

ESOMAR
European Society of Marketing and Advertising Research

BERLIN, Germany
May 13, 2004

(SLIDE #1)

Think Like The Sun:

A new perspective for sustainability and marketing effectiveness.

Introduction *(SLIDE #2)*

The evidences of environmental neglect and degradation are becoming more apparent to consumers. The early warning signs via increased media coverage, the obvious facts about world population increases and the projected needs our children will have, in just the next twenty-five years, are alarming. The environmental crisis our civilization is approaching is real. It is not a fanatic's nervousness or overreaction to timid hearts that should stir your soul to action. It is the simple economic call of the consumer.

(SLIDE #3 Binoculars)

While many people debate what the signs indicate, it is time to look for solutions. Fear, confusion and lack of confidence have always been the warning signals for leadership, the need for a guiding vision and responsible actions.

Who will lead the way

I believe the responsibility of a global corporation is to help improve lives and to otherwise make the world a better place. If we do this, we'll make money, too.

(SLIDE #4 – Blank)

No one expects a business, serving consumers, to have all the answers. Consumers know the solutions to complex problems are not easy. But, consumers are demanding that you let them know your company is not asleep at the wheel when it comes to their environmental concerns and their particular cultural needs. This will affect marketing

strategy and implementation. This paper offers a new perspective for marketing globally, to help guide marketing strategy.

Insights into understanding

Researching consumer trends from the perspective of communications and reflecting on what history has taught us, can offer insight on where society is today and what we must do to assure a positive future. The essential thesis is that technological advancements in information communication have an enormous impact in shaping our perception of the world and, in turn, our beliefs and our behavior in it. By better understanding the dynamics of consumerism and the new information technologies in the age of increased ecological pressure, we will be more effective at determining the kind of behavior we and our corporations need to have. This, in turn, can lead to a healthier balance with nature and a greatly improved economic outlook.

New expectations, new beliefs

In the past, we have looked primarily to our courts, governments and institutions to lead us and sustain us through change. However, it appears these entities may only be capable of taking us so far in addressing the difficult global challenges created by a post-industrial revolution society. **(SLIDE #5)** Each of us, as individuals, must change our perspective and our behavior patterns. This is a fundamental change in world culture which governments, courts and institutions cannot manage or lead by themselves. The costs are too high and the effect is insufficient. Our communities and our corporations have to step forward and be the leaders in this new age. Advances in communications technologies increasingly enable the world's populace to come in contact more with corporations and brands than governments. More people are in touch with icons like Coca-Cola, Nestle, Philips, Mercedes, Nokia, McDonald's, IBM, Nike, Pampers, American Express or Ford than any single nation's government. This means issues of sustainability cannot be separated from issues of marketing effectiveness.

Understand the effects of "Secondhand Culture"

(SLIDE# 6: Blank)

The concept of “secondhand smoke” has now evolved, in a broader sense, to also apply to the effects of “secondhand culture”. Due to the rapid expansion of media accessibility, developed market culture, including corporations, is now more perceivable to other cultures than has ever been possible before. Like secondhand smoke, developed market culture exposes itself in places and affects people in ways that it is not aware of, even people it may not be intending to connect with. **(SLIDE# 7)** This has an effect on how they think about other nations cultures and helps them define their own. Realize that your corporation is actually serving an interconnected, intercultural world that has no borders. The globalization era is over. It has given way to the need for appreciating inter-culturalism and recognizing there is increased global economic interdependency.

The fundamental shift in consumer perspective is being accelerated by the electronic information technology and media. This is imploding us into the “global village” Marshall McLuhan predicted over 30 years ago, where consumers will have more control and access to knowledge than ever before.

An evolution of consumerism

The fundamental changes we are all experiencing are broad based: socio-economic, political and environmental. The engine for cultural change in the past three decades has been the world’s economy with advertising media proliferation and consumerism as the throttle. Today, there is an evolution of the consumerist movement-taking place. It is an evolution in the age of ecology, where every individual has to consider the fundamental cause and effect relationship between their behavior and its environmental impact on the Earth and other individuals. This includes their consumption behavior and brand loyalty. Sustaining a healthy balance with the increasingly fragile nature of our planet is at question.

The collision of these events is leading to a revolution in consumer perspective. I call this next evolution of consumerism – **(SLIDE# 8)** Ecologism. Ecologism gives name to a phenomenon of two massive trends marrying to give new direction to industry,

nations and everyone on the planet. It is a term that helps explain why sustainability and marketing effectiveness can no longer be considered mutually exclusive.

ecol-o-gism n 1: consumerism in an age of increased ecological perception/awareness where interdependency of consumer behavior has economic and social outcomes.

2: new directions environmental initiatives are taking given advances in communications technology and knowledge.

More than ever, it is important that a product or service's philosophical values are made known to stakeholders and customers and that these values correspond to the new consumer outlook of Ecologism. **(SLIDE# 9)** Ecologism suggests that we must be aware of and be accountable for the long-term effect our actions, products and services have on us in a world that truly is becoming a global village. It requires a new model for consumer behavior that assumes that an open system is quickly replacing the previous closed system. Ecologism also assumes harmony with the concept of total quality. Like total quality, Ecologism requires a fundamental philosophical acceptance of a complete, integrated system, including the impact on earth, individuals and future societies. This is the fertile paradigm that is necessary today to help us assure a healthier and more prosperous tomorrow.

(SLIDE# 10)

Howard Gossage, a leading voice in the advertising business in the 1960's, had something important to say about perception and the concept of frame-of-reference. He said: "We don't know who it was discovered water, but we're pretty sure it wasn't the fish." Like fish in water, it is hard for most of us to see what is going on around the world that would result in the rapid change of events and opinions increasing in the post 9/11 world. It is hard to see, because of the range, speed and complexity of events people are now able to perceive in the media. The media is now truly globally dispersed.

(SLIDE #11)

The hyper-speed with which events can be observed in the media by most people is supercharging perception.

Advertising and marketing research is an industry that exists to understand perception, to identify changing trends, communications technologies and techniques for communicating information to consumers. It is keenly focused on understanding consumer behavior, consumer perception and in general what makes people do or think what they do. It is no wonder then that the advertising and marketing research community might be an early indicator of changes in communications technologies and consumer behavior patterns than most other industries.

(SLIDE# 12)

A New Perspective Is Needed For Marketing Effectiveness

Many companies, indeed, even government servants, may be trying to react to the changing global economic and social environment from the perspective of the past. Yet, there has been an insidious change in the global perceptual environment. I believe our perspective and the frame-of-reference we have typically used to see the world, is obsolete. It is no longer sufficiently relevant to serve us, our corporations, or our fellow man, today, and into the future.

The process of understanding the changes underway and adapting will be no small task for those involved in marketing, advertising or the media, like ESOMAR. The purpose of advertising, to provide information and persuade us to benefits of a particular product or service, has not changed. However, everything else about advertising has changed. The media, the methods, the techniques and, most important, the consumer has changed. Ecologism is the recognition that doing business going forward requires a commitment to managing the environmental impact of your actions, ***(SLIDE# 13)*** that sustainability and marketing effectiveness are no longer mutually exclusive programs. This interconnected-ness of sustainability and marketing also has an interdependency of impact on a company's ability to attract long-term capital.

More and more it seems that in order to achieve perceived leadership in the marketplace, it is no longer enough for advertisers to just stress size, product features or benefits. It is increasingly necessary to assume the public responsibility that goes with leadership, by acknowledging and speaking out on broader social issues related to one's products and services.

A leadership vision today must go beyond a narrow view of the business enterprise or the venues of public communications. It must be more broadly responsible and integral to the CEO. It must be part of a company's or brand's culture where its Social Capital is a key criteria for business success.

This new consumerism is based on the notion that brands, ideas and businesses get their power from the consumer. AG Lafley, CEO of the Procter & Gamble Company, very correctly coined the phrase "the consumer is boss." Ecologism includes this consumer power to underscore that perceptual frameworks change as mankind's perception of the environment changes. **(SLIDE# 14)** The dynamics of Ecologism requires us to understand that consumer behavior is affected by beliefs. That beliefs are affected by information. That the way information is received and transmitted has an effect on consumer perception of their ecology. This ecology has enormous implications for the success or failure of brands and companies.

(SLIDE# 15)

What is The New Perspective?

What have the marketers been doing with all these developments? Starting around the late 1980's when the Berlin Wall came down and the Cold War officially ended, we have been faithfully following the business school mantras: to "Think Global-Act Local" or a more recent permutation called "Act Local – Go Global" which some marketers are advocating.

As I go about looking at helping my clients with global communications objectives, and with issues like sustainability, as well as local communications and marketing challenges,

I believe a new marketing perspective is needed. It's time to officially retire the idea of "Think Global- Act Local." It has served its purpose.

This old mantra of "Think Global. Act Local" helped marketers when it first came out in the 80's when Coca Cola began using it to get his marketing people to think global and act local. It made sense for a marketplace that was seeing walls fall down and new markets opening up for the first time. It was a tremendous perspective that got us all to think of business issues and strategy outside of our own. It made us realize we can't be blind to what's happening in other markets outside of the geography in which we are most often dealing with. "Think Global/Act Local" was tremendously helpful, initially.

However it's a geographic concept that does not provide an ideal or inspirational perspective for brand building today. It assumes borders that do not exist quite so definitively today, in the interconnected, wireless world we communicate in. It does not reflect the convergence in information developing and media proliferation consumers have seen over the last 5 years.

We need a new perspective that can more relevantly reflect the business world and the total environment we live in. A new perspective is needed to help guide strategy for our brands and for the important sustainability needs of our planet.

We need a frame of reference that captures the benefits of both points of view on local and global. One that captures the importance of local cultural relevance that is so important. One that recognizes the competitive dynamics of our global business environment, today and in the way ahead. One that is more sensitive to sustainability needs perceived in each culture.

(SLIDE# 16)

I call this new perspective "Think Like The Sun". It is a metaphor that asks us to look at the world from the outside in, to consider a vantage point other than our own,

immediate, self-interest. When we think about our brands, our businesses and the environment-- "Think Like The Sun".

Think Like The Sun

When we get up in the morning the sun comes up, many of us in marketing go to work on our brands, or businesses. We work all day long to create ideas and seek information to help grow our businesses. At the end of the day, when the sun goes down, we turn the lights off and we go home. It is easy to think that our brand and our business kind of stops, in a way, for that evening. We go home, put our head on our pillow and we fall asleep. For all intents and purposes, our brand or business seems to stop in suspension until the next day, and the new dawn, when the sun comes up, and we resume our activities to drive that brand to success. That's the way it seems.

You know that's not what happens. The sun doesn't go up and down, it's we here on earth that revolve. The sun remains constant and we at our place on the planet are revolving and turning.

With an interconnected media environment, that's fully wired, proliferating worldwide television and internet technology we are no longer operating in isolation, our world is a "global village", where we are increasingly connected to each other.

Our brands and our businesses are making contact with consumers outside the realm of what we see, beyond the day and the night, we experience as we market our brand in our own geography. Our brands are having an impact on the environment and, the environment is now everyone's to share and be aware of. Like the sun, our brands and business are making contact with consumers, somewhere, all the time, in "real" time.

Instead of focusing on borders and geography, Think Like The Sun requires us to focus on consumers first before brands and markets. And, importantly, it asks us to act in a more responsible environmental way.

Think Like The Sun is a frame of reference to help marketers build successful brands, while also effectively sustaining the planet. This perspective allows us to embrace the dynamics of interculturalism and calls for strategic planning for the consequences of marketing in the global village.

Consumers Are Leading The Way

The need for greater appreciation of interculturalism is not being driven by business today. It's being driven by consumers and by consumer perception and awareness that is increasingly interconnected by new communications technologies.

Whether you are a local or global brand, the perceptual environment will be fragmented with media, proliferated messages, over-choiced categories, multi-tasked people and over-committed minutes. Securing an individual's attention in this fragmented world of perception will affect economic potential for brands and businesses.

Marketing To Marketers – “The World’s” Youth

Today, we are marketing to marketers. The young consumers today are the most over-marketed generation in history. They know we are out to sell them. They enjoy the game. They reward those who play well, and punish those who don't. Some established brands will fumble the generational hand-off. Those that succeed will apply the mantra "the consumer is boss", not just in product development, but also in delivering a more rewarding breed of communications.

So here is the Paradigm Shift for pursuing leadership in brand building:

(SLIDE# 17)

The Paradigm Shift for Marketing

In the Attention Economy, where we Market to Marketers, and the Performance Gap Has Narrowed, performance improvements cease to be the trial drivers they once were. Performance is becoming primarily a loyalty Issue. Performance is inextricably linked to tangible benefits, emotional rewards and sustainable environmental impact.

Now, sustainability and marketing are about creating superior relationships. Now, a brand's tangible assets and intellectual capital is joined in equal importance by the brand's social capital.

(SLIDE# 18 – BUILD)

What is our definition of a brand?

- it owns a space in people's minds
- it is more than a product or service delivering a functional benefit.
- It creates an emotional connection.
- A brand embodies well-defined characteristics, beliefs and values..... that
- Ultimately, Helps People Define Themselves

The emotional connection between a brand and a consumer is embodied in a relationship. The transaction is the outcome of that relationship. The evolution for brands is from being a transaction to becoming a relationship, that is emotional, functional and one that has sustainable impact.

Six Key Tenets of Global Marketing Effectiveness

(SLIDE# 19)

There are Six Key Tenets of building brands today in the age of Ecologism, where we are marketing in an intercultural global community.

(SLIDE# 20)

Number One. . . Symbols, sounds and visuals speak louder than words when you're dealing across borders, cultures and languages. The most powerful communication devices are the symbols and visuals and also the sounds that can be used to communicate ideas. Often these are more powerful and communicate better for a brand across geographies than the actual words that are used. Words can become very difficult to translate. Obviously words and the language used in communicating ideas for brands need to be tailored and very well crafted for culture differences and local

needs. But the prevailing part of the brand message is becoming more and more visually oriented visuals and sounds can be more emotional.

(SLIDE# 21)

Number Two. . . Design becomes a key element in relationship building. In fact, design has had a rebirth in the brand-building business. Design is critical in terms of consumer appeal, brand differentiation and environmental impact. A surprising use of design was the Apple I Mac introduction. It was brilliant because it used wonderful colors and transparent designs on a computer.

(SLIDE# 22)

Number Three .. Brand Equity, the symbols and ideas that become the property of the brand in the consumers mind. We must start by determining the essence of each brand and what the consumer-perceived equities are. Without that essence the brand doesn't live as a continuous brand across geographies, across cultures. We're very focused on working to get to a brand equity statement for our clients, even a one-word equity for our brands. There's a lot of discipline and work we're putting on this right now and it is highly dependent on consumer research. More and more consumers want to know how brands impact the environment and this can become part of the brand's equity.

(SLIDE# 23)

Number Four .. Teamwork is a very important concept in this new world of building global brands. Teamwork is something that doesn't come naturally between geographies, countries and individuals globally. This means marketing and environmental partnerships are necessary in an interconnected global village.

(SLIDE #24)

Number Five .. We've got to harness consumer-learning power and that means any learning from anywhere is applicable anywhere. This means an even higher order appreciation for research learning and cross-research application. Harnessing consumer

research power from around the world actually can deliver a competitive advantage to your brand or your mission to advocate sustainability. It also means that consumer research related to sustainability must be looked at and analyzed across markets and geographies.

(SLIDE# 25)

Number Six.. Marketing programs for every brand and company have to include sustainability in strategy. Sustainability and marketing effectiveness are no longer separate agendas. They are interdependent. Sustainability has too important a role in a brand's ability to achieve business success to be relegated to a secondary strategic role.

Here are some examples of companies and brands who understand the evolution of consumerism to Ecologism and who are adopting the frame of reference -- Think Like The Sun.

(SLIDE# 26: Toyota Prius Print Ad)

Toyota Prius: A World Changing Idea

Toyota is a great example of a brand that is in touch with consumers in the age of Ecologism. Their Prius is a world-changing idea. It is building business and Social Capital for Toyota.

The new Toyota Prius takes the best of gasoline engines and the best of electric motors and combines them into a remarkable new drive-train called Hybrid Synergy Drive technology.

The results are an amazing vehicle:

- Environmentally friendly with low emissions and high mileage
(it gets over 40 mpg, with zero exhaust emissions when stopped at lights or in traffic)

- There is seamless transition between the electric motor and the gasoline engine. The engine runs silently under 10mph and completely shuts off when stopped for longer periods of time (in heavy traffic for instance)
- The battery is charged each time you apply the brakes

Probably the most important thing Toyota learned from consumers was that a “green technology” message would not drive Prius sales. Consumers worldwide were more concerned about Recession, Terrorism, Unemployment, Scandal, War.

It was clear that the environment was not a motivator to purchase and would not attract the mainstream buyers Toyota was targeting. So Toyota looked beyond the environment. It explored the possibility of positioning the Prius as a ‘real car’...an environmentally friendly car with no compromises. At best, this would put Prius on par with the competition...but this is no ordinary car. It is much more. People want a car company to tackle the big issues - - all the while preserving what we love about cars. What the troubled world wants today ... are SOLUTIONS. Simple, inspiring solutions.

Toyota Prius is a Solutions technology. It delivers the automotive dream without the problems of reality. Not many other car companies have offered the world solutions. Instead they’ve offered more seating arrangements, more air bags, more cup holders. Features and upgrades that - after Hybrid Synergy Drive - seem trivial. The Toyota Prius is about giving the world a fresh start.

(SLIDE# 27: Toyota Prius “Applaud”)

(SLIDE# 28)

Procter & Gamble: A New Dawn

Procter & Gamble is another example of a company who is in touch with how sustainability and marketing effectiveness go hand in hand. P&G’s Dawn dishwashing liquid is a brand that focuses on having superior grease-cutting performance. Following the Exxon-Valdez oil spill disaster, P&G discovered that environmentalists preferred to

use Dawn when cleaning oil off of waterfowl. P&G quickly offered free supplies of Dawn to the relief effort. After a television news reporter did a story on this, P&G developed supplementary advertising and a waterfowl protection program based on this idea. It was well received by consumers and has helped grow Dawn's reputation, loyalty and sales.

(SLIDE# 29: Shown Dawn "Duck Talk")

(SLIDE# 30)

The Future

Corporations will provide some of the greatest contributions to the resolution of our environmental problems. Profits will make it possible. We need to encourage marketers to work diligently to develop their Ecologism marketing skills. The contribution of industry to society in this vital arena is critical. We, and other companies we effect with our thinking, can be valuable partners in making it all happen.

A brand's social capital is as important as its tangible assets or intellectual capital. Each of these components is measurable. ESOMAR should be a leading advocate of measuring social capital and its impact on the brand's capital valuation.

(SLIDE# 31)

Imagine what the future could hold. Over the next twenty years, if not sooner, we could have at our disposal a fully electric, non-polluting automobile industry. We will witness the consolidation of the computer, the radio, the television, the telephone and voice recognition into one, integrated and wireless, virtual mobile communications system. Certainly this will be available in each home and office, perhaps even available in a portable format for everyone's wrist, like a watch. We will develop technology that will enable us to replace some travel with virtual, interpersonal communications.

(SLIDE# 32)

McLuhan said that, "the spoken word was the first technology by which man was able to let go of his environment in order to grasp it in a new way." As we become tribalized by our further developments in information technology, we will, once again, let go of our environment in order to grasp it in a new, more spiritual way.

(SLIDE# 33)

Through the evolution of consumerism to Ecologism, we will appreciate the fundamental relationship our environment has on our own health, survival and well-being. The dimensions of this environment are far broader and more real than at any time in history. We look to the galaxies and space now as real tangible dimensions of our definition of environment, whereas these were mere concepts or theories in the past. As Yeats described, "The visible world is no longer a reality and the unseen world is no longer a dream." ***(SLIDE# 34)*** ESOMAR needs to look past globalization to better appreciate the unseen world of interculturalism and the Ecologism inherent in our global village. ***(SLIDE# 35)*** Think Like The Sun is a perspective that can help us do this.

(SLIDE# 36)

Ecologism is not a fad. It is a fundamental shift in values, perception and belief systems. It is an evolution of consumerism in the age of ecology caused by advances in media technologies. Practitioners of marketing, government and communications industries like advertising need to acknowledge the change and commit themselves to help lead humanity to an even better future. It's not only the right thing to do, it's the way to a more profitable and better future for our businesses.

This enhanced sense of community is well articulated by Bill Halamandaris in a soon to be published book, "The Spirit of Giving", ***(SLIDE# 37)*** "Community comes when people see hope where there is fear and decide to join hands, linking themselves with others in a common cause. Community comes when people decide not to ignore a problem or run away, but to reinforce each other and take on apathy and despair. Community comes when we realize nothing of real value can be accomplished alone."

(SLIDE# 38)

Sustainability and marketing effectiveness are as interdependent and as connected as the world's populace is connected by new communications technologies. I urge ESOMAR and its membership to lead the way by researching and measuring the interdependence between sustainability and marketing effectiveness, so more

companies and more brands can find the solutions we need to sustain ourselves and our planet.

Tim Love