

THINK LIKE THE SUN:

The Secret to Building Global Lovemark Brands

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(Slide #1: Opening Billboard)

I am really excited to be talking to you about a subject I love to talk about, brand-building. My presentation today will also talk about an issue that has been increasingly in the news, America's deteriorating image in the world community. I believe our perception on the world stage is hugely important and we need to listen better. It is becoming increasingly important to our corporations who compete internationally and the brands that are marketed globally. Our corporations and brands are interfacing with more consumers around the world, each day, than any single nation's government including ours. And, I believe it is appropriate for individuals in the advertising industry to try to help with this issue. Not to make ads! But to apply our knowledge of communications, consumer perception and our listening capability globally to the greater good.

I believe there are significant economic, social and environmental challenges facing our country and our multinational corporations today. The next generation of leaders, will soon inherit these challenges. So, my objective today is to help you think about how to address these challenges and to help make the world a better place. That's why there are two parts to this talk—First, a perspective on building global brands and Second, how this might help frame some of

the public diplomacy issues our country and our corporations are facing.

First some background. I grew up in Ohio. I am a child of the media and a specialist on global communications. My dad was a used-television and radio repairman. He was self-employed, never made more than \$10,000 in a year but he made sure our family of five lived comfortably in our tiny, three bedroom, one-bathroom house.

(Slide#2: Love Radio & Television)

In the 1950's, we had television before anyone else. (That's my sister there.) In fact we had TV's in every room of house. My Dad was always working on someone's TV, so our house had TV's everywhere and we always had one on. It was the backdrop for everyday life in our house, well before it became such a popular part of American culture.

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Prior to entering the advertising business, I was a double major, art and business at Miami. I then got my masters degree in Communications at the University of Illinois. In Graduate School, I focused on the communication theories of Marshall McLuhan. He was

a visionary thinker who believed that changes in media technology lead to profound changes in the way people and business interact.

Early in my career, I was fortunate to work on brands that were international in scope. In the late 1970's, I was part of the team that launched Duracell Batteries worldwide. It was my first, big international brand experience and it took me far beyond the borders of North America. I think Duracell was instrumental to me, in terms of not being so U.S. centric, as some people can be when all they do is focus on their own indigenous geography or culture.

Later in my career, after the fall of the Berlin Wall, I moved to Brussels Belgium as a Worldwide Account Director for my firm's Procter & Gamble business, I traveled the globe from that Brussels base. I was challenged by new cultures, new languages, new media challenges and trying to build brand equities for Procter & Gamble in over 120 countries, for everyday products like Pampers, Tide, Ariel, Always, Vicks and Crest. Having to consider cultures and consumers outside of my own country, helped me get an objective look at the US, too. I certainly came to appreciate how strange America can look and how different it is from other countries and cultures.

Right from the beginning of my career, I was looking at new geographies and new media vehicles to help grow basic, everyday brands and communicate ideas. I became pretty good at studying

cultures and finding the relevant connecting points for understanding their consumer behavior. Most of the brands I worked with were for everyday needs, and this forced me to get to know regular, everyday people in each culture. With things like soap detergent, toothpaste, toilet paper, feminine hygiene pads and diapering babies.

Today, I am now Relationship Manager for all of the Procter & Gamble business handled by The Publicis Groupe of agencies. The Publicis Groupe is a holding company of advertising agencies and marketing services companies. It includes Saatchi & Saatchi, Leo Burnett, Publicis Worldwide, Fallon and the Kaplan Thaler agency. Publicis Groupe is responsible for 75% of P&G's advertising business and, as relationship manager, I have 122 of P&G's brands to look after. It is a daunting task but most days it is the most interesting job in the world.

That's the lead in to the first part of what I will talk about today...

(SLIDE #4) Brand Building, which is both a Local and Global Challenge. Speaking of Challenge, this is the way we portray a challenge for Adidas in New Zealand.

(SLIDE #5 SHOW : Adidas TV "Hakka" :60)

What does the future hold for marketing and advertising brands?

There are some huge changes underway which will affect this.

And, *(SLIDE #6)* we're moving from a "Knowledge Economy", which was at the outset of the information explosion, (those who had the knowledge had the power) to an "Attention Economy." With the explosion of information, it is just very hard to attract and keep a consumer's Attention today.

Big ideas are the currency in this new economy. Today, we must have brilliant, fresh, motivating ideas, quickly and timely or you will simply get lost in the flurry of information. Ideas that are relevant, not just more information or data. At Saatchi & Saatchi, we pride ourselves on being an Ideas Company, not an advertising agency.

I believe in what we see today, in the confusion and in some of the tension and stresses with the "Attention Economy" and "Globalization", there is much learning that can be acquired from analyzing the past, especially in how humans communicate and receive information and ideas.

I believe there is *(SLIDE #7)* no better example than Marshall McLuhan to help us look at the past in order to help us see the present future. McLuhan was a professor of communications at the University of Toronto in the late 1960's and became a legendary figure due to his controversial theory that developments in media have a direct effect on people and how they organize and live in the world. He studied the effects of media going back to hieroglyphics and on to

the Gutenberg press, to the telephone, the radio, and television—all of which had a huge impact on people, business and society.

He studied how each of these advances propelled significant social change. He predicted that the most significant change would be caused by the merging of the electronic media of the television and the computer with new technologies, like outer-space transmission and borderless electronic media access. New technologies like "satellite transmissions", "wireless mobile" or the "internet" were not yet developed when McLuhan made his predictions of what the future would be like.

Since entering the international business world, I have seen many of his predictions come to life. He predicted the "Global Village" would be created by the information convergence with the electronic media and television. And, he's the one that said that the "Medium is the Message" and he told us "understand media and you will understand man".

It turns out, he was right. That is precisely what is happening, now. **(Slide#8)** He predicted massive social and economic change would follow the proliferation and adaptation to new information technologies. This is effecting how business gets done. It is also effecting governments and the social interactions between cultures.

(SLIDE #9) When I was a kid I remember my teacher said that “if a tree falls in the woods and nobody’s there to hear it does it make a sound?” Now I always thought that was a pretty interesting question and kind of funny. “Well if nobody’s there,” she said, “ if there’s nobody there to hear it, it doesn’t make a sound because sound is only created when somebody hears it.”

In this interconnected, global village that McLuhan predicted, the answer today is, yes, they will hear it. Yes, it does make a sound, because somebody will hear it or see it, somewhere. Because increasingly, somebody is connected by cell phone, fax, satellite camera, internet or text messaging and they will let someone else know by these media. ***(SLIDE #10 Ad of Tree Falls in the Woods)*** See, it is even disclosed in this recent magazine ad.

(SLIDE #11: Globalization) Globalization has been as important an influence on all of us as any of the great, previous ages of Macro Change, like the Iron Age, the Renaissance or the Industrial Revolution. But, while some have called Globalization the greatest anti-poverty program ever, ***(Slide #12: Globalization= Corporate Imperialism)*** Globalization has always been called Corporate Imperialism. It was about corporate geographic expansion.

I believe the era of globalization is over. We are entering a new era – an era of increased intercultural sensitivity.

(SLIDE #13) There have been demonstrations against globalization.

(SLIDE #14) opponents proclaim discontent over the idea of capitalism, the process of globalization and the behavior of corporations.

There clearly has been no better system in the history of man than capitalism. The alternatives of socialism and communism failed along with fascisms and totalitarianism. However, some societies and cultures feel that the capitalism of globalization has been a capitalism of exclusion, rather than inclusive of the broad masses of the people of the world. And, many believe today that terrorism is a result of an exclusive world economy exposed by transparent communication. Globalization wasn't just about technology and trade agreements, it has been about the global movement of ideas.

(SLIDE #15) What have the marketers been doing with all these developments? Well, 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 mantra: to "Think Global-Act Local" or a more recent permutation called "Act Global- Think Local" which some marketers are advocating.

As I go about looking at helping my clients with global communications objectives, as well as local communications and marketing challenges, I am convinced a new marketing perspective is needed. I think it's time to officially retire the idea of "Think Global-Act Local." It is time to move past the globalization theories of the past. Them versus us, it is over. We are now entering a time of multicultural sensitivity and connectedness, created by the proliferation in communications technologies accessible to most people in the world. This is the new era we are entering. Where the ideas that lead to perception and human behavior increasingly requires that we consider the impact of that behavior on other people and the planet.

The old marketing frame of reference – "Think Global/Act Local" helped marketers when it first came out in the 80's. It made an awful lot of sense for a marketplace that was seeing walls fall down and new markets opening up for the first time and when trade policy was largely on a country-by-country basis.

"Think Global/Act Local" was a tremendous perspective that got us all to think of business issues and strategy for geographies outside of where we exist. So "think global and act local" was tremendously helpful, initially.

However it's a geographic concept that does not provide an ideal perspective for brand building today. It assumes borders that do not exist quite so definitively today. And, importantly, it does not reflect the convergence in information developing and media proliferation consumers have seen over the last 10 years or the media effects you will see over the next 5 years and beyond.

(Slide#16)

Ideas effect peoples' perceptions and in turn their beliefs. And beliefs lead people to action

This is why I believe *(SLIDE #17)* we need a new perspective that can more relevantly reflect the business world we compete in and which will be far more helpful in guiding strategy for our brands. A new perspective for gauging perceptions, addressing beliefs and affecting people's actions.

Marketers need a perspective 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 one that provides more objectivity when assessing marketing problems, social issues and opportunities. One that recognizes the integration that is rapidly occurring , with national economies evolving into a big, open and dynamic interconnected economy. It's a

perspective that recognizes the alternative of localism, isolationism, protectionism is a formula for economic hardship.

I call this new perspective **(SLIDE #18)** "Think Like The Sun".

When we think about our brands, our businesses and competition we need to "Think Like The Sun".

When marketing people get up in the morning the sun comes up and we go to work and we work on our brands, or businesses. We work all day long to care, nurture, create, get 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.

Increasingly, 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" and this global village is increasingly connected to each other.

(SLIDE #19) Why Think Like The Sun? 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. Like the sun, our brands and business are making contact with consumers, somewhere, all the time. Perceptions are being created in "real" time.

Instead of focusing on borders and geography, Think Like The Sun requires us to focus on consumer perceptions, brands and markets and to act in a global way.

This frame of reference is needed in the way ahead to build successful brand ideas. This perspective requires us to understand the dynamics of globalization in the global village. What are these dynamics?

(SLIDE #20) First, understand globalization is not being driven by business today, it's not being driven by the idea that there's big geographies out there with large populations and high potential for new sales. It's being driven by information access, ideas and by

consumer perception and awareness. Consumers learn about products and brands in the media and they form perceptions from this information.

(SLIDE #21) There are three key factors that have led to this and these factors have not been readily visible. They've been insidious because we don't readily see them in the geography where we might exist.

(SLIDE #22) The first insidious factor is one I spoke to already, it's the media effect. When I went to Europe I remember getting there shortly after the East Germany wall came down. I remember growing up (probably like most of you in the room here) when the Berlin Wall went up and thinking "there's going to be a war someday when somebody decides to try to bring that one down or cross over." They had guns and German shepherds and all kinds of bombs in "no mans land". Nobody could cross it and it was a clear and delineated difference in culture, society and geography. What was really interesting was that all of the sudden it just came down. It came down with no war. They were popping champagne bottles to rock music knocking the wall down, and people were having a great time. I thought, how did that happen.

Here's what happened. It started with somebody figuring out how to bounce a television beam off of a satellite, up over that wall into East Germany. In East Germany, initially there were maybe a few television sets, much like any society in the early stages of television penetration. People sat at home and started to see things like Disney and Coca Cola and people enjoying themselves. They started to see and hear music, dancing and entertainment and things going on that they hadn't seen before in their geography.

Initially, the politicians in East Germany said "don't listen to this stuff, don't pay attention, its propaganda". They said, "you know that doesn't look that good over there. They have war going on and they have social conflict and they have racial discrimination and they have riots and students and drugs and they have divorce and they have high unemployment and taxes. Buddy, you just be glad you're living over here in this side of the wall, because that's all trouble over there. Over here you've got a nice job and a government aided house. Here we take care of you and you have food stamps and we won the Olympics the last five times in a row. So, you just be happy where you live right here in this society. Don't pay attention to that stuff you're seeing on the television screen from the West", said the politicians.

And then, over time, those television signals started to come in more often. People in Eastern Europe were looking at these pictures and

thinking. Perceptions were being made. Then the politicians came home one night to a huge mind-changing event. That was the night that everything changed because they came home and their son or daughter said "Daddy, when can we go to Disney World?" All bets were off at that point and that's when The Wall came down. Because just like every society we want the best for our children and we want to make them happy. You know what those people said, "it looks like they're having more fun over there than we are over here. It looks like they're happier than we are." It was true and that's when The Wall came down. The effect of media helped bring it down.

And just imagine what the next evolution (*SLIDE #23: New Technology*) in communications technologies will have on us and the world? The opportunity for more information, as well as the opportunity for mis-information/hacking in . . . is enormous.

(*SLIDE #24*) Insidious Factor#2 has been the significant change in trade and distribution practices globally. Issues on trade dealings have been relaxed. Distribution companies and wholesalers have merged across borders, thereby putting new pressures on how brands go to market and compete. The consolidation of trade distribution has been dramatic. These trade consolidations have yielded significant power and influence on business and marketers. The changes by the trade and their ability to easily ship across borders has fueled the race among marketers to get their pricing across countries more aligned, in

order to prevent parallel importing where a brand ends up competing with itself. Marketing strategy can no longer be constrained to a country-by-country model. Like I said, the borders have fallen. The market is the planet, including all the segments and complexities from developed markets to developing markets, from one culture's access and exposure to another's.

(SLIDE #25) Insidious factor #3 has been competition for consumer perception. Web usage is exploding. We've gone from 68 million users in 1997 to a projected 620 million by this year (that was last month's estimate, it is probably higher by now). TV is proliferating around the planet. Interestingly there is an explosion in the use of English language and a diversity of cultural material gaining exposure, especially among the world's teens. And brands are moving rapidly to capture this global market. They have to, in order to win the competitive "war of ideas."

Think of this **(SLIDE #26)** The Attention Economy. Whether you are a local or global brand, **(SLIDE #27)** the environment will be fragmented with media, proliferated messages, over-choiced categories, multi-tasked people and over-committed minutes.

How will you get someone's attention? Maybe this way—

(SLIDE #28 Show: Toyota Solara "Chase")

(SLIDE #29) And, we are marketing to marketers. The world's young consumers are **(SLIDE #30)** the most over-marketed generation in history.

Today's youth generation is the most sophisticated from a media and marketing standpoint than any generation in history. If you have a younger brother or sister, you know what I mean. I have studied this youth culture in virtually every market in the world. 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. Many of our corporations and some of our corporate and government leaders are out of touch with what this multicultural youth market is thinking and believing.

But, the companies and brands that are succeeding, apply the mantra "the consumer is boss", not just in product development, but also in delivering a more rewarding and relevant breed of communications.

(SLIDE #31) How does this generation want the game played?

(SLIDE #312) They want us to make it fun.... **(SLIDE #33)** to respect their intelligence.. **(SLIDE #34)** And, most important, they

want us to Walk the Talk, which means to live up to our words and to do things to help their community.

(SLIDE #35) So here is the Paradigm Shift for pursuing leadership in brand building:

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.

(SLIDE #36) It is about going for Superior Relationships. Speaking of this, here is a relationship we have been creating for a brand you may be familiar with:

(SLIDE #37 Show: Sony Vaio "Dresser")

(SLIDE #38) So, what is happening to Brands?

(SLIDE #39) In this new interconnected global marketing environment Brands are Evolving.

(SLIDE #40) And, as Procter & Gamble's agency partner with the greatest amount of their brands, we are super aware of the value of brands. Brand value accounts for approximately 90% of P&G's over

\$100-billion dollar market capitalization. Brands are important to our business, very important.

What is our definition of a brand? *(SLIDE #41: Build)*

- 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.

(SLIDE #42) The connection leads to relationships. The emotional connection between a brand and a consumer is embodied in a relationship.

And

The transaction is the outcome of that relationship. The evolution for brands is from being a transaction to becoming a relationship.

This Brand Evolution has been interesting, when you look back at history.

(SLIDE #43) Brands first began as products and were Trademarked for legal protection, to make sure people knew that the product was owned by the entity or the company or individual that was behind it.

The second phase of evolution was *(SLIDE Build)* from Trademark to Brand where the trademark for legal protection evolved into a Brand for differentiation reasons for consumers in a mass-marketing business climate. The leverage with consumers and audiences was in the branding. The brand properties that could help differentiate that product from somebody else's product.

We believe with the movement of Consumerism and increased information technology there has been an increased desire for consumers to know the impact that brands and products have on their lives. This resulting consumerism caused *(SLIDE Build)* brands to evolve from brands to "Trustmarks". This required brands to be more responsible in terms of divulging what they make, what they do, what they offer, what is inside these brands and why they are better or how they compare to other brands. It required brands to think in terms of building trust with consumers in order to allow their brands to survive and flourish. Consistency of manufactured product performance also became critical as a result as the borders came falling down and this is one reason why the larger players have been merging together, to compete.

(SLIDE Build) For today and into the future, we think that brands will be required by consumers to have an enhanced emotional relationship, from Trustmark to?...an evolution. In this "Think Like The Sun" global village that we're operating in, where people are directly connecting with your brand and have 2-way communication access to your brand for information outside of your day to day control or distribution, brands are having to evolve from trustmarks to a higher level relationship..

(SLIDE #44) we call LOVEMARKS. Lovemarks are where

(SLIDE #45) Mystery,

(SLIDE #46) Sensuality and

(SLIDE #47) Intimacy exist.

The idea of Lovemarks creates some discomfort with some business people because it sounds emotional and it sounds like we're trying to talk about Love.

That's exactly what we are talking about because brands today need to be thinking in terms of relationships. We believe we should be trying to create long lasting love affairs for our brands with consumers.

(Slide#48: Why Lovemarks)

Getting to Lovemark status is very difficult . There are very few examples today. Some we can think of, that have this Lovemark status are brands like Disney, Harley Davidson, Zippo Lighters, Sony .We believe Toyota is another brand that has evolved from trustmark and is now beginning to achieve Lovemark status with consumers, at least in North America as it has in Asia.

There's a sense of loyalty and trust and love between the Toyota and their consumers.

Coca Cola was certainly considered a Lovemark. It better watch itself or it could lose its way.

Apple Computers has achieved Lovemark status. Reaching Lovemark status can help a brand that lost its way, come back strong because the loyalty, the love and the trust are there. We believe a good example of this is Apple. Most people, even those who don't own an Apple, want Apple to succeed. Most people love Apple's philosophy – to Think Different.

There aren't too many examples of Lovemarks beyond that at least globally. We've been studying this and looking at this seriously for the past two years. We're investing much of our energy and work in our organization, studying what goes into becoming a Lovemark. We

want to help our clients achieve this Lovemark status because the rewards are enormous. Lovemarks capture the high ground in consumer perception, their heart. And with this comes the willingness to pay a premium price to maintain this relationship.

Brands reside in people's homes. A Lovemark also resides in their hearts.

Brands are about information. A Lovemark is about a relationship. A Lovemark is like a great lover. Always seducing. Never boring.

A Lovemark doesn't belong to the company. It belongs to the consumer.

Lovemarks transcend mere brands. They reach not only into consumers' hearts and minds, but also into their very lives.

Take a brand away and people will find a replacement. Take a Lovemark away and people will protest its absence. Because people never merely buy Lovemarks, they embrace them, passionately and never let go.

(SLIDE #49) Our study of the move from Transactions to Relationships, has indicated that there are 14 different types of relationships between people and brands. We have worked with Susan

Fournier at Harvard University who has written about relationship theory in consumer research. I won't focus on all of these fourteen relationships,

(SLIDE #50) I would rather focus on the one that I believe is most important to you...the "Romantic Marriage".

This kind of brand relationship, like a Romance is characterized by high love, intimacy and trust. It is long term. Exclusivity of commitment and commitment even through adversity. This relationship for **(SLIDE #51)** a product or service is one that engenders loyalty beyond reason... **(SLIDE Build)** One where the Brand is as a LOVEMARK.

(SLIDE #52) And we have developed a tool to help us measure this, in terms of being a Lovemark. It is called the LoveMarker. Taking an axis of measurement on one vector Love and on the other Respect, we can begin to gauge where a brand stands in its relationship with its consumers.

For, example, on the Love/Respect axis we find that... Public Utilities generally are low in Love and low in Respect.

(SLIDE #53) Fads tend to be high in Love but low in respect. Over time, they don't last very long. Like one night, Love affairs.

Most **(SLIDE #54)** Brands that provide good product performance achieve high respect, but many have no strong emotional attachment, they are low on Love.

We believe they need to maintain product excellence and find the emotional attachments and insights that will enable them **(SLIDE #55)** to achieve Lovemark status. Where the leverage is greater and the rewards are sweeter. Recently we have developed our own exclusive measurement tool for Lovemarks. It allows us to quantitatively measure and monitor Lovemark status in a brand relationship

(SLIDE #56) At Saatchi & Saatchi we've learned the single most important thing you can do to create a Lovemark is to Keep Things Simple.

(SLIDE #57) We also suggest that there are Six Key Tenets of Global Lovemark Building.

(SLIDE #58) 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 borders and 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 and through sound. These are more emotional.

Here is an example of something we did recently with symbols, visuals and sounds for a great brand in France.

(SLIDE #59 Show: Babybel France)

(SLIDE #60) Number Two. . . Design becomes a key element in relationship building. In fact, in keeping with the visual look I just mentioned, design has had a rebirth in the brand-building business. So we're seeing things occur like the Apple I Mac introduction. It was just brilliant because it used the wonderful colors and transparent designs on the outside of the box. Design is incredibly important in building Lovemark relationships.

(SLIDE #61) Number Three .. Brand Equity, the symbols and ideas that become the property of the brand and 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 within our company. Here's an example of a one-word equity brought to life for Toyota Trucks. The word is "indestructible".

(SLIDE#62 Show: Toyota "Bugger")

(SLIDE #63) Number Four .. Teamwork, 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.

In the Global Village of interconnected economies and intermingled cultures, there is great value in working as a team, in concert with others. There simply is no way an independent, insensitive or out of touch brand can succeed in this new environment. (Even a country's government must be seen as being a good team player or the world's people will let them know the second they seem out of touch, self-absorbed or arrogant.)

(SLIDE #64) Number Five .. We've got to harness consumer-learning power and that means any learning from anywhere is valid and potentially applicable anywhere. Harnessing consumer learning

power from around the world actually can deliver a competitive advantage to your brand. *(SLIDE #65 of Map)* It doesn't mean that we're looking for one solution or execution but the consumer learning can give great impact to the overall strategy for your brand and can provide competitive advantage in the new world of interconnected, intercultural people and perceptions.

(SLIDE #66) Number Six.... Your program needs to Walk The Talk of helping communities and being a responsible brand to the citizens of the world, too. Remember, when you are marketing to marketers who have control over the information they choose to receive from a host of sources, they are looking to see if your brand lives up to its words. They are also looking to see if a company or brand are responsible to their community.

(SLIDE #67 The Six Tenets) I put the following reel of commercials together as examples of some of these key tenets for building Lovemarks. Some are global brands, some are Local only. Some I just put on because I liked the work and it has been effective. In each case, these TV commercials were part of comprehensive, holistic communications programs.

(SLIDES 68 – 74 SHOW REEL)

PART II

Now, I would like to push the discussion of Globalization and these Secrets of building global Lovemarks to an important topic for your consideration. *(SLIDE #75)* It has to do with our country's role in the Global Village and the very concerning increase in Anti-American sentiment that is growing across the planet, even among our traditional friends and trading partners.

Reflecting on what I have learned from international marketing, has caused me to look at the rise in anti-Americanism from the vantage point of brand-building globally. Some journalists have labeled this kind of thinking—"Brand America". I think this is unfortunate, as what we are really talking about is diplomacy and the need for a new perspective in American Public Diplomacy.

The starting point, requires having an objective view, *(SLIDE #76 Binoculars)* whereby we put the "consumer first" and in this case, the consumers are the citizens of the world. What do they want? What are they most interested in? What are the equities of America? How should we be looking at the changes in the world and the threats to our country and mankind in general? How should we behave in our public diplomacy and policies to help lead the world into a better future—Your future? These are the questions that underlie the need to consider how we approach the issue of rising anti-Americanism.

What I have just presented to you about global brand building, can be of enormous help. The principles that have been gained from marketing everyday products that improve peoples' lives, in virtually every culture across the planet, including Muslim countries, can be of value in thinking about how to make the world work better.

Whether we like it or not, *(SLIDE #77 Coke/Ariel)* America is seen as the focal point and source of many of the social and economic influences people in the world experience today. Media proliferation across the planet made it so.

The question is, whether this perception is consistent with who America really is and wants to be going forward. Are our actions and our perceptions living up to our own words? We need to look at this in a fresh way. Otherwise, America leaves its perception wide open to a confluence of disparate communications from a range of sources who will try, naturally, to define America from their own self-interest. They are doing so with their own communications in the media, which is now everyone's to participate in. The perspective, we and our multinational corporations have, affects how we operate and react to a world of rising anti-Americanism and terrorism. The perspective we adopt will have a direct impact on us, our businesses and the perception of America in the future.

Our multinational corporations, and the brands they market in each country, are right in the middle of this issue. They are both a

target and a key vehicle to help improve perception. I know many of our clients have been very concerned about the worsening economic climate, as well as the growing unfavorable perception towards American businesses and brands since 9/11 and Iraq.

The global village created by advances in communications technologies increasingly enables the world's populace to *(SLIDE #78)* come into contact more with corporations and brands than governments. *(SLIDE #79 Icons)* More people are in touch with icons like Coca Cola, McDonald's, IBM, Nike, Pampers, Always, American Express or Ford, than any single nation's government. *(SLIDE #80)* I believe the responsibility of a global corporation today is to help improve lives and to otherwise make the world a better place.

There is no question *(SLIDE #81)* we are facing a more threatening world situation of increased terrorism and hostility. Albert Einstein said, "The most important decision one can make is to decide whether or not the universe is a friendly place." Despite how unfriendly the world seems right now, I believe it is fundamentally a friendly world. I believe people everywhere want to live in safety and in an environment that can sustain itself for their children and their children's children. So, as I look at the hostility that some cultures feel towards America, I am alarmed into asking myself "why". Why are

some of our neighbors feeling so strongly about us and our role in the global community?

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. **(SLIDE #82)** 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 many of us to see what is going on around the world that would result in the anti-Americanism we are seeing. It is hard to see, because of the range and complexity of events people are now able to perceive in the media.

(SLIDE #83) We know the media is now truly globally dispersed. The speed with which events can be observed in the media by most people is supercharging perception.

Another key factor in all this is the **(SLIDE #84)** relatively insular and unobjective "frame-of-reference" most Americans have had up to now, towards the rest of the world. **(SLIDE #85)** According to the Bureau of Transportation Services, only 18% of the US population have a passport. Importantly, of these, 86% traveled to Mexico and Canada. Think about it. Clearly, the bulk of Americans have little first-hand understanding or appreciation of how America looks to our overseas neighbors. Our media goes out to the world, but so little of the rest of the world's media or culture comes in to us.

(SLIDE #86) Many American-based companies, indeed, even our government servants, may be trying to react to the changing global economic and social environment from the perspective of the past. Yet, as I said earlier, there has been an insidious change in the global perceptual environment. As you now know, 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.

(SLIDE #87) We need a more enlightened frame-of-reference would help us and our corporations do a better job of "walking the talk", of the basic founding principles most Americans, and those who have admired America in the past, hold so dear. It is time for us to adopt a frame-of-reference that recognizes and appreciates the value of all of our interactions with our neighbors. A new frame-of-reference can possibly help our perception in the intercultural village that has been created by the explosion of media worldwide. No surprise, I believe this new frame of reference for perceiving the world we live in is the same one, I just advocated, for building global Lovemark relationships -- **(SLIDE #88)** "Think Like the Sun". It requires us to be far more objectives and less insular, to listen and observe more.

(SLIDE #89) Understand there is a Problem:

First, we all need to consider whether or not we indeed are facing significant problems that affect America, our way of life and our role in the global village. I believe we are.

(SLIDE #90) In February 2002, I was invited to attend a special meeting at the Department of State in Washington, DC. It was a briefing for "Global Advertisers", bringing together seasoned professionals from some of America's most respected corporations. The briefing focused on the deteriorating perception of America, outside the US, in particular, among the Muslim population worldwide.

A central part of a briefing was a Gallup poll conducted after 9/11 in nine Muslim countries. The findings reported that residents in

(SLIDE #91) Muslim countries perceive the United States to be "ruthless and arrogant", with most describing themselves as "resentful" of the superpower. **(SLIDE #92)** By a 2-1 margin, residents in these nations expressed an unfavorable opinion of the US. Only 22% had any favorable opinions at all.

Many Muslims believe that American's are faithless and that America is generally biased against all other racial groups and nationalities. The research showed that there is a strongly held belief by the respondents that American values are deeply materialistic and secular, that American culture is a corrupting influence on their societies. The

conclusion was that there was a *(SLIDE #93)* "huge gap in understanding and perception about America's real values."

A separate study conducted this past year by *(SLIDE #94)* The Pew Research Center in Washington DC, looked at a broader audience than Muslims. The key findings among our traditional friends and allies were that favorability ratings for the US have fallen in 19 of 27 countries since 2000. While criticism of America is on the rise, there continues to be a solid reserve of goodwill toward the US and its citizens. People around the world embrace things American, yet are increasingly unhappy about the US influence on their societies.

(SLIDE #95: Show Video Tape of Foreign Interviews on America)

A report by the US Advisory Commission on Public Diplomacy, concluded that to combat the significant resentment and misunderstanding of the US across many countries, not simply the Muslim countries, "New thinking and new structures call for new mind-sets, not new millions of dollars." We and several other companies have asked what might that new mind-set be?

APPROACH TO THE CHALLENGE:

In tackling the challenges America faces, In so doing, I want you to consider for this task that America is an ideology with—a collection of

benefits, symbols, equities and perceptions in the minds of individuals around the world.

Many nations have reinvented themselves, based on historic precepts that distinguish them and they made modifications to provide greater relevance in a constantly changing world. The author Olin suggests: *(SLIDE #96: Worldwide Brand Mgt.)* "This does not mean changing a country's innate sense of identity, but understanding and sharing that identity with the rest of the world." So, as for our Public Diplomacy, let's consider first, understanding our identity and second, how we are sharing our identity with the rest of the world.

Much of my time internationally was spent getting in-market learning from consumers in places like Egypt, Saudi Arabia, Lebanon, Morocco, Tunisia, Indonesia, Malaysia, Turkey, United Arab Emirates, Yemen, Kenya, as well as Europe, Russia, China and Japan. A massive amount of learning was gained about people and perception development through testing ideas designed to influence perceptions. My work with the Always brand was the most enlightening. No other product could have brought me so closely in touch with the variety of cultures, religions and intimate relationships between the women of the world, men and culture. It was a fascinating conduit to understanding humanity.

It also brought me to understand religions better and to understand the Muslim philosophy.

There are many, many similarities between Christianity, Judaism and Islam. And, followers of each of these religions have plenty of examples of extremist, fundamentalist followers. This has been true throughout history, as it is today.

What is different from Nazism, Fascism, etc. is Al Queda's potential powerbase now and potential for recruits in the future. With 60% of the world's underprivileged population under the age of 25, the reservoir of recruits for Al Queda is limitless.

(SLIDE #97: Book Cover) An interesting work on this, if you would like to learn more is a book by Jessica Stern titled, " Terrorism In the Name of God: Why Religious Militants Kill." It will wake you up. Stern is a professor at Harvard who teaches a course on understanding terrorism.

According to Stern, Al Queda is not different in kind than other dictatorial philosophies that have plagued man. From Nazism, Fascism, to the Ku Klux Klan, each of these extremisms preyed on the underprivileged, the hungry and disadvantaged of the world, particularly "young disenfranchised males." This always has been the most vulnerable target.

A recent study by the U.S. Congress' Council on Public Diplomacy says, America is losing what they called "War of Ideas" with this group of disenfranchised young males. And, this is spreading to broader population demographics that in turn effect our brands, corporations, jobs and ultimately our security.

What are we stressing to combat this indoctrination that Al Queda is infiltrating the youth of the world with via the new technologies that they are masters of using? *(SLIDE #98 BUILD: Freedom)*

Freedom--- of course. We stress the concept of Freedom. Well, here is the rub, my friends. The interpretation of Freedom in Arabic and to most in the Muslim world, contextually means "in exile" and has negative connotations. In other words it is twisted into playing into the hands of the Al Queda brain-washing. Similarly, the word "terrorist" while clear in Western rhetoric is a term, once translated contextually, means "freedom fighter and martyr" in Arabic.

The Council Report recommended that we need to be a lot smarter about our ideas and fix the ideas that are not relevant, the ones that are not communicating properly.

It is not unlike what General Motors had to discover in a very painful way, when it launched the Chevrolet NOVA model into Japan years ago. Big billboards up all over Japan announcing "Introducing New

Nova". Boy, were they in for a rude surprise, when someone finally had the courage to tell them that the word Nova in Japanese, means "OLD". It was the exact opposite of what General Motors wanted to say. And in Brazil, they discovered , NOVA means "no-go".

Volkswagon also got a rude awakening when they launched their successful Jetta model in Argentina. In Argentina Jetta has a particular meaning In their cultural vernacular. It means "bad luck"! I was in Argentina last month. I saw a couple of Jetta's. They are called Clios or something else, not Jetta!

Unfortunately, we abolished the U.S. Information Agency in 1999 following the transformation of Russia, the fall of the Berlin Wall and the decline in the threat of communism. Some people thought this was a propaganda machine that was no longer needed. We transferred some of the programs to the State Department, but we lost something in translation – we lost an important tool to listen and help us understand other cultures.

America needs to really get smart about all this--- and fast. Is this an advertising problem or a problem for our government or an issue for the military? Is it a problem for corporations? Most certainly. We each have an obligation to get involved in finding the solution--- because it affects all of us, including the poor souls who are inflamed with the rage of fear created from the perception they have and the

beliefs they are led to have about us. *(SLIDE #99 NYTimes Article)*

Stern says in her analysis of the situation: "We need to take public relations and public education as seriously as the terrorists do. We need to be aware that the West is reviled and try, whenever consistent with our values, to remove the thorn." She goes on to explicitly identify the thorns in our policies, saying that we should change policies that no longer serve our interests or are inconsistent with our values. A panel chosen by the Bush administration recently concluded *(SLIDE #100)* in its report, that the US must counteract its eroding image in the Muslim world. The report added that "spin" and manipulative public relations "are not the answer", but that neither is avoiding the debate."

We are not even in the same playing field.

In advertising and marketing terms, we would say we need to have a Complementary Opposite. *(SLIDE #101)* This is a competitive platform that renders the opposing platform to be in support of the platform we stand for, because it acknowledges their point of view and provides compelling permission to think and act in a new way. It requires listening and a deeply sensitive understanding of people and culture.

Let me share a story about a Complementary Opposite.

(SLIDE #102: Always)

When we were in the process of launching Always into Egypt and Africa, we encountered some significant barriers. In fact, the initial launch of this life-improving product was a failure. There was the high price, versus the home-made methods of cotton wool, tissue or cloth women had been using throughout the ages. There was the fact that there was no garbage disposal infrastructure, to dispose of the product, so people thought it should be thrown in toilets or waste receptacles. Obviously, this was a problem.

We also encountered the belief that when ones blood is open to the world at large, voodoo or bad karma could arise for the individual. This was a real issue in Africa.

We also faced religious opposition, feeling that the tried and true methods of cloth, etc were passed down from generation to generation, from mother to daughter and so on. Cloth and cotton wool were natural and time-tested systems of hygienic protection. Always was manufactured and possibly touched by whomever in the process. We also faced rumors that Always helped spread Aids. So, you can see we had some real barriers.

Nonetheless, we believed Always could help make life better. Our team, led by an Egyptian woman, who had previously gotten involved

in helping to fight the tradition of female genital mutilation, worked tirelessly to break the code on all these objections. We found ways to make the product less expensive. We created a disposal sheet right into the package, so women could roll a used pad in the sheet for disposing more cleanly.

We had not been allowed to advertise Always in Egypt. The censors felt, with all the aforementioned objections we should not advertise this kind of product. Plus, they did not allow anyone to discuss menstruation issues on TV or radio. We were not allowed to show the package in someone's hands and we could not show a woman talking about feminine protection on camera.

Our team leader, worked very hard on this. She created a storyboard whereby a teenage girl goes to her mother's dresser and opens up the top drawer. There, the camera reveals a pack of Always. Then, the camera pans up to see a picture of the mother and daughter on the top of the dresser, when the mother's voice comes over and talks about Always to her daughter. She discovered a cleaner form of protection and tells the daughter about it. We demonstrate how the pad absorbs liquid and keeps it locked inside so it won't redeposit. We showed how the disposal sheet can be used to dispose of the used pad, cleanly.

Our team leader, then got a meeting with the Mufti, the religious leader of Egypt. She talked about her belief that cleanliness in Always is consistent with Islam. (Cleanliness is an essential premise of the Islamic faith).

When the Mufti told her he did not have a problem with what she was saying or the storyboard, our team leader quickly asked him to initial the storyboard. He did, and then she took the board to the Censor, who had been opposing any advertising, and he immediately approved the commercial for airing.

This resulted in Always getting a 70% share in Egypt. But, more importantly, this brand dramatically helped improve women's everyday lives. They could leave the house when in period, play with their children when in period and even practice their religion by going to the Mosque in comfort, when in period.

Again, these ideas resulted in significant behavior changes to address these major social issues.

(SLIDE #103) I will now offer five points which can help us and our corporations (and maybe our government) operate better in the world of rising anti-Americanism:

(SLIDE #104)

1) Communications technologies have changed the environment in which America or any other organizing concept functions. Actions, ideas and behaviors can no longer remain isolated from being perceived, sometimes involuntarily, beyond the realm in which they were intended.

(Stop and Light a Cigar Slowly. Then, make the point apologetically about second-hand smoke, putting out the cigar)

Oh, are you concerned about my second-hand smoke? The concept of "SECOND-HAND SMOKE" has now evolved, in a broader sense, ***(SLIDE #105: Second Hand Culture)*** to the effects of "SECOND-HAND CULTURE". Our culture is now more perceivable to other cultures, in real time, than has ever been possible before.

- It intrudes where you might not want it to
- It lingers, and
- sometimes, leaves a bad smell

Today, the actual experience in one's own culture can be directly compared with the rest of the world by what people see and learn in the media. This is more the case outside America where our media is going into other countries, whereas in the U.S. we tend to only see our own media content. This ***(SLIDE #106: People in Bar)***

exposure to comparison outside the U.S. affects their perception, their beliefs and, in turn, their behavior.

Importantly *(SLIDE #107 Lightbeams/world)* the new media of wireless telephone, satellite TV and internet access, significantly amplifies the amount of control an individual has over what they choose to perceive. This has also made it far more transparent to crosscheck information against institutions, corporations, leaders and governments. Control of information is, therefore, less centralized and more individualized.

Some may think this is only the case in developed western markets, because we have seen the evolution occur over time. However, what is typically the case in developing markets is an immediate "leap-frog" to the latest communication technology, without the evolutionary stages of development. The impact can, therefore, be more severe and abrupt on these cultures.

Much of the world outside the US has jumped from having "no phones" to "cell phones". The medium of the wireless cell phone is having an effect on the way people live; the way we all perceive. It is also having an effect on our emotions and relationships.

Howard Reingold refers to "Thumb Tribes", which are forming in "wearable computing communities". He says: "Mobile communications

and pervasive computing technologies, together with social contracts that were never possible before, are already beginning to change the way people meet, mate, work, fight, buy, sell, govern and create."

(SLIDE #108: Person on Map) What effect will this have on the new emerging culture? The second-hand effects are creating a sort of global interculture. With the new technologies of communication, audiences are increasingly able to re-translate, alter and redirect the content to frame public perception. Now, ***(SLIDE #109: Man watching TV.. What You See)*** many audiences are able to formulate powerfully persuasive arguments of high moral and emotional impact and consequence. This was a very key part of the briefing we got at the State Department. The key change is the "second-hand culture" effect, as more advanced media technologies become available to more individuals.

(SLIDE #110) Communications grow out of culture. We know that communication, when perceived as not relevant, is perceived as propaganda. And, propaganda, that is overwhelming and omnipresent, can be destructive to private, individual identity, and this can evoke a violent, desperate effort to maintain that identity. Is this what we are seeing in some of the communities where America is dropping out of favor.

In a recent New York Times article, Thomas Friedman suggests that terrorism is a reaction to globalization, attributable to "undeterrable youth": *(SLIDE #111: Protesters Pictures)* "They look around their home countries and are humiliated by the contrast with the West and how it makes them feel, and it is this humiliation—this poverty of dignity—that drives them to suicidal revenge."

McLuhan had his own explanation for the "chain-reaction" effect cultures can have. His explanation was in reference to our own revolt and violence over the Vietnam War and the Civil Rights movement in the late 1960's. His insight was that usage of a major medium, such as television, involved a major shift in mental posture of that medium's users. *(SLIDE #112)* Listen to what he said; "When our identity is in danger, we feel certain that we have a mandate for war. The old image must be recovered at any cost." I wonder, is this what we are seeing happen with our neighbors on the planet? Are we not seeing a sort of "chain-reaction" effect and experiencing this ourselves?

(SLIDE #113)

2) Point two, in marketing terms, America's product needs improving. We must honestly assess whether America's economic and social policies are meeting the needs of developing markets, especially Muslim-dominated markets.

One thing most people in my business know for sure, is that the best way to find out that a product is not living up to expectations is to

advertise the product. People draw conclusions based on their experience with the brands or products.

It appears there is a gap in relevance for our economic product, our policies, as it relates to other cultures. In his recent book, **(SLIDE #114)** "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 International Monetary Fund(IMF), the World Trade Organization (WTO) and the World Bank. These world financial institutions operate from the perspective of Western economic theory. Yet, market forces and the economies in most developing markets do not react in the same way as the economies of the developed markets.

We know developing markets, especially Muslim-dominated markets, perceive international economic policies as being predominantly American policies. Stiglitz, who was involved in setting these policies, believes there is a gap in understanding their effect. Here is what he says: "Not surprisingly, the policies of the international economic institutions are all too often aligned with the commercial and financial interests of those in the advanced industrial countries." Stiglitz believes the economic policies of the IMF, WTO and World Bank are driven by the US and that they are out of touch with many of the

market economies they are intended to help. He refers to the situation in a very introspective way (when you think of our own history) as—

(SLIDE #115) "taxation without representation".

A commonly used expression in advertising is **(SLIDE #116)** 'perception is reality'. Imagine what impressions are generated about America's economic policy and our culture among the poorer populations of the world, who now have all the communications technologies we have? We must ask ourselves, do the perceptions reflect our own portrayal of ourselves in the media? **(SLIDE #117)** Are we perceived as rich, fat(with fully one-third of our population now officially obese) and oblivious to the rest of the world? (With average gas mileage going down in this country. Our population of almost 300 million consumes more energy than India, the Middle East, South America and Oceania, with a combined population of 3.1billion. **(SLIDE #118)** Is this the perception that seems to come through in the Gallup study. Looking at ourselves, perhaps one can conclude that perception is, in fact, the reality.

Martin Luther King surely understood what can happen when culture and policies are not relevant. **(SLIDE #119)** 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".

The factors of the media, economic and social policies are clearly **(SLIDE #120)** creating a new, intercultural global society. The new society is more borderless and transparent. It is a society in which some cultures feel they have no stake, and other cultures, like ours, seem oblivious or insensitive to the other's needs, wants and desires.

(SLIDE #121)

3) The developing markets are predominantly a "Youth Culture", significantly different in lifestage, economic status and mindset than developed markets. This is another factor that is influencing the gap in understanding. There has been a lot written about the "baby boomer" generation in America. During the 1960's, America's population skewed significantly young. Then, the mean age in the country was about 24 years old. This had an enormous effect on American culture, politics, economic focus and behavior, and it has been well documented. Today, the mean age in the US is about 36 years old, creating a very different environment than most of the developing markets in the world. In the developing markets, populations average 67% under the age of 24 years old. This is a huge generation gap between developed countries and the developing markets who are rapidly growing in importance economically and politically.

(SLIDE #122)

4) We need a new model for developing public policy and for addressing public diplomacy. ***(SLIDE #123)*** Our frame-of-reference is severely limiting our ability to understand the consequences of our economic, social and environmental policies and actions. The old perspective combined with our relatively low exposure to other cultures, (remember only 18% of our fellow countrymen have a passport) has left us out of touch with the rest of the world.

Our government servants, policy makers and commercial enterprise leaders could benefit from some of the learning that has been obtained from companies who have experience from developing successful communications programs globally. Many companies have direct experience in the Muslim communities. Companies like Procter & Gamble, Unilever, Johnson & Johnson, and others, have enormous experience in developing communications programs designed to appeal to these markets. Most of their experience is with everyday household products appealing to broad populations. While all the experience has not been successful, there is much that can be gleaned from their success models, as well as their mistakes. They are further along the learning curve.

There is a need for a new, more useful frame-of-reference for brand-building, and international communications.

(SLIDE #124) It will need to be one that reflects on the changing perceptual landscape for America, one that links up with what Howard Gossage termed an "extra-environmental" point of view.

To illustrate, Gossage used the story of an ant who lived all his life inside an anthill. The ant was not aware that the anthill was his world, because he could not see it. So, one day they sent the ant off on an important assignment to drag back a dead beetle. The ant went outside the anthill. Two things happened: 1) He saw the anthill for the first time; 2) he became aware that the world is a very big place. Does this mean that he is aware of his environment? No, because he didn't know his anthill is inside a greenhouse. The only way he'll become aware of the greenhouse is if he goes outside of it. And even then it won't do him much good, because, you see, the greenhouse is inside a Stadium, and so on."

Most countries have a nation-centric perception of their environment. Like the ant in the anthill, I believe America, despite our worldliness and our global commerce, is generally suffering from the need to have a more extra-environmental view. **(SLIDE #125)** We need a frame-of-reference that understands we are now living in a global intercultural village. One that understands the effect of media on perception. One that captures the importance of local cultural

relevance, one that understands our audience and that better recognizes the fragile dynamics of our global economic environment.

(SLIDE #126)

5) Despite the rising anti-Americanism, America's basic equities are strongly embraced by most citizens of the world, including most Muslim populations. They admire our founding principles and values. They admire our advertising and freedom of speech. But, they question our behavior against these standards and their own values.

Most Muslims, support the principles and values outlined in America's founding vision, the Declaration of Independence and the Constitution. However, there is little awareness today that these are the fundamental principles behind our culture. This is due to lack of education but, it is also due to a growing discontinuity between what our principles say, in actual words, and what is observed by the broader world in the media they consume and the words and actions they see from us in the media they observe. More than ever, they see our actions and experience our policies and this seems inconsistent with our heritage.

Consumers tell you very quickly if your product is not meeting expectations, or otherwise not "walking the talk". It is not just the responsibility of our government servants to assure that America's perception is accurate. Clearly, the discussion in Washington about

restoring our information and diplomacy capability is a good one to consider. But, it is also all of our responsibility, particularly the institutions that most readily interface on a global basis, notably America's corporations, brands and media content providers.

I believe our corporations must help. Our multinational companies are in communities of vast cultural difference across the planet. They offer these communities employment and educational opportunities, no government can keep up with.

A research firm, Roper-Starch, conducted a worldwide study to learn about cause branding and whether doing social good can translate to market share improvement for companies or brands. Overall, 40% of the world's consumers say "it is very important in their decision-making that brands and companies make efforts to address social issues or causes." The top issues consumers across the world want to see companies take on are: The Environment, Education and Hunger/Poverty. Emerging markets, in particular, have strong expectations for companies to help address these key social issues.

It is against this backdrop of needs, wants and desires, that the perception of America is gauged. Against these needs and desires, America's culture, via its media, commercial messages, policies and entertainment, can be perceived to be in such disharmony. While this does not suggest that America should step back from its principle of

freedom of speech, it does suggest that we need to be a lot more sensitive to all our audiences.

(SLIDE #127)

What are we doing? What is the new model?

(SLIDE #128) America and its corporations must repurpose themselves behind their core equities. We need to "walk the talk" and have a more globally relevant frame of reference in our dealings. We need to provide a "Complementary Opposite" to the arguments being waged by those that would resort to violence or anti-Americanism.

Like many leadership brands who sometimes lose their way, we need to get closer to the consumer, our global neighbors, listen and find ways to get back on track with our core principles that continue to be admired. Instead of thinking of the challenge as globalization, perhaps it is time for us to see the challenge as one of better appreciating interculturalism. Our products, programs and the communications of our corporations need to better reflect our global audience, including the Muslim world.

Many business leaders are coming to realize that there is a new metric that has great impact on their company valuation. It is a metric born out of this intercultural sensitivity we have been seeing in the global village. ***(Slide #129)***

It is a company's "Social Capital". The perception and good will the company has across the multiple cultures it operates in. Social Capital is becoming every bit as important as a company's "Tangible Assets" or "Intellectual Capital". It understands that better social responsibility and relevance is also, good business.

"Social Capital can be measured in a company or brand's perception. Just, as America's perception is being measured by the studies by Roper and The PEW Center, mentioned earlier.

PART III

A new task force of business leaders is taking on this challenge. The task force called, *(SLIDE: #130)* Business for Diplomatic Action, was started this past fall by Keith Reinhard, CEO of the DDB Advertising firm. I am a member of their advisory board. Rather than rely exclusively on government diplomacy efforts, this group believes our multinational corporations have a need to listen and engage in finding and sharing better diplomatic actions. It is a not-for-profit group whose mission is as follows:

(Slide #131)

“To be a force for change, mobilizing multinational corporations, to better communicate universal values, increase social capital and build lasting, enriching partnerships with local communities around the world.”

Business for Diplomatic Action is an initiative driven by concerned business leaders. Since January 1 of this year, we are a Delaware Corporation, organized as a 501 (c) 6, which means we can receive tax-beneficial contributions from corporations, but not from individuals. 501 (c) 6 differs in another way from a 501 (c) 3 — we can lobby.

The basic proposition for our initiative is pretty straightforward. We break it down into five parts:

(Slide#132: The Proposition)

1. The United States of America is losing friends around the world at an alarming rate.

As you are all aware, the United States of America is losing friends around the world at an alarming rate.

(Slide#133)

2. The trend of anti-Americanism, unless reversed, will negatively impact U.S. business growth and the ability of U.S. brands to successfully compete in the world market.

There is plenty of evidence to support our belief that the trend of anti-Americanism, unless reversed, will negatively impact U.S. business expansion and the ability of U.S. brands to successfully compete in the world market.

(Slide#134)

3. While much anti-American sentiment is related to U.S. foreign policy, much is not.

While much of the anti-American sentiment is related to U.S. foreign policy, much is not.

(Slide#135)

4. In fact, three of the four root causes of resentment against America are directly or indirectly related to U.S. business activity.

In fact, three of the four root causes of resentment against America are directly or indirectly related to U.S. business activity. They are...

(Slide#135 Build)

Effects of globalization ...the effects of globalization,...

(Slide#135 Build)

Pervasiveness of American popular culture ...the pervasiveness of American popular culture...

(Slide#135 Build)

Our collective personality ... and our collective personality as a nation and a people.

Therefore, we are convinced that...

(Slide#136)

5. Therefore, the alarming rise in anti-American sentiment is a business problem,

...the alarming rise in anti-American sentiment is a business problem, threatening the bottom line of your companies and the future of many of our brands.

This is who we are in alphabetical order...

(Slide#137: Who we are)

(BDA Board members)

**Hashem Bajwa, McCann Worldgroup
Steve Blamer, Grey Worldwide North America
Cari L. Eggspuehler, Taskforce Project Director
Roland Grybauskas, ENVISAGE Interactive
Dr. Nicholas Imparato, Hoover Institution,
Stanford University
Gary Knell, Sesame Workshop
Jack Leslie, Weber Shandwick Worldwide
Tim Love, Saatchi & Saatchi
John McNeel, TBWA Worldwide
Tom Miller, RoperASW**

In two slides...

(Slide#138)

**Mark Morris, Bates North America
Michele Nadeem, Media Boston International
Laurence Norjean, Norstar Media & Entertainment
Dominic Patten, Media & Cultural Communications
Consultant
Theodore Pincus, *The Chicago Sun Times* & DePaul
University
Joseph Plummer, McCann-Erickson Worldgroup
Keith Reinhard, DDB Worldwide
Alan Siegel, Siegel & Gale
William P. Underwood, United Nations**

We also have an impressive group of academic advisors...

(Slide#139: Who we are)

(BDA Academic Advisors)

Dr. Patricia Alvey, Southern Methodist University

Dr. Jeffrey Garten, Yale School of Management

Dr. Fawaz Gerges, Sarah Lawrence College

**Dr. Joseph Nye, Harvard JFK School of
Government**

Let me spend a few minutes expanding on our proposition.

(Slide#140: The Proposition)

1. The United States of America is losing friends around the world at an alarming rate.

The United States of America is losing friends around the world at an alarming rate.

(Slide#141: America falling out of favor)

This slide from a presentation made by Roper last July is based on data from the Pew Research Center and shows dramatic declines in favorability to the U.S. across a range of countries from 2002 to 2003.

(Slide#142: The Proposition)

2. The trend of anti-Americanism, unless reversed, will negatively impact U.S. business expansion and the ability of U.S. brands to successfully compete in the world market.

...the trend of anti-Americanism, unless reversed, will negatively impact business and the ability of U.S. brands to successfully compete in the world market.

This slide...

(Slide#143: Global brand power chart U.S)

...from Roper shows how eight of 12 U.S.-based global brands have declined in Roper's brand power score from 2002 to 2003.

And should anyone think this is merely a reaction to globalization generally, the next slide...

(Slide#144: Global brand power chart non-American brands)

...shows that nine non-American global brands improved their ratings over the same period.

Because of its pervasiveness and, as mentioned earlier, the fact that our culture is often seen as a corrupting influence. Consumers across the globe are cooling toward American culture.

This information from ...

(Slide#145: Slide from Ipsos study – Public Perceptions of U.S. Impact on Country's Culture)

a just released Ipsos study, shows that people in many countries believe the U.S. has had a negative impact on their own culture.

The cooling toward America is seen in many ways on a daily basis. The scary findings are that, thanks to the indirect learning that takes place from engaging with America's entertainment product,...

(Slide#146: Teenagers around the world believe Americans are extremely violent and criminally inclined, and they believe American women are sexually immoral.

-Boston University Study)

...teenagers around the world believe Americans are extremely violent and criminally inclined, and they believe American women are sexually immoral.

This attitude on the part of teenagers becomes even more alarming when...

(Slide#147: Population in millions Population pyramids)

...we look at population pyramids for emerging nations.

(Slide#147 Build -- (circle around 10 to 24)

I've just circled the 10 to 24 year old population in developing countries.

(Slide#147 Build -- (Learning to Hate Americans inside circle)

This suggests that your children and mine are going to face a brand of anti-Americanism that makes the present pale by comparison.

This brings us to the last of the root causes we've identified... ...our collective personality, which is seen as arrogant, ignorant and loud.

(Slide#148: "O would that God the gift might give us, to see ourselves as others see us." -Robert Burns)

(Slide#149: Eisenhower Quote)

"Whatever America hopes to bring to pass in this world must first happen in the heart of America."

(Slide#150: Why U.S. Business)

Why should U.S. business take on this job?

(Slide#151: Why U.S. Business?)

U.S. companies and U.S. brands directly touch the daily lives of more people than does the U.S. government.

(Slide#152: Why U.S. Business?)

Representatives of U.S. multinationals working overseas are more likely to be locals and thus more culturally sensitive than government representatives.

(Slide#153: Why U.S. Business?)

Companies have urgent business motives.

- Rising cost of security
- Threat of boycott
- Danger to facilities and personnel
- Less appeal as employers of top talent

(Slide#154: Why U.S. Business?)

"This problem is too important to be left to government agencies.

Multinational companies and their foundations need to invest in reversing this trend as part of their corporate social responsibility initiatives...it is essential to ultinationals' long-term sales growth."

– John Quelch, Professor,
Harvard Business School,
CEO magazine, July 2003

(Slide#155: Why U.S. Business?)

It's the right thing to do!

It's already having an effect.

(Slide#156: Tutweiler memo)

And what are some of the action programs U.S. business could undertake?

(Slide#157: What U.S. Business Could Do)

U.S. business could undertake collective actions to change both the "product" and the perception. together, a concerted effort to:

U.S. business could undertake collective actions to change both the "product" (if you will allow that the combination of what we do and how we do it can be termed our product) and the perception.

(Slide#158: What U.S. Business Could Do)

- Agree to share best practices

...to share your best practices — what has worked best and what hasn't worked at all in the area of public diplomacy.

These shared best practices could become part of a...

(Slide#159: What U.S. Business Could Do)

- Establish a Public Diplomacy Portal for shared best practices and global perspectives

- A global "Listening Post"
- A guide for strategies, tactics and behaviors

...public diplomacy portal that could also serve as a global listening post as well as a guide for strategies, tactics and behaviors.

(Slide#160: What U.S. Business Could Do)

- Implement a collective program in concert with State Department information programs.

- Brief third-party thought leaders on best practices of U.S. companies overseas.

(Slide#161: What U.S. Business Could Do)

- Help fund our effort

(Slide#162)

Renewal is an equity of the American ideology. We are one of the only nations that regularly reinvents itself via our election system of governance. An enlightened refocus on our core principles, embraced multilaterally, can help serve all mankind better and provide a means to help improve America's perception as being more cooperative. Importantly, no matter what, America must be perceived as having

been created by the people, for the people, where "the people" are the citizens of the world.

The international business community, including the future business and government can help further on this. I hope my thoughts can be of help to you, the future leaders of our government and our corporations. You have such an influential opportunity to change perceptions by example in virtually every community and culture on the face of the earth.

(SLIDE #163) A friend of mine, President of the Heart of America Foundation in Washington DC says: "Community comes when people see hope where there is fear and decide to join hands, linking each other in a common cause. Community comes when people decide not to ignore a problem or run away. Community comes when we realize nothing of real value can be accomplished alone."

Business for Diplomatic Action is nothing more than business joining hands with consumers to create a safer more prosperous community. I hope you will consider the legacy you will effect in terms of the leaders you work with now and the leadership you are personally embarking on.

(Last SLIDE #164) Think Like The Sun. It is The Secret to Building Global Lovemark Brands. Maybe it's the Secret to creating a world that works better, too.

Thank you