Slide: Friends in different cities & countries)</p>

Percentage agree they have friends in different cities or countries because of the Internet

U.S.	33%
Mexico	62%
UK	44%
France	47%
Russia	49%
China	55%
India	62%

This chart shows the percentage of youth in the study who communicate with friends in different cities and countries because of the internet. The world's youth are more likely to communicate with diverse cultures in chat rooms, blogs, etc. than prior generations.

The dimensions of these new communications technologies can have some pretty sobering consequences on the concept of development as freedom that Sen talked about. Here's an example of the consequence on privacy when one chooses to post their personal information on the internet.

<p style="text-align: center; color: red;">(Show video: Teen Internet – Merkley Partners)</p>

All this means, there has been a shift from The Knowledge Economy of the first 25 years of the internet, past The Attention Economy and now according to "A Whole New Mind" by Daniel Pink, to the "Conceptual Age."

Advertising is no longer a manufacturing plant or process for producing press ads or TV commercials. Our industry must be more about seeking human insight and <u>understanding</u>, indeed universal <u>compatibility,</u> among ideas and people.

(Slide: New Frame of Reference)

3. <u>THINK LIKE THE SUN</u>
The third idea is that we need a New Frame of Reference for Brand-Building.   The secret to enhanced understanding of individual consumer needs is the frame-of-reference one adopts to inform <u>strategic</u> choices.

(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 and the socio-political and economic differences in markets like Russia, the Middle East, India and China.

However, this frame-of-reference has become obsolete. It assumes marketing communication borders that no longer exist. I have found it to be less helpful strategically today than when I started out on the road to global brand-building in the late 1970's, before the internet, before mobile.

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I recommend a frame-of-reference I call "<u>Think Like the Sun.</u>"

I believe the first truly global brand experience was Y2K. The world changed at the commencement of the new millennium with Y2K.   This event marked the end of globalization as we knew it and set the stage for a new age of marketing communications.

Remember? There was great anticipation and concern prior to Y2K, which touched more consumers on the planet, than any prior event in the history of mankind. People didn't just hear about Y2K, or see reports of it on the news, they experienced the new year themselves.

As Y2K dawned with the Sun on an island east of New Zealand, advanced communications technologies transmitted the experience to the world's consumers—live. And, they in turn had their own personal experience, in their own location, to perceive the reality of Y2K, themselves. Reality TV of a new kind.

 A great sense of awe grew across the planet, with each new celebration. As daylight evolved, it became a day unlike many consumers had experienced before. The next hyper-global "perception" experiences were, unfortunately, "911" and tragedies since, like the Tsunami in Southeast Asia or Hurricane Katrina. A key difference was more people experienced Y2K, first hand, beyond observing it in the media.

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Now 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 frame-of-reference for building brands.

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, I believe, brand-building is headed. It is a DIFFERENT way to THINK, than the advertising and marketing model of the past 10 years.

VI. INDICATED ACTIONS FOR MARKETERS

There are three indicated actions I recommend, for addressing the future.

1) First, adopt a frame of reference, broader than your own

(Slide: Adopt new frame of reference)

Indicated Actions
1 Adopt a new frame of reference
• Be "change-ready"
• Think Like The Sun
• Take notice of secondhand culture

We need to be more "change-ready" in this global business environment. We need to get comfortable with being uncomfortable. This will help us be more innovative and to seize opportunities.

Try "Think Like The Sun." Try using it to inform your business strategy. It can provide insight into your

customers, consumers and your competition. It can change how you structure your business and how you can collaborate to get your message attention in the global village.

It is a frame-of-reference that allows you to take notice of the possibility of "second-hand culture." Be aware, there has been an evolution in transparency for your product, your company and for you, individually.

2) The second recommendation is, consider how …

Indicated Actions

1 Adopt a new frame of reference
  • Be "change-ready"
  • Think Like The Sun
  • Take notice of secondhand culture

2 Symbols, sounds and visuals will have more value in communicating ideas

the rapid explosion of communications technologies has rendered the creation of symbols, sounds and visual ideas to be more <u>valuable</u>, than ever before. That means advertising might be more valuable, too. Here's a few good examples:

3) And recommendation #3--

(Slide: Partnership & Collaboration)

Let your strategy be informed, that winning will increasingly depend on <u>partnering</u> and <u>collaboration</u>. It means harnessing the power of multinational capabilities locally with global best practices to generate wealth at each tier of the economic pyramid.   <u>Partnering</u> with the communication technologies that are emerging. <u>Collaboration</u>, among marketing disciplines, talents and locations to bring objectivity, diversity of understanding and insight about your consumers and potential new ones. Let your strategy address universal compatibility with a broader representation of <u>individuals</u> engaged.

(Slide: wire globe)

VII. CHALLENGES FOR OMNICOM AND THE ADVERTISING INDUSTRY

There are some challenges I see for Omnicom and our industry.

Our clients are asking us to create ways to make advertising and marketing simpler and more accountable for them in a more complex global marketing environment. They need better ideas, faster.

This can sometimes be frustrating, given the complexity of media apertures, a marketer's own siloed business structures, hierarchies and the diversity of cultures that ideas must connect with.

I have found a marketing principle that that helps turn this complexity into a bit more manageable simplicity. This principle can help "make marketing simpler".

(Slide: Consumer is client)

Treat the "consumer as client," not the other way around. We must develop the best talent to understand the consumers that are emerging in the new world being created by universal compatibility in information systems. Focus on the consumer and talent. It's simple.

Omnicom's business development has been the antithesis of a centralized global system. While we are the largest advertising and marketing services company, we are a distributed system of over 150 companies and a network of

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60,000 people who are able to make connections. This kind of <u>decentralized talent system</u> fuels greater innovation (this is why Omnicom companies have constantly lead the industry in creativity and awards recognition).

We call our more independent strategic approach a "<u>Collaboration-Value-Chain</u>" for our clients. It leaves people feeling more empowered and our multinational clients help our distributed system of company's network themselves. Here are a few examples of their work:

<p style="text-align:center; color:red;">***(Show Reel)***</p>

<u>CONCLUSION</u>

For sure, the advertising industry is being challenged to see the opportunity for greater integration of strategy and ideas combined with deeper understanding of multiculturalism. The citizens of the world, including the citizens of Brazil, are seeking this from all institutions that effect development and their freedoms.

I believe advertising plays an essential role in this process.

Advertising <u>exits</u> as an essential influence on the world's economy. It is about having <u>choices</u>. Albert Einstein said "the most important choice one can make is whether to believe the universe is friendly."

<u>Existentialism</u> is characterized as a protest against policies and actions in which individual human beings are regarded as dependent on natural processes. The fundamental idea is that individuals are free to make choices within time, and, that time is short.

We are increasingly free to make choices, but the thought of how much depends on our decision, makes our freedom of

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choice a source of anguish.   There is a fine line between freedom of choice and not having any choice at all.

There is one more thing I would like to share. It inspires me in what I do.

(Video: Think Different)

So my message to MaxiMidia in 2007 is –

Think Different. Keep thinking different.

(Slide: hands up to globe)

There has <u>never</u> <u>been</u> a better time to be in the communications business. This industry has tremendous potential for growth, as long as we remain vigilant to change with rapidly evolving communication technologies.

In the <u>river</u> of information technologies which is converging, all things flow into and out from individuals. A <u>current</u> of cultural misunderstanding cuts through it. Only dead fish swim with the stream. Fish that swim upstream grow strong.

Increased universal compatibility can help us and our <u>noble</u> industry make this world, a better, safer place.

Globalization is ended. *(O Fim da Globalizacao)*

(Slide: Obrigado)

Obrigado